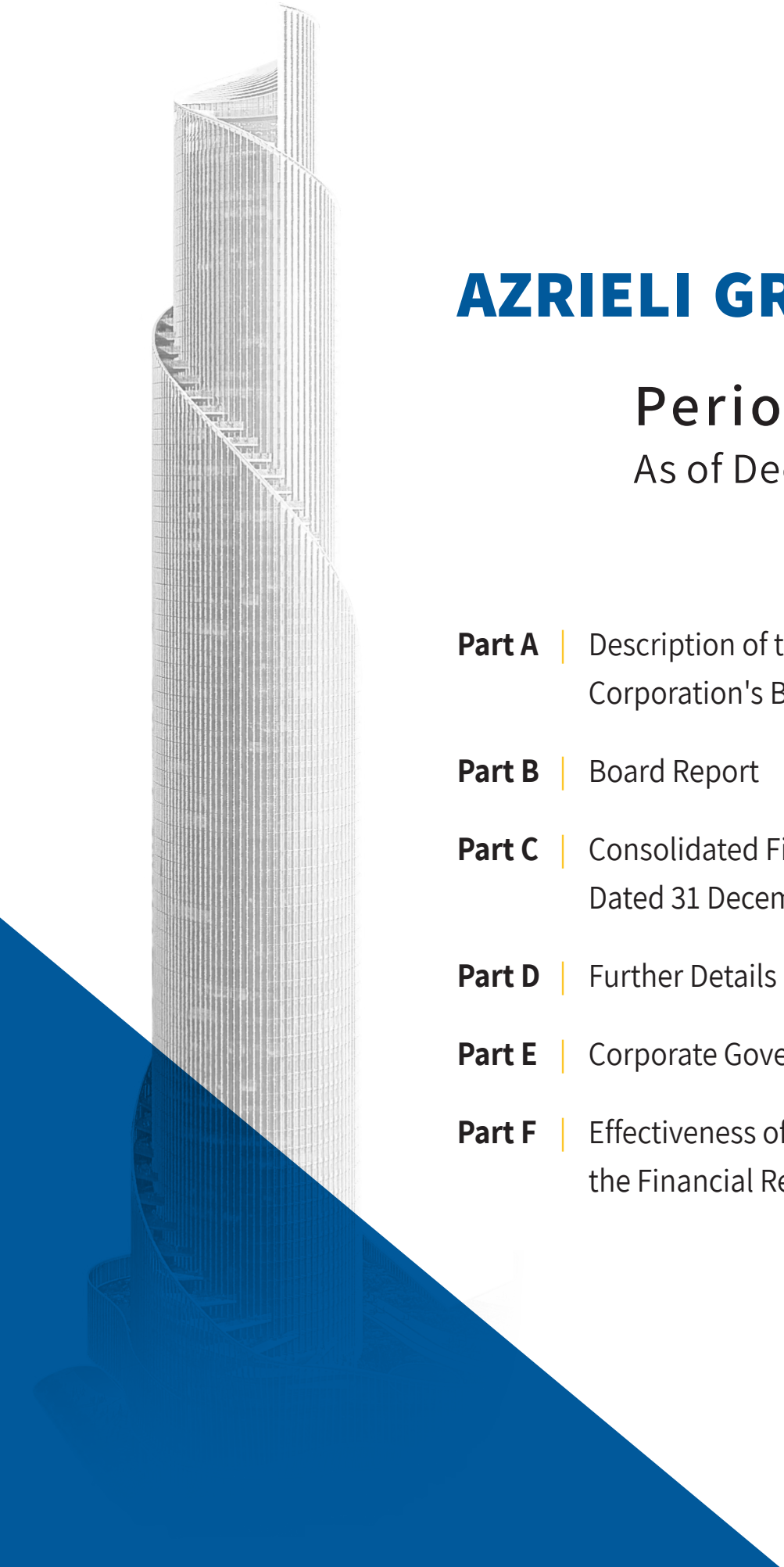
AZRIELIGROUP

AZRIELI GROUP LTD.

Periodic Report

As of December 31, 2025



AZRIELIGROUP

AZRIELI GROUP LTD.

Periodic Report

As of December 31, 2025

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Part B | Board Report

Part C | Consolidated Financial Statements Dated 31 December 2025

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AZRIELIGROUP

PART A

Description of the Corporation's Business

CHAPTER A | DESCRIPTION OF THE COMPANY'S BUSINESS

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FOREWORD AND GENERAL DEFINITIONS

Azrieli Group Ltd. hereby respectfully files the Description of the Corporation's Business Report as of 31 December 2025 (the "**Report Date**"), reviewing the Group's activity and describing the development of its business, as occurred in the twelve-month period ended 31 December 2025 (the "**Report Period**") until the Report Release Date. The Report is prepared pursuant to the provisions of Regulation 8a of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. Figures appearing in the Report are true as of the Report Date. However, in certain cases details appear in the Report reviewing events which occurred subsequently to the Report Date until shortly before the date of release thereof, on 19 March 2026 (the "**Report Release Date**") and in such cases the Company notes that these are provided as of the relevant date.

Chapter A of the Report (this chapter) should be read together with its other parts, including the notes to the Financial Statements.

The Description of the Corporation's Business chapter includes data based on public studies and surveys, including information that appears on various websites. It is noted that, except where explicitly stated otherwise, the Company has not requested, and in any case has not received, the consent of the conductors of such surveys, studies and websites for the purpose of including information in the Description of the Corporation's Business chapter, and such information is information that is publicly accessible and, to the best of the Company's knowledge, is public. The Company is not responsible for the content of such surveys, studies and websites.

Materiality

The materiality of the information included in this Report, including a description of the material transactions and/or material projects, is evaluated from the point of view of the Company. It should be clarified that, in a part of the cases, the Company, in its exclusive discretion, decided to expand the description necessary, in order to give a more comprehensive picture of the subject being discussed.

Forward Looking Information

The description of the corporation's business in this Chapter A partly includes forward-looking information as defined in the Securities Law. Such information which is presented below and indicated as forward-looking information, includes goals, forecasts, assessments, estimates or other information that is deemed as uncertain information which refers to a future event and which relies, *inter alia*, on publications of the Central Bureau of Statistics, Bank of Israel, other relevant professional entities and in addition, on internal estimates of the Company that are based on statistics, experience and information accumulated by the Company over the years whose materialization is uncertain and is beyond the Company's control. Actual results may materially differ from those forecasted in the context of the forward-looking information as aforesaid, as a result of a large number of factors, including as a result of the risk factors, in whole or in part, as described in Section 31 of this Chapter A, all as will be specified in the specific references to forward-looking information later in the chapter. Sentences which include expressions such as "expected", "intends", "estimates", "foresees", "expects" and similar expressions indicate that this is forward-looking information. The materialization and/or non-materialization of such information reflects the Company's current point of view regarding future events that are based on estimates and therefore are subject to risk and uncertainty.

DEFINITIONS

In this Chapter, the following terms shall bear the meaning stated alongside them:

"Board of Directors' Report"	The Company's Board of Directors' Report on the State of the Company's Affairs as of 31 December 2025, which is included as Chapter B of the Periodic Report
"TASE"	Tel Aviv Stock Exchange Ltd.
"Periodic Report" or **"Report"**	The Company's periodic report for 2025
"Financial Statements"	The consolidated financial statements of the Company as of 31 December 2025, which are included in Chapter C of the Periodic Report
"Company"	Azrieli Group Ltd.
"Companies Law"	The Companies Law, 5759-1999
"Securities Law"	The Securities Law, 5728-1968
"Midroog"	Midroog Ltd.
"Ma'alot"	Standard & Poor's Maalot Ltd.
"Nadav Investments"	Nadav Investments Inc., a private company incorporated under Canadian Law, fully owned and controlled by Azrieli Holdings
"Azrieli Holdings"	Azrieli Holdings Inc., a private company incorporated under Canadian Law, which is owned and controlled by Mmes. Sharon Azrieli, Naomi Azrieli and Danna Azrieli
"Z.M.H Hammerman"	Z.M.H. Hammerman Ltd., a private company which incorporated in Israel, of whose share capital the Company holds approx. 66.67% and which engages, *inter alia*, in the development and construction of residential projects for sale in Israel
"Azrieli Group" or **"Group"**	The Company and/or subsidiaries thereof and/or affiliates thereof including consolidated corporations
"Compass"	Compass Holdco, LLC, a Delaware corporation with which Azrieli Data Centers LLC, a wholly-owned subsidiary of the Company, engaged in an investment agreement as well as in an operating agreement with the holders of units in Compass. In 2023, the Company's holdings in the members' capital of Compass were sold, and the Company no longer holds members' capital in Compass.
"Canit Hashalom"	Canit Hashalom Investments Ltd., a wholly-owned subsidiary of the Company
"Azrieli Foundation (Israel)"	The Azrieli Foundation (Israel), R.A. 580503118, a not-for-profit association registered in Israel, acting, *inter alia*, to promote education and culture through projects in the fields of culture, welfare and science
"Azrieli Foundation (Canada)"	The Azrieli Foundation, a registered Canadian charitable foundation, incorporated and seated in Canada, whose assets are designated for donations and for the funding of philanthropic activities in Israel and in Canada, which is a stakeholder in the Company

"**2024 Periodic Report**"	The Company's annual periodic report for the year 2024, released by the Company on 20 March 2025 (Ref. 2025-01-018529), which is included herein by reference
"2023 Periodic Report"	The Company' annual periodic report for 2023 released by the Company on 21 March 2024 (Ref. 2024-01-029448), which is included herein by reference.
"**2016 Shelf Prospectus**"	A shelf prospectus released by the Company on 10 May 2016 bearing the date 11 May 2016.
"**2019 Shelf Prospectus**"	A shelf prospectus released by the Company on 7 May 2019 bearing the date 8 May 2019.
"2022 Shelf Prospectus"	A shelf prospectus released by the Company on 17 May 2022, bearing the date 18 May 2022. For details, see the Company's immediate report of 17 May 2022 (Ref. 2022-01-059968), which is included herein by reference
"2025 Shelf Prospectus"	A shelf prospectus released by the Company on 28 May 2025, bearing the date 29 May 2025. For details, see the Company's immediate report of 28 May 2022 (Ref. 2025-01-038499), which is included herein by reference
"**GM**"	Green Mountain, AS, a Norwegian company, 100% of whose share capital is (indirectly) held by the Company, which operates in the DC industry in Norway.
"**GMG**"	Green Mountain Global Ltd., a private company incorporated in England, 100% of whose share capital is held by the Company, and in which the Company's holdings in the DC industry in Europe were concentrated, as specified in Section 13.1 of this Chapter A.

CHAPTER A | DESCRIPTION OF THE COMPANY'S BUSINESS

PART ONE: DESCRIPTION OF THE GENERAL DEVELOPMENT OF THE COMPANY'S BUSINESS

1. The Company's operations and description of the development of its business

1.1 General

The Company was incorporated on January 6, 1983, as a private company according to the laws of the State of Israel. On 3 June 2010, the Company's shares were issued to the public for the first time and began to be traded on TASE on 7 June 2010, and the Company became a public company, within the meaning thereof in the Companies Law. Commencing on 1 July 2010, the shares of the Company are included, *inter alia*, in the Tel Aviv 35 Index and in the Tel Aviv Real Estate index, and in the EPRA indices, which bring together the public income-producing real estate companies in Europe. The Company's Series F and Series H bonds are included, *inter alia*, in the Tel-Bond 20 Index, the Company's Series E and Series G bonds are included, *inter alia*, in the Tel-Bond 40 Index, the Company's Series I and Series J bonds are included, *inter alia*, in the Tel-Bond Linked Index.

As of the Report Date, Mmes. Sharon Azrieli, Naomi Azrieli and Danna Azrieli are the controlling parties of the Company.[1]

As of the Report Date, the Group is engaged primarily in various real estate segments, with most of the Group's business operations being in the office and other space for lease in Israel segment, the retail centers and malls in Israel segment and the data center segment. In addition, the Group is engaged in the senior housing in Israel segment, the income-producing property overseas segment (mainly in the U.S.), in the rental housing in Israel segment and in the residential sales segment. It is also developing several hotels. In addition, the Company has minority holdings in Bank Leumi Le-Israel Ltd. ("**Bank Leumi**").

The Company owns income-producing properties with a total GLA of approx. 1,482 thousand sqm in addition to approx. 687 thousand sqm of projects under development in Israel. The average occupancy rate in Israel is approx. 98%,[2] with 80% of the value of income-producing investment property and income-producing properties under construction (on a consolidated basis) attributed to real estate in Israel.

Azrieli Group, which was founded by Mr. David Azrieli OBM, is the leading real estate group in Israel. In July 2014, Ms. Danna Azrieli, was appointed as Active Chairman of the Company's Board of Directors, after many years in which she served in key positions in the Group. Since taking office and under the leadership of Ms. Danna Azrieli, the Company has grown, increased its status of properties, entered into new areas of operation and is constantly in a significant development momentum. The operations of the Group are carried out by means of a managerial head office that is comprised of professionals having a great deal of seniority and managerial experience. The Company estimates that the Chairwoman of the Board and Acting CEO of the Company[3], Ms. Danna Azrieli, together with the experienced officers and managers in the Company who are considered professional and industry leaders, are principal and significant factors of the success of the Company's business results.

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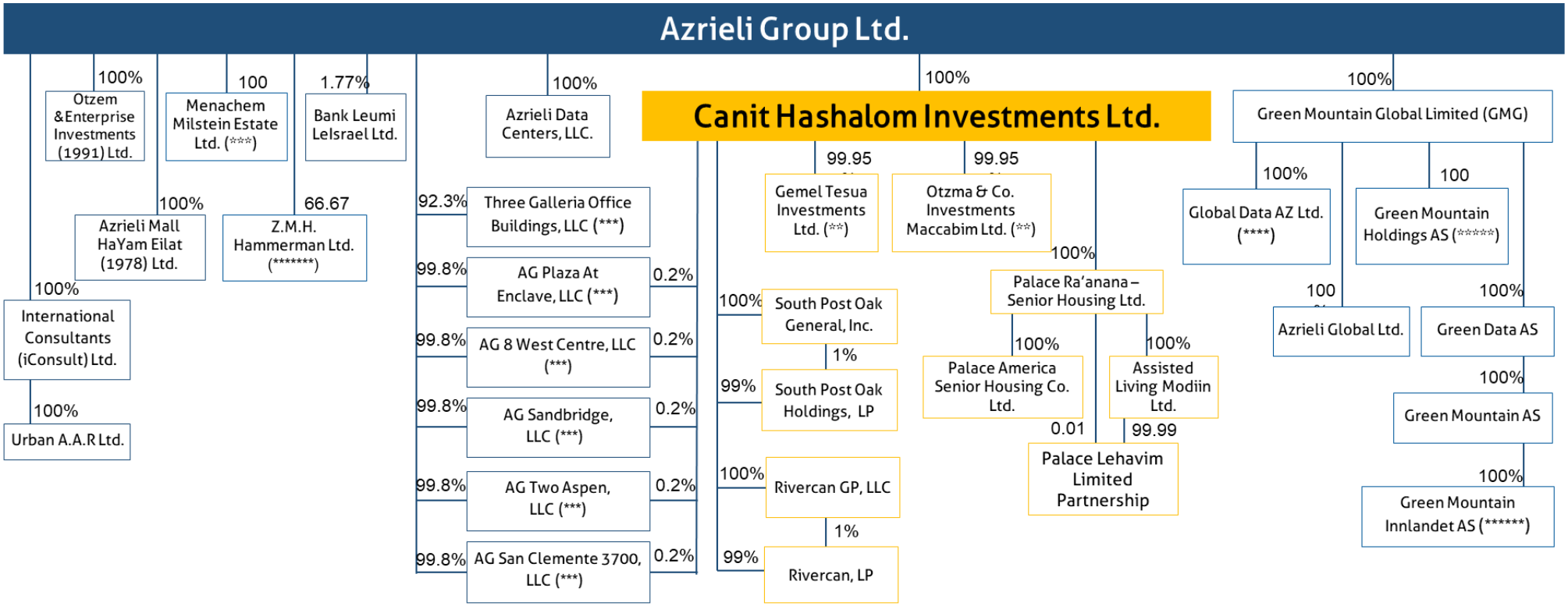
[1] For further details, see an immediate report on the status of holdings of interested parties and officers of 8 January 2026 (Ref.: 2026-01-003425) which is included herein by reference.

[2] Excluding areas in properties whose construction has been completed and which are being leased-up for the first time.

[3] On 21 September 2025, the Company's general meeting approved the appointment of Ms. Danna Azrieli as Acting CEO of the Company, concurrently with her role as Acting Chairwoman of the Company's Board, for a period of up to six months from the meeting approval date and with no additional compensation for her role as Acting CEO of the Company. For further details, see an immediate report of 21 September 2025 (Ref.: 2025-01-071492) which is included herein by reference. Effective from 22 March, Ms. Danna Azrieli will take office as Company CEO (concurrently with her office as a director). For further details, see an immediate report of 2026 (Ref.: 2026-01-015006) which is included herein by reference.

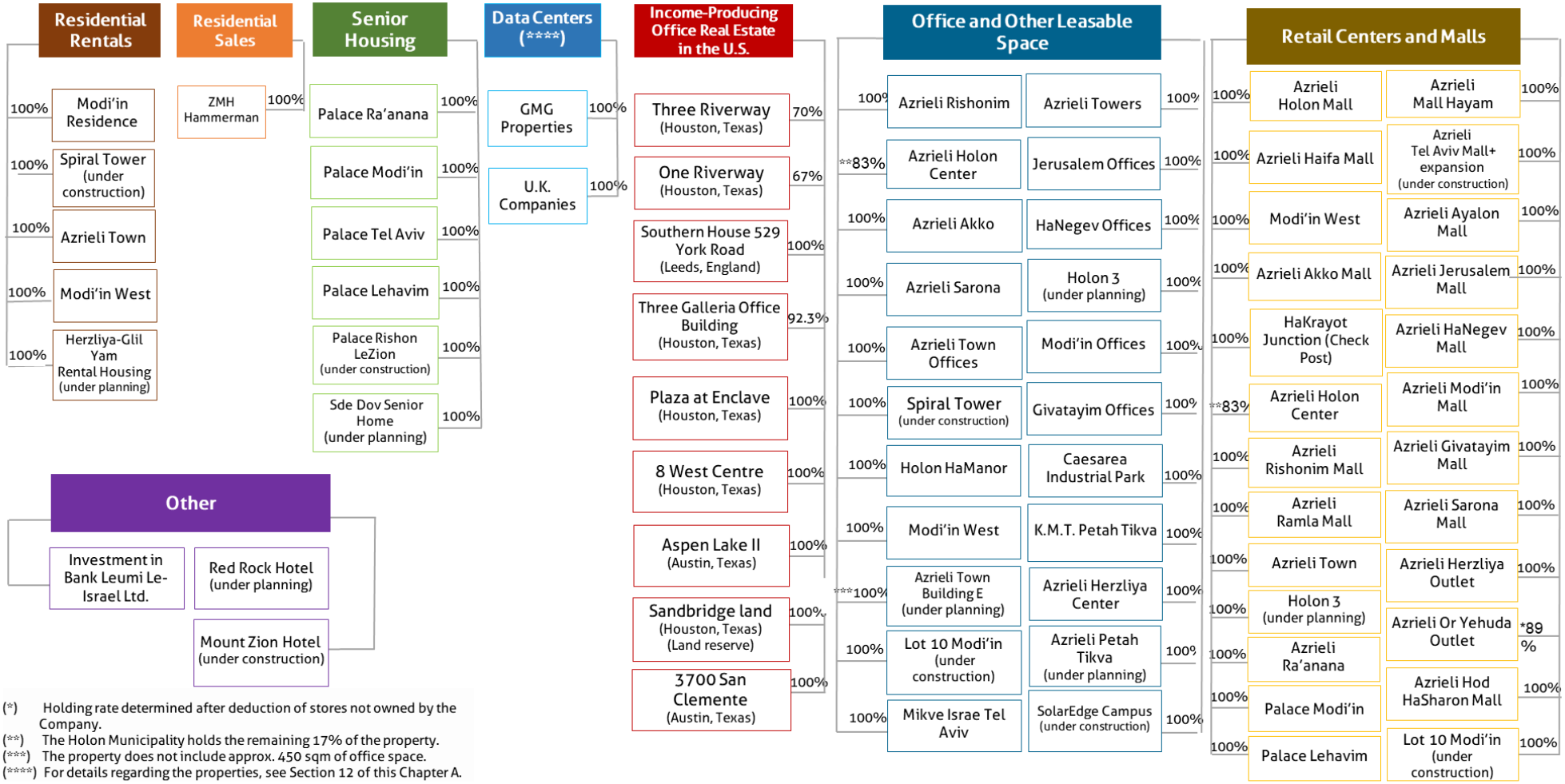
1.2 The Group's principal holdings chart as of the Report Release Date*

1.2.1 The following chart presents up-to-date holdings as of the Report Release Date:



(*) Principal holdings only. The chart does not include companies that are inactive as of the Report Release Date nor asset management companies.
(**) A 0.05% interest in these companies is held by International Consultants (iConsult) Ltd.
(***) Indirectly, through companies and/or partnerships.
(****) Holds companies operating in the data center sector in England. For details see Section 13 of Chapter A.
(*****) Holds companies operating in the data center sector in Norway. For details see Section 13 of Chapter A.
(******) Holds the TikTok project.
(********) For information about the closing of the acquisition of ZMH Hammerman shares, see Section 1.3.6 of Chapter A.

1.2.2 The following chart presents the Group's ultimate holding structure, broken down by operating segments, as of the Report Release Date:



(*) Holding rate determined after deduction of stores not owned by the Company.
(**) The Holon Municipality holds the remaining 17% of the property.
(***) The property does not include approx. 450 sqm of office space.
(****) For details regarding the properties, see Section 12 of this Chapter A.

1.3 Summary of the main developments occurring in the Group's structure and business in 2025 and until the Report Release Date

1.3.1 Development pipeline

During the Report Period the Group continued to invest in the development and construction of new properties and in the expansion and renovation of existing properties. For details regarding the developments in the Group's development pipeline during the Report Period, see Section 7.7 of this Chapter A and Section 5.1 of the Board of Directors' Report.

1.3.2 Update to agreement for the provision of DC services to TikTok and engagement in an agreement to finance the project

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

In 2024, the process of handover to the Customer of the full 90 MW was completed.

On 18 December 2024, the Service Provider engaged with two foreign banking corporations (the "**Finance Providers**") in a non-recourse loan agreement (the "**Loan Agreement**") for the financing of the Project, in the sum of €371 million. Provision of the loan was contingent, *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.

The Customer also gave notice of exercise of the option to increase the capacity in the Project by another 30 MW to a total of 120 MW. GM is examining the exercise notice and there is no certainty that expansion of the capacity will indeed go ahead and as of the Report Release Date, the parties are negotiating in relation to the exercise of the option and the terms and conditions thereof. For further details, see the Company's immediate report released concurrently with this report.

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 immediate reports of the Company of 8 March 2023 (Ref.: 2023-01-024873), of 3 July 2024 (Ref: 2024-01-068701), of 19 December 2024 (Ref.: 2024-01-625507), of 15 January 2025 (Ref.: 2025-01-004247), of 28 January 2025 (Ref.: 2025-01-007395) and of 6 February 2025 (Ref.: 2025-01-009240), which are incorporated herein by reference.

1.3.3 Changes in the office of senior officers of the Company

For changes that occurred in the office of senior officers of the Company during the Report Period and until the date of release hereof, see Section 20.3 of this Chapter A below.

1.3.4 Negotiations with an international tech company for the provision of DC services by GM

On 21 December 2023, the Company released an immediate report, incidentally to considering the possibility of raising bonds, regarding negotiations conducted by GM with a leading international tech company (in this section: the "**Customer**", and together with GM: the "**Parties**"), for engagement in an agreement for the provision of DC services to the Customer, at a scope of approx. 120MW, on a campus to be built by GM in Norway.

On 19 February 2025, the Company reported that following a decision not to grant a regulatory permit that is required with respect to the land on which GM considered building the campus, GM is examining other alternatives for land for the construction of the project. 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 its current format are suspended. As of the date of release of this Report, in view of all the circumstances, the Company estimates that the negotiations are not expected to resume.

For further details regarding the negotiations, see the 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 included herein by reference.

1.3.5 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 bonds of, by virtue of the 2025 Shelf Prospectus. On 6 July 2025, the Company announced that, in accordance with the results of the offering, approx. NIS 1,816,513 thousand more of Series I bonds had been issued, in consideration for approx. NIS 2 billion (approx. NIS 1,971.7 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 included 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, by virtue of 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 issued, 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 included herein by reference.

For further details regarding the Company's bonds, see Section 22.5 of this Chapter A.

1.3.6 Completion of the acquisition of shares of Z.M.H Hammerman

On 31 October 2024, the Company submitted a proposal to Z.M.H Hammerman, a public company as of such date whose securities were traded on the Tel Aviv Stock Exchange Ltd., and which engages, *inter alia*, in the initiation, development and construction of residential projects for sale in Israel, to negotiate engagement in a triangular reverse merger transaction for the acquisition of some of the shares of Z.M.H Hammerman.

Z.M.H Hammerman informed the Company that on 1 November 2024, Z.M.H Hammerman's board of directors decided to negotiate with the Company for engagement in the transaction, through an independent board committee established thereby.

On 31 March 2025, the Company's Board, and Z.M.H Hammerman's audit committee and board of directors (as the Company was informed by Z.M.H Hammerman) approved the continued conduct of the negotiations for the merger agreement, based on a value for Z.M.H 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 Z.M.H 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 Z.M.H Hammerman (the "**Managers Group**") in a shareholders' agreement with respect

to the parties' holdings in Z.M.H Hammerman and management thereof after the closing of the transaction. According to the merger agreement, the Company shall acquire and hold ordinary shares of Z.M.H Hammerman in a quantity that shall constitute ~66.67% of its issued share capital, out of which shares constituting ~10% of Z.M.H 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 Z.M.H 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 Z.M.H 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 Z.M.H Hammerman's shareholders for the merger by a supermajority was received. On 7 September 2025, the merger of Z.M.H 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 determined in the agreement, the transaction was closed.

For further details, see the Company's immediate reports of 3 November 2024, 31 March 2025, 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.

1.3.7 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 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 expenses. 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 details on the notice from the Ministry of Environmental Protection to landowners in the Sde Dov site whereby according to initial findings from a sampling of groundwater in the Sde Dov site, exceedances in PFAS components were discovered, see Section 25 of this Chapter A.

For further details regarding the tender and final confirmation of the award, see immediate reports released by the Company on 19 February 2025 (Ref.: 2025-01-011815) and on 19 March 2025 (Ref.: 2025-01-018468) respectively, which are included herein by reference.

1.3.8 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.

1.3.9 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 1.3.4 above. For further details, see the immediate report of 18 May 2025 (Ref. 2025-01-034759), which is incorporated herein by reference.

1.3.10 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). For further details, see the immediate report of 28 May 2025 (Ref. 2025-01-038499), which is incorporated herein by reference.

1.3.11 Engagement in an agreement for the purchase of rights in a solar-plus-storage facility and principles for the purchase of reduced-price 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**"), in relation to a combined transaction for the acquisition of 50% of the rights in a project for the construction of a solar facility in the Ramat Beka region extending over an area of ~848 thousand sqm (the "**Project**" or the "**Facility**"), which is currently under development; 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.

After the Report Period, on 22 January 2026, the detailed agreement with SBEN was signed, based on the Term Sheet. According to the detailed agreement, the expected output of the Facility will be approx. 112 MW (DC), including incorporation of energy storage components at expected effective capacity of approx. 784/MWH. The date set in the agreement for its commercial operation is in Q1/2029. 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, amounting to approx. NIS 28.5 million plus a premium and to additional consideration in amounts immaterial for the Company, all in accordance with the mechanisms agreed between the parties, subject to the terms and conditions, the periods, and the milestones set forth in the detailed agreement.

For further details on the terms and conditions of the detailed agreement, see immediate reports of 26 May 2025, 21 September 2025, 23 November 2025, 1 January 2026, and 23 January 2026 (Ref. 2025-01-036963, 2025-01-070863, 2025-01-090180, 2025-01-000072 and 2026-01-009179, respectively), which are incorporated herein by reference.

1.3.12 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.

1.3.13 Engagement in agreements for provision of DC services at a campus in the Frankfurt region of Germany

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, with the client having the option to increase the capacity by 18 MW to the capacity of 54 MW in total, at a campus currently being built by the joint entity in the Frankfurt region of Germany.

On 23 December 2025, the joint entity engaged with lenders in a non-recourse financing agreement for the project in the amount of €592 million.

After the Report Date, the parties signed an agreement for the supply of the additional 18 MW contemplated in the option.

For further details, see immediate reports of 2 July 2025, 10 August 2025 and 17 February 2026 (Ref. 2025-01-047754, 2025-01-058928 and 2026-01-015376), which are incorporated herein by reference.

1.3.14 Engagement in an agreement for provision of DC services at a campus in Norway

On 29 December 2025, subsidiaries wholly owned (indirectly) by the Company entered into an agreement with an international technology company (the "**Customer**") for the provision of 80 MW DC services to the Customer, at a new and designated campus to be built in Norway for purposes of rendering the services to the Customer. The campus will be built subject to receipt of required permits, licenses and approvals including regulation of power supply to the project and receipt of any and all approvals and permits related to the connection of power as aforesaid; building, planning and execution permits and additional infrastructure permits for the project and its surroundings; raising the financing required for the project's construction, etc.

On 25 February 2026, a letter of authorization was signed for a non-binding term sheet for receipt of financing for this project in the total amount of up to €1,000 million, inclusive of up to €925 million as a senior non-recourse loan and up to €75 million as a revolving capital facility. For further details see the Company's immediate reports of 30 December 2025 and of 26 February 2026 (Ref. 2025-01-104795 and 2026-01-017997), which are incorporated herein by reference.

1.3.15 Z.M.H Hammerman's winning of tenders

On 31 December 2025, the Company learned that Z.M.H Hammerman won the tenders of the Israel Land Authority ("**ILA**") for the purchase of leasehold interests in lots for the construction of 118 apartments and approx.

600 sqm of commercial space in Herzliya and the total (in two separate tenders) of 490 apartments and approx. 4,700 sqm of commercial space in two projects to be built in Petach Tikva.

For further details, see the Company's immediate report of 1 January 2026 (Ref. 2026-01-000111), which is incorporated herein by reference.

1.3.16 Engagement in a financing agreement to refinance an existing loan

On 22 January 2026, GM entered into an agreement with the lender to receive financing which is designed for the refinancing of two existing loans into one loan as a senior debt in the total amount of approx. NIS 1.46 billion.

For further details, see the immediate report of 23 January 2026 (Ref. 2026-01-009214), which is incorporated herein by reference.

1.3.17 Swords of Iron war and Operations Rising Lion and Roaring Lion and their impact

For details on the impact of the War on the Company's business, see Section 2.2 of the Board of Directors' Report and Section 6.1.1 of this Chapter A.

2. The Group's main operating segments

As of the Report Date, the Company reports to the public on seven operating segments:

1. **Retail centers and malls in Israel segment**: In this operating segment, the Group is primarily focused on the development, acquisition, lease-out, management and maintenance of malls and retail centers in Israel. As of the Report Release Date, the Group owns 23 malls and retail centers in Israel, of a total leasable area of approx. 390 thousand sqm, which are leased to some 1,849 tenants, with most of the malls and retail centers spread throughout the large cities in Israel. In the context of this operating segment, the Company provides management services to the retail centers and malls maintained thereby, with the management being performed by the Company and/or designated management companies for each mall or retail center that is owned by the Group, and enters into management agreements with the tenants. All of the malls and retail centers include (aboveground or underground) car parks that serve the visitors and the tenants. See Section 9 of this Chapter A for additional details regarding the retail centers and malls segment.

2. **Office and other space for lease in Israel segment**: In this operating segment, the Company primarily engages in the development, acquisition, lease-out, management and maintenance of office buildings and parks for offices and high-tech industry, logistic areas and storage in Israel. As of the Report Release Date, the Group owns 17 income-producing properties in the office and other space for lease in Israel segment, with a total leasable area of approx. 655 thousand sqm, leased to around 625 tenants. Most of the Group's income-producing areas in this operating segment are in projects that integrate retail areas. See Section 10 of this Chapter A for further details regarding the office and other space for lease in Israel segment.

3. **Income-producing property in the U.S. segment**: As of the Report Release Date, the Group owns 8 leasable office properties outside of Israel, with a total leasable area of approx. 253 thousand sqm (the Company's share is approx. 245 thousand sqm), leased to some 147 tenants. See Section 11 of this Chapter A for further details with respect to the income-producing property in the U.S. segment.

4. **Senior housing segment**: The Company has four active senior homes with an above-ground built-up area of approx. 115 thousand sqm (excluding areas attributed to the LTC unit and to retail space), which comprise approx. 1,141 apartments. The Company is also building a project in Rishon LeZion for the construction of approx. 274 apartments with a total area of approx. 31 thousand sqm (excluding areas attributed to the LTC unit and to retail space). See Section 12 of this Chapter A for further details regarding the senior housing segment.

5. **Data Centers segment**: The Company holds 100% of the issued and paid-up share capital of GMG, which operates in the DC industry in Norway, Germany and England through subsidiaries of GMG. For details regarding the DC segment, see Section 13 of this Chapter A.

6. **Rental housing in Israel segment:** In this operating segment, the Company is primarily engaged in the development, acquisition, lease, management and maintenance of rental housing in Israel. As of the Report Release Date, the Company has 3 income-producing projects in the rental housing segment in Modi'in and Tel Aviv, which comprise approx. 357 residential units with a gross leasable area of approx. 34 thousand sqm. The Company also has two more projects under construction. For further details regarding the rental housing segment, see Section 14 of this Chapter A.

7. **Residential sales segment:** In the Report Period, Azrieli Group entered the development real estate (residential sales) segment after the closing, on 9 September 2025, of the transaction for the acquisition of approx. 66.67% of the issued capital of Z.M.H Hammerman Ltd., which engages, *inter alia*, in development and construction of residential projects for sale in Israel, and which, as of the Report Release Date, is involved in planning, development, construction and marketing stages of 19 residential and retail projects in Israe and 28 suspended projects in the field of urban renewal.

8. **Other assets and operations:**

   For details with respect to other assets and operations which are not included in the operating segments described above, including development and construction of hotels and holding of Bank Leumi shares, see Sections 1715.1[sic] and 1717.1[sic] of this Chapter A. in addition, Z.M.H Hammerman and investees thereof perform contractor construction work.

3. Investments in the Company's capital and transactions in its shares

To the best of the Company's knowledge, no investments were made in the Company's capital in the past two years and no other material transaction in the Company's shares was performed off-TASE by an interested party during the two years preceding 31 December 2025, as well as until the date of release of this Report, except as specified below:

Date	Stakeholder's name	Quantity of shares sold off-TASE	Share price	Total consideration in NIS
1 December 2025	The Azrieli Foundation	1,500,000 ordinary shares	NIS 319.14	Approx. NIS 478.7 million

For further details, see an immediate report on the status of holdings of interested parties and officers of 8 January 2025 (Ref.: 2025-01-003425) which is included herein by reference.

4. Dividend Distribution

4.1 Details regarding dividend distributions during 2024 and 2025 (until the Report Release Date):

Resolution Date	Distribution Date	Amount of Dividend per Share (NIS)	Amount of Dividend (NIS in millions)
20 March 2024	9 May 2024	8.25	1,000[4]
19 March 2025	6 May 2025	6.60	800
18 March 2026	7 May 2026	7.01	850

(a) The aforesaid distributions did not require approval by the court.

(b) The balance of the Company's distributable profits as of 31 December 2025 is approx. NIS 22.6 billion (this balance also includes real estate revaluation profits).

(c) For further details about dividend distributions by the Company and the restriction on dividend distributions, see Notes 18B-18C to the Financial Statements.

[4] Considering previous distributions made by the Company and the Company's financial results, including the sale of the Company's holdings in Compass, which generated therefor a significant cash flow of approx. NIS 3.2 billion gross (net cash flow after provision for tax and expenses of approx. NIS 2.7 billion), on 20 March 2024 the Company's board considered a dividend distribution of NIS 1 billion and concluded that such distribution meets all the distribution tests.

PART TWO: OTHER INFORMATION

5. Financial information regarding the Company's operating segments

Below are financial figures of the Company, as specified in the Company's Financial Statements (NIS in millions) for the years 2023-2025:

Y2025:

	Retail centers and malls in Israel	Office and other space for lease in Israel	Income-producing property in the U.S.	Senior housing	Data Centers	Rental housing in Israel	Residential sales	Adjust-ments	Consoli-dated
Revenues									
Total external income	1,245	1,116	216	295	844	36	99	54	3,905
Total revenues from other operating segments of the Group	-	-	-	-	-	-	-	-	-
Total	1,245	1,116	216	295	844	36	99	54	3,905
Attributed costs									
Costs not representing revenues from other operating segments of the Group	296	211	125	192	395	6	90	60	1,375
Costs representing revenues of other operating segments of the Group	-	-	-	-	-	-	-	-	-
Total	296	211	125	192	395	6	90	60	1,375
Income from operations attributed to operating segment (in the income-producing real estate segments)	949	905	91	103	449	30	9	(6)	2,530
Variable costs attributed to the operating segment	275	196	97	179	370	5	51	60	1,233
Fixed costs attributed to the operating segment	21	15	28	13	25	1	39	-	142
Increase (decrease) in the fair value of investment property	188	237	(92)	29	1,093	(105)	-	(222)	1,128
Income from operations attributable to the shareholders of the parent company	949	905	92	103	449	30	9	(6)	2,531
Income from operations attributable to non-controlling interests	-	-	(1)	-	-	-	-	-	(1)

	Retail centers and malls in Israel	Office and other space for lease in Israel	Income-producing property in the U.S.	Senior housing	Data Centers	Rental housing in Israel	Residential sales	Adjust-ments	Consoli-dated
Total assets attributed to the operating segment	16,885	18,281	1,545	4,433	11,246	2,044	1,682	667	56,783

* Consolidation adjustments derive mainly from the activity in the 'other' segment and from consolidation adjustments of the results of companies presented in the financial statements using the equity method.

Y2024:

	Retail centers and malls in Israel	Office and other space for lease in Israel	Income-producing property in the U.S.	Senior housing	Data Centers	Rental housing in Israel	Adjust-ments	Consoli-dated
Revenues								
Total external income	1,285	1,064	222	267	417	26	-	3,281
Total revenues from other operating segments of the Group	-	-	-	-	-	-	-	-
Total	1,285	1,064	222	267	417	26	-	3,281
Attributed costs								
Costs not representing revenues from other operating segments of the Group	276	199	130	180	187	7	-	979
Costs representing revenues of other operating segments of the Group	-	-	-	-	-	-	-	-
Total	276	199	130	180	187	7	-	979
Income from operations attributed to operating segment (in the income-producing real estate segments)	1,009	865	92	87	230	19	-	2,302
Variable costs attributed to the operating segment	257	185	88	167	165	5	-	867
Fixed costs attributed to the operating segment	19	14	42	13	22	2	-	112
Increase (decrease) in the fair value of investment property	267	142	7	127	310	60	-	913
Income from operations attributable to the shareholders of the parent company	1,009	865	90	87	230	19	-	2,300
Income from operations attributable to non-controlling interests	-	-	2	-	-	-	-	2
Total assets attributed to the operating segment	16,145	17,282	1,858	3,751	8,966	2,056	571	50,449

Y2023:

	Retail centers and malls in Israel	Office and other space for lease in Israel	Income-producing property in the U.S.	Senior housing	Data Centers	Rental housing in Israel	Adjust-ments	Consolidated
Revenues								
Total external income	1,197	1,009	239	246	290	18	(56)	2,943
Total revenues from other operating segments of the Group	-	-	-	-	-	-	-	-
Total	1,197	1,009	239	246	290	18	(56)	2,943
Attributed costs								
Costs not representing revenues from other operating segments of the Group	256	188	129	174	136	3	58	944
Costs representing revenues of other operating segments of the Group	-	-	-	-	-	-	-	-
Total	256	188	129	174	136	3	58	944
Income from operations attributed to operating segment (in the income-producing real estate segments)	941	821	110	72	154	15	(114)	1,999
Variable costs attributed to the operating segment	239	176	83	162	87	3	41	791
Fixed costs attributed to the operating segment	17	12	46	12	49	2	17	153
Increase (decrease) in the fair value of investment property	24	335	(240)	90	718	(22)	7	912
Income from operations attributable to the shareholders of the parent company	941	821	108	72	154	15	(114)	1,997
Income from operations attributable to non-controlling interests	-	-	2	-	-	-	-	2
Total assets attributed to the operating segment	15,523	16,625	1,821	3,287	7,395	1,887	525	47,063

* Adjustments to the consolidated statement mainly derive from the discontinued operations in the e-commerce segment – for details, see Section 1.3.9 of Chapter A of the 2023 Periodic Report, and from adjustment to the consolidated statement of results of a company presented in the financial statement using the equity method.

6. General environment and the effect of external factors on the Company's business

Following are the assessments of the Company as to the major trends, events and developments in the macroeconomic environment of the Company, which to the best of its knowledge and estimates, have or are anticipated to have material effect on the business results or the developments in the Group's operating segments. For details with respect to regulatory restrictions on the Company, see Section 26 of this Chapter A.

The estimates of the Company below in this section and in this Report are based, *inter alia*, on data published by third parties and not independently examined by the Company. Every reference appearing in this section should be considered data not under the control of the Company and uncertain, and the said estimates are based, *inter alia*, on data published by the Bank of Israel, as specified below.

6.1 Operations in Israel

As a company operating in the Israeli market, with its various industries, the Company is exposed to macro-economic changes in the condition of the economy in general and in the income-producing real estate sector in particular. The central economic factors affecting the business of the Company and the Group companies in Israel are specified below.

Israel	For the Year Ended		
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2023
Macroeconomic parameters			
GDP (PPP)*	$610 billion	$541 billion	$525 billion
GDP per capita (PPP)*	$60,009	$54,446	$53,810
Growth in GDP (PPP)*	2.5%	3.1%	5.7%
Growth in GDP per capita (PPP)*	1.39%	1.2%	3.5%
Inflation rate **	2.4%	3.4%	3.3%
Return on long-term domestic government debt *** (NIS)	3.88%	4.47%	4.14%
Rating of long-term government debt (international rating) ****	A/Stable	A/Negative	AA-/Negative
Domestic currency to dollar exchange rate as of the last day of the year**	3.19	3.647	3.627

* Source: worldometer.
** Source: The Central Bureau of Statistics: www.cbs.gov.il and the Bank of Israel: www.boi.org.il. [in Hebrew]
*** Synthetic bond yield calculation, with an average duration of 10 years based on data from the *Kav Manche* software.
**** Source: S&P rating report at www.standardandpoors.com.

6.1.1 General

1. 2025 was a challenging year globally, and in the State of Israel in particular. While the world faced the continuing effects of the inflation crisis , a high interest rate environment, a credit crisis and a slowdown in growth rates, Israel faced additional material challenges as specified below.

   On 7 October 2023 Hamas terrorists carried out a brutal and murderous attack which launched the Swords of Iron war ("**Swords of Iron**"). On 13 June 2025, the State of Israel launched Operation Rising Lion against military targets in Iran and from such date forth, Iran began to launch ballistic missiles and other ordnance, *inter alia*, against the population centers in Israel ("**Operation Rising Lion**" and together with Swords of Iron, the "**War**"). The War led to a shutdown of some of the commercial activity in Israel, impairment of production capacity in fighting zones and areas under threat, a decrease in consumption and an increase in State expenditure and government deficit. The uncertainty in the market about the scope, length, intensity and outcome of the War led to a decrease of the growth forecast, an expected increase in the national security budget and an increase in the debt-to-GDP ratio.

   The aforesaid notwithstanding, the second estimate for 2025 of the Central Bureau of Statistics, in 2025 compared with 2024, the GDP rose by 2.9% and private consumption expenditure rose by 2.6%.[5]

   According to the macroeconomic forecast released by the Research Department of the Bank of Israel in January 2026 (in this section: the "**Forecast**"), which analyzes the key macroeconomic variables (GDP, inflation and interest rates) under the assumption that the relative calm will continue on the various fronts after the October 2025 cease fire, the GDP is expected to grow by 5.2% and 4.3% in 2026 and 2027 (respectively), the inflation rate in 2026 and 2027 is expected to be 1.7% and 2.0% (respectively) and the monetary interest rate in Q4/2026 is expected to be 3.5%.[6]

   On 28 February 2026, the State of Israel in collaboration with the United States launched the Roaring Lion Campaign. According to the assessments of the Bank of Israel of 11 March 2026, the Roaring Lion Campaign is another significant security event, the implications of which are apparent on both the military front and the home front and Israeli economy. The Bank's economists estimate that the geopolitical environment created due to the campaign, generally reduces the risks posed to the economic activity, especially in the short term.

2. **Security and geopolitical situation** – The Company's business is affected by the geopolitical and security situation in Israel. The War impacted the Israeli economy with, *inter alia*, the temporary closure of businesses, restrictions on work on building sites, restrictions on the education system, considerable mobilization of reservists, an increase in State expenses and the government deficit. The repercussions of the War on the Israeli economy led to an increase in the State's risk premium, along with negative rating actions by all of the international rating agencies. Thus, in February 2024, the rating agency Moody's removed Israel's credit rating from its watchlist, downgraded it from A1 to A2, changed the rating outlook to negative, and further thereto, in September 2024, it downgraded Israel's credit rating to Baa1 with a negative outlook. In January 2026, the agency updated the outlook from negative to stable. In April 2024, the rating agency Fitch affirmed Israel's A+ credit rating, but changed the rating outlook to negative, and in August 2024, it downgraded Israel's credit rating to A and left the negative rating outlook. The rating agency S&P also downgraded Israel's credit rating in April 2024 from AA- to A+, and left the negative rating outlook, and in October 2024 it downgraded Israel's rating to A. In November 2025, the rating agency S&P left the A rating and upgraded the outlook from negative to stable.

   For further details on the impact of the War, see Section 2.2 of the Board of Directors' Report.

   As of the date of release of this Report, 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 the renewed outbreak of and/or conclusion of the War, and/or the continuation of Operation Roaring Lion

[5] Source: CBS – national accounts for 2025, released on 10 March 2026. Link [in Hebrew]
[6] Bank of Israel – press release of 6 January 2025. The macroeconomic forecast of the Research Department, January 2025. The Bank of Israel website: Link [in Hebrew]

and their future implications for the Israeli economy, the Company is unable to assess the aforesaid effects on its future operations, as the degree of impact depends on the degree 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 estimates regarding the effects of the War on the Group's results are merely subjective estimates, and are forward-looking information, as defined in the Securities Law. The actual results and effects may be materially different to the estimates specified above and the implications thereof, for various reasons beyond the Company's control including prolongation of the War and its development to other fronts, decreased demand, a significant deterioration in the economic situation in Israel, etc.

3. **Availability and cost of credit** – Changes in financing cost and availability and the scope of available credit in the banking and non-banking system affect the real estate industry and the profitability thereof. As a result of the implementation of structural reforms implemented in the capital market (such as the Bachar Reform, the pension reform and the tax reform), the share of bank credit out of the total credit to the business sector is declining and a non-banking credit market has developed, constituting an alternative for financing assets and projects. The local capital market too, constitutes a source for the raising of funds to finance the Company's business activity, by way of issuing bonds, and presently serves as the Company's primary source of financing.

   Thanks to the financial strength of the Company, its accessibility to sources of bank financing, and the relatively low scope of pledges on properties, taking into consideration the extent of business thereof, the Company estimates that no difficulties are anticipated in raising the financing required thereby.

4. **Fluctuations in the inflation rate, the Consumer Price Index and interest rates** – The real estate industry is exposed to risks deriving from changes in the interest rates, inflation rate and in the Consumer Price Index (CPI). The Company finances most of its business operations through loans linked to the CPI. In addition, most of the Company's revenues from rent are also linked to the CPI, while in the residential sales segment, the Company's exposure to indices and interest rates derives mainly from the impact they have on the construction and financing costs and on the rate of sales while the ability to pass cost increases on to selling prices depends on the market conditions and the sale agreements. The (known) CPI increased by 2.4% in 2025, compared with a rise of 3.4% in 2024.[7] In view of a trend of decline in inflation in Israel, and following the Monetary Committee's announcement on 5 January 2026 regarding reduction of the Bank of Israel interest rate to 4%[8], the Prime interest rate is 5.5%.

5. **Fluctuations in the U.S. dollar and Norwegian Krone exchange rates** – The Company has real properties in the U.S. in the income-producing property in the U.S. segment, which constitute approx. 3% of the Group's total real properties. Some of these properties are financed by loans linked to the U.S. Dollar. The change in the exchange rate of the U.S. Dollar impacts the difference between the real properties' value and the loans in respect thereof. In 2025, the Dollar/NIS exchange rate decreased by approx. 12.5%, from an exchange rate of NIS 3.65/$1 in the beginning of 2025, to NIS 3.19/$1 at the end of 2025. During the year, the Dollar/NIS exchange rate experienced significant fluctuations, primarily due to geopolitical and economic factors, including security developments and monetary policy in the U.S. and Israel. In addition, following the Company's acquisition of GM and with development of the Company's business in the DC industry, in recent years it gained income-producing properties in Norway, which constitute approx. 17% of the Group's total real properties. Further to the aforesaid, changes in the Norwegian Krone exchange

[7] Source: CBS – Consumer Price Index – December 2025 and summary of 2025 released on 15 January 2026. Link [in Hebrew]
[8] Bank of Israel – press release of 5 January 2026, the Monetary Committee decided, on 5 January 2026, to reduce the interest rate by 0.25%, to 4%. Bank of Israel website: Link

rate affect the Group's Financial Statements. Since the end of 2024, the Norwegian Krone has decreased against the Shekel by ~1.6%, to NIS 0.317/NOK 1 at the end of 2025.

Fluctuations in the Construction Input Index – according to CBS data, since the beginning of 2025, the Residential Construction Input Index rose by 5.3%. The changes in the Construction Input Index directly impact the cost of construction of residential projects and income from apartment sales and consequently, impact the cash flows and results of operations, since the Company's engagements with subcontractors and apartment sales are linked to the Construction Input Index.

The housing market and the rate of apartment sales – in Q1/2025, approx. 9,190 new apartments were sold in Israel (26.5% of which subsidized by the government), a decrease of 23.1% compared to the three previous months (October-December 2024); At the end of March 2025, the number of new apartments remaining for sale was approx. 78,620 apartments, and the number of supply months was 26.1. At the same time, a comparison of transactions that were made in February-March 2025 versus January-February 2025 indicated that the prices of the new apartments increased by 0.64%.

In Q2/2025, approx. 7,150 new apartments were sold in Israel (28% of which subsidized by the government), a decrease of approx. 24.3% compared to the three previous months (January-March 2025), while approx. 27.4% of the new apartments sold were in the central district and approx. 28.3% in the southern district; At the end of June 2025, the number of new apartments remaining for sale was approx. 81,360 apartments, and the number of supply months (the number of months that will elapse until all the remaining apartments for sale, are sold) was 35.[9] At the same time, a comparison of transactions that were made in May-June 2025 versus April-May 2025 indicated that the prices of the new apartments decreased by 1.5%.[10] In August-October 2025, approx. 19,870 new apartments were sold in Israel (35.6% of which subsidized by the government), a decrease of approx. 9.8% compared to the three previous months (May-July 2025), with the cities leading in apartment sales as aforesaid being Haifa, Tel Aviv-Jaffa and Netanya; At the end of October 2025, the number of new apartments remaining for sale was approx. 83,580 apartments, and the number of supply months (the number of months that will elapse until all the remaining apartments for sale, are sold) was 29.2.[11] At the same time, a comparison of transactions that were made in September-October2025 versus August-September 2025 indicated that the apartment prices decreased by 0.5%.[12] A Comparison of prices of the transactions made in October-November 2025 versus the prices of transactions made in September-October 2025 indicated that the apartment prices increased by 0.7%. A comparison of the transactions made in the current period versus the same period last year i.e., October-November 2025 versus October-November 2024 indicated that the increase in apartment prices has significantly eased and is now 0.1%.

6.1.2 Effects on real estate segments in Israel

1. **The income-producing real estate sector in Israel** – For a description of the trends related to the income-producing real estate sector in Israel, in relation to each of the Company's operating segments, see Sections 9.1, 10.1, 12.1, 14.1 and 15.1 of this Chapter A.

2. **The development real estate sector in Israel** – For a description of the trends related to the development real estate sector in Israel, in relation to the Company's operations in the residential sales segment, see Section 16.1 of this Chapter A.

3. **Rate of growth and increase in private consumption in Israel** –

   In 2025, the economy continued to grow and the GDP grew by 2.8%, further to a 0.9% increase in 2024. According to the Bank of Israel's forecast of January 2026, the average annual rate of unemployment in 2025 was 3.4%, and in 2026 and 2027, the average annual unemployment rate is expected to be 3.3% and 3.5%, respectively. Private consumption expenditure increased by 3.9% in 2024 and by 2.6% in 2025.

[9] From a CBS press release dated 14 August 2025 – "Apartments in Real-Estate Transactions – April-June 2025".
[10] From a CBS press release dated 15 August 2025 – "Change in the Prices of the Apartment Market".
[11] From a CBS press release dated 14 December November 2025 – " Apartments in Real-Estate Transactions – August-October 2025".
[12] From a CBS press release dated 15 December 2025 – "Change in the Prices of the Apartment Market – November 2025".

According to the Bank of Israel's forecasts[13], GDP in Israel will grow in 2026 and 2027 by 5.2% and 4.3% per year, respectively, and private consumption in these years will grow by 7.5% and 5%, respectively. The Bank of Israel's forecast of increase in private consumption and increase in GDP results from the assumption that the relative calm on the various fronts will continue.

[13] Bank of Israel - the macroeconomic forecast, January 2025, released on 6 March 2025. Bank of Israel website: Link. [in Hebrew]

6.2 Operations in the U.S.

U.S.	For the Year Ended		
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2023
Macroeconomic parameters			
GDP (PPP) (1) (U.S. $ in billions)	27,609	29,168	27,721
GDP per capita (PPP) (1) (U.S. $)	89,678	86,601	82,715
Growth in GDP (PPP) (1)	2.0%	5.2%	6.6%
Growth in GDP per capita (PPP) (1)	4.0%	4.7%	6.1%
Inflation rate (2)	2.7%	2.9%	3.4%
Return on long-term domestic government debt (3)	4.14%	4.58%	3.88%
Rating of long-term government debt (4)	AA+/Stable	AA+/Stable	AA+/Stable
NIS to U.S.$ exchange rate (5)	3.19	3.647	3.627

(1) Product data are based on a publication by the International Monetary Fund in October 2025 (www.imf.org).
(2) According to publications by the U.S. Department of Labor.
(3) According to the U.S. Department of Treasury with respect to bonds for a 10-year period commencing on 31 December 2025.
(4) According to the rating by S&P (www.standardandpoors.com).
(5) According to Bank of Israel data.

The Company's business in the U.S. is primarily affected by the economic situation in the U.S. market in general, and in the income-producing commercial real estate for offices sector in particular, the demand and supply in the regions in which the Company's properties are located and the rent prices therein. In 2025, for the first time in several years, a slight increase was recorded in the occupancy rate of offices, in the U.S. in general, and in the State of Texas in particular, as a result of a decline in the culture of remote work and a transition to a hybrid work model and due to an all-time low in construction and development of new office buildings. For details regarding the Houston Texas area, which is, as of the Report Date, the location of most of the Company's operations in the income-producing property in the U.S. segment, see Section 11 of this Chapter A.

The above information in Sections 6.1 and 6.2 concerning the general environment and the external factors that affect the Company's business includes information based on subjective assessments and estimates by the Company, which constitute forward-looking information, as defined in the Securities Law. The Company's assessments are in consideration of past experience, as well as publications and surveys written by professionals in connection with the state of the Israeli economy, the real estate sector and the state of the economy in countries where the Company operates, as specified in the aforementioned sections, which have not been independently checked by the Company. The above data are merely estimates and accordingly may be incomplete, and therefore should be treated with caution, although in the Company's estimation, they are capable of providing a general picture, even if not an accurate one, of the markets in which it operates in the various operating segments. In view of the foregoing, and due to the fact that the factors concerned are not within the Company's control, actual results may differ from the aforesaid assessments if a change occurs in any of the factors taken into account in such assessments, the geopolitical and/or economic and/or security situation is adversely changed or due to the materialization of any of the risk factors specified in Section 31 of this Chapter A, and mainly a global financial crisis, the condition of the economy in Israel and in the U.S. and the security situation in Israel, changes in relevant indices and interest rates, a decline in the demand for leasable space and in rent prices, a downturn in the soundness of key tenants and an increase in the costs of debt raising and their impact on markets in Israel and worldwide.

PART THREE: DESCRIPTION OF THE GROUP'S INVESTMENT PROPERTY BUSINESS – AGGREGATE

7. Aggregate disclosure with respect to the investment property activity[14]

The disclosure with respect to the Company's investment property operations is made in accordance with the draft amendment to the Securities Regulations (Details of the Prospectus and the Draft Prospectus – Structure and Form) (Amendment), 5764-2013, as released by the ISA in December 2013 (the "**Prospectus Details Regulations**" and the "**Disclosure Provision**", as applicable), which has been adopted by the Company although the said amendment has yet to take effect.

7.1 General

The Group began its activity in the investment property segment in 1983. Since then and as of the Report Release Date, the Company is engaged in the development, acquisition, lease-out, management and maintenance of malls and retail centers in Israel as well as office and high-tech parks, office and industry, light industry and storage buildings and rental housing in Israel. Since 2001 the Group has also been operating overseas (in particular in the U.S.), mostly in the leasable office space segment, and since 2014 the Group has also been developing its senior housing segment. In July 2019, the Company began operating in the Data Centers segment through investment in and/or acquisition of companies that operate in the segment.

As a development company, the Company examines, from time to time, growth and increase goals for the expansion of its scope of operations, and explores opportunities to purchase income-producing properties and lands for real estate development in Israel and overseas in its core segments (retail and office spaces) and in segments the Company is expanding such as senior housing, data centers, rental housing, as well as tangential segments such as hospitality and more. Underlying the Company's policy is the basic assumption whereby the property's location is the most important factor for its success. Accordingly, upon examination of the location of a potential property, the Company ascribes significant weight to the population growth potential in the examined area and the urban development anticipated therein, based, *inter alia*, on urban research, segmentation of the population, competition in the area and the unique or typical commercial needs of such area.

The Group's strategy and business in the investment real estate segments is implemented both by the development of new properties and by the acquisition, upgrade and potential maximization of existing income-producing properties. In the Report Period, the margins between the rates of capitalization on the properties and the financing costs decreased but still remained high relative to previous periods, a trend which the Company estimates allows it to develop and purchase income-producing properties also at development yields or cap rates for purchase that are lower compared to rates in previous periods.

The Group, by itself (through companies wholly-controlled thereby), manages and operates the properties in Israel, their construction and betterment while using the know-how and experience accrued by the Group, in order to give added value to its properties, tenants and the public visiting the properties. In recent years, the Group has focused on the development of mixed-use assets.

The Company's properties in the retail centers and malls segment are located in the center of residential neighborhoods and at entrances to urban areas, insofar as possible, on main traffic arteries. Due to the location of the properties, their accessibility, spacious car parks, tenant mix and variety of activities therein, they attract a large and diverse target audience. Some of the retail centers include office space for lease designated to provide a supplementary response for the target audience's needs, according to the nature of the retail center and its location.

[14] The disclosure is made on a consolidated basis for the Group's retail centers and malls in Israel segment, the office and other space for lease in Israel segment, the income-producing property in the U.S. segment, the senior housing segment, the Data Centers segment and the rental housing in Israel segment.

The Company's properties in the office and other space for lease in Israel segment, including the properties under construction, are located primarily in the central region (where there is an active demand for office buildings of various types) in proximity to central transport arteries and are characterized by a high standard of finishing and management, relatively large floor and office areas, and include designated parking.

The Company's properties in the rental housing in Israel segment, including the projects under planning and construction, are located in central Israel, close to major commercial and retail districts, and are characterized by the provision of holistic services to tenants, a high finishing standard, including, *inter alia*, parking, air conditioning, electrical appliances, light fixtures, etc.

According to its policy for the maximization of its profits and in order to improve the experience of the users of the Group's properties, the Company acts, as necessary, to upgrade its existing properties, while using the existing and potential retail or office and other space or residential areas, improving the tenant mix and adjusting the same to the target audience, renovating the properties, renewing the systems therein and implementing technological and/or digital improvements.

As previously reported by the Company, the Company examines, from time to time, the expansion of its operations, including entry into close real estate segments. Thus, in 2014, the Company began developing the senior housing business, upon the purchase of senior housing land in the city of Modi'in. As of the Report Release Date, the Company has four active senior homes: Palace Tel Aviv, which was acquired in 2015, Palace Ra'anana (formerly Ahuzat Bayit Ra'anana), the acquisition of which was closed in Q2/2016, a senior home in Modi'in, the construction of which was completed in 2018 and which is fully occupied, and Palace Lehavim, which is nearing full occupancy. Another project of the Company, for the construction of approx. 274 apartments on a total area of approx. 31 thousand sqm (excluding areas attributed to the long-term care wing and retail areas) in the city of Rishon LeZion, is in advanced stages of construction. Furthermore, in February 2020, the Company acquired the Mount Zion Hotel in Jerusalem[15], and in 2023 it completed the acquisition of the Red Rock Hotel in Eilat.

Since 2007, the Company has operated in the field of development, acquisition, lease, management and maintenance of projects designated for rental housing in Israel. Upon completion of the projects in the said segment, the Company leases the properties on a long-term basis and engages in the operation of the properties and in provision of services to tenants. As of the Report Release Date, the Company has 5 projects: Azrieli Modi'in Residences, whose construction was completed in 2009, Azrieli Town Tel Aviv Residences, occupancy of which began in July 2022, and another property in Modi'in (the western site), whose construction was completed in 2024 and whose lease-up has ended. The Company is also working on the construction of the Spiral Tower project, which is a mixed-use project that also includes rental apartments, and in addition, in 2023, the Company was awarded a tender of Dira Lehaskir to build a long-term rental housing project in Herzliya comprising 147 apartments.

In addition, in 2019 the Company entered the Data Centers segment through its investment in Compass, and in October 2023, the Company disposed of its investment in Compass. In 2021, the Company completed the acquisition of GM, and commencing from the Company's financial statement for Q3/2021, the Data Centers segment began to be described as a business segment. In addition, January 2023 saw the closing of the transaction for the acquisition of two English companies (the "**English Companies**"): a company that leases land, from a third party, on which an active data center located in east London is built and another company that owns available land that is in the proximity of the active data center. As of the Report Release Date, the Data Centers segment companies held by the Group have 5 (active) income-producing properties, including 4 properties in Norway and an active data centers campus in east London, as detailed in the properties map below Section 2.8 of Chapter B of this Report.

The significant parameters in the location of data centers are the ability to supply large quantities of power from environmentally-friendly sources, preference for cold regions with low electricity costs and proximity to communication networks. Furthermore, physical location relative to the location of customers is relevant in view of the importance of latency and a requirement of cloud companies for redundancy between data centers and the required distances between centers. In addition, data centers close to airports, universities and auxiliary services have an advantage.

Set forth below are aggregate figures regarding investment property owned by the Group. The figures will be presented jointly with regard to properties from the six operating segments of investment property owned by the Group, namely: the retail centers and malls in Israel segment, the office and other space for lease in Israel segment, the income-producing property overseas segment, the senior housing in Israel segment, the Data

[15] In accordance with GAAP, the Mount Zion and Red Rock hotels are classified in the Company's Financial Statements as property, plant and equipment, rather than investment property.

Centers segment and the rental housing in Israel segment. For further details regarding the operating segments and regarding material properties, see Sections 9, 10, 11, 12, 13 and 14 of this Chapter A.

For details with respect to land reserves, see Section 7.8 of this Chapter A.

The Company's estimations in this Section 7.1 are forward-looking information, as defined in the Securities Law, which is based on the Company's subjective assessments as of the Report Date, and whose materialization, in whole or in part, is uncertain, or which may materialize in a materially different manner, inter alia due to factors that are beyond its control, including changes in market conditions, construction input prices and the duration required for execution.

7.2 Summary of the results in the investment property segments*

7.2.1 Summary of the aggregate results of the Group's six investment property segments

	For the year ended		
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2023
	NIS in millions		
Total business revenues (consolidated)***	3,752	3,281	2,999
Profit from revaluations (consolidated)***	1,350	913	905
Business profits (consolidated)** ***	3,877	3,215	3,018
Same property NOI (consolidated)	2,221	2,231	-
Same property NOI (corporation's share)	2,219	2,229	-
Total NOI (consolidated)** ***	2,527	2,302	2,113
Total NOI (corporation's share)** ***	2,525	2,300	2,111

* For details with respect to additional financial indicators which were examined by the Company, see Sections 2.7 to 2.8 of the Board of Directors' Report.

** The figures include the NOI of Palace Tel Aviv Medical, Palace Modi'in and Palace Lehavim and Palace Ra'anana LTC Units according to the management's position, which deems them part of the NOI of the senior homes although they are not investment properties (and therefore, the tables of the investment property chapter below shall not include information in respect thereof) and due to non-materiality in their separate presentation.

*** In addition, the figures for 2025 and 2023 include the revenues, profit and NOI from the investments in companies accounted for using the equity method.

7.2.2 Summary of the results of the retail centers and malls in Israel segment*

	For the year ended		
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2023
	NIS in millions		
Total business revenues (consolidated)	1,245	1,285	1,197
Profit from revaluations (consolidated)	188	267	24
Business profits (consolidated)	1,137	1,276	965
Same property NOI (consolidated)	937	1,006	-
Same property NOI (corporation's share)	937	1,006	-
Total NOI (consolidated)	949	1,009	941
Total NOI (corporation's share)	949	1,009	941

* In addition, the figures for 2025 include revenues, profit and NOI from the investments in companies accounted for using the equity method

7.2.3 Summary of the results of the office and other space for lease in Israel segment

	For the year ended		
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2023
	NIS in millions		
Total business revenues (consolidated)	1,116	1,064	1,009
Profit from revaluations (consolidated)	237	142	335
Business profits (consolidated)	1,142	1,007	1,156
Same property NOI (consolidated)	886	860	-
Same property NOI (corporation's share)	886	860	-
Total NOI (consolidated)	905	865	821
Total NOI (corporation's share)	905	865	821

7.2.4 Summary of the results of the income-producing property in the U.S. segment

	For the year ended		
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2023
	NIS in millions		
Total business revenues (consolidated)	216	222	239
Profit (losses) from revaluations (consolidated)	(92)	7	(240)
Business profits (losses) (consolidated)	(1)	99	(130)
Same property NOI (consolidated)	91	92	-
Same property NOI (corporation's share)	89	90	-
Total NOI (consolidated)	91	92	110
Total NOI (corporation's share)	89	90	108

7.2.5 Summary of the results of the senior housing segment

	For the year ended		
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2023
	NIS in millions		
Total business revenues (consolidated)	295	267	246
Profit from revaluations (consolidated)	29	127	90
Business profits (consolidated)	132	214	162
Same property NOI (consolidated)	103	87	-
Same property NOI (corporation's share)	103	87	-
Total NOI (consolidated)	103	87	72
Total NOI (corporation's share)	103	87	72

7.2.6 Summary of the results of the Data Centers segment*

	For the year ended		
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2023
	NIS in millions		
Total business revenues (consolidated)	844	417	290
Profits (losses) from revaluations (consolidated)	1,093	310	718
Business profits (consolidated)	1,542	540	872
Same property NOI (consolidated)	179	169	-
Same property NOI (corporation's share)	179	169	-
Total NOI (consolidated)	449	230	154
Total NOI (corporation's share)	449	230	154

* In addition, the figures for 2025 and 2023 include revenues, profit and NOI from the investments in companies accounted for using the equity method.

7.2.7 Summary of the results of the rental housing in Israel segment

	For the year ended		
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2023
	NIS in millions		
Total business revenues (consolidated)	36	26	18
Profit (loss) from revaluations (consolidated)	(105)	60	(22)
Business profits (losses) (consolidated)	(75)	79	(7)
Same property NOI (consolidated)	25	17	-
Same property NOI (corporation's share)	25	17	-
Total NOI (consolidated)	30	19	15
Total NOI (corporation's share)	30	19	15

7.3 The geographic regions in which the Company operates in the investment property segments

As of the Report Date, the Company operates in two main geographic regions, Israel and the U.S[16]. Most of the Company's business is in Israel, where the Company operates throughout the country, including North, Center, South and other urban areas, without preference to specific areas and without investing special managerial inputs in specific areas. The Company estimates that the State of Israel constitutes one geographical region in terms of the risks and yields of the income-producing property business. In the U.S. the Company operates, as of the Report Date, mainly in the cities of Houston and Austin in Texas.

For details regarding the macroeconomic parameters affecting the business in Israel and the U.S., see Section 6 of this Chapter A.

[16] As of the Report Date, the Group's activity in the Data Centers segment is carried out through GM and the English companies in several territories (Norway, England and Germany). In view of the fact that the Data Centers industry is global, and since the Company is seeking to focus its activity in this industry on Wholesale and Hyperscale customers, which are large consumers with a global presence (such as large cloud service providers), the Company takes a global view of the segment's performance. For further details on the Company's goals and strategy in the Data Centers segment, see Section 29 of this Chapter A.

7.4 Breakdown of the investment property business

Set forth below are details of the Company's investment property business, in six segments: Retail centers and malls in Israel, office and other space for lease in Israel, senior homes, income-producing property in the U.S., Data Centers and rental housing in Israel, on a consolidated basis, broken down by the various uses of the space of each segment[17]. Commercial use in Israel in the tables below is attributed to the retail centers and malls in Israel operating segment, while the office and industrial uses are attributed in Israel to the office and other space for lease in Israel operating segment (and do not constitute operating segments in and of themselves). Furthermore, from Q3/2016, the Company began describing its operations in the senior housing segment in its Financial Statements as a separate business segment. From the 2022 Annual Report, the Company began describing its operations in the rental housing in Israel segment as a separate business segment. This was done in view of the establishment and expansion of the operations and investment in projects under development in the senior housing and rental housing segments, which segments are presented as separate columns in the tables below. Similarly, from Q3/2021, the Group's operations in the Data Centers segment began to be described in the Company's Financial Statements as a separate business segment, in view of the closing of the transaction for the acquisition of GM, and therefore the segment is included as a separate column in the tables below. It is noted in this context that the senior homes in Modi'in, Ra'anana, Lehavim and Rakafot (under construction) have retail centers that are attributed to the retail centers and malls in Israel segment. The figures of the income-producing property in the U.S. segment all appear under the U.S. region, while the amounts with respect to this region are translated into NIS according to the conversion rate of U.S. $1= NIS 3.19.

The following breakdown of uses is in the format in which the information is presented to the Group's management. As a rule, in properties whose main use is retail, the car park was attached to such use, in properties whose main use is offices the car park was attached to such use. With respect to the Tel Aviv Azrieli Center, for purposes of the Report, the car park areas are divided equally between the retail and office uses, due to its similar contribution to both uses. With respect to the Herzliya Business Park, for purposes of the Report, the car park areas are divided into 25% for retail and 75% for offices. With respect to Rishonim, the car park areas are divided into 40% for retail and 60% for offices according to the Company's estimation, in connection with the use made thereof.

In the Report, the following terms shall hereinafter bear the meaning set forth beside them:

"**Space**"/ "**Area**" – the space/area for which rent is paid, with the addition of unleased areas (excluding areas sold or acquired after the Report Date, if any). With respect to senior housing, the area refers to all of the built area of the home, in view of the fact that in senior homes operated by the Company public areas take up a relatively large percentage of the total area of the home and public areas are also intended to serve the residents. In the Data Centers segment, the total area includes the areas ready for lease ("**White Areas**") of the operating segment.

"**Revenues**" – all payments made by the tenant, including rent, management fees, profit from electricity, parking fees and other payments, if any.

[17] The details on the investment property activity for 2023 include the Company's holdings in Compass. The transaction for the disposition of the Company's holdings in Compass was closed on 3 October 2023, as detailed in Section 1.3.8 of Chapter A to the 2023 Periodic Report.

1. **Breakdown of area of income-producing property (aggregate) by regions and uses, as of 31 December 2025 (in sqm)**

Regions	Uses	Offices	Industry	Retail	Residence	Senior Housing*	Car Parks	Data Centers	Total	% of total area of properties
Israel	Consolidated	632,125	23,371	390,210	33,832	114,712	769,270	-	1,963,520	80%
	Corporation's share	632,125	23,371	390,210	33,832	114,712	769,270	-	1,963,520	80%
U.S.	Consolidated	252,997	-	-	-	-	199,859	-	452,856	18%
	Corporation's share	245,360	-	-	-	-	197,720	-	443,080	18%
DC	Consolidated	-	-	-	-	-	-	40,727	40,727	2%
	Corporation's share	-	-	-	-	-	-	40,727	40,727	2%
Total	**Consolidated**	885,122	23,371	390,210	33,832	114,712	969,129	40,727	2,457,103	100%
	Corporation's share	877,485	23,371	390,210	33,832	114,712	966,990	40,727	2,447,327	100%
% of total area of properties	**Consolidated**	36%	1%	16%	1%	5%	39%	2%	100%	
	Corporation's share	36%	1%	16%	1%	5%	39%	2%	100%	

* 1,141 apartments – adjoining apartments are treated as one unit.

2. **Breakdown of area of income-producing property (aggregate) by regions and uses, as of 31 December 2024 (in sqm)**

Regions	Uses	Offices	Industry	Retail	Residence	Senior Housing*	Car Parks	Data Centers	Total	% of total area of properties
Israel	Consolidated	631,715	23,371	379,292	33,741	114,712	762,270	-	1,945,101	80%
	Corporation's share	631,715	23,371	379,292	33,741	114,712	762,270	-	1,945,101	80%
U.S.	Consolidated	252,997	-	-	-	-	199,859	-	452,856	18%
	Corporation's share	245,360	-	-	-	-	197,720	-	443,080	18%
DC	Consolidated	-	-	-	-	-	-	40,727	40,727	2%
	Corporation's share	-	-	-	-	-	-	40,727	40,727	2%
Total	**Consolidated**	884,712	23,371	379,292	33,741	114,712	962,129	40,727	2,438,685	100%
	Corporation's share	877,075	23,371	379,292	33,741	114,712	959,990	40,727	2,428,908	100%
% of total area of properties	**Consolidated**	36%	1%	16%	1%	5%	39%	2%	100%	
	Corporation's share	36%	1%	16%	1%	5%	39%	2%	100%	

* 1,141 apartments – adjoining apartments are treated as one unit.

3. **Breakdown of fair value of income-producing property (aggregate) by regions and uses, as of 31 December 2025[18]**

Regions	Uses	Offices	Industry	Retail	Residence	Senior Housing*	Data Centers	Total	% of total value of properties
Israel (NIS in millions)	Consolidated	15,118	163	15,973	1,271	3,076	-	35,601	80%
	Corporation's share	15,118	163	15,973	1,271	3,076	-	35,601	80%
U.S. (USD in millions)	Consolidated	479	-	-	-	-	-	479	3%
	Corporation's share	467	-	-	-	-	-	467	3%
DC (NIS in millions)	Consolidated	-	-	-	-	-	7,510	7,510	17%
	Corporation's share	-	-	-	-	-	7,510	7,510	17%
Total (NIS in millions)	Consolidated	16,647	163	15,973	1,271	3,076	7,510	44,640	100%
	Corporation's share	16,607	163	15,973	1,271	3,076	7,510	44,600	100%
% of total value of properties	Consolidated	37%	-	36%	3%	7%	17%	100%	
	Corporation's share	37%	-	36%	3%	7%	17%	100%	

* Gross value, without setoff of the balance of resident deposits. The value net of the balance of resident deposits is approx. NIS 1,542 million.

4. **Breakdown of fair value of income-producing property (aggregate) by regions and uses, as of 31 December 2024[19]**

Regions	Uses	Offices	Industry	Retail	Residence	Senior Housing*	Data Centers	Total	% of total value of properties
Israel (NIS in millions)	Consolidated	14,574	155	15,355	1,320	2,987	-	34,391	80%
	Corporation's share	14,574	155	15,355	1,320	2,987	-	34,391	80%
U.S. (USD in millions)	Consolidated	504	-	-	-	-	-	504	4%
	Corporation's share	491	-	-	-	-	-	491	4%
DC (NIS in millions)	Consolidated	-	-	-	-	-	7,054	7,054	16%
	Corporation's share	-	-	-	-	-	7,054	7,054	16%
Total (NIS in millions)	Consolidated	16,414	155	15,355	1,320	2,987	7,054	43,285	100%
	Corporation's share	16,366	155	15,355	1,320	2,987	7,054	43,236	100%
% of total value of properties	Consolidated	38%	-	36%	3%	7%	16%	100%	
	Corporation's share	38%	-	36%	3%	7%	16%	100%	

* Gross value, without setoff of the balance of resident deposits. The value net of the balance of resident deposits is approx. NIS 1,432 million.

[18] The fair value of the Group's income-producing properties in Israel is according to valuations received by the Group which were prepared by a certified land appraiser with no dependence on the Company or the Group companies as of 31 December 2025. With respect to the overseas properties, the valuations were prepared by certified land appraisers who, in accordance with the ISA's directive, are defined as dependent in view of the indemnification given to them (excluding a non-material property in the sum of approx. NIS 31 million, whose value was updated by the Company).

[19] The fair value of the Group's income-producing properties in Israel is according to valuations received by the Group which were prepared by a certified land appraiser with no dependence on the Company or the Group companies as of 31 December 2024. With respect to the overseas properties, the valuations were prepared by certified land appraisers who, in accordance with the ISA's directive, are defined as dependent in view of the indemnification given to them (excluding a non-material property in the sum of approx. NIS 33 million, whose value was updated by the Company).

5. **Breakdown of NOI of income-producing property (aggregate) by regions and uses, for the year ended 31 December 2025**

Regions	Uses	Offices	Industry	Retail	Residential rentals	Senior Housing*	Data Centers	Total	% of total NOI of properties
Israel (NIS in millions)	Consolidated	896	9	949	30	103	-	1,987	79%
	Corporation's share	896	9	949	30	103	-	1,987	79%
U.S. (USD in millions)	Consolidated	27	-	-	-	-	-	27	3%
	Corporation's share	26	-	-	-	-	-	26	3%
DC (NIS in millions)	Consolidated	-	-	-	-	-	449	449	18%
	Corporation's share	-	-	-	-	-	449	449	18%
Total (NIS in millions)	Consolidated	987	9	949	30	103	449	2,527	100%
	Corporation's share	985	9	949	30	103	449	2,525	100%
% of total NOI of properties	Consolidated	39%	-	38%	1%	4%	18%	100%	
	Corporation's share	39%	-	38%	1%	4%	18%	100%	

* The figure includes the NOI of the Medical Department of Palace senior housing.

6. **Breakdown of NOI of income-producing property (aggregate) by regions and uses, for the year ended 31 December 2024**

Regions	Uses	Offices	Industry	Retail	Residence	Senior Housing*	Data Centers	Total	% of total NOI of properties
Israel (NIS in millions)	Consolidated	856	9	1,009	19	87	-	1,980	86%
	Corporation's share	856	9	1,009	19	87	-	1,980	86%
U.S. (USD in millions)	Consolidated	25	-	-	-	-	-	25	4%
	Corporation's share	24	-	-	-	-	-	24	4%
DC (NIS in millions)	Consolidated	-	-	-	-	-	230	230	10%
	Corporation's share	-	-	-	-	-	230	230	10%
Total (NIS in millions)	Consolidated	948	9	1,009	19	87	230	2,302	100%
	Corporation's share	946	9	1,009	19	87	230	2,300	100%
% of total NOI of properties	Consolidated	41%	-	44%	1%	4%	10%	100%	
	Corporation's share	41%	-	44%	1%	4%	10%	100%	

* The figure includes the NOI of the Medical Department of Palace senior housing.

7. **Breakdown of NOI of income-producing property (aggregate) by regions and uses, for the year ended 31 December 2023**

Regions	Uses	Offices	Industry	Retail	Residence	Senior Housing*	Data Centers	Total	% of total NOI of properties
Israel (NIS in millions)	Consolidated	812	9	941	15	72	-	1,849	88%
	Corporation's share	812	9	941	15	72	-	1,849	88%
U.S. (USD in millions)	Consolidated	30	-	-	-	-	-	30	5%
	Corporation's share	29	-	-	-	-	-	29	5%
DC (NIS in millions)	Consolidated	-	-	-	-	-	154	154	7%
	Corporation's share	-	-	-	-	-	154	154	7%
Total (NIS in millions)	**Consolidated**	922	9	941	15	72	154	2,113	100%
	Corporation's share	920	9	941	15	72	154	2,111	100%
% of total NOI of properties	**Consolidated**	44%	-	45%	1%	3%	7%	100%	
	Corporation's share	44%	-	45%	1%	3%	7%	100%	

* The figure includes the NOI of the Medical Department in the Palace senior housing.

8. **Breakdown of property revaluation profits (aggregate) by regions and uses, for the year ended 31 December 2025**

Regions	Uses	Offices	Industry	Retail	Residence	Senior Housing	Data Centers	Total	% of total revaluation profits
Israel (NIS in millions)	Consolidated	230	7	188	(105)	29	-	349	26%
	Corporation's share	230	7	188	(105)	29	-	349	26%
U.S. (USD in millions)	Consolidated	(29)	-	-	-	-	-	(29)	(7%)
	Corporation's share	(28)	-	-	-	-	-	(28)	(7%)
DC (NIS in millions)	**Consolidated**	-	-	-	-	-	1,093	1,093	81%
	Corporation's share	-	-	-	-	-	1,093	1,093	81%
Total (NIS in millions)	**Consolidated**	138	7	188	(105)	29	1,093	1,350	100%
	Corporation's share	140	7	188	(105)	29	1,093	1,352	100%
% of total revaluation profits	**Consolidated**	10%	1%	14%	(8%)	2%	81%	100%	
	Corporation's share	10%	1%	14%	(8%)	2%	81%	100%	

9. **Breakdown of property revaluation profits (losses) (aggregate) by regions and uses, for the year ended 31 December 2024**

Regions	Uses	Offices	Industry	Retail	Residence	Senior Housing	Data Centers	Total	% of total revaluation profits
Israel (NIS in millions)	Consolidated	137	5	267	60	127	-	596	65%
	Corporation's share	137	5	267	60	127	-	596	65%
U.S. (USD in millions)	Consolidated	2	-	-	-	-	-	2	1%
	Corporation's share	1	-	-	-	-	-	1	1%
DC (NIS in millions)	**Consolidated**	-	-	-	-	-	310	310	34%
	Corporation's share	-	-	-	-	-	310	310	34%
Total (NIS in millions)	**Consolidated**	144	5	267	60	127	310	913	100%
	Corporation's share	140	5	267	60	127	310	909	100%
% of total revaluation profits	**Consolidated**	16%	1%	29%	6%	14%	34%	100%	
	Corporation's share	16%	1%	29%	6%	14%	34%	100%	

10. **Breakdown of property revaluation profits (losses) (aggregate) by regions and uses, for the year ended 31 December 2023**

Regions	Uses	Offices	Industry	Retail	Residence	Senior Housing	Data Centers	Total	% of total value of properties
Israel (NIS in millions)	Consolidated	320	15	24	(22)	90	-	427	47%
	Corporation's share	320	15	24	(22)	90	-	427	47%
U.S. (USD in millions)	Consolidated	(66)	-	-	-	-	-	(66)	(26%)
	Corporation's share	(63)	-	-	-	-	-	(63)	(26%)
DC (NIS in millions)	Consolidated	-	-	-	-	-	718	718	79%
	Corporation's share	-	-	-	-	-	718	718	79%
Total (NIS in millions)	**Consolidated**	80	15	24	(22)	90	718	905	100%
	Corporation's share	87	15	24	(22)	90	718	912	100%
% of total revaluation profits	**Consolidated**	9%	2%	3%	(3%)	10%	79%	100%	
	Corporation's share	9%	2%	3%	(3%)	10%	79%	100%	

11. Specification of actual average monthly rent per sqm by regions and uses

Uses	Offices		Industry		Retail		Residence		Data Centers	
	For the year ended									
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
In NIS	110	107	36	34	224	223	106	97	2,870	1,098
Maximum (*)	153	144	-	-	601	569	132	124	4,667	1,607
Minimum (*)	55	53	-	-	53	52	56	53	782	798
U.S. (in USD)	18	18	-	-	-	-	-	-	-	-

The maximum represents the average rent per sqm in the property for which the rent average is highest, whereas the minimum represents the average rent per sqm in the property for which the rent average is lowest. The average was calculated according to the areas suitable for use only. The table does not include figures with respect to senior housing, in respect of which the average payment by residents for an apartment was NIS 14,165 per month in 2025 (NIS 13,513 per month in 2024) (including revenues from the forfeiture of deposits and the payment of monthly maintenance fees).
* The broad range of rent in all uses derives, *inter alia*, from the diversity in the nature of the leased property, in the type of the leased unit in the property even in the same building, and in other parameters that are not expressed in this table.

12. Specification of average occupancy rates by regions and uses*

Uses	Offices			Industry			Retail			Senior Housing			Residence			Data Center		
	Percentage (%)																	
	As of 31 Dec. 2025	For Y2025	For Y2024	As of 31 Dec. 2025	For Y2025	For Y2024	As of 31 Dec. 2025	For Y2025	For Y2024	As of 31 Dec. 2025	For Y2025	For Y2024	As of 31 Dec. 2025	For Y2025	For Y2024	As of 31 Dec. 2025	For Y2025	For Y2024
Israel	96%(1)	97%(1)	98%(2)	100%	100%	100%	99%(3)	99%(3)	99%(4)	100%(5)	100%(5)	95%(6)	96%(7)	98%(7)	100%(8)	-	-	-
U.S.	64%	64%	65%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	99%(9)	99%(9)	100%(9)

* The average occupancy rate was calculated based on the lease agreements' data for the beginning of the period and for the end of each period.

(1) In 2025, excluding the offices at HaManor St. in Holon and the offices at Modi'in West, which are at tenant move-in stages. The occupancy rate in the office space for lease segment, including the aforesaid, is approx. 96% as of 31 December 2025 and 96% for 2025.
(2) In 2024, excluding the offices at HaManor St. in Holon and the offices at Modi'in West, which are at tenant move-in stages, and Mivnei Gazit which was occupied this year. The occupancy rate in the office space for lease segment, including the aforesaid, is approx. 96% as of 31 December 2024 and 95% for 2024.
(3) In 2025, excluding retail at Sarona complex, retail at Town and retail at Modi'in West, which are at tenant move-in stages. The occupancy rate in the retail space for lease segment including the aforesaid is approx. 98% as of 31 December 2025 and 98% for 2025.

(4) In 2024, excluding retail at Sarona complex, retail at Town and retail at Modi'in West, which are at tenant move-in stages. The occupancy rate in the retail space for lease segment including the aforesaid is approx. 98% as of 31 December 2024 and 98% for 2024.
(5) In 2025, excluding Palace Lehavim which is at resident move-in stages. The occupancy rate in the senior housing segment including Palace Lehavim is approx. 98% as of 31 December 2025 and 86% for 2025.
(6) In 2024, excluding Palace Lehavim which is at resident move-in stages. The occupancy rate in the senior housing segment including Palace Lehavim is approx. 98% as of 31 December 2024 and 86% for 2024.
(7) In 2025, excluding Town Residences and Modi'in West which are at resident move-in stages. The occupancy rate in the rental housing segment including Town Residences and Modi'in West is approx. 89% as of 31 December 2025 and 86% for 2025.
(8) In 2024, excluding Town Residences and Modi'in West which are at resident move-in stages. The occupancy rate in the rental housing segment including Town Residences and Modi'in West is approx. 81% as of 31 December 2024 and 66% for 2024.
(9) The average occupancy rate was calculated based on the lease agreements' data for 31 December 2025, at a weighted average of GMG. The occupancy rate does not include spaces under construction.

13. Number of income-producing buildings, by regions and uses*

Uses	Offices		Industry		Retail		Senior Housing		Residence		Data Centers	
	For the year ended											
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025**	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Israel	16	16	1	1	23	23	4	4	3	3	-	-
U.S.	8	8	-	-	-	-	-	-	-	-	-	-
DC	-	-	-	-	-	-	-	-	-	-	5	5
Total income-producing properties	24	24	1	1	23	23	4	4	3	3	5	5

* A number of properties have several different uses, and in such cases the properties were classified in the table under each of those uses.

** The number of malls and retail centers does not include the income-producing properties of Z.M.H Hammerman.

14. Breakdown of actual average yield rates (according to year-end value), by regions and uses*

Uses	Offices		Industry		Retail		Senior Housing**		Residence		Data Centers	
	For the year ended (in %)											
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Israel	5.92%	5.87%	5.85%	5.94%	5.93%	6.56%	6.04%	5.59%	2.27%	1.42%	-	-
U.S.	6%	5.01%	-	-	-	-	-	-	-	-	-	-
DC	-	-	-	-	-	-	-	-	-	-	5.64%	3.27%

The yield rate is a division of the actual NOI by the value of the property as of the end of the year. In the event of the acquisition of properties or completion of construction thereof in the course of the year, the index does not reflect the rate of the annual yield from these properties. The rate of the actual yield does not constitute the CAP rate that the Group used for revaluation of its properties.

* The figures do not represent representative yield but rather the division of actual NOI by the value of the properties, and do not take into account other influences, such as properties populated, properties purchased during the period, revenues expected from vacant spaces, expected investments in the property etc.

** For the senior housing segment – calculated according to net value (after deduction of the balance of resident deposits) as of the end of the period.

7.5 Projected revenues from signed lease contracts (NIS in millions)

Period of Revenue Recognition		Revenues from Fixed Components*	Number of Ending Contracts	Area to which the Ending Agreements pertain (sqm in thousands)
Y2026	Q/1	1,055	286	42
	Q/2	1,044	252	53
	Q/3	1,012	262	88
	Q/4	973	322	61
Y2027		3,372	1,038	260
Y2028		2,652	830	197
Y2029		1,724	658	164
Y2030 forth		4,877	1,376	502
Total		**16,709**	**5,024**	**1,367**

The revenues figures in the above table, which include revenues from rent, management fees and parking, were calculated based on the basic amounts determined in the lease agreements, linked to the CPI known on 31 December 2025, and based on the following assumptions: (1) The exercise of the tenants' options to extend the lease periods included in the lease contracts, was not taken into account, since the CODM does not review, on a regular basis, the expected revenue figures under the assumption of the exercise of options granted to the tenants to extend the lease period; (2) Lease contracts, the lease period under which has ended, and new lease contracts have not yet been signed with the tenants, were not taken into account; (3) The possibility of sale of the properties or the purchase of new income-producing property, was not taken into account; (4) Fines due to early termination, if any, were not taken into account; and (5) The increments to the rent due to percentages of the sales were not taken into account for calculation of the rent.

The Company's revenues include variable components due to additional revenue from sales alone. The Company does not prepare estimates for revenues from variable components which are immaterial in relation to the Company's revenues from its income-producing properties, and therefore it does not have the information.

The revenue figures specified in the above table are under the assumption that the options for extension of the lease periods included in the lease contracts will not be exercised, although many of the Company's tenants usually extend the lease agreements upon the expiration thereof, according to the extension options specified in the agreements.

The above figures are based on the Company's assessment considering signed agreements as of the Report Date, and constitute forward-looking information, within the definition of such term in the Securities Law. Actual results may significantly differ from the above specified estimates and the implications thereof, for various reasons, including early termination of lease contracts or a business crisis undergone by any of the tenants.

* The figures are in accordance with signed contracts as of 31 December 2025.

7.6 Key tenants

In 2025, the Company had no tenant, the revenue from whom accounted for 10% or more of its total revenues.

In 2025, the revenues from the fashion industry accounted for approx. 13% of the Group's revenues and approx. 40% of the revenues of the Company's retail centers and malls segment. If and when material changes in costs occur in this segment and insofar as the effect of the changes endures over time, the Company's profitability may also be affected thereby.

However, most of the lease agreements include a fixed rent, such that the Company's exposure in this respect is limited in the short term.

In the Data Centers segment, the Company focuses on the Hyperscale market. Accordingly, GM has several core customers which account for a high percentage of its revenues, and the loss of which may affect the Data Centers operating segment. For further details, see Section 13.11 below.

7.7 Properties under construction In Israel(*) (aggregate level), by use

Uses	Parameters	For the Year Ended		
		31 December 2025	31 December 2024	31 December 2023
Retail[4]	Number of properties under construction at the end of the period	5	5	7
	Total space under construction (planned) at the end of the period (sqm in thousands)[1]	99	99	116
	Total costs invested in the current period (consolidated) (NIS in millions)	181	105	205
	The amount at which the properties are presented in the statements at the end of the period (consolidated) (NIS in millions)	917	795	807
	Construction budget in the consecutive period (estimate) (consolidated) (NIS in millions)	301-311	195-205	204-214
	Total estimated balance of construction budget for completion of the construction work (consolidated) (estimate as of the end of the period) (NIS in millions) [2]	249-294	412-458	484-544
	Rate of built-up area in respect of which lease contracts have been signed (%)	1%	2%	11%
	Projected annual income from projects to be completed in the consecutive period and in which contracts have been signed for 50% of the area or more (consolidated) (estimate) (NIS in millions)	-	-	3
Office and other space[4]	Number of properties under construction at the end of the period	4	4	5
	Total space under construction (planned) at the end of the period (sqm in thousands) [1]	351	351	364
	Total costs invested in the current period (consolidated) (NIS in millions)	539	366	314
	The amount at which the properties are presented in the statements at the end of the period (consolidated) (NIS in millions)	2,680	2,230	1,986
	Construction budget in the consecutive period (estimate) (consolidated) (NIS in millions)	757-767	676-686	574-584
	Total estimated balance of construction budget for completion of the construction work (consolidated) (estimate as of the end of the period) (NIS in millions) [2]	372-478	678-785	1,007-1,131
	Rate of built-up area in respect of which lease contracts have been signed (%)	16%	19%	17%
	Projected annual income from projects to be completed in the following period and in which contracts have been signed for 50% of the area or more (consolidated) (estimate) (NIS in millions)[3]	-	-	-
Residences [4]	Number of properties under construction at the end of the period	2	2	3
	Total space under construction (planned) at the end of the period (sqm in thousands) [1]	53	53	60
	Total costs invested in the current period (consolidated) (NIS in millions)	92	76	242
	The amount at which the properties are presented in the statements at the end of the period (consolidated) (NIS in millions)	769	733	794
	Construction budget in the consecutive period (estimate) (consolidated) (NIS in millions)	181-191	180-190	151-161
	Total estimated balance of construction budget for completion of the construction work (consolidated) (estimate as of the end of the period) (NIS in millions)[2]	406-466	397-457	454-521
	Rate of built-up area in respect of which lease contracts have been signed (%)	-	-	-
	Projected annual income from projects to be completed in the following period and in which contracts have been signed for 50% of the area or more (consolidated) (estimate) (NIS in millions)[3]	-	-	-

Uses	Parameters	For the Year Ended		
		31 December 2025	31 December 2024	31 December 2023
Senior Housing[4]	Number of properties under construction at the end of the period	1	1	1
	Total space under construction (planned) at the end of the period (sqm in thousands) [5]	35	35	35
	Total costs invested in the current period (consolidated) (NIS in millions)	144	136	84
	The amount at which the properties are presented in the statements at the end of the period (consolidated) (NIS in millions)	533	378	247
	Construction budget in the consecutive period (estimate) (consolidated) (NIS in millions)	42-46	124-128	149-154
	Total estimated balance of construction budget for completion of the construction work (consolidated) (estimate as of the end of the period) (NIS in millions) [2]	5-19	29-44	97-112
	Rate of built-up area in respect of which contracts have been signed (%)	34%	15%	-
	Projected annual income from projects to be completed in the following period and in which contracts have been signed for 50% of the area or more (consolidated) (estimate) (NIS in millions) [3]	-	-	-

* The Company has no properties under construction outside of Israel, with the exception of the Data Centers segment.
(1) Marketable space.
(2) Balance of construction budget after the expiration of the consecutive period.
(3) There are no projects expected to be completed in the consecutive period for which contracts in respect of 50% or more of the space have been signed.
(4) Projects which combine several uses were split among the various uses.
(5) Scope of building rights.

The following table presents information about properties under construction in the data center operating segment:

Parameters	31.12.2025	31.12.2024	31.12.2023
Number of properties under construction at end of period	2	2	5
Total areas under construction (planned) at end of period (sqm in thousands)(1)	11	8	62
Total costs invested in the current period (on a consolidated basis) (NIS in millions)(2)	822	275	2,527
The amount at which the properties are presented in the statements at end of period (consolidated) (NIS in millions)(2)	1,352	244	2,645
Construction budget in the following period (estimate) (consolidated) (NIS in millions)	398-408	731-741	1,875-1,885
Total balance of estimated construction budget for completion of construction work (consolidated) (estimate as of end of period) (NIS in millions) (3)	694-704	275-285	227-237
Rate of the area being built for which lease contracts have been signed (%) (4)	52%	-	91%
Projected annual revenue from projects to be completed in the following period in which contracts have been signed for 50% or more of the area (consolidated) (estimate) (NIS in millions)	24	-	440

(1) As of 31 December 2025, the figure includes the area of GM UK and the amount of the property under construction for Germany which is presented in the Group's Financial Statements under the item "investment in a company accounted for by the equity method". As of 31 December 2024, the figure includes the area of UK.

(2) As of 31 December 2025, the figure includes the area of Gm UK and the amount of the property under construction for Germany which is presented in the Group's Financial Statements under the item "investment in a company accounted for by the equity method", as of 31 December 2024, the figure includes the amount of properties under construction of GM UK. As of 31 December 2023, the figure includes the amount of properties under construction of GM and GM UK. The amount of properties under construction for Compass was presented in the Group's Financial Statements under the item "investment in a company accounted for by the equity method".

(3) The balance of the construction budget from the end of the following period.

(4) As of 31 December 2025, the rate was calculated as a weighted average of GM UK and the property in Germany. As of 31 December 2024, the rate was calculated as a weighted average of GM UK. As of 31 December 2023, the rate was calculated as a weighted average of GM and GM UK.

PROPERTIES UNDER DEVELOPMENT – FURTHER DETAILS:

Following are details regarding the properties under development as of the Report Date in the investment real estate operating segments. For further details see Section 5.1 of the Board of Directors' Report:

Palace Rishon LeZion Senior Housing

On 13 March 2016, an (indirect) subsidiary of the Company won a tender issued by the Israel Land Authority for the acquisition of leasehold rights in a lot of 3.4 thousand sqm designated for senior housing in the HaRakafot neighborhood in East Rishon LeZion. The Company is building on this land a senior home which is expected to include approx. 274 apartments, an LTC unit and approx. 3,000 sqm of retail space. In April 2018, the recommendation of the Local Committee for the deposit of a zoning plan for the addition of rights was received and transferred for discussion by the District Committee. In November 2018, the District Committee decided to deposit the zoning plan conditionally. In April 2019, the zoning plan was published for objections, and in September 2019 the District Committee discussed the objections filed. In February 2020, the plan was published for validation and 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 work commenced at the beginning of 2021. In May 2021, the Company submitted an application for a basement permit which was conditionally approved during September 2021, and the permit was received in March 2022. In October 2021, the Company submitted an application for a building permit for the entire project, which was received in January 2023 and the project's construction work is in advanced stages and currently, the Company is obtaining an occupancy permit for the project.

Expansion of the Azrieli Tel Aviv Center (the Spiral Tower)

In May 2013, the Company engaged in an agreement for the purchase of full title to the land of approx. 8,400 sqm in the intersection of the streets Menachem Begin Road and Noah Moses in Tel Aviv, adjacently to the Azrieli Tel Aviv Center, which held the building known as the "Yediot Aharonot House". On 31 March 2016, the transaction has been closed and possession of the lot has been handed over to the Company. In February 2018 the Company completed the demolition of the said building and began excavation and shoring work. In April 2018 the zoning plan with an urban-mixed designation was validated, which allows uses of retail, offices, hotels, residences and senior housing with above-ground building rights of 147,260 sqm (gross), and, in addition, approx. 3,000 sqm of underground main retail space. The Company intends to construct retail space that will serve to expand the existing mall and a multi-story tower (the Spiral Tower), subject to receipt of the required statutory approvals. In the context of the zoning plan, the Company was required to approve an architectural design and development plan for the project, as a condition for the aboveground construction permit. In addition, the Company undertook to allocate, out of said rights in the project, a public floor for the Tel Aviv Municipality, and in addition, undertook to pay for and perform various tasks in the vicinity of the project, including at Azrieli Center. In January 2020, a basement construction permit was received for the project. In January 2021, the design plan was signed by the approving factors in the Tel Aviv Municipality. In July 2021, the Company submitted an application for an above-ground building permit for the entire project and in December 2021 the Local Committee's decision was received conditionally approving receipt of the permit. In June 2023, an above-ground building permit for the entire project was received and the construction work is in progress.

SolarEdge Campus

17 January 2022 saw the closing of a transaction for the acquisition of a company that holds leasehold rights in land located in the North Glilot site, on part of which the Company will build a campus for SolarEdge Technologies Ltd. ("**SolarEdge**"), which campus will comprise ~43,000 sqm of aboveground areas and 950 parking spaces. The Company entered into an agreement with SolarEdge for the lease of the campus for a 15-year term with extension options up to a total period of 24 years and 11 months. From the date of handover of possession of the campus, the SolarEdge will be responsible for the campus's management and maintenance. June 2022 saw the receipt of

a shoring and excavation permit and work has begun. In April 2023, a conditional full building permit for the project was approved, and in October 2023, a building permit was received for the entire project. For further details, see the Company's immediate reports of 11 May 2021 (Ref. 2021-01-082779) and 18 January 2022 (Ref. 2022-01-007851), which are included herein by reference. As of the Report Release Date, the Company and SolarEdge reached an agreement on postponement of the estimated date of commencement of the term of the lease such that it will commence in early 2027, and on reducing the area to be leased to SolarEdge by approx. 40% and reducing the number of parking spaces to 600 parking spaces in lieu of 950 (parking spaces). For further details, see the Company's immediate reports of 20 March 2025 (Ref. 2025-01-018904) and 20 November 2025 (Ref. 2025-01-089509), which are included herein by reference.

Land in Modi'in (Lot 10)

On 6 October 2019, the Company learned that it had won a tender held by the Israel Land Authority for the acquisition of leasehold rights in a lot located in the CBD of Modi'in-Maccabim-Re'ut, the area of which is approx. 17,000 sqm, designated for the construction of a retail and office project, with rights for approx. 37,000 sqm above-ground, in consideration for approx. NIS 51 million that were paid by the Company. Furthermore, 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 to promote a plan for the project that is 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 that was submitted by the Company to the Local Committee for additional usages on the lot, and it was decided on the conditional deposit thereof. In June 2021, the plan was deposited for objections and 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 the work has begun. In the Report Period, the Company engaged in an agreement for the construction of a new medical center that will be leased to Clalit Health Services, spanning over approx. 8.1 thousand sqm on a part of the land. The Company promoted a plan for the addition of approx. 8,000 sqm underground, which was approved in February 2024. In May 2024, a conditional building permit was approved for all of the project's areas, and in November 2024, the full building permit was received and work on construction of the project is underway.

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. On 19 March 2025, the Company reported that final confirmation of the award had been received from the ILA. 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. 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. The Company is currently promoting the statutory proceedings required for receipt of a building permit for the project. For details regarding the notice of the Ministry of Environmental Protection to owners of land in the Sde Dov site, whereby according to initial findings from groundwater sampling at the Sde Dov site, PFAS exceedances were detected, see Section 25 of Chapter A of this report

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 Israel Land Authority for the purchase of leasehold rights in a complex located in Herzliya (near Kibbutz Glil Yam) that includes lots 100 and 102. According to the provisions of the tender, the land is designated for a multi-family residential building, for the purpose of long-term lease, for a period of no less than 20 consecutive years from the date of completion of construction. The project is expected to include 147 residential units and retail areas. One half of the apartments in the project will be leased in a supervised rent that will be 80% of the free market rent. The Company is working to promote building permits for the project. For further details, see Section 1.3.7 of Chapter A of the 2023 Periodic Report.

In November and December 2025, excavation and shoring permits were received for both lots. In April 2025, conditional approval was given for a full building permit for lot 102 and in January 2026, the full building permit was received. In addition, in January 2026, conditional approval was given for a full building permit for lot 100 and the Company is working to fulfill the conditions

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Property in the Holon Industrial Zone – Holon 3

A property consisting of land with a registered area of approx. 57.5 thousand sqm, located in the Holon Industrial Zone, acquisition of which was closed in April 2016 and two additional lots originally purchased in the framework of an ILA tender and constituting part of the Holon HaManor land. Over the course of 2017, the Company evicted the tenants from the buildings on the land and completed the demolition of these buildings. In March 2018 and June 2018, excavation and shoring work began. In October 2018 a permit was received for the construction of parking basements, and the Company began work on the construction thereof, and in July 2019, a permit was received for the addition of parking basements. In the framework of consolidation of parcels, approx. 30 thousand sqm of building rights have been added to the lot (such that the total building rights in the consolidated lot amount to approx. 250 thousand sqm). May 2019 saw commencement of the work on construction of the parking basements in the eastern part of the project, and a Form 4 was received therefor in November 2020. In April 2021, a certificate of completion was received for the parking lots. The area is near Azrieli Holon Center and on it, the construction of a of mixed-use project, including employment and retail, is planned. The project will include up to approx. 250,000 sqm of leasable space and is located close to major traffic arteries.

BETTERMENT OF EXISTING PROPERTIES:

During the Report Period, the Company continued to promote the betterment of existing properties, *inter alia*, as follows:

Azrieli Jerusalem Mall – the zoning plan for the expansion of the mall, senior housing and office spaces was discussed by the Local Planning & Building Committee, which recommended the deposit of the plan with the District Committee. In July 2018, the District Planning & Building Committee in Jerusalem approved the Company's application to deposit a plan for expansion of the Azrieli Jerusalem Mall by additional space which includes retail, office and senior housing areas, as well as a structure to be built for the Municipality of Jerusalem. On 22 January 2020, a hearing was held at the local committee on the objections. The local committee recommended that district committee approve the plan as submitted subject to minor amendments while dismissing all third-party objections. In September 2020, the District Committee held a discussion of the objections to the zoning plan published by the Company. In December 2020 an interim decision was issued by the District Committee, and the Company was required to present construction alternatives. In December 2021, the District Committee issued a decision granting conditional approval for the zoning plan for expansion of the Azrieli Jerusalem Mall by approx. 95 thousand sqm above-ground gross, and in 2022 the plan was approved.

Azrieli Tel Aviv – in 2022, a permit for the addition of some 2,500 sqm was approved, for the construction of movie theaters on the mall's roof, as well as an addition of some 800 sqm of retail space on the ground floor.

Azrieli Rishonim – in May 2019, a discussion was held by the District Committee in connection with the addition of some 21,000 sqm of office space to the office tower. In January 2020, the plan was deposited for objections at the District Committee. In July 2020, the District Committee discussed and denied the objections to the plan for the addition of office space to the office tower in the project, and the plan was approved for validation.

Azrieli Haifa – in November 2021, the Local Committee approved a plan for additional construction of approx. 3,000 sqm. In 2024, a building permit was received allowing the opening of sealed-off areas in the mall. The building permit was implemented and some of the areas have been leased.

Azrieli Sarona – the Company is acting vis-à-vis the Local Committee to promote a zoning plan for additional rights of approx. 740 sqm main area which were transferred from a landmarked property. In May 2025, the Local Committee gave conditional approval for the plan and the conditions have been fulfilled. In February 2026, the Local Committee approved publication of the plan for validation.

Azrieli Eilat – in 2023, a zoning plan for the addition of 500 sqm of main areas and service areas was approved, and the Company submitted an application for a building permit for the exercise of the rights and renovation of the mall. In April 2025, the Committee's conditional approval for a building permit for exercising the rights was received, and the Company is working to fulfill the conditions.

The Company reviews, from time to time, options to promote zoning plans for additional building rights and usages in its projects.

The Company's estimations in Section 7.7 of this Chapter A are forward-looking information, as defined in the Securities Law, which is based on subjective estimates of the Company as of the Report Date, and the materialization thereof, in whole or in part, is uncertain, or they may materialize in a significantly different manner, inter alia, due to factors which are beyond its control, including changes in market conditions, the period of time that shall be required for approval of the building plans for performance, the construction input prices and the effects of the War.

7.8 Land (aggregate)

The table below presents a summary of figures on the Company's land reserves:

Region		For the year ended on:	
		31 December 2025	31 December 2024
Israel	The amount at which the lands are presented in the financial statements at the end of the period (NIS in millions)	913	315
	Total area of the lands at the end of the period (sqm in thousands)	89.7	28.6
U.S.	The amount at which the lands are presented in the financial statements at the end of the period (USD in millions)	5	5
	Total area of the lands at the end of the period (sqm in thousands)	13.7	13.7
DC	The amount at which the lands are presented in the financial statements at the end of the period (NIS in millions)	919	273
	Total area of the lands at the end of the period (sqm in thousands)	152	653

As of the Report Date, construction in some of the Company's land reserves is impossible due to planning and other restrictions.

LAND RESERVES – FURTHER DETAILS:

Following are details regarding the lands intended for construction as of the Report Date in the investment real estate operating segments. For further details see Section 5.1.1 of the Board of Directors' Report:

Land in Petach Tikva

On 17 September 2017, the Group has engaged in an agreement for the purchase of land in Petach Tikva of an area of around 19,000 sqm for NIS 91 million plus VAT as required by law (the "**Vacant Land**"). On 9 November 2017, the transaction was closed, and possession of the Vacant Land was handed-over to the Group. The Vacant Land is situated in the eastern part of the Kiryat Aryeh Industrial Zone in Petach Tikva, near an office project that is owned by the Group. The Vacant Land includes building rights for around 53,000 sqm as well as parking basements.

In July 2019 an application for a shoring, excavation and basement permit was submitted. In January 2020, the Local Committee decided to approve the application for a shoring, excavation and basement permit on conditions.

In view of approval of the outline plan for Kiryat Aryeh in Petah Tikva, the Local Committee together with the Company decided on promotion of a zoning plan under local jurisdiction only for the approval of building rights such that it will include 280 thousand sqm, to be used mainly for offices, which are planned to be built both on the Vacant Land and on the land where the office project is situated, in lieu of two other plans which the Company previously promoted. In April 2022, the zoning plan was discussed at the Local Committee and conditionally approved, which conditions the Company is working on fulfilling.

Azrieli Town Building E

On 14 May 2018 the Company closed a transaction for the acquisition of rights in land situated on Menachem Begin Road in Tel Aviv, which hold a building with 4 floors on top of a retail ground floor, with a total area of approx. 5,500 sqm and basement floors, which was fully leased. The property includes unused building rights in accordance with the zoning plan applicable to the land which total approx. 21,000 sqm of above-ground space and additional rights. In July 2021, the Company purchased the gasoline station land (which was not included in the above original transaction for the purchase thereof), which is located on the property and whose operations have been discontinued. In December 2022, the Company deposited for objections a zoning plan which comprises 90,520 sqm gross above-ground areas. In June 2023, after a discussion was held on the objections, the Local Committee decided to conditionally approve the plan and the Company fulfilled the conditions. An administrative appeal was filed against the decision of the Local Committee, and in December 2024, the decision of the administrative appeals committee was received, whereby 1,019 sqm, which constitute 13,043 sqm of built-up above-ground areas, gross, will be deducted from the area of the plan for calculation of rights, and that a leasable area that was allocated to the city will be converted into a public area. In April 2025, the appeals committee re-deliberated a specific component of the decision of the appeals committee and a final decision of the committee is yet to be issued. Prior thereto, in January 2025, the appellant in the administrative appeal filed an administrative petition against the decision of the administrative appeals committee of December 2024 which, as of the date of release of this Report, is expected to be heard in court in 2026.

7.9 Acquisition and Sale of Properties (aggregate)

Region		Parameters (figures of area in thousands and amounts in millions)	Period (Year ended on)		
			31 December 2025	31 December 2024	31 December 2023
Israel (NIS)	Properties Sold	Number of properties sold in the period	-	-	-
		Consideration from realization of properties sold in the period (consolidated)	-	-	-
		Area of properties sold in the period (consolidated)	-	-	-
		NOI of properties sold (consolidated)	-	-	-
		Profit / loss due to realization of the properties (consolidated)	-	-	-
	Properties Purchased	Number of properties purchased in the period	7	-	1
		Cost of properties purchased in the period (consolidated) [1]	231[4]	-	119[3]
		NOI of properties purchased (consolidated)	32	-	-
		Area of properties purchased in the period (consolidated)	12	-	5
Data Centers (NIS)	Properties Sold	Number of properties sold in the period[9]	-	-	-
		Consideration from sale of properties in the period	-	-	-
		Area of properties sold in the period (consolidated)	-	-	-
		NOI of properties sold	-	-	-
		Profit / loss in respect of realization of the properties (consolidated)	-	-	-
	Properties Purchased	Number of properties purchased in the period[10]	-	-	-
		Cost of properties purchased in the period (consolidated)	-	-	-
		NOI of properties purchased (consolidated)	-	-	-
		Area of properties purchased in the period (consolidated)	-	-	-

(1) The costs include the entire purchase amount, even if not yet paid, and do not include purchase taxes and transaction closing costs.
(2) Excluding the parking lot area.
(3) The property purchased is land in Herzliya (Glil Yam).
(4) The properties purchased are the income-producing properties purchased in the context of the acquisition of Z.M.H.
(5) The holding in Compass was sold in 2023. For further information about the transaction and the closing thereof, see Note 7D to the Financial Statements.
(6) A UK company in the DC segment was acquired in 2023. For further information about the transaction and the closing thereof, see Note 10F to the financial statements that were attached to the Periodic Report.

7.10 Fair value adjustments of values in the Statement of Financial Position required at the corporation level

		As of (Consolidated) (NIS in millions)	
		31 December 2025	31 December 2024
Presentation in the Description of the Corporation's Business Report	Total Income-Producing Property (as presented in the total column in the income-producing properties fair value by region and use tables as of 31 December 2025 and 31 December 2024 Number 3+4)	44,639	43,285
	Total Income-Producing Property under Construction (as presented in the "Total" column in Section 7.7 of the Table) in Israel	4,899	4,136
	Total Income-Producing Property under Construction (as presented in the "Total" column in Section 7.7 of the Table) overseas	1,352	244
	Total Land for Investment in Israel (as presented in the "Total" column in Section 7.8 of the Table)	913	315
	Total Land for Investment in the U.S. (as presented in the "Total" column in Section 7.8 of the Table)	14	18
	Total land for investment DC (as presented in the "Total" column in Section 7.8 of the Table)	919	273
	Consolidated Total	52,736	48,271
Adjustments	Adjustments to value deriving from receivables items	(201)	(186)
	Advances on account of investment property	-	-
	Assets of an associate which is not consolidated	(772)	(50)
	Other adjustments (1)	6	8
	Total adjustments	(967)	(228)
	Total, After Adjustments	51,769	48,043
Presentation in the Statement of Financial Position	Investment Property Item in the Statement of Financial Position (Consolidated)	44,689	43,609
	Investment Property under Construction Item in the Statement of Financial Position (Consolidated)	7,080	4,434
	Total	51,769	48,043

For an explanation with respect to the changes in the investment property items between 2024 and 2025, see Sections 2.9.2, 2.10.2, 2.11.2, 2.12.2, 2.13.2 and 2.14.2 of the Board of Directors' Report.

(1) The adjustments are in respect of non-material costs in respect of projects at early planning stages.

7.11 Adjustments to FFO profits

FFO for the Year Ended		
	31 December 2025	31 December 2024
	NIS in millions **Unaudited**	NIS in millions **Unaudited**
Net profit for the year attributed to the shareholders	1,889	1,477
Adjustments according to the provisions of the Fourth Schedule to the Prospectus Details Regulations		
Changes in the value of investment properties and investment properties under construction	(1,127)	(909)
Net loss (profit) from Azrieli E-Commerce and from Z.M.H attributed to the shareholders	(11)	-
Depreciation and amortization	8	8
Deferred taxes and taxes of previous years	412	352
Effect (profits) of an associate	(154)	-
Other expenses	86	74
Non-cash financing (income)	(232)	(256)
Attribution of interest paid in respect of real investments[3]	5	-
Adjustments deriving from the share of non-controlling interests	(1)	-
Nominal FFO according to the provisions of the Fourth Schedule to the Prospectus Details Regulations[1]	875	746
Additional adjustments		
Cash flow from deposits received from residents, net of deposits returned to residents[2]	94	119
Net of revenues from forfeiture of residents' deposits	(62)	(57)
Expenses for share-based payment	18	8
Special bonus for the sale of Compass	-	8
Special bonus for restructuring and establishment of GMG	28	-
Total cash flow for financing development pipeline[4]	150	141
Linkage differentials and exchange rate differentials on financial assets and liabilities (net of the effect of tax)	571	744
FFO according to Management's position	1,674	1,709

1. FFO is not a GAAP-based financial indicator. This indicator is calculated according to the Disclosure Provision. The indicator is the accounting net profit for the period, discounting one-time expenses and revenues (including profit or loss from the revaluation of properties), sale of properties, depreciation and amortization. This indicator is commonly used to examine the performance of income-producing real estate companies. The required adjustments to the accounting profit are specified in this table.
2. The deposits of senior housing residents are deemed as received or as returned on the date on which the agreement is signed or terminated, as applicable.
3. See the explanation in Section 2.7 of the Board of Directors' Report.
4. Calculated according to out-of-pocket credit costs for development pipeline.

PART FOUR: DESCRIPTION OF THE GROUP'S BUSINESS IN THE DEVELOPMENT REAL ESTATE OPERATIONS (RESIDENTIAL SALES) – AGGREGATE

8. Aggregate disclosure with respect to the residential sales segment

The disclosure with respect to the Company's development real estate operations is made in accordance with the draft amendment to the Securities Regulations (Details of the Prospectus and the Draft Prospectus – Structure and Form) (Amendment), 5764-2013, as released by the ISA in February 2016 (the "**Prospectus Details Regulations**" and the "**Disclosure Provision**", as applicable), which has been adopted by the Company although the said amendment has yet to take effect.

8.1 General

As specified in Section 1.3.6 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 Z.M.H Hammerman, which engages, *inter alia*, in the development and construction of residential real estate projects for sale in Israel. In view of the aforesaid, commencing from the periodic report as of 30 September 2025, the Company's operations in the residential sales segment is described as a reportable operating segment and Z.M.H Hammerman's financial data are included, as applicable, in the Company's consolidated financial statements and in the segment information presented in this report.

The residential sales 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.

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

8.2 The geographic regions in which the Company operates in the residential sales segment

Z.M.H Hammerman operates in several high-demand areas and in other areas throughout Israel as part of the risk diversification strategy.

8.3 Project types

Z.M.H Hammerman's operations in the Residential Sales Segment is carried out on land in which it 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);[20] (2)

[20] 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.

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 Z.M.H Hammerman's strategy; (5) Acquisition of land rights within the framework of "urban renewal" projects – redevelopment sites or NOP 38/2.21 The construction of redevelopment projects is regulated, inter alia, by laws as detailed in Section 26 of this chapter, 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.22 It is noted that, as part of the Arrangements Law for the years 2023-2024,23 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).

8.4 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, Z.M.H Hammerman carries out the project construction work either independently or through third parties.

8.5 Types of uses of the inventory sold

Z.M.H Hammerman, under full ownership or together with partners, holds 12 residential projects, 11 mixed-use projects designated for retail, office and residential uses, which are presented as business inventory in the company's financial statements. The company is also involved in the advancement and planning of 28 conditional urban renewal projects, and is under preliminary negotiations regarding additional projects in this segment.

8.6 Project financing policy

For a project's development, Z.M.H 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

[21] 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 condition precedent and the commencement of construction of the project are immaterial relative to the total cost of the project.

[22] 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).

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

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 Z.M.H 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 Z.M.H Hammerman, an arrangement was established regarding the financing of Z.M.H Hammerman pursuant to which, inter alia, the Company undertook to provide Z.M.H Hammerman with the financing required for its operations following the closing of the Merger Transaction, including the financing of specific activities and projects of Z.M.H Hammerman.

8.7 Project marketing

Generally, Z.M.H 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 Z.M.H Hammerman, Z.M.H Hammerman would offer its customers greater flexibility in payment terms, such as "contractor loans"[24] and "20/80" offers[25], 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, the company does not foresee material exposure as a result of the payment-term flexibility granted to its customers as aforesaid.

On 23 March 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. Accordingly, ZMH Hammerman limited the sales on a non-linear basis. This restriction led to a decrease in the volume of sales in the residential sales segment and in the volume of sales of ZMH Hammerman.

8.8 Material changes in the core of the business operations over the last three years

No material changes have occurred in the core of Z.M.H Hammerman's business operations over the last three years.

For details on significant changes in the general environment in which the company operated in 2025 and until the Report Date, inter alia, due to the level of the inflation, interest rates in the market, and Swords of Iron war, and the impact of the aforesaid on its operations, business and results, see Section 3.2 of chapter B of this Report and Section 6 above.

[24] "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 (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.

[25] "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.

8.9 Legislative changes with a unique impact on the residential sales segment

The operations of Z.M.H 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 Z.M.H Hammerman. For details, see Sections 26 below.

8.10 Unique tax implications in the development segment

For details, see Note 25 to the financial statements.

8.11 Summary of the results in the residential sales segment

Below is a summary of the business results of the residential sales in Israel segment:

Summary of the business results of the residential sales in Israel segment	
	For the three months ended
	31 December 2025
Operating segment revenues (consolidated)	79
Operating segment revenues	
Operating segment profit (consolidated)	12
Operating segment profits (corporation's share)	12
Total assets of the operating segment in the balance sheet (consolidated)	1,549
Gross profit rate	16%
The figures are in NIS in millions	

Aggregate data on the projects of Z.M.H Hammerman[26]

8.12 Breakdown of the residential sales operations

8.12.1 Projects completed – not applicable to the Report Period

8.12.2 Projects whose construction has been completed and whose sale is yet to be completed as of 31 December 2025:[27]

8.12.2.1 Inventory balance on the books for projects whose construction has ended and whose sale is yet to be completed (in terms of cost)

Number of months that elapsed since construction has ended	2025 financial figures NIS in millions
0-6	--
7-12	11
13-18	--
19-24	--
More than 24 months	4
Total	15

[26] The data included in the tables in this section (aggregate figures) regarding the number of requested/planned apartments, revenues that will be recognized, advance payments expected to be received and expected gross profit (as the case may be) constitute forward-looking information as defined in the Securities Law, which is based on the assessments of Z.M.H Hammerman's management which are based on forecasts and work plans of Z.M.H Hammerman and its acquaintance with the housing market in Israel in general, and in the project areas in particular, and is also based on Z.M.H Hammerman's estimates regarding the duration of the processes of planning, approval, marketing and construction of the projects (as the case may be), construction costs of the projects and the prices of sale of the apartments therein. These estimates may not materialize, in whole or in part, or may materialize in a manner other than as expected, including substantially so, as a result (as the case may be) of changes in the work plans of Z.M.H Hammerman in relation to any of the projects, changes in the prices of the apartments in the vicinity of any of the projects or in the market as a whole, prolongation of planning, marketing and construction processes, decisions of planning or regulatory bodies, changes in planning policy, statutory changes, the economic condition of the market (including tax policy changes and decrease in demands), changes in the construction input costs, changes in the security (including war) and political situation in Israel and the implications and/or materialization of all or part of the risk factors specified in Section 31 below.

[27] These figures refer to buildings whose construction has ended but whose sale is yet to be completed.

8.12.2.2 Aging of the apartment inventory in projects whose construction has ended and whose sale is yet to be completed (in terms of number of apartments)

Number of months that elapsed since construction has ended	Apartment inventory number as of 31 December 2025
0-6	--
7-12	13
13-18	--
19-24	--
More than 24 months	5
Total	18
Expected gross profit	5
Number of binding sale contracts signed since the end of the reporting period until on or about the Report Release Date (regarding projects whose construction has ended and whose sale is yet to be completed as of the end of the reporting year)	3

8.12.3 Data of projects under construction as of 31 December 2025:[28]

Item	2025 financial figures NIS in millions
Total number of apartments in projects under construction	1,746
Inventory balance on the books for projects under construction (in terms of cost)	869
Expected gross profit including from projects under construction (company's share)	255
Number of binding sale contracts signed in the current period (this year) in relation to projects under construction	242
Number of apartments in respect of which binding sale agreements are yet to be signed in projects under construction	727
Number of binding sale contracts signed from the end of the reporting period until on or about the Report Date (regarding projects under construction)	64

[28] Without figures referring to combination transactions of apartments in kind.

8.12.4 Pipeline of revenues and advance payments due to binding sale contracts due to projects under construction as of 31 December 2025:[29]

Item		Revenues that will be recognized due to binding sale contracts (NIS in millions)	Advance payments and payments expected to be received due to binding sale contracts (NIS in millions)
Y2026	Q1	82	77
	Q2	62	26
	Q3	62	13
	Q4	62	194
Y2027		237	429
Y2028		87	124
Y2029		114	50
Total		706	913

[29] Including due to projects whose construction has ended and whose sale or handover is yet to be completed, projects under planning and due to projects, the accounting treatment of which is according to the equity method. The revenues data are presented according to contractual figures in the sale agreements, without taking a significant financing component into account.

8.12.5 Data with respect to non-highly material projects:[30]

8.12.5.1 Data on projects under construction as of 31 December 2025 – general data on the projects (NIS in millions):[31]

Name	Location	Land Acquisition Date	Construction Commencement Date	Estimated Construction Completion Date	Corporation's Effective Share in the Project (%)	Total apts.	Total ave. sqm per apartment	Financial rate of completion as of 31.12.2025 (%)	Total apartments (in the aggregate) for which binding sale agreements have been signed			Total unsold apartments as of 31.12.2025	Total expected revenues not yet recognized	Total expected costs not yet recognized	Rate of equity invested in the project(%)[32]	Total expected gross profit not yet recognized	Total expected gross profit rate (%)	Expected retained earnings at completion, including equity invested in the project
									Close to the report date	As of 31.12.2025	As of 31.12.204							
Weizmann Pinkas[33]	Tel Aviv Jaffa	2020	2022	2026	50	32	102	96%	2	28	26	4	18	17	20%	1	6%	26

[30] The data included in the tables in this Section 1.1.1[sic] regarding the expected date of commencement and conclusion of construction work (or submission of a building permit application), number of requested/planned apartments, estimate of costs yet to be invested, expected revenues, expected costs, expected gross profit and expected surplus at the end of the project (as the case may be), constitute forward-looking information as defined in the Securities Law, which is based on the assessments of Z.M.H Hammerman's management which are based on forecasts and work plans of Z.M.H Hammerman and its acquaintance with the housing market in Israel in general, and in the project areas in particular, and is also based on Z.M.H Hammerman's estimates regarding the duration of the processes of planning, approval, marketing and construction of the projects (as the case may be), construction costs of the projects and the prices of sale of the apartments therein (all, including on the basis of signed agreements with buyers and/or vendors). These estimates may not materialize, in whole or in part, or may materialize in a manner other than as expected, including substantially so, as a result (*inter alia* and as the case may be) of changes in the company's work plans in relation to any of the projects, changes in the prices of the apartments in the vicinity of any of the projects or in the market as a whole, prolongation of planning, marketing and construction processes, the economic condition of the market (including financing difficulties, toughening of the mortgage policy, changes in the tax policy and decrease in demands), changes in the construction input costs, decisions of planning or regulatory bodies with respect to land, changes in planning policy, statutory changes, changes in the security (including war) and political situation in Israel and the implications and/or materialization of all or part of the risk factors specified in Section 31 below.

[31] The revenues, gross profit and surplus figures in Sections 8.12.5.1 and 8.12.5.2 are presented according to the total revenues in the project, without taking into account a significant financing component.

[32] The rate is calculated out of the total project costs, net of the equity released.

[33] An urban renewal project owned by Rosio Group Weizmann Pinkas Tel Aviv Site Ltd., which is accounted for using the equity method; therefore, the inventory for the project is not included in the inventory item in the Company's financial statements. The information presented does not include combination transactions with original tenants. The "Land acquisition date" in this item refers to the date of acquisition of the rights by the said company.

Name	Location	Land Acquisition Date	Construction Commencement Date	Estimated Construction Completion Date	Corporation's Effective Share in the Project (%)	Total apts.	Total ave. sqm per apartment	Financial rate of completion as of 31.12.2025 (%)	Total apartments (in the aggregate) for which binding sale agreements have been signed			Total unsold apartments as of 31.12.2025	Total expected revenues not yet recognized	Total expected costs not yet recognized	Rate of equity invested in the project(%)[32]	Total expected gross profit not yet recognized	Total expected gross profit rate (%)	Expected retained earnings at completion, including equity invested in the project
									Close to the report date	As of 31.12.2025	As of 31.12.204							
The New Krinitzi[34]	Ramat Gan	2017	2024	2027	33.3	56	139	39%	1	34	28	22	77	59	--	18	18%	27
HaAgam[35]	Ramat Gan	2020	2021	2025	50%	125	122	96%	2	117	115	8	42	22	--	20	48%	48
Achziv Phase D	Nahariya	10/2014	2025	2027	50%	76	112	53%	--	52	36	24	60	53	7%	7	11%	19
Former Jaffa Tel Aviv: "Maccabi Jaffa"	Tel Aviv Jaffa	2019	2024	2030	33.33%	628	82	3610%	56	337	147	291	453	393	13%	60	13%	93
Neve Gan, Lots 28,30	Ramat Hasharon	2021	2023	2027	50%	299	100	68%	(1)	264	259	35	347	303	11%	44	13%	160

[34] The information presented does not include construction services to the landowners.
[35] An urban renewal project owned by Ramat Hashikma Redevelopment Company Ltd., which is accounted for using the equity method; therefore, the inventory for the project is not included in the inventory item in the Company's financial statements. The information presented does not include combination transactions with original tenants. The "Land acquisition date" in this item refers to the date of acquisition of the rights by the said company.
[36] The execution rate is a weighted rate for all the phases.

Name	Location	Land Acquisition Date	Const-ruction Com-ence-ment Date	Estimated Construction Completion Date	Corporation's Effective Share in the Project (%)	Total apts.	Total ave. sqm per apartment	Financial rate of completion as of 31.12.2025 (%)	Total apartments (in the aggregate) for which binding sale agreements have been signed			Total unsold apartments as of 31.12.2025	Total expected revenues not yet recognized	Total expected costs not yet recognized	Rate of equity invested in the project(%)[32]	Total expected gross profit not yet recognized	Total expected gross profit rate (%)	Expected retained earnings at completion, including equity invested in the project
									Close to the report date	As of 31.12.2025	As of 31.12.204							
Neve Gan, Lot 27	Ramat Hasharon	2021	2024	2028	25%	170	100	28%	1	127	124	43	177	159	18%	18	10%	48
Mitzpe Rina	Lod	2022	2024	2031	100%	360	114	13%	3	60	42	300	828	726	16%	102	12%	168

8.12.5.2 Data on projects under construction as of the last day of the report year – data on project revenues, costs and prices (NIS in millions):

Name	Actual costs of investment in the project until 31.12.202				Balance of expected costs not yet invested as of 31.12.2025	Average sale price per sqm in contracts signed in the project (for each period), excluding VAT			Revenues from signed contracts as of the last day of the report year			Inventory for which binding sale contracts have not yet been signed as of 31.12.025[sic]			Unrecognized revenues (a) + (b) + (c)	Total unrecognized gross profit	Total expected gross profit rate
	Land Levies Development	Construction	Financing costs capitalized to the project	Others		From 1.1.2026 until close to the report date	In the year ended 31.12.2025	In the year ended 31.12.2024	Revenues recognized	Unrecognized contract revenues		Book cost of unrecognized inventory	Expected revenues from unrecognized inventory (c)	Average price per sqm for calculation of expected unrecognized revenues from inventory	Total unrecognized revenues (a) + (b) + (c)		
										Advances received (a)	Balance of contract receivables (b)						
Weizmann Pinkas[37]	4	40	6	12	9	51,045	52,128	48,305	(68)	54	17	1	15	51,332	18	1	6%
The New Krinitzi[38]	29	14	2	21	21	33,148	36,424	39,233	(24)	19	44	26	38	39,479	77	18	23%

[37] An urban renewal project owned by Rosio Group Weizmann Pinkas Tel Aviv Site Ltd., which is accounted for using the equity method; therefore, the inventory for the project is not included in the inventory item in the Company's financial statements. The information presented does not include combination transactions with original tenants. The "Land acquisition date" in this item refers to the date of acquisition of the rights by the said company.

[38] The information presented does not include construction services to the landowners.

Name	Actual costs of investment in the project until 31.12.202				Balance of expected costs not yet invested as of 31.12.2025	Average sale price per sqm in contracts signed in the project (for each period), excluding VAT			Revenues from signed contracts as of the last day of the report year			Inventory for which binding sale contracts have not yet been signed as of 31.12.025[sic]			Unrecognized revenues (a) + (b) + (c)	Total unrecognized gross profit	Total expected gross profit rate
	Land Levies Development	Construction	Financing costs capitalized to the project	Others		From 1.1.2026 until close to the report date	In the year ended 31.12.2025	In the year ended 31.12.2024	Revenues recognized	Unrecognized contract revenues		Book cost of unrecognized inventory	Expected revenues from unrecognized inventory (c)	Average price per sqm for calculation of expected unrecognized revenues from inventory	Total unrecognized revenues (a) + (b) + (c)		
										Advances received (a)	Balance of contract receivables (b)						
HaAgam[39]	28	93	9	33	22	29,870	34,788	51,854	(209)	187	38	1	25	37,445	42	20	48%
Achziv Phase D	19	25	1	8	23	--	20,233	15,740	(28)	11	47	11	30	20,067	60	7	11%
Former Jaffa Tel Aviv: "Maccabi Jaffa"	106	30	37	35	215	16,933	16,933	25,084	(35)	50	134	141	304	36,657	453	60	13%

[39] An urban renewal project owned by Ramat Hashikma Redevelopment Company Ltd., which is accounted for using the equity method; therefore, the inventory for the project is not included in the inventory item in the Company's financial statements. The information presented does not include combination transactions with original tenants. The "Land acquisition date" in this item refers to the date of acquisition of the rights by the said company.

Name	Actual costs of investment in the project until 31.12.202				Balance of expected costs not yet invested as of 31.12.2025	Average sale price per sqm in contracts signed in the project (for each period), excluding VAT			Revenues from signed contracts as of the last day of the report year			Inventory for which binding sale contracts have not yet been signed as of 31.12.025[sic]			Unrecognized revenues (a) + (b) + (c)	Total unrecognized gross profit	Total expected gross profit rate
	Land Levies Development	Construction	Financing costs capitalized to the project	Others		From 1.1.2026 until close to the report date	In the year ended 31.12.2025	In the year ended 31.12.2024	Revenues recognized	Unrecognized contract revenues		Book cost of unrecognized inventory	Expected revenues from unrecognized inventory (c)	Average price per sqm for calculation of expected unrecognized revenues from inventory	Total unrecognized revenues (a) + (b) + (c)		
										Advances received (a)	Balance of contract receivables (b)						
Neve Gan, Lots 28,30	300	121	27	37	97	--	46,559	49,300	(357)	202	400	143	102	49,895	347	44	13%
Neve Gan, Lots 27	101	16	16	4	51	49,508	46,319	51,920	(34)	57	94	56	60	54,596	177	18	10%
Mitzpe Rina Lod	**271**	**35**	**51**	**(24)**	**430**	**20,056**	**20,667**	**19,496**	**(24)**	**27**	**105**	**655**	**719**	**20,830**	**827**	**102**	**12%**

8.12.5.3 Data on projects whose construction has been completed and whose sale or handover have not yet been completed as of 31 December 2025 – general data on projects (NIS in millions)

8.12.5.4 Data on projects whose construction has been completed and whose sale or handover have not yet been completed as of 31 December 2025 – further information about expected revenue balance:

8.12.5.5 Data on projects under planning – general information about the projects (NIS in millions):

Name	Project location	Land acquisition date	Current book value	Date of scheduled commencement of project construction	Date of estimated completion of project construction	Has bank/project financing been obtained?	The corporation's effective share in the project (%)	Apartments in the project			
								Current planning status		Planned planning status	
								Apartments	Average sqm per apartment	Apartments	Average sqm per apartment
Nahariya **a**	Nahariya	2023	39	2026	2031	Land financing	50%	170	109	170	109
Ramat Hasharon Lot 29	Ramat Hasharon	2021	97	2026	2029	Land financing	50%	79	101	79	101
Savoraim 2-4	Tel Aviv	2023	2	2026	2023	--	50%	60	82	60	82

8.12.5.6 Data on projects under planning – information about project revenues, costs and prices (NIS in millions):

Name	Costs actually invested in the project until 31.12.2025			Total outstanding expected costs not yet invested as of 31.12.2025	Average sale price per sqm under contracts signed in the project (in each period), excluding VAT	Of contracts signed (insofar as binding sale contracts have been signed), close to the report date			Inventory for which binding sale contracts have not yet been signed as of 31.12.2025		Unrecognized revenues (a) + (b) + (c)	Total unrecognized gross profit	Total expected gross profit rate
	Land Levies Development	Financing costs capitalized to the project	Planning and other		For the year ended 31.12.2025	Number of early contracts signed	Unrecognized revenues from contracts		Expected revenues from unrecognized inventory (c)	Average price per sqm used to calculate the expected revenues from the unrecognized inventory	Total unrecognized revenues (a) + (b) + (c)		
							Advances received (a)	Outstanding contractual receivables (b)					
Nahariya	34	4	7	126	19,237	37	--	35	160	19,882	195	24	12%
Ramat Hasharon Lot 29	80	18	--	67	--	--	--	--	192	50,627	192	27	14%
Savoraim 2-4	--	--	6	105	51,580	12	--	19	111	57,076	130	19	15%

8.12.6 Land reserves

8.12.6.1 General information about land reserves as of 31 December 2025 (NIS in millions):

Name	Town	Acquisition date	Costs associated with the land reserves, as of 31 December 2025					The corporation's effective share (%)	Area	Building rights				
										Current planning status		Requested/planned planning status		
			Original cost	Financing costs capitalized to land	Planning and other costs	Aggregate impairments recorded	Present cost on the books as of 31.12.2025 (NIS in millions)			Apartments/other designation	Average sqm per apartment/other designation	Apartments/other designation	Average sqm per apartment/other designation	Status of planning proceedings
Neve Tzedek II	Tel Aviv	2008-2017	16	13	1	--	30	37.5%	1.4 dunam	--	--	--	--	--
Efron	Hod Hasharon	2018	57	14	11	--	82	26.66%	146.5 dunam	--	--	175 apartments, 100 senior home apts. and ~700 sqm of retail (Company's share-rights in ownership common)	--	Zoning plan deposited – in objection stage
Carmiel senior home	Carmiel	2022	16	3	1	--	20	50%	23dunam	300 senior home apartments	60	666 apartments and ~5,560 sqm of retail space and offices	82	Recommended by the local committee for deposit in the district committee
Korazin[40]	Givatayim	2018	18	6	11	--	35	50%	8.1 dunam (after parcellation 3.6 dunam)	46 apartments + 32,200 sqm of offices + 300 parking spaces	N/A	~138 apartments, half of which for perpetual rental and ~33,027 sqm of retail and office space[41]	45 sqm per apartment	The Company was granted leave to appeal in respect of the zoning plan, and we are awaiting the decision.
Herzliya Kiryat Maslul	Herzliya	2025	--	--	--	--	--	100%	2.6 dunam	118 apts.+608 sqm retail	102	118 apts.+608 sqm retail	102	Zoning plan approved. Awaiting

[40] A project owned by Even Hashoham Group Ltd., which is accounted for using the equity method; therefore, the inventory for the project is not included in the inventory item in the Company's financial statements. In 2019, Even Hashoham sold 70% of the rights in the offices, retail space and the car park to a third party unaffiliated with the Company.

[41] The rights presented are conditioned on consolidation with the adjacent lot and are based on the Company's estimate that after consolidation, should it take place, the Company will have approx. 2/3 of the consolidated lot.

Name	Town	Acquisition date	Costs associated with the land reserves, as of 31 December 2025					The corporation's effective share (%)	Area	Building rights				
										Current planning status		Requested/planned planning status		
			Original cost	Financing costs capitalized to land	Planning and other costs	Aggregate impairments recorded	Present cost on the books as of 31.12.2025 (NIS in millions)			Apartments/other designation	Average sqm per apartment/other designation	Apartments/other designation	Average sqm per apartment/other designation	Status of planning proceedings
														approval of design plan – the city's responsibility – and evacuation of the airport

8.12.6.2 General information about land reserves for urban renewal[42] as of 31 December 2025 (NIS in millions):

Name	Town	Project type	Acquisition date[43]	The corporation's effective rate	Original cost	Financing costs capitalized to land	Planning and other costs	Aggregate impairment recorded	Current cost on the books as of 31.12.2025 (NIS in millions)	Area	As of 31.12.2025, do the tenants have a right to cancel?	Existing number of apartments	Building rights, current planning status apartments/other designation	Average sqm per apartment/other designation	Rate of apartments for which a binding engagement has been made, out of the total existing apartments, as of 31.12.2025	Estimated date of completion of engagement with all existing apartment owners	Status of planning proceedings
Heil Hayam	Haifa	Redevelopment	2022	50	--	1	10	--	11	~10 dunam	No	119	467 apartments, of which 348 for marketing and 1,056 sqm of retail	110	100%	N/A	Zoning plan approved. The Company is working to have a building permit issued. An excavation and shoring permit has been obtained.
Katzenelson	Netanya	Redevelopment	2023	100	--	--	4	--	4	~3 dunam	No	48	192 apartments, of which 144 for marketing and 472 sqm of retail	109	97.9%	2027	Zoning plan approved. The Company is working to have a building permit issued.

[42] The table presents urban renewal projects which have a valid zoning plan and the required majority of signatures by current tenants (at least 67%). In the case of NOP 38/2 projects, only the required majority is needed to promote a building permit, with no need for rezoning.
[43] The date on which an approved zoning plan exists and the required majority has been obtained, whichever is later.

Name	Town	Project type	Acquisition date[43]	The corporation's effective rate	Original cost	Financing costs capitalized to land	Planning and other costs	Aggregate impairment recorded	Current cost on the books as of 31.12.2025 (NIS in millions)	Area	As of 31.12.2025, do the tenants have a right to cancel?	Existing number of apartments	Building rights, current planning status apartments/other designation	Average sqm per apartment/other designation	Rate of apartments for which a binding engagement has been made, out of the total existing apartments, as of 31.12.2025	Estimated date of completion of engagement with all existing apartment owners	Status of planning proceedings
2 and 4 Savoraim [44]	Tel Aviv	NOP 38/2	2023	50	--	--	3	--	3	~3 dunam	No	48	108 apartments, of which 60 for marketing	78	100%	N/A	The project is after a committee decision for a conditional building permit
Netiv Chen	Haifa	Redevelopment	2023	100	--	--	5	--	5	~2 dunam	No	32	155 apartments, of which 123 for marketing	108	100%	N/A	Zoning plan approved. The Company is working to have a building permit issued.

It is clarified that the information in the land reserves table above regarding the planned status (planned number of apartments; average sqm per apartment) and the estimated date of completion of the engagement with all apartment owners, constitutes forward-looking information within the meaning thereof in the Securities Law, as it is based, inter alia, on various assumptions, including whether the plans submitted and/or to be submitted by ZMH Hammerman will be approved and validated, with no significant change to the number of apartments that will be available for construction on the land, etc. It is clarified that if a material change occurs in the above factors and/or any of the risk factors applicable to the business of the Company and ZMH Hammerman materializes, there would be a potential change (including a material change) in the number of apartments and even in the decision of the Company and ZMH Hammerman to build the project in the manner and format it had foreseen.

[44] The Company intends to build 2 Savoraim and 4 Savoraim as a single project. The Company obtained the required majority at 4 Savoraim in 2024. All the data are presented in the aggregate for 2 Savoraim and 4 Savoraim.

8.12.6.3 General information about conditioned urban renewal projects[45] as of 31 December 2025:

No.	Project and type	Location	Project type	Company's share (%)	No. of existing apartments (for evacuation)	No. of approved apartments according to existing planning status	No. of apartments according to requested/ planned status, including owners' share	No. of apartments according to requested/ planned status, excluding owners' share	Ratio (requested) (*)	Required rate of consent for commencement of planning	Rate of apartments for which a binding engagement has been made, out of total apartments, as of 31.12.2025	Time of commencement of procurement of apartment owners' signatures	Estimated time of completion of engagement with a required majority of existing apartment owners[46]	Land cost on the books as of 31.12.2025 (NIS in millions)	As of 31.12.2025, do the tenants have a right to cancel?	Current statutory planning status
1	18-20 Rokach	Ramat Gan	Redevelopment	50	28	N/A	83	55	3.0	60%	85.2%	2020	N/A	2	No	Zoning plan in preparation
2	104 Site (Hapodim)	Ramat Gan	Redevelopment	50	77	N/A	294	217	3.8	60%	70.9%	2021	N/A	-	No	Zoning plan in preparation
3	22 Site – Pnei Hagiva	Ramat Gan	Redevelopment	50	72	N/A	187	115	2.6	60%	52.8%	2023	2026		N/A	Zoning plan in preparation
4	Shmuel Hanatziv	Netanya	Redevelopment	100	56	N/A	179	123	3.2	60%	81.7%	2022	N/A	9	Yes	Zoning plan in preparation
5	Jean Georges	Holon	Redevelopment	100	54	N/A	191	137	3.5	60%	74.1%	2022	N/A	13	No	Zoning plan in effect, permit in preparation
6	Site 10	Ramat Gan	Redevelopment	50	30	N/A	85	55	2.8	60%	90.0%	2022	N/A	1	No	Initial planning
7	Miselant	Tel Aviv	Redevelopment	100	96	N/A	232	136	2.4	60%	79.7%	2022	N/A	2	No	Initial planning
8	34 site	Ramat Gan	Redevelopment	50	69	N/A	179	110	2.6	60%	75.3%	2023	N/A	1	Yes	Initial planning

[45] This table presents urban renewal projects in which ZMH Hammerman has received a notice of award from the tenants' representative body. There is no certainty that such projects will mature and actually be built, nor with respect to the timing of their maturity and their profitability, if any. The engagement agreements between ZMH Hammerman (and its partners, where applicable) and the apartment owners for the development of such projects contain many conditions precedent, the fulfillment/nonfulfillment (as the case may be) of each one of them (according to the time tables set forth in the agreement) may cause the expiration of the agreement or grant a right for termination thereof. Such conditions precedent include, *inter alia*, a minimal percentage of tenants signing the agreement; zoning plan approval; issuance of a building permit for the project by set times; whether ZMH Hammerman is imposed with irregular public tasks in the context of the building permit proceedings for the project; lack of economic viability of the project (i.e., where based on examinations carried out by the Company and ZMH Hammerman by the date fixed in the agreement, it decides the project is not viable thereof (for example, due to a change in the number of apartments available for construction in the project, public tasks that were not known at the time of signing of the agreement and/or statutory changes and/or the amount of taxes/levies/fees it must bear)); non-receipt of bank financing for the project; etc.

[46] This information constitutes forward-looking information, as defined in the Securities Law, which is based on the estimates of the management of the Company and ZMH Hammerman, based on forecasts and/or work plans of the Company and ZMH Hammerman. Such estimates may not materialize, in whole or in part, or materialize differently than anticipated, including in a material manner, as a result of apartment price changes in a certain area or throughout the market, the economic situation in the market (including financing difficulties, an increase in interest rates, toughening of the mortgage policy, a change in the tax policy and a decline in sales due to lower demand), changes in the costs of construction inputs, statutory changes and/or various decisions by the planning authorities, decisions of regulators regarding the land (including regarding buildings for conservation and parking requirements) and/or the materialization of all or some of the risk factors specified in Section 31 below.

No.	Project and type	Location	Project type	Company's share (%)	No. of existing apartments (for evacuation)	No. of approved apartments according to existing planning status	No. of apartments according to requested/ planned status, including owners' share	No. of apartments according to requested/ planned status, excluding owners' share	Ratio (requested) (*)	Required rate of consent for commencement of planning	Rate of apartments for which a binding engagement has been made, out of total apartments, as of 31.12.2025	Time of commencement of procurement of apartment owners' signatures	Estimated time of completion of engagement with a required majority of existing apartment owners[46]	Land cost on the books as of 31.12.2025 (NIS in millions)	As of 31.12.2025, do the tenants have a right to cancel?	Current statutory planning status
9	Jabotinsky	Tirat Hacarmel	Redevelopment	100	96	N/A	578	482	6	60%	69.8%	2022	N/A	-	No	Initial planning
10	Moshe Sharet	Holon	Redevelopment	50	204	N/A	780	576	3.8	60%	72.5%	2022	N/A	3	No	Initial planning
11	Henrietta Szold site	Kiryat Shmona	Redevelopment	50	83	N/A	750	667	9	60%	44.6%	2023	2026	-	N/A	Initial planning
12	174-176 Arlozorov	Tel Aviv	Azrlozorov Plan[47]	50	32	N/A	65	33	2	80%	71.9%	2023	N/A	2	No	Zoning plan in effect, permit in preparation
13	182-184 Arlozorov	Tel Aviv	Arlozorov Plan	50	32	N/A	71	39	2.2	80%	75.0%	2024	N/A	4	No	Zoning plan in effect, permit in preparation
14	Serlin	Tel Aviv	Redevelopment	50	224	N/A	550	326	2.5	60%	67.0%	2023	N/A	--	No	Initial planning
15	HaNeviim site	Ramat Hasharon	Redevelopment	100	96	N/A	276	180	2.9	60%	78.1%	2023	N/A	9	No	Initial planning
16	Yehezkel site	Pardes Hanna	Redevelopment	50	172	N/A	777	605	4.5	60%	25.9%	2024	2027	-	N/A	Initial planning
17	Eli Cohen site	Kfar Saba	Redevelopment	50	223	N/A	700	477	3.1	60%	79.4%	2024	N/A	1	No	Initial planning
18	Site 3[48]	Givatayim	Redevelopment	50	88	N/A	200	112	2.3	60%	75.3%	2025	N/A	1	N/A	Zoning plan deposited post objectives
19	Ben Gurion	Ramat Gan	Redevelopment	50	48	N/A	134	86	2.8	60%	81.3%	2024	N/A	--	No	Initial planning
20	HaAmoraim	Tel Aviv	Shakked alternative	100	76	N/A	172	96	2.3	60%	44.7%	2025	2027	-	N/A	Initial planning
21	Yehoshafat	Ramat Gan	Redevelopment	50	76	N/A	216	140	2.8	60%	52.6%	2024	2026	-	N/A	Initial planning
22	Herzliya Heights	Herzliya	Redevelopment	50	98	N/A	285	187	2.9	60%	69.2%	2025	N/A	--	No	Initial planning
23	HaNeurim site	Ramat Gan	Redevelopment	50	45	N/A	117	72	2.6	60%	0.0%	2026	2027	-	N/A	Initial planning

[47] A plan approved by the City of Tel Aviv, which enables urban renewal on conditions similar to NPO 38/2.
[48] One of the units has an attached lot of approx. 500 sqm. In addition, in accordance with the requested planning status, in addition to 302 apartments, it will be possible to build on the said area approx. 23 thousand sqm of offices.

No.	Project and type	Location	Project type	Company's share (%)	No. of existing apartments (for evacuation)	No. of approved apartments according to existing planning status	No. of apartments according to requested/ planned status, including owners' share	No. of apartments according to requested/ planned status, excluding owners' share	Ratio (requested) (*)	Required rate of consent for commencement of planning	Rate of apartments for which a binding engagement has been made, out of total apartments, as of 31.12.2025	Time of commencement of procurement of apartment owners' signatures	Estimated time of completion of engagement with a required majority of existing apartment owners[46]	Land cost on the books as of 31.12.2025 (NIS in millions)	As of 31.12.2025, do the tenants have a right to cancel?	Current statutory planning status
24	Site 35+36	Ramat Gan	Redevelopment	50	69	N/A	179	110	2.6	60%	44.4%	2024	2027	-	N/A	Initial planning
25	HaBroshim	Carmiel	Redevelopment	50	68	N/A	420	352	6.2	60%	64.0%	2025	2026	-	N/A	Initial planning
26	Ein Gev	Tel Aviv	Redevelopment	100	54	N/A	141	87	2.6	60%	79.6%	2024	2026	3	No	Zoning plan in effect, permit submitted
27	Daphna 504	Tel Aviv	Redevelopment	50	66	N/A	201	135	3.1	60%	95.5%	2023	N/A	4	No	Zoning plan in effect, permit submitted
28	Sokolov-Hanotrim	Herzliya	Redevelopment	100	68	N/A	239	176	3.8	60%	18.3%	2025	2026	-	N/A	Initial planning
	Total	--		--	**2,400**	--	**8,281**	**5,886**	--	--	[-]	--	--	55	--	--

(*) The ratio between the number of apartments requested by ZMH Hammerman for inclusion in the project (including the owners' share) and the owners' share according to the engagement agreements with them.

8.12.7 Further information about non-highly material projects

8.12.7.1 Following are details about bank or project financing agreements for the projects, and material construction contractors[49]:

Name	Financial credit ceiling (NIS in millions)	Balance for use of financial credit as of the balance sheet date (NIS in millions)	Information of project financing credit (provided where there is project financing)							Construction contractor (provided where the project is under construction)			
			Guarantee cap (NIS in millions)	Balance for use of guarantees as of the balance sheet date (NIS in millions)	Total credit facility (NIS in millions)	Non-Recourse (yes/no)	Financial credit interest rate range	Linked / unlinked interest	Compliance with the conditions of the financing agreement as of the balance sheet date and report release date (yes/no) (*)	The corporation acts as chief contractor (yes/no)	Type of engagement with chief contractor (turnkey/bill of quantities/other – specify)	Inspection warranty covered by chief contractor? (yes/no)	Consideration linkage (unlinked / input index / other)
Weizmann Pinkas	36	18	276	6	312	לא	Prime+1.25%	Unlinked	Yes	Yes	Turnkey	Yes	Residential construction input index
New Krinitzi	30	19	257	133	287	לא	Prime+0.8%	Unlinked	Yes	Yes	Turnkey	Yes	Residential construction input index
HaAgam	--	--	640	67	640	לא	N/A	Unlinked	Yes	Yes	Turnkey	Yes	Residential construction input index
Achziv Stage D	33	10	161	100	61	לא	Prime+0.5%	Unlinked	Yes	Yes	Turnkey	Yes	Residential construction input index
Jaffa Tel Aviv (formerly: Maccabi Jaffa)	400	95	505	347	665	לא	Prime+0.65%	Unlinked	Yes	Yes	Cost+7.5%	Yes	Residential construction input index
Neve Gan Lots 28,30	500	25	1,320	870	1,320	לא	Prime+0.85%	Unlinked	Yes	Yes	Turnkey	Yes	Residential construction input index
Neve Gan Lot 27	325	118	807	561	807	לא	Prime+0.85%	Unlinked	Yes	Yes	Turnkey	Yes	Residential construction input index
Mitzpe Rina	270	42	275	240	420	לא	Prime+0.6%	Unlinked	Yes	Yes	Self-performance cost	Yes	Residential construction input index

[49] The figures are according to 100% - the Company's share: Weizman-Pinkas-50%, New Krinitzi-33.33%, HaAgam-50%, Achziz Stage D-50%, Neve Gan 28,30-50%, Neve Gan 27-25%, Mitzpe Rina-100%.

(*) Generally, in ZMH Hammerman's financing agreements the main terms and conditions ZMH Hammerman is required to meet in order to draw down the credit are as follows: (1) provide equity; (2) register mortgages in favor of the financing bank and create pledges on ZMH Hammerman's rights in the project, including the project account, the rights under the agreement with the construction contractor and the right to receive payments from apartment buyers in the project; (3) meet a minimal amount of presales of apartments in the project for prices matching the forecast prices according to the Zero Report; (4) receive building permits for the project or for the project stages, if the project is built in stages; (5) complete the project within the time frames specified in the financing agreements and meet the budget and submission plans determined in the report of the inspector on behalf of the financing bank; and (6) in combination transactions – create a pledge in favor of the financing bank over ZMH Hammerman's full rights under the combination agreements with the private land owners.

8.12.8 Sensitivity analyses:[50]

8.12.8.1 Sensitivity analysis for unrecognized gross profit due to changes in the sale price

Item	Effect of 5% increase in sale prices on unrecognized gross profit	Effect of 3% increase in sale prices on unrecognized gross profit	Total unrecognized gross profit	Effect of 3% decrease in sale prices on unrecognized gross profit	Effect of 5% decrease in sale prices on unrecognized gross profit
Projects whose construction has been completed and whose sale has not yet been completed					
Andromeda Hill	--	--	--	--	--
Achziv A+B	--	--	--	--	--
Achziv C	0.75	0.5	5	(0.5)	(0.75)
Projects under construction					
Weizmann Pinkas	0.75	0.5	1	(0.5)	(0.75)
New Krinitzi	2	1	18	(1)	(2)
HaAgam	1.25	0.75	20	(0.75)	(1.25)
Achziv Stage D	1.5	0.9	7	(0.9)	(1.5)
Jaffa Tel Aviv (formerly: Maccabi Jaffa)	15	9	60	(9)	(15)
Neve Gan Lots 28,30	5	3	46	(3)	(5)
Neve Gan Lot 27	3	1.8	18	(1.8)	(3)
Mitzpe Rina	36	21.5	102	(21.5)	(36)

[50] The sensitivity analysis does not address information for land reserves.

8.12.8.2 Sensitivity analysis for unrecognized gross profit due to changes in the sale price

Item	Effect of 5% increase in construction input on unrecognized gross profit	Effect of 3% increase in construction input on unrecognized gross profit	Total unrecognized gross profit	Effect of 3% decrease in construction input on unrecognized gross profit	Effect of 5% decrease in construction input on unrecognized gross profit
Projects under construction					
Weizmann Pinkas	(0.5)	(0.3)	1	0.3	0.5
New Krinitzi	(1)	(0.6)	18	0.6	1
HaAgam	(1)	(0.7)	20	0.7	1
Achziv Stage D	(1)	(0.7)	7	0.7	1
Jaffa Tel Aviv (formerly: Maccabi Jaffa)	(10.75)	(6.5)	60	6.5	10.75
Neve Gan Lots 28,30	(5)	(3)	46	3	5
Neve Gan Lot 27	(2.5)	(1.5)	18	1.5	2.5
Mitzpe Rina	(22.5)	(13.5)	102	13.5	22.5

PART FIVE: DESCRIPTION OF THE GROUP'S BUSINESS BY OPERATING SEGMENTS AND MATERIAL PROPERTIES

9. The retail centers and malls in Israel segment

9.1 General information on the operating segment

9.1.1 General

Most of the Group's malls and retail centers are spread out throughout the central cities of Israel and are located close to the main traffic thoroughfares which enable easy access and outdoor or indoor parking. The retail centers and malls are optimally planned according to the needs of the population in the area in which the mall is located, and they offer a wide and varied mix of shops in the fields of fashion, footwear, jewelry and fashion accessories, cosmetics and personal care, sporting goods and sportswear, textiles, gifts, house-wares, communications, electronics and computers, optical devices, entertainment and food complexes for the wellbeing of the visitors, easy access and a large number of parking spaces. The Company puts an emphasis on tenants' mix in each one of the malls and retail centers owned thereby, which it believes shall constitute a center of public attraction to each one of them, in accordance with the characteristics of the local public, and performs suitable marketing work, upgrades and renovates the systems and appearance of the malls and the carparks and performs technological adjustments. The Company expands the marketing methods of the malls through use of the digital space where most of the end consumers of the retail centers and malls spend time for other purposes, through personal marketing and attractive promotion campaigns, in a manner capable of providing the end-consumer, *inter alia*, a unique shopping experience, which will commence in the digital domain and end in shopping at the Group's malls. Thus, for example, during 2016, the Company launched the Azrieli Malls app, which compiles unique shopping offers and sales at the Group's malls, the ability to pay for parking at the mall and useful information for visitors. The Group also has the Azrieli Gift Card, which is issued either digitally or as a physical card and is redeemable in a broad range of chain stores at the Group's malls.

The Company routinely focuses on the betterment of the Group's existing properties and acts for optimization in the use of its commercial spaces and creates a suitable and modern mix of tenants while differentiating between the projects in order to maintain the relative advantage versus the Group's existing and future competitors.

Most of the Group's lease contracts in Israel are for periods of three to five years and in most cases include an option for additional lease periods (usually three to five additional years), other than agreements in respect of relatively large leasable space, which are mostly signed for longer lease periods ranging between 8 to 25 years (including extensions and exercised options). Most lease agreements include rent that is composed of fixed rent or of rent derived as a percentage of the tenant's turnover in the leased premises, whichever is higher; however, in most cases, the rent actually paid to the Company is the fixed rent, and the Company's revenues from turnover-dependent rent are in an immaterial amount. The occupancy rate of the Group's properties in this operating segment, as of the Report Date, is approx. 99%[51].

The Group's retail centers and malls in Israel are managed, with relation to each mall or retail center, by designated management companies established by the Group, which enter with the tenants into management agreements for the purpose of management and maintenance of the public areas, in consideration for management fees.

Most of the management agreements determine that the management fees will be paid based on the cost of the management services, plus overhead expenses. The management services include, *inter alia*, marketing services of the mall and/or the retail center, both to visitors and to potential tenants, security services, cleaning of public areas, gardening, maintenance of elevators and public systems. The management companies collect from the tenants the management fees or the maintenance fees, which are used, *inter alia*, for financing the maintenance of public areas. The management company leases from the Group companies, as the case may be, in each of the

[51] Discounting properties that are being leased-up for the first time.

malls and retail centers, an area in a small scope located in a non-central area of the mall or retail center, to serve as the offices and storage rooms of the management company, in consideration for fixed rent. In most of the management agreements between the management companies and the tenants, the management companies undertake to maintain and operate the public areas in the malls and retail centers, including cleaning, security, renewal, advertising, insurance, on the conditions and in the scopes as determined by the management companies from time to time.

All of the Group's retail centers and malls include car parks (above-ground and/or underground) which serve the visitors and the potential tenants, with some of the car parks being open to the general public and some requiring payment.

In some of the malls and retail centers there are areas above or in proximity to the retail areas which are designated for lease as offices and other uses, such as clinics and gyms. See Section 10 of this Chapter A for additional details on the office and other space for lease segment.

9.1.2 The structure of the operating segment and changes occurring therein

The retail centers and malls in Israel segment is affected by the business activities in the economy, and by the geopolitical and security situation in Israel. Various entities operate in the retail centers and malls segment which locate, plan, construct, lease and maintain properties designated for lease for various uses.

Based, *inter alia*, on publicly-available information, at the outset, most of the malls relied on large anchor tenants, which were considered to be crowd attracting, and positioned on both sides of the mall. However, in recent years, the concept has changed for the malls in Israel and an opposite trend has begun, of reduction of the space of the anchors (such as supermarkets and department stores), due to the low rent per sqm paid by such tenants and the large space occupied thereby. However, there are presently "new" anchors in the form of large and leading fashion and sports stores that are spread throughout the mall.

At the same time, the Company is acting to integrate innovative entertainment centers in its malls and retail centers, such as the "Zappa" Club, restaurants and cafés and is acting to bring cinemas and children's play zones back to the malls, in a way that creates an innovative shopping experience for recreation, leisure and shopping. The Company is also acting to improve its properties by renovating and refreshing the fast- food courts and the public areas.

It is noted that a sizable percentage of the retail space in the malls in Israel segment and in the Company's properties in this operating segment is intended for the fashion industry. For further details, see Section 7.6 of this Chapter A.

In recent years, there has been a noticeable trend of brand fashion retail chains growing strong at the expense of single local stores, including international fashion retail chains, and the construction of low-priced power centers outside of cities, which compete with the malls. In addition, an increasingly strengthening trend can be observed in the context of which, several retail groups hold a growing number of leading brands and consequently expand the spaces leased thereby in each mall and improve their bargaining power vis-à-vis the malls. Furthermore, we are witnessing the development of new formats of large branded family-oriented stores. At the same time, it is noted that from time to time, various chains, including fashion chains, encounter financial difficulties, however, the wide range of businesses, the entry of new brands, and the mix in the Group's malls and retail centers contribute to the reduction of the scope of exposure to events of this kind.

In addition, in recent years, changes have occurred in the Israeli consumer's shopping habits, *inter alia*, in view of the "open skies" reform, which led to a reduction in the prices of flights to various destinations overseas, thereby enabling the making of more purchases outside of Israel[52], as well as online retail, which brings to the consumer's doorstep a larger variety of products, a quicker and more convenient service and mainly personal tailoring of products according to the consumer's preferences and habits. The Group is acting to develop ways to combine

[52] These purchases significantly lessened during the period of the War due to long periods of flight cancelations.

the new digital retailing and the popular mall experience in a manner which creates a novel consumption experience, *inter alia*, through a designated application.

9.1.3 Restrictions, legislation, standards and special constraints applying to the operating segment

This operating segment is subject mainly to the land laws and the land use and zoning laws. In addition, the business in this segment is affected by legislative updates in the field of business licensing, land taxation and municipal taxation. See Section 26 of this Chapter A for details on the restrictions, legislation, standards and additional constraints that apply to the Group.

9.1.4 Changes in the volume of business and profitability of the segment

In recent years, the volume of operations of the Group in the retail centers and malls segment has grown, mainly due to the development of new income-producing properties such as Modi'in West, which also includes retail space, a retail building at the Check Post junction in Haifa, the retail areas in Azrieli Town (for a specification of properties under construction, see Section 7.7 of this Chapter A) or expansion and renovation of existing properties (renovation of Azrieli HaNegev Mall, renovation of Azrieli Jerusalem Mall, renovation of Azrieli Holon Mall, and renovation of Azrieli Givatayim Mall). Activity indicators for 2025 show that, due to and during Operation Rising Lion, which took place in June 2025 and resulted in the cessation of operations of certain tenants in the Company's malls, tenant sales decreased, such that the sum total for 2025 shows a decrease of approx. 2.4% in tenant sales in the Company's malls (excluding Modi'in West) compared with 2024. The store revenues reported by the tenants in the Group's malls in 2025 (excluding June due to the War and excluding Modi'in West) remained unchanged compared with 2024.

For details on the Bank of Israel forecasts with respect to the growth of Israeli economy in the coming years, see Section 6.1 above.

In the Company's estimation, the coming years may see changes in the competitive balance between the players in the income-producing real estate sector, among other things, in view of a forecasted decrease in the number of significant new projects which offer retail space, as well as the limited supply of land in high-demand areas in Israel, which might strengthen the existing leading malls.

For the board of directors' explanations on changes to the fair value of the Group's investment property in this segment as of the Report Date, see Section 2.9.2 of the Board of Directors' Report.

The Company's management estimates that the wide dispersion of the portfolio of properties owned thereby, the maintenance and active management of the properties, their location mainly in areas of demand, the high business positioning of the properties and the Company's investment in the betterment of its properties for maintaining such advantage, the high occupancy rates, the broad variety of businesses in the malls and retail centers of the Group and the suitable mix of businesses, and the Company's stable capital structure, contribute to a reduction of the exposure of the Company's businesses to a crisis and/or to significant instability due to the materialization of any of the Company's risk factors.

The Company's *aforesaid estimations regarding the changes in the income-producing real estate sector in Israel and the effects of such changes on the Company's results are merely subjective assessments and constitute forward-looking information, within the definition of such term in the Securities Law. Actual results and effects may materially differ from the aforesaid estimations and what they imply for various reasons, including an additional intensification of competition, a decrease in demands and a deterioration in the economic situation in Israel.*

9.1.5 Critical success factors in the operating segment and changes occurring therein

The Company estimates that the main success factors in the segment are, *inter alia*: locating retail centers and malls in areas where there is a relatively high level of demand; the right geographic location of retail centers and malls as a response to the needs of the residents in each area, and their proximity to densely-populated areas and convenient access routes; expertise in development as well as knowledge and experience in the management, operation and marketing of retail space, unique architectural planning, management of the construction of retail centers and malls by the professional management team; creation and preservation of a diverse mix of high-quality tenants with financial strength, know-how and experience in marketing, property management and operation that will provide an optimal response to customers; positive goodwill as well as business positioning and financial strength which allows development at relatively low financing costs and provision of immediate response to attractive business opportunities.

9.1.6 Main entry and exit barriers of the operating segment and changes therein

Barriers to entry - In the Company's estimation, entities operating in the retail centers and malls sector require, equity and financial strength. The primary barrier for entry into the development and construction of a retail center, after finding suitable land in an area of demand, is the need for financial strength that enables the obtainment of financing for construction, *inter alia*, due to a growing trend, whereby developers are increasing investment budgets for lessees of income-producing properties upon the initial lease-up of areas under development. In addition, particularly required are professional knowledge, experience in the development sector, a positive reputation in the sector, availability of sources of financing on good conditions and available and planned land reserves in areas with high demand for leasable retail space. In addition, entities operating in the retail centers and malls sector in Israel are required to meet high regulatory requirements, *inter alia*, regulation concerning zoning, business licensing, safety, accessibility, antitrust and environmental protection. It is noted, that despite the high barriers to entry, recent years have shown an increase in the development and construction of retail centers all over Israel. However, the future may bring a decrease in the development and construction of significant projects of malls and large retail centers and a shift towards the development of small, neighborhood centers and/or continuation of the trend of construction of power centers outside the cities.

In the Company's estimation, barriers to entry in respect of malls are significantly higher than those related to power centers outside the cities, due to the high construction costs that characterize the malls (including the cost of the land, which is more expensive since the locations of the malls are closer to the city centers).

Barriers to exit - Exiting this operating segment is mainly contingent on the ability to dispose of properties, which is a direct result of the location of the properties, their physical condition and the condition of the market, as well as various costs, including in connection with land taxation.

9.1.7 Structure of competition in the operating segment and changes occurring therein

For a description of the structure of the competition in this operating segment, see Section 9.1.11 of this Chapter A.

9.1.8 Manner of execution of purchases or construction of properties

The Company's management does not have a fixed policy on the acquisition of properties, and each case is examined on its merits, in view of the business opportunity it presents. The Company examines from time to time business opportunities in Israel and abroad, related to the expansion of its activity, mostly in the real-estate segment, including by way of purchasing land reserves, purchase of additional properties and the improvement of existing properties, as well as the acquisition of activities.

In general, the Company may at times purchase its rights in properties by way of direct purchase of the rights in the property, by way of purchase of shares in the companies that own the rights in the properties and by way of allotment of shares in such companies. As of the Report Date, the Company purchased most of its rights in

properties by way of purchasing rights in the properties. The considerations for the purchase or development of new income-producing properties are based, *inter alia*, on the following parameters: yield from the property; properties which generate steady cash-flows and revenues while prioritizing financially sound tenants; the betterment potential of the purchased property.

The Group's malls and retail centers are either under ownership or under long-term lease from the ILA or long-term lease from the local municipalities in whose territory the property is located.

In transactions in which the registration of rights to the purchased property and its transfer to the name of the Company and or the Group's companies is not finalized by the closing date of the transaction, the Company includes mechanisms in its contracts to secure the fulfilment of the seller' undertakings, including those related to the registration of rights to the property and their transfer to the name of the Company, through the deposit of a part of the consideration in trust and through the lodging of a caveat and/or pledges in favor of the Company, as possible under the circumstances.

Upon the purchase of new properties, in respect of which there is an undertaking towards third parties regarding the management and operation thereof, the Company's policy is to release the properties purchased thereby from the management and operation rights, and provide management services itself or through the Group's companies. As of the Report Date, there are no obligations towards third parties in respect of the management and operation of the Group's properties.

The professional managerial team employed by the Group is involved in the construction of all the Group's projects, from the identification of the property, through the preparation of a cost estimate and a timetable for each project, the architectural planning of the project, the carrying-out of contractor bids and up to the ongoing support of the project's construction, with an emphasis on the finishing and completion stages thereof and the occupation of each project by the various tenants.

The Company does not consider the disposition of its properties to be a part of its business strategy. However, it may act for the disposition of existing income-producing properties if they are not strategic for the Company and are not in its core business. The Company's management has not set a fixed criterion of required yields in the case of dispositions or purchases, and each case is examined on its merits, in view of its circumstances, designation, location and features.

9.1.9 Material properties

The following table presents a summary of figures pertaining to material properties of the Group in the retail centers and malls segment as of 31 December 2025, which were appraised by the valuator Mr. Ronen Katz, a partner at Greenberg Olpiner & Co. (*) by applying the income capitalization method:

Name and Features of Property			Year	Information Item											According to Regulation 8B(i) (as applicable)
				Fair value/book value at end of period (NIS in millions)	Rent revenues during the period (NIS in millions)	Actual NOI during the period (NIS in millions)	Rate of return (%)	Adjusted rate of return (%)	Return on cost (%)	Property Value to Debt Ratio (LTV)	Revaluation profit (consolidated) (NIS in millions)	Occupancy rate as of end of period (%)	Average monthly rent per sqm from main use – retail (in NIS)	Ratio of average store revenue per sqm to average rent per sqm**	Other assumptions underlying the valuation
Azrieli Tel Aviv Mall (1)	Region	Israel	2025	2,329	122	146	6.27%	6.66%	28%	0%	(68)	100%	312	[53]15%	Main rent cap rate– 6.5%[54]. Weighted cap rate–6.47%.
	Functional currency	NIS													
	Main use	Retail	2024	2,366	121	152	6.43%	6.81%	30%	0%	0	100%	325	[55]14%	Main rent cap rate– 6.5%[56]. Weighted cap rate–6.49%.
	Construction cost (NIS in millions)	512													
	Corporation's share (%)	100%	2023	2,349	117	146	6.23%	6.85%	29%	0%	25	100%	329	[57]15%	Main rent cap rate–6.5%[58]. Weighted cap rate–6.49%.
	Area (sqm)	37,880													

[53] Ratio of average revenue per sqm to average rent and management fees per sqm – 19%.
[54] Approx. 26% of the rent (for large areas) were capitalized according to a cap rate of 6.25%.
[55] Ratio of average revenue per sqm to average rent and management fees per sqm – 17%.
[56] Approx. 26% of the rent (for large areas) were capitalized according to a cap rate of 6.25%.
[57] Ratio of average revenue per sqm to average rent and management fees per sqm – 19%.
[58] Approx. 25% of the rent (for large areas) were capitalized according to a cap rate of 6.25%.

Name and Features of Property			Year	Information Item											According to Regulation 8B(i) (as applicable)
				Fair value/book value at end of period (NIS in millions)	Rent revenues during the period (NIS in millions)	Actual NOI during the period (NIS in millions)	Rate of return (%)	Adjusted rate of return (%)	Return on cost (%)	Property Value to Debt Ratio (LTV)	Revaluation profit (consolidated) (NIS in millions)	Occupancy rate as of end of period (%)	Average monthly rent per sqm from main use – retail (in NIS)	Ratio of average store revenue per sqm to average rent per sqm**	Other assumptions underlying the valuation
Azrieli Jerusalem Mall (excluding the office component)	Region	Israel	2025	2,672	148	159	5.96%	6.38%	36%	0%	103	99%	336	14%[59]	Rent cap rate– 6.25% Weighted cap rate–6.35%
	Functional Currency	NIS													
	Main Use	Retail	2024	2,548	146	161	6.31%	6.5%	36%	0%	97	100%	324	13%[60]	Rent cap rate– 6.25% Weighted cap rate–6.4%
	Construction Cost (NIS in millions)	447													
	Corporation's share (%)	100%	2023	2,437	133	145	5.95%	6.5%	32%	0%	21	100%	315	13%[61]	Rent cap rate– 6.25% Weighted cap rate–6.4%
	Area sqm	41,245													
Material office properties – see Table 10.4			2025	8,673	420	505	--	--	--	--	300	--	--	--	--
Material DC properties – see Table 13.20			2025	3,945	326	276	--	--	--	--	194	--	--	--	--
The other properties (excepting material properties)***			2025	27,020	1,849	1,448	-	-	-	-	816	--	--	--	--
The other properties (excepting material properties)***			2024	26,483	1,550	1,442	--	--	--	--	514	--	--	--	--
The other properties (excepting material properties)***			2023	22,632	1,063	1,236	--	--	--	--	553	--	--	--	--

* Mr. Ronen Katz is a certified real estate appraiser, with a B.A. in Agricultural Economy and Administration from the Faculty of Agriculture at the Hebrew University of Jerusalem, and experience as a real estate appraiser since 1997.

** The figure is to the best of the Company's knowledge. It does not include lease agreements which do not include rent from sales and is given based on information received from the tenants or from other third parties (as the case may be), and therefore the Company cannot verify that this information is indeed true.

*** In all real estate segments.

(1) The figures include 50% of the profits of the Azrieli Center car park (another 50% were included in the details on the Azrieli Center offices, as specified in Section 10.4 of this Chapter A).

[59] Ratio of average revenue per sqm to average rent and management fees per sqm – 17%.

[60] Ratio of average revenue per sqm to average rent and management fees per sqm – 16%.

[61] Ratio of average revenue per sqm to average rent and management fees per sqm – 16%.

9.1.10 The following table presents a summary of figures regarding a material income-producing building under construction of the Group, as of 31 December 2025. It is emphasized that the uses of this property will be divided between the retail centers and malls in Israel operating segment and the office for lease in Israel operating segment, and the residential rental areas in Israel operating segment according to the various uses of the designation of the building rights in the property:

Name of the Property	Location of the Property	Date of Land Purchase	Actual Share of the Corporation (%)	Method of Presentation in Consolidated Report	Estimated Construction Completion Date	Designated Areas of the Property (by usage) (sqm)	Total Projected Investment, including Land, Construction and Development (NIS in millions)
Expansion of Azrieli Center Tel Aviv (the Spiral Tower)	Tel Aviv	May 2013	100%	Fair value	2028	150,000 sqm for offices, retail and residences	3,030-3,230

Name and Features of the Property	Reporting Period	Financial Data			Rate of Completion at Year-End [Engineering] (%)	Rate of Areas of the Property for which Binding Lease Contracts have been Signed as of Year-End (%)	Data on Valuation and the Assumptions on which it is Based		
		Aggregate Cost at Year-End, including Land, Construction Development and Financing (Consolidated) (NIS in millions)	Data on Fair Value and Revaluations				Name and Experience of Valuator	Valuation Model	Additional Assumptions on which the Valuation is Based
			Fair Value/Book Value at End of Period (Consolidated) (NIS in millions)	Revaluation Profits (Losses) in the Period (Consolidated) (NIS in millions)					
Expansion of Azrieli Tel Aviv Center (Spiral)	**Y2025**	2,038	2,407	(224)	41%	15%	Mr. Ronen Katz is a certified real estate appraiser, with a B.A. in Agricultural Economy and Administration from the Faculty of Agriculture at the Hebrew University of Jerusalem, and experience as a real estate appraiser since 1997	Presented according to fair value under the comparative method	N/A
Expansion of Azrieli Tel Aviv Center (Spiral)	**Y2024**	1,630	2,223	--	30%	9%			N/A
Rest of properties under construction in Israel 2025		1,659	2,492	21	--	--	--	--	--
Rest of properties under construction in Israel 2024		1,502	1,912	18	--	--	--	--	--

9.1.11 Competition

Beyond the aforesaid, in the Company's estimation, over recent years, the retail centers and malls in Israel segment has been characterized with high competitiveness, and to the best of the Company's knowledge, there are more than 300 retail centers in Israel. The structure, size and business mix of the retail centers are mostly adjusted to the characteristics of the demand of those leasing areas in the geographical region in which they are located. The competition in this area revolves around several parameters, of which the main ones are: (1) the geographical location of the properties and the level of demand for spaces for lease in such area; (2) the level of revenues in the properties; (3) the rent level and management and maintenance costs; (4) the quality of construction of the leased buildings; (5) the level of auxiliary services and, (6) The Lessor's goodwill.

As of the Report Date, the Company operates in this operating segment principally in the development of retail centers, and focuses on discovering reserves of land in attractive locations and with the potential for high revenues, and therefore the competition vis-à-vis bodies which concentrate primarily on acquisitions of existing retail centers is lower. In retail complexes and centers located in residential areas a competition could also develop with local developers. The market trends over the recent years and the attempt to adjust the characteristics of the retail center accurately to local demands and to the substitutes available to the consumer have blurred the lines distinguishing between the different types of retail centers.

Due to the intensification of the competition in the sector, the addition of retail space in many regions and a trend of increase in online commerce, the Company acted in 2025 and will continue to act for the development of the end consumer marketing segment. *Inter alia*, the Company continues activity for branding of the Group's malls through a uniform language of communication in the properties themselves, marketing activities and campaigns on the different types of media, and planning of further marketing, branding and differentiation activities and sales campaigns for all of the Group's malls (hard sale).

To the best of the Company's knowledge, a number of entities operate in Israel which hold significant portions of properties in the retail centers and malls segment, including REIT 1 Ltd., Gazit Globe Ltd., Melisron Ltd., Industrial Buildings Ltd., Amot Investments Ltd., Jerusalem Economy Ltd. and Big Shopping Centers (2004) Ltd. In addition, to the best of the Company's knowledge, in recent years new players are joining the market such as the institutional bodies (either directly or through a managing body which knows the operating segment well) and investment funds, that seek alternative yield for the members and for themselves.

The Company estimates that the geographic location of the retail center and its differentiation directly affect its characteristics and its tenant mix since each center adjust itself to the sizes of the geographic market in which it is located in order to create a center of attraction which is unique therefor and deal with centers existing in the area which created the consumers' purchase habits. For the most part, the tenants will consider the benefit of space in a retail center with a better geographic location, a mix conforming to its business operations versus its cost and with a better reputational image.

Competition for the private consumer is also mainly characterized by the geographic location and against other centers of the power center-type as well as shops on city streets. Most of the retail centers and malls serve the population residing or employed in the geographic area in which the retail center is situated. Nonetheless, the Azrieli Tel Aviv Mall, due to its location, accessibility and proximity to the train station and to major intersections, serves consumers from all across Israel.

In the Company's estimation, the competition vis-à-vis the private consumer is influenced, *inter alia*, by the tenant mix, the types of the shops and their branding, the atmosphere and shopping experience, benefits to consumers, events initiated in the framework of the retail center, access to the retail center and available parking (free or paid). The malls and retail centers are therefore required to renovate, upgrade and adjust the tenant mix therein from time to time.

In the Company's estimation, the volume of its operations in the retail centers and malls in Israel segment is large, and it is one of the leading companies in the field in Israel. As of the Report Date, approx. 1,849 tenants operate stores and retail in the Group's retail centers and malls. In the Company's estimation, the factors and methods that help the Group cope with the competition in the segment are as follows:

- Most of the retail centers and malls of the Group are characterized by quality planning and an optimal tenant mix which the Company carefully maintains over the years while responding to changes in the specification of the populations visiting the mall and updating the tenant mix accordingly which contributes to its competitive edge and offers a quality and accurate shopping experience to the visitors of the retail centers and malls;
- The volume of the Company's business in the segment allows the Company to engage with chains and service providers at beneficial terms, thus allowing it to specialize in the management of retail centers and malls in an efficient manner in order to lead to savings in costs and in manpower;
- Most of the Company's tenants are large chains and/or companies with superior financial strength and the lease agreements therewith are for a relatively long period;
- The Company's retail centers and malls are located in high-demand areas, enabling the Company to lease the properties to numerous and diverse types of tenants;
- The expertise of the Group in the planning and development of retail centers and malls according to the needs of the tenants and visitors in the retail center and/or mall;
- The scale of the business and the Company's experience in the segment, allows it to carry out marketing activities also to the end consumers, the mall visitors and to adopt innovation in the retail segment, improving the experience of shopping at the Company's shopping centers, including use of digital media.

9.1.12 Goals and business strategy for the segment

See Section 29 of this Chapter A for the Company's goals and the Group's strategy.

10. The office and other leasable space in Israel segment

10.1 General information on the operating segment

10.1.1 General

In this operating segment, as of the Report Date, the Group is engaged in the development, acquisition, lease-out, management and maintenance of office and high-tech parks, office buildings and buildings for industry, workshops and storage in Israel. The office parks and office buildings are designated primarily for businesses in the segments of liberal professions, service providers, headquarters of financial entities, hotelkeeping, medical services and high-tech industry, which are characterized by a large number of personnel and a demand for adjacent parking spaces.

Most of the Group's lease agreements are for periods of about five years on average, with the tenant given an option for additional lease periods of about five years and the rent is in a fixed amount, linked to the CPI, per square meter of the leased space. A recent trend is the engagement in relatively short-term lease agreements for periods of up to five years. In addition to the aforesaid, at the Azrieli Holon Business Center, Azrieli Business Park Herzliya, Azrieli Center Modi'in West and on the office floors above the Azrieli Akko mall, the Group leases small units for shorter periods of around one to three years.

All of the Group's office and other space for lease in Israel include also car parks (above-ground or underground) which serve the tenants and their customers.

In this operating segment, the Group's income-producing areas that are leased to third parties are mainly divided into two types:

- **Parks for businesses and for high-tech industries** - The Group specializes in responding to the special needs of the high-tech industries and the construction of purpose-built buildings fitted in advance to the needs of the tenants. The purpose-built construction provides a comprehensive and complete solution to tenants, that includes the guidance of the tenant beginning from the stage of preparing the working plans for purposes of the design requested by the tenants, the planning and construction of the building in full cooperation with the tenant and through responding to all of the tenant's demands as to the interior of the leasehold. The business parks present a quality and clean working environment in a central location, quality infrastructure, green areas and parking spaces.
- **Office towers** - The Group has office towers that are leased, in most cases, with high occupancy to numerous and diverse tenants for long lease periods.

The Group's office and other space for lease in Israel segment is managed in relation to each building or group of buildings through the Company or designated management companies owned by the Group, which engage with the tenants in management agreements. Most of the management agreements determine that the management fees will be paid based on the cost of the management services plus overhead expenses. The management companies collect from the tenants the management fees or the maintenance fees, which are used, *inter alia*, for financing the maintenance of public areas, whereas in most of the management agreements between the Company or the management companies and the tenants, the management companies undertake to maintain and operate the public areas, including cleaning, security, renewals and insurance, on the conditions and in the scopes as determined by the management companies from time to time.

10.1.2 The structure of the operating segment and the changes occurring therein

The office and other space for lease segment is mainly affected by the economic activity in Israel and globally. Various entities are active in this operating segment which locate, plan, construct, lease and maintain properties designated for lease for various uses. There are many companies in Israel in the office and other space for lease segment, including large, veteran and leading companies, which own properties in large volumes, as well as smaller, local developers who operate in specific geographic areas. The business in this segment is generally characterized by the fact that part of the costs of construction or acquisition is financed by independent sources and the remainder is financed by credit from outside sources.

10.1.3 Restrictions, legislation, standards and special constraints applying to the operating segment

This operating segment is subject mainly to the land laws and the land use and zoning laws. In addition, the business in this segment is affected by legislative updates in the field of business licensing, land taxation and municipal taxation. See Section 26 of this Chapter A for details on the restrictions, legislation, standards and additional constraints that apply to the Group.

10.1.4 Changes in the volume of business and profitability of the segment

In recent years, the Company has acted to expand its business in this operating segment, *inter alia*, by developing new projects (in recent years the Company has built an office tower in Modi'in, which is a part of a mixed-use property, construction of which was completed in 2024, and the Company is also building a project at the North Glilot site, most of which was leased to SolarEdge Technologies Ltd., and the Spiral Tower). Furthermore, as part of the business strategy the Company is examining attractive investment opportunities and the creation of new growth engines also in tangential segments, and possibilities to create a synergy with the other operating segments thereof.

For a number of years, until the end of 2019, the office market was growing. According to reviews reported in connection with the office market, in H2/2020, in view of the Covid pandemic, a trend of slowing demand for offices was identified in the office market, and moderate rent reductions were recorded in most commercial areas in the center of Israel. From February 2021, the market trend reversed and in view of significant demand, mainly on the part of high-tech companies in Tel Aviv and in its close vicinity (Ramat Gan and Herzliya), the rent in this area rose significantly compared with the pre-Covid prices. This trend continued throughout 2021, and in the absence of vacant leasable space, the rent has continued to climb, and towards the end of 2021 reached record highs. In H2/2022, as a result, *inter alia*, of global and local macro changes, such as an increase in inflation and interest rates, a slowdown was recorded in the demand for office space, leading to stabilization with a tendency towards slight rent reductions in some of these areas. In the Tel Aviv area, a decrease was observed in the rent compared with the peak rates in 2021. In view of the high occupancy rates in the Group's properties, the effect of the slowdown on the Group's properties was minor. In 2023, the trend continued, with reduced demand in this segment and longer negotiations for the signing of lease agreements, and even a slight decrease in average rent in some office areas in Israel, resulting *inter alia* from the political controversy around the reform in the judicial system, a decline in capital raisings in the high-tech sector and the Swords of Iron war. The trend that characterized 2023 also continued into 2024, *inter alia* due to the uncertainty concerning the continuation of the War. In 2024, international companies adopted a conservative approach to lease extensions, and Israeli companies, mainly in the high-tech sector, cut back their hiring, creating surplus space, and some even subleased such areas. The effect in Tel Aviv and its vicinity, where most of the Group's properties are located, was moderate, while in 2025, a trend of recovery was observed in the Tel Aviv region. The oversupply in the second circle (the cities surrounding Tel Aviv) and the mentioned slowdown in demand have, on average, led to lower rent prices in the sector and the occupancies in the area of the second circle both in 2024 and in 2025, which area typically experienced more volatility in prices and occupancies compared to the Tel Aviv region.

The aforesaid notwithstanding, as of the Report Date, the Group has maintained very high occupancy rates in its income-producing properties in the segment, and has even increased its total revenues from rent compared with previous years, both in the Tel Aviv region and in other regions, for example: the Company marketed spaces vacated by Meta in the Report Period in Azrieli Sarona to different tenants at a higher average price and has also completed the marketing of the spaces in the office tower in Azrieli Center Modi'in West which opened in 2024.

The Company estimates that its financial strength, the strength of the Company's tenants, some of which constitute the leading firms in the economy (AAA tenants), its high liquidity and standing in the financial market are advantages and strengthen its status in the segment. Despite the slowdown recorded in the demand on the part of tech companies, it may be estimated that this segment will bounce back in the coming years. Further to the aforesaid, the Company's tenant mix is diverse and wide-ranging, and it is concentrating marketing efforts vis-à-vis various industries and diverse sectors as part of its ongoing risk management. According to the aforesaid,

and as part of the mix diversity policy, in the Report Period agreement renewals were signed for large areas with tenants from diverse, non-high tech industries.

The Company's properties are essentially characterized by a high standard of construction, location and management, the demand for which in recent years has been constantly on the rise. In addition, a large part of the increase in the supply of offices in the center of Israel is made up of buildings that are being built in the context of purchase groups, or buildings that are intended to be sold to a large number of buyers, which in the Company's estimation, may mainly increase the supply of leasable office space for areas of 200-500 sqm. In addition, in the Company's estimation, the coming years may see changes in the competitive balance between the players in the income-producing real estate sector, *inter alia*, due to the lease-up of office space projects, primarily in the Dan Metropolitan Area, which pose challenges for the sector.

The Company's above estimations with respect to the changes in the segment and the effect thereof on the Company's results are merely subjective estimations which are based, inter alia, on the Company's acquaintance with the market trends, which constitute forward-looking information, as defined in the Securities Law. Actual results and effects may materially differ from the aforesaid estimations and the implications thereof, for various reasons, including further intensification of the competition, a decrease in the demand for office space and an adverse change in the economic situation in Israel, inter alia in view of a deterioration in the high-tech sector and/or the effects of the Swords of Iron war.

10.1.5 Critical success factors in the operating segment and changes occurring therein

In the Company's estimation, the main success factors of the Company in the segment are, *inter alia*: the geographic dispersion and the location of the income-producing properties in areas in demand throughout Israel for offices, commerce and industry; the quality of the properties; expertise in development and architectural planning; management of the construction of properties that are tailored to potential tenants, in relation to which the Company has engaged in lease contracts in advance through the professional management team employed by the Group; the level of demand and supply of properties of a similar type which dictate the terms of the lease contracts and the potential changes thereto; know-how and experience in marketing, property management and operation; a diverse tenant mix; positive goodwill; and business positioning and financial strength which allows an immediate response to attractive business opportunities.

10.1.6 Main entry and exit barriers of the operating segment and changes occurring therein

Barriers to entry – In the Company's estimation, entities operating in this operating segment require mainly equity and financial strength. Also important are professional know-how, experience in the development sector, a positive reputation in the industry and available and planned land reserves in areas with high demand for leasable space in office buildings. Development in the segment requires financial soundness which enables operating in the development segment at relatively low financing costs

Barriers to exit – Exiting this operating segment is primarily contingent on the ability to liquidate properties, which is a direct result of the location of the properties, their physical condition and the condition of the economy, as well as various costs, including in connection with land taxation.

10.1.7 Structure of competition in the operating segment and changes occurring therein

See Section 10.2 of this Chapter A for a description of the structure of competition in this operating segment.

10.1.8 Manner of performance of the Company's acquisitions

See Section 9.1.8 of this Chapter A for a description of the manner of acquisition and disposal of the Group's rights in properties.

10.2 Competition

The income-producing real estate sector in general, and the office and other space for lease segment in particular, are characterized by intense competition. Competition in the office and other space for lease in Israel segment revolves around several parameters, chief of which are the: (1) geographic location of the properties and the level of demand for leasable space in the area; (2) rent level and management and maintenance costs; (3) quality of construction of the leased buildings; (4) standard of auxiliary services, and (5) the lessor's reputation. The competition in this sector exists both at the stage of identifying properties for enterprise, development and property construction purposes and at the stage of lease-up of the properties. In Israel the Group is exposed to competition by numerous companies engaged in the lease of business real estate, in areas of demands similar to those in which the Group's properties are situated, while in most cases, the competition is local. Thus, for example, prestigious office buildings in Tel Aviv compete against the Azrieli Tel Aviv Center, Azrieli Sarona and Azrieli Town, and other alternatives for office buildings in the area compete against the Herzliya Business Park.

To the best of the Company's knowledge, several entities are operating in Israel and holding significant portions of leasable office and other areas, including REIT 1 Ltd., Gav Yam Land Ltd., Nitzba Holdings 1995 Ltd., Industrial Buildings Ltd., Levinstein Properties Ltd., Minve Real Estate Group, Blue Square Real Estate Ltd., Tidhar Group Ltd, Acro Real Estate Ltd., and Amot Investments Ltd. In the Company's estimation, the scope of its operations in the office and other space for lease in Israel segment is of the most significant from among the leading companies in the sector, especially once the projects that are under various stages of construction as of the Report Date are completed.

The factors assisting the Company to deal with the competition in this segment are as follows:

- The Company's volume of operation in the segment enables the Company to communicate with companies and service providers at beneficial terms, and it further enables it to specialize in the management of commercial parks and office buildings in an efficient manner which leads to savings in costs and in manpower.
- Most of the Company's tenants are companies with high financial strength and the lease agreements therewith are for a relatively long period of time.
- The Company's office and other space for lease is located in areas of high demand, enabling the Company to lease the properties to numerous diverse types of tenants.
- The unique characteristics of the Group's properties, such as: mixed-use assets (the office spaces are part of properties that include additional uses, e.g.: retail, residence, hotels and senior housing in proximity to the office space for rental), access to public transportation, including the railroad and underground car parks for the convenience of the tenants and their customers.
- Most of the Company's office space is characterized by its high quality and prestigious nature, which distinguishes the Company's property from those of the competing companies and strengthen its competitive edge.
- Sole ownership of the properties allowing the Company flexibility in responding to various requirements of tenants, such as the lease of large areas, etc.
- Management of the Company's properties through designated management companies, wholly owned by the Group, which have considerable experience and expertise.

10.3 Goals and business strategy in the segment

See Section 29 of this Chapter A for details on the Company's goals and the Group's strategy.

10.4 Material Properties

The following table presents a summary of figures pertaining to material properties of the Group in the leasable office space segment as of 31 December 2025, which were appraised by the valuator Mr. Ronen Katz, a partner at Greenberg Olpiner & Co. (*) by applying the income capitalization method:

Name and Features of Property			Year	Information Item											According to Regulation 8B(i) (as applicable)
				Fair value/book value at end of period (NIS in millions)	Rent revenues during the period (NIS in millions)	Actual NOI during the period (NIS in millions)	Rate of return (%)	Adjusted rate of return (%)	Return on cost (%)	Property Value to Debt Ratio (LTV)	Revaluation profit (loss) (consolidated) (NIS in millions)	Occupancy rate as of end of period (%)	Average monthly rent per sqm from main use – (in NIS)	Ratio of average store revenue per sqm to average rent per sqm	Other assumptions underlying the valuation
Azrieli Sarona Tel Aviv	Region	Israel	**2025**	**4,046**	**187**	**257**	**6.34%**	**6.26%**	**16.95%**	**0%**	**144**	**98%**	**153**	N/A	Main rent cap rate – 5.9% Weighted cap rate–6.07%
	Functional currency	NIS	2024	3,857	193	245(*)	6.35%(**)	6.33%	16.19%(**)	0%	(76)	100%	148(*)	N/A	Main rent cap rate – 5.8%. Weighted cap rate–6.10%
	Main use	Offices													
	Construction cost (NIS in millions)	1,514	2023	3,945	186	234	5.93%	6.08%	15.45%	0%	150	100%	144	N/A	Main rent cap rate – 6% Weighted cap rate – 5.91%[62]
	Corporation's share (%)	100%													
Azrieli Tel Aviv Towers	Region	Israel	**2025**	**4,627**	**233**	**270**	**5.84%**	**6.21%**	**20.93%**	**0%**	**156**	**100%**	**138**	N/A	Main rent cap rate – 6.00% Weighted cap rate – 6.10%
	Functional Currency	NIS													
	Main Use	Offices	2024	4,410	223	259	5.88%	6.35%	20.08%	0%	122	100%	133	N/A	Main rent cap rate – 6.00% Weighted cap rate – 6.10%
	Construction Cost (NIS in millions)	1,292													
	Corporation's share (%)	100%	2023	4,229	210	249	5.89%	6.4%	19.27%	0%	130	100%	128	N/A	Main rent cap rate – 6.25% Weighted cap rate – 6.15%[63]

* Mr. Ronen Katz is a certified real estate appraiser, with a B.A. in Agricultural Economy and Administration from the Faculty of Agriculture at the Hebrew University of Jerusalem, and experience as a real estate appraiser since 1997.
For a summary of figures regarding a material property under construction – the expansion of Azrieli Center (the Spiral Tower), see Section 9.1.10 of this Chapter A.

** Restated

[62] Approx. 18% of the rent (for areas leased at bare-shell level) were capitalized according to a cap rate of 5.0%.
[63] Approx. 31% of the rent (for areas leased to long-time tenants) were capitalized according to a cap rate of 5.75%.

11. The income-producing property in the U.S. segment

11.1 General

As of the Report Release Date, the Group owns eight (8) office rental properties outside of Israel (seven in the U.S.), of a total leasable area of approx. 253 thousand sqm (the Company's share is approx. 245 thousand sqm), leased to approx. 147 tenants. The Company's properties in this operating segment do not amount to material properties or very material properties. For aggregate details regarding all of the Company's income-producing properties in this operating segment (including land reserves in Section 7.8 of this Chapter A), see Section 7 of this Chapter A, under the geographic region of the U.S.

About 50% of the Group's office properties in this operating segment are multi-tenant properties and the other 50% are properties with a small number of tenants. All are Class A properties that also include aboveground or underground car parks which are used by the tenants. Unlike the Company's properties in Israel, in some of the Company's properties in the U.S., the Company holds the property together with one or more local partners. As of the Report Date, the Company is continuing to consider the disposition of properties in this segment in accordance with the market conditions.

The office buildings in the operating segment are mostly intended for businesses (*inter alia* from the energy and high-tech industries) and service providers which are characterized by a large number of employees and demand for adjacent parking spaces. Most of the Group's lease contracts in this operating segment are for periods of between three and ten years, while often the tenant is given an option for additional lease periods of approx. five years. The rent is at a fixed amount per square meter (or the U.S. customary unit – sq. ft) of the leased area, while often the lease contract includes a rent increase during the term of the lease.

Unlike the Group's office properties in Israel, the Group's office space in the U.S. is managed by external local management companies who act professionally, with which the Company has engaged in agreements, and which the Group is entitled to terminate by advance notice of 30 days. The management companies collect from the tenants the rent, as well as current expenses, such as security, cleaning, maintenance, municipal taxes, insurance, gardening, maintenance of elevators and other mechanical systems. The Company is examining, in a current manner, possibilities for both operational and property management streamlining.

11.2 The structure of the operating segment and changes occurring therein

Between 2011-2018, the Company expanded its business in the U.S. and made several purchase transactions in Houston and Austin, Texas. Most of the Group's properties in the U.S. are situated in the Houston metropolitan area, which has around 7.2 million inhabitants[64] and where population growth in the last 30 years exceeded the U.S. average. Such growth stemmed, *inter alia*, from a high quality of life, business opportunities that led to a low unemployment rate, the absence of state income tax and low cost of living.

The Group's income-producing property in the U.S. segment is affected by the economic activity in the U.S. economy, and mainly by the economic business in Houston and its office lease market.

As the world's energy market capital, Houston has been significantly impacted by the decline in energy prices and by the volatility that has characterized energy prices since the middle of the previous decade. This volatility has persisted into the present decade, with the price of a barrel of oil, which was around U.S. $48 at the start of 2021, increasing in the course of the year and peaking at U.S. $84.65 per barrel. Over the course of 2022, oil barrel prices rose to a peak of U.S. $127.98 per barrel – a price significantly higher than the price environment to which the world had become accustomed in recent years, *inter alia*, in view of the outbreak of the war in Ukraine in

[64] Data taken from publications by real estate consulting firm Cushman and Wakefield.

February 2022. However, toward the end of 2022, the price settled at around U.S. $80. The average oil barrel price in 2023, 2024 and 2025 remained relatively stable at U.S. $83, $81 and $74, respectively.

The state of the employment market in the Houston metropolitan area remained stable in 2025, with an average unemployment rate of approx. 4.2%.

The decreases in energy prices which occurred between 2015 and 2020 had a considerable effect on the office real estate market in Houston, alongside the impact of the Covid crisis which began during 2020 and continued also during 2021. These trends affected the real estate market in Houston in various ways, such as a high rate of vacant office space, high competitiveness in engagements with new tenants which led to higher costs in the engagement process with these tenants. In addition, a large amount of space is offered in the sublease market, leading to a decline in the number of new lease transactions. At the same time, there was an increasing willingness on the part of property owners to give incentives to new tenants, such as a high leasehold improvements budget, and a long grace period.

Furthermore, the small number of transactions also derived from lockdowns imposed by the authorities due to the Covid pandemic, the transition to remote work and the general uncertainty, due to which only tenants whose lease contract was coming to an end acted in the market, and a significant portion thereof chose to renew their contracts for a short period or to take risk mitigation measures, avoiding making long-term decisions.

These trends persisted into 2021-2024 as well. In 2025, a slight increase in office space occupancy in Houston was recorded for the first time, resulting from a shift away from fully remote work toward a hybrid work model that includes office-based work, as well as a historic low in the number of new office buildings under development or under construction.

In addition to the effect of the petrochemicals, gas and energy sector on Houston's economy, to the best of the Company's knowledge, the local economy is also affected by its large medical center (Houston Texas Medical Center), which is the largest medical center in the world, which continues to develop, as well as by growth in the activity of the Port of Houston.

In 2016-2018, the Company purchased two office properties in Austin, Texas. Both properties are buildings whose construction had been completed not long before their purchase. One of the growth drivers of the demand for office space in Austin is the numerous high-tech companies whose research and development activities are concentrated in this city and indeed both properties are occupied mainly by high-tech companies. The slowdown in the tech sector, which began in 2022 and deepened in 2023, was felt in the Austin office market and in the Company’s properties. This trend partially eased beginning in 2024.

11.3 Restrictions, legislation, standards and special constraints applying to the operating segment

This operating segment is subject mainly to the local planning and building laws and land laws. In addition, the business in this segment is affected by legislation and regulation of authorities in the fields of environmental protection, safety, business licensing, land taxation and municipal taxation. For details on the restrictions, legislation, standards and additional constraints that apply to the entire Group, see Section 26 of this Chapter A.

11.4 Changes in the volume and profitability of the operations in the segment

As in 2024, the vacancy rate in the Houston office market remained high in 2025 as well. The high vacancy rate stems primarily from the upheavals in the energy sector which, in 2015-2016, led to a decline in oil prices, coupled with increased merger and acquisition activity among companies in this sector, as well as from the impact of the Covid pandemic due to the economic slowdown brought about by the pandemic in the U.S. and worldwide. The positive trend of improving energy prices, which began in 2023, started to be reflected in a slight decline in the vacancy rate, primarily in certain areas of Houston where energy companies are concentrated. In addition, the

Covid pandemic created uncertainty with respect to the Houston office market which, coupled with the shift to remote work, led to an increase in vacant space, as well as a large volume of office space being offered in the sublease market. Due to the said uncertainty and the continued prevalence of remote work, tenants, in many cases, are currently refraining from entering into long-term agreements and from leasing additional space for expansion. The overall vacancy rate in the Houston metropolitan area increased in 2025, amounting to 25.2% at the end of the year (24.3% at the end of 2024), with the vacancy rate in Class A office buildings at 25.1% at the end of 2025.[65]

11.5 Critical success factors in the operating segment and changes occurring therein

The Company estimates that the main success factors in this operating segment are its know-how, expertise and experience in the location and acquisition of attractive properties that will yield a high return, and the location of local management companies specializing in the local market, for the purpose of management of the properties and marketing of the space therein. The Company estimates that the success factors in the acquisition of such properties in the operating segment are, *inter alia*, location of worthwhile transactions and identification of opportunities in the market with a fast response capability, acquisition of properties in attractive, high demand locations with improvement potential, acquisition of properties of a high building and finishing standard, acquisition of properties with a range of related services that are not available in nearby properties which are competing for new contracts, performance of meticulous due diligence investigations, *inter alia* with respect to the expected expense structure in the property and the profit increase potential, the strength of the tenants in the property and the nature of the collateral, as well as knowledge of the financial markets and the various players therein for the purpose of achieving attractive financing terms.

11.6 Main barriers to entry and exit in the operating segment and changes occurring therein

Barriers to entry – In the Company's estimation, entities operating in this operating segment require mainly equity and financial strength which allow the acquisition of existing properties at relatively low financing costs. In addition, professional know-how, experience in the segment of acquisitions and management of income-producing properties, as well as know-how and experience in the credit and financing sector are important. A positive reputation from another important element, both during tenders for the acquisition of income-producing properties and in order to draw attractive tenants to the properties.

Barriers to exit – Exiting this operating segment is conditional, mostly, on the ability to realize properties, which is a direct result of the location of the properties, their physical condition and the condition of the economy, as well as various costs.

11.7 Structure of competition in the operating segment and changes occurring therein

The income-producing property in the U.S. segment, including in Houston and Austin, is characterized by intense competition. Competition in this segment revolves around a number of parameters, of which the principal ones are; (1) the geographic location of the properties and the level of demand for the leasable in that area; (2) the amount of the rent and the management and maintenance costs; (3) the grant of incentives to new tenants or upon renewal of the lease agreement, such as improvements in the leased premises or a certain lease period in which the tenant is charged no rent; (4) the quality of construction of the leased buildings; (5) the level of related services; and (6) the reputation of the lessor. The competition in this sector exists both at the stage of acquisition

[65] Based on the data in *Figures, Houston, Office Q4 2025*, published by CBRE in January 2026.

of the properties and at the stage of lease out of the properties. See Section 11.10 of this Chapter A for a description of the structure of competition in this operating segment.

11.8 Manner of execution of the Company's acquisitions

During the recent period, the Company has not been examining opportunities to expand its operations in this segment beyond the properties it currently holds, and it continues to examine the possible disposition of properties in this segment in accordance with market conditions. In this context, it is noted that due to non-compliance with the terms of the non-recourse loan taken to finance the 1 Riverway property, the Company negotiated a change of the terms of the loan with the lender, which negotiation was closed during the Report Period, such that the terms of the non-recourse loan have been revised and as of the Report Date, the Company is compliant with the terms of the loan.

See Section 9.1.8 of this Chapter A for a general description of the manner of acquisition and exercise of the entire Group's rights in properties.

11.9 Acquisitions in the Report Period

No acquisitions were made during and after the Report Period.

11.10 Competition

The income-producing property in the U.S. segment is generally characterized by a high level of competition in all aspects pertaining to the rent, the quality of the finishing of the building and other unique characteristics of the property. The Group is exposed in the U.S. to competition by numerous companies engaging in business property lease, in areas of demands similar to those in which the Group's properties are located. The leasable office market in Houston, Texas, comprises approx. 213 million sq. ft. of leasable office space (of which approx. 122 million sq. ft. is defined as Class A), and includes a large number of properties. To the best of the Company's knowledge, several bodies are active in Houston, holding significant shares of the office lease areas segment[66], and the Group's share in the income-producing property in the U.S. segment is negligible.

The factors assisting the Company in coping with the competition in this segment are as follows: (1) The Company's office lease areas are located in attractive high-demand areas, enabling the Company to lease the properties to numerous and diverse types of tenants; (2) most of the Group's properties in this operating segment have special characteristics, including: green building rating (LEED Certificate), financially sound tenants, attractive location adjacent to large retail centers, as well as a high parking space ratio relative to the size of the property; (3) most of the Company's office space in this operating segment is characterized by a high building and finishing standard and has been granted the highest rating level of office properties (Class A).

In this operating segment, the Group enters into management agreements with local entities that have extensive experience in and deep knowledge of the local market, for the purpose of management and lease of the properties.

11.11 Goals and business strategy in the segment

See Section 29 of this Chapter A for details on the Company's goals and the Group's strategy.

[66] According to figures appearing in Figures, Houston, Office Q4 2022, published by CBRE in Q4/2023.

12. The senior housing segment

12.1 General information about the senior housing segment

The Group's operations in the senior housing segment are carried out through corporations indirectly held thereby, under the "Palace" brand (**"Palace"** or the **"Palace Chain"**) and it engages in the operation and development of senior homes for the elderly that feature a high finishing standard and the provision of high-standard related services, which are generally designated for residents who are capable of leading an independent life. As of the Report Date, the Palace Chain employs, directly and indirectly, approx. 750 employees in total. As specified below, all senior homes of the Palace Chain operate long-term care (LTC) units (either inside or near the senior homes). The senior home currently under construction is also planned to have an LTC unit.

As of the date of this Report, Palace holds and operates four upscale senior homes as specified below:

- **Palace Tel Aviv** – a senior home in the center of Tel Aviv, including an advanced medical center for recuperation and LTC, also known as "Palace Tel Aviv", which consists of 231 senior home residential units, and "Palace Medical", which contains 136 beds in 4 different units (jointly: "**Palace Tel Aviv**");
- **Palace Ra'anana** – a senior home in Ra'anana, including an LTC unit, also known as "Palace Ra'anana" (formerly Ahuzat Bayit), which consists of 322 residential units and 67 LTC beds in two units ("**Palace Ra'anana**"), as well as an active retail center located adjacently to the senior home and known as Azrieli Ra'anana (formerly named "Park Mall").
- **Palace Modi'in** – a senior home in Modi'in, which is known as "Palace Modi'in", which comprises 239 residential units and approx. 131 LTC beds in 4 different units, 33 of which are recuperation units ("**Palace Modi'in**").
- **Palace Lehavim** – A retirement village within the Lehavim Local Council, which includes an LTC wing, known also as "Palace Lehavim", which comprises approx. 350 residential units and approx. 72 LTC beds ("**Palace Lehavim**"), and is headed to full occupancy.

In addition, in March 2016, the Group won a tender of the Israel Land Authority for the purchase of long-term leasehold rights in a lot of approx. 3.4 thousand sqm designated for senior housing and situated in the HaRakafot neighborhood in east Rishon LeZion, which is designated for the construction of approx. 274 residential units, an LTC wing and approx. 3 thousand sqm of retail space ("**Palace Rishon LeZion**"), where construction work is at advanced stages, and the Company is currently acting to obtain an occupancy permit for the project. For further details, see Section 7.7 of this Chapter A. For details regarding the award of a tender for the construction of a senior housing project in Sde Dov, see Section 1.3.7 of this Chapter A.

12.2 Structure of the senior housing operating segment and changes therein[67]

To the best of Palace's knowledge, recent years (apart from 2020, owing to the impact of the Covid pandemic) have seen an increase in the life expectancy of the elderly population in Israel, alongside a rise in the standard of living of such population. According to data from the Central Bureau of Statistics (CBS)[68], at the end of 2024, there were approx. 1.286 million residents aged 65 or older living in Israel (approx. 45% of whom are 75 or older), representing approx. 13.1% of the population of Israel's residents. According to population forecasts, by 2040 persons aged 65 or older will total around 1.9 million, representing approx. 14% of the population. Along with the increase in life expectancy, there is considerable improvement in the standard of living of the elderly, which is reflected in their increased participation in the Israeli employment market, an improvement in their physical, financial and social wellbeing, and an increase in their general satisfaction with their lives. In the elderly housing sector, a distinction may be made between two main solutions: retirement homes and senior homes. Most

[67] This information was taken from the following sources: Myers JDC Brookdale, People Aged 65+ in Israel – Statistical Annual Report for 2020: https://brookdale-web.s3.amazonaws.com/uploads/2020/09/shnaton-2020-internet-min.pdf [Hebrew], Amidar – Senior Housing – https://goo.gl/JAkoGT.

[68] CBS – Senior Citizen's Month 2025 – Selected Data on Various Topics regarding Israeli Senior Citizens Aged 65 and Over – Link.

retirement homes are characterized by elderly residents of middle-to-low socioeconomic status, who are not independent and require constant nursing and medical services. Residents of the traditional retirement homes mostly share one room, and their schedule is dictated by the retirement home's operator.

Unlike retirement homes, the senior housing market is aimed at an aged population which is financially established and mostly independent. Senior homes feature modern and luxurious services and facilities, including deluxe complexes that include expansive public areas containing facilities, such as a swimming pool, spa and fitness club, classrooms, restaurant, cafeteria, clinic, and the like. Senior homes provide a respectable and high-quality solution for the elderly and allow the residents to lead an independent life in the residential units, along with a social life in the public complexes and the provision of initial medical attention and LTC when necessary. According to CBS data, as of 2024, the private senior housing market consists of approx. 17,500 senior housing units[69]. As a result of the increase and improvement in the life expectancy of the elderly, as described above, and due to the desire of such residents to conduct an active and social lifestyle, there has been an increase in the demand for senior residential units.

The Senior Housing Law, 5772-2012, which took effect in 2012, and the regulations promulgated thereunder (hereinbelow in this Section, jointly: the "**Senior Housing Law**"), regulates operations in the Israeli senior housing sector for the first time. The Senior Housing Law prescribes various rules in relation to the permits and requirements for the operation of senior homes, including the duty to receive a senior home operation license, and also prescribes sanctions for the violation of such rules. For additional details with respect to the regulation of the senior housing sector, see Section 26.1.3 of this Chapter A.

Resident agreements

Palace's engagements with the residents of the senior homes are made by means of resident agreements, that grant the residents the right to use the residential unit and the public areas and also grant them entitlement to the service basket offered and provided by every senior home to its residents, *inter alia*, in view of the provisions of the Senior Housing Law and by virtue of the relevant engagement agreement. The language of the agreements with the residents varies among the various senior homes operated by Palace (*inter alia*, considering the fact that some were purchased from previous owners), and according to the time of their signing and the provisions of the law at such time.

As a rule, the engagement is made by means of the standard track, i.e., the deposit forfeiture track, which includes the resident depositing a deposit for the duration of the term of the agreement. In most cases, the amount of the deposit is determined according to the location of the home and the services provided thereby, the size of the apartment, the finishing level, the levels of demand, and more (the "**Deposit**"). The resident agreement determines the period over which the deposit will be forfeited (mostly over the course of 12-14 years) (the "**Forfeiture Period**") and the rate at which it will be forfeited every year (mostly at a rate ranging between 3% and 4%, plus V.A.T. as required by law). At the elapse of the Forfeiture Period, the forfeiture of the Deposit comes to an end and the balance of the principal plus linkage differentials is repaid to the resident or his heirs upon the expiration of the resident agreement and the discontinuance of use of the residential unit.

The resident agreement also specifies the collateral to be provided to secure the Deposit, all subject to the relevant legal provisions at such time.

In view of the Group's financial soundness, Palace also enables residents to engage in alternative tracks to the deposit forfeiture track described above, including a lease track in which the resident pays rent on a monthly basis etc.; however, the scope of such tracks is smaller than that of the track described above.

In addition to the forfeiture of the Deposit and/or the payment of rent as described above, the resident agreement provides the amount of the monthly maintenance fees to be collected from the resident. Subject to the provisions

[69] The Central Bureau of Statistics – Dwellings by Ownership in Israel 2013-2024 – Link. According to the CBS, the said figure is an undervaluation, because there are senior homes for which municipal property tax (*Arnona*) is collected on a collective basis and from which figures at the residential unit level are not available.

of the Senior Housing Law, Palace may increase the maintenance fees at a real rate and subject to an actual increase in the operating expenses of the home, and, in any event, by no more than the maximum increase rate specified in the resident agreement.

12.3 Restrictions, legislation, standardization and special constraints applicable to the senior housing operating segment

For details with respect to restrictions, legislation, standardization and special constraints applicable to the operating segment, see Section 26.1.3 of this Chapter A.

12.4 Changes in the volume and profitability of the senior housing operations

According to the various publications, as specified in Section 12.2 of this Chapter A, the increase in life expectancy combined with the increase in population and the improvement in the standard of living among the elderly population targeted by Palace lead to an increase in the scope of demand for high-quality and luxurious senior housing solutions in Israel and to the expansion of Palace's operations in the segment.

Furthermore, the increased awareness of the target group to the advantages of senior housing and the recognition that senior homes for the aged population are a respectable and high-quality solution for this population, while differentiating this operating segment from the image associated with traditional retirement homes, contributes to the development of this segment. As of the Report Date, Palace holds rights to a site where another senior home is currently at advanced stages of construction (Palace Rishon LeZion), and Palace's management expects that its completion and occupancy will increase the scope of its operations in the senior housing segment which constitutes a significant and leading agent in the senior housing market in Israel.

The information regarding the factors which in the estimation of Palace's management may affect the scope of its operations in the senior housing segment and the implications thereof on Palace's positioning as a significant and leading player in the senior housing market as noted above, constitute forward-looking information, as defined in the Securities Law, which is based on the estimations of Palace's management. Such estimations are based on external information sources and subjective assessments by Palace's management. Actual results may differ from the estimations so predicted, inter alia, as a result of failure of all or some of the estimations by the Company, Palace and the external information sources to materialize, or their materialization in a materially different manner, due to factors external to and beyond the control of the Company.

12.5 Developments in the markets or changes in customer characteristics

The scope of the operations in the senior housing segment is growing, as a result of the increased life expectancy of the aged population. This trend is also characterized by the desire of parts of such population to preserve the high standard of living and quality of life to which they have become accustomed during the years of their life, and the feeling of loneliness and lack of independence created due to the difficulty in accessibility to the various community services compared with the fulfillment of needs provided by senior housing. In addition, whereas the elderly population had been deterred in the past from moving to senior housing due to the negative image associated therewith and the poor level of services featured thereby, the senior housing setting presently provides a high quality of life while ensuring a safe environment that preserves the resident's independence, cares for his health, ensures an active daily schedule, which includes culture, sports, social interaction and community, and facilitates living at a high level of comfort in luxurious centers. The entry of leading entities, such as Palace, into the senior housing sector, which players introduce a modern construction standard of high-level senior homes into the sector, also contributes to the improvement of this image. These developments have brought with them new market demands for expansion of the services offered in senior housing. Therefore, recent years have seen an increased demand for an environment that offers, in addition to the basic services, a variety

of social and cultural activities, such as a swimming pool, spa, classes, restaurant, cafeteria, alternative medicine services and more.

12.6 Critical success factors in the senior housing operating segment and changes therein

It is Palace's management's position that there are several critical success factors in the operating segment, which include: (1) Knowledge, experience and management: The senior housing segment is complex and requires experience in and knowledge of issues that are unique to the elderly population, with an emphasis on the operation of senior housing homes. The ability to optimally manage a senior home bears great importance in Palace's coping with the competition against the existing competitors in the sector; (2) Financial soundness: The Group's ability to withstand the costs involved in the construction, purchase and/or operation of premium high-level senior homes is critical to the subsistence of Palace's operations and its positioning as a leading factor in the senior housing market, and may be a central consideration in the choice of a senior home by potential residents. In addition, Palace's ability to provide collateral to the residents and repay the funds of the Deposit deposited by them, as mandated by the Senior Housing Law, constitutes, in the estimation of Palace's management, a key success factor; (3) Structure of the senior home, the residential units and the surroundings: Since the senior housing sector is on the course of constant development, both in terms of the quality of the structures and residential units and in terms of the level and variety of services, it is necessary to maintain a high construction and finishing standard in the senior home and the public areas thereof, which constitutes a critical success factor in the sector; (4) Location and nationwide presence: A central and accessible location that also facilitates access to nearby centers, recreation and cultural institutions, convenient access to railway stations and public transportation as well as traffic arteries, in the area of the senior home, constitutes an advantage and a central consideration in the choice of a senior home. Furthermore, the location of the senior home in relation to the place of residence of the children and family and former life center of the resident is a highly significant factor that affects the resident's choice of such or other senior home. A more attractive location of the senior home brands it as a more luxurious place and affects the price and the amount of the deposits that may be charged for the residential unit; (5) The size of the residential center: A large residential center consisting of hundreds of residential units entails economies of scale in view of the number and diversity of the residents residing therein, which enables and creates an abundance of activities and a vibrant community and social life; (6) Reputation and branding: The right branding of a senior home, i.e., the attribution of positive values, such as quality, enjoyment, luxury, value for money, the branding of the company running the senior home, years' long reputation, the company's stability, etc., and the creation of a positive position and perception among consumers with respect to the senior home, bear importance in the positioning of the senior home in relation to its competitors; (7) Resident satisfaction: Residents who express high satisfaction with their standard of living in the senior home are a major marketing tool vis-à-vis potential clients, which has a high cost-to-benefit ratio. Palace ensures that it is attentive to the needs of the residents and provides them with a quick response, while maintaining a high level of service and personal response to each and every resident. Palace also holds various multigenerational events, that involve the residents of the homes and their families in order to expose Palace's senior homes and the services provided thereby to as many potential clients as possible.

12.7 Main barriers to entry and exit in the senior housing operating segment and changes therein

In the Company's estimation, the main barriers to entry into the senior housing operating segment are:

1. The need for unique knowledge, experience and reputation, which are required for the development and management of a senior home;
2. The need for material capital investments for the purpose of acquisition or construction of modern senior housing homes of a high finishing standard and their marketing;
3. The shortage of potentially economically viable land for the construction of senior homes;

4. The ability to comply with regulation requirements that prescribe threshold conditions for the operation of senior homes;
5. The requirement for financial soundness and current cash flow for the purpose of ensuring the ability to repay deposits, and, *inter alia*, the provision of collateral to the residents according to the provisions of the Senior Housing Law.

In the Company's estimation, the main barriers to exit in the senior housing operating segment are:

1. The difficulty in finding a buyer for this operation due to the substantial scope of investment, the knowledge and the experience required for operation of a senior home under the provisions of the Senior Housing Law;
2. Long-term contractual obligations and the difficulty in evicting residents within a short time.

12.8 Alternatives to the senior housing sector and changes therein

As of the Report Date, the principal alternative to the senior housing sector is the residence of the elderly in households. In 2024, approx. 96% of persons aged 65 or older were living in households. Among the reasons leading to such high rates, one may specify the improvement in the lifestyle and health of the aged population in recent years, which allow for independent living, and the increase in the variety of services offered to the aged population at home (for example, emergency call centers, medical care at home, etc.). Furthermore, the ability to be assisted by live-in caregivers makes it easier for the elderly to stay at home.

Another alternative to the operating segment is retirement homes, which are mostly characterized by elderly residents of middle-to-low socioeconomic status, who are not independent and are in need of constant medical and nursing services, with the cost of residence in such homes being lower than that of senior homes. It is noted that Palace's management estimates that the existing alternatives on the market do not fully address the social and cultural life aspects that Palace offers in the senior homes, and the sense of security that senior homes provide to their residents, which constitute a significant consideration when choosing an alternative to senior housing,

12.9 Manner of performance of the Group's acquisitions in the senior housing segment

For a description of the manner of acquisition of the Group's rights in properties and the realization thereof, see Section 9.1.8 of this Chapter A.

12.10 Acquisitions made during and after the Report Period

During the Report Period, the Company (through a wholly owned subsidiary) won a tender for construction of a senior housing project in Tel Aviv, as set out in Section 1.3.7 above.

12.11 Competition

To the best of Palace's knowledge, as of the Report Date, there are approx. 50 entities operating approx. 100 senior homes in Israel, among which are Mish'an Center, Mediterranean Towers, Ahuzot Rubinstein, Ad 120, Bayit Bakfar, Bayit Balev and others, with half of them being located in the center of Israel, primarily in the area of Tel Aviv and Hasharon. In the estimation of Palace's management, the following may be listed among the factors that affect the structure of the competition in the sector: (1) Geographical location, which constitutes a central consideration in the choice of a senior home by potential residents, who tend to prefer a senior home located in proximity to their family members' place of residence or in proximity to their previous living environment; (2) The nature of the residents in the senior home and their lifestyle, due to the importance of the cultural and social life that senior homes offer residents; (3) The standard of the residential units, public areas and other facilities that

the senior home offers its residents; (4) The amount of the deposit and the usage fees collected from the residents. In Palace's estimation, as of the date of this Report, Palace's market share in the senior housing market is approx. 8% based on the presently existing homes and irrespective of the operation of the Medical units.

Principal methods for coping with the competition

In order to preserve Palace's competitive position in the senior housing market and cope with the existing competition, Palace takes, *inter alia*, the following measures:

1. Preserving and ensuring a high standard of services and maintenance in the senior homes. In Palace's estimation, the standard of maintenance and services that Palace provides its residents is among the highest in the sector.
2. Constructing new senior homes in attractive and competitive geographic locations, built to a high finishing standard that includes public areas, luxurious convenience facilities, including infrastructure for the provision of functional services according to the residents' needs.
3. Preserving and ensuring a high level of resident satisfaction, attention to their various needs and quick personal response.
4. Maintenance of an effective marketing and sales layout and branding of the chain as a premium chain under the "Palace" brand.

In the estimation of Palace, its competitive position is favorably affected by the following factors: The reputation and high branding of the existing homes (Palace Tel Aviv, Palace Ra'anana, Palace Lehavim and Palace Modi'in), impeccable management and service, the Group's financial soundness, presence in demanded marketing areas and more.

In the estimation of Palace, its competitive position may be adversely affected by the following factors: entry into and/or expansion of competitors into the senior housing market, mainly in the geographical areas in which Palace operates.

12.12 Goals and business strategy in the segment

For a specification of the Company's goals and the Group's strategy, see Section 29 of this Chapter A.

13. The data center segment

13.1 General

In 2019, having studied the market and the key players in the data center industry, the Company made the decision to invest in a company that operates in this industry, noting the industry's growth potential and intending for it to serve as an additional growth driver in its operations.

The first step in the Company's entry into the data center industry was taken by making an equity investment in Compass, a company, at that time, primarily operating in the data center industry in North America.

In accordance with an agreement signed between the unit holders in Compass, the lockup period for the sale of holdings to third parties ended in January 2023[70], and the Company's partners started a process to examine the liquidation of their holdings in Compass. Further to the aforesaid, on 20 June 2023, the Company's partners in Compass engaged in an agreement for the sale of holdings in Compass in an amount reflecting for Compass a value of U.S. $5.7 billion and a net value of approx. U.S. $2.7 billion, and in accordance with the separation mechanisms applicable when selling holdings to third parties after the end of the lockup period, as determined in the unitholders agreement, the Company joined and sold its holding in Compass for the same value as aforesaid. For further details, see Section 1.3.8 of the 2023 Periodic Report and Note 7C to the financial statements attached to the 2023 Periodic Report.

Subsequently, and as part of the Company's strategy for expansion of its data center operations by entering the European market, on 24 August 2021, the Company closed an (indirect) acquisition of 100% of the share capital of GM, a company operating in the data center industry in Norway.

In addition, in 2023 the Company closed the (indirect) acquisition of the two U.K. Companies: A company that leases from a third party land in East London where an operating data center is situated (the "**Operating Campus**"), and another company that owns unoccupied land which is adjacent to the operating data center (the "**Vacant Land**"). During the Report Period, work continued on the expansion of the leasable capacity of the Operating Campus by 14 MW, and an indirectly wholly owned subsidiary entered into a financing agreement with a lender to finance such work.[71] Furthermore, as of the Report Release Date, negotiations are underway for acquisition of the company that owns the land on which the Operating Campus is located.

During the Report Period, a wholly owned subsidiary of the Company entered into a non-binding memorandum of understanding with an international customer regarding the provision of data center services with a capacity of approx. 13.6 MW at the Operating Campus. The services to the customer, should a binding agreement be signed following the negotiations currently being conducted, are expected to be provided in the portion of the Operating Campus undergoing the expansion work.

Furthermore, during the Report Period, an indirectly wholly owned subsidiary of the Company entered into an additional separate non-binding memorandum of understanding with the same customer regarding data center services with a capacity of approx. 16 MW at a future campus, development of which has yet to begin and which, if built, may be built on the Vacant Land.

As of the Report Release Date, the data center companies held by the Group have five income-producing (operating) properties: Four properties in Norway and an operating data center campus in East London, as shown in the properties map following Section 2.8 of Chapter B of this Report.

[70] See the Company's immediate report of 22 January 2023 (Ref. 2023-01-010098), which is included herein by way of reference.
[71] For further details, see the Company's immediate reports of 26 June 2022, 25 December 2022, 24 January 2023 and 15 June 2025 (Ref. 2022-01-078271, 2022-01-154633, 2023-01-010848 and 2025-01-042463 respectively), which are included herein by reference.

During the Report Period, the Company acted and completed the concentration of its data center holdings in Europe under GMG.

In the Company's estimation, the data center sector is expected to grow at a significant pace in the coming years and may serve as a significant growth driver for the Group's operations, with the concentration of holdings under GMG allowing it to raise capital from investors to support accelerating the development of the data center operations. The Company intends to examine during 2026 the possibility of raising capital as noted above by bringing in investors.

As of 1 April 2025, Mr. Eyal Henkin has been serving as CEO of GMG, concurrently with the conclusion of his tenure as CEO of the Company.[72]

The Company's assessments in this section with respect to the growth potential in the data center sector and the possibility of raising capital from investors constitute forward-looking information, within the definition of this term in the Securities Law, based on subjective assessments by the Company as of the Report Release Date and on sources of information external to the Company, and there is no certainty that these assessments will materialize, in whole or in part, and they may materialize in a materially different manner, inter alia, due to changes in the global data center market and/or the occurrence of any of the risk factors listed in Section 31 of Chapter A of the Periodic Report for 2025.

The TikTok project

On 7 March 2023, GM, through a wholly owned subsidiary thereof (the "**Service Provider**"), entered into a service agreement with TikTok Norway AS, a Norwegian company that is part of a corporate group with global operations (the "**Customer**"), which is not related to the Company, for the provision of 90 MW in data center services at a campus built by GM in Norway (the "**Agreement**" and the "**Project**", as applicable). In 2024, the process of delivery of all 90 MW to the Customer was completed.

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

Furthermore, the Customer has given notice of exercise of the option to increase the Project's capacity by another 30 MW, to a total of 120 MW. GM is examining the exercise notice and there is no certainty that the capacity increase will indeed be implemented[73], and as of the Report Release Date, the parties are negotiating the exercise of the option and its terms. For further details, see the Company's immediate report to be released concurrently with this report.

Entry into an agreement for the provision of data center services at a campus in the Frankfurt area in Germany

In 2023, GM entered into an agreement for construction of a data center campus comprising several buildings in the area of Frankfurt, Germany, in the framework of a joint venture with a German company, in which joint venture the Company holds a 50% interest (the "**Joint Venture**" or the "**Joint Company**"), with respect to which the Joint Company negotiated an agreement for the provision of data center services with 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 concerns data center services with a capacity of 18 MW, with both the first and second agreement (the "**Agreements**") governed by German Law and pertaining to data center

[72] For further details, see the Company's immediate reports of 19 August 2024, 18 November 2024 and 9 March 2025 (Ref. 2024-01-089761, 2024-01-086680, 2024-01-616452, 2025-01-015315 and 2025-01-015317, respectively), which are included herein by reference.

[73] For further details regarding the Agreement with the Customer and the amendment thereto, the Loan Agreement and the terms and conditions thereof and the exercise of the option to increase the Project's 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 included herein by reference.

services with an aggregate capacity of 36 MW, and an option to increase capacity to 54 MW on the campus currently being built by the Joint Company. Shortly after the first agreement had been delivered, the Customer requested that the Joint Company introduce changes into the technical specifications of the services under the Agreements.

On 8 August 2025, the Joint Company entered into several agreements with the Customer, which include the second agreement and addendums for amendment of the first agreement and the second agreement for the provision of data center services with a capacity of 36 MW, with the Customer granted an option to increase capacity by 18 MW to a total capacity of 54 MW (the "**Project**"). Construction of the first building in the Project, which is planned to have a capacity of 18 MW, is underway. On 23 December 2025, the Joint Company entered into an agreement with lenders for the receipt of non-recourse financing for the Project in the sum total of €592 million. After the Report Date, the parties signed an agreement for the provision of an additional 18 MW under the option.[74]

Entry into an agreement for the provision of data center services at a campus in Norway

On 29 December 2025, indirectly wholly owned subsidiaries of the Company entered into an agreement with an international technology company (the "**Customer**") for the provision of data center services with a capacity of 80 MW at a new designated campus to be built in Norway for the purpose of providing the services to the Customer. The campus shall be built subject to the receipt of required permits, licenses and approvals, including the arrangement of power supply to the project and the receipt of all approvals and permits related to such power connection; building, planning and execution permits and additional infrastructure permits for the project and its environment; raising of the capital required for construction of the project, and so forth. On 25 February 2026, a non-binding term sheet and mandate letter was executed for the receipt of financing for this project in an aggregate amount of up to €1,000 million, comprising up to €925 million as a non-recourse senior loan and up to €75 million as a revolving credit facility.[75]

It is emphasized that as of the Report Release Date, there is no certainty that the negotiations described in this section above will evolve, in whole or in part, into binding transactions, nor any certainty with respect to the terms and conditions and scale of such transactions. The Company shall report any material developments to occur in relation to such negotiations in accordance with the requirements of the law.

Negotiations with an international technology company

On 21 December 2023, incidentally to the consideration of a possible bond financing, the Company released an immediate report regarding GM's negotiations with a leading international technology company toward entry into an agreement for the provision of approx. 120 MW in data center services to that international company at a campus to be built by GM in Norway. For further details, see Section 1.3.4 of this Chapter A. On 19 February 2025, the Company reported that due to a decision to withhold a regulatory permit required in relation to the land on which GM considered building the campus, GM was examining other land alternatives for the construction of the project. On 25 March 2025, the Company reported that unless and until an appropriate alternative was found for the Customer, negotiations on the transaction in its current format were suspended. As of the date of release of this Report, in view of the totality of the circumstances, the Company estimates that negotiations are not expected to resume.

After the Report Period, on 22 January 2026, GM entered into an agreement with a lender for the receipt of financing in the sum total of approx. NIS 1.46 billion, intended for the refinancing of two preexisting loans.[76]

[74] 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), 10 August 2025 (Ref. 2025-01-058928), 24 December 2025 (Ref. 2025-01-102726) and 17 February 2026 (Ref. 2026-01-015376), which are included herein by reference.
[75] For further details, see the immediate reports of 30 December 2025 (Ref. 2025-01-104795) and 26 February 2026 (Ref. 2026-01-017997), which are included herein by reference.
[76] For further details, see the immediate report of 23 January 2026 (Ref. 2026-01-009214), which is included herein by reference.

As of the Report Date, approx. 241 employees are employed by the Company (through subsidiaries) in the data center segment.

The Company's estimations with respect to the expected growth of the data center industry and it becoming a significant growth driver are forward-looking information, within the definition of this term in the Securities Law, based on subjective assessments by the Company as of the Report Release Date and on sources of information external to the Company. The materialization of these assessments, in whole or in part, is uncertain, and they may materialize in a materially different manner, inter alia, due to changes in the timetables, receipt of permits required for construction, actual scale and marketing of the projects and due to factors beyond the Company's control, including changes in the global data center market and/or the materialization of any of the risk factors listed in Section 31 below.

13.2 Structure of the operating segment and changes therein

The 1950s saw the beginning of relatively widespread computer use. In the late 1980s and early 1990s, the computer infrastructure model shifted to "server-client" architecture which was vastly adopted by large organizations and by home users. The early 2000s saw the beginning of cloud computing use, which supported the transition from the purchase of software accessible through local servers (on premise) to the purchase of software as a service through data center infrastructure (off premise). Accordingly, there was a surge in the number of internet users, and as of 2025, there are around 6 billion internet users worldwide[77].

The accelerated pace of digital data production has led to increasing complexity in the processing, management and storage of digital data. In view thereof, companies are increasingly turning to cloud service providers to find solutions for their digital data management and are concurrently transferring their server infrastructure to external service providers. GM focuses on building data centers for "hyperscale" customers, such as cloud service providers, such that they may have infrastructures that support the high rate of demand for their services, and also for organizations that transfer the management of their digital data infrastructures to external sites. The purpose of data centers is to provide their tenant-users with the optimal conditions and space for efficient operation of IT equipment. For such efficient operation, data centers must be located in an area where there is broad and fast connectivity to communication networks by optical fibers, and for that area to have access to large and available power supply, to support the transfer of information from and to customers and for processing and storing information and cooling the servers' environment.

At present, the global data center market is one of the fastest growing markets in the income-producing real estate sector. Total annual revenues from cloud computing hyperscale customers in 2025 were estimated at approx. $425 billion and are expected to amount to approx. $4,702 billion by 2034 (a projected average annual growth rate of approx. 39%)[78].

13.3 Changes in the volume and profitability of the operations in the segment

In recent years, the data center market has been growing rapidly. This growth is mainly due to an increase in the volume of data and volume of information that governmental, business and private entities back up by cloud.

Demand in the data center market is affected, among other things, by the following developing factors: Cloud service companies, the Internet of Things (IOT), Artificial Intelligence (AI), 5G networks, smart transport, augmented reality and cryptocurrencies.

Furthermore, given the expectation that the "digitization" of the economy will continue to generate a huge amount of data, the research corporation Statista estimates that the volume of data generated will increase from

[77] The International Telecommunication Union (United Nations agency) – Link.
[78] Fortune Business Insights – Link.

182 zettabytes[79] (ZB) in 2025 to approx. 394 zettabytes in 2028[80]. The rise in the demand for data center storage services also stems from the global trend of transitioning to the outsourcing of information management. Whereas in 2017 only some 40% of data center services were provided by outsourcing and the rest were managed within the companies themselves, in 2023 the share of outsourcing increased to approx. 63% of the services, and by 2029, outsourcing is expected to represent approx. 80% of these services[81]. The main causes for the transition to outsourcing are, *inter alia*, the companies' desire to focus on their core business, increased advantages (given the increase in costs and the complexity of in-house management of information systems) and the switch to receipt of IT services from companies that provide cloud services – companies that specialize in providing services that include all IT infrastructure building, security and maintenance tasks as well as the retention of data and information on the servers of those "cloud companies".

In recent years, the increase in demand has resulted in a significant increase in the volume of consumption and use of global data centers. In 2025, the estimated global demand for data center capacity was 82 GW, and it is expected to continue growing in the coming years up to 219 GW in 2030[82].

The profitability of data centers, like other real estate and infrastructure properties, is measured under a cost recovery model, and this market is characterized by significantly high returns, compared with other income-producing real estate segments in the international markets.

13.4 Developments in the markets of the operating segment or changes in customer characteristics

The development of the cloud sector and the transition of companies to information management through outsourcing has led, as noted, to rapid growth in the data center market.

Furthermore, the US market is a high maturity market and positioned as a global industry leader.

To the best of the Company's knowledge, as of 2025, approx. 42% of revenues from hyperscale customers in the data center market originated from their operations in North America, approx. 21% from their operations in the Asia-Pacific, approx. 30% from their operations in Europe and the rest – from the rest of the world[83].

To the best of the Company's knowledge, the Nordic countries' data center market has the benefit of low electricity costs compared with such costs in other European markets in which less use is made of renewable energies from environmentally friendly sources than in the Nordic countries. The demand for data center properties that use such sources is on an uptrend. It is further noted that most of the European market's data center properties are located in the primary (Tier I) market, the FLAP-D cities (Frankfurt, London, Amsterdam, Paris and Dublin). Recently, secondary (Tier II) markets in Europe (such as the Nordic countries) have generated a growing interest due to the shortage of energy sources and the high cost of land in the primary markets.

13.5 Critical success factors in the operating segment and changes therein

In the Company's estimation, there are several critical success factors in the data center industry, including:

- Strategy for entry into the industry – The Company's strategy for entry into the industry is equity investments in or acquisition of existing and operating companies in the industry, which have a significant growth potential.

[79] A unit of digital information storage used to indicate the size of data.
[80] Big data -statistics & facts – Link.
[81] Synergy Research Group - Link.
[82] McKinsey & Company – Link.
[83] Precedence Research – Link.

- High professional standards – It is required to have high professional standards and understanding in the relevant engineering fields of electrical engineering, mechanical systems and computer and telecommunication systems.
- Relationships with significant customers – This industry has a limited number of Hyperscale customers, which are major consumers, such as large cloud service providers and telecommunications companies, which are sophisticated customers with complex and specific requirements a d expectation of high professional standards on the part of their data center providers. Therefore, the ability to engage with these customers is an important element of success in the industry.
- Location of properties – The location of the properties is important, with significant parameters including, among others: The ability to provide a large power supply from environmentally friendly sources, preference of cold areas with low power costs and proximity to communication networks. In addition, physical deployment relative to customers' location is relevant in view of the importance of the data transfer speed (latency), as well as the requirement of cloud companies for data center redundancy and the distances required between the centers. Furthermore, there is an advantage to data center properties that are located near airports, universities and related services.
- Regulation – Continued growth in data consumption encourages regulators to establish provisions concerning protection of the IT infrastructures of end-users, which reinforces the essentiality of the data center market.
- Digitization – Digitization processes and technological developments affect demand levels in the industry.

13.6 Changes in suppliers and raw materials in the operating segment

As in other industries in the global economy, in recent years, a slowdown has been noticeable in the chain of supply of several components that are usually included in projects in this industry (such as elements for the cooling systems, generators, construction materials, etc.). Consequently, prolonged supply times can be observed for certain items. In addition, some of the components used in the industry have seen price increases as a result of the rise in the prices of some commodities in the world (e.g., the rise in the price of metals). In addition, there has been an across-the-board rise in prices in view of the rise in inflation. As of the Report Release Date, it is not possible to estimate whether such changes will affect the scope of operations in the segment.

13.7 The main barriers to entry and exit in the operating segment and the changes therein.

In the Company's estimation, the main barriers to entry and exit in the data center industry are as follows:

Barriers to entry – (1) Extremely high capital requirements; (2) Relevant knowledge for generating value in the real estate sector; (3) A deep technical understanding of data center design and an ability to build data centers quickly; (4) Power availability for supply in high volume, with an emphasis on renewable production sources; (5) The need for existence or creation of infrastructures and for a high-connectivity optical fiber communication system near the location of the data centers; (6) Ability to efficiently utilize capital.

Barriers to exit– (1) Disposition of the holdings in companies of the industry, which have a substantial value and restrictions on sale under lease agreements; (2) Termination of existing lease agreements which are mostly long term.

13.8 Substitutes for products of the operating segment and changes therein

While the way data centers are designed and deployed may change, the need for data centers is increasingly growing

According to studies, toward the end of 2025, the number of internet-connected devices exceeded 33 billion.[84] Furthermore, the number of IoT (Internet of Things) devices alone is expected to increase more than twofold between 2025 and 2034[85], i.e., a massive increase in the number of internet devices is expected, and consequently, an even larger increase in the volume of data requiring storage.

Should these projections materialize, additional infrastructures will be required to provide the services currently offered by data centers and alternative solutions will possibly be developed.

As of the Report Release Date, to the best of the Company's knowledge, there is no substitute for the services provided by data centers. However, as technology advances and demand increases, substitutes may be developed. In the event that new server technology evolves to meet customer needs at lower costs, data center infrastructure may become less attractive. As aforesaid, to the best of the Company's knowledge, no new technology in the industry is expected to mature in the foreseeable future.

13.9 Competition structure in the operating segment and changes therein

The data center industry is characterized by intense competition. There are various aspects to the competition in the industry, including: (1) Competition between developers with similar properties; (2) Competition in relation to the rent offered by data centers; (3) Competition in relation to the premises offered (considering other factors, such as location, connectivity, security, etc.); (4) Competition in relation to the ability to provide services quickly; (5) Competition in relation to the quality and flexibility of the operating services provided to data center tenants; (6) Competition in relation to the ability to provide data center services that are based on use of renewable energies and/or competition with respect to the ability to provide solutions that meet customer requirements in ESG aspects (reduced use of energy, reuse of heat emitted from data center operations, etc.); (7) Competition against Hyperscale customers that develop, in some of the areas where they operate, autonomous abilities to establish data centers independent of third parties.

13.10 Products and services

The products and services that GMG provides through its subsidiaries are mainly the planning, building and operation of data centers with high information security, the supply of advanced data center services to organizations and wholesale customers and the highly efficient operation of data centers while using 100% of renewable energies. As of the Report Release Date, GMG, through its subsidiaries, operates four data centers in Norway and one in the U.K. In addition, as set out in Section 13.1 above, GMG is building additional data centers in Norway and in Germany, and is also expanding the operating data center in the U.K.

13.11 Customers

In the data center industry, the lease is based on power units (kW), rather than area units.

Customers are classified according to the requested amount of kW (the unit of measurement), as follows: Hyperscale (>5 MW), Wholesale (300 kW – 5 MW), and Retail (<300 kW).

As of 31 December 2025, the average occupancy rate[86] in the data center operating segment is approx. 99%.

Due to the sensitivity and materiality of the services provided by data centers, as well as the high costs and significant amount of time required for moving from one data center to another, customers in the industry do not tend to make frequent changes in their server farms and databases, and consequently engagements in the

[84] Statista - Number of connected devices worldwide as of October 2025, by device - Link.
[85] Statista - Number of Internet of Things (IoT) connections worldwide from 2022 to 2023, with forecasts from 2024 to 2034 - Link
[86] The average occupancy rate was calculated based on the lease agreements' information as of 31 December 2025, according to a weighted average of GMG and its subsidiaries. The occupancy rate does not include areas under construction.

industry are long-term and characterized by stability and few replacements by tenants. Thus, for example, the typical duration of lease contracts with Hyperscale and Wholesale customers (large cloud service providers, telecommunications companies, etc.) ranges between 5 and 10 years, and the typical duration of lease contracts with Retail customers (medium business - banks, airlines, etc.) ranges between 1 and 5 years.

Other data center customers are entities from various fields, including healthcare services, financial institutions and government and administration agencies. Communication with these entities takes place directly, due to the sensitivity of the information, the importance of information security and the protection of the privacy of the end customers.

In its data center segment, the Company is focusing on the Hyperscale market. In accordance with the foregoing, GM has several core customers, including material cloud customers, significant high-performance computing customers and others, which are responsible for a high percentage out of GM's revenues and loss of which may have a material effect on the operating segment.

13.12 Marketing and distribution

GM's marketing strategy is largely aimed at several core components to support the direct and proactive sales approach required to create awareness of the Norwegian data center market as a secondary (Tier II) market and of the values that the Norwegian market can generate for prospective customers. This is done both by means of digital channels and by means of active participation in conferences, all to attract prospective customers by various methods (videos, articles and other content) and for GM to gain recognition as a leader in the industry.

As of the Report Release Date, GM has no dependency on any of its marketing methods that would have a material adverse effect on the operating segment if lost or would materially increase GM's costs if required to be replaced.

13.13 Acquisitions made during and after the Report Period

For further details regarding a development in the segment during the Report Period, see Section 13.1 above. No further acquisitions were made after the Report Period and up to the Report Release Date.

13.14 Competition

As of the Report Release Date, there are approx. 300 certified global data center providers worldwide, ranging from large public companies to smaller private companies.

As noted above, GMG's operating data centers are situated in Norway and England. However, approx. 89% of its revenue originates from international customers.

Furthermore, the Nordic Countries, and Norway specifically, have vast renewable energy sources, at low cost compared with the rest of Europe, a cold climate, a stable political environment, as well as extremely low seismic activity. In addition, the Government of Norway supports the industry. All of these factors make the Nordic Countries and specifically Norway a highly competitive and attractive place for the operation of data centers. The key players in the industry in Norway are Lefdal, GM, Stack, Mine Datacenter and Bulk Infrastructure, with Stack being the largest company in the sector. According to GM's estimations, its market share in the sector in Norway is approx. 39%.

GMG also competes against other international data center players in Europe, with GMG acting vis-à-vis international customers with the purpose of them having their data center operations set up in Norway, *in lieu* of the industry's traditional markets in Europe. In this context, it is noted that the traditional markets in Europe

mostly demonstrate weaker performance as pertains to sustainability (in aspects of renewable energies and PUE[87]).

13.15 Production Capacity

GM operates four server farms in Norway and, as of the Report Release Date, has undertaken to provide approx. 148 MW to customers that have contracted therewith, for an average term of approx. 7 years.[88]

One of the U.K. Companies acquired leases, under a long-term lease from a third party that is not related to the Company, land on which a data center is built, in relation to which it has engaged in lease agreements with its customers for an average term of approx. two years and for a total volume of approx. 7 MW. As specified above, work on the expansion of the site continued during the Report Period.

Group companies in the Data Center sector have future construction and development potential, on these sites and on additional lands, of approximately 1GW. It is clarified that the aforementioned refers to various lands, each of which is in a different status in terms of the Group companies' rights (including lands that have not yet been purchased by the Group companies, such as: lands for which purchase negotiations are underway and/or lands for which option agreements and/or conditional purchase agreements have been signed, as well as lands owned by the Group companies or leaseholds in favor of the Group companies). It is clarified that the aforementioned lands are in different stages in terms of planning status, availability of electricity and/or approval of electricity allocation. It is further clarified that prior to the commencement of construction of projects on these lands, the Group companies are required to arrange, in relation to each land, *inter alia*, ownership or leasehold rights, planning and/or construction permits and/or other relevant permits, as well as the actual allocation of electricity. It should also be clarified that no agreements have yet been signed with customers and/or financing entities in connection with the construction of projects on these lands.

13.16 PP&E, real estate, facilities

Data center facilities are intended to host and support the services rendered thereby. Data centers are mostly composed of hardened buildings, power distribution systems and complementary power sub-systems, power switching backup generators, cooling and ventilation systems, and more.

As noted above, GM is presently operating four data centers in Norway. One of these is located in an underground structure that previously served as a NATO ammunition storage facility and leased under a long-term lease agreement until 2079, whereas the other three data centers are on GM-owned land. Furthermore, GM owns additional land and has entered into agreements that grant it rights to buy more land across Norway.

13.17 Raw materials and suppliers

Operating data centers is energy intensive and thus depends on power supply as well as the ability to transmit power to the data centers. While power can be purchased from a large number of alternative suppliers, the transmission of power to each data center depends on the local power transmission provider in the area of the data center. Therefore, future growth depends to a certain degree on each such provider having sufficient capacity for power transmission to the relevant data center.

13.18 Environmental risks and management methods thereof

[87] PUE (Power Usage Effectiveness) – The ratio between the total amount of energy used by the data center and the energy serving the computing equipment in the data center.
[88] Excluding campuses under construction.

The operations in the segment are subject to laws and regulations regarding environmental protection, the storage, management and disposal of hazardous substances, emissions into the air and discharges into water, cleaning of polluted sites, noise restrictions, and more. Such laws and regulations were announced by various regulatory bodies and pertain to various aspects, including the use of generators, batteries and fuel storage. To the best of the Company's knowledge, the operations in the segment comply with such laws and regulations but are potentially exposed to environmental risks that may lead to significant costs due to fines and other sanctions, cleaning costs and third party suits for damages, as a result of violation or liability under laws and environmental regulation.

Furthermore, the operations in this segment require the receipt of permits and/or other Government approvals and the development of action plans in relation to the use of generators or in relation to other actions. Such requirements may limit the operations or delay the development of data centers in the future. In addition, from time to time, regulatory changes that pertain to environmental protection and may result in significant costs for compliance with the provisions of the law.

As noted above, the data center industry is characterized by consumption of vast amounts of power and the industry's growth brings with it challenges, as the availability of power produced from renewable energies is limited. An EU directive prescribes that the heat generated by data centers should be deemed a resource and therefore measures should be taken to reuse it. GM has two projects in which it develops solutions for reuse of the heat.

To the best of the Company's knowledge, GM is not exposed to legal or administrative proceedings related to environmental protection, other than possible exposure to fines in immaterial amounts imposed on the Company for failure to obtain generator use permits. In this context, it is noted that applications for these permits were submitted during the Report Period and the permits are expected to be obtained in 2026.

13.19 Goals and business strategy

For the Company's goals and the Group's strategy, see Section 29 of this Chapter A.

13.20 The following table presents a summary of data about a material income-producing building of the Group in the data center segment as of 31 December 2025, as appraised by the CBRE appraisal firm using the discounted cash flow (DCF) method:

Name and Features of Property			Year	Information Item											Under Section 8B(I) of the Regulations (as applicable)
				Fair Value/Book Value at End of Period (NIS in millions)	Rental Income during the Period (NIS in millions)	Actual NOI during the Period (NIS in millions)	Rate of Return (%)	Adjusted Rate of Return (%)	Return on Cost (%)	Ratio of Property Value to Debt (LTV)	Revaluation Gain (Loss) (Consolidated) (NIS in millions)	Occupancy Rate as of End of Period (%)	Average Monthly Rent per Sqm from Primary Use (NIS)	Ratio of Average Tenant Sale per Sqm to Average Rent per Sqm	Additional Assumptions Underlying the Valuation
GM - Hamer[89]	Region	Norway	2025	3,945	326	276	7%	7.95%	8.57%	34%	211	100%	1,550	N.A.	Rental income discount rate – 7.35%
	Functional Currency	NOK	2024	3,621	83	61	1.68%	8.18%	1.89%	-	256	100%	1,607	N.A.	Rental income discount rate – 7.75%
	Primary Use	Data Center													
	Construction Cost (NIS in millions)	3,221													
	Corporation's Share (%)	100%													

* Mr. Chris Angel is a RICS-qualified surveyor, a senior director at the firm CBRE.

[89] Property completed and occupied in 2024.

14. The rental housing in Israel segment

14.1 General information on the operating segment

14.1.1 General

The Group's operations in the rental housing in Israel segment focus on the development, acquisition, lease, management and maintenance of projects designated for long-term rental housing, as well as the operation and provision of high-standard related residential services (community management, security, apartment fit-out, business services, and so forth).

As of the Report Date, the Group has five projects (some active and some at stages of construction), as well as an additional future project, as specified below:

#	Name of Project/Property	Number of Residential Units	Project Status	Estimated Completion Date (Year)	Project Description
1	Modi'in Residences	67	Active	-	An active project consisting of 67 residential units, with a GLA of 112approx. 8,699 sqm and an average apartment size of 130 sqm. As of the Report Date, the occupancy rate of the residential units in the project is 97%.
2	Azrieli Town Tel Aviv	210	Active	-	July 2022 saw the beginning of tenant move-ins into the Azrieli Town Tel Aviv project, which comprises 210 residential units, with a GLA of approx. 20,184 sqm and an average apartment size of 76 sqm. As of the Report Date, the occupancy rate of the residential units in the project is 82%. The project includes 21 affordable residential units, and the remaining units are on the private market. The project is included in benefits under the Encouragement of Capital Investment Law, as stated in Section 26.1.4 below.
3	Modi'in – West Complex	80	Operating	-	In 2024, tenants began to move into the project, which comprises 11 residential floors that hold 80 residential units, with a GLA of approx. 5,200 sqm and an average apartment size of 63 sqm. As of the Report Date, the occupancy rate of the residential units in the project is 100%. The project is included in benefits under the Encouragement of Capital Investments Law, as stated in Section 26.1.4 below.

4	Herzliya Glil Yam	147	Under construction	**2028**	See Section 7.7 above.
5	Spiral Tower (Tel Aviv)	89	Under construction	**2028**	The Spiral Tower, which is under construction, is expected to include, *inter alia*, approx. 89 residential units, with a GLA of approx. 8,900 sqm and an average apartment size of 100 sqm.
Future project					
	Abraham Hostel (Tel Aviv)	110 (preliminary estimate)	Future	-	The work in the project is scheduled to begin in 2029. Since the property is mostly leased under a long-term lease, as of the Report Date the property is included in the leasable office and other space segment.
Total		**703**			

For further details with respect to the properties, see Sections 7.7 and 7.8 of Chapter A hereof.

The Company's estimations in this Section 14.1.1 with respect to the date of commencement of tenant move-ins and the number of residential units in the Spiral Tower and Abraham Hostel projects, and the projected commencement of work at Abraham Hostel, constitute forward-looking information as defined in the Securities Law. Such information is based, inter alia, on assessments and estimates of the Company, as well as licenses and permits planned to be obtained, the materialization of which is uncertain and beyond the Company's control. Actual results may materially differ from the above estimates for various reasons, including failure to meet design and construction targets, failure to obtain or delays in the receipt of licenses and permits from the regulatory authorities and a decrease in the demand for rental apartments.

Some of the projects in the segment are designated for both private-market tenants and Eligible Persons[90] with the aim of leasing residential apartments on a long-term basis in accordance with the Planning and Building Law (Amendment 120), 5778-2018.

The tenders for construction and operation of projects in the rental housing in Israel segment specified various restrictions, including the following: The residential units that shall be built are designated for long-term rental housing for the periods specified in the tender; a fixed rate of the residential units shall have controlled rent for Eligible Persons, a mechanism for the determination of which is determined by the tender; restrictions pertaining to the term of the engagement with the tenants; restrictions pertaining to the amount of maintenance fees and the ability to raise the rent, etc. For further details about the restrictions that apply to long-term rental housing projects, see Section 26.1.4 below.

In accordance with the aforesaid, the lease contracts in such projects of the Company to which the said restrictions will be relevant will generally include an initial lease period of around five years as well as a tenant option for additional aggregate lease periods of at least five years. For tenants eligible for a reduced rent, the rent will be 20% less than the price determined by a government appraiser and will not exceed the reduced rent cap.[91]

[90] As defined in the Sixth Schedule to the Planning and Building Law, 5725-1965 (the "**Planning and Building Law**").
[91] The national average price of uncontrolled rent for a 4.5-5 room apartment according to CBS publications, multiplied by 1.1.

14.1.2 Structure of the operating segment and changes therein

The Group operates, as aforesaid, in development, acquisition, lease, management and maintenance of long-term rental housing projects. This operating segment is affected, *inter alia*, by macroeconomic changes, changes in demand trends and changes in the Construction Input Index.

Over the past decade, and even more following the adoption of the recommendations of the report of the Committee for Socioeconomic Change (the "**Trajtenberg Committee**"), Israel began taking several measures to encourage residential construction that is designated for long-term rental. Such measures yielded a host of new regulatory arrangements that concern planning, taxation and the policy for management of state-owned land, as part of which, 2013 saw the formation of a special-purpose government-owned company dedicated to the issue: "Apartment for Rent – The Governmental Company for Housing and Rental Ltd.".

In this context, several regulatory schemes were executed, aiming to expand the rental market and advance the formation of a long-term rental market, including: (1) as aforesaid, the "Apartment for Rent" project, formation of a special-purpose government-owned company to promote rental housing as part of the national housing project as well as projects overseen by the Ministry of Housing; (2) amendment of the Rental and Borrowing Law, 5731-1971 (the "**Rental Law**"), which regulates, *inter alia*, the relationship between tenants and landlords, insofar as the lease agreements do not expressly specify otherwise, and also prescribes mandatory provisions with respect to residential rentals. The Rental Law imposes duties on the landlord and the tenant, including provisions regarding the obligation to repair the leased premises and remedies for failure to repair, use of the leased premises, rent payment dates and general provisions regarding the term of the lease, transfer of the lease and transfer of the leased premises; (3) additional planning and building legislation amendments, including legislation that allows for the construction of rental housing on public land as well as regulations that require the construction of rental apartments under large-scale zoning plans that are approved by the National Planning and Building Committee; (4) taxation legislation aimed at encouraging the development of an institutional rental housing market, including an amendment to the "REIT Law" – Amendment 222 to the Income Tax Ordinance, the purpose of which is to encourage the formation of funds for investment in real estate for rental housing purposes and aiming for the development and perfection of a long-term rental housing market and allowing households to invest in the housing market without the need to actually purchase and manage property; (5) amendments to the Affordable Housing Law and to the Rental Law.

The outcome of the aforesaid policy is the creation of competition in the rental housing market, which includes the activity of many small entities (individuals) or companies, engaged in the development, identification, design, construction, and maintenance of properties designated for rental housing. For further details about the competition in the rental housing market, see Section 14.2 of this Chapter A.

According to the Central Bureau of Statistics (CBS), approx. 66% of all households own at least one apartment. Furthermore, about 70.6% of households live in an apartment they own, with the others living as tenants without rent control (and a low percentage live in state-owned public housing and other unique residential arrangements). The percentage of households living in leased properties (approx. 28.8%) varies according to geographic region – about one half of renters live in the Tel Aviv and Central Districts, with the Tel Aviv District having the highest percentage of renters[92]. The Israeli rental market is characterized by small apartments and small households, such that approx. 62% of rented apartments have two or three rooms, and approx. 69.3% of households in rented apartments house no more than 3 people[93]. Such households form the basis for the current demand for rental housing.

[92] See the following link: Link. [in Hebrew]

[93] Published by the CBS on 29 December 2021: Physical Assets of Households – Characteristics of Residential Apartments, Findings from a Long-Term Survey 2018-2019; see the following link: https://www.cbs.gov.il/he/mediarelease/DocLib/2021/445-1/15_21_445b.pdf. [in Hebrew]

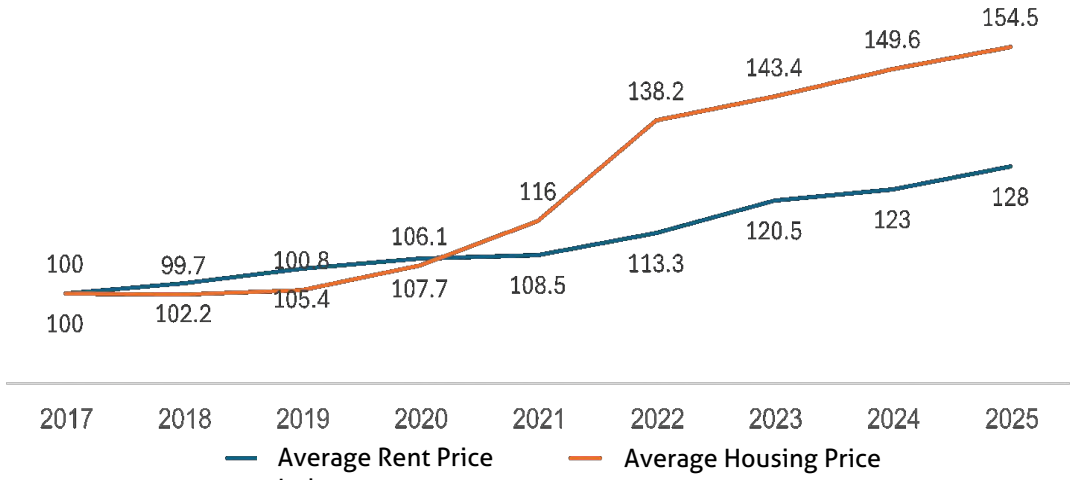
Moreover, despite the size of the rental housing market in Israel, this market remains chiefly held by private investors, and unlike the situation in OECD countries, no significant institutional rental market alternative thereto has developed. In recent years, the number of investors who purchase additional residential apartments for investment purposes has even risen. Such increase in the acquisition of apartments for investment affects the increase in the price levels of owned housing and rent. Additionally, the rise in apartment prices has eroded the ability of households to purchase residential housing, sending them to the rental market. However, it seems that recently, there has been a certain slowdown in housing prices, in view of a decrease in the volume of apartments sold, a slowdown in construction starts, including in the marketing of land for construction by the State.

The Company's estimations in this Section 14.1.2 in connection with an increase in the volume of operations in the long-term rental housing market in Israel resulting from the promotion of regulation are subjective assessments *only and constitute forward-looking information, as defined in the Securities Law. Actual results and effects may materially differ from the aforesaid estimations and what they imply, for various reasons, and, inter alia, economic crises, lack of demand for rental apartments with a finishing standard identical to the finishing standard typical of the apartments marketed by the Company.*

Trends in the Israeli housing market:

(a) <u>Increase in housing prices versus rent prices</u>

The following chart shows data from recent years, with respect to the development of the increase in apartment prices compared with the increase in rent prices:[94]



In the Company's estimation, the said gap between the increase in apartment prices and the increase in rent prices reflects the increasingly growing gap in households' ability to purchase residential housing, sending them to the rental market, considering, *inter alia*, the improvement witnessed in recent decades in the financial position of households in Israel, which allows for the leasing of an apartment that fits the needs of the household, as well as the rise in inflation and the increase in the Prime interest rate (characterizing the years 2020-2023) which renders mortgages more costly for those seeking to buy housing.

(b) <u>Housing alternatives – an ownership model versus a rental model</u>

In many of the world's countries, rental housing is deemed interchangeable with owned housing, and it diversifies the solutions found on the market. The choice between owning or renting housing depends, among other things, on the residents' point of view, preferences, income and the supply to

[94] CBS, Ministry of Housing and public releases.

be found on the market. Ownership seemingly offers clear advantages – the purchase of an apartment is an economic investment which allows, in addition to use of the residential unit, also for the accumulation of wealth, by savings and by capital gains as the value of the property increases. Furthermore, ownership of an apartment confers social status and a sense of accomplishment and success. The disadvantages of the ownership model primarily have to do with the financial and administrative burden of buying and maintaining an apartment, a burden that may be particularly heavy in times of uncertainty and interest rate rises.

The rental market offers a solution for individuals who do not wish to chain themselves financially to a specific property for many years, and greater flexibility in their choice of residential location, and consequently greater flexibility in their choice of places to study and work. In addition, leasing facilitates a better match between the required apartment size and the household size and eliminates the need to invest a considerable part of the household's resources in a single property.

In the Company's estimation, an increase in financing costs has had substantial effect on the ability of households to purchase residential housing and on the preferences of households as concerning the housing options available to them. The trend of rising interest rates has adversely affected households' purchasing power and monthly repayment capacity, and therefore households may prefer the rental model that offers them financial flexibility.

(c) Need for long-term rentals

The main existing rental market is characterized by contracts for terms that are significantly shorter than tenants' needs and the duration of their residence – more than 90% of the agreements on the rental market in 2015 were signed for a term of just one year, whereas, in practice, more than one half of tenants live in a rented apartment for 3 years or more.[95]

Given these figures, a long-term rental model constitutes a preferable alternative to the private rental model for households, because it offers stability and certainty during the term of the lease and balanced terms and conditions between tenant and landlord, which ensure a proper housing standard and ongoing maintenance.

As of the Report Date, there are several principal avenues for long-term rental apartments:

The Authority for Investments and Industrial and Economic Development (the "**Authority**"): The unit tasked with the supervision and issuance of letters of approval to entrepreneurs seeking to receive the benefits of the Encouragement of Capital Investments Law. Between 2011 and 2020, the Authority approved 423 applications that included the construction of 10,038 residential units. About two thirds of the applications (6,071 residential units) were in the Central district, approx. 12% of the applications (1,549 residential units) were in the Jerusalem district, and the remainder were in the northern and southern districts. 112 applications comprising 2,466 residential units were approved in 2022, and 247 applications comprising 5,402 residential units were approved in 2023.

"Apartment for Rent" (*Dira LeHaskir*): A government-owned company established in 2013 for the promotion of rental housing, which serves as an executive branch for the purpose of advancing and planning rental housing projects. The company's goals were defined as the identification of development sites, promotion of statutory planning, execution of proprietary arrangements, management of marketing in the context of tenders, and operation of supervision and control mechanisms over the winners of tenders.

REITs: REITs are funds that operate under the Income Tax Ordinance, wherein they are defined as a "fund for investments in real estate" that constitute a capital investment instrument. Such funds allow the public to buy shares of the fund, which is required to invest its resources in real estate and

[95] See the following link: https://www.megureit.co.il/uploads/articles/pdf/rent.pdf.

distribute its profits among the shareholders. The fund's activity is underpinned by a one-phase taxation model that views the shareholders as direct investors in the company's ventures. In 2016, the Income Tax Ordinance was amended (Amendment No. 222) to allow for REITs' activity in the long-term rental housing sector through the acquisition of real estate for purposes of rental housing.

(d) Transition from product consumption to service consumption

Recent years have seen the trend of transitioning from product consumption to service consumption, based on long-term engagements while providing comprehensive and supplemental solutions (servitization). Part of this trend originates, *inter alia*, from the willingness of Gen Y-ers and Gen Z-ers to pay for quality services. In accordance with the said trend, the Company provides its customers with comprehensive supplemental services in the form of solutions for day-to-day needs, both in terms of services (workspace, fitted-out apartments, community life, vehicle charging stations, events and activities, etc.) and in terms of bureaucracy vis-à-vis the authorities.

(e) Housing shortage

For years, the gap between the pace of housing starts and construction completions and the growth in the number of households in Israel reflected a decline in supply alongside increasing demand for housing, particularly in the central region. This trend has created a persistent housing shortage in Israel but has eased over the past two years.

Building permits and housing starts: During the period from October 2024 to September 2025 (in this section: the "**Period**"), building permits were issued for 81,600 housing units, representing an increase of approx. 10.9% compared with the same period last year. During the Period, construction also commenced on approx. 81,000 housing units, an increase of 31.5% compared with the same period last year. Approx. 48.1% of all housing units whose construction commenced are located in the Central and Tel Aviv districts (25.3% and 22.8%, respectively). Approx. 19% of the housing units whose construction commenced are designated for rental.

Construction completions: In comparison with housing starts, during the Period construction was completed on approx. 57,740 housing units, representing an increase of approx. 4.3% compared with the same period last year.[96]

In the Company's estimation, the aforesaid trends may lead to a rise in the demand for the Company's projects for long-term rental of residential units, coupled with comprehensive related services for the tenants' daily needs. The Company estimates that the projects will meet the present and future need of many households, in high-demand areas, for stability and certainty during the term of the lease, and for balanced terms and conditions between tenant and landlord that ensure a proper housing standard and ongoing maintenance, while not being required to have the substantial capital that is needed under an ownership model.

The information included in this Section 14.1.2 with respect to the general environment, the external factors that affect the housing market, including trends and the Company's estimations, which is based on the Company's subjective assessments and estimates and the present and future need for the Company's projects, is forward-looking information, as defined in the Securities Law. The Company's estimations take into consideration past experience as well as publications and surveys that were written by professionals in connection with the rental housing in Israel segment, as specified above. Such data are merely estimates and may be incomplete, but, in the Company's estimation, may provide a general picture of the market in which the Company operates. Given the aforesaid, and due to the fact that these

[96] Source: Housing Starts and Construction Completion in the Period between October 2024 and September 2025 (see publication on the CBS website – 18 December 2025).

factors are beyond the Company's control, actual results may differ from the aforesaid estimations, inter alia due to the materialization of any of the risk factors specified in Section 31 of Chapter A hereof.

14.1.3 Restrictions, legislation, standards and special constraints applicable to the operating segment

This operating segment is primarily subject to land law, planning and building law, the Rental and Borrowing Law and government policy in relation to the encouragement of long-term rentals. For details regarding the restrictions, legislation, standards and other constraints applicable to the Group's operations in this segment, see Section 26.1.4 of this Chapter A.

14.1.4 Changes in the volume and profitability of the operations in the segment

The Israeli real estate development sector is characterized by competition and the activity of many players, including public and private real estate companies that operate both nationally and internationally, small entrepreneurial companies with local operations and acquisition groups.

Competition in this sector focuses on the various construction sites, both at the stage of enterprise and identification of the land, and in the advanced stages of construction and marketing of the projects. Profitability in the residential real estate sector and the volume of the sector's operations are primarily affected by the supply of apartments, the demand for housing and the factors that affect them.

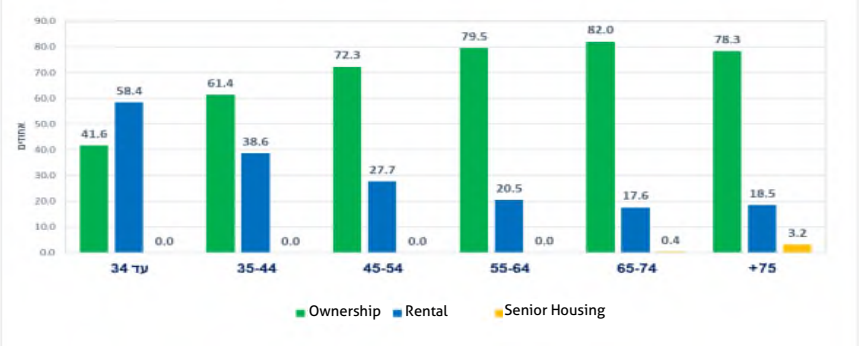
14.1.5 Developments in the markets or changes in customer characteristics

As may be seen in the chart below[97], rented residences are typical of younger households and households consisting of a single parent with minor children. According to a CBS survey in connection with the characteristics of households in Israel, approx. 73% of tenants are single individuals under the age of 40 (after the age of 40, this rate is approx. 35%). Approx. 71% of couples without children where the age of the older spouse is 40 also rent their residence (after the age of 40, this rate is only 16%). Furthermore, approx. 45% of families that consist of single parents with children under the age of 18 live in rented apartments[98].

A Central Bureau of Statistics document[99] indicates that the percentage of people living in rented apartments is particularly high up to the age of 34. For ages 35 or older, the rate of households that rent their residence decreases.

[97] Click the Link. [in Hebrew]
[98] See Footnote 96, *supra*.
[99] CBS – Apartment Ownership 2013-2023, Link. [in Hebrew]

Chart 10 – Apartment Ownership by Apartment Holder Age Group (%), 2023



As of 2025, the projects developed by the Company include a diverse mix of apartments, with an emphasis on 2- to 5-room apartments.

14.1.6 Critical success factors in the operating segment and changes therein

In the Company's estimation, the principal factors that will contribute to the success of the rental housing in Israel segment are, *inter alia*: (1) The ability to find and buy land in the required volume in a highly competitive market on favorable terms, *inter alia*, by buying land from developers that have received permits and licenses; (2) Many years of experience in the real estate sector, coupled with experience and knowledge in the management, development and operation of complex compounds; (3) A positive and proven reputation; (4) The promotion of collaborations with strategic players in the rental housing sector; (5) Availability and high responsiveness to the tenants' needs while ensuring a high standard of related services; (6) Introduction of the standard and range of services provided by the Company to the demographic of potential tenants; (7) The location and geographic dispersal of the properties; (8) Financial soundness, availability of financing resources and ability to finance on optimal terms; (9) The quality and soundness of the tenants; (10) The ability to deploy effective collection measures and the receipt of sufficient collateral from tenants; (11) Holding a mix of apartments according to forecasted demand; (12) Finding land in high-demand areas for the development and construction of projects in the operating segment; (13) Competitive prices; (14) Regulatory aspects.

14.1.7 Key barriers to entry and exit in the operating segment and changes therein

In the Company's estimation, the key barriers to entry in the rental housing in Israel segment are, *inter alia*: (1) access to financing sources, capital, debt and financial soundness; (2) knowledge, experience and a positive reputation; (3) specialization in development and ability to manage and operate large-scale real estate operations from a long-term perspective; (4) available land reserves in areas that are in high demand for rental housing.

In the Company's estimation, the key barriers to exit in the operating segment are: (1) the disposal of real estate being subject to the conditions of supply and demand in the market; (2) in tenders that are marketed by governmental or municipal bodies – endorsement of the rights by the winner is subject to various regulatory approvals.

14.1.8 Structure of the competition in the operating segment and changes therein

For a description of the structure of the competition in this operating segment, see Section 14.2 of this Chapter A.

14.1.9 Acquisitions made during and after the Report Period

No acquisitions were made during and after the Report Period.

14.2 Competition

To the best of the Company's knowledge, there are multiple players operating in the rental housing sector in Israel, most of which operate in specific geographic areas, rather than having a national presence. In recent years, upon the issuance of several tenders for rental housing projects by the government-owned company "Apartment for Rent", several players entered the sector, which players, at present, chiefly specialize in the development of residential projects and in commercial income-producing real estate and leasable office space, including medium-sized development companies, real estate investment funds (REITs) and institutional bodies.

In the Company's estimation, the corporate rental housing sector offers an innovative solution in the rental market, both in terms of the level of certainty provided to the tenant with regards to the term of the lease and the conditions of the lease and in terms of the quality of the services that will meet the consumer preferences of the target audiences. The build-to-rent (BTR) market in Europe and in the United States features two principal residential options: (1) A community residential experience: A residential model of small apartments, with an emphasis on a high finishing standard and investment in the common areas. The apartments are mostly built in high-rise buildings in central locations or relatively suburban locations. The apartments are of minimal size with the emphasis being on the building of developed common areas, such as workspace, areas for entertainment and leisure and so forth; (2) Multifamily: Residential complexes wherein each of the residential units are designated for rental and are owned by one entity.

Competition in the rental housing segment revolves around several parameters, and mainly: (1) The geographic location of the residential rental apartments and the level of demand for residential rental apartments in such areas; (2)The level of rent and management and maintenance costs; (3) The quality of the rental apartments and the standard of the related services provided; (4) The reputation of the landlord; (5) Entry into the market by other competitors.

The Company intends to contend with the competition in the segment by: (1) Utilizing its ability to create retail space or other public areas the demand for which rises as a result of the demand for long-term rentals; (2) Generating a critical mass of rental properties in the segment in order to attain economies of scale and utilize the Company's strengths as pertaining to professional operations management; (3) Focusing on projects that will generate long-term value, such as projects that are close to developing business zones, and on hubs that may promote development, and so forth.

The significant difference between the Company and its various competitors lies in its ability to create retail space, and other public areas, the demand for which rises as a result of the demand for long-term rental apartments, as well as in its specialization in real estate management and the provision of high-standard related services.

14.3 Seasonality

To the best of the Company's knowledge, seasonality has no impact on the rental housing in Israel segment. However, in areas of demand characterized by families with young children, demand and tenant turnover increase during the summer months towards the beginning of the school year.

14.4 Goals and business strategy

For details regarding the Company's goals and the Group's strategy, see Section 29 of this Chapter A.

15. Income-producing real estate – additional operations

15.1 Hospitality

15.1.1 Current Operations

As part of the Company's business strategy, the Company periodically examines entry into operating sectors that are related to its income-producing real estate operations. In 2019, the Company considered expanding its operations into the hotel industry, and following an examination process, on 9 February 2020, the Company closed the acquisition of the Mount Zion Hotel in Jerusalem (in this section: the "**Hotel**").
From the date of closing of the acquisition until 17 March 2020, the Company operated the hotel through a wholly-owned management company. Operation of the hotel included current management and operation, including the provision of overnight stay services, food and beverages, leisure and other hospitality services.

On 17 March 2020, the Company closed the activity of the Mount Zion Hotel in view of the directives encumbering the activity of hotels due to the Covid crisis. As of the Report Release Date, the Company is working on planning the renovation of the Hotel and the exercise of the building rights for expansion of the Hotel to include 247 rooms/suites and an underground parking garage that includes around 210 parking spaces. Renovation and expansion of the Hotel are subject to receipt of a building permit and a shoring and excavation permit was obtained in November 2021 and the work has begun. After the renovation and expansion of the Hotel, the Hotel is expected to reopen.

In April 2025, a building permit was obtained for the entire hotel and construction work began. During the Report Period, an agreement for management of the Hotel was signed with the Kempinski Chain.

In addition, in2023, the Company acquired the Red Rock Hotel in Eilat. For further details, see Section 1.3.6 of Chapter A of the 2023 Periodic Report.

As part of the Company's activities in the hotel industry, the Company plans to build hotels as part of projects owned by the Group, characterized by a mixed-use and granting, among other things, building rights for hospitality designation, as follows: Development of a hotel in the city of Modi'in (the West Complex), located near the Azrieli Modi'in Mall, with ~85 hotel rooms and suites, which has been leased out to a third party and was opened in 2025; as well as development of a hotel within the expansion of the Azrieli Center (the Spiral Tower) in Tel Aviv, which is expected to include approx. 250 hotel rooms and suites, with respect to which a non-binding MOU has been signed for the engagement in a management agreement with an international hotel chain. Following a process of examination related to the operating model for Company-owned hotels, the Company has decided that some of them will be leased out to third parties and be classified as investment property, and others will be managed by known and reputable hotel management companies and be classified as PP&E .

The Company's estimations regarding the construction of the hotels as set out in this section constitute forward-looking information, within the definition of this term in the Securities Law, based on subjective assessments by the Company as of the Report Release Date, and there is no certainty that they will materialize, in whole or in part, or they may materialize in a materially different manner, inter alia, due to factors beyond the Company's control, including changes in market conditions, in the hotel industry and in the construction industry and/or upon the occurrence of any of the risk factors listed in Section 31 below.

15.1.2 General environment and the effect of external factors on the Company's operations

The Company's hotel operations are expected to concentrate on the Israeli hotel market; therefore, the Company is exposed to changes in the Israeli economy as a whole, and in the hotel industry in particular.

The Company's revenues from hotel operations are expected to derive from the accommodation of tourists from Israel (in this section: "**Domestic Tourism**") as well as from tourists from different countries of the world (in this section: "**Inbound Tourism**").

The significant and unique factors that may affect the Company's business results in the hotel industry are as follows: (1) Political-security related events: Since the Company's activity in the hotel industry is expected to concentrate in Israel, deterioration in the security situation, hostilities and political and military conflicts between Israel and its neighbors could lead to a decline in demand for hotel services (both foreign and domestic tourism), thus adversely affecting the state of the tourism industry in general and the Company's business in the hotel industry in particular; (2) Economic situation in the Israeli and global economy: The population's consumption habits are directly influenced by the economic situation in Israel as well as worldwide. A global or local economic crisis and economic instability can lead to a decline in general consumption and especially in consumption in the leisure and recreational field, which includes the hotel industry; (3) Limitations on the opening and/or operation of hotels similarly to those imposed during the Covid pandemic.

15.1.3 Structure of and changes in operations, and changes in the scope of operations100

The hotel industry is considered a volatile industry, quickly affected by economic changes. Moreover, the industry consists of many operating inputs, thus containing inherent operational risk.

In the Report Period, the supply of hotels in Israel decreased, such that in 2025, there were 437 tourist hotels in Israel, compared with 445 hotels in 2024.

In addition, the number of guest rooms, as of December 2025, was estimated at approx. 53,000, compared with approx. 55,300 rooms in 2024. The average annual room occupancy rate in 2025 was 53% (including residents evacuated to hotels following the War)[101], compared with approx. 61% in 2024), and broken down by select districts, room occupancy rates were found to be as follows: South District (69%), Tel Aviv District (51.3%) and Jerusalem District (39.4%).

The industry is characterized by intense competition, especially in the demand areas. The multiplicity of competitors, at all levels, increases the need for companies operating in the industry to specialize in the operating markets, in marketing, branding and for high operational efficiency, in order to increase profitability rates from operations. In addition, the industry is significantly exposed to seasonal trends, so that in strong seasons, the hotels must also cover the operating costs of the weaker seasons, some of which are fixed costs or minimum necessary costs. Regulation is also a significant factor in some cases, as activity in the industry is subject to numerous legislative provisions and government decisions, which can affect supply and demand in the industry, service prices, scope of investments and more.

[100] This information was taken from the following sources:
Midroog – Hotel Companies Rating – Methodological Report 2016 – Link. [in Hebrew]
Globes – 2019 Brand Index – Link. [in Hebrew]
Israel Hotel Association website – Link. [in Hebrew]
CBS – Overnight Stays in Tourist Hotels 2025 – Link. [in Hebrew]
[101] This figure is significantly lower in comparison with 2019 (the last year before the Covid pandemic), in which this figure was 70.

15.1.4 Market developments or changes in customer characteristics

As mentioned, the hotel industry in Israel enjoys both Domestic and Inbound Tourism.

According to CBS data, after the recovery in 2022 compared with 2021, with the total number of overnight stays in hotels in Israel in 2022 estimated at 23 million[102], 2023 saw the uptrend in Inbound Tourism continue until the outbreak of the Swords of Iron War, whereas in 2025, the total number of overnight stays dropped to approx. 19.6 million (including evacuees).

In this context, the CBS has estimated that approx. 86% of all overnight stays in 2025 were attributable to Domestic Tourism, with the number of Israelis' overnight stays at 16.9 million compared with 19.2 million overnight stays in 2024. Conversely, the number of overnight stays by Inbound Tourists was 2.8 million in 2025 (compared with around 1.9 million overnight stays in 2024).

In recent years, several major trends have been observed in the hotel industry in Israel, attributed to customer characteristics and preferences, among others: (1) Changes in customer expectations: An increase in the importance of the level of service, the desire for a hospitality experience that combines culture, leisure, culinary and more; (2) Integration of technologies: A trend of adapting hotels to technological changes and developments, integrating technologies in the services offered, among other things, transition to the execution of online bookings used as the key marketing and sales tool; (3) Branding: Focus on branding and creating the characterization of the hotel according to its geographical location, target audiences and its surroundings.

15.1.5 Critical success factors

The Company estimates that there are a number of critical success factors in the hotel industry, including: (1) Location of the hotel: Operation of hotels in attractive locations; (2) Expansion and upgrading: In the event of the acquisition of an existing hotel and in particular in connection with the Mount Zion Hotel – investment in expansion, renovation and the interior and exterior design of the hotel, for its positioning as a luxury brand; (3) Customer experience: Emphasis on a high level of hospitality, courteous service, ensuring food quality and offering a wide range of services to customers; (4) Integration of technologies: Investment in information systems and technology, to improve operational efficiency and profitability; (5) Seizing business opportunities: Locating profitable deals and exploiting business opportunities in the hotel industry; (6) Goodwill and branding: Creating a positive branding and goodwill, among other things, through high standards of construction and service, attribution of positive values, such as: quality, enjoyment, luxury, appropriate value for money; (7) A wide range of customer services: Offering a wide range of customer services, including: shops, restaurants, spa, health club, conference and event halls, swimming pools and more; (8) Maintenance and operations: Financial strength for financing ongoing high-level maintenance.

15.1.6 Main barriers to entry and exit

The Company estimates that the main barriers to entry and exit in the hotel industry are as follows:

Barriers to entry: (1) Obtaining approvals and permits for opening a new hotel and the time required for its establishment; (2) Obtaining regulatory approvals and licenses during the hotel's ongoing operations after its opening; (3) Access to business opportunities; (4) Capital required for the ongoing maintenance and renovation of the buildings and equipment; (5) Positioning, branding and establishing customer

[102] Despite the recovery, this figure is still low compared with 2019 (the last year before the Covid pandemic), in which this figure was 25.5 million overnight stays.

audiences; (6) Creating and maintaining a new and successful brand given the competitiveness in the industry and alongside the veteran chains, which enjoy great reputation.

Barriers to exit: (1) Realization of hotel assets, most of which are of significant value; (2) Statutory difficulty and complexity in changing a hotel designation for other purposes; (3) Cancellation or termination of existing rental and management agreements, engagements with suppliers and more.

15.1.7 Substitutes

In recent years, hospitality alternatives have been expanding, and the main alternatives today include: (1) Private properties: privately owned properties, which are rented for short periods, both independently (e.g. sublet) and through brokerage sites (such as Airbnb); (2) Guest houses, boarding houses and field schools; (3) Hostels. It should be noted that these alternatives appeal to certain market segments and are distinct from the Company's planned activity in the hotel industry in both the nature and level of hospitality and in the customer experience.

15.1.8 Competition

The hotel industry in Israel is characterized by high competitiveness. Competitiveness in the field exists on a variety of levels, including at the individual hotel level in relation to other hotels at and around its level, in a specific hotel category (e.g. luxury hotels, boutique), at a geographical level (specific region), national, regional (the Mediterranean) and international level (tourism in Israel relative to other destinations around the world). Private properties, serving as an alternative to short-term rentals, pose competition for hotels, especially in Tel Aviv and Jerusalem and in respect of a particular market segment. The same is true of guest houses and boarding houses, however, there is a difference in the quality of the accommodation, its nature and in the customer experience and service.

15.1.9 Seasonality

The hotel industry in Israel is significantly affected by seasonality and there are fluctuations in hotel occupancy rates and room rates between seasons. As a rule, the second and third quarters (i.e., April - September), which include warmer months and most of the Israeli holidays, are characterized by higher demand in the first and fourth quarters (i.e. January - March and October - December, respectively). The difference in the income of the hotel industry between the various quarters is due to differences in price levels between the different seasons, according to demand, so that in the second and third quarters prices are higher than their level in the first and fourth quarters. Furthermore, seasonality is expressed differently depending on the regional location of the hotels in Israel and the target population of the hotels.

With the aim of coping with the existing seasonality in the hotel industry, the Company will work to adjust its expenses to expected revenues during the same period, *inter alia*, by adjusting the manpower required for the hotel operations during that period.

16. The residential sales segment

16.1 General information about the operating segment

16.1.1 General information about the residential sales segment

As described above, as part of the Group's growth strategy for expanding into the sector of residential real estate for sale in Israel, the Group entered this sector during the Report Period, by means of and after acquisition of 66.67% of the issued and paid up share capital of ZMH Hammerman, by way of a reverse triangular merger. Since the date of closing of the merger transaction, the Company, through ZMH Hammerman, is engaged, *inter alia*, in the initiation, development, construction, management, marketing, and sale of real estate projects in Israel, including the advancement of urban renewal projects. For further details regarding the merger transaction, see Section 1.3.6 above. As of the Report Date, ZMH Hammerman employs approx. 225 employees[103].

As of the Report Release Date, ZMH Hammerman is involved in 19 projects in various stages of planning, development, construction and marketing, as follows: (1) two residential projects in Ramat Gan; (2) four residential projects in Tel Aviv; (3) a residential and retail project in Nahariya; (4) a residential project in Ramat HaSharon; (5) a residential project in Lod; (6) a senior housing project in Karmiel; (7) a residential, retail, and office project in Givatayim; (8) a land reserve in Hod HaSharon; (9) two projects for residence in Haifa and for retail in Haifa; (10) a residential and retail project in Netanya; (11) two residential and retail projects in Petach Tikva; (12) a residential and retail project in Herzliya. In the aggregate, ZMH Hammerman's projects (including projects in which ZMH Hammerman partners with others) comprise approx. 5,081 residential units and 50,126 sqm of retail space, of which 755 residential units are currently offered for sale (including projects in which ZMH Hammerman partners with others).

ZMH Hammerman is also involved in the advancement and planning of 28 conditional urban renewal projects and in preliminary negotiations on additional projects in this area. For details regarding such projects, see Section 8.12.6.3 above.

The residential sales sector in Israel is wide ranging and diverse. Numerous players operate in this sector, engaging in residential development and construction at varying scales, ranging from small developers who execute single projects with a small number of residential units, to large companies that simultaneously execute multiple projects that consist of thousands of residential units and which maintain a significant land inventory.

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

As noted above, 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), using 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 build on the land buildings under such terms and timetables as stipulated in the agreement);[104] (2) Acquisition of land rights or purchase of shares of a corporation

[103] Of these employees, 105 are employed by Sivan Bitzua Ltd., a company engaged in the performance of contract construction work for third parties in which ZMH Hammerman has a 50% interest.

[104] As part of the development agreement, ILA undertakes that, subject to the buyer's compliance with the terms and conditions of the agreement, ILA will lease the land out to the buyer pursuant to a leasehold agreement to be signed between the parties, for the period stipulated in the leasehold agreement and against the consideration specified therein (in most cases, capitalized lease payments). The development agreement also establishes obligations to comply with deadlines and with the method of completion of construction on the land (and the interim stages therein).
ZMH Hammerman mostly does not enter into such leasehold agreements, but rather directs the buyers of units in the projects it builds on such land ,to engage in lease agreements directly with the ILA, each tenant with respect to the specific unit acquired by him.

holding land rights in consideration for cash; (3) Acquisition of land rights through combination agreements; (4) Participation in residential project tenders 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 Hammerman's strategy; (5) Acquisition of land rights within the framework of "urban renewal" projects – redevelopment sites or NOP (National Outline Plan) 38/2 (*Tama 38/2*).[105]

The construction of redevelopment projects is regulated, *inter alia*, by laws as listed in Section 26 of this chapter, including the Redevelopment Law (Encouragement of Redevelopment Projects), 5766-2006 (the "**Redevelopment Law**"). Such set of laws, chief of which is the Redevelopment Law, was enacted to encourage urban renewal, *inter alia*, by providing a toolset for dealing with recalcitrant tenants (namely, by allowing the institution of legal proceedings against tenants who unreasonably refuse to participate in a redevelopment transaction). Under this Law, as a rule, the required consent rate among the owners of the existing apartments (since 1 January 2022) is two-thirds of all of the apartments. Similarly, NOP 38/2 projects are, as of the Report Date, subject, *inter alia*, to the provisions of the said outline plan, which sets out the arrangements for obtaining building rights in cases of a demolition and reconstruction of a building.[106] As part of the Arrangements Law for the years 2023-2024,[107] an amendment was approved for reduction of the consent rate required among existing apartment owners in such projects to the rate applicable to redevelopment projects (namely, a reduction from 80% to two-thirds of all of existing apartments in the project).

16.1.2 Structure of the operating segment and changes therein

16.1.2.1 Development real estate development and the residential construction sector in Israel

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. Notwithstanding the foregoing, the past year has exhibited a trend toward moderation in the rate of price increases.

The Ministry of Finance, the Ministry of Construction and Housing, and the ILA are responsible for setting the 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 Planning and Building Council and the district and local planning committees. Naturally, the policy adopted by such bodies affects the real estate market and the demand for housing, and, inter alia, affects the scale of public and private residential construction, the State-

[105] In transactions of this type, the developer engages with the holders of the rights to the residential units in an existing building and typically works vis-à-vis the planning authorities to obtain additional building rights for the land. If such rights are granted, the existing structure is demolished and replaced by a new building that is built by the developer. The residential units in the new building are allocated between the original landowners (i.e., the owners of the residential units) and the developer, in accordance with a pre-agreed ratio. In most cases, the commencement of execution of redevelopment projects is contingent upon preliminary procedures (including planning proceedings) that have unique characteristics which, in some cases, may also take a considerable period of time (*inter alia*, a materially long period) 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 tenants to vacate the property and their actual evacuation; (c) the application of a tax arrangement to the owners of the residential units. Mostly, the developer's expenses incurred until the completion of such preliminary proceedings and the commencement of construction of the project are not material in comparison to the overall cost of the project.

[106] In 2019, the National Planning and Building Council 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 promote legislative amendments that would, *inter alia*, provide a basis for alternatives to NOP 38. 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 encourage the demolition and reconstruction of individual buildings (without the need for densification or additions), to remove height restrictions, and to require the allocation of areas for public use. In this context, it is noted that as of the Report Date, the Council approved the extension of NOP 38 with respect to planning areas that satisfied the conditions specified in the National Council's resolutions, until May 2026 or until the date of approval of the superseding plan (whichever is earlier).

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

owned land marketing policy, the pace of approval of planning and licensing proceedings, subsidies, and tax policy.

The impact of this policy is reflected in housing prices: expanding the volume of land marketed for residential construction and advancing the related planning processes lead to an increase in the number of new projects and in the supply of housing units relative to existing demand, which may curb increases in housing prices and even lead to a decline in prices.

In recent years, in response to public pressure in the real estate market, government involvement has deepened through various initiatives: shortening bureaucratic processes; issuing tenders for long-term leases through the State-owned company *Dira Lehaskir*; and implementing programs under the "*Dira BeHanacha*" (Discounted Housing) framework, including, *inter alia*, "*Mechir Matara*" (Target Price) and "*Mechir Mufchat*" (Reduced Price), which effectively replaced the former "*Mechir LaMishtaken*" (Dweller Price) program. Under the "*Mechir LaMishtaken*" program, developers competed by offering 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 buyers 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 price of the apartment and the market value of the apartment, 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*" (Target Price 2.1) program, in cities where the average apartment price does not exceed NIS 20,000 per sqm and in localities 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-up sqm, and developers bid on the price of the land, with the winning bidder 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 price of the apartment, and up to NIS 300,000, in accordance with the terms and conditions of the tender.

In addition, further measures were taken to cool down the market, including amendments to the Redevelopment Law in 2014 with respect to the imposition of appreciation tax, which cancelled the exemption from appreciation tax on the sale of an additional apartment (apartments that had previously been exempt), and an increase of the purchase tax on investment apartments – which was first introduced in 2015, subsequently reduced in 2020, and increased again in 2021. These measures led to a moderate decline in demand by investors. In 2023, the steep rise in housing prices was curbed, *inter alia*, due to the increased interest rate and the security situation.

In 2024, demand for housing increased, particularly in high-demand areas; however, 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 tighten its supervision over credit extended to the residential construction sector, and in such context, restrictions were imposed on various financing promotions offered by developers, with the aim of ensuring responsible risk management and long-term financial stability.

At the same time, in 2025 the ILA continued to market land for residential purposes, including under the "*Dira BeHanacha*" (Discounted Housing) and "*Mechir Matara*" (Target Price) programs, with lotteries held in 2025 garnering strong public demand, with an exceptionally high number of applicants, indicating the continued existence of significant demand for housing[108].

At present, forecasts of a decline in the interest rate and the end of the Swords of Iron war support stability in residential construction market prices in the medium and long term. For further details regarding the impact of the security situation on the residential sales sector, see Section 3.2 of Chapter B hereof.

[108] The data regarding lottery applicants were taken from the official website of the "*Dira BeHanacha*" program.

16.1.2.2 Urban renewal

Urban renewal constitutes one of the primary growth drivers of Israel's residential real estate market, and government policy in this sector directly affects the activity of developers, local authorities, landowners, and governmental bodies. The definition of urban renewal in Israel includes a broad range of projects, chiefly projects of redevelopment and NOP 38 (*TAMA 38)* (in its various forms), under which existing buildings are expanded or entirely replaced with new residential complexes, all while renewing or upgrading existing urban infrastructure, constructing public buildings, etc.

This policy is based on basic premises of reinforcement of existing construction, efficient land utilization, reinforcement of existing buildings, and increase of the supply of housing units in response to rising demand resulting from continued demographic growth and migration trends.

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

In exercising its authority, the VATMAL operates an accelerated planning approval process, granting planning concessions and tax relief to developers and local authorities, with the aim of enhancing the economic feasibility of urban renewal projects.

Government Resolution No. 2457 of 13 February 2017[109], which approved the strategic housing plan for 2017-2040, determined that Israel requires the construction of 1.5 million new housing units by 2040, and a plan for a total inventory of approx. 2.6 million housing 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 9,000 additional housing units would be built during 2017-2020 and 14,000 additional housing units during 2021-2025, under the redevelopment, densification, and NOP 38 schemes.

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 bring back demographic diversity to city centers and older neighborhoods. Moreover, urban renewal policy is also designed to reinforce the resilience of buildings and infrastructure *inter alia*, to earthquakes, and to ensure safe and modern living conditions in older urban areas, including the addition of protected spaces, upgrading of protective systems, and implementation of stricter building 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 developers and oversee the engagement between the developer and the holders of the rights in the land.

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 holders of the rights in the land.

In the taxation aspect, right holders who enter into 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, as of Amendment No. 47 to the VAT Law in 2014, construction services in NOP 38 and redevelopment projects are zero-rated for VAT, provided that the value of such construction services does not exceed the cap exempt from appreciation tax under the Land Taxation Law, along with the option to fully deduct construction inputs, including with respect to the existing rights holders.

[109] See Link to Government Resolution No. 2457. [in Hebrew]

In the aspect of betterment levies, Amendment No. 115 to the Planning and Building Law of 2017 established a reduced betterment levy rate mechanism for NOP 38 projects in relation to new building rights granted to the developer up to and over 2.5 floors. Furthermore, Amendment No. 133 to the Planning and Building Law of 2021, established a reduced betterment levy rate in relation to residential real estate, down to one-quarter of the betterment, and, in certain cases, subject to the decision of the local authority, even a full exemption from betterment levy for residential real estate.

In 2021–2023, several significant legislative updates were enacted. The 2021 Economic Arrangements Law included reforms that expanded eligibility for elderly and disabled homeowners, reduced the required majority for approval of redevelopment projects, and expanded 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 sector include, *inter alia*, the complexity and prolonged duration of the project planning processes until the approval of a zoning plan and/or building permit for the project, which currently take many years, the lack of coordination between the authorities, the shortage of skilled manpower in the construction industry, and the dependence on project financing and on developers' ability to raise capital from the private market.

The continued growth of the urban renewal sector depends on government policy, economic incentives and supportive legislation, along with the streamlining of planning and execution processes, so as to enable the advancement of large-scale projects and the creation of a sufficient supply of housing units, while maintaining optimal urban planning.

16.1.2.3 Restrictions, legislation, standards and special constraints applicable to the operating segment

The Company's development operations, through ZMH Hammerman, are subject, *inter alia*, to land laws, planning and building laws and tax laws in Israel. Such laws impose various legislative and regulatory requirements. For details, see Section 26 of this Chapter A.

16.1.2.4 Changes in the volume of operations and profitability of the segment

An increase and/or decrease in demand in the residential construction sector affects the volume of operations and its profitability. A deterioration in economic conditions may lead to a steep decline in demand, a reduction in construction volumes and significant decreases in sale prices. In addition, a slowdown in the rate of growth, an increase in capital raising costs and a continued increase in the prices of key construction inputs may lessen contractors' willingness to undertake new projects.

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

In recent years, labor costs, which constitute a significant component of costs for construction contractors, have increased. In addition, the reduction in foreign workers' quotas pursuant to various reforms initiated by the Government of Israel to restructure foreign workers' employment in the construction sector, coupled with the prohibition on the entry of Palestinian workers from Judea and Samaria and Gaza since the outbreak of the Swords of Iron war, have resulted in a shortage of workers in the sector, rising labor costs and a decline in labor productivity due to the employment of less-skilled local workers.

In the course of 2025, approx. 34,030 new apartments were sold in Israel (29.9% of which under government-subsidized programs), representing a drop of approx. 11.9% compared with 2024. The leading localities in the sale of such new housing units were Tel Aviv-Jaffa, Ofakim, Jerusalem and Lod. As of the end of 2025, approx. 86,090 new apartments remained available for sale, and the number of months of supply (the number of months expected to pass until all remaining apartments are sold) was 29.2 months.[110] At the same time, a comparison of transactions executed in November-December 2025 with ones executed in October-November 2025 indicates that housing prices increased by 0.8%.[111]

In addition, changes in market interest rates affect the cost of credit used to finance projects. An increase in interest rates raises the cost of credit, increases ongoing financing expenses and increases financing costs in the event of new borrowing or refinancing being undertaken in order to continue operations[112]. During the Report Period several interest rate decisions were made. In the first decision of 2025, the Monetary Committee of the Bank of Israel decided to leave the interest rate unchanged at 4.5%. Later in the year, the Bank of Israel decided to reduce the Bank of Israel interest rate to 4.25%, and at the beginning of 2026 decided to reduce the interest rate by a further 0.25 percentage points, such that as of the Report Release Date, the Bank of Israel interest rate is 4%. Moreover, changes in the Construction Input Index directly affect the cost of construction of residential projects and revenues from apartment sales and, accordingly, affect cash flows and operating results, since ZMH Hammerman's agreements with subcontractors and apartment sales are linked to the Construction Input Index.

16.1.2.5 Critical success factors in the operating segment and changes therein

In the Company's estimation, the key success factors in the segment are: The ability to identify business opportunities for project execution and to properly price, analyze and plan potential projects; financial strength, enabling the raising of financing and the contribution of equity for the execution of projects; engagement of construction companies and subcontractors in the residential construction sector with proven reliability, financial strength and the ability to comply with standards and timetables; knowledge, experience and reputation in the construction of residential buildings, including an efficient construction framework and extensive knowledge in planning and building aspects; the establishment of industry contacts to identify attractive transactions; the quality of project planning and construction and the ability and experience to address projects with high planning complexity; high-quality and professional human capital for high-standard planning and execution of projects; the ability to operate in a competitive market environment, including the ability to adapt the nature of operations to frequent changes in regulation and market conditions.

16.1.2.6 Key entry and exit barriers of the operating segment and changes therein

<u>Entry barriers</u>

The main entry barriers in the residential sales segment are:

a. The need for equity, financial strength and access to external financing sources, allowing for funding the segment operations while maintaining profitability;

b. Professional knowledge and experience in planning, management, supervision, and marketing in the development sector and in conduct vis-à-vis the planning authorities;

c. Reputation and branding enabling the effective marketing of projects.

[110] Taken from the CBS press of 12 February 2026 – "Apartments in Real Estate Transactions – Summary of 2025".
[111] Taken from the CBS press of 15 December 2025 – "Change in Housing Market Prices – January 2026".
[112] In addition, changes in market interest rates affect the decisions of apartment buyers for investment purposes, decisions whether to buy or rent a home, and the decisions of potential homebuyers who require a mortgage loan from a bank to complete the purchase.

Exit barriers

The main exit barriers in the residential sales segment are:

a. The execution period for the various projects extends over several years;

b. Difficulty with the swift disposition of completed projects or projects under construction, deriving, *inter alia*, from land location and planning status and the prevailing conditions of supply and demand in the market;

c. Long-term obligations, both contractual and statutory (*inter alia*, under the Sale Law) to right holders, the authorities, and buyers;

d. Liability to apartment buyers under the Sale Law (Apartments), including liability during the inspection period and the warranty period.

16.1.2.7 Structure of competition in the operating segment and changes therein

See Section 16.1.3 below.

16.1.2.8 Restrictions, legislation, standards and special constraints applicable to the operating segment

For details with respect to the restrictions, legislation, standards and special constraints applicable to the operating segment, see Section 26.1.3 of this Chapter A.

16.1.3 Competition

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

Competition relates to both price and financing terms, as well as technical specifications. In addition, in built-up areas, competition also arises from supply in the secondary housing market.

Competition also arises both in the search for and identification of suitable land for development, construction or sale, and in the identification of buyers for ZMH Hammerman's properties. ZMH Hammerman targets the apartments it builds to customers with varying financial capacities, depending on the geographic area where they are built.

In urban renewal projects, competition primarily arises against other developers seeking to obtain the consent of residents for such projects, and it is reflected in both the ability to identify suitable sites and the proposals offered to the residents.

In the Company's estimation, ZMH Hammerman's share of the market is not material, and it is unable to identify any specific company as its main competitor.

16.1.4 Marketing and distribution

See Section 8.7 above.

16.1.5 Raw materials and suppliers

ZMH Hammerman does not have a material supplier or dependency on any of the service providers or subcontractors with which it works in the residential sales operating segment.

PART FIVE: ADDITIONAL OPERATIONS

17. Azrieli Group - additional operations

The Group has various operations which are not included in the operating segments described above, and do not meet the quantitative threshold for presentation as reportable segments in the Financial Statements. These activities comprise mainly the following:

17.1 Investment in Bank Leumi

On 30 April 2009, the Company acquired from third parties, unaffiliated with the Company, as a passive financial investment, ordinary shares of Bank Leumi, a banking corporation whose shares are listed on TASE, which represented approx. 4.8% of the issued and paid-up share capital of Bank Leumi, in consideration for a sum total of approx. NIS 742 million. Over the course of 2016-2025 and up to the Report Release Date, the Company disposed of some of its holdings in Bank Leumi for a total sum of approx. NIS 1,397 million, and its holding as of the Report Release Date represents approx. 1.7% of Bank Leumi's issued and paid-up share capital (as of the Report Release Date, the dividends received over the years and the proceeds from sales total approx. NIS 1,879 million). The value of the Company's investment in Bank Leumi as of 31 December 2025 was approx. NIS 1,841 million. The Company's investment in Bank Leumi is presented in its books as a financial asset available for sale in accordance with GAAP.

In 2025, the Company recorded a comprehensive profit (before tax) of approx. NIS 922 million due to this investment. For details, see Section 3.1.1 of the Board of Directors' Report.

On 30 April 2009, the acquisition date, the price of Bank Leumi's share was 1,055 Agorot. On 31 December 2025 (the last trading day of the year), the price of Bank Leumi's share was 7,020 Agorot, whereas shortly before the report release date, the price of Bank Leumi's share was 7,227 Agorot, such that from the date of the Report Date until its release, the value of the Bank Leumi shares held by the Company increased by approx. NIS 54 million (before tax).

In 2025 Bank Leumi distributed a dividend of approx. NIS 3.923 billion to its shareholders, with the total dividend received by the Company in respect of such distribution amounting to approx. NIS 89 million, as specified below:

Distribution Resolution Date	Payment Date	Total Distribution (NIS in millions)	The Company's Share of the Total Distribution (NIS in millions)
3 March 2025	20 March 2025	Approx. 706 (approx. NIS 0.47 per share)	Approx. NIS 16.4 million
19 May 2025	10 June 2025	Approx. 721 (approx. NIS 0.48 per share)	Approx. NIS 16.8 million
12 August 2025	3 September 2025	Approx. 978 (approx. NIS 0.65 per share)	Approx. NIS 22.9 million
17 November 2025	2 December 2025	Approx. 1,518 (approx. NIS 1.025 per share)	Approx. NIS 33.1 million

Bank Leumi's financials are publicly posted on the ISA's distribution website at: www.magna.isa.gov.il and on the TASE website at www.tase.co.il.

PART SIX: MATTERS COMMON TO THE GROUP'S ACTIVITIES IN ALL OPERATING SEGMENTS THEREOF[113]

18. PP&E, land and facilities

The Company's offices are situated on Floor 48, Floor 33 and part of Floor 32 of the Round Tower in Azrieli Center in Tel Aviv. The Company leases its offices, the gross area of which is 3,542 sqm, from Canit Hashalom for a long-term period, in non-material amounts.

The Mount Zion Hotel acquired by the Company in 2020, as well as the Red Rock Hotel acquired in 2023, as specified in Section 15.1 of this Chapter A, are presented in the Financial Statements under the "PP&E" item.

The Company has no material PP&E other than the aforementioned.

The PP&E of Palace Tel Aviv, Palace Modi'in and Palace Lehavim are primarily buildings that contain the LTC and recuperation units, see Section 12.1 of this Chapter A.

19. Intangible assets

The primary trademark owned by the Company and the Group companies, is a designed mark which includes the inscription "Azrieli Group", and the Group's logo:

As of the Report Release Date, the Company owns additional registered trademarks, such as the trademarks of Azrieli Town, Azrieli Sarona, the Spiral Tower, Point, designed trademarks of the Group's senior housing chain – the Palace senior home chain. Trademark registrations are valid for 10 years from the filing date of the application for registration and may be renewed, per the Company's decision, for additional periods of 10 years each, without limitation, subject to the payment of a renewal fee.

20. Human capital

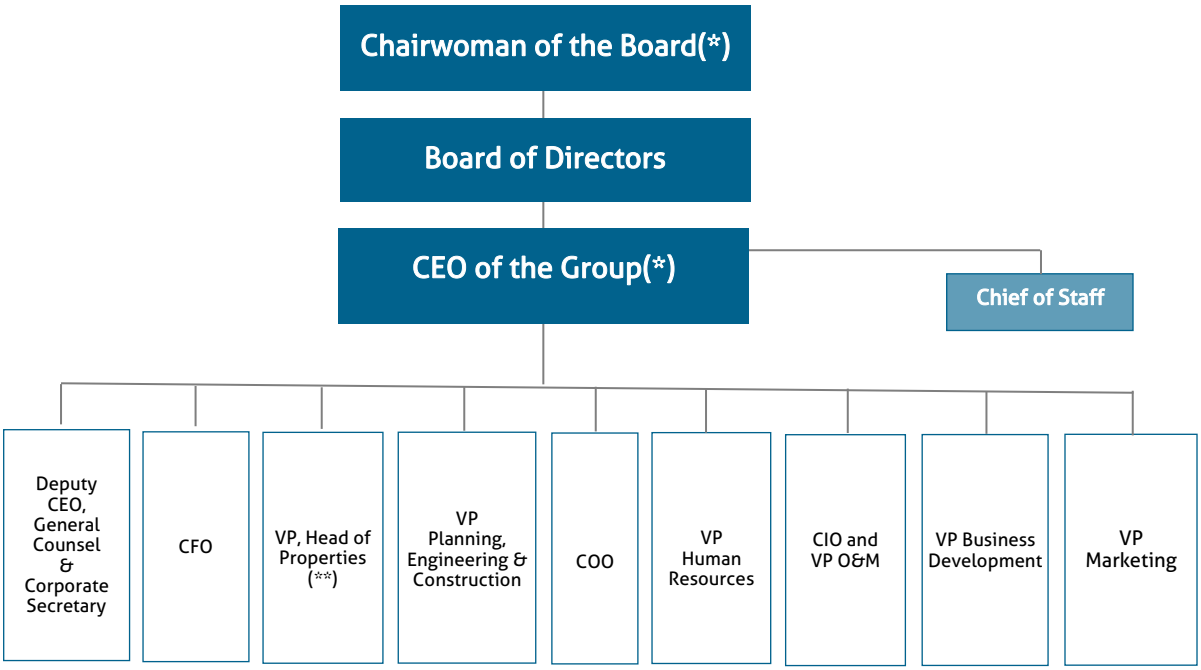
20.1 General

The Company places special emphasis on the quality of human capital, particularly at the Company's management level, by hiring a professional workforce with vast knowledge and experience in a variety of fields which are required within the framework of the Company's operating segments. Most of the Company's employees, mainly at its management level, have significant seniority in the Company, and vast experience in its operating segments. Unless otherwise noted, the description in this Section does not address human capital aspects of the senior housing segment (see Section 12 of this Chapter A), the data center segment (see Section 13 of this Chapter A) and ZMH Hammerman.

[113] This part – "Matters Common to the Group's Activities in all of its Operating Segments" – does not include the data center operations, unless otherwise expressly stated.

20.2 Organizational structure and workforce

The following chart describes the Group's organizational structure as of the Report Release Date:



(*) In April 2025, Mr. Eyal Henkin stepped down from his office as the Company's CEO and assumed the position of GMG's CEO. Since September 2025, Ms. Danna Azrieli has been serving as Acting CEO, concurrently with her office as Executive Chairwoman of the Board. After the Report Period, on 15 February 2026, the Company's Board appointed Ms. Danna Azrieli as the Company's CEO (and concurrently as a director of the Company for no additional compensation), and Ms. Irit Sekler-Pilosof was appointed as the Company's Chairwoman of the Board, commencing from 22 March 2026.

(**) Mr. Amihai Kilstein manages both the retail centers and malls segment and the leasable office and other space in Israel segment. From April 2026, Mr. Oded Setter will join the Company as Head of Offices and Head of Rental Housing in Israel and Mr. Kilstein will continue to manage the retail centers and malls in Israel segment.

As of 31 December 2025, the Group companies have 438 employees, broken down by the principal segments as follows:

Department	Number of Employees as of 31 December 2025	Number of Employees as of 31 December 2024
Management headquarters*	**164**	**164**
Retail centers and malls segment	**160**	**162**
Leasable office and other space in Israel Segment	**125**	**116**
Total	**449**	**442**

* 11 employees are assigned to the rental housing segment.

** For details with respect to all employees of the senior housing segment, see Section 12.1 of this Chapter A. For details with respect to all employees of the data center segment, see Section 13.1 of this Chapter A. For details with respect to all employees of ZMH Hammerman, see Section 16.1 of this Chapter A.

The Group's management and headquarters have 164 employees, including the Group's CEO, Deputy CEO, General Counsel & Corporate Secretary, CFO, VP Planning, Engineering & Construction, CIO and VP O&M, COO, VP, Head of Properties, VP Marketing, VP Business Development and VP Human Resources. The members of the Group's executive headquarters have considerable managerial experience. 160 employees work in the Group's retail

centers and malls segment, 144 of whom work in the retail centers and malls' management and maintenance teams, which are tasked with current management of the retail centers and malls.

125 employees work in the leasable office and other space in Israel segment, 89 of whom work in the segment's management and maintenance teams, which are tasked with current management of the offices.

As of the Report Date, the income-producing property in the U.S. segment is managed by the Company's headquarters, and management services and other services are provided to the Group in this segment by local professional management companies and consultants.

As of the Report Date, the Company and the companies of the Group collaborate and have mutual understandings in place in connection with the provision of management services amongst themselves, including, *inter alia*, financial advice, strategic advice and current management advice, in consideration for a monthly payment. In addition, there are management agreements with companies of the Group, some of which are derived as a percentage of that company's total expenses. The total payments that were made between companies of the Group for these management services in 2024 and 2025 totaled approx. NIS 237 million and approx. NIS 276 million, respectively.

20.3 Changes in senior officers of the corporation

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

In May 2025, Mr. Daniel Koren stepped down from his position with the Company. Ms. Tsviya Orenstein Kacen was appointed as the Company's VP Marketing and assumed office in September 2025.

In April 2025, Mr. Eyal Henkin stepped down from his position as the Company's CEO and assumed office as GMG's CEO. [114]

On 1 April 2025 Mr. Ron Avidan assumed office as the Company's CEO.[115]

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

On 29 April 2025 Mr. Amihai Kilstein assumed office as Head of Properties at the Company. Mr. Amihai Kilstein manages both the retail centers and malls segment and the leasable office and other space in Israel segment. From April 2026, Mr. Oded Setter will join the Company as Head of Offices and Head of Rental Housing in Israel and Mr. Kilstein will continue to manage the retail centers and malls in Israel segment.

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.[116]

On 21 September 2025, Mr. Ron Avidan stepped down as CEO of the Company[117], 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

[114] For further details, see the Company's immediate report of 9 March 2025 (Ref. 2025-01-015315), which is included herein by way of reference.
[115] For further details, see the Company's immediate report of 9 March 2025 (Ref. 2025-01-015317), which is included herein by way of reference.
[116] For further details, see the Company's immediate report of 11 August 2025 (Ref. 2025-01-059334), which is included herein by way of reference.
[117] 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 wish 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 included herein by reference.

months.[118] After the Report Period, on 15 February 2026, the Company's Board appointed Ms. Danna Azrieli as the Company's CEO (and concurrently as a director of the Company for no additional compensation), and Ms. Irit Sekler-Pilosof was appointed as the Company's Chairwoman of the Board, commencing from 22 March 2026. [119]

On 17 March 2026, Ms. Nirit Zeevi was appointed as Deputy CEO, in addition to her position as the Company's General Counsel & Corporate Secretary.

For further details about the senior officers of the corporation, see the details relating to Section 26 and Section 26A in Chapter D of the Report

20.4 Investment in training, instruction and development of human capital

The Group companies hold training and instruction workshops from time to time for their employees in accordance with the employees' position and the Group's needs, in order to ensure that employees have adequate training. Once a year, the Company holds concentrated training for officers and employees of the Company in accordance with the Company's Internal Enforcement Program, including in the areas of securities, planning and building and real estate, labor law, competition law, environment, safety and accessibility, prevention of sexual harassment, consumer protection, as well as additional training held from time to time according to need. Employees of the Group companies keep abreast of fields touching on their responsibilities in the Group, from time to time, by participating in exhibitions, seminars, conferences and professional courses. In addition, the Group has a scholarship program for employees and their family members.

20.5 Benefits given to employees and the nature of the employment agreements

Employees of the Group are employed under personal contracts and no collective bargaining agreements apply.

The employment conditions of the Group's employees include, in some cases, *inter alia*, *per diems*, travel expenses/car maintenance/making a vehicle available to the employee, managers insurance/pension fund, advanced training fund, annual leave, recuperation pay, basic health insurance, work disability insurance, payment for global overtime, reimbursement of expenses and a 13th salary.

Additionally, the Group's third-party insurance policy is a policy that includes an expansion for coverage for professional liability insurance for the management companies and the Company's employees who are professionals, with a liability cap of $2 million per incident and per insurance period, as part of the policy's liability cap.

In addition to the above, all of the Company's and the Group Companies' liabilities are covered in respect of the employees' social benefits and termination of the employment relationship by deposits that are made in severance pay funds and insurance policies and/or provisions that exist on the Company's books. For a description of the Company's liabilities in relation to the employees' social benefits and termination of the employment relationship, see Note 17 to the Company's Financial Statements.

20.6 Employment of officers and senior management employees of the Group

As of the Report Date, members of senior management in the Group are hired as employees under personal employment agreements or through management agreements.

[118] 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 included herein by reference.
[119] For further details, see the Company's immediate reports of 15 February 2026 (Ref. 2026-01-015006 and 2026-01-015010), which are included herein by reference.

The Company estimates that the Group headed by the Chairwoman of the Board and Acting CEO, Ms. Danna Azrieli, alongside the experienced officers and managers of the Company, who are considered professional and leaders in the field, constitute a main and significant part of the success factors for the Company's business results.

20.7 Company's officer compensation plan

For details about the Company's officer compensation policy as approved on 2 May 2024 by the general meeting of the Company's shareholders, see the notice of general meeting report of 15 April 2024 (Ref. 2024-01-043176), and the amendment thereto of 30 April 2024 (Ref. 2024-01-041491), and the immediate report of 2 May 2024 regarding the results of the meeting (Ref. 2024-01-046821), which are included herein by reference.

For details on GM's compensation policy, see Note 17 to the financial statements.

21. Working capital

21.1 Working capital

As of 31 December 2025, the Group has a positive working capital of NIS 172 million compared with a positive working capital of approx. NIS 209 million as of 31 December 2024.

For details regarding the Company's liquid means and its credit raising possibilities, see Section 6.2 of the Board of Directors' Report.

21.2 Customer credit

In the income-producing property segment there is no customer credit since the lease agreements with tenants contain provisions for payment of rent in advance, for monthly or quarterly periods. The Group collects the rent pursuant to the terms and conditions of the lease agreement, usually, by way of standing orders, wire transfers and postdated checks. In most cases, before the leased premises are handed over to the tenants, they provide collateral to secure the performance of their obligations under the lease agreements and the management agreements (bank guarantees, deposits, promissory notes, personal guarantees, etc.). The cases where rent is not paid in advance are immaterial to the Group, other than relief granted during lockdown periods in previous years due to the Covid pandemic. In addition, in Q4/2023, relief in immaterial amounts was given in connection with the prepayment of rent, granted to tenants in the retail centers and malls segment following the Swords of Iron War, as specified in Section 2.2 of the Board of Directors' Report.

21.3 Supplier credit

The Company receives credit from its suppliers (primarily construction contractors and maintenance service providers) for average periods ranging from 15 to 60 days, after the requested service has been completed (on average – a period of approx. 45 days). The Group's supplier credit totaled approx. NIS 580 million as of 31 December 2025, compared with approx. NIS 617 million on 31 December 2024.

22. Financing

22.1 General

The Group finances its activities from independent resources, from bank credit from financial institutions and non-bank credit, including through the issue of bonds. The Group has liabilities vis-à-vis banking corporations and

non-bank financing sources which, as of 31 December 2025, amount to approx. NIS 28.8 billion (including current maturities). Most of the agreements include provisions pursuant to which the Company has a right to prepayment which is contingent, in most cases, upon the payment of a prepayment fine to the financing entity. For details regarding the total financial liabilities of the Group as of 31 December 2025, see Sections 6.5 and 6.6 of the Board of Directors' Report. For details regarding projected maturities by year, see the immediate report of 19 March 2026 on the status of the Company's liabilities, which is released concurrently with this Report. For further details concerning the Company's financing in general, see Section 6 of the Board of Directors' Report.

22.2 Balance of the Group's loans (not intended for specific uses) as of 31 December 2025

The following table specifies the average interest rate and the effective interest rate on long-term loans and short-term loans which were in force in the course of 2025 and are not intended for specific uses by the Group, with a distinction between banking credit sources and non-bank credit sources:

As of 31 December 2025						
	Long-Term Loans			Short-Term Loans		
	Amount (NIS in millions)	Average Interest Rate	Effective Interest Rate	Amount (NIS in millions)	Average Interest Rate	Effective Interest Rate
Non-bank sources – Index-linked financing	23,124	2.16%	2.16%	-	-	-
Banking sources - Index-linked Financing	-	-	-	-	-	-
Non-bank sources - NIS financing	-	-	-	59	4.4%	4.4%
Banking sources – foreign currency	-	-	-	-	-	-
Total financial liabilities	23,124	2.16%	2.16%	59	4.4%	4.4%

22.3 Reportable credit made available to the Company

There are no material loans that were provided to the Company as of 31 December 2025[120].

The Company has undertaken vis-à-vis some credit providers not to create a floating charge on all of its assets without obtaining their consent, and that in the event of breach, they will be entitled to also accelerate other loans that shall have been given to the Company.

As of 31 December 2025, the Group's unencumbered assets total approx. NIS 38.8 billion, as specified in Section 6.8 of the Board of Directors' Report.

For details on non-bank credit see Section 22.5 below.

22.4 Reportable credit made available to the Group's companies

There are no material loans that were provided to the Group companies as of 31 December 2025.

Several Group companies have non-material loans whose balance on the books, as of 31 December 2025, is approx. NIS 3,832 million, linked to foreign currency and bearing interest at a rate ranging between 3.66% and 7.7%, which shall be repaid in 2026-2033. Some of the loans are subject to financial covenants. For details see

[120] In accordance with Legal Position No. 104-15: Reportable Credit Event of 30 October 2011, as updated on 19 March 2017, as updated on 2 February 2023 and as updated on 14 January 2024, and the parameters approved by the board of directors for the examination of materiality in the Reporting Procedure as part of the Internal Enforcement Program.

Note 16 to the Financial Statements. As of the Report Date, the Company is compliant with the financial covenants related to the said loans. For further details, see Note 16B(8) to the Financial Statements. As concerns another loan from institutional entities, half of which was given to the Company and half of which was given to a company of the Group, see Section 22.5 below. For details with respect to loans in the data center segment, see Section 13.1 of this Chapter A.

22.5 Non-bank financing for the Company

Commercial paper

As of the Report Release Date, the Company has two CP series, a rated series of approx. NIS 53 million and a non-rated series of approx. NIS 5 million. Toward the expected expiration of the term of each one of the two said series, in 2024 the Company and the CP series holders agreed to add 5 periods of 12 months each to the term of the CP series, and that each one of the series' interest rate would be equal to the Bank of Israel interest rate plus a margin of 0.15% per annum, *in lieu* of a margin of 0.3% per annum, with no change in the other terms and conditions of the CP series.

Long-term loans from institutional bodies

The Company has non-material loans from institutional bodies, whose balance on the books as of 31 December 2025 is approx. NIS 1,024 million. These loans are index-linked and bear fixed interest of between 1.5%-2.91% which will be repaid in 2026-2030. The loans are subject to financial covenants, with which the Company is compliant as of the Report Date.

The Company's Series D Bonds

On 29 March 2017, the Company released a shelf offering report for the issue and listing on TASE of up to NIS 1,090 million par value which were offered by way of expansion of the Company's Series D Bonds, under the 2016 Shelf Prospectus. On 30 March 2017, the Company announced that pursuant to the results of the issue, approx. NIS 984 million par value of Series D Bonds had been additionally allotted in consideration for approx. NIS 960 million (approx. NIS 955 million net of issue expenses).

On 31 January 2018, the Company released a shelf offering report for the issue and listing on TASE of up to NIS 1,490 million par value which were offered by way of expansion of the Company's Series D Bonds, under the 2016 Shelf Prospectus. On 1 February 2018, the Company announced that pursuant to the results of the issue, approx. NIS 1,367 million par value of Series D Bonds had been additionally allotted in consideration for approx. NIS 1,409 million (approx. NIS 1,400 million net of issue expenses).

On 12 July 2022, the Company released a shelf offering report for the issue and listing on TASE of up to NIS 707,614 thousand par value offered by way of expansion of the Company’s Series D Bonds under the 2022 Shelf Prospectus. On 13 July 2022, the Company announced that pursuant to the results of the issue, an additional approx. NIS 625,591 thousand par value of Series D Bonds had been allotted in consideration for approx. NIS 671 million (approx. NIS 667 million net of issue expenses). For further details, see the Company’s immediate reports of 12 July 2022 and 13 July 2022 (Ref. 2022-01-073659 and 2022-01-089251, respectively), which are included herein by way of reference, as well as the corrective immediate report of 14 July 2022 on the results of the issue (Ref. 2022-01-089530), which is included herein by way of reference.

During the Report Period, principal and interest payments were made in accordance with the payment schedule thereof. As of the Report Date and the Report Release Date, the outstanding par value of the Company's Series D Bonds is approx. NIS 2,208 million and approx. NIS 1,988 million (respectively). In accordance with the terms and conditions thereof, the final maturity of the Company's Series D Bonds is 5 July 2030. For details regarding the current credit rating of Series D Bonds see Section 22.12 of this Chapter A.

The Company's Series E Bonds

On 20 January 2019, the Company released a shelf offering report for the issue and listing on TASE of up to NIS 1,335 million par value of Series E Bonds of the Company, under the 2016 Shelf Prospectus. On 22 January 2019, the Company announced that pursuant to the results of the issue, NIS 1,216 million par value of Series E Bonds had been allotted in consideration for approx. NIS 1,216 million (approx. NIS 1,207 million net of issue expenses). For further details, see the Company's immediate reports of 20 January 2019 and of 22 January 2019 (Ref. 2019-01-006388 and 2019-01-006934, respectively), which are included herein by way of reference.

On 17 December 2019, the Company released a shelf offering report for the issue of bonds by way of expansion of the Company's Series E Bonds, under the 2019 Shelf Prospectus. Under this issue, approx. NIS 1,217 million par value of Series E Bonds were allotted in consideration for approx. NIS 1,355 million (approx. NIS 1,336 million net of issue expenses). For further details, see the Company's immediate reports of 17 December 2019 and 19 December 2019 (Ref. 2019-01-110526 and 2019-01-111306, respectively), which are included herein by way of reference.

On 20 April 2020, the Company released a shelf offering report for the issue and listing on TASE of up to approx. NIS 904 million par value of the Company's Series E Bonds under the 2019 Shelf Prospectus. On 21 April 2020, the Company announced that pursuant to the results of the issue, approx. NIS 811 million par value of Series E Bonds had been allotted in consideration for approx. NIS 847 million (approx. NIS 842 million net of issue expenses). For further details, see the Company's immediate reports of 20 April 2020 and 21 April 2020 (Ref. 2020-01-035128 and 2020-01-035899, respectively), which are included herein by way of reference.

During the Report Period, principal and interest payments were made in accordance with the payment schedule thereof. As of the Report Date and the Report Release Date, the outstanding par value of the Company's Series E Bonds is NIS 2,433 million. In accordance with the terms and conditions thereof, the final maturity of the Company's Series E Bonds is 30 June 2028. For details regarding the current credit rating of the Series E Bonds, see Section 22.12 of this Chapter A.

The Company's Series F Bonds

On 20 January 2019, the Company released a shelf offering report for the issue and listing on TASE of up to NIS 315 million par value of Series F Bonds, a new bond series of the Company, under the 2016 Shelf Prospectus. On 22 January 2019, the Company announced that pursuant to the results of the issue, approx. NIS 263 million par value of Series F Bonds had been allotted in consideration for approx. NIS 263 million (approx. NIS 260 million net of issue expenses).

On 17 December 2019, the Company released a shelf offering report for the issue of bonds by way of expansion of the Company's Series F Bonds, under the 2019 Shelf Prospectus. Under this issue, approx. NIS 933 million par value of Series F Bonds were allotted in consideration for approx. NIS 1,122 million (approx. NIS 1,101 million net of issue expenses). For further details, see the Company's immediate reports of 17 December 2019 and 19 December 2019 (Ref. 2019-01-110526 and 2019-01-111306, respectively), which are included herein by way of reference.

On 20 April 2020, the Company released a shelf offering report for the issue and listing on TASE of up to approx. NIS 849 million par value of the Company's Series F Bonds, under the 2019 Shelf Prospectus. On 21 April 2020, the Company announced that pursuant to the results of the issue, approx. NIS 762 million par value of Series F Bonds had been allotted in consideration for approx. NIS 850 million (approx. NIS 841 million net of issue expenses). For further details, see the Company's immediate reports of 20 April 2020 and 21 April 2020 (Ref. 2020-01-035128 and 2020-01-035899, respectively), which are included herein by way of reference.

On 12 July 2022, the Company released a shelf offering report for the issue and listing on TASE of up to NIS 1,455,043 thousand par value offered by way of expansion of the Company's Series F Bonds under the 2022 Shelf Prospectus. On 13 July 2022, the Company announced that pursuant to the results of the issue, an additional

approx. NIS 1,336,503 thousand par value of Series F Bonds had been allotted in consideration for approx. NIS 1,460 million (approx. NIS 1,445 million net of issue expenses). For further details, see the Company's immediate reports of 12 July 2022 and 13 July 2022 (Ref. 2022-01-073659 and 2022-01-089251, respectively), which are included herein by way of reference, as well as the corrective immediate report of 14 July 2022 on the results of the issue (Ref. 2022-01-089530), which is included herein by way of reference.

During the Report Period, interest payments were made in accordance with the payment schedule thereof. As of the Report Date and the Report Release Date, the outstanding par value of the Company's Series F Bonds is NIS 3,212 million. In accordance with the terms and conditions thereof, the final maturity of the Company's Series F Bonds is 31 December 2032. For details regarding the current credit rating of Series F Bonds, see Section 22.12 of this Chapter A.

The Company's Series G Bonds

On 19 July 2021 the Company released a shelf offering report for the issue and listing on TASE of up to approx. NIS 2,056 million par value of Series G Bonds, a new bond series of the Company, under the 2019 Shelf Prospectus. On 20 July 2021, the Company announced that pursuant to the results of the issue, approx. NIS 1,904 million par value of Series G Bonds had been allotted in consideration for approx. NIS 1,904 million (approx. NIS 1,883 million net of issue expenses). For further details, see the Company's immediate reports of 19 July 2021 and 20 July 2021 (Ref. 2021-01-118986 and 2021-01-120093, respectively), which are included herein by way of reference.

On 24 December 2023, the Company released a shelf offering report for the issue and listing on TASE of up to approx. NIS 764,004 thousand par value which were offered by way of expansion of the Company's Series G Bonds, under the 2022 Shelf Prospectus. On 25 December 2023, the Company announced that pursuant to the results of the issue, approx. NIS 673,116 thousand par value of Series G Bonds had been additionally allotted in consideration for approx. NIS 639 million (approx. NIS 630 million net of issue expenses and accrued interest). For further details, see the Company's immediate reports of 24 December 2023 and 25 December 2023 (Ref. 2023-01-115813 and 2023-01-116110), which are included herein by way of reference.

On 23 July 2024, the Company released a shelf offering report as amended on 24 July 2024 for the issue and TASE-listing of up to approx. NIS 275,212 thousand in par value offered by way of expansion of the Series G Bonds under the 2022 Shelf Prospectus. On 25 July 2024, the Company reported that, pursuant to the results of the issue, an additional par value of approx. NIS 226,593 thousand of Series G Bonds had been issued in consideration for approx. NIS 214.8 million (approx. NIS 213.3 million net of issue expenses). For further details, see the Company's immediate reports of 24 July 2024 and 25 July 2024 (Ref. 2024-01-078292 and 2024-01-078781), which are included herein by reference.

During the Report Period, principal and interest payments were made in accordance with the payment schedule thereof. As of the Report Date and the Report Release Date, the outstanding par value of the Company's Series G Bonds is NIS 2,696 million. In accordance with the terms and conditions thereof, the final maturity of the Company's Series G Bonds is 2 July 2036. For details regarding the current credit rating of the Series G Bonds, see Section 22.12 of this Chapter A.

The Company's Series H Bonds

On 19 July 2021 the Company released a shelf offering report for the issue and listing on TASE of up to approx. NIS 1,896 million par value of Series H Bonds, a new bond series of the Company, under the 2019 Shelf Prospectus. On 20 July 2021, the Company announced that pursuant to the results of the issue, approx. NIS 1,751 million par value of Series H Bonds had been allotted in consideration for approx. NIS 1,751 million (approx. NIS 1,730 million net of issue expenses). For further details, see the Company's immediate reports of 19 July 2021 and 20 July 2021 (Ref. 2021-01-118986 and 2021-01-120093, respectively), which are included herein by way of reference.

On 12 July 2022, the Company released a shelf offering report for the issue and listing on TASE of up to NIS 1,031,226 thousand par value offered by way of expansion of the Company's Series H Bonds under the 2022 Shelf

Prospectus. On 13 July 2022, the Company announced that pursuant to the results of the issue, an additional approx. NIS 926,416 million par value of Series H Bonds had been allotted in consideration for approx. NIS 870 million (approx. NIS 857 million net of issue expenses). For further details, see the Company's immediate reports of 12 July 2022 and 13 July 2022 (Ref. 2022-01-073659 and 2022-01-089251, respectively), which are included herein by way of reference, as well as the corrective immediate report of 14 July 2022 on the results of the issue (Ref. 2022-01-089530), which is included herein by way of reference.

On 24 December 2023, the Company released a shelf offering report for the issue and listing on TASE of up to approx. NIS 1,829,669 thousand par value which were offered by way of expansion of the Company's Series H Bonds, under the 2022 Shelf Prospectus. On 25 December 2023, the Company announced that pursuant to the results of the issue, approx. NIS 1,685,050 thousand par value of Series H Bonds had been additionally allotted in consideration for approx. NIS 1,586 million (approx. NIS 1,552 million net of issue expenses and accrued interest). For further details, see the Company's immediate reports of 24 December 2023 and 25 December 2023 (Ref. 2023-01-115813 and 2023-01-116110, respectively), which are included herein by way of reference.

During the Report Period, interest payments were made in accordance with the payment schedule thereof. As of the Report Date and the Report Release Date, the outstanding par value of the Company's Series H Bonds is NIS 4,363 million. In accordance with the terms and conditions thereof, the final maturity of the Company's Series H Bonds is 2 January 2041. For details regarding the current credit rating of the Series H Bonds, see Section 22.12 of this Chapter A.

The Company's Series I Bonds

On 23 July 2024, the Company released a shelf offering report as amended on 24 July 2024 for the issue and TASE-listing of up to approx. NIS 1,095 million in par value of the Company's Series I Bonds under the 2022 Shelf Prospectus. On 25 July 2024, the Company reported that, pursuant to the results of the issue, a par value of approx. NIS 990.5 million of Series I Bonds had been issued in consideration for approx. NIS 990.5 million (approx. NIS 976.6 million net of issue expenses). For further details, see the Company's immediate reports of 24 July 2024 and 25 July 2024 (Ref. 2024-01-078292 and 2024-01-078781, respectively) which are included herein by reference.

On 17 December 2024, the Company released a shelf offering report for the issue and TASE-listing of up to approx. NIS 2,461 million in par value offered by way of expansion of the Company's Series I Bonds under the 2022 Shelf Prospectus. On 18 December 2024, the Company notified that, according to the results of the issue, an additional par value of approx. NIS 2,292 million of Series I Bonds had been issued in consideration for approx. NIS 2,471 million (approx. NIS 2,404 million net of issue expenses and accrued interest). For further details, see the Company's immediate reports of 17 December 2024 and 18 December 2024 (Ref. 2024-01-625079 and 2024-01-625486, respectively), which are included herein by reference.

On 3 July 2025, the Company released a shelf offering report for the issue and TASE-listing of up to approx. NIS 1,959,942 thousand in par value offered by way of expansion of the Company's Series I Bonds under the 2025 Shelf Prospectus. On 6 July 2025, the Company notified that, according to the results of the issue, an additional par value of approx. NIS 1,816,513 thousand of Series I Bonds had been issued 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 included herein by reference.

During the Report Period, principal and interest payments were made in accordance with the payment schedule thereof. As of the Report Date and the Report Release Date, the outstanding par value of the Company's Series I Bonds is NIS 5,099 million. In accordance with their terms and conditions, the final date scheduled for repayment of the Company's Series I Bonds is 2 January 2046. For details with respect to the current credit rating of the Series I Bonds, see Section 22.12 of this Chapter A.

The Company's Series J Bonds

On 17 July 2025, the Company released a shelf offering report for the issue and TASE-listing of up to approx. NIS 577 million in par value of the Company's Series J Bonds under the 2025 Shelf Prospectus. On 20 July 2025, the Company reported that, pursuant to the results of the issue, a par value of approx. NIS 500 million of Series J Bonds had been issued 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 included herein by reference.

During the Report Period, interest payments were made in accordance with the payment schedule thereof. As of the Report Date and the Report Release Date, the outstanding par value of the Company's Series J Bonds is NIS 500 million. In accordance with the terms and conditions thereof, the final maturity of the Company's Series J Bonds is 15 July 2033. For details regarding the current credit rating of Series J Bonds, see Section 22.12 of this Chapter A.

The Company has complied with all of its obligations under the terms and conditions of the Series D-J Bonds, and, to the best of its knowledge, there are no grounds for acceleration of the said bonds.

For further details regarding the Company's bonds, see Annex A to the Board of Directors' Report and Note 16B to the Financial Statements.

22.6 Non-bank financing for the Group's companies

In the year of the Report and as of the Report Date, other than as specified with respect to non-bank financing of the Company in Section 22.5 of this Chapter A, no use of non-bank financing has been made for companies of the Group.

22.7 Inter-company loans

Set forth below is a specification of the balances of loans provided between the Group companies, excluding inter-company debit and credit balances, as of 31 December 2025 (NIS in millions) in amounts exceeding NIS 20 million:

Lending Corporation within the Group	Borrowing Corporation within the Group	Date of Provision of the Loan	Original Loan Amount (NIS in millions)	Last Date For Payment	Annual Interest	Linkage	Outstanding Loan Balance as of Dec. 31, 2025 (NIS in millions)
Canit HaShalom[2]	AG Galleria Office Buildings LP	February 2011	99[1]	February 2026	LIBOR + 7.1%	USD	91
Canit HaShalom[3]	Palace America Senior Housing Co.	November 2021	96	November 2026	-	-	92
Palace Ra'anana – Senior Housing Ltd.[7]	Palace Lehavim	January 2022	200	December 2026	-	-	195
Palace Ra'anana – Senior Housing Ltd.[6]	Palace Modi'in	January 2022	81	December 2026	-	-	79
Palace Ra'anana – Senior Housing Ltd.[5]	Palace America Senior Housing Co.	October 2022	51	October 2027	-	-	47
Palace Ra'anana – Senior Housing Ltd.[8]	Palace America Senior Housing Co.	March 2023	51	March 2028	-	-	44
Palace Ra'anana – Senior Housing Ltd.[9]	Palace America Senior Housing Co.	March 2024	96	March 2029	-	-	78
Canit HaShalom[10]	Palace Sde Dov	August 2025	702	August 2030	-	-	553
ZMH Hammerman	Zemah Holmes – Hadera	March 2025	37	October 2049	4.8%	-	21
Global Data AZ	Green Mountain DC UK Limited	June 2025	388	On demand [11]	4.8%	-	388

* For a description of the balances of the loans provided by the Company to the Group companies, see Section 11 of Part D of this Report.

1. The loan is in the sum of approx. U.S. $28 million.
2. The outstanding balance of the loan including interest as of 31 December 2025, is approx. NIS 333 million.
3. Against the loan, Palace America Senior Housing Co. issued Canit Hashalom with capital notes in the sum total of approx. NIS 96 million, which bear no interest and linkage, and the due date of the later note will be no earlier than November 2026. Repayment of the capital notes is not secured by any collateral, is inferior to other liabilities of Palace America Senior Housing Co. and only precedes the distribution of surplus assets upon dissolution thereof.
4. The loans bear an annual interest according to Section 31 of the Income Tax Ordinance.
5. Against the loan, Palace America Senior Housing Co. issued Palace Ra'anana with a capital note in the sum total of approx. NIS 51 million which bears no interest and linkage, and the due date of which will be no earlier than October 2027. Repayment of the capital note is not secured by any collateral, is inferior to other liabilities of Palace America Senior Housing Co. and only precedes the distribution of surplus assets upon dissolution thereof.
6. Against the loan, Palace Modi'in issued Palace Ra'anana with a capital note in the sum total of approx. NIS 81 million which bears no interest and linkage, and the due date of which will be no earlier than October 2026. Repayment of the capital note is not secured by any collateral, is inferior to other liabilities of Palace Modi'in and only precedes the distribution of surplus assets upon dissolution thereof.
7. Against the loan, Palace Lehavim issued Palace Ra'anana with a capital note in the sum total of approx. NIS 200 million which bears no interest and linkage, and the due date of which will be no earlier than December 2026. Repayment of the capital note is not secured by any collateral, is inferior to other liabilities of Palace Lehavim and only precedes the distribution of surplus assets upon dissolution thereof.
8. Against the loan, Palace America Senior Housing Co. issued Palace Ra'anana with a capital note in the sum total of approx. NIS 51 million which bears no interest and linkage, and the due date of which will be no earlier than March 2028. Repayment of the capital note is not secured by any collateral, is inferior to other liabilities of Palace America Senior Housing Co. and only precedes the distribution of surplus assets upon dissolution thereof.
9. Against the loan, Palace America Senior Housing Co. issued Palace Ra'anana with a capital note in the sum total of approx. NIS 106 million which bears no interest and linkage, and the due date of which will be no earlier than March 2029. Repayment of the capital note is not secured by any collateral, is inferior to other liabilities of Palace America Senior Housing Co. and only precedes the distribution of surplus assets upon dissolution thereof.
10. Against the loan, Palace Ra'anana – Senior Hosing issued a capital note to Canit Hashalom for a total amount of approx. NIS 702 million, bearing no interest and linkage, and the maturity date of the note shall be no earlier than August 2030. Repayment of the capital note is not secured by any collateral and is subordinated to the other liabilities of Palace Ra'anana – Senior Housing, ranking senior only to the distribution of surplus assets upon liquidation.
11. The loan has no maturity date and is repaid upon the lender's request.

22.8 Credit restrictions

For a description of the Company's obligations in connection with the issue of Series D Bonds, Series E Bonds, Serie F Bonds, Series G Bonds, Series H Bonds, Series I Bonds and Series J Bonds vis-à-vis the bondholders, see Note 16B to the Financial Statements.

22.9 Credit facilities

As of the Report Date, the Company has been provided with binding credit facilities in the sum of NIS 1,500 million. The undrawn facility balance as of the Report Date is NIS 1,500 million.

As of the Report Date, a company in the Group has been provided with binding credit facilities in the sum of NOK 2,135 million (approx. NIS 676 million), of which NOK 1,796 million (approx. NIS 569 million) have been used as of the Report Date, such that the balance of the undrawn facility as of the Report Date is NOK 339 million (approx. NIS 107 million).

22.10 Bank and non-bank credit received between the date of the Financial Statements as of 31 December 2025 until shortly before the Report Release Date

In the period from 31 December 2025 until shortly before the Report Release Date, the Company has not taken any credit, other than a loan in the amount of approx. NIS 1.46 billion provided to GM, intended for the refinancing of two existing loans. For further details, see immediate report of 23 January 2026 (Ref. 2026-01-009214) which is included herein by reference.

22.11 Loans repaid between the date of the Financial Statements as of 31 December 2025 and shortly before the Report Release Date

No such loans have been repaid, over and above current payments in accordance with the payment schedule of each loan, other than as set forth in Section 22.10 above.

22.12 Credit rating

On 16 February 2026, Ma'alot reaffirmed the Company's AA+/Stable/ilA-1+ rating. To inspect the full report by Ma'alot, see the Company's immediate report of 16 February 2026 (Ref. 2016-01-015150), which is included herein by way of reference.

As of the Report Release Date, the Company's Series G-H Bonds are rated stable AA+ by Ma'alot, and the Company's CP are rated ilA-1+ by Ma'alot. For further details and details on the rating history of the Company's Series G-H Bonds and the Company's CP, see the Company's immediate report of 16 February 2016 (Ref. 2026-01-015150), which is included herein by way of reference.

As of the Report Release Date, the Company's Series D-F, I and J Bonds have been assigned a rating of Aa1.il with a stable outlook by Midroog. For further details and details on the rating history of the Company's Series D-F, I and J Bonds, see the Company's immediate report of 31 December 2025 (Ref. 2025-01-105806), which is included herein by way of reference.

Rating of private loans taken by the Company

The Company and a subsidiary have rated non-material loans from institutional entities.

22.13 Pledges

For details regarding various pledges which were created by the Company and the Group's companies to secure their obligations, see Note 27A to the Financial Statements. For details regarding pledges created by a subsidiary of GM in the context of a non-recourse loan it took for the refinancing of existing loans, see Note 34B to the Financial Statements.

22.14 Guarantees

In the ordinary course of business, at the request of the Company and the Group's companies, bank guarantees are issued by banking corporations in connection with their properties, including guarantees to secure the obligations of the Company and the Group's companies. For information regarding guarantees which the Company has provided, *inter alia*, in connection with the financing of the acquisition of properties overseas, see Note 27B to the Financial Statements.

22.15 Variable interest credit

The Group has several loans at variable interest credit. Most of the credit was taken in Shekel currency linked to Prime or Bank of Israel interest, and the remainder in foreign currency linked to the LIBOR, plus a margin determined in relation to each loan. Such credit varies according to changes in the LIBOR, NIBOR, EURIBOR, SONIA or Prime interest rates or the Bank of Israel interest rate.

Set forth below is a specification of the range of (nominal) interest for the periods of the Report, as well as the interest rate in proximity to the Report Release Date in respect of the loans at variable interest:

Credit Type	Currency	Amount of Credit Shortly Before the Report Release Date (NIS in millions)	Interest Rate Shortly Before the Report Release Date (%)	Interest Range in Reporting Periods (%)	
				31 December 2025	31 December 2024
Non-bank credit	NIS	59	15	4.40-4.65	4.80-5.05
Bank credit	GBP	257	7.2	7.5-7.7	-

As of the Report Date, a consolidated company has long-term credit at a variable interest rate in Norwegian Krone and Euro for which, according to the financing agreement, hedges against changes in the interest rate have been acquired. For further details, see Note 16B(8) and Note 16B(12) the Financial Statements.

As of the Report Release Date, a consolidated company has long-term credit at a variable interest rate in Euros, for which, according to the financing agreement, hedges against changes in the variable interest rate (Euribor) have been acquired. As of the Report Release Date, a consolidated company has long-term credit at a variable interest rate in GBP (SONIA). For further details, see Note 34B(13) to the Financial Statements.

The Company and/or the Group's companies will raise additional funds, according to the Company's decision, for the purpose of its business operations, the continued construction of projects under development and investment in new projects.

22.16 Regulatory Implications

The directives of the Supervisor of Banks in Israel include limitations on the liability of a borrower and a group of borrowers, which affect the provision of credit beyond certain amounts, relative to the total liability of one group of borrowers and the total liabilities of the largest borrowers of the banking corporation, the liability of each of which exceeds 10% of the capital of the banking corporation. To the best of the Company's management's knowledge, as of the Report Date, no borrowers' limitation exists in respect of Azrieli Group.

In accordance with Section 26 of the Anti-Concentration Law, as defined below, provisions are to be determined in respect of limitations on credit to be provided by financial entities to a corporation or a business group. A 'business group' is defined in said Section as the "controlling shareholder and the companies controlled thereby", notwithstanding the inclusion of any of such entities in the list of centralistic bodies. In the context of the report of the Committee to Assess Debt Restructuring Proceedings in Israel (the "Andorn Committee") that was released in November 2014, several recommendations were included regarding such matter, including a credit limit of business groups, whose effective credit exceeds 5% of the market business credit, and an imposition of a reporting obligation to the Committee for Reduction of Concentration on companies whose effective credit exceeds 3% of the scope of market business credit. To the best of the Company's knowledge, as of the Report Date, such recommendations have yet to receive statutory or binding status. The Company is not aware of other new limitations applying to the provision of credit, deriving from the Anti-Concentration Law.

23. Insurance

The Company's insurance policies for the insurance of property and liability include insurance policies which cover certain risks in the Group's assets, up to the amounts set in such policies. These policies include all-risks property insurance at reinstatement value, which includes coverage of fire, machinery breakdown, loss of rent and loss of profits from machinery breakdown, terror and war insurance, third party liability insurance, employers' liability insurance, contractor work insurance, cyber insurance and crime insurance.

The amounts of the Group's property insurance were determined according to its estimation, and the insurance policies are reviewed periodically by the Company's insurance consultants before the Board of Directors.

For details regarding the insurance coverage applicable to the Company's officers, see Note 32D(3) to the Financial Statements.

24. Taxation

For details regarding the taxation applicable to the Company and the Group companies, see Note 25 to the Financial Statements.

25. Environmental risks and management thereof

In the framework of its real estate operations (including the development operations and senior housing operations), the Group is required, *inter alia*, to meet the conditions and requirements of the Planning and Building Law, 5725-1965, including the Planning and Building Regulations (application for a permit, the conditions therein and fees), 5730-1970, the Planning and Building Regulations (Environmental Impact Surveys), 5763-2003 etc., *inter alia*, in the framework of approval of zoning plans, building permits, various licensing proceedings under the planning and building laws and the performance of building and construction work. The Group companies are responsible, by virtue of their owning or leasing land, under certain circumstances, pursuant to law, for compliance with the provisions of the environmental protection laws, including the Water Law, 5719-1959, the Business Licensing Law, 5728-1968 and the Hazardous Substances Law, 5753-1993, the Nuisance Prevention Law, 5721-1961, Sewage and Water Corporations Rules (Plant Wastewater Discharged into the Sewage System), 5771-2011, the Maintenance of Cleanliness Law, 5744-1984, the Senior Housing Law, 5772-2012 and more. A

considerable tightening of the aforesaid regulation may have material implications for the Group's business results and the amount of expenses consequently required. In this context, it is noted that as of the Report Release Date, several bills are pending which, if passed, will affect the Group's business, including: the Prevention of Soil Pollution and Treatment of Polluted Soil Bill, 5771-2011.

It shall be noted that in recent years, environmental activity, in Israel and worldwide, has significantly increased, as expressed, *inter alia*, in supervision and enforcement by government agencies and activity by environmental organizations. In the Group's estimation, this trend is expected to continue in the coming years. The Group is investing many resources in ensuring its compliance with the provisions of the environmental laws applicable thereto, and it is acting to prevent and minimize the environmental risks from its activity.

The Group is working to comply with the provisions and requirements of the law, including the environmental laws, as well as the requirements of the various supervisory bodies. For this purpose, professional environmental consultants are assigned to each project of the Group, who assist the Group and advise it throughout the project.

Sde Dov – Further to Section 1.3.7 of this Chapter A, in relation to the Company being awarded an Israel Land Authority tender for acquisition of leasehold rights in a lot in Sde Dov in Tel Aviv, for construction of a senior housing project and retail areas, the Company has received notice from the Israel Land Authority ("**ILA**"), whereby the Ministry of Environmental Protection had informed the ILA that, according to preliminary findings from groundwater sampling at the Sde Dov site, exceedances of PFAS[121] components were detected, and that limited soil sampling indicated the presence of PFAS components, and that the ILA is examining the information received and working to assess the scope of the work required and its implications.

It is emphasized that, to the best of the Company's knowledge, the aforesaid notice was sent in identical generic form to all the developers that own land at the Sde Dov site, and, at this stage, these details have no known relevance and/or effect on the lot held by the Group at the Sde Dov site.

Cellular rental space - In some of the Group's income-producing properties, the Group leases space to the cellular companies (in this Section, the "**Leased Space**") for the purpose of installing and operating cellular antennas and/or miniature transmitters (the "**Telecommunications Equipment**"). In accordance with most of the agreements between the Company and/or the Group's management companies and the cellular companies, responsibility for obtaining all of the approvals required by law to set up and operate the antennas and/or miniature transmitters, and responsibility for complying with the various environmental protection laws lies with the cellular companies, including holding, so long as they lease the Leased Space, the approval of the Radiation Commissioner at the Ministry of Environmental Protection regarding instructions and restrictions relating to the use of the Telecommunication Equipment, and acting in accordance with this approval, and they also undertake to comply with the safety instructions that shall be published by the Company or the management companies. Additionally, in the framework of these agreements, the cellular companies undertake to indemnify and compensate the Company and/or the management companies for any damage and/or expense that shall be caused as a result of the cellular companies' activities on the Leased Space, and for their liability by law for any act or omission of the cellular companies, and they undertake to insure their liability under the law for any damage and/or harm that may be caused to a third party.

Water and Sewage Corporations (Plant Wastewater Discharged into the Sewage System) Rules, 5771-2011 – In the Report Period, to the best of the Company's knowledge, there have been insignificant deviations in the values of the wastewater discharged into the municipal sewage system in one of the Company's properties, for which a negligible monetary fine was paid to the Company. The Company has retained the services of a professional wastewater consultant in order to meet the required criteria, and places great importance on environmental protection.

The Company's environmental risk management policy

[121] Perfluoroalkyl and polyfluoroalkyl substances resulting from years' long use of firefighting foams.

The Company, under the leadership of the Chairwoman of the Board, Ms. Danna Azrieli, recognizes the importance of the identification, assessment and management of significant environmental and climate risks as part of the Company's overall risk management process. In 2024, according to the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) methodology, the Company began a structured initial process to analyze the climate risks with the most significant impact on the Company's operations, in order to formulate a strategy and set goals for management of such risks. In this context, the Company intends to present a periodic report to the Board of Directors regarding the risk findings and the proposed ways to address them. In addition to the aforesaid, the Company is undergoing a strategic process, in collaboration with external consultants, with the purpose of creating a multi-year work plan to reduce greenhouse gas emissions.

As part of the corporate responsibility program, the Company also operates voluntarily, over and above the legal requirements, regarding various environmental aspects that also have the potential to reduce the impact of climate risks, such as green building for all new properties, sustainable operation of existing properties, reducing waste sent to landfills, use of renewable energy, and more. For further details, see Section 9 of Chapter E to this report.

For details in relation to environmental risks and the management thereof in the data center segment, see Section 13.18 of this Chapter A.

26. Restrictions on and supervision over the corporation

Below is a brief overview of the laws, regulations, orders, restrictions and requirements with which the Group is obligated to comply in its various operating segments:

26.1 In Israel

26.1.1 Real estate operations

The Company's operations in Israel are subject to the land laws, including in relation to land taxation and lease and borrowing laws, as well as directives and contracts of the Israel Land Authority and Local Authorities, planning and building laws and environmental laws.

26.1.2 General laws relating to the Group's operating segments

In the framework of its activities, the Company and the Group companies are subject to municipal bylaws in each one of the local authorities in which the Group's income-producing properties are located, insofar as relevant, including regarding the opening and closing of businesses, the Prevention of Smoking and Exposure to Smoking in Public Places Law, 5743-1983, Equal Rights for Persons with Disabilities Regulations (Service Accessibility Adjustments), 5773-2013, Water and Sewage Corporations rules, the Privacy Protection Law, 5741-1981, the Privacy Protection Regulations (Information Security), 5777-2017, the Communications Law (Telecommunications and Broadcasting), 5742-1982 (which includes clauses addressing "Spam"), and the Consumer Protection Law, 5741-1981.

Furthermore, some of the Group's companies purchase electricity through a high-voltage connection and supply the electricity to tenants according to a low-voltage tariff as determined and updated from time to time by the Electricity Authority (PUA-E). To the best of the Company's knowledge, as of the date of the Report, the Ministry of Energy and the PUA-E are acting for the regulation of electricity distribution in retail centers and malls across the country.

The Anti-Concentration Law

December 2013 saw the publication of the Promotion of Competition and Reduction of Concentration Law, 5774-2013 (the "**Anti-Concentration Law**").

The law includes three main chapters, as follows: (a) limitation of control in companies in a pyramid structure; (b) separation between significant non-financial corporations and significant financial bodies; (c) weighing of economy-wide concentration considerations and sector-specific competition considerations in the allocation of rights by the State.

Azrieli Group (and the controlling shareholders thereof and the corporations controlled by them) was listed among the significant non-financial corporations.

Therefore, the last two chapters may be relevant in the examination of future transactions of the Company.

Amendment No. 13 to the Protection of Privacy Law, 5741-1981

Amendment No. 13 to the Protection of Privacy Law, which took effect in August 2025, offers significant changes that bring Israel's privacy laws closer to the strict privacy laws of the European Union (the GDPR), with extensive emphasis on the processes of information processing and security in general, rather than merely in the context of database registration. The Amendment redefines basic terms such as "personal information", "information with special sensitivity" and "processing", expanding the duties to inform data subjects, in order to ensure transparency and higher awareness of the information collected and the purposes for which it is permitted to be used. Another aspect is the considerable relaxation of the database registration requirement, while keeping the registration duty for especially sensitive databases, ones that are designated for the transfer of information by way of occupation or for consideration, or ones belonging to public bodies. This change eases the regulatory burden carried by multiple companies but retains the need to comply with stringent requirements of information security and protection of data subject rights.

Furthermore, the Amendment significantly expands the oversight and enforcement powers of the Privacy Protection Authority, including the ability to impose substantial administrative fines, demand the remedying of violations, and conduct administrative inquiries. The Amendment also grants aggrieved parties the right to bring personal claims in the event of breach of the duties to inform, improper handling of applications for inspection or correction of information, and more, and in certain cases, also the award of damages without proof of damage. Amendment 13 upgrades and tightens enforcement mechanisms, relaxes unnecessary administrative requirements, and compels companies to prepare for the changes by updating procedures, appointing suitable appointees, and strictly upholding the rights of data subjects and security information measures and proper control over the implementation and update thereof. The Group has appointed an outsourced privacy officer who supports the Group on an ongoing basis.

Protection of Privacy Regulations (Information Security), 5777-2017

On 8 May 2017, the Protection of Privacy Regulations (Information Security), 5777-2017 were approved by the Constitution, Law and Justice Committee. The purpose of the Regulations is, *inter alia*, to define information security principles related to the management and use of information in databases, based on information security standards that are generally accepted around the world, all with the aim of providing protection for the rights of the subjects of the information in the database from abuse of the information about them. The Regulations prescribe several provisions in relation to the definition and periodic update of risks, the determination of information security procedures according to the database's sensitivity and also address the physical aspects of safeguarding the database and the need to secure it.

Furthermore, these Regulations have been granted significant support and enhanced enforcement measures upon the approval of Amendment No. 13 to the law as mentioned above, including increased fines for violation of the Regulations.

26.1.3 Senior housing

Restrictions on and supervision of the senior housing operating segment

Operations in the senior housing segment are mostly regulated by the provisions of the Senior Housing Law, which prescribes, *inter alia*, the duty to receive an operation license for the management and operation of a senior home, provisions in respect of the requirements and conditions for the receipt of a senior home operation license, the contractual relationship between the operator and the resident, the duty to enter into a written engagement agreement, the provision of collateral to secure the repayment of the funds of the residents' deposits, provisions in connection with vacation of residents, and more.

Additional provisions of law applicable to the senior housing segment are established in the Senior Housing Regulations, as specified in this Chapter A below.

The Senior Housing Law

The Senior Housing Law prescribes, *inter alia*, that the operation of senior homes requires the receipt of an operation license on behalf of the Commissioner of Senior Homes at the Ministry of Social Affairs and Social Security (the "**Commissioner of Senior Homes**") and is subject to compliance with several conditions prescribed by the said law, including the applicant for the license being the owner or long-term leaseholder of the land of the senior home in respect of which the license is requested, there being no conviction of the license applicant and the senior home manager of certain offences, proof of the financial stability of the license applicant to ensure the proper operation of the senior home and so forth. The operation of a senior home without an operation license or other than according to the conditions of the license constitutes an offence that carries various fines and incarceration penalties. As of the Report Release Date, the regulations regulating the issuance of the operation licenses for senior homes have not yet been published.

Furthermore, the Senior Housing Law regulates additional matters, including the following: (1) The duty to make a written engagement agreement between the holder of the senior home operation license (the "**Operator**" or "**License Holder**") and the person seeking to be a resident of the senior home; (2) The specification of basic mandatory services the Operator is obligated to provide the residents; (3) The duty to set up an LTC unit for senior homes consisting of at least 250 residential units, while the Commissioner of Senior Homes is authorized to exempt the senior homes from this duty in accordance with the terms and conditions stated in the Senior Housing Law; (4) Limitation on arbitrary increases of the management fees and any other payment, which the resident does not have the actual ability to waive; (5) The right of the residents to set up a residents' representative body at the senior home, and more.

On 25 July 2018, an amendment was published to the Senior Housing Law (the Senior Housing Law (Amendment), 5778-2018) (the "**Amendment to the Law**"), concerning amendment of the provisions pertaining to the collateral used to secure the funds of the residents' deposits[122], which prescribes that in a case where the Operator holds an amount exceeding 7% of the Deposit paid for a resident or NIS 70,000, whichever is lower, it is required to register a first-ranking mortgage in favor of a trustee to be appointed by the residents on its right in the land on which the senior home where the resident lives is built, and if the senior home is registered as a condominium, the Operator may register the first-ranking mortgage on its right in the land in favor of the resident, on the apartment where the resident shall live. Alternatively, the Operator may provide the resident with a bank

[122] "Deposit" – A payment made by a resident to an operating license holder under an engagement agreement, including as collateral for its compliance with the terms and conditions of the engagement agreement, which, under the terms and conditions of the engagement agreement, the operating license holder must repay to the resident, in whole or in part, when the engagement comes to an end, net of any sum deducted from such payment under the provisions of the engagement agreement and the law.

guarantee from an insurer or banking corporation to secure the deposit funds, or transfer 40% of the Deposit to a trustee, at its choice, with the resident nominated as the beneficiary in the trust contract, and insofar as the Operator shall have chosen these options, the provisions pertaining to proof of the Operator's financial stability and to the fund for the financing of medical expenses specified below shall not apply. The law further prescribes that in a case where the senior home is under construction and residents have not yet moved in, the Operator is required to provide any person who shall have paid the deposit funds with a bank guarantee from an insurer until it is possible to register a mortgage in favor of the resident. Accordingly, on 16 June 2022, the Senior Housing Regulations (Disclosure Document Form), 5778-2018, were amended, in the context of which amendment the options for the provision of collateral were updated to reflect the Amendment to the Law. It is noted that the collateral will be enforced upon fulfillment of one of the grounds set forth in the law, including insolvency of the Operator, a moratorium, a receivership order, a dissolution order, an order for the appointment of a receiver, or in circumstances of an absolute impediment to reimbursement of the deposit funds.

The Amendment to the Law prescribes that the resident may not waive receipt of the collateral from the Operator and that the Operator will bear all of the costs entailed by provision of the aforesaid collateral (as distinguished from the Operator's obligation to bear 20% of the said costs under the provisions of the Senior Housing Law prior to the date of the taking effect of the Amendment to the Law).

Furthermore, pursuant to the provisions of the Amendment to the Law, an irregularities committee was established at the Ministry of Welfare, which may exempt an Operator, at its request, fully or partially, from provision of the collateral under the Senior Housing Law, and determine conditions to such an exemption, or alternatively, order the provision of alternative collateral, and it is further prescribed that the Commissioner of Senior Homes may require the Operator, at any time, to prove its financial stability by conducting such inspections as determined in the Senior Housing Law and also deliver the results of such inspections to the residents, subject to the conditions specified in the Amendment to the Law.

In addition, provisions were determined regarding the establishment of a joint fund for the financing of medical expenses under circumstances of insolvency for the benefit of all of the residents, and the establishment of a joint fund for the financing of expenses due to insolvency – these funds will be managed by the Custodian General.

The Amendment to the Law includes transitional provisions whereby the provisions of the law shall apply retroactively, such that they will also apply to agreements that were made prior to the amendment. The Amendment to the Law took effect 18 months after the publication thereof (i.e. in late January 2020), with the exception of the sections concerning the irregularities committee, the examination of financial stability, the fund for the financing of medical expenses under circumstances of insolvency and the fund for the financing of expenses in a case of insolvency, which took effect 6 months after the date of publication (i.e., at the end of January 2019).

Senior Housing Regulations

The Senior Housing Regulations (Disclosure Document Form), 5778-2018 – These regulations entered into force on 5 April 2018 and were amended on 14 June 2022. The regulations determine the content of the disclosure document that the operator is required to hand over to a resident with whom the operator expects to enter into an engagement agreement. According to these regulations, the operator is required to disclose and provide to the prospective resident, *inter alia*, information and details regarding the operator and its identity, details about the operator's license, details about services to be provided by the operator, details 153regarding the operator's rights in the land on which the senior home is built and operates, a description of the public areas, a breakdown of payments, a specification of collateral, and all other details required to be disclosed in accordance with these regulations and the Senior Housing Law.

Draft Senior Housing Regulations (Financial Stability), 5784-2024 – These draft regulations were published for public comment on 30 September 2024 and prescribe the financial conditions with which a license applicant is required to comply, *inter alia*, in order to demonstrate its financial stability, and as a condition for receipt of an

operating license. As specified in this draft, as part of the application for a license, the license applicant is required to submit to the Commissioner of Senior Homes, *inter alia*, audited financial statements signed by a CPA and other documents certified by an attorney and/or signed by a CPA on behalf of the license applicant. These regulations also establish the manner in which the financial stability of the license applicant will be assessed, as well as a mechanism for applying for reconsideration of the Commissioner's decision pursuant to these regulations. As of the date hereof, these regulations have not yet been approved and are under discussion by the Welfare and Labor Committee of the Knesset.

The Senior Housing Regulations (Apartment Specifications Form), 5778-2017 – These regulations took effect on 17 January 2018. These regulations impose a duty on the Operator to attach to every engagement agreement with residents (pertaining to the occupancy of an apartment in a senior home) a detailed and accurate specification, which addresses all of the details and information as specified in the said Regulations. Furthermore, the Regulations stipulate that in the case of engagement contracts between senior homes and residents regarding the occupancy of senior homes under planning and construction, which are yet to be built or occupied, a plan of the future apartment, including exact measurements, must be annexed to such contracts in addition to the specifications of the future apartment.

The Senior Housing Regulations (Residents' Committee), 5778-2017 – These regulations took effect on 3 December 2017. In summary, these regulations pertain to the right of residents in senior homes to appoint a representative body on their behalf and set out procedures for the election such representative body, its powers, the manner for convening its meetings, the manner of voting thereat, its term of office and so forth.

The Senior Housing Regulations (Experience, Professional Training and Seniority Conditions for Senior Home Managers), 5778-2017 – These regulations took effect on 14 December 2017 and set forth the prerequisites and the experience and professional training requirements for a senior home manager, which include, *inter alia*, the duty imposed on a senior home manager to participate in a course and training according to various criteria prescribed by the regulations, as well as the requirement of at least three years of previous managerial experience. Furthermore, these regulations impose a duty on the holder of the license to operate the senior home to ascertain the enforcement and implementation of these regulations. The regulations further establish the prohibition on senior home managers to act in a conflict of interests in their capacity.

The Senior Housing Regulations (Conditions for Senior Home Operations), 5781-2021 – These regulations took effect on 16 June 2021 and prescribe the conditions required for proper operation of a senior home, including the admission of new residents to the senior home, the senior home's responsibility for minimal physical conditions in the residential units of the senior home, assurance of the existence of facilities and services in the senior home, assurance of resident rights, and so forth.

The Senior Housing Regulations (Medical Expenses Fund and Insolvency Fund), 5783-2023 – These regulations were promulgated and took effect on 9 July 2023. The regulations were promulgated following the amendment to the Senior Housing Law which set forth provisions for establishment of a joint fund for payment of health-related expenses in circumstances of insolvency, for the benefit of all residents, as well as establishment of a joint fund for payment of expenses in cases of insolvency. These regulations require a License Holder to deposit a base amount in the medical expenses fund and in the insolvency fund, for the benefit of all the senior home residents who made a payment toward the deposit, as well as for all apartments the residents living in which made a payment toward the deposit. The regulations provide a mechanism to ensure consistency between the number of residents and apartments that made a payment toward the deposit and the amounts deposited in such funds, such that every January the License Holder is required to check whether any change had occurred in the passing year in the number of residents who made a payment towards the deposit or in the number of apartments, the residents living in which had made such a payment. If the number of residents has grown, the License Holder is required to make a deposit in the amount set forth in the Senior Housing Law, and if the number of residents has declined, the License Holder may choose between a refund from the Administrator General and keeping a positive balance.

With the exception of the aforementioned regulations, as of the Report Date, additional regulations applicable to the senior housing segment have not yet taken effect. To the best of the Company's knowledge, at this point there are additional regulations which pertain to the senior housing segment and whose legislation is yet incomplete.

Frail and nursing-care patients – The People's Health Ordinance and Regulations

The People's Health Ordinance, 1940, the People's Health Regulations (Hospital Registration), 5726-1966, and the People's Health Regulations (Nursing Staff in Clinics), 5741-1981, prescribe that the operation of hospitals, including wards for frail and nursing-care patients, requires a permit from the Ministry of Health and is subject to supervision thereby. Such regulations include provisions with respect to the physical structure of the facility, the adequacy of equipment, management procedures, the rights of hospitalized patients and staffing requirements and qualifications.

Labor law

Palace has employees in the senior housing operations and has also engaged with manpower agencies and manpower contractors for the receipt of various services in the senior homes, including cleaning, protection and security. Palace is therefore subject to labor law and particularly to the law applicable to engagement of contractor employees, including the Employment of Workers by Manpower Contractors Law, 5756-1966, the regulations promulgated thereunder, and the Enhancement of Labor Law Enforcement Law, 5772-2011.

Planning and building laws, work safety and accessibility and consumer legislation

In the context of the planning, development and construction processes of senior homes, Palace is subject, *inter alia*, to the planning and building laws, including the decisions of local authorities and the various zoning committees, and is also subject to the Equal Rights for Persons with Disabilities Law, 5758-1998 and the secondary legislation thereunder, and to the work safety laws. Furthermore, the operation of senior homes is subject to consumer laws, such as the Consumer Protection Law, 5741-1981 and the regulations thereunder, and the Control of Products and Services Law, 5718-1957.

26.1.4 Rental housing in Israel

The Company's operations in the rental housing in Israel segment are subject, *inter alia*, to statutes and regulations in the field of land law, including statutes and regulations related to planning and building, supervision and municipal legislation, rental and borrowing, the Encouragement of Capital Investments Law, etc., as well as various decisions of statutory bodies.

The Planning and Building Law, 5725-1965 and the regulations promulgated thereunder

On 5 February 2018, the Knesset plenum passed, in the second and third readings, Amendment 120 of the Planning and Building Law (the 'Affordable Housing Law'). The amendment seeks to promote a coherent policy and encourage the construction of affordable housing on both the local and national level, while improving the preexisting mechanism in the Planning and Building Law in three principal aspects: (a) Expansion of the powers of the planning institutions to include in plans under their authority provisions that pertain to affordable housing, such that a district committee is authorized to determine additional rights for long-term rental housing without limitation, with at least 25% of the residential units designated for reduced-price rental. Furthermore, an independent local committee can determine additional building rights of up to 25%, or 20% of the total area approved by the district committee, provided that the entire land is Israel land and the plan was submitted by the Israel Land Authority; (b) Amendment of the Sixth Schedule to the Planning and Building Law and the conditions included therein for the purpose of executing a plan that includes affordable housing[123]; (c) Addition of an

[123] According to the Schedule, affordable housing is one of the following: (a) Long-term rental housing or reduced-price rental housing. Long-term rentals are defined in the Schedule as rentals for a term of at least 20 years for rent that cannot be capitalized, with the lease granting options for an aggregate period of at least 5 years per tenant. Reduced-price rental housing is similarly defined, but the

arrangement pertaining to rental housing units at a price reduced as compared to market price, with the aim of facilitating and enabling the promotion of plans that include affordable housing[124].

It is noted that as part of the Economic Plan Law (Legislative Amendments for Implementation of the Economic Policy for Budget Years 2021 and 2022), 5782-2021 (the "**2021 Arrangements Law**"), the powers of local committees were amended as set out in Section (a) above, expanding local committees' powers as concerning a determination of building additions to 50% (in lieu of 20%), and revoking the conditions limiting the powers of local committees to land promoted by the Israel Land Authority only. That is to say, the powers of local committees also apply to privately-owned land and to plans submitted by parties other than the Israel Land Authority.

Furthermore, the 2021 Arrangements Law authorizes independent local committees to approve plans that include: (a) An increase of the total area permitted for residential construction at a rate that shall not exceed 200%, provided that the plan determines that the provisions of the Sixth Schedule to the Planning and Building Law (Affordable Housing) will apply to the land. The 2021 Arrangements Law provides that such plan for additional area shall not contradict a comprehensive outline plan, unless the built-up areas on the lot do not exceed the built-up areas that may be approved for the lot under the comprehensive plan by more than 60%, and where approval of the plan by the district committee is obtained – do not exceed 120% of the built-up areas; (b) The addition of residential uses to a lot designated for commerce or retail (excepting the area of a lot on which the use of land for industry or high-tech industry or workshops is permitted), at a rate not to exceed 100% of the total area permitted for construction, provided that the provisions of the Sixth Schedule shall apply thereto, as well as the provisions of Section 63C of the Planning and Building Law, which prescribes, *inter alia*, that in a plan to which the section applies, at least 25% of the total units under the plan and 20% of the total area permitted for the construction of residential units shall be designated for reduced-price rental housing units; and the additional area will expire insofar as no application for a building permit to execute the addition is submitted within 5 years from the date of approval of the plan.

Further to the foregoing, the Economic Plan Law (Legislative Amendments to Implement the Economic Policy for the Budget Years 2023-2024), 5783-2023, also known as the "2023 Arrangements Law", expanded the powers of local committees to approve plans: redesignation from offices or commerce to residential, by the local committee, and increase of the total permitted area for residential construction.

The Rental and Borrowing Law, 5731-1971

The Rental and Borrowing Law regulates various contractual and property aspects pertaining to rental and borrowing rights. The law applies to any residential lease, save for the residential lease of an apartment in the following cases: (1) A term of lease shorter than three months with the parties to the contract not having the right of choice to extend the term of the lease; (2) A term of lease that exceeds ten years; (3) Where the rent is higher than NIS 20,000 or a different amount as determined by the Minister of Justice; (4) Apartments in a home, senior home, student dormitories, or lease of an apartment which is governed by the Tenant Protection Law.

Encouragement of Capital Investments Law, 5719-1959

The purpose of the Encouragement of Capital Investments Law is to encourage investments and various economic initiatives; among other things, one of the objectives of the law is to increase the supply of rental apartments. Chapter VII-1 of the Encouragement of Capital Investments Law addresses the encouragement of investment toward construction for rental and the benefits to owners of rental or institutional rental buildings. Under the law, rental building owners may be entitled to tax benefits in acquisition, expansion or construction. As noted, Chapter

lease carries a reduced price for eligible persons. An eligible person is anyone who satisfies the threshold conditions determined in Government Resolution 203 (Housing/13) of the Ministerial Committee for Planning, Building, Land and Housing on 22 June 2015, i.e., a homeless couple or individual who is 26 or older.

[124] In reduced-price rental housing, the rent will be 20% less than the price determined by the State Appraiser and will not exceed the reduced rent cap. A local authority has the power to determine, for land not owned by the Israel Land Authority, varying reduction rates, and there is a limit on rent increases. The regular and reduced rent may be increased once a year by the rate of the increase in the index and an additional amount that the Minister may determine in regulations. After five years, the market price can be updated according to a decision of the State Appraiser.

Vii-1 of the Law grants various tax benefits to owners of rental buildings and/or institutional rental buildings approved as certified properties and used for apartment rental in accordance with the conditions specified in the Law.

On 18 November 2021, the Economic Plan Law (Legislative Amendments for Implementation of the Economic Policy for Budget Years 2021 and 2022), 5782-2021 was published in the Official Gazette, under which, *inter alia*, the Encouragement of Capital Investments Law was amended and the 'institutional rental' scheme took effect, which grants benefits to owners of institutional rental buildings and/or buyers of institutional rental building serving as "successor lessors", which comply with the conditions specified in the law for this purpose.

The tax brackets in respect of a lease of apartments in a building for institutional lease will be in the first lease period (5 years): 11% corporate tax, in the second lease period (5 lease years after the end of the first lease period): 9% corporate tax, a third lease period (5 lease years after the end of the second lease period): 7% corporate tax, and in the lease period after the third lease period: 5% corporate tax. The tax brackets are also relevant to the sale of apartments.

The tax rate on dividends originating from taxable income generated from the sale or lease of apartments in a building for institutional lease is 20%.

For an apartment leased on an institutional lease track, the Company will be entitled to claim accelerated depreciation at the rate of 20%.

There is also a VAT exemption in respect of the sale of apartments that were made available for lease for the minimum required period.

Encouragement of Construction of Rental Apartments Law, 5767-2007

The Encouragement of Construction of Rental Apartments Law applies to companies defined as companies "owning a rental building"[125], and grants various tax incentives to companies that hold buildings for long-term lease. It is a unique scheme for the receipt of tax incentives, and a company that chooses it cannot claim relief via other schemes or switch to another scheme after making its choice.

The tax incentives are divided into two categories: (a) Exemption from appreciation tax upon the sale of a right in land that constitutes a "rental building"; (b) Grant of an option for depreciation deductions at the rate of 20% as losses permitted to be offset under the Income Tax Ordinance, provided that the building is a "rental building" which is held by the same company for a total period of at least 10 consecutive years.

Local authority directives and municipal bylaws

The Company is subject to local authority directives and municipal bylaws, including the payment of levies, municipal property tax (Arnona) for periods when the residential units are not leased, and so forth.

26.1.5 Hospitality

The Company's activities in the hotel industry are subject, *inter alia,* to the provisions of law, compliance with which is a condition by law for its current operations in the segment, as well as provisions of law that affect or may affect its operations and business results, as follows:

The Planning and Building Law, 5725-1965

[125] A company that owns all the rights in a rental building and satisfies the following conditions: (a) It is a resident of Israel; (b) It is not a closely held company, a family company or a transparent company. "Lease" is defined by law as a case where an apartment is leased for periodic rent, which cannot be capitalized, for a term of at least one year. A "rental building" is defined as a permanent structure comprising at least 16 apartments on 4 floors, the average main area of which does not exceed 100 sqm, at least 70% of the apartments in which are leased as residences, and construction of which was completed after 31 December 2006.

This law prohibits construction without obtaining a building permit or construction in deviation from a granted permit and/or from approved building plans. Construction of buildings, including hotels, is subject to the Planning and Building Law and the regulations promulgated thereunder.

The Tourism Services Law, 5736-1976

This law and the regulations promulgated thereunder regulate, *inter alia*, the operation of hotels in Israel, including, among other things, the services provided by hotels, hotel ratings and the duties imposed on hotel owners.

The Business Licensing Law, 5728-1968

This law allows the local authorities, where hotels operate, to prescribe conditions for the grant of business licenses. As part of the conditions for obtaining such business licenses, the Company is required, as part of its hotel business, to comply with firefighting laws (thus, the Company is subject to compliance with the Firefighting Services Regulations (Fire Extinguishing Equipment in Hotels), 5732-1972, and the requirements of the Israel Fire Services Authority thereunder), a poison permit (issued by the Ministry of Environmental Protection for those dealing with poisons under the Hazardous Substances Law, 5753-1933, in connection with the operation of hotel swimming pools). On 1 January 2019, Amendment No. 34 to the said Business Licensing Law came into effect, the purpose of which is to facilitate the bureaucratic process for obtaining a business license, according to the risk levels associated with the business establishment.

The Labor Inspection Organization Regulations (Safety Officers), 5756–1996

These regulations establish and regulate the duty to employ a safety officer in hotels that have more than 50 employees.

The Labor Inspection Organization Regulations (Safety Management Plan), 5773-2013

These regulations impose on certain places of work, hotels among them, the duty to establish a work safety management plan the purpose of which is to prevent workplace accidents and occupational diseases and comply with legislative requirements relating to occupational health and safety. The regulations regulate the provisions of the duty under this plan, the functions who may prepare the plan and the duties imposed on them and on the holder of the workplace. At the same time, the regulations provide for an exemption mechanism, whereby the holder of a workplace, and in our case – hotel owners, may apply to the Regional Labor Inspector with a reasoned written request to exempt them from the duty to prepare a safety management plan, if they believe that the workplace entails no risks that merit the preparation of such plan.

The Consumer Protection Law, 5741-1981

This law and the regulations promulgated thereunder establish various provisions relating to the activities of the Company in the hotel industry, including the prohibition on misleading (including in advertisements), disclosure duty to consumers, consumer cancellation rights, special sales (deals), remote sale transactions (online and telephone bookings), cancellation of remote sale transactions by consumers who are persons with disabilities, senior citizens or new immigrants (*Olim Hadashim*), holiday unit purchases, telemarketing activities, price display rules, and more.

The Equal Rights for Persons with Disabilities Law, 5758-1998

This law and the regulations promulgated thereunder apply various provisions to the Company that require making accessibility adjustments for the hotels and services provided there, to persons with disabilities.

Municipal by-laws and municipal taxation laws

In addition to the aforementioned restrictions, the Company's activities in the hotel industry are subject to relevant legal provisions and in particular to the tax laws and municipal by-laws of each of the local authorities in the location of the Company's hotels in Israel.

26.1.6 Business Licensing

In the framework of the operations of the Group's companies, some of the Group's companies are required to obtain a business license pursuant to the Business Licensing Law, 5728-1968. To the best of the Company's knowledge, as of the Report Date, all of the Company's properties have a valid business license or are in the midst of proceedings for the renewal or issuance of a business license (including such which had expired), as required under the Business Licensing Law, 5728-1968. In addition, in the lease agreements in which the Group engages with the various lessees, the lessee is required to hold a business license as required by law for the operation of its business on the property.

26.1.7 Economic Competition

In the framework of expansion of the Group's operations, *inter alia*, by acquiring shares in companies owning the rights in real properties, by the Group and the Group's companies may require, under certain circumstances, to approve the merger pursuant to the Economic Competition Law, 5748-1988.

26.1.8 Residential Sales

The Planning and Building Law, 5725-1965

The Planning and Building Law, 5725-1965 (the **"Planning Law"**), prescribes that the performance of construction work requires first obtaining a permit from the competent authorities, and construction without a permit or in violation of a permit constitutes a criminal offense under Sections 203-255 of the Law. In this context, Amendment No. 101 to the Law, also known as the "Balconies Reform", entered into force gradually beginning in August 2014. The purpose of this amendment was to reduce the level of bureaucracy in the planning and construction sector and to streamline approval and licensing procedures. Among the provisions introduced were maximum timeframes for the review of plans, the establishment of independent supervisory institutes for licensing purposes, 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.

Subsequently, on 4 July 2016, the Planning and Building Regulations (Construction Licensing), 5776-2016, were published, with the aim of improving the accessibility and efficiency of the building licensing process. The regulations introduced the "Available Licensing" ("Rishui Zamin") system, which converted the entire process – from preliminary information and planning, through the issuance of a permit, supervision, and control over construction performance, and up to the issuance of a completion certificate – into a transparent online process that is subject to oversight.

In recent years, the Law has undergone additional amendments: Additional powers were granted to the ministerial committee authorized to declare sites as designated for redevelopment, and planning 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 concessions were also introduced, such as the ability to increase building rights by up to 20% with subject to approval by the local committee, the addition of up to 10% housing units on a lot over and above the otherwise permitted cap, and the subdivision of ground-floor apartments to create an additional housing unit. At the same time, a provision was introduced requiring a planning authority to require letters of indemnification as a condition for the deposit of a plan.

The Economic Arrangements Law approved in November 2021 introduced another significant change, prescribing that new plans, the decision to deposit which is made after January 2023, will be reviewed without the possibility of quantitative concessions, such as additions to building areas, to the number of housing units or to building heights. However, concessions on other matters will be permitted only in cases for which the regulations expressly provide. Longstanding plans were granted a three-year transition period under the previous concession framework, with a possible extension for two additional years, subject to approval by the Minister of the Interior. It was clarified that the ability to submit applications under the old regulations would be preserved only for applications submitted before 31 December 2024.

On 3 April 2025, Amendment No. 160 to the Planning Law was published, allowing for approval, under plans subject to local authority, of all matters that could have been approved as concessions prior to Amendment No. 134 to the Law, following which, the Planning and Building Regulations (Significant Deviation from a Plan) were amended. Amendment No. 134 to the Law was intended to streamline licensing procedures in accordance with the new "Licensing-Oriented Planning" approach adopted by the Planning Administration, 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 procedures by reducing the gaps between planning and execution.

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 published, and on 3 December 2023 the regulations entered into force. The updated regulations allow planning authorities to determine, at their discretion, the allocation of building areas under a plan into main areas and service areas but no longer require them to do so. This change allows for more flexible planning based on the total of building areas approves, and results in the simplification of regulation, shorter processing times, and increased uniformity in licensing procedures.

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 statutory deadlines established under the Planning and Building Law and the Promotion of Construction Law. Under this law, in localities adjacent to the Lebanese border and the Gaza Strip, a suspension period (excluded from the count of days) was established between 7 October and 15 December 2023, whereas the suspension period for the other parts of the country was established 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 ILA, which was established as part of a reform intended to improve the efficiency of the real estate sector and accelerate the increase in housing supply, is authorized to cancel transactions where contractually stipulated construction completion deadlines are not met. In such cases, the ILA refunds the amounts paid by the buyer, after deductions in accordance with the provisions of the agreement.

Safety laws, contractors and standards

The Registration of Contractors for Construction Engineering Work Law, 5729-1969, regulates the registration and supervision of construction contractors in Israel, to ensure that construction engineering work is performed by qualified professionals. Under the Law, only a contractor registered in the Contractors Registry of the Ministry of Construction and Housing and holding the appropriate classification may carry out construction work of certain scales, according to the registration sector – primary or secondary. The Law also defines the conditions for registration, the powers of the Registrar and enforcement measures, including disciplinary and criminal proceedings against persons operating without a valid permit.

In addition, construction work is subject to the provisions of the Work Safety Ordinance [New Version], 5730-1970, and the regulations promulgated thereunder, which prescribe 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 have site foremen, safety assistants, safety officers and project engineers, whose role is to supervise the actual implementation of safety procedures and risk control.

Following the increase in workplace accidents in the construction sector, many companies in Israel invest in advanced control 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.

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

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

Subsequent amendments to the Law have reinforced buyers' rights. Among other things, Amendment No. 6 requires contractors to issue a price list for the apartment components and to allow changes to or waivers of certain items within a time limit; Amendment No. 7 reduced the legal fees that the contractor's counsel may charge the buyer; and Amendment No. 8 established a cap for the interest rate applicable in the event of a payment default by the buyer.

A significant amendment – Amendment No. 9 of 2022 – restricted the ability to link the price of the apartment to economic indices other than the Construction Input Index, and revised the compensation mechanism for delays in delivery: (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 payable for a comparable apartment; (c) for a delay of five to ten months – compensation at the rate of 125% of the compensation under subsection (b); and (d) for a delay of eleven months or more – compensation at the rate of 150% of the compensation under subsection (b).

The provisions of the Law are mandatory and may not be deviated from, except for the benefit of the buyer.

In addition, the Sale Law (Apartments) (Securing the Investments of Apartment Buyers), 5735-1974, requires developers to secure buyers' funds through one of the mechanisms listed in Section 2 of the Law, including the provision of a bank guarantee or insurance policy to the buyer, in the amount of every payment made. All project funds are managed within a designated closed financing framework, under the supervision of the financing bank over the developer and the project throughout the construction of the project and until the apartments are delivered to the buyers. An amendment to this Law in 2017 extended the collateral obligation to insurance companies as well and prescribed that the guarantee applies only to the transaction amount without the VAT component, along with the creation of a designated fund to ensure the reimbursement of the VAT component upon realization of the collateral.

Urban renewal – Redevelopment and NOP 38

The declaration of a site as suitable for redevelopment is under the authority of the government pursuant to Section 33A of the Planning and Building Law, and projects of this type are governed by the Redevelopment Law (Encouragement of Redevelopment Projects), 5766-2006. The Law is intended to remove legal and economic barriers facing developers and apartment owners and allows courts to order the execution of a transaction even if some of the apartment owners are opposed thereto. The majority currently required for an urban renewal project is at least two-thirds of the owners of apartments in the complex, subject to additional conditions for each and every building.

In recent years, the Law has been amended several times, *inter alia*, to provide additional protections for apartment owners, including elderly apartment owners or owners requiring nursing care, to establish an indemnification mechanism among residents and to establish a mechanism involving a certified appraiser for assessing the economic viability of the transaction.

Under the Economic Arrangements Law, new provisions were introduced in 2023, including, *inter alia*, a limitation on the duration of engagement in redevelopment transactions and the establishment of a mechanism for compensation of developers if the transaction is cancelled.

The Redevelopment Regulations (Encouragement of Redevelopment Projects) (Payment for Cancellation of an Urban Renewal Transaction), 5785-2025, establish the amount of compensation to which the developer is entitled where a transaction is cancelled.

The Governmental Urban Renewal Authority Law, 5776-2016, has established a designated governmental body for promoting projects, providing incentives in peripheral areas and reducing regulatory barriers. The Law also allows for municipal property tax relief for owners whose apartments have been upgraded through a project, and it also expands the appreciation tax exemption to rights deriving from the applicable zoning plan, rather than only from NOP 38.

Upon the expiration of NOP 38 in August 2024, the "Shaked Alternative" – Amendment No. 139 to the Planning and Building Law was introduced, which entered into force in July 2022. The alternative establishes two principal tracks: The first – demolition and reconstruction of up to 400% of the existing building area, with possible expansion to 550% subject to approval by the Minister of the Interior; and the second – a track for reinforcement and densification of existing buildings through additional construction in accordance with the planning needs of the local authority.

In January 2024, the Planning and Building Regulations (Fast-Track Licensing Plan), 5784-2023, entered into force, implementing the provisions of the amendment and facilitating 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 unanimous consent among all residents. Under the Law, the Supervisor of Condominiums is authorized to approve a reinforcement or 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 urban renewal projects are promoted transparently and efficiently, while balancing the rights of apartment owners, the rights of developers, and the national objectives for increasing the housing supply in Israel.

Land taxation in urban renewal

Engagements in transactions for the purchase and sale of real estate are subject to the Land Taxation Law (Appreciation and Purchase), 5723-1963. In transactions carried out under NOP 38, owners of existing apartments are granted a significant relief in the form of an exemption from appreciation tax, subject to such conditions and

limits as prescribed by the Law. On 23 May 2023, significant amendments relating to the taxation of urban renewal projects were introduced through the Economic Arrangements Law. The amendments include, *inter alia*, reduction of the exemption on the receipt of cash consideration in a redevelopment transaction, such that cash consideration be exempt from appreciation tax up to the exemption cap and only with respect to one apartment in the complex per seller; regulation of the tax aspects in cases of transfer of rights between developers or the allocation of shares in urban renewal transactions; grant of a tax exemption also to owners of two existing apartments in the same building in NOP 38/2 transactions (demolition and reconstruction); entitlement of an owner of an apartment in a "preferred area" or an "elderly person", as defined by the Law, to an exemption for two apartments received in exchange for one existing apartment; entitlement of an owner of an apartment in a "peripheral area", or in the case of sale of rights in a public-housing apartment, to an exemption for one or more apartments in the building; alignment of the tax benefits granted to elderly persons in NOP 38/2 transactions with the benefits granted to them in redevelopment transactions; extension of the validity of Chapter Five (5) to the Land Taxation Law which grants the exemptions applicable to NOP 38 transactions until 31 December 2033; and reduction of the consent rate required for 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, entered into force, allowing the buyer of a land right to receive a refund of one-sixth of the purchase tax he paid, to the extent that such tax was not deductible under the Income Tax Ordinance, provided that the purchase concerns a land right for which a plan is in place, permitting the construction of at least one apartment designated for residential purposes, and that a permit was granted for the construction of at least one residential apartment no later than 24 months as of the date of purchase of the right. Following the Swords of Iron war, temporary relaxations were granted with respect to the calculation of such 24-month period.

Subsequently, on 15 October 2024, the Israel Tax Authority issued a professional position paper regarding taxation in NOP 38/2 projects. According to the position paper, in cases where an apartment owner elects to upgrade the replacement apartment allocated to him to another apartment of higher value and pays the difference in cash, such action, under certain conditions, shall not be deemed a taxable sale of land right, but rather a transaction for the commissioning of construction services and payment to the developer for such services, without the transfer of additional land rights. However, if the Director of Land Taxation determines that the transaction constitutes a sale transaction – purchase tax may be imposed depending on the circumstances.

26.2 Outside Israel

The Group's operations in the U.S. and in England are subject to the laws and regulations in these countries, *inter alia*, in the relation to land, planning and building, lease, environmental protection and laws on the municipal level and in connection with land taxation.

The data center operations are characterized by high requirements in the following areas: security, both physical and of computing and server systems, environmental requirements from the various systems used by the buildings (such as the cooling systems, generators, fuel storage for the generators, etc.), very high power redundancy requirement (prevention of general failure in the event that one of the system components fails), the communication, control and safety systems. Every development project in the field is subject to regulation and provisions prescribed by the relevant authorities, incl the receipt of operation permits and licenses from various regulatory bodies, according to the area where the operations take place.

GM's operations in Norway are subject to the provisions of the **Norwegian Security Act**. This law is a comprehensive legal framework designed to ensure the security, resilience and integrity of providers of critical infrastructures in Norway, including data center services. The law, which was enacted to address developing security challenges, outlines the means required to be taken to protect assets and mitigate risks (such as the performance of risk assessments, preliminary planning of cases and responses, physical security and cyber security measures, periodic audits, etc.). As a key regulatory tool, this law plays a crucial role in improvement of

the overall security of organizations operating in Norway, in compliance with strict standards of confidentiality, integrity and availability.

Below is a list of regulatory provisions that are relevant to GM's operations in Norway and entered into force during the Report Period:

Regulation on Grid Regulation and the Energy Market (NEM) – An amendment to these regulations imposes an obligation on electricity transmission companies to conduct maturity assessments for projects requesting power grid capacity allocation. This amendment modifies the "first come, first served" principle by prioritizing mature and viable projects, and allowing for the deferral or removal of non-viable projects from the queue.

It is clarified that these regulations do not limit energy consumption by existing data centers, but rather only apply at the stage prior to the allocation or reservation of capacity for a project.

Developers, including data center developers, may be required to make further progress with their projects before applying for grid capacity. However, a higher entry threshold may shorten queues and improve certainty for mature projects.

The E-Com Act and its related regulations **(Data Center Regulation)** – In essence, the Act and the regulations establish specific requirements applicable to data center operators in relation to security and emergency preparedness and confer certain powers on the National Communications Authority (**"Nkom"**) under defined and exceptional circumstances.

A new requirement arising from these arrangements is that operators must register with Nkom prior to commencing operations. Furthermore, operators are obligated to notify Nkom of incidents that result in a material adverse impact on the availability, authenticity, integrity, or confidentiality of the data center or its services. Additionally, the regulations impose administrative fines for violations of certain provisions where an operator, or anyone on its behalf, acted negligently or intentionally.

The Act also includes a provision regarding "usage restrictions", under which, for reasons of national security or other important public interests, a provider or operator may be ordered to implement restrictions on the use of electronic communication networks and services or data center services.

Furthermore, the Act requires providers and data center operators to implement necessary usage restrictions in emergency situations posing a serious threat to life or health, national security, or public order, or in other cases as specified by law.

Amendment to the Mapping and Planning Regulation (Land-use objective) – One of the objectives of these regulations is to facilitate the preparation of clear and unambiguous land-use plans. Under this amendment, a 'data center' has been defined as a specific land-use sub-designation. The amendment applies to new zoning plans. Accordingly, future zoning plans will utilize this designation in lieu of the broader designations previously used for data center construction, such as 'industry' or 'business'.

To the best of the Company's knowledge, this change does not significantly restrict data center operators' access to land, but it may extend the duration between land acquisition and the commencement of construction, as more land parcels may require a designated planning process before being deemed suitable for the data center construction. Furthermore, the change may result in operators deferring land acquisitions until after the rezoning process is complete. Still, this change creates transparency and certainty regarding land use for developers in the sector.

27. Material agreements and collaboration agreements

The Group is a party to collaboration agreements with third parties with respect to some of the projects within the Group's activities.

Excluding agreements which were specified in this Chapter, in the Additional Details Chapter (Chapter D of the Report) and in the Notes to the Financial Statements, the Company is not a party to any material agreements which are not in the ordinary course of business, or which were not described in any of the aforesaid chapters of the Report.

28. Legal proceedings

As of the Report Date, the Company and/or the Group companies are not a party to material pending legal proceedings, except as specified in Note 28 to the Financial Statements. In addition, as of the date of this Report, the Company and/or the Group companies are conducting various proceedings, as determined by law, *inter alia*, for the resolution of demands received from the various local authorities in respect of mandatory payments and levies, in a total amount that is immaterial to the Company. In respect of part of the proceedings, the Company included provisions in the Financial Statements on the basis of the opinion of the Company's outside advisors, under the circumstances of each matter.

29. Goals and business strategy

As a leading company in its segments of activity, the Company focuses on the income-producing real estate sector. In the retail centers and malls in Israel segment, the Company regularly focuses, on improving its existing properties, and acts to optimize the utilization of its commercial space and create a suitable tenant mix according to the changing demand needs, increase the number of visitors while maintaining and even improving the attractiveness of its malls and retail centers, continuing to offer management services to its properties through the Group's management teams, maintaining the level of its tenants and renewing the lease agreements therewith for additional long-term periods. In the leasable office and other space in Israel segment, the Group places an emphasis on the location of the property, the uniqueness of the building, accessibility and parking, and supporting functions for the tenants and their employees in order to create differentiation against competing properties in the same areas of demand. In the senior housing segment, the Group laid an emphasis on the location, standard of service, varied activities' contents and a supportive environment.

The Group's business strategy is to continue to invest in the expansion of its vast operations in the segment of retail centers and malls, mainly in mixed use projects, and by constant upgrade and improvement of its existing properties along with cleansing the mix of the services and/or stores, in the leasable office and other space in Israel, both in pipeline projects and in upgrading and improving the existing properties, and subsequently the development and expansion of the senior housing segment, the rental housing segment and lines of business that are close to the Company's operating segments, through the purchase of land for development and construction of properties and/or the purchase of additional properties. In addition, the Company places emphasis on betterment of the existing properties, promotion of building plans and expansions for optimal use of the rights in its properties. The Company ensures that it maintains its sound financial strength and a relatively low leverage ratio.

In the income-producing real estate in the U.S. segment, as of the Report Release Date, the Group is continuing to consider the disposition of assets in accordance with the market conditions.

The Company estimates that its principal growth drivers are, *inter alia*, the projects undergoing planning and construction, development of new properties through the identification of lands for purchase while taking into account areas of demand, large population centers, central transportation junctions and high accessibility to public transportation.

Furthermore, the Company periodically examines additional opportunities for expansion of its operations into other business areas that are synergistic with or adjacent to the Company's business, as additional growth drivers, while leveraging market conditions and/or situations of distress at leading target companies that generate cash flow. In this context, during the Report Period the Company acquired control of ZMH Hammerman and acquired the Mount Zion Hotel.

During the Report Period, the Company continued to operate "Palace Tel Aviv", the longstanding senior home it purchased in 2015, the "Palace Ra'anana" senior home (formerly Ahuzat Bayit Ra'anana) that was purchased in 2016, the senior home in Modi'in, the senior home in Lehavim, and is also in the process of construction of another senior home in Rishon LeZion. The Company is striving to continue developing the senior housing business and to create a significant portfolio with national presence and a 4-5 star finishing standard. In the Report Period, the Company continued to examine various ventures for the construction of new senior homes, identification of suitable land and purchase of existing senior homes, aiming to be a leading player in the senior housing market, both in terms of the number of residential units offered to residents and in terms of the standard of the services provided. For details regarding the award of a tender for construction of a senior housing project in Sde Dov, see Section 1.3.7 of this Chapter A.

The rental housing in Israel segment – The Company's plans in relation to the rental housing in Israel operating segment are, *inter alia*, to build a long-term rental platform, while further strengthening product differentiation and providing services of a high quality and standard.

The data center segment – The Company has set its sights on becoming a significant player in the global data center market, focused on Wholesale and Hyperscale customers.

The acquisition of companies in this industry is made as part of the Company's growth strategy, under which the Company entered the data center industry, and for the purpose of expanding its operations in this industry.

The Company intends to use the presence of GM in the European data center market, its experienced management, professional knowledge and business connections, in order to gain a foothold and grow in this market, which is characterized by high growth rates and high yields. The Company also intends to act in the future to expand GMG's current operations in the European market (in Norway, Germany and England), with an emphasis on the expansion of the operations in the Nordic Countries in the coming years and in the medium-term, also expand into other countries in Northern Europe.

The Company seeks and acts to expand its operations in the segment to other territories, both by expanding the operations of GMG, GM and the U.K. Companies and by additional mergers and acquisitions. The Company is also exploring various options for collaborations with additional investors and various alternatives for financing its operations in the data center segment according to the growth rate of such operations. During the Report Period, the Company completed the concentration of its holdings in the data center segment in Europe under GMG, *inter alia*, in order to facilitate capital raising from investors to support accelerating the development of its data center operations. The Company intends to examine during 2026 the possibility of raising capital as noted above by bringing in investors.

The Company's plans for GMG, GM and the U.K. Companies, and the data center segment in general, as specified above, are forward-looking information, within the meaning thereof in the Securities Law, which is based, inter alia, on the Company's estimations according to information about the business of GM and the data center industry. 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 principal factors that may affect this are: Changes related to the operations of any of the companies in the segment and/or their customers and/or the operating segment in general, non-receipt of approvals required for the Company's plans and/or materialization of the risk factors specified in Section 31 below.

The Company's goals as of the Report Release Date are based on the management's estimates in connection with the market conditions as of such date, and there is no certainty that the aforesaid will indeed materialize. For further details, see the Board of Directors' Report.

The residential sales segment – The Company focuses most of its operations, through ZMH Hammerman, on the development of urban, multi-family residential complexes, while maintaining and cultivating a high-quality contract construction work platform, for both ZMH Hammerman and third parties. ZMH Hammerman's focus on the residential sector is based primarily on the perception of housing as an evolving essential consumer product, with expected steadily growing gross demand in the urban sector and relatively stable gross margins. The Company, through ZMH Hammerman, intends to continue pursuing this direction in the coming years as well. ZMH Hammerman strives to realize the projects in which it is involved as quickly as possible and accordingly places a particular emphasis on planning, execution, and marketing efforts from the early stages of project development and throughout construction. It is ZMH Hammerman's policy to acquire, in cash or through combination transactions, land with valid building rights for which building permits may be obtained. ZMH Hammerman also examines the acquisition of land with valid outline plans and/or land intended for redesignation, utilization, and betterment. Furthermore, the Company and ZMH Hammerman are considering additional options for expansion of ZMH Hammerman's urban renewal operations.

30. Development forecast

As previously reported by the Company, during the Report Period and until the Report Release Date, the Group has continued exploring business opportunities in Israel in connection with the expansion of its operations, primarily in the income-producing real estate sector, including the continued development of the senior housing segment and the rental housing segment, and commenced operations in the residential sales segment, through ZMH Hammerman. The Group has also examined business opportunities abroad, particularly in the data center industry. These opportunities are examined both by way of acquiring land reserves and property development and by way of acquiring properties and/or companies and/or operations from third parties and/or betterment of existing Group-owned properties, some of which opportunities have materialized as set out in the Company's reports. The Company regularly engages in the identification of opportunities for expanding the retail and office space in its existing properties as an addition to existing projects and is working to promote the betterment of such properties, which activity it is expected to maintain in 2025 as well. In the residential sales segment, the Company, through ZMH Hammerman, seeks to launch additional phases in active projects and to advance projects currently under construction. Furthermore, the Company, through ZMH Hammerman, is constantly considering entry into new projects in the residential sales in Israel segment. In addition, the Company continues to regularly look into its financial holdings, all according to its discretion as to the timing, structure and consideration of the transaction.

31. Discussion of risk factors

In the Company's estimation, the Group is exposed to several fundamental risk factors deriving from the economic environment and the Group's unique characteristics.

The information concerning risk factors to which the Group is exposed is forward-looking information as defined in the Securities Law. The Company's expectations with respect to this issue are based on past experience, the Group's familiarity with the markets in which it operates and its estimations in relation to its economic and business development. However, the Group's estimations regarding the following risk factors, including the extent of their effect on the Group's business, are forward-looking information, as defined in the Securities Law, based on the information held by the Group as of the Report Date and also include assessments and analysis of *the Group. The effect of the materialization of any particular risk factor may differ from the Group's estimations, inter alia, due to factors that are not necessarily within the Group's control. Furthermore, in view of the Group's continued examination of the expansion of its business, in particular in the real estate sector, the Group may by exposed in the future to additional risk factors, and the effect of any risk factor, if it materializes, may differ from*

the Group's estimations. Notwithstanding the aforesaid, it is noted that the Group's operations are characterized by a large number of tenants, numerous segments and geographic dispersion. These characteristics allow the Group to reduce its exposure to changes in a specific operating segment and to reduce its exposure to the business of a specific tenant.

31.1 Macro-economic and financial risks

31.1.1 The growth and consumption rates in Israel

The Group's operations are dependent, *inter alia*, on the growth of the Israeli economy and the per capita consumption rates, which affect the demand for the Group's income-producing real estate space and the strength of material tenants in the Group's properties and their ability to comply with their obligations to the Group, as well as on the demand for residential units in the residential sales segment. In this context, see Section 6.1.1 of this Chapter A regarding the geopolitical situation and the security situation in Israel and the possible impact thereof on the Israeli economy.

31.1.2 A change in the Construction Input Index

An increase in construction input costs may affect the price of the Group's agreements with sub-contractors. While construction costs are usually linked to the Construction Input Index, rental income from income-producing real estate in Israel are usually linked to the Consumer Price Index. Therefore, the Group may be exposed to negative effects in the event of changes in these indices.

With respect to the residential sales segment, in H2/2022, Amendment No. 9 to the Sale Law (Apartments), 5733-1973 entered into force, which, *inter alia*, imposed a limit on the extent to which apartment prices may be linked to the Construction Input Index, such that, in practice, from the effective date of the Amendment, a maximum rate of 40% of apartment prices under sale contracts may be linked to the Construction Input Index. ZMH Hammerman is exposed to increases in the index primarily due to sale contracts that include no linkage at all.

Furthermore, a rise in the Construction Input Index results in a rise in construction costs in the various projects built by ZMH Hammerman across the country.

31.1.3 Changes in market interest rates

A majority of the Group's undertakings and Group's development plans are affected by changes in the market interest rates and the conditions stipulated by banking corporations for the provision of bank credit. A long-term increase in the market interest rates may affect the Group's financing costs in relation to each project, the yield from the properties, the value of the income-producing properties and the Group's profitability. In this context, see Section 2.1 of the Board of Directors' Report.

31.1.4 Security situation

Changes in and deterioration of the political and security situation may affect the Group's operations and negatively affect its business results, both in terms of the public's willingness to visit the Group's retail centers and malls, in regions in turmoil and in general, and in terms of demand for leasable space, shortage in manpower in the construction industry, increased construction costs, etc. In the residential sales segment, an escalation of the security situation may be reflected in a decline in the demand for residential units and a rise in construction costs due to labor shortages in the construction sector, as well as the suspension of construction work pursuant to the directives issued by the government or by local authorities. For the impact of the Iron Swords war, see Section 2.2 of the Board of Directors' report.

31.1.5 Regulatory changes in the Group's business environment

The Group's operations are exposed to various regulatory restrictions, including ones under competition laws, securities laws, corporate law and the bank supervision laws. Stricter regulation in areas pertaining to the Group, as well as the possible implications of further regulatory changes, may reduce and/or limit the Company's operations, *inter alia*, by organizational changes and the imposition of conditions on the Company's business activity and financial holdings.

31.1.6 Changes in the value of financial investments available for sale

In view of the condition of the capital market in Israel, the Group is exposed, to a certain extent, to adverse changes in the value of the company in which it has invested as a financial asset available for sale. A decrease in the value of this company may adversely affect the Group's comprehensive income and its equity.

31.2 Industry-specific risks

31.2.1 Decline in the demand for leasable space

A decline in the demand for leasable space and/or non-renewal of existing lease agreements may lead to a decline in the occupancy rates of the Group's properties and a decline in rental income and in the value of the properties, inevitably having a negative effect on the Company's business results.

31.2.2 Decline in rent prices

A decline in the demand for leasable space together with intensification of the competition in the sector may lead to erosion of the Group's rent, a decrease in the value of properties, and a negative effect on its financial results.

31.2.3 Strength of key tenants

Damage to the financial strength of tenants, and particularly key tenants, may lead to an increase in provisions for doubtful debts or alternatively, the termination of lease agreements and/or eviction of tenants from the Group's properties, and consequently to a decrease in the Group's rental income and an inevitable adverse effect on the Company's business results.

31.2.4 Competition

The income-producing commercial real estate sector in Israel and the residential sales segment in Israel are subject to significant competition. For details regarding the effect of the Group's competitors on its business results, see Sections 9.1.11, 10.2 and 16.13 of this Chapter A.

31.2.5 Approval by the authorities

Operations in the income-producing real estate sector and in the residential sales sector are characterized by the need to obtain approval from various officials at the various authorities, particularly as pertaining to the authorizations of rights and uses (zoning plans), building permits, business licenses, etc. A delay in obtaining or failure to obtain approval could have a negative effect on the profitability of the project or entail various financial expenses for compliance with the requirements of the authorities to obtain the approval.

31.2.6 Legal and regulatory requirements, including with respect to environmental protection

The Group's companies are subject to legal and regulatory requirements from various aspects and, *inter alia*, on issues pertaining to the environment (nuisance, underground and above-ground pollution, toxic waste etc.), and they are required to bear the costs involved in meeting the same, such that it may have an adverse effect on their results. A toughening of such regulatory requirements may force the Group to allocate additional financial resources to this issue.

31.2.7 Changes in the tax burden

The Group's companies are subject to the tax laws in the jurisdictions in which they operate. Changes in the present or future tax rates, or other changes in tax laws that affect the tax liability of the companies, will cause a change in the Company's financial results.

31.2.8 Cyber risks

The group uses computer systems and digital databases for the daily management of its business. The information in these databases includes, inter alia, business and personal details about the group, its employees, customers, etc. Such systems may be exposed to cyber risks such as cyber attacks, hacking, unauthorized data encryption etc., which may cause the Group direct and indirect harm. The consequences may include harm to ongoing operations, loss of business information, leaks of confidential or personal information, exposure to lawsuits, fines, reputational damage, etc.

In order to prevent and mitigate the exposure to cyber risks, the Group has carried out a risk assessment and mapping for IT systems and infrastructures and is developing procedures for the regular implementation of security for the information it retains and to address cyber and information security events. The Group retains outside consultants and carries out internal audits to identify and address cyber risks. The Group estimates that the risk of damage from information security events is not high, due to the existence of an entity-wide work plan, compensating controls, mapping of potential attack platforms, and mapping of the existing cyber risks.

In this context, the Group applies organizational methods and technologies to prevent risks, enhance the security system and address threats. These processes include procedures as aforesaid, training for employees including unannounced drills, regular controls, instructions to third party vendors who are involved in data processing and/or have access to databases, backup on a secondary site for disaster recovery, etc. The Company retains outside consultants for mapping and compliance with information security regulations.

To address cyber risks, the Group uses the services of a CISO, who is an external consultant with expertise in information security and familiarity with the Group's systems and infrastructures. The CISO works in collaboration with the Group's Chief Information Officer, for the planning and implementation of required defenses and technologies in the area of information security and protection of the Company's databases.

The Group acts frequently and continues to monitor the threats emerging from time to time and adjusts systems and procedures to security needs as required. The Group has also purchased insurance coverage for cyber-attacks.

31.3 Group-specific risks

31.3.1 Fluctuations in the Consumer Price Index

The Group has loans and bonds and deposits from senior housing residents that are linked to the Consumer Price Index and therefore the Group is exposed to fluctuations in the Consumer Price Index. However, most of the

Group's rental income in the commercial centers and malls segment and the leasable office and other space segment are linked to the Consumer Price Index, while a rise in the Consumer Price Index may lead to an increase in the revenue from rent and reduce the exposure in relation to this risk.

31.3.2 Foreign Currency Risks

The Group has assets and liabilities that are stated in various foreign currencies. Since the total of foreign currency liabilities is not always equal in value to the total of foreign currency assets, the Group is exposed to possible changes in the exchange rate of the foreign currencies in relation to the NIS. However, the Group's rental income in the income-producing real estate in the U.S. segment and in the data center segment are stated in foreign currency, with a rise in the exchange rate of the foreign currency possibly leading to an increase in rental income and in property values and a reduction of the exposure deriving from this risk.

31.3.3 Dependency on Financing Sources

The Group's operations are also financed by external sources and an adverse change in the conditions for provision of credit and/or non-renewal of existing credit may have a material adverse effect on the Company's results.

31.3.4 Debt raising costs

Changes in market interest rates and in the CPI may affect the cost of debt raising by the Company as well as financing costs.

31.4 Risks specific to senior housing

Regulation of senior housing operations

The senior housing sector has developed significantly in recent years, along with the regulation of the sector. For details regarding the Senior Housing Law and the regulations promulgated thereunder, which prescribe, *inter alia*, the conditions for receipt of a senior home operation license, as well as conditions and duties for the purpose of proper management and operation of senior homes, see Section 26.1.3 of this Chapter A.

31.5 Risks specific to data centers

31.5.1 Regulation of data center operations

The data center operations are subject to restrictions, legislation, standardization and special constraints that apply to the operating segment, and consequently supervision and the receipt of licenses and operation permits from various regulatory bodies.

31.5.2 Technological changes

In the event of future technological developments in the data center market, which are able serve as a substitute for the presently existing technologies (such as the quantum computing technology which is in early development stages and not yet used commercially), GM's existing data centers may have less appeal.

31.5.3 Electricity shortage

Operations in the data center segment are characterized by high levels of electricity consumption and depend, *inter alia*, on the availability of electricity supply in significant amounts and on the ability to secure power grid connections at the required times, both for the construction and development of new facilities and for the expansion of existing facilities.

In recent years, and particularly in certain markets in Europe, a trend of shortage of available grid capacity has been noticed. In some cases, securing a grid connection may be subject to lengthy review procedures.

A shortage of available grid capacity and/or delays in securing a grid connection may result in delays in the construction or expansion of facilities and/or compromise the Company's ability to fulfill its obligations to customers or enable them to terminate agreements or claim compensation, including in the form of payment reductions due to delays in construction.

31.5.4 Operational risk arising from contractual obligations under service level agreements (SLA) and exposure to compensation and agreement termination

Operations in the Data Centers segment are based, *inter alia*, on long-term agreements with customers, which include contractual obligations to particularly high service levels (Service Level Agreements; SLA), including with respect to the continuity of electricity supply and cooling.

Failure to meet the agreed service levels – whether due to power failures, cooling system malfunctions, technical failures, cyber events, human error or other factors – may entitle customers to compensation, including in the form of payment reductions (rent credits). In certain cases, particularly in the event of repeated or material failures to meet service levels, customers may also have the right to terminate the agreement.

Such events may result in financial losses, as well as damage to the Company's reputation and its ability to enter into new agreements or renew existing agreements. Given the presence of several core customers in the segment (hyperscalers), the exercise of a termination right by such a customer may adversely affect the operating results of the segment.

31.5.5 Supply chain

The construction, expansion and operation of data centers involve the procurement and installation of specialized components and equipment in significant volumes, including advanced cooling systems, generators, transformers, control components, communications infrastructure, as well as specialized construction materials. Some of these components are manufactured by global suppliers, and their delivery times can be lengthy and depend on complex international supply chains.

Disruptions in the supply chain – including due to shortages of raw materials, manufacturing bottlenecks, logistical constraints, geopolitical events, sanctions, export restrictions, strikes, pandemics, or a surge in global demand resulting from an increase in the demand for data center services – may lead to delays in the delivery of critical components, extended timelines for the construction or expansion of facilities, and increased costs.

Such delays may affect the Company's ability to meet the timetables stipulated in its agreements with customers, including with respect to the delivery of projects on agreed dates, may expose the Company to compensation payments in the form of payment reductions, or reputational damage, and may even lead to the termination of

agreements by customers. In addition, a material increase in component costs or transportation costs may adversely affect the expected profitability of the projects.

31.5.6 Major customers

As noted in Section 13.11 above, in the data center segment, the Company focuses on the hyperscale market. Accordingly, this operating segment features several core customers, which are responsible for a large portion of this segment's revenues and whose loss may have a material impact on the operating segment.

31.6 Risks specific to the rental housing in Israel segment

31.6.1 Success of the introduction of the rental housing product into Israel and education of the market

Israel's housing market is characterized by relatively high property ownership rates. A lease that includes the provision of complementary services is not common in the rental market, resulting in the need to introduce to the target audiences the nature of the lease offered by the Company, including the complementary services offered thereby.

31.6.2 Rent control

Part of the rent that the Company is permitted to collect on projects in the segment is controlled and is not within the Company's control; it is linked to the CPI, but exposed to changes and updates by the regulator, and is not necessarily linked to changes in the market.

31.6.3 Regulation and government policy

Various Israeli governments have put together a policy that supports the promotion of long-term rental housing. Changes in this policy may adversely affect the results of the Company's operations in the rental housing in Israel segment. Moreover, changes in government policy regarding the allocation and marketing of land, incentives for tenants who rent apartments, planning and building proceedings, interest on mortgage loans and so forth, may have a material impact on the Company's operations in the rental housing in Israel segment.

31.7 Risks specific to the residential sales segment

31.7.1 Governmental and municipal housing construction policies

The construction sector is influenced by government and municipal construction policies, land-marketing policies, policies for encouraging and incentivizing homebuyers 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 commencement realization and completion of projects, and consequently the business of ZMH Hammerman through which the Company operates in the residential sales segment.

31.7.2 Geographic diversification

A decline in apartment prices in the Dan Metropolitan Area may adversely affect operating results in the residential sales segment, given that ZMH Hammerman has significant projects (in terms of profitability) in the Dan Metropolitan Area.

31.7.3 Operations through investees and joint ventures

A significant portion of ZMH Hammerman's operations is carried out with business partners through joint ventures or ZMH Hammerman investees. To the best of the Company's knowledge, such business partners of ZMH Hammerman are also exposed to the risk factors characterizing ZMH Hammerman's operations (macroeconomic risks and industry risks). Accordingly, financial and other difficulties facing such partners as a result of these and other risk factors may themselves constitute a risk factor for the Company in the residential sales segment, *inter alia*, by way of exposure vis-à-vis project lenders, a suspension of or delay in projects, breach of obligations to third parties, a need for the provision of financing over and above ZMH Hammerman's pro rata share in the project, etc., and may consequently adversely affect the Company's results in the residential sales segment.

31.7.4 Prices in the secondary housing market

A decline in prices in the secondary housing market affects the prices of new apartments, particularly for home upgraders. Prices of second-hand apartments are influenced by a variety of factors, including economic growth.

31.7.5 Government and Bank of Israel policy on mortgages, loans and grants

Government and Bank of Israel policy in relation to these matters primarily affects the level of demand for residential apartments. Changes in such policy, including the imposition of restrictions on banks in the mortgage sector, may result in higher mortgage interest rates for homebuyers (*inter alia*, due to banks being required to comply with capital adequacy requirements in the real estate sector, and the banks' unwillingness or inability to absorb the increased cost of mortgages without passing it on to customers, in order to maintain their return on equity from their mortgage operations and/or limits on the level of financing that banks may provide relative to the value of the acquired property), which may result in a decline in demand for apartments and even adversely affect the business of ZMH Hammerman through which the Company operates in the residential sales segment and/or its results.

31.7.6 Increase in interest rates on residential mortgages

An increase in such interest rate, coupled with tighter bank policies with respect to the amount of equity and collateral required of homebuyers, may reduce homebuyers' purchasing 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.

31.7.7 Planning and building laws and regulation changes

The Company's residential sales operations are affected by and subject to requirements under planning and building laws and other regulatory requirements. In addition, construction in Israel is subject to hundreds of building standards and standards marks (conformity marks) relating to construction methods, material quality and safety, including statutory provisions aimed at enhancing, maintaining and enforcing safety at construction sites. Changes in planning and building provisions and regulatory requirements, and/or the tightening and/or introduction of additional building standards and standards marks may impose additional costs on the Company,

negatively affect the pace of project planning and licensing proceedings and affect project completion timelines, and consequently have an adverse effect on the Company's results in the residential sales segment.

31.7.8 Foreign workers

ZMH Hammerman employs foreign workers in the projects in which it is involved, through subcontractors and licensed corporations. A change in Israel's security situation, as well as changes in government policy that lead to reduced foreign labor quotas in Israel, may affect the availability of construction labor, the Company's ability to complete projects within planned schedules and construction costs.

31.7.9 Risks inherent in the residential sales segment

The residential sales segment is characterized by a relatively high level of risk. The level of risk inherent in the 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 labor.

31.7.10 The financial strength of subcontractors and suppliers

ZMH Hammerman generally acts as the main contractor on a turnkey basis in most of the projects in which it is involved. A deterioration in the financial strength of subcontractors across various construction trades and suppliers may adversely affect the results of ZMH Hammerman through which the Company operates in the residential sales segment, particularly due to the additional costs involved in replacing subcontractors or suppliers before the construction of the project is completed.

The following table presents the main risk factors described above, rated according to the Company's estimations by the severity of the impact they may have on the Company's business:

	The Severity of the Impact of the Risk Factor on the Company		
	Major Impact	Moderate Impact	Minor Impact
Macroeconomic and financial risks			
Growth and consumption rates in Israel	X		
Change in the Construction Input Index			X
Changes in market interest rates		X	
The security situation	X		
Regulatory changes in the Company's business environment		X	
Changes in the value of financial investments available for sale			X
Industry-specific risks			
Decline in the demand for leasable space	X		
Decline in rent prices	X		
Strength of key tenants			X
Competition	X		
Approval by the authorities			X
Legal and regulatory requirements, including with respect to environmental protection		X	
Changes in tax burden		X	
Cyber risks		X	
Company-specific risks			

	The Severity of the Impact of the Risk Factor on the Company		
	Major Impact	Moderate Impact	Minor Impact
Fluctuations in the Consumer Price Index		X	
Foreign currency risks		X	
Dependency on financing sources		X	
Debt raising costs		X	
Risks specific to senior housing			
Regulation of senior housing operations			X
Risks specific to data centers			
Regulation of data center operations		X	
Technological changes			X
Electricity shortage		X	
Operational risk			X
Supply chain			X
Major customers			X
Risks specific to rental housing in Israel			
Success of the introduction of the rental housing product into Israel and education of the market			X
Rent control			X
Regulation and government policy			X
Risks specific to rental sales in Israel			
Government and municipal residential construction policies			X
Geographic diversification			X
Operations through investees and joint ventures			X
Second-hand housing prices			X
Government policy on mortgages, loans and grants			X
Planning and building laws and regulation changes			X
Foreign workers			X
Risks inherent in the residential sales segment			X
Financial strength of suppliers			X

Danna Azrieli,

Chairwoman of the Board and Acting CEO

Irit Sekler-Pilosof, Director[126]

Report Date: 18 March 2026

[126] On 18 March 2026, the Company's Board authorized Ms. Irit Sekler-Pilosof to sign the Company's Description of the Corporation's Business Report.

AZRIELIGROUP

PART B

Board Report

Dear Shareholders,

The year 2025 was a test of resilience for the State of Israel. It began with profound hope, marked by the return of hostages in January under the release agreement, and continued with significant security developments that reshaped the regional landscape. Operation *Rising Lion* in June, followed later in the year by the conclusion of the principal phase of the *Swords of Iron* war, marked turning points of deep strategic and national significance. With the return of all living hostages and the repatriation of the final fallen captive in January 2026, a painful chapter in the nation's history came to a close, giving way to a new chapter of recovery, renewal, hope, and rebuilding.

As of the date of this Annual Report, March 2026, we once again find ourselves engaged in an intense campaign against Iran and Lebanon, with determination and a firm belief that the people of Israel will, once again, stand resolute and emerge stronger. At Azrieli Group, we stand in support of the security forces, wish a full and swift recovery to all those injured, bow our heads in remembrance of the men and women who fell in defense of our country, and extend our heartfelt condolences to their families.

The past year presented us with both security and economic challenges, and the excellence, quality, and professionalism of Azrieli Group once again proved themselves with even greater strength. We maintained full business continuity, identified opportunities and entered new areas of activity, increased our investments in key growth engines, and continued to develop and enhance our assets – for the benefit of our tenants, customers, and the general public – all while upholding our commitment to responsible business conduct across economic, social, and environmental dimensions.

Our financial statements for 2025 demonstrate strong performance – NOI of around NIS 2.5 billion, up ~10% from last year and ~14% from 2023, and net profit of NIS 1.9 billion, reflecting a 27% increase from last year, and steady and consistent growth across the Group's operating segments.

The Group's office segment continued to demonstrate stability and strong performance, while maintaining high occupancy rates. We continue to invest in and enhance our properties, both in high-demand areas in Tel Aviv and in other key locations across the country, with the aim of preserving our competitive advantage and generating long-term value. The Azrieli Sarona Tower is a case in point, serving as a clear example of our qualities: at the time of this writing, the office space vacated by the departure of a major tenant in the second quarter of 2025 has already been fully re-leased, on more favorable terms, underscoring the importance of our properties' location, the strength of our brand in the office market, and, of course, the quality of the property itself.

In the retail centers and malls segment, we continue to maintain very high occupancy rates. The Company delivered strong results, in line with those of 2024, which was a record year. We continue to enhance our existing properties, strengthen and refine our tenant mix, and develop innovative, experience-driven environments. We renewed agreements with leading tenants, introduced new brands and contemporary concepts, and invested in property management, the physical environment, and accessibility, to ensure that our malls remain attractive, well-maintained, and welcoming to all.

In the senior housing segment, our four operating homes in Tel Aviv, Ra'anana, Modi'in, and Lehavim continue to deliver strong performance, alongside high occupancy rates. We are currently preparing for the opening of Palace Rakafot in Rishon LeZion, scheduled for later this year, which will include 274 apartments, a medical unit, and ~3,000 sqm of retail space. In addition, in February 2025, we were awarded a tender by the Israel Land Authority for the acquisition of leasehold rights to a plot in the Sde Dov quarter of Tel Aviv, for a senior home comprising ~320 apartments, as well as additional retail space.

The Data Centers segment, operated through our subsidiary Green Mountain Global (GMG), continues to serve as a key growth engine, supported by strong underlying demand. During the year, GMG further deepened its engagement with leading global hyperscale customers. The year marked the full ramp-up of a 90 MW campus in Norway, occupied by TikTok. This represents a significant operational and financial milestone, demonstrating our ability to develop, lease, and operate large-scale campuses. At the same time, we made substantial progress in expanding our operations across Europe. At our campus in the Frankfurt area in Germany, we entered into an agreement, in partnership with a local company, for 54 MW, of which our share is 50%. Toward year-end, we also executed a significant transaction in Norway for 80 MW. These agreements further strengthen our reputation and presence in the Northern European market, deepen our collaboration with leading international companies, and position the Data Centers segment as a core growth engine for the Group in the years ahead.

Our entry into this sector as early as 2019 was grounded in the understanding that it reflected a profound structural shift in the global economy, rather than a short-term trend. We acted methodically to build a high-quality platform, based on strategic locations, a strong and diversified customer base, a financial structure that supports disciplined and responsible growth, and an experienced management team. The trends we identified at the time have not only materialized, but have accelerated significantly with the rise of AI and the sharp increase in demand for data processing, storage, and computing infrastructure at an ever-expanding scale. Today, we operate from a position of strength, with a proven business and operational platform and the capability to continue scaling in a measured and disciplined manner, while adapting to the pace and magnitude of evolving demand.

In the residential sales segment, we closed this year the merger with ZMH Hammerman, a significant step that realizes a key component of the Group's growth strategy in Israel. We are currently in the process of integrating ZMH into the Group, together with its strong and highly-capable management team. I believe that the combination of the Group's capabilities with the professional expertise and extensive experience of ZMH's management will yield strong results and establish an additional growth engine for the Group.

Alongside the advancement of our business activities across our various segments, corporate responsibility continues to serve as a guiding compass for our operations – building the country while protecting the environment. We have placed a strong emphasis on continued construction in accordance with LEED standards, expanding energy efficiency, promoting recycling and waste reduction, and contributing meaningfully to the communities in which we operate. This year, we took a significant strategic step in the field of renewable energy. We signed an agreement to acquire an interest in the Ramat Beka project in southern Israel – a large-scale solar power facility integrated with an advanced energy storage system. At the core of the agreement is the long-term supply of green electricity to the Group's existing and future properties across the country, a move that materially advances our sustainability objectives and reinforces our commitment to ESG principles. In addition, in view of the growing number of individuals living with disabilities – including tens of thousands injured in the recent war – we are leading a comprehensive initiative to enhance the visitor experience across all Group properties. Our assets already comply with the most stringent accessibility standards, and we are advancing an initiative aimed at setting an even higher benchmark, deepening awareness and sensitivity among management, tenants, and visitors, and embedding practical solutions to ensure an accessible, inclusive, and respectful environment for all.

To end on a personal note, I am writing this letter to you in my capacity as Chairwoman and Acting CEO, and, as of 22 March 2026, I will assume the role of Chief Executive Officer of the Group. I am fully committed to continuing to lead the Group forward and to driving growth across all our areas of activity, guided by a deep sense of responsibility to the Group and its stakeholders. Alongside me stands a strong, experienced, and highly professional management team. Our strength lies in our exceptional managers and employees, in our shared dedication and hard work, in our commitment to business and social responsibility, and in placing our customers and the communities we serve at the center of all we do. Together, we will continue building the country and leading the Group forward.

I would like to extend my best wishes to Ms. Irit Sekler-Pilosof, who will assume the role of Chairwoman of the Board as of that date. Irit is deeply familiar with Azrieli Group, having joined the Group in 2000, accompanied its initial public offering, and held several key executive positions, including Chief Financial Officer and Deputy CEO, and in recent years has served as a director. I look forward to working with her in close collaboration and true partnership, for the benefit of the Group and its shareholders.

I sincerely hope for days of peace and security for the State of Israel and all its citizens.

Yours,

Danna Azrieli, Chairwoman of the Board

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 ~1.8% 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 36%. 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 8.2 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 63.6 billion

Shareholders Equity
NIS 25.3 billion

98% occupancy rate*
on average in Israel

23 MALLS & RETAIL CENTERS***

390 thousand sqm | 99% Occupancy*

17 OFFICE BUILDINGS

655 thousand sqm | 97% Occupancy*

4 SENIOR HOMES

115 thousand sqm | 100% Occupancy*

8 OFFICE BUILDINGS OVERSEAS

245 thousand sqm | 64% Occupancy

DATA CENTERS COMPANY OVERSEAS

Green Mountain

99%

3 RESIDENTIAL RENTAL PROPERTIES

34 thousand sqm | 96% Occupancy*

DEVELOPMENT PIPELINE – 10 PROJECTS

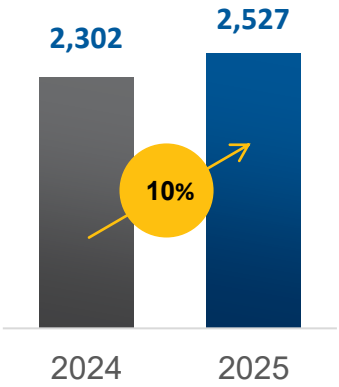
687 thousand sqm |

* 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.

PERFORMANCE SUMMARY AND FINANCIAL HIGHLIGHTS FOR THE REPORT PERIOD

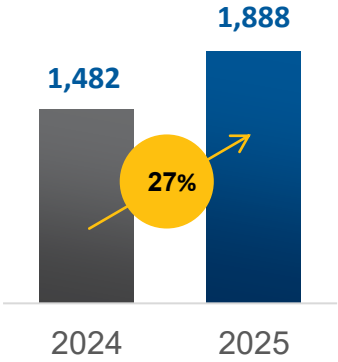
Increase of approx. 10% in 2025 NOI to NIS 2,527 million compared with NIS 2,302 million in 2024

NOI



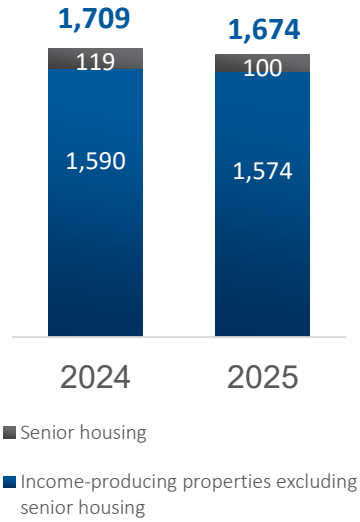
increase of approx. 27% in 2025 Net Profit to NIS 1,888 million compared with NIS 1,482 million in 2024

Net Profit



Decrease of approx. 2% in 2025 FFO to NIS 1,674 million compared with 2024

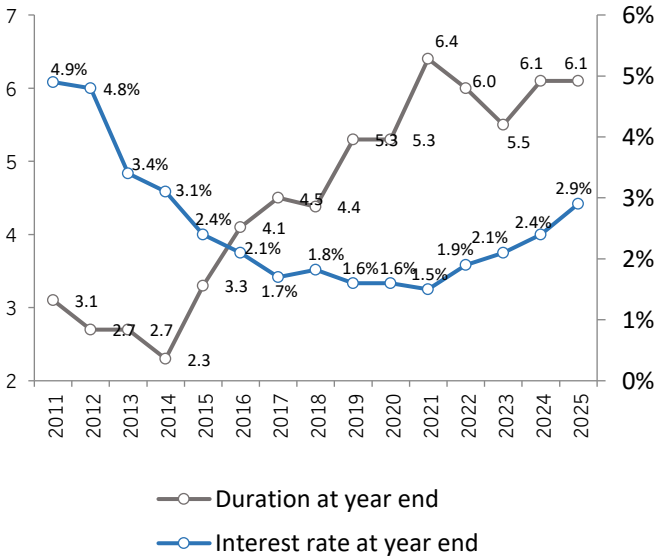
FFO from income-producing real estate business



*According to the ISA, the FFO is NIS 875 million compared with NIS 746 million in 2024

Average debt duration extended while reducing the interest rate

Average interest vs. average duration



In May 2026, the company will distribute a NIS 850 million dividend

This is a translation of Azrieli Group's Hebrew-language Board of Directors' Report as of 31 December 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 hereinafter be referred to as the "**Group**" or "**Azrieli Group**") hereby respectfully submits the board of directors' report for the year ended 31 December 2025 and for the three-month period ended 31 December 2025 (the "**Report Period**"), in accordance with the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the "**Regulations**"), which reviews the main changes in the Company's operations, and was prepared assuming that the reader has before them the Description of the Corporation's Business, as included in Chapter A of this Periodic Report.

The information in the board of directors' report is based on the consolidated financial statements as of 31 December 2025[1]. The Company's financials and results of operations are affected by the financials and results of operations of the companies held thereby. In certain cases, details are presented reviewing events that occurred after the date of the financial statements and shortly before 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 provided in order to give a comprehensive picture of the described issue, which the Company believes to be material for the purposes of this Report.

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

1.2.1. Summary of the Operating Segments for 2025

In 2025, Azrieli Group continued to focus its business operations on the various real estate sectors, and primarily on the retail centers and malls in Israel segment, the leasable office (and other) space in Israel segment, the data centers (DC) segment, the senior housing in Israel segment, the income-producing property overseas segment (mainly in the U.S.) and the rental housing in Israel segment. In addition, in the Report Period, Azrieli Group entered the development real estate (residential sales) segment, after on 9 September 2025, the transaction was closed for the acquisition of ~66.67% of the issued capital of ZMH Hammerman Ltd., which engages, *inter alia*, in the development and construction of residential projects for sale in Israel ("**ZMH Hammerman**"). As a result, the Company's operations in the residential sales segment are described as a reportable segment and ZMH Hammerman's financial data were consolidated for the first time in the financial statements as of 30 September 2025. The Company is also developing several hotels. The Company additionally has a minority interest holding 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. In addition, as aforesaid, on 9 September 2025, a transaction for the acquisition of 66.67% of the shares of ZMH Hammerman was closed as part of the Company's strategy to expand into the residential sales segment. For further details, see Sections 8 and 16 of Chapter A of this report.

[1] The attached financial statements were prepared according to the International Financial Reporting Standards (IFRS). For further details, see Note 2 to the financial statements.

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 property 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 GMG which operates in Norway, Germany and England, through subsidiaries of GMG.

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 paid-up share capital of ZMH Hammerman, which as of the Report Release Date is involved in the planning, development, construction and marketing stages of 19 residential and retail projects in Israel and 28 contingent urban renewal projects.

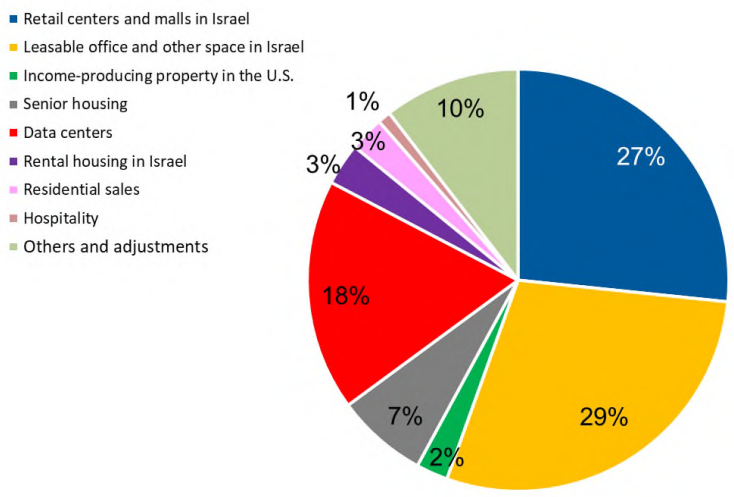
Additional operations – As of the Report Release Date, the Group is developing several hotels, and also holds ~1.77% of Bank Leumi's shares. In addition, ZMH Hammerman and held companies thereof perform construction contracting work.

1.2.2. Breakdown of Asset Value by Operating Segment

Below is a breakdown of the total balance sheet assets by operating segment:[2]

Breakdown of Total Balance Sheet Assets by Operating Segment

Comparison of Segment Assets			Percentage of Segment Assets out of Total Assets
As of	**31.12.2025**	**31.12.2024**	**31.12.2025**
Retail centers and malls in Israel	**16,885**	**16,145**	
Leasable office and other space in Israel	**18,281**	**17,282**	
Income-producing property in the U.S.	**1,545**	**1,858**	
Senior housing	**4,433**	**3,571**	
Data centers	**11,246**	**8,966**	
Rental housing in Israel	**2,044**	**2,056**	
Residential sales in Israel	**1,682**	**-**	
Hospitality	**634**	**571**	
Others and adjustments	**6,822**	**7,484**	
Total	**63,572**	**57,933**	



Figures are presented in millions of NIS.

The Company's assets in the leasable office and other space segment constitute ~29% of the total balance sheet assets, the assets in the retail centers and malls segment constitute ~26% of the total balance sheet assets. The remaining income-producing real estate segments constitute, collectively, ~30% of the total balance sheet assets.

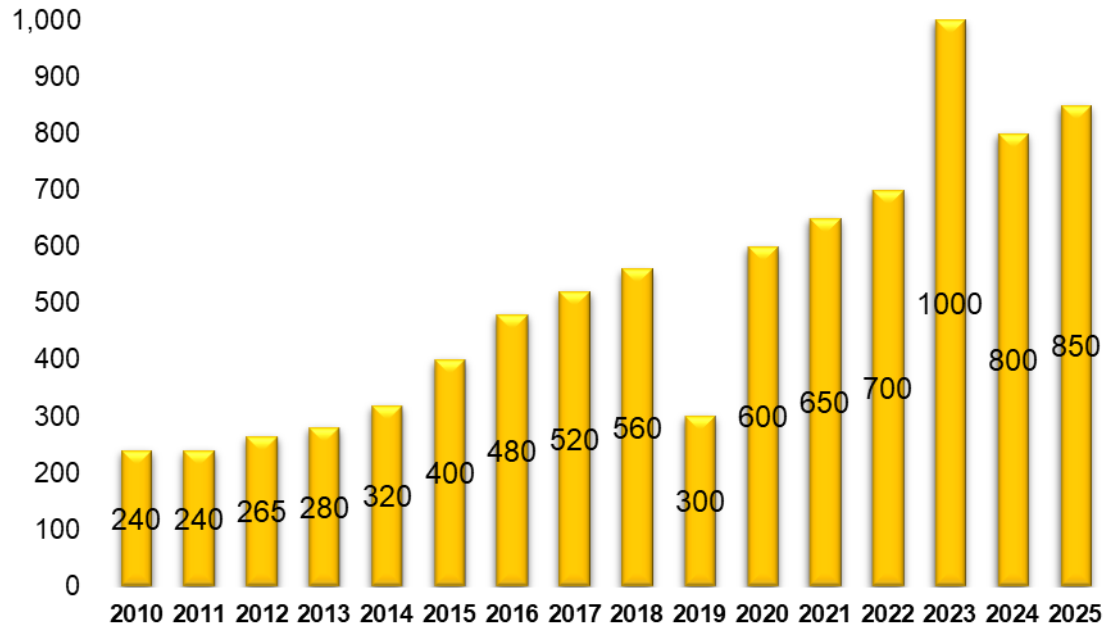
[2] In its financial statements, the Company applied IFRS 8 - Operating Segments.

1.2.3. For a summary of main developments during and after the Report Period, see Section 1.3 of Part A. For details on developments in the Group's development pipeline during the Report Period, see Section 7.7 of Chapter A of this Report and Section 5.1 of this Board of Directors' Report.

1.2.4. Dividends

Since its IPO, the Company has distributed dividends every year in increasing amounts[3]. The aggregate dividend amount distributed by the Company since listing its shares in 2010 is approx. NIS 8.21 billion, including a dividend for 2025 which was declared but not yet paid. The following chart presents the amounts of the dividends distributed in recent years:

Dividends distributed by the Company since listing its shares on TASE



Figures are presented in millions of NIS.
The years relate to the years for which the dividends were distributed. The dividend was actually paid in the following year.
The dividend for 2025 was declared but not yet paid.

[3] Aside from the dividend distributed for 2019, in respect of which, on 24 March 2020, the Company's Board decided to approve a dividend distribution in the sum of NIS 300 million only, for reasons of conservatism and, *inter alia*, in view of the uncertainty regarding the implications of Covid which had begun to spread around the world at that time. In addition, the dividend for 2023 was higher than usual in view of the sale of the Company's holdings in Compass in that year.

2 | INCOME-PRODUCING REAL ESTATE

2.1. Business Environment

Below are the macroeconomic indicators relevant to all of the operations in Israel, based on reports of the Central Bureau of Statistics (CBS)[4]:

- According to the macroeconomic forecast of the Research Department of the Bank of Israel of January 2026, it is estimated that in 2026 and 2027, the GDP will increase by 5.2% and 4.3% (respectively); the rate of inflation in 2026 and 2027 is expected to be 1.7% and 2.0% (respectively); and the average monetary interest rate at the end of 2026 is expected to be 3.5%.[5]
- As of the end of 2025, the State of Israel has around 10.178 million residents, the population growth rate is, as of 2025, around 1.1% (mainly owing to a high birth rate).[6]
- In 2025, the rate of unemployment for ages 25-64 dropped to 3.4%, with the Bank of Israel forecasting an unemployment rate of 3.3% and 3.5% in 2025 and 2026 (respectively)[7]. Israel's rate of unemployment is considered low and stable.
- The (known) Consumer Price Index (CPI) increased in 2025 by around 2.3% compared with a rise of around 3.4% in 2024. In the Report Period, interest rate decisions were made, and in the first decision of 2025, the Monetary Committee of the Bank of Israel decided to leave the interest rate unchanged at 4.5%. Subsequently, the Bank of Israel decided, later in the year, to reduce the Bank of Israel interest rate to 4.25%, and at the start of 2026, the Bank of Israel decided to reduce the interest rate once again by 0.25%, such that as of the Report Release Date, the Bank of Israel interest rate is 4%, in view of sustained moderation in the rate of inflation in Israel in the last three years (compared with 2022).
- In 2025, the Prime interest rate ranged between 6% and 5.75%.

The Company has loans and bonds that are linked to the CPI. Therefore, the decrease in the CPI has led to a decrease in the Company's financing costs. The Company's income-producing real estate in Israel, whose current value is 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, the decrease in the CPI has led to a decline in the Company's revenues from the lease of properties in Israel and a decrease in the fair value of these properties accordingly.

The Company funds its operations 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.

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 around 5.3% and 2.5%, respectively. The rise in the Construction Input Indices causes a rise in the Company's construction costs in the various projects around the country, since the agreements in which the Company engages with the construction contractors are linked to these indices.

The Company is unable to predict the future effects of all of the above factors, if any, on the Israeli economy, on the income-producing real estate sector generally and on the Company's operations specifically. However, as of the present time, the Company estimates that they will not have a material effect on its results of operations.

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[4] The Central Bureau of Statistics www.cbs.gov.il [in Hebrew]

[5] Bank of Israel: The macroeconomic forecast, January 2026, released on 5 January 2026. Link

[6] The Central Bureau of Statistics – Israel's population at the start of 2026, see link (in Hebrew).

[7] See Footnote 5 above.

Further to the aforesaid, the Company's management estimates that various factors in the Group's mode of operation contribute to mitigation of the exposure of the Group's business to significant crises or instability resulting from the materialization of any of the Company's risk factors:

Broad dispersion of the Group's real estate portfolio - both geographically and between its various operating segments.

- The property portfolio is characterized by many properties that are located in high-demand areas, built and maintained to a very high standard.
- The premium market positioning of the properties, and the Company's investments in the betterment of its properties help maintain this advantage.
- High occupancy rates resulting from the factors mentioned above.
- The wide variety of businesses in the Group's malls and retail centers, which reduce the Group's exposure to such or another sector.
- The appropriate mix of businesses which characterizes the tenants in the retail centers and offices.
- Finally, the Company's stable capital structure and its financial conservatism allow it to more easily weather fluctuations in turnover and profitability.

*The Group's above estimates regarding the changes in the income-producing real estate sector in Israel and their impact on the Group's results, are merely subjective estimates and constitute forward-looking information, as defined in the Securities Law, 5728-1968 (the "**Securities Law**"). Actual results and effects may materially differ from the aforesaid estimates and from any inferences drawn from them, for various reasons including a further intensification of competition, a decline in demand and a deterioration in the economic situation in Israel and possible effects of the War.*

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

The Swords of Iron war (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 governmental 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 and were accompanied by negative rating actions taken by all the international rating agencies. Thus, in February 2024, the Moody's rating agency removed the credit rating of the State of Israel from its watchlist, downgraded the rating from 'A1' to 'A2', changed the rating outlook to negative, and reaffirmed the rating in May 2024, subsequently to which, in September 2024, it downgraded Israel's credit rating to 'Baa1' with a negative outlook. In April 2024, the Fitch rating agency removed the credit rating of the State of Israel from its watchlist, reaffirmed Israel's 'A+' credit rating, but changed the rating outlook to negative, and in August 2024 it downgraded Israel's credit 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 unchanged, and in October 2024, it downgraded Israel's long-term rating to 'A', and in November 2025, it reaffirmed the 'A' rating and raised the forecast 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 and Roaring Lion on the retail centers and malls segment – Operation Rising Lion, conducted in June 2025, led to suspension of operations for some of the tenants in the Company's malls. The operation's impact on the results of the retail centers and malls segment in 2025 is not material. Similarly, operation Roaring Lion, which began after the Report Period, led to a similar closure of the malls for several days. In view of the security, economic, and social challenges facing the State of Israel in recent years, the Group has decided not to pursue the collection of outstanding debt balances in respect of management fees relating to previous years, notwithstanding its contractual entitlement to receive them. Accordingly, in 2025, a write-off of the said debt balances was recorded in the sum total of approx. NIS 70 million, which was deducted from the Group's revenues in the 2025 financial statements.

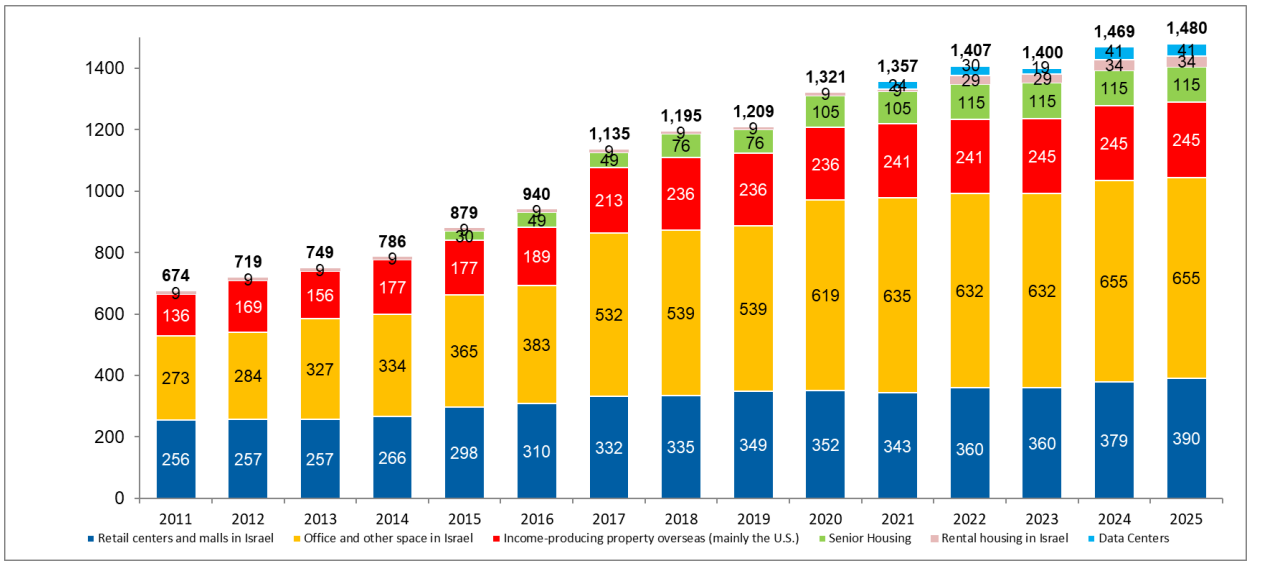
The War's impact on property development – The Company is continuing to develop and initiate the construction of new properties, as well as expand and renovate existing properties. In this context, it is noted that given the fact that work on some of the properties was halted for some time at the start of the War and during operation Rising Lion, and was 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.

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 20.8 million.

As of the Report Release Date, and in view of the fact that the events are dynamic and characterized by significant uncertainty as to, *inter alia*, continuation of the ceasefire and/or resurgence and/or the end of the War and/or prolongation of operation Roaring Lion, and their 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 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 estimates regarding the impact of the War and operations Rising Lion and Roaring Lion on the Group's results, including the delays in projects under development, are merely subjective estimates and constitute forward-looking information, as defined in the Securities Law. Actual results and effects may materially differ from the aforesaid estimates and from any inferences drawn from them, 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 significant deterioration in the economic situation in Israel, and more.

2.3.Consolidated GLA (Gross Leasable Area) Data



2.4. Average Occupancy Rates in the Income-Producing Properties

The average occupancy rates in the Group's income-producing properties, by operating segment, as of the report date:

- Retail centers and malls in Israel – approx. 99%;[8]
- Leasable office and other space in Israel – approx. 97%;[8]
- Income-producing property in the U.S. – approx. 64%;
- Senior housing in Israel – approx. 100%;[8]
- Data centers – approx. 99%;[9]
- Rental housing in Israel – approx. 96%.[8]

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 G&A expenses, taxes and interest. It serves as one of the important parameters in the valuation of income-producing real estate companies, as its division by the appropriate cap rate for the properties provides an indication for the determination of the value of the income-producing properties[10]. In addition, after deduction of the current maintenance expenses incurred to preserve the property's condition, the NOI is used to measure the free and available cash flow for the service of financial debt undertaken for the purpose of funding the purchase of the property.

It is emphasized that these parameters do not present cash flows from current operations according to generally accepted accounting principles, nor 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 net income in the evaluation of the results of the Group's operations.

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

[9] The average occupancy rate was calculated based on the figures of the lease agreements as of 31 December 2025 according to a weighted average of GM. The occupancy rate does not include areas under construction.

[10] 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.

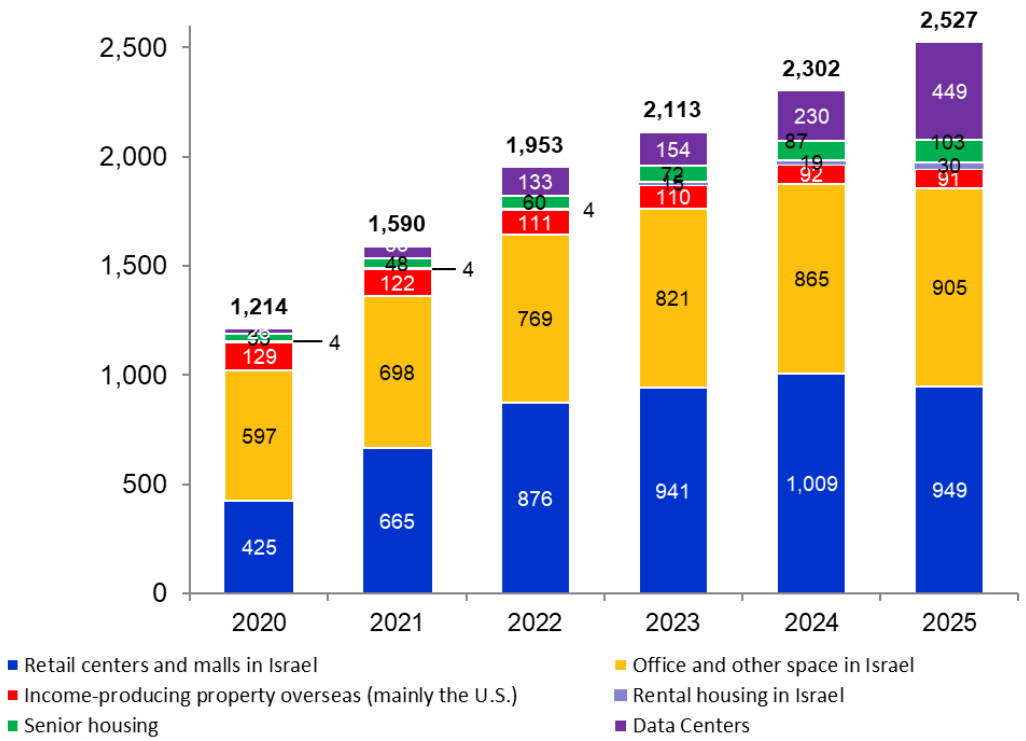
2.5.1. NOI Data

For the purpose of calculating the NOI, on the revenues side – all proceeds from tenants are taken into account (including rent, management fees and other payments), 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.[11]

The NOI figures for the income-producing real estate portfolio are as follows: [12]

NOI

Annual Data



Figures are presented in millions of NIS.

For explanations with respect to the change in the NOI, see Sections 2.9.2, 2.10.2, 2.11.2, 2.12.2, 2.13.3 and 2.14.2 of this Chapter B.

[11] The Group prepares its financial statements based on international standards, and therefore, 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 above parameters, profit from the revaluation of properties was not taken into account.

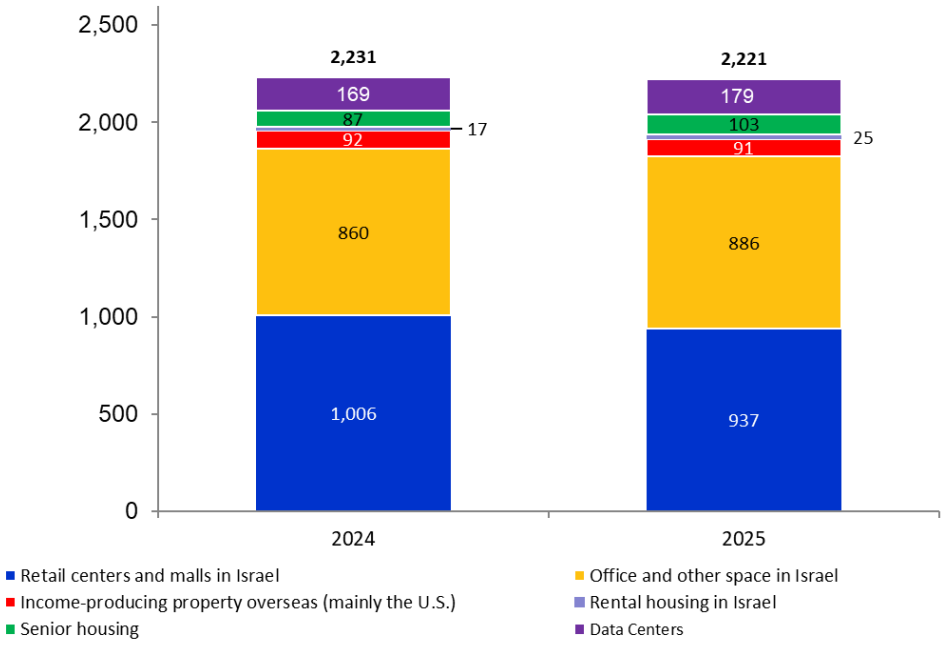
[12] Including properties from the segments: Retail centers and malls in Israel; leasable office and other space in Israel; income-producing property in the U.S.; senior housing; data centers and rental housing in Israel.

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 2024-2025, this metric was as follows:

Same-Property NOI

Annual Data



Figures are presented in millions of NIS.

The decrease in the same-property NOI in the period was mainly affected by the Group's decision not to collect debt balances in respect of management fees in the sum total of approx. NIS 70 million which relate to previous years and to which the Group is entitled, net of an increase in the office and other space in Israel segment and the senior housing segment, which derived from rent increases upon tenant changeovers and rises in the CPI, as well as from a rise in the occupancy rates in the senior housing segment, owing to the fact that the lease contracts are linked to the CPI. The DC segment does not include the NOI in respect of the agreement with TikTok.

2.6. Weighted Cap Rate

The following table shows the calculation of the weighted cap rate derived from all of the income-producing real estate, excluding senior housing[13], rental housing[14] and data centers[15] and excluding hotels[16] of the Group, for 2025:

Calculation of the Weighted Cap Rate for 2025	
Total investment property in the statement	**52,078**
Net of value attributed to investment property under construction	**4,120**
Net of value attributed to land reserves	**1,926**
Net of value attributed to income-producing senior housing	**3,074**
Net of value attributed to DC properties	**9,157**
Net of value attributed to building rights in income-producing properties and the value attributed to income-producing properties not assessed according to cash flow discounting	**1,653**
Total value of income-producing investment property (including the fair value of vacant space)	**32,148**
Actual NOI in the quarter ended 31 December 2025 (excluding senior housing, rental housing and data centers)	**432**
Additional future quarterly NOI (1)	**116**
Total standardized NOI	**549**
Proforma annual NOI based on the standardized NOI (excluding senior housing, rental housing and data centers)	**2,196**
Weighted cap rate derived from income-producing investment property (including vacant space) (2)	**6.83%**

Financials are presented in millions of NIS.

(1) The figure includes adjustment to the NOI as included in the valuations as of 31 December 2025, and therefore includes, *inter alia*, additional NOI for vacant space not yet fully occupied and space that was occupied during 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, and due to a period of tenant changeovers in some of the malls and office buildings to change the tenant mix, and the Group's decision not to collect debt balances in respect of management fees in the sum total of approx. NIS 70 million which relate to previous years and to which the Group is entitled.

(2) Standardized annual NOI rate out of total income-producing investment property (including vacant space).
For a test of the sensitivity to changes in the cap rate interest rates of the investment property, see Note 31E to the financial statements.
This figure does not constitute the Company's NOI forecast for 2026, and its sole purpose is to reflect the NOI assuming full occupancy for a full year of all the income-producing properties.

The Company's estimates 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 estimates regarding the occupancy of areas. Actual results may materially differ from the aforesaid estimates and from any inferences drawn from them, for various reasons, including immediate termination of lease agreements or a business crisis for any of the tenants, or a change in the fair value parameters or failure to meet the development or occupancy targets or the repercussions of the War.

[13] 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 report date is 8.25%.

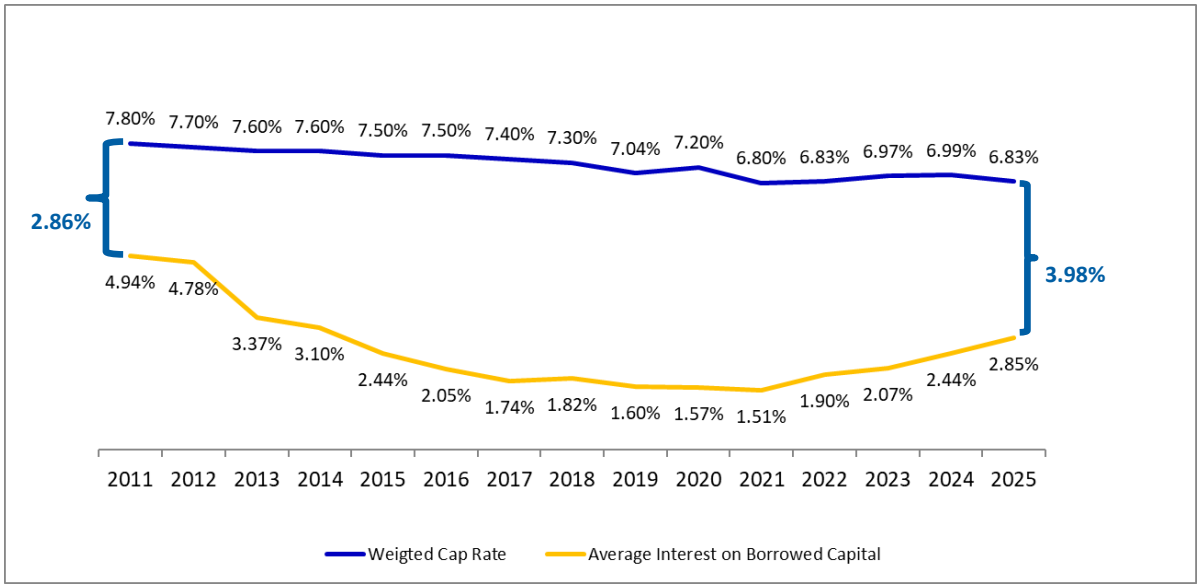
[14] A different valuation methodology was used for rental housing properties, which were therefore excluded from investment property.

[15] The DC properties are either in development stages or a different valuation methodology was used, and therefore these properties were excluded from investment property. For some of the income-producing properties, the weighted cap rate is 7%.

[16] Presented as property, plant and equipment and not measured at fair value because they are not included under the definition of investment property.

The weighted cap rate of the Group's properties experienced only a slight decline in 2011-2021, despite the significant decline in the market interest rate in those years. In 2023-2025, few transactions were performed in income-producing properties. The transactions do not indicate, at this stage, any change in the cap rates compared with 2022, which was marked by multiple transactions which were performed by major companies in the sector and indicated a decline in the cap rates. On the other hand, in accordance with the said decline in the market interest rate, the Group's financing costs decreased significantly in the said years. After 2022, a year marked by a significant rise in market interest rates, 2024-2025 saw moderation in the rise in market interest rates, and towards the end of 2025 and the start of 2026, the Bank of Israel reduced the interest rate twice (by 0.5% in the aggregate), such that at present, the interest rate is 4%. Since most of the Company's liabilities are at a fixed interest rate, the impact on the Company's financing costs is relatively small. In view of the aforesaid, large gaps were created between the weighted cap rate of the Group's properties and the financing costs, as demonstrated by the following chart:

The Gap Between the Weighted Cap Rate and the Average Interest Rate of the Debt



Data are as of the end of each year.

2.7.Real Estate Business FFO[17]

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 is emphasized that the FFO does not reflect cash flow from current operations according to generally accepted accounting principles, nor does it reflect cash held by the Company or its ability to distribute the same, and it is not a substitute for the reported net income. It is further clarified that this metric is not a figure that is audited by the Company's auditors.

[17] On 16 January 2025, the Israel Securities Authority (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.

FFO from the Income-Producing Real Estate Business	31.12.2025	31.12.2024	31.12.2023
Net income for the period attributable to shareholders	1,889	1,477	2,225
Net of the net (income) loss from Azrieli E-Commerce and income from ZMH attributable to shareholders (including deduction of excess cost)	(11)	-	111
Profit adjustments:[1]	-		
Net increase in the value of investment property and property, plant and equipment	(1,128)	(909)	(921)
Depreciation and amortization	8	8	8*
Net non-cash flow financing and other income	(232)	(256)	(137)*
Tax expenses	412	352	549
Effect of losses (profit) of associate	(154)	-	77
One-time expenses (revenues) [7]	86	74	(1,145)
Total profit adjustments	(1,008)	(731)	(1,569)
Plus interest paid for real investments [3]	5	-	5
Total nominal FFO according to the provisions of the Fourth Schedule to the Prospectus Details Regulations, attributed to the income-producing real estate business, excluding financing cash flow for properties under development [4]	875	746	772*
FFO of associate	-	-	(32)
Expenses for share-based payment	18	8	-
Special bonus for restructuring and establishment of GMG	28	-	-
Special bonus for sale of Compass	-	8	-
Total financing cash flow for properties under development [6]	150	141	94
Linkage differentials and exchange rate differences in respect of assets and liabilities (net of tax effect)	571	744	592
Cash flow from incoming resident deposits net of outgoing resident deposits [2]	94	119	107
Net of income from forfeiture of resident deposits	(62)	(57)	(52)
Total FFO attributed to the income-producing real estate business, according to the management's approach [5]	**1,674	1,709	1,481*

Financials presented in NIS in millions.

1. The profit adjustments below do not include adjustments for Azrieli E-Commerce and ZMH Hammerman, since the results thereof have been fully discounted.
2. 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.
3. Calculated according to the Group's weighted interest rate in respect of the real investments in Azrieli E-Commerce and ZMH.
4. Attributable to the shareholders only.
5. Including FFO from the senior housing segment in the sum of approx. NIS 100 million in 2025, in the sum of approx. NIS 118 million in 2024, and in the sum of approx. NIS 103 million in 2023.
6. Calculated based on real credit costs in respect of the development pipeline.
7. In 2025 – mainly in respect of costs deriving from non-consummation of a transaction, in 2024 - mainly costs in respect of the sale of Compass, and in 2023 – mainly profit from the sale of Compass.

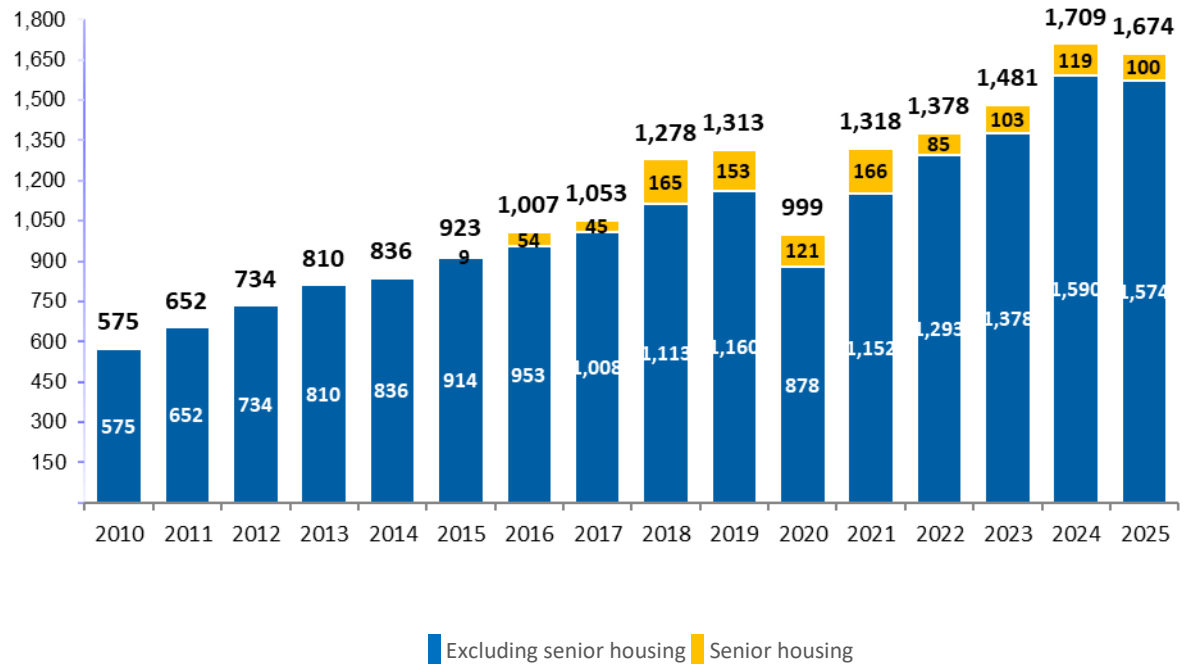
*** Comparison figures in 2023 were updated following the position paper of the ISA on FFO.**

**** Net of the Group's decision not to collect debt balances in respect of management fees of previous years in the sum total of approx. NIS 70 million, the total FFO is approx. NIS 1,742 million. For further details, see Note 1A(f) to the financial statements.**

In recent years, Azrieli Group's FFO has consistently increased every year, with the exception of 2020 due to the Covid pandemic and this year in view of the Group's decision not to collect debt balances in respect of management fees in the sum total of approx. NIS 70 million which relate to previous years and to which the Group is entitled. Since the Company's IPO (around sixteen years ago), FFO from the income-producing real estate business has grown some 191%. The following chart depicts the development of the FFO of the Group's income-producing real estate business in recent years:

Development of FFO from the Income-Producing Real Estate Business in Recent Years – According to the Management's Approach

Annual Data



Data are presented in NIS in millions.
Net of real credit costs for properties under development.

- **Comparison figures were updated following the position paper of the ISA on FFO.**

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

Azrieli Group is included in the EPRA Indices. EPRA is an organization that brings together the public income-producing real estate companies in Europe. Being listed in the EPRA indices provides Azrieli 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 not a substitute for the figures contained 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		
	31.12.2025	**31.12.2024**
Equity attributable to the Company's shareholders in the financial statements	**25,295**	**23,807**
Goodwill created against a reserve for deferred tax	**(219)**	**(222)**
Plus a tax reserve in respect of the revaluation of investment property to fair value (net of minority interests)	**6,287**	**5,624**
EPRA NRV	**31,363**	**29,209**
EPRA NRV per share (NIS)	**259**	**241**

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

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		
	31.12.2025	**31.12.2024**
Equity attributable to the Company's shareholders in the financial statements	**25,295**	**23,807**
Goodwill created against a reserve for deferred tax	**(219)**	**(222)**
The balance of goodwill which is not against a reserve for deferred tax as stated in the Company's balance sheet	**(1,258)**	**(1,250)**
Other intangible assets	**(1)**	**(1)**
Plus 50% of the tax reserve in respect of the revaluation of investment property to fair value (net of minority interests)	**3,144**	**2,812**
EPRA NTA	**26,961**	**25,146**
EPRA NTA per share (NIS)	**222**	**207**

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

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. It is noted that the index should not be deemed as the 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		
	31.12.2025	**31.12.2024**
Equity attributable to the Company's shareholders in the financial statements	**25,295**	**23,807**
Goodwill created against reserve for deferred tax	**(219)**	**(222)**
Balance of goodwill that is not against a reserve for deferred tax as stated in the Company's balance sheet	**(1,258)**	**(1,250)**
Adjustment of the value of financial liabilities to fair value	**1,204**	**1,177**
EPRA NDV	**25,022**	**23,512**
EPRA NDV per share (NIS)	**206**	**194**

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

AZRIELI GROUP'S INCOME PRODUCING REAL ESTATE*

MALLS & SHOPPING CENTERS

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

OFFICES & OTHERS in Israel

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

OVERSEAS

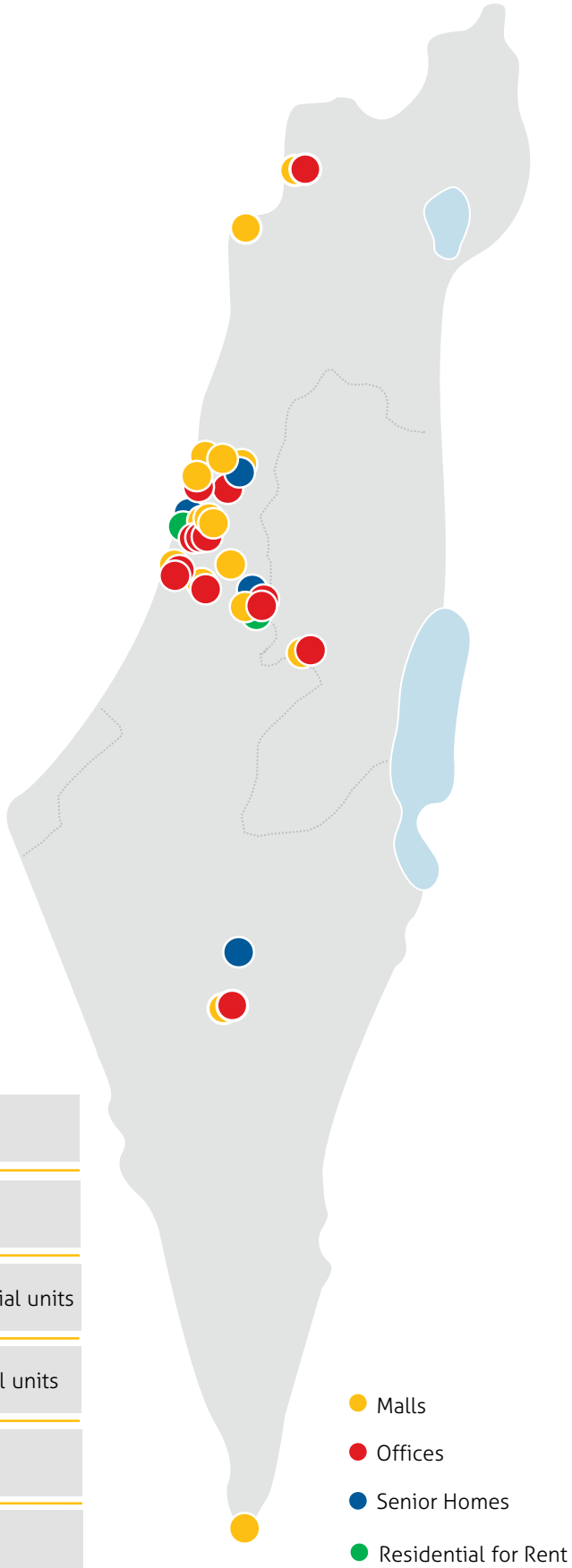
Galleria
1 Riverway
3 Riverway
Plaza
8 West
Aspen Lake II
San Clemente
Leeds

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	390 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	**1,439 thousand sqm**	

*As of December 31, 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

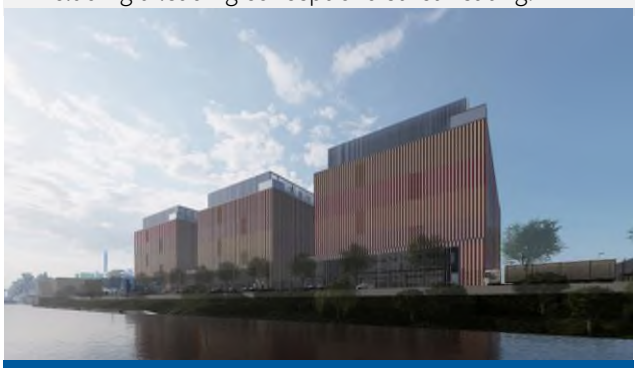
OSL2-Hamar, Norway

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 December 31, 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

2.9.1. Description of the Retail Centers and Malls in Israel Segment

Shopping centers are a key component of Israel's retail market. The country's largest malls and shopping centers offer consumers a broader variety of shopping experiences and a rich tenant mix. These centers typically feature fashion chains, diverse attractions for the entire family, as well as restaurants and cafés — all gathered under one roof in easily accessible locations, close to public transportation and with convenient parking for those arriving by car. This stands in contrast to other types of retail areas, which may lack some of these features.

According to data from the Central Bureau of Statistics, in 2025 Israel's population grew at a rate of ~1.1% (around 112 thousand people),[18] significantly higher than the population growth rate in developed countries. Private consumption expenditure in Israel increased by 2.6% in 2025 (compared with an increase of approx. 3.9% in 2024)[19].

Store revenues reported by tenants in the Group's malls in 2025 (net of June due to the War and excluding Modi'in West) remained unchanged compared with 2024.

Store revenues reported by tenants in the Group's malls (excluding Modi'in West) in January-December 2025 were approx. 2.4% lower than in 2024.

It is emphasized that the retail space per capita ratio in Israel is approx. 1.2 sqm per person, compared to a higher ratio in many developed countries (for example the U.S., where the ratio is around 4.8 sqm per capita).

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 finding the land, through the stage of development and construction of properties, to the holding, management and betterment of the properties over the years.

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 to open flagship 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 spaces in its malls, including play areas, diaper changing and nursing rooms.

- **Innovation** – in recent years the Company has been working on implementing technological improvements into the shopping experience, and striving for leadership and innovation in the malls segment, including by creating a unique app which grants exclusive benefits to mall visitors and enables direct marketing based on customer preferences.

[18] According to CBS data – see link (in Hebrew).

[19] CBS – national accounts for 2025 – see link (in Hebrew).

The goal of technological innovation is to enhance customer experience in the mall while combining both the 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 some 1,849 different tenants.

2.9.2. 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 approx. 390 thousand sqm.[20]

Balance of the properties in the retail centers and malls in Israel segment – the balance of investment property in this segment increased by approx. NIS 0.7 billion in 2025 due to investments in the segment properties, consolidation of the income-producing properties of ZMH and from revaluation profits. The balance on 31 December 2025 totaled approx. NIS 16.9 billion, compared with approx. NIS 16.1 billion 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 Report Period totaled approx. NIS 188 million, compared with a profit of approx. NIS 267 million in the year ended 31 December 2024, and primarily derives from the effect of the rise in the CPI on the value of the properties.

The properties are presented according to valuations prepared by an independent appraiser as of 31 December 2025.

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 Year Ended	
	Rate of Change	31.12.2025	31.12.2024	Rate of Change	31.12.2025	31.12.2024
Revenues	**(18%)**	**264**	323	**(3%)**	**1,245**	1,285
NOI	**(28%)**	**187**	259	**(6%)**	**949**	1,009

Figures are presented in millions of NIS.

The decrease in the quarter and in the Report Period mainly derives from the Group's decision not to collect debt balances in respect of management fees in the sum total of approx. NIS 70 million which relate to previous years and to which the Group is entitled.

[20] The number of malls and retail centers does not include the income-producing properties of ZMH Hammerman, although the area of these properties was included in the above GLA figure.

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 Year Ended	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
NOI from segment properties owned by the Company as of the beginning of the period	**185**	259	**937**	1,006
NOI from properties whose construction was completed in 2024 and properties purchased in 2025	**2**	-	**12**	3
Total NOI from all properties	**187**	259	**949**	1,009

Figures are presented in millions of NIS.

The decrease in the same-property NOI year-over-year in the retail centers and malls in Israel segment was mainly affected by the Group's decision not to collect debt balances in respect of management fees in the sum total of approx. NIS 70 million which relate to previous years and to which the Group is entitled.

2.10. Office Segment

2.10.1. Description of the Office Segment

For many years, Israel's economy maintained continuous growth. However, in 2020, the Israeli economy experienced a decline due to the repercussions of the Covid pandemic and the measures taken to contain it. Following the Israeli economy's return to a growth trend in 2021–2022, a slowdown began from October 2023, in view of the War, with projections indicating moderate growth. In view of the ceasefire that took effect in October 2025, the projections were revised to more significant growth in 2025-2026. For further details, see Section 6.1.1 of Chapter A of this report.

In 2023-2024, a moderation in demand was observed in the segment, as well as longer negotiation periods for the signing of lease agreements, and even a slight decline in average rent in some commercial hubs in Israel, *inter alia* due to political disputes over judicial reform, a decline in capital raisings in the high-tech sector, and the Swords of Iron war. In 2025, a recovery trend was observed in the Tel Aviv area, whereas the 'second circle' (the cities surrounding Tel Aviv) experienced, on average, decreases in both rent prices and occupancy rates. Despite the aforesaid, as of the report date, the Group has maintained very high occupancy rates in its income-producing properties in the segment and even increased its total rent revenues compared to previous years, both in the Tel Aviv area and in other areas, as specified in Section 10.1.4 of Chapter A of this report.

Tel Aviv is Israel's business hub, and sees the highest demand for leasable office space in the country. The Group owns several rental office properties in Tel Aviv: Azrieli Tel Aviv, Azrieli Sarona, Azrieli Town, and a project under development and construction, the expansion of Azrieli Center (the Spiral Tower). One of the developments that has occurred in the office market in recent years has been the significant expansion of international high-tech giants, either entering Israel for the first time or broadening their presence in the country, particularly in central Israel.

The Company's portfolio of properties of leasable office space mostly consists of office towers classified as Class A properties, which are located mostly 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 persistently 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 standard certification has been received for existing properties in the 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 in the entire world 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 some 625 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.

2.10.2. 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 – the balance of investment property in this segment increased by approx. NIS 1 billion in 2025. The balance on 31 December 2025 totaled approx. NIS 18.3 billion, compared with approx. NIS 17.3 billion on 31 December 2024. The change mainly derives from investments in the segment properties and from appreciation of the segment properties.

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 237 million compared with approx. NIS 142 million in the

year ended 31 December 2024. The profit in the year ended 31 December 2025 mainly derived from rent increases upon tenant changeovers and rent increases deriving from the rise in the CPI, owing to the fact that the lease contracts are linked to the CPI, net of a depreciation recorded in the Spiral project. The properties are presented according to valuations prepared by an independent appraiser as of 31 December 2025.

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 in Israel Segment						
		For the Three Months Ended			For the Year Ended	
	Rate of Change	31.12.2025	31.12.2024	Rate of Change	31.12.2025	31.12.2024
Revenues	-	**279**	278	**5%**	**1,116**	1,064
NOI	**(1%)**	**225**	227	**5%**	**905**	865

Figures are presented in millions of NIS.

The NOI growth year-over-year was affected by the rise in the CPI, owing to the fact that the lease contracts are linked to the CPI.

Compared with the corresponding quarter, the decrease in the NOI was mainly affected by a loss of revenues due to a tenant leaving Sarona.

The following table 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 Year Ended	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
NOI from segment properties owned by the Company as of the beginning of the period	**225**	**227**	**886**	860
NOI from a property slated for demolition	-	-	**10**	3
NOI from properties whose construction was completed in 2024	-	-	**9**	2
Total NOI from all properties	**225**	**227**	**905**	865

Figures are presented in millions of NIS.

The NOI growth year-over-year was affected by the rise in the CPI, owing to the fact that the lease contracts are linked to the CPI.

Compared with the corresponding quarter, the decrease in the NOI was mainly affected by a loss of revenues due to a tenant leaving Sarona.

2.11. Senior Housing Segment

2.11.1. Description of the Senior Housing Segment

Private senior housing in Israel generally targets seniors with a medium-high socio-economic status, offering housing services alongside many supplementary services, the purpose of which is to enable residents to lead an independent and fulfilling lifestyle. The senior housing sector is growing due to the increase in life expectancy and the standard of living. The demand for senior housing solutions is constantly growing worldwide. In Israel it is a sector that is undeveloped compared with other Western countries.

The Company deems the senior housing segment as synergetic with its other operations, using, *inter alia*, know-how accumulated by the Group's head office over the years in its operating segments in income-producing real estate. With respect to development in the senior housing segment, the Group has clear advantages in the identification of land, purchase, development, efficient construction and management of the statutory processes, including full utilization of the zoning plan as well as economies of scale in connection with holding and operating the active senior homes. Finally, there is synergy between the retail segment and the senior housing segment, with demand for senior homes that are close to shopping centers to serve senior home residents.

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 for the continued successful operation and upgrade of the four operational senior homes: Palace Tel Aviv, Palace Ra'anana (formerly Ahuzat Bayit), Palace Modi'in (construction of which was completed in Q3/2018) and Palace Lehavim. In addition, the Group is in advanced stages of construction of another project in Rishon LeZion, as specified below, and has been awarded a tender for the construction of a senior housing project in Sde Dov, as specified in Section 1.3.7 of Chapter A of this report.

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

Azrieli Group has four operating senior homes with aboveground built-up areas of approx. 115 thousand sqm (excluding areas attributed to the LTC unit and to retail areas), which comprise approx. 1,141 senior housing units. The Company is also at advanced stages of construction of another project in Rishon LeZion for approx. 274 apartments of a total area of approx. 31 thousand sqm (excluding areas attributed to the LTC unit and to retail areas). For further details, see Section 5.1.2 of this Chapter B.

Balance of the Group's properties in the senior housing segment – the balance of properties in the senior housing segment increased by approx. NIS 0.8 billion in 2025. The balance on 31 December 2025 totaled approx. NIS 4.4 billion, compared with approx. NIS 3.6 billion on 31 December 2024. The change mainly derives from acquisition of the land in Sde Dov, investments in the period and revaluation profits.

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 29 million, compared with approx. NIS 127 million in the year ended 31 December 2024. The properties are presented according to valuations prepared by an independent appraiser as of 31 December 2025.

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 Year Ended	
	Rate of Change	31.12.2025	31.12.2024	Rate of Change	31.12.2025	31.12.2024
Revenues	**13%**	**77**	68	**10%**	**295**	267
NOI	**27%**	**28**	22	**18%**	**103**	87

Figures are presented in millions of NIS.

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

The following table presents the segment's NOI development:

Development of the NOI of the Senior Housing Segment				
	For the Three Months Ended		For the Year Ended	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
NOI from segment properties owned by the Company as of the beginning of the period	**28**	22	**103**	87
NOI from properties acquired or whose construction was completed in 2025	-	-	-	-
Total NOI from all properties	**28**	22	**103**	87

Figures are presented in millions of NIS.

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

2.12.1. Description of the Income-Producing Property 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 continuing to explore the possibility of disposal of properties in this segment according to market conditions.

The Group holds some of the properties overseas together with local partners. However, most of the rights in and control of the Group's properties overseas are held thereby. The properties are managed through local management companies, with oversight by Azrieli Group.

Significant renovations were carried out in some of the Group's properties, including in the public areas, to maintain the market positioning of the properties.

Most of the properties in the U.S. are financed separately from corporate finance, through non-recourse dollar loans, with the exception of exceptional cases as defined in the loan agreement and deemed acceptable in the U.S. market.

For details regarding the office market in Houston and Austin, see Section 11.2 of Chapter A of this report.

2.12.2. Performance of the Income-Producing Property in the U.S. Segment and Changes in Value

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 some 147 tenants.[21]

Balance of the Group's investment property in the segment – totaled approx. NIS 1.5 billion on 31 December 2025, compared with approx. NIS 1.9 billion on 31 December 2024. The change mainly derives from depreciation of the dollar as of 31 December 2025, compared to 31 December 2024, and from a revaluation loss in the period.

Change due to fair value adjustment of the segment's investment property – a loss from fair value adjustment of the segment's investment property in the Report Period totaled approx. NIS 92 million, mainly deriving from a decrease in the market rent for vacant spaces, compared to a profit of approx. NIS 7 million in the year ended 31 December 2024.

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

Summary of the Business Results of the Income-Producing Property in the U.S. Segment – figures are presented in millions of U.S. dollars

	For the Three Months Ended				For the Year Ended	
	Rate of Change	31.12.2025	31.12.2024	Rate of Change	31.12.2025	31.12.2024
Revenues	**14%**	**16**	14	**5%**	**63**	60
NOI	**20%**	**6**	5	**4%**	**26**	25

Figures are presented in millions of U.S. dollars.

Summary of the Business Results of the Income-Producing Property in the U.S. Segment – figures are presented in millions of NIS

	For the Three Months Ended				For the Year Ended	
	Rate of Change	31.12.2025	31.12.2024	Rate of Change	31.12.2025	31.12.2024
Revenues	**4%**	**52**	50	**(3%)**	**216**	222
NOI	**18%**	**20**	17	**(1%)**	**91**	92

Figures are presented in millions of NIS.

The following table presents the segment's NOI development:

Development of the NOI of the Income-Producing Property in the U.S. Segment

	For the Three Months Ended		For the Year Ended	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
NOI from segment properties owned by the Company as of the beginning of the period	**20**	**17**	**91**	**92**
NOI from properties acquired in 2025	**-**	**-**	**-**	**-**
Total NOI from all properties	**20**	**17**	**91**	**92**

Figures are presented in millions of NIS.

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

[21] The "Company's share" – net of minority interests in certain companies.

2.13. Data Centers Segment

2.13.1. Description of the Data Centers Segment

In 2019, having studied the market and the key players in the DC industry, the Company made the decision to invest in a company operating in this industry, noting the industry's growth potential and intending for it to serve as an additional growth driver in its operations.

The first step in the Company's entry into the DC industry was taken by making an equity investment in Compass, a company whose primary operations, at that time, were in the DC industry in North America.

In 2023, the Company sold all of its holdings in Compass.[22]

Further to the aforesaid, and as part of the Company's strategy for expanding its DC operations by penetrating the European market, on 24 August 2021, the Company closed an (indirect) acquisition of 100% of the share capital of GM, a company operating in the DC industry in Norway.

In addition, in 2023, the Company closed the (indirect) acquisition of two U.K. companies (the "**U.K. Companies**"): A company that leases land in East London from a third party, on which an operating data center is built (the "**Operating Campus**"), and another company that owns vacant land which is adjacent to the operating data center (the "**Vacant Land**")[23]. As of the Report Release Date, negotiations are ongoing for acquisition of the company that holds ownership of the land on which the Operating Campus is built.

As of the Report Release Date, the companies held by the Group in the DC segment have 5 income-producing (operating) properties, 4 of which in Norway and an operating DC campus in East London, as specified in the properties map below Section 2.8 above.

In the Report Period, the Company worked on and completed consolidation of its holdings in the DC segment in Europe under GMG.

In the Company's estimation, the DC segment is expected to grow at a significant pace in the coming years, and can serve as a major growth driver for the Group's operations, while consolidating the holdings under GMG will enable it to raise capital from investors to support the accelerated development of the DC business. The Company intends to explore such raising of capital by way of bringing in investors, in 2026.

On 1 April 2025, Mr. Eyal Henkin assumed the role of CEO of GMG, concurrently with his stepping down as CEO of the Company[24].

The Company's estimates in this section regarding the growth potential in the DC segment and the possibility of raising capital from investors, are forward-looking information, as defined in the Securities Law, which is based on subjective assessments by the Company as of the Report Release Date, and on information sources external to the Company, and there is no certainty that they will materialize, in whole or in part, or they may materialize in a materially different manner, inter alia due to changes in the global DC market and/or materialization of any of the risk factors specified in Section 31 of Chapter A of the 2025 periodic report.

[22] For further details regarding the sale, 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.

[23] For further details, see the Company's immediate reports of 26 June 2022, 25 December 2022, 24 January 2023 and 15 June 2025 (Ref. 2022-01-078271, 2022-01-154633, 2023-01-010848 and 2025-01-042463, respectively), which are incorporated herein by reference.

[24] 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.

2.13.2. Key Updates in the Data Centers Segment

Expansion of the DC campus in East London, England

As of the Report Release Date, work continues on expansion of the leasable capacity at the operating DC campus in East London by 14 MW. On 13 June 2025, the Company's wholly-owned (indirectly) subsidiary engaged with a lender in an agreement for financing in the sum total of £100 million to finance the expansion work, to be drawn down in instalments according to the terms and conditions of the financing agreement.[25]

In the Report Period, a wholly-owned (indirectly) subsidiary of the Company entered into a non-binding MOU with an international customer regarding the provision of ~13.6 MW of DC services on the Operating Campus. The services for the customer, insofar as a binding agreement, for which negotiations are being held, is signed therewith, are expected in the part of the Operating Campus on which the expansion work is being carried out.

In addition, in the Report Period, a wholly-owned (indirectly) subsidiary of the Company engaged with the same customer in another separate non-binding MOU with respect to ~16 MW of DC services in relation to a future campus, development of which has not yet begun and which may be built, if built, on the Vacant Land adjacent to the Operating Campus.

The TikTok project

On 18 December 2024, an (indirect) subsidiary of the Company entered into a non-recourse loan agreement (the "**Loan Agreement**") with two foreign banking corporations, to finance the project with TikTok Norway AS, a Norwegian company that is part of a group of companies with global operations (the "**Customer**"), in the sum of €371 million. 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. Furthermore, the Customer has given notice of exercise of the option to increase the project's capacity by an additional 30 MW, to a total of 120 MW. GM is reviewing the exercise notice and there is no certainty that expansion of the capacity will indeed go ahead[26], and as of the Report Release Date, the parties are in negotiations in connection with exercise of the option and the terms and conditions thereof. For further details, see the Company's immediate report released concurrently with this report.

Engagement in an agreement for the provision of DC services on a campus in the Frankfurt region of Germany

In 2023, GM entered into 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 jointly (the "**Agreements**") are governed by German law and relate to a total of 36 MW of DC services, with an option for expansion to 54 MW on 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**"). The construction of the first building in the Project, the planned capacity of which is 18 MW, is currently underway. On 23 December 2025, the Joint Company engaged with lenders in an agreement for non-recourse

[25] For further details, see the Company's immediate report of 15 June 2025 (Ref. 2025-01-042263), incorporated herein by reference.

[26] For further details regarding the agreement with the Customer and the amendment thereto, the Loan Agreement and the terms and conditions thereof and regarding exercise of the option to increase the project's 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.

financing for the Project in the sum total of €592 million. After the report date, an agreement was signed between the parties for the provision of the additional 18 MW contemplated in the option[27].

Engagement in an agreement for the provision of DC services on a campus in Norway

On 29 December 2025, wholly-owned (indirectly) subsidiaries of the Company entered into an agreement with an international technology company (the "**Customer**") for the provision of 80 MW of DC services to the Customer, on a new designated campus to be built in Norway for purposes of provision of the services to the Customer. The campus will be built subject to the receipt of required permits, licenses and approvals, including arrangement of the supply of electricity to the project and the receipt of all of the related approvals and permits for connection of such electricity; building, planning and construction permits and additional infrastructure permits for the project and its vicinity; raising of financing required for construction of the project, etc. On 25 February 2026, a mandate letter and a non-binding term sheet were signed for the financing of this project in the sum total of up to €1,000 million, comprising up to €925 million as a non-recourse senior loan and up to €75 million as a revolving credit facility[28].

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

Negotiations with an international technology company

On 21 December 2023, the Company, incidentally to considering the possibility of a bond financing, released an immediate report regarding GM's negotiations with an international technology company for engagement in an agreement for the provision of approx. 120 MW of DC services to such international technology company on a campus to be built by GM in Norway. For further details, see Section 1.3.4 of this Chapter A. On 19 February 2025, the Company reported that due to a decision not to grant a required regulatory permit in relation to the land on which GM had considered building the campus, GM was exploring alternative land options for construction of the project. On 25 March 2025, the Company reported that until such time as it finds a suitable alternative for the Customer, the negotiations for the transaction in its current format are suspended. As of the Report Release Date, given the totality of the circumstances, the Company estimates that the negotiations are not expected to resume.

After the Report Period, on 22 January 2026, GM engaged with a lender in an agreement for financing in the sum total of approx. NIS 1.46 billion, which is intended for the refinancing of two existing loans.[29]

2.13.3. Performance of the Data Center Segment and Changes in Value

As of the report date, Azrieli Group has 5 income-producing properties in this segment, 4 of which are in Norway and held through the Company's holdings in GM, and an operating data center in East London.

Balance of the Group's properties in the segment – totaled approx. NIS 11.2 billion on 31 December 2025, compared with approx. NIS 9 billion on 31 December 2024. The change mainly derives from investments in properties in the period and appreciation of the segment properties net of the effect of the decrease in the exchange rate.

Change due to fair value adjustment of the segment's investment property – the profit from fair value adjustment of investment property of the segment totaled approx. NIS 1,093 million in the Report Period, and mainly derived from an engagement with an international technology company in projects in Norway and Germany, compared with a profit of approx. NIS 310 million that was recorded in 2024. The properties are presented according to valuations prepared by outside appraisers.

[27] 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), 10 August 2025 (Ref. 2025-01-058928), 24 December 2025 (Ref. 2025-01-102726) and 17 February 2026 (Ref. 2026-01-015376), which are incorporated herein by reference.

[28] For further details, see immediate reports of 30 December 2025 (Ref. 2025-01-104795) and 26 February 2026 (Ref. 2026-01-017997), which are incorporated herein by reference.

[29] For further details, see an immediate report of 23 January 2026 (Ref. 2026-01-009214), 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 Year Ended	
	Rate of Change	31.12.2025	31.12.2024	Rate of Change	31.12.2025	31.12.2024
Revenues	**14%**	**211**	185	**102%**	**844**	417
NOI	**8%**	**107**	99	**95%**	**449**	230

Figures are presented in millions of NIS.

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

The following table presents the segment's NOI development:

Development of the NOI of the DC Segment				
	For the Three Months Ended		For the Year Ended	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
NOI from segment properties owned by the Company as of the beginning of the period	**39**	46	**179**	169
NOI from properties whose construction was completed in 2024	**68**	53	**270**	61
Total NOI from all properties	**107**	99	**449**	**230**

Figures are presented in millions of NIS.

2.14. Rental Housing in Israel Segment

2.14.1. Description of the 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 premium related services (community management, concierge services, fitness facilities, apartment fit-out, business services, and so forth). The Company deems the segment of rental housing in Israel as synergetic with its other operations, 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 differentiating its product and providing high-quality, premium services.

In 2023, the Company won a tender issued by *Dira Lehaskir* – The State-Owned Housing & Rental Company Ltd. and the Israel Land Authority (the "**Tender**"), for the acquisition of leasehold rights in a site situated in Herzliya in consideration for approx. NIS 85 million plus V.A.T. According to the terms of the Tender, the Company will bear the payment of development costs in the amount of approx. NIS 19 million. For further details with respect to the award of the Tender and the project, see the immediate report released by the Company on 30 April 2023 (Ref. 2023-01-045585), which is incorporated herein by reference, and Section 5 5.1.1 [sic] below.

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.

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

Azrieli Group has 3 income-producing properties in this segment in Israel, with a GLA of approx. 34 thousand sqm.

The balance of the Group's investment property in the rental housing in Israel segment – the balance of this segment's investment property decreased by approx. NIS 0.1 million in 2025. On 31 December 2025, the balance totaled approx. NIS 2 billion, compared with approx. NIS 2.1 billion on 31 December 2024. The change mainly derives from a decrease in value in the period net of investments made in the period.

Change due to fair value adjustment of investment property and investment property under construction in the segment – the loss from fair value adjustment of the segment's investment property and investment property under construction in the Report Period totaled approx. NIS 105 million compared with a profit of approx. NIS 60 million in the year ended 31 December 2024. The properties are presented according to valuations prepared by an independent appraiser as of 31 December 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 Year Ended	
	Rate of Change	31.12.2025	31.12.2024	Rate of Change	31.12.2025	31.12.2024
Revenues	**13%**	**9**	**8**	**38%**	**36**	26
NOI	**33%**	**8**	**6**	**58%**	**30**	19

Figures are presented in millions of NIS.

The increase in revenues and in the NOI derives from continued resident move-ins into the Azrieli Town residential project and from the opening of the Modi'in West residential project in 2024.

The following table presents the segment's NOI development:

Development of the NOI of the Rental Housing in Israel Segment				
	For the Three Months Ended		For the Year Ended	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
NOI from segment properties owned by the Company as of the beginning of the period	**8**	6	**25**	17
NOI from properties whose construction was completed in 2024	**-**	-	**5**	2
Total NOI from all properties	**8**	6	**30**	19

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 explores entry into operating segments related 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 for entry 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 management company wholly owned thereby. The Hotel's operation included ongoing management and operation, including the provision of accommodation, food and beverage and 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 has planned the Hotel's renovation and is working on exercising the building rights for its expansion, such that it will comprise ~247 rooms/suites and an underground car park with approx. 210 parking spaces. The Hotel's renovation and expansion are subject to the receipt of a building permit, and in November 2021, an excavation and shoring permit was received, and work began. The Hotel is expected to reopen after its renovation and expansion.

In April 2025, a building permit for the entire Hotel was received, and construction work began. 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 grant, *inter alia*, building rights designated for hospitality, as follows: development of a hotel in the city of Modi'in (Modi'in West), situated close to the Azrieli Modi'in Mall, which comprises approx. 85 hotel rooms and suites, is leased to a third party, and was opened in 2025; and development of a hotel in the Azrieli Center's expansion (the Spiral Tower), in Tel Aviv, which is expected to comprise approx. 250 hotel rooms and suites, in respect of which, a non-binding MOU has been signed for engagement in a management agreement with an international hotel chain. After a review process regarding the operating model for the Company-owned hotels, the Company has decided that some of them will be leased to third parties and classified as investment property, while some of them will be managed through well-known and reputable hotel management companies and classified as property, plant and equipment.

The Company's estimates in this section regarding the forecasted opening of the Mount Zion hotel and the Spiral Tower are forward-looking information, as defined in the Securities Law, which is based on subjective assessments by the Company as of the Report Release Date, and there is no certainty that they will materialize, in whole or in part, or they 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 and/or the materialization of any of the risk factors specified in Section 31 of Chapter A of the 2025 periodic report.

[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), incorporated herein by reference.

3 | RESIDENTIAL SALES SEGMENT

3.1. General Information on the Residential Sales Segment

As specified in Section 1.2.1 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 development and construction of residential real estate projects for sale in Israel. In view of the aforesaid, commencing from the periodic report as of 30 September 2025, the Company's operations in the residential sales segment is described as an operating segment and ZMH Hammerman's financial data were consolidated for the first time in the financial statements as of 30 September 2025.[31]

As of the Report Release Date, ZMH Hammerman is involved in 19 projects at various stages of planning, development, construction and marketing, as follows: (1) two residential projects in Ramat Gan; (2) four residential projects in Tel Aviv; (3) a residential and retail project in Nahariya; (4) a residential project in Ramat Hasharon; (5) a residential project in Lod; (6) a senior housing project in Karmiel; (7) a residential, retail and commercial project in Givatayim; (8) a land reserve in Hod Hasharon; (9) two projects in Haifa – residential and retail; (10) a residential and retail project in Netanya; (11) two residential and retail projects in Petach Tikva; and (12) a residential and retail project in Herzliya. The ZMH Hammerman projects include 5,081 apartments and 50,126 sqm of retail, of which 755 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 28 contingent urban renewal projects and in initial negotiations for other projects in this sector.

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 Section 16 of Chapter A of this report.

3.2. The Business Environment

For further details regarding the business environment and the Swords of Iron war and operation Rising Lion and the impact thereof, see Sections 2.1 and 2.2 above.

Interest rate changes may have a certain impact on the operating segment, given that such changes affect the cost of credit for project financing. Furthermore, interest rate changes may influence the decisions of buyers of apartments for investment purposes, the decisions of customers as to whether to buy or rent an apartment, and the decisions of potential apartment buyers who require a mortgage to complete the purchase.

A rise in the Construction Input Index – In H2/2022, Amendment no. 9 to the Sale (Apartments) Law, 5733-1973 took effect, prescribing, *inter alia*, a restriction on the extent of the linkage of apartment prices to the (construction input) index, such that in practice, from the date the amendment took effect, a maximum of 40% of apartment prices in sale contracts may be linked to the Construction Input Index. ZMH Hammerman is exposed to a rise in the index mainly in respect of sale contracts that do not include any linkage.

[31] For further details regarding the transaction for the acquisition of ZMH Hammerman, 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.

In addition, a rise in the Construction Input Index leads to higher construction costs in the various projects that ZMH Hammerman is building throughout Israel.

The impact of the War on the residential sales segment – 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 difficulties in finding professional manpower, and against this backdrop an increase in the cost of inputs in the industry; a lack of raw material exports for the construction industry from Turkey to Israel; the lengthening of the 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, the Company 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.

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 the future impact thereof on the Israeli economy, the Company cannot assess the said impact on its future operations, 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 on 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 portfolio of assets owned by the Company, 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 estimates regarding the effects of the War on the Group's results, including delays in projects under development, are merely subjective assessments and are forward-looking information, as defined in the Securities Law. Actual results and effects may materially differ from the estimates specified above 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 significant deterioration in the economic climate in Israel, and more.

3.3. Performance of the Residential Sales in Israel Segment

The table below presents a summary of the business results of the residential sales in Israel segment:

Summary of the business results of the residential sales in Israel segment	
	For the three months ended 31.12.2025
Operating segment's revenues (on a consolidated basis)	**99**
Operating segment's profit (on a consolidated basis)	**9**
Operating segment's profits (corporation's share)	**6**
Total operating segment assets in the balance sheet (on a consolidated basis)	**1,682**
Gross profit rate	**16%**

Figures are presented in millions of NIS.

For details regarding disclosure and aggregate data on the projects, see Section 16 of Chapter A of the 2025 periodic report.

4 | NON-REAL ESTATE BUSINESS

4.1.Additional Activities

4.1.1. Investments in Financial Corporations

Azrieli Group is invested in the financial sector through a 1.77% stake in Bank Leumi. Below is a summary of changes in the investments in 2025:

Changes in Investments in Financial Companies

	Bank Leumi [1]
Investment value in the financial statements as of 31 December 2024	1,516
Sale proceeds	(599)
Investment	-
Total investment as of 31 December 2025[2]	917
Fair value of the investment as presented in the financial statements	1,841
Change in fair value in the Report Period	924
Dividend received in 2025	89

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 31 December 2025.

(2) Before adjustment to changes in fair value in the Report Period.

5 | BUSINESS DEVELOPMENT – GROWTH DRIVERS

5.1.Review of the Business Development Operations

5.1.1. Development of Income-Producing Properties

Azrieli Group's primary growth driver is expertise in the 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 Information on 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 Under Construction in the Short Term						
Development Projects in the Medium Term						
Rishon LeZion Senior Home	Senior housing and retail	37,300	2026	564	490	**540-560**
Modi'in (Lot 10)	Offices and retail	37,000	2026	284	270	**580-590**
SolarEdge Campus	Offices	43,000	2027	890	759	**820-840**
Herzliya Glil Yam	Rental housing and retail	19,630	2028	114	116	**380-400**
Mount Zion hotel	Hospitality	[8]34,000	2028	491	425	**995-1,025**
Expansion of Azrieli Tel Aviv Center (Spiral Tower)	Retail, offices, hospitality and residences	[4]150,000	2028	2,407	1,701	**3,030-3,230**
Sde Dov	Senior housing and retail	42,000	2030	600	631	**1,200-1,300**
Total		**362,930**		**5,350**	**4,392**	**7,545-7,945**
Development Projects in Planning Stages						
Name of Property	**Use**	**Marketable Sqm[1]**	**Estimated Completion**	**Book Value of Project [2]**	**Cost Invested [3]**	**Estimated Construction Cost including Land[3]**
Azrieli Town Building E	Offices	[5]21,000	TBD	382	363	TBD
Holon 3 – Holon Industrial Zone	Retail and offices	[6]250,000	TBD	635	569	TBD
Petach Tikva land[7]	Offices and retail	[7]53,000	TBD	97	101	TBD
Total		**324,000**		**1,114**	**1,033**	
Total		**686,930**		**6,464**	**5,425**	

Cost and value figures are presented in millions of NIS. Holding rate is 100% for all properties (with the exception of Azrieli Town Building E, which excludes approx. 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 31 December 2025.
3. Including land and without capitalizations and tenant fit-outs as of 31 December 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 approx. 80 thousand sqm, to total building rights of approx. 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 approx. 90,520 sqm.
6. Includes additional land (approx. 27,000 sqm of marketable space) that was originally purchased in the framework of an ILA tender and was part of the Holon HaManor land. In the context of consolidation of parcels, the building rights in the lot increased by approx. 30,000 sqm (such that the building rights in the consolidated lot total approx. 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 Company 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 areas under construction. For further details, see Sections 7.7-7.8 of Chapter A of this Report.

Description of the properties under construction and land reserves

Palace Rishon LeZion Senior Home – The land, located in the HaRakafot neighborhood in East Rishon LeZion, of an area of approx. 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 approx. 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 a 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 obtained and in early 2021 the work began. In May 2021, the Company filed an application for a basement permit that was approved with conditions 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 on construction of the project is at advanced stages, and the Company is currently working on obtaining an occupancy permit for the project.

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 a renovation of the hotel and exercise of the building rights for expansion of the hotel to comprise ~247 rooms/suites and an underground car park with around 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 obtained, and the work began. In April 2025, a building permit for the entire hotel was received, and construction work has begun.

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 Glilot site, on part of which the Company will build a campus for SolarEdge Technologies Ltd. ("**SolarEdge**"). The project will include approx. 43,000 sqm aboveground 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 obtained, and work began. In April 2023, receipt of a full building permit for the project was conditionally approved, and in October 2023, a building permit was obtained for the entire project. For further details, see the Company's immediate reports of 11 May 2021 (Ref. 2021-01-082779) and 18 January 2022 (Ref. 2022-01-007851), which are incorporated herein by reference. As of the Report Release Date, the Company and SolarEdge have 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 area to be leased to SolarEdge by ~40% and reduction of the number of parking spaces to 600 (instead of 950) parking spaces. 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), incorporated herein by reference.

Land in Modi'in (Lot 10) – On 6 October 2019, the Company won a tender conducted 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 approx. 17,000 sqm, designated for the construction of a retail and office project, with rights for approx. 37,000 sqm aboveground, 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 to promote 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 obtained 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 approx. 8,100 sqm on part of the land. The Company had advanced a plan for the addition of approx. 8,000 sqm underground, which was approved in February 2024. In May 2024, a building permit was conditionally approved for all areas of the project, and in November 2024, the full building permit was received and work on construction of the project is underway.

Expansion of Azrieli Tel Aviv Center (Spiral Tower) – The land, comprising an area of approx. 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 aboveground building rights of approx. 147,260 sqm (gross), and, in addition, approx. 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 aboveground building permit. The Company also undertook to allocate from the said rights in the project a public floor for the Tel Aviv-Jaffa Municipality, 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.

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. On 19 March 2025, the Company reported that final confirmation of the award had been received from the ILA. 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. In June 2025, the balance of the consideration was paid. For further details, see Section 1.3.7 of Chapter A of this report and 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. The Company is currently promoting the statutory proceedings required for receipt of a building permit for the project. For details regarding the notice of the Ministry of Environmental Protection to owners of land in the Sde Dov site, whereby according to initial findings from groundwater sampling at the Sde Dov site, PFAS exceedances were detected, see Section 25 of Chapter A of this report.

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 Israel Land Authority, for the purchase of leasehold rights in a site located in Herzliya (near Kibbutz Glil Yam), which includes lots 100 and 102. 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 comprise 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 the promotion of building permits for the project.

In November and December 2025, excavation and shoring permits were received for the two lots. In April 2025, a full building permit was conditionally approved for lot 102, and in January 2026, the full building permit was received. In addition, in January 2026, a full building permit was conditionally approved for lot 100, and the Company is working on fulfilling the conditions.

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 approx. 5,500 sqm and basement floors. The property includes unutilized building rights according to the zoning plan that applies to the land with total rights of approx. 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) which is located on the property 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 above-ground areas. In June 2023, after a discussion had been held on the objections, the Local Committee's decision was received, conditionally approving the plan, and the Company has satisfied 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 2026.

Holon 3 - Holon Industrial Zone – The land is of an area of approx. 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 for 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, on which the plan is to build a mixed-use project that includes commerce and retail, to comprise up to approx. 250,000 sqm of leasable space. The project is in proximity to central 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 around 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, and the Company is working to fulfill the conditions.

The Company's estimates in Section 5.1.1 of this Chapter B, with regards to, inter alia, the expected costs of and investments in properties under construction, manner of financing of 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 assessments as of the report date, and their materialization, in whole or in part, is uncertain, or they may materialize in materially different ways, 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 the construction plan for execution, and construction input prices and the repercussions of Covid.

For details regarding the projects under construction, see Section 7.7 of Chapter A of this Report.

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 bring about a further increase in the Company's future operating cash flow, insofar as the Company's board of directors shall so deem fit, and to further consider the development of related and/or synergistic 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	**Estimated completion**	2028
GLA	150,000 sqm	**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	2026
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.

SOLAREDGE 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.

As of the Report Release Date, the Company is working on betterment of its properties, as follows:

Azrieli Jerusalem Mall – the zoning plan for expansion of the mall, senior housing and office areas was discussed by the Local Planning & Building Committee, which recommended the deposit of the plan with the District Committee. In July 2018, the District Planning & Building Committee in Jerusalem approved the Company's application to deposit a plan for expansion of the Azrieli Jerusalem Mall by additional areas which include retail, commercial and senior housing areas, as well as a structure to be built for the City of Jerusalem. On 22 January 2020, a hearing was held at the Local Committee on the objections. The Local Committee recommended that the District Committee approve the plan as submitted, subject to minor amendments, while dismissing all third-party objections. In September 2020, the District Committee held a discussion on the objections to the zoning plan published by the Company. In December 2020, an interim decision was issued by the District Committee, and the Company was required to present construction alternatives. In December 2021, the District Committee issued a decision granting conditional approval for the zoning plan for expansion of the Azrieli Jerusalem Mall by approx. 95 thousand sqm above-ground, gross, and in 2022 the plan was approved.

Azrieli Tel Aviv – in 2022, approval was granted for a permit for the addition of approx. 2,500 sqm, for the construction of movie theaters on the mall's roof, as well as the addition of approx. 800 sqm of retail space on the ground floor.

Azrieli Rishonim – in May 2019, a discussion was held by the District Committee in connection with the addition of approx. 21,000 sqm of office space in the office tower. In January 2020, the plan was deposited for objections at the District Committee. In July 2020, the District Committee discussed and rejected the objections to the plan for the addition of office space to the office tower in the project, and the plan was approved for validation.

Azrieli Haifa – in November 2021, the Local Committee approved a plan for additional construction of approx. 3,000 sqm. In 2024, a building permit was received allowing the opening of sealed-off areas in the mall. The building permit was implemented and some of the areas have been leased.

Azrieli Sarona – the Company is acting vis-à-vis the Local Committee to promote a zoning plan for additional rights of approx. 740 sqm main area which were transferred from a landmarked property. In May 2025, the Local Committee approved the plan subject to conditions that were fulfilled. In February 2026, the Local Committee approved publication of the plan for validation.

Azrieli Eilat – in 2023, a zoning plan for the addition of 500 sqm of main areas and service areas was approved, and the Company submitted an application for a building permit for the exercise of the rights and renovation of the mall. In April 2025, committee approval was received for a building permit for exercise of the rights, subject to conditions that the Company is working on fulfilling.

5.1.3. Finding and Acquiring Properties in the Company's Operating Segments

One of the Company's primary growth drivers is its know-how, expertise and experience in finding and acquiring attractive properties that will yield a high return, and which are in high demand and have betterment potential. In the Company's estimation, the success factors for the acquisition of such properties in its operating segments are, *inter alia*, identifying attractive transactions and opportunities in the market, positive goodwill and market positioning and financial strength which facilitate the acquisition of income-producing properties and immediate reaction to attractive business opportunities.

The Group periodically explores expansion of its operations, including entry into related real estate sectors, including by finding and acquiring income-producing properties as aforesaid.

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 statement:

Summary of Balance Sheet Figures out of the Consolidated Statement		
	31.12.2025	**31.12.2024**
Current assets	**5,737**	**5,211**
Non-current assets	**57,835**	**52,722**
Current liabilities	**5,565**	**5,002**
Non-current liabilities	**32,690**	**29,094**
Equity attributable to the Company's shareholders	**25,295**	**23,807**
Equity attributable to the Company's shareholders out of total assets (in %)	**40%**	**41%**
Net debt to assets (in %)	**36%**	**34%**

Figures are presented in millions of NIS.

The Group funds its business operations primarily from its equity, cash and cash equivalents and by means of non-bank credit (mainly bonds and loans from institutional bodies), long-term bank credit and commercial paper. In July 2025, the Company issued Series I bonds by way of expansion of this bond series, and the Company also issued a new series of Series J bonds. For further details, see Section 20.5 of Chapter A of this report.

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.

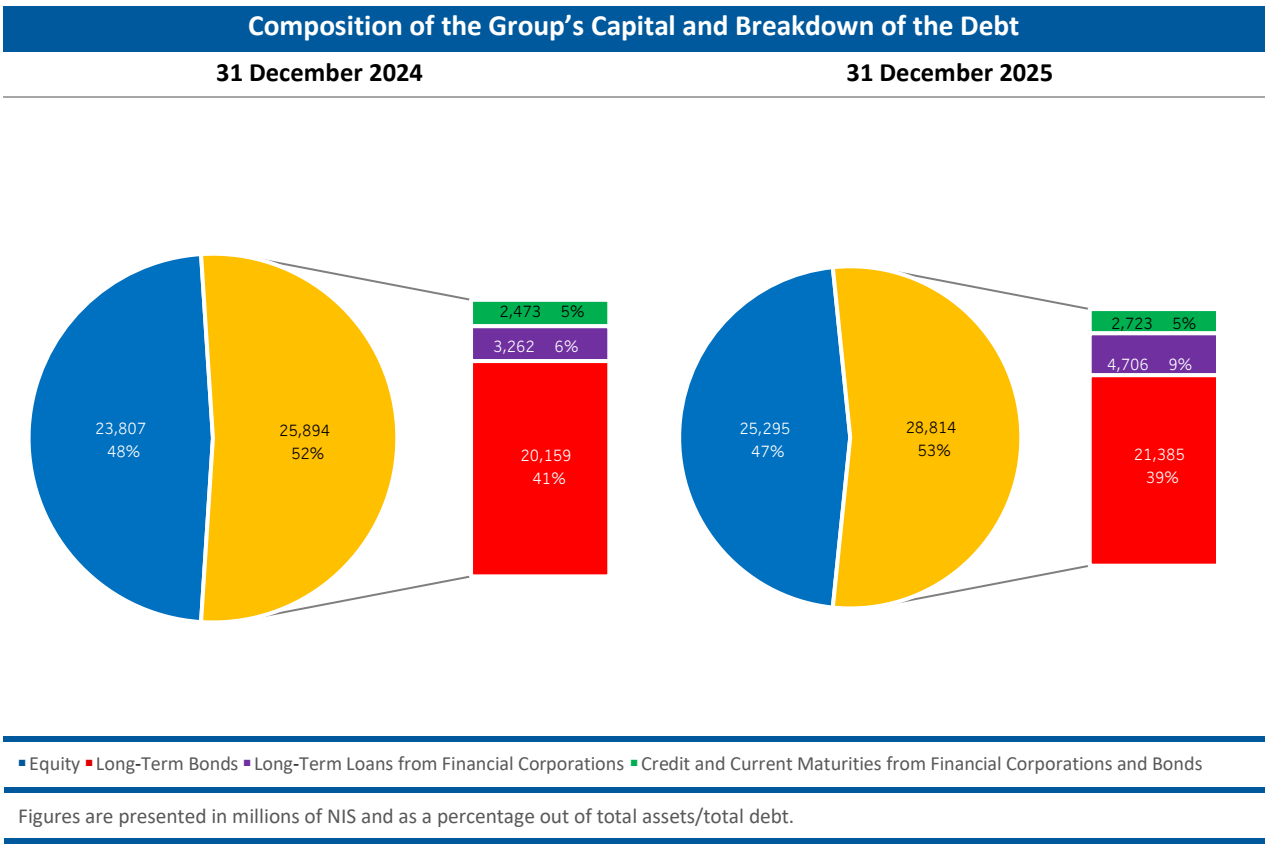
[32] For further details, see Section 21 of Chapter A of this report.

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:

Composition of the Group's Capital and Breakdown of the Debt



Figures are presented in millions of NIS and as a percentage out of total assets/total debt.

The increase of approx. NIS 2,920 million in the total debt in the Report Period mainly derives from the receipt of a €371 million (approx. NIS 1.44 billion) loan that was taken against a pledge of the TikTok property, from receipt of an approx. NIS 267 million loan for the DC property in East London, from expansion of the Series I bonds, 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 bond principal and loans in the sum of approx. NIS 2,497 million.

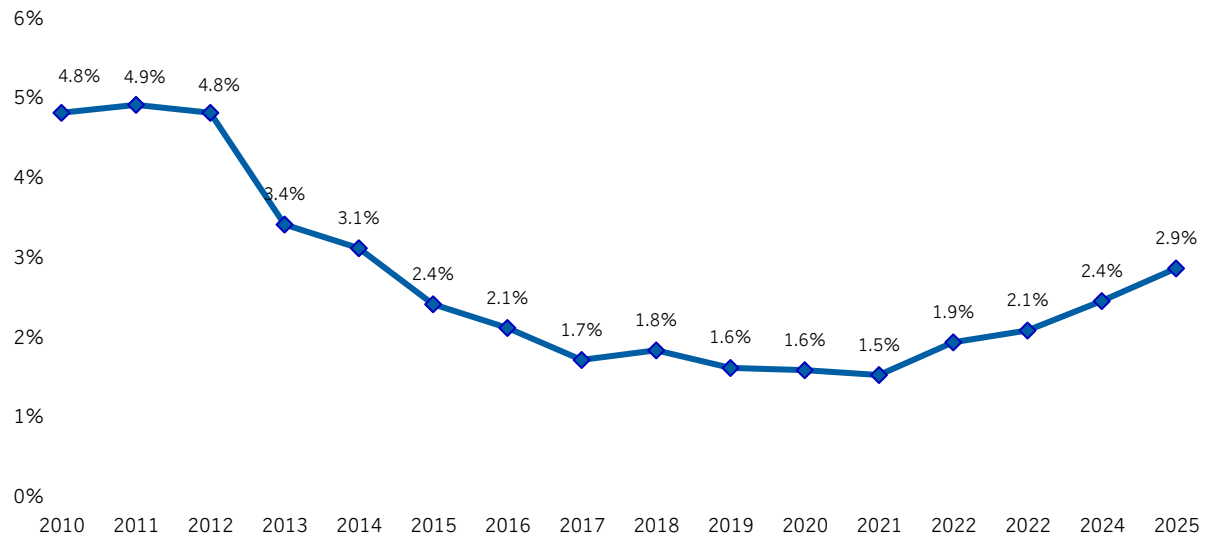
See Note 16 and Note 27 to the financial statements in Chapter C of this Report with respect to collateral and pledges given against the debt and regarding financial covenants in connection with the debt.

The Group's estimates stated in this section 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 regarding developments in the markets, inflation levels and expected cash flows as well as on the terms and conditions and possibilities of raising credit on the report date. These assessments may not materialize, in whole or in part, or may materialize in a materially different manner than the Company estimated. The key factors that may affect the aforesaid are: changes in the capital market which affect the terms and conditions and possibilities of raising credit, changes in the Company's plans, including use of its liquid balances to capitalize on business opportunities, changes in the merit of the holding in various investment channels or the cost-effectiveness of different financing channels, a downturn in the economic climate in Israel or the U.S. and the onset of a severe recession, and the Company or any of the Group's companies encountering financing or other difficulties, in a manner that impacts the Company's cash flow.

6.3. Financing Transactions in the Report Period and Until the Date of its Release

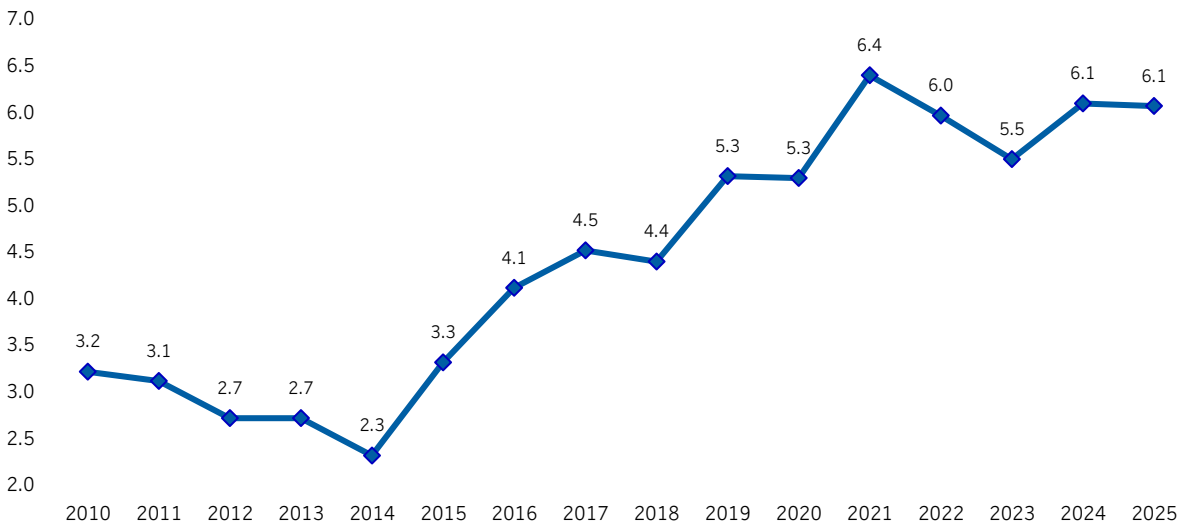
In recent years, the Company has been working to reduce the average interest rate on the debt and to extend the debt duration. In the Report Period, the Company raised debt by expanding Series I bonds and issuing Series J bonds, as well as a loan to finance the TikTok project, while maintaining the Company's high credit rating and extending the average duration of the loans. In addition, in the Report Period, the Company (through subsidiaries and/or affiliates) entered into additional financing transactions in the DC segment, as specified in Section 2.13 above. Additionally, after the Report Period, financing was provided to a wholly-owned (indirectly) subsidiary of the Company intended for the refinancing of two existing loans in the sum of approx. NIS 1.5 billion[33].

Reduction of the Average Interest Rate over the Years



◆ Interest rate as of the end of the year

Extension of Average Duration of Debt



◆ Average duration as of the end of the year

[33] See an immediate report of 23 January 2026 (Ref. 2026-01-009214), incorporated herein by reference.

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 end of 2025, the Group's bonds are rated AA+/Stable/ilA-1+ by Ma'alot and Aa1.il by Midroog.

In recent years, the Company has maintained a stable credit rating.

Various parameters that have affected the Company's high rating are the low leverage ratio, the high debt repayment capacity (debt to FFO ratio), broad dispersion of properties and tenants, different and diverse income-producing real estate operating segments, excellent property locations, numerous unencumbered properties and a focus on the Company's core business, namely income-producing real estate.

For details regarding the rating of the bonds and private loans of the Company, see Section 22.12 of Chapter A of this report and Annex A hereto.

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	**-**	**-**	**-**	**-**	**836**	**-**	**836**	**836**
Long-term loans	**24,146**	**817**	**-**	****3,015**	**-**	**24,963**	**3,015**	**27,978**
Total	**24,146**	**817**	**-**	**3,015**	**836**	**24,963**	**3,851**	**28,814**

Figures are presented in millions of NIS, as of 31 December 2025.
** The majority of the loan is protected by interest rate hedging.

As of 31 December 2025, short-term loans represented approx. 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 and stable cash flow from current operations 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 B.

6.7.Maturity Dates of the Group's Financial Liabilities

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

Forecasted Maturity of Financial Liabilities			
Year	**Principal**	**Interest**	**Total**
1	**3,500**	**818**	**4,318**
2	**3,405**	**706**	**4,111**
3	**2,293**	**595**	**2,888**
4	**3,081**	**539**	**3,620**
5 forth	**16,535**	**3,182**	**19,717**
Total	**28,814**	**5,840**	**34,654**

Figures are presented in millions of NIS, as of 31 December 2025.

Last year, the principal sources for funding of the Group's financial liabilities were:

- Positive cash flow from operating activities, which totaled approx. NIS 1,929 million in the year ended 31 December 2025, compared with approx. NIS 1,816 million in the year ended 31 December 2024.
- Liquid assets and unencumbered assets.
- The Group has mortgaged income-producing properties, the fair value of which significantly exceeds the loan taken 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 31 December 2025, the aggregate amount of liquid assets (cash and cash equivalents) held by the Group totaled approx. NIS 3.8 billion. The Company deems its liquid assets, the considerable cash flow from its operating activities and its unencumbered assets (of a total value of approx. NIS 38.8 billion, in addition to the approx. NIS 3.8 billion specified above), 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 its ability to seize investment opportunities at various times.[34] As pertains to additional possible liquid sources, the Group estimates that it has the ability to obtain financing on convenient terms in the currently prevailing economic conditions.

Unencumbered Assets Available to Serve as Collateral against the Receipt of Credit	
Assets	**Value of assets as of 31 December 2025**
Properties in the retail centers and malls in Israel segment	**14,439**
Properties in the leasable office and other space in Israel segment	**17,799**
Properties in the rental housing in Israel segment	**2,044**
Other properties (mainly hospitality, senior housing and data centers)	**2,710**
The Company's holdings in Bank Leumi	**1,841**
Total	**38,833**

The figures are as presented in the financial statements and in millions of NIS.
In addition, the Group holds mortgaged income-producing properties, the fair value of which exceeds the amount of the loan taken therefor.

[34] For details with respect to additional matters related to the Group's financing activities, see Section 21 of Chapter A of this report.

The Group's estimates stated in this section in connection with the Company's ability to obtain financing on favorable terms in the current economic climate, are forward-looking information as defined in the Securities Law, which is based on the Company's assessments as to the economic conditions and the liquidity level as of the Report Release Date. Such assessments may not materialize, in whole or in part, or may materialize in a manner that materially differs from the Company's estimates. 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 to capitalize on business opportunities, changes in the merit of the holding in various investment channels or the cost-effectiveness of different financing channels, a downturn in the economic climate in Israel or the U.S. and the onset of a severe recession, in a manner which affects the Company's ability to obtain financing on favorable terms.

6.9. Financial Position

Financial Position, Liquidity and Financing Sources		
Item	**31.12.2025**	**31.12.2024**
Total assets (1)	**63,572**	**57,933**
Current assets	**5,737**	**5,211**
Investment property (2)	**51,769**	**48,043**
Short-term credit (3)	**2,723**	**2,473**
Loans from banking corporations and other credit providers (4)	**4,706**	**3,262**
Net bonds (5)	**21,385**	**20,159**
Equity (6)	**25,295**	**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 3.7 billion and from consolidation of ZMH Hammerman's statements in the sum of NIS 2.2 billion, net of a decrease in cash in the sum of approx. NIS 0.8 billion.

(2) The increase mainly derives from the progress of the investments in projects under construction and in the income-producing properties, from a change in the fair value of the properties and from a change in the exchange rate.

(3) The increase derives from an increase in the current maturities of Series E bonds plus short-term credit of ZMH Hammerman net of reclassification of a RW loan as long term in view of the signing of a refinancing agreement and final coupon payment for the Series B bonds.

(4) The increase mainly derives from receipt of a loan for the TikTok project 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 the Series I bonds in the sum of approx. NIS 2.5 billion, and from linkage of the debt to the CPI, net of current repayments in the period.

(6) The increase mainly derives from the comprehensive income in the Report Period, 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:

Year:	2025	2024	2023
Net income for the period attributable to the shareholders	**1,889**	1,477	2,225
Net income attributable to the shareholders and to non-controlling interests	**1,888**	1,482	2,218
Basic earnings per share (NIS)	**15.57**	12.22	18.35
Comprehensive income attributable to shareholders and to non-controlling interests	**2,263**	1,261	2,166

Figures are presented in millions of NIS.

Net income in the Report Period totaled approx. NIS 1,888 million, compared with approx. NIS 1,482 million in the year ended 31 December 2024. The increase in income was mainly affected by an increase in the NOI in the sum of approx. NIS 225 million, from an increase in profit from fair value adjustment in the sum of NIS 215 million, from an increase in the Company's share in the results of held companies accounted for using the equity method in the sum of approx. NIS 167 million, net of an increase in general, administrative and marketing expenses in the sum of NIS 108 million, an increase in net financing expenses in the sum of approx. NIS 65 million and an increase in tax expenses in the sum of approx. NIS 64 million.

7.2.Quality of Earnings

The Group's net income is primarily comprised of and influenced by the following components:

- Income from income-producing real estate business – the retail centers and malls in Israel segment, the office and other space for lease in Israel segment, the income-producing property in the U.S. segment, the senior housing segment, the data center segment, and the rental housing in Israel segment;
- Income from development real estate operations – residential sales in Israel segment;
- Changes in the fair value of the Group's investment property;
- Activity of the Group's head office, including net financing expenses, general, administrative and marketing expenses;
- Current and deferred tax expenses.

The income from the income-producing real estate sector is mainly affected by rental income from the various properties, which is primarily influenced by supply and demand for rental space.

The income from the development real estate segment is mainly affected by revenues from sales, which are primarily affected by supply and demand for the sale of apartments.

The Group's income may experience significant fluctuations between different reporting periods, mainly due to changes in the value of the income-producing real estate or the development real estate as aforesaid, which are affected, *inter alia*, by changes in the cap rates and changes in the scope of the revenues, as a result of changes in the market conditions and/or a rise in the CPI, as the case may be. Additionally, the Group's financing expenses are impacted mainly by changes in the CPI.

The Group assesses the fair value of investment property in Israel at least semi-annually and whenever there are indications of material changes in the value. Fair value is determined primarily based on valuations performed mainly by independent appraisers. Fair value is measured based on the discounting of cash flows based on signed contracts and market rent for vacant spaces at the time of the assessment, supported by comparisons to renewals in similar locations shortly before the date of the valuation, as well as using cap rates that are checked, *inter alia*, by analyzing comparable transactions shortly before the date of the valuation. The Group reviews the need to update the value of investment property on a quarterly basis by examining macroeconomic changes, changes in the environment of the properties and in revenues deriving therefrom, and consults with independent real estate appraisers to examine changes in the cap rates. In addition, for investment property under construction, the costs actually invested in the period, updated forecasts of costs to completion, and lease contracts signed during the period are taken into account. If, in the estimation of the Company's management, there have been material changes in the value of the properties, as defined in the Group's procedures, updated valuations are prepared for the relevant properties by the Company or by an appraiser.

Changes in assumptions used by external experts and/or changes in the estimations of the Group's management based on its accumulated experience, can lead to changes in the fair value carried to the income statement, thereby affecting the Group's financial position and results of operations. For further details, see Note 31 to the financial statements.

For details regarding the fair value of investment property by operating segment, see Section 7.4 of Chapter A of this Report. See also Note 31 to the attached financial statements.

7.3.Comprehensive Income

The Group's capital and comprehensive income are also affected by various capital reserves, primarily capital reserves in respect of adjustment to the fair value of investments in equity instruments designated at fair value through other comprehensive income, and reserves for translation differences from foreign operations. The difference between the comprehensive income and the net income as presented in Section 7.1 of this Chapter B, mainly derives from an increase in the fair value of financial assets net of tax in the sum of approx. NIS 714 million, net of a loss from translation differences from foreign operations in the sum of approx. NIS 317 million and a loss due to hedging of cash flows net of tax in the sum of approx. NIS 22 million.

7.4. Results of Operations

The following table presents the marketing, general and administrative expenses, other income, financing expenses and income taxes in 2025 compared with 2024, and in Q4/2025 compared with Q4/2024:

Results of Operations	Q4/2025	Q4/2024	2025	2024
Marketing, general and administrative expenses[1]	**129**	110	**446**	338
Net other income (expenses)[2]	**21**	(1)	**30**	(3)
Net financing expenses[3]	**20**	98	**1,010**	945
Income tax expenses[4]	**222**	214	**506**	442

Figures are presented in millions of NIS.

(1) The increase in expenses in the quarter and in the Report Period mainly derives from expansion of the DC operations and from consolidation for the first time of the ZMH's results. In addition, in the Report Period, an expense was recorded in respect of a special bonus in the sum of approx. NIS 28 million in the context of a restructuring and the establishment of GMG.

(2) The increase in net other income in the quarter and in the Report Period mainly derives from an increase in the Bank Leumi dividend.

(3) The decrease in net financing expenses this quarter compared with the same quarter last year mainly derives from a decrease in expenses of linkage on loans, bonds and senior housing residents' deposits due to an ~0.6% decline in the known CPI this quarter compared with an ~0.1% decline in the same quarter last year. This effect was partially offset by an increase in interest expenses due to the increase in the amount of the debt. The increase in the net financing expenses in the Report Period mainly derives from an increase in interest expenses due to the increase in the amount of the debt, which was partially offset by a decrease in expenses of linkage on loans, bonds and senior housing residents' deposits, in view of a more moderate ~2.36% rise in the CPI in the current period compared with an ~3.43% rise in the same period last year.

(4) The increase in tax expenses in the quarter and in the Report Period mainly derives from an increase in the pre-tax income.

7.5. Cash Flows

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

Annual Cash Flows		
Year	**2025**	**2024**
Net cash flows generated by the Group from operating activities [1]	**1,929**	1,816
Net cash flows used by the Group for investment activities [2]	**(2,811)**	(3,139)
Net cash flows generated by the Group from financing activities [3]	**36**	1,075

Figures are presented in millions of NIS.

(1) The cash flow in the Report Period mainly derived from the operating income of the income-producing real estate in the sum of approx. NIS 2,527 million, net of tax payments in the sum of approx. NIS 78 million and plus net senior housing deposits. In the same period last year, the cash flow mainly derived from the operating income of the income-producing real estate in the sum of approx. NIS 2,302 million, net of income taxes paid.

(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 2,747 million, the acquisition of ZMH and investments in property, plant and equipment in the sum of approx. NIS 120 million, and for provision of a loan to a company accounted for at equity, net of proceeds from sales of Bank Leumi shares. The cash flow in the corresponding period was mainly used for the acquisition of and investment in investment property and investment property under construction in the sum of approx. NIS 2,882 million, and for investments in property, plant and equipment in the sum of approx. NIS 228 million, and for provision of a loan to a company accounted for at equity.

(3) The change year-over-year mainly derives from a decrease in the net debt raising and from an increase in the interest payments in the period, which were partially offset by a decrease in the dividend distributed.

The following table presents the cash flows generated by the Group in Q4/2025 compared with Q4/2024:

Cash Flows for the Quarter		
Quarter	**Q4/2025**	**Q4/2024**
Net cash flows generated by the Group from operating activities [1]	**649**	502
Net cash flows from investment activities [2]	**112**	(576)
Net cash flows from financing activities [3]	**(245)**	2,308

Figures are presented in millions of NIS.

(1) The cash flow in the quarter and in the same quarter in 2024 mainly derived from the operating income of the income-producing real estate in the sum of approx. NIS 575 million (in the corresponding period – approx. NIS 630 million), net of income taxes paid.

(2) The cash flow in Q4/2025 was mainly generated by the sale of Leumi shares in the sum of approx. NIS 599 million, net of cash flow used for the acquisition of and investment in investment property and investment property under construction in the sum of approx. NIS 536 million. The cash flow in Q4/2024 was mainly used for the acquisition of and investment in investment property and investment property under construction in the sum of approx. NIS 481 million and for investment in property, plant and equipment in the sum of approx. NIS 76 million.

(3) The cash flow this quarter was mainly used for payment of interest and current repayments, and in the corresponding quarter was mainly generated by expansion of Series I bonds in the net sum of approx. NIS 2.4 billion.

8 | EXPOSURE TO AND MANAGEMENT OF MARKET RISKS

8.1. General

The Company's financial statements present no separate reportable segment which is a "financial operating segment" and as of 31 December 2025 the Company has no "material financial operations" as stated in Regulation 10(b)(7) of the Regulations.

8.2. Description of Market Risks

For details with respect to the Company's market risks, see Notes 29 and 30 to the financial statements.

8.3. The Company's Policy on Market Risk Management

For details with respect to the Company's market risk management, see Notes 29 and 30 to the financial statements.

8.4. Policy Implementation and Oversight

At least once a year, the Financial Statements Review Committee and the Board of Directors discuss the Company's exposure to market risks and the actions taken by the Company's management, and, to the extent necessary, set quantitative criteria and restrictions. The Company's management routinely examines the operation scopes and the risk deriving from the operations.

8.5. Analysis of Sensitivity Tests and Effects on the Fair Value of the Investment Property

The Group conducts tests of sensitivity to changes in cap rates affecting the fair value of investment property.

For details, see Note 31E to the financial statements.

9 | CORPORATE GOVERNANCE ASPECTS

For details on aspects of the Company's corporate governance, including a corporate governance questionnaire, compensation of senior officers, contributions policy, details regarding the internal auditor, the auditor and an internal enforcement program at the Company, see the "Corporate Governance" chapter attached to Chapter E hereof. For details with respect to the Company's directors, see the "Additional Details" chapter attached as Chapter D hereof.

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

10.1. Report on the Group's Liabilities

A report on the Group's liabilities according to payment dates, in accordance with Regulation 9D of the Regulations is attached in a separate report form (V-126) concurrently with the release of this Report.

10.2. Legal claims

For details with respect to material legal claims, see Note 28 to the financial statements.

10.3. Disclosure of Highly Material Valuations

A directive of the Israel Securities Authority (ISA)[35] determines that a material valuation is a valuation that fulfills one of the following criteria: (1) The subject matter of the valuation represents at least 5% of the company's total assets as presented in the consolidated statement of financial position as of the last day of the report period (the "**Balance Sheet Test**") (2) The effect of the change in value that results from the valuation on the net income or the comprehensive income, as applicable, represents at least 5% of the company's respective total net income or comprehensive income in the report period and also represents at least 2.5% of the company's equity as of the end the report period[36] (the "**Consequence Test**"). In addition, the directive specifies that a highly material valuation, which is required to be attached to the financial statements of the reporting corporation, is a valuation of double materiality (10%, rather than 5%; and 5%, rather than 2.5%).

The ISA directive also determined that where the valuation satisfies the quantitative tests, but qualitative considerations lead to a different decision by the corporation, and it is decided not to attach it, the corporation will disclose its decision, while specifying the results of the quantitative tests and the reasons and considerations that underpinned such decision.

As of the report date, the Company's board of directors has adopted the parameters determined by the ISA, as specified above, with respect to the attachment of a highly material valuation.

As of the report date, and following an examination of the above determination, according to the ISA directive, it transpires that the Company has no valuation that is highly material which should be attached to the Report.

10.4. Subsequent Events

See Note 34 to the financial statements.

10.5. Financials attributable to the Company as a Parent Company

In accordance with Section 9C 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.

[35] Legal statement no. 105-23 regarding parameters for testing the materiality of valuations, last updated in July 2014, and clarification to legal statement no. 105-23 regarding parameters for testing the materiality of valuations: Q&As last updated on 3 June 2025.

[36] Referring to the effect of the subject matter of the valuation after the tax effect, if any, and in absolute values.

10.6. Note on Forward-Looking Information

The Company's intentions mentioned in the introduction to the Board Report and the highlights to the Board Report, inter alia, in relation to the utilization of business opportunities and expansion of 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 the possibility of converting short-term debt into long-term debt and/or obtaining financing, 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 report date.

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 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 capitalizing on business opportunities, changes in the merit of the holding in various investment channels or the cost-effectiveness of different financing channels, delays in the obtainment of permits or approvals required for the progress of projects under construction, changes in the regulation relating to the Company's business, including planning and building regulation, an increase in the prices of construction materials, changes in the CPI, a downturn in the economic climate in Israel or the U.S. and the onset of a severe recession, and the Company or any of the Group's companies encountering financing or other difficulties, in a manner that impacts 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 2025.

Danna Azrieli	**Irit Sekler-Pilosof**
Chairwoman of the Board and Acting CEO	**Director**[37]

Date: 18 March 2026

[37] On 18 March 2026, 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

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	2,639.3	17.3	2,629.9	2,563	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 company: Hermetic Trust (1975) Ltd. Address: Champion Tower, 13th floor, 30 Sheshet Ha-Yamim Road, Bnei Brak Tel.: 03-5274867; Fax: 03-5271039. E-mail address: hermetic@hermetic.co.il Contact person at the trustee: Dan Avnon or Meirav Ofer
	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	2,869.2	-	2,892.3	2,836.8	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*	
	19 Dec. 2019	1,216.7											
	20 April 2020	810.7											
Series F	22 Jan. 2019	263.4	3,212.1	3,788.7	-	3,911.9	3,797.1	Fixed	2.48	On 31 December of each of the years 2025 through 2032	Starting 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	3,132.4	14	3,008.5	2,863.8	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	5,069.9	42.7	4,730.7	4,603.4	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	5,292.3	96.8	5,451.7	5,774.5	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	502.4	6.3	497	519.5	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**	**20,511**	**23,294.2**	**177.1**	**23,122**	**22,958.1**						

* 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) and the Company's report of 30 October 2025 (Ref. 2025-01-081750).
   - 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) and the Company's report of 30 October 2025 (Ref. 2025-01-081757).
   - 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) and the Company's report of 30 October 2025 (Ref. 2025-01-081760).
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	31 December 2025 (**)	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 31 December 2024 31 December 2025
Series E	Midroog	Aa1/stable outlook	Aa1il/stable outlook	31 December 2025 (**)	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 31 December 2025
Series F	Midroog	Aa1/stable outlook	Aa1il/stable outlook	31 December 2025 (**)	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 31 December 2025
Series G	Maalot	ilAA+/stable	ilAA+ stable	16 February 2026 (*)	AA+ stable	1 July 2021 21 December 2023 24 December 2023 4 February 2024 22 July 2024 23 July 2024 2 February 2025 16 February 2026
Series H	Maalot	ilAA+/stable	ilAA+ stable	16 February 2026 (*)	AA+ stable	1 July 2021 12 July 2022

						21 December 2023 24 December 2023 4 February 2024 2 February 2025 16 February 2026
Series I	Midroog	Aa1il/stable outlook	Aa1il/stable outlook	31 December 2025 (**)	Aa1il/stable outlook	8 July 2024 23 July 2024 30 December 2024 2 July 2025 3 July 2025 31 December 2025
Series J	Midroog	Aa1il/stable outlook	Aa1il/stable outlook	3 July 2025 (**)	Aa1il/stable outlook	2 July 2025 3 July 2025 31 December 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, Series F, Series I and Series J bonds, see the Company's immediate report of 31 December 2025 (Ref.: 2025-15-105806), which is included herein by reference.

AZRIELIGROUP

PART C

Consolidated Financial Statements

Dated 31 December 2025

Azrieli Group Ltd.

Consolidated Financial Statements for Y2025

Azrieli Group Ltd.

Consolidated Financial Statements for Y2025

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English Translation solely for the convenience of the readers of the Hebrew language audit report and Hebrew language financial statements.

Independent Auditors' Report to the Shareholders of

Azrieli Group Ltd.

Regarding Audit of Components of Internal Control over Financial Reporting pursuant to
Section 9B(c) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970

We have audited components of internal control over financial reporting of Azrieli Group Ltd. and subsidiaries (jointly, the "**Company**") as of 31 December 2025. These components of control were determined as explained in the following paragraph. The Company's Board of Directors ("**Board**") and Management are responsible for maintaining effective internal control over financial reporting and for their assessment of the effectiveness of the components of internal control over financial reporting, attached to the periodic report as of the above date. Our responsibility is to express an opinion on the components of internal control over financial reporting of the Company, based on our audit.

The components of the internal control over financial reporting that were audited were determined pursuant to Audit Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel "Audit of Components of Internal Control over Financial Reporting" ("**Audit Standard (Israel) 911**"). These Components are: (1) Entity-level controls, including controls over the financial reporting and closing process and ITGCs; (2) Controls over investment property; (3) Controls over rent revenues from investment property; (all referred to hereafter jointly as the "**Audited Components of Control**").

We conducted our audit pursuant to Audit Standard (Israel) 911. This Standard requires that we plan and perform the audit with the purpose of identifying the Audited Components of Control, and to obtain reasonable assurance about whether these components of control were effectively maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, identifying the Audited Components of Control, assessing the risk that a material weakness exists in the Audited Components of Control, and testing and evaluating the design and operating effectiveness of such components of control, based on the assessed risk. Our audit of such components of control also included performing such other procedures as we considered necessary in the circumstances. Our audit only referred to the Audited Components of Control, as opposed to internal control over all of the material processes in connection with the financial reporting, and therefore our opinion refers only to the Audited Components of Control. In addition, our audit did not address mutual effects between the Audited Components of Control and non-audited controls, and therefore, our opinion does not take into consideration such possible effects. We believe that our audit provides a reasonable basis for our opinion in the context described above.

Because of its inherent limitations, internal control over financial reporting in general and components thereof in particular, may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company effectively maintained, in all material respects, the Audited Components of Control as of 31 December 2025.

We have also audited, based on Generally Accepted Auditing Standards in Israel, the Consolidated Financial Statements of the Company as of 31 December 2025 and for the year then ended, and our report of 18 March 2026, included an opinion with no modification to the standard language on the said financial statements.

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

Tel Aviv, 18 March 2026

English Translation solely for the convenience of the readers of the Hebrew language audit report and Hebrew language financial statements.

Independent Auditors' Report to the Shareholders of

Azrieli Group Ltd.

The Opinion:

We have audited the Consolidated Financial Statements of Azrieli Group Ltd. (the "**Company**") which include the Consolidated Statements of Financial Position as of 31 December 2025 and the Consolidated Statements of Profit or Loss and Other Comprehensive Income, of Changes in Capital, and of Cash Flows for the year then ended, and the notes to the Consolidated Financial Statements, including the significant accounting policies.

We have not audited the financial statements of the consolidated joint operations whose assets included in the Consolidated Statements of Financial Position constitute ~1.6% of the total consolidated assets as of 31 December 2025, and whose revenues included in the Consolidated Statements of Profit or Loss and Other Comprehensive Income constitute ~1.9% of the total consolidated revenues for the year then ended. Furthermore, we have not audited the financial statements of some of the companies accounted for using the equity method, the investment in which as of 31 December 2025 totaled approx. NIS 139 million, and the share in their results for the year then ended totaled a profit/loss of approx. NIS 5 million. The financial statements of those entities were audited by other independent auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included in respect of those entities, is based on the reports of the other independent auditors.

In our opinion, based on our audit and on the reports of other independent auditors, the accompanying Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position as of 31 December 2025 and the consolidated financial results and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and the provisions of the Securities Regulations (Annual Financial Statements), 5770-2010.

Basis for the Opinion:

We conducted our audit in accordance with Generally Accepted Auditing Standards in Israel, including standards set in the Accountants Regulations (Mode of Operation of Accountants) 5733-1973. Our responsibilities under those standards are described in the Independent Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of this report. We are independent of the Company and its consolidated entities in accordance with the legal provisions applicable in Israel regarding independence and the prevention of conflicts of interest for independent auditors in Israel. Furthermore, we have fulfilled our other ethical responsibilities in accordance with the Auditors Law, 5715-1955, and the regulations promulgated thereunder. We believe that the audit evidence obtained, including the reports of the other independent auditors, is sufficient and adequate to provide a basis for our opinion.

Key Audit Matters:

The key audit matters specified below are those matters that were communicated or required to be communicated to the Company's Board and that, in our professional judgment, were of most significance in the audit of the Consolidated Financial Statements for the current period. These matters include, among others, any matter that: (1) relates, or may relate, to material items or disclosures in the Consolidated Financial Statements, and (2) our discretion with respect to which was especially challenging, subjective, or complex. These matters were addressed in our audit of and opinion on the Consolidated Financial Statements as a whole. The communication of those matters below does not alter our opinion on the Consolidated Financial Statements, taken as a whole, and we are not providing a separate opinion on those matters, or on the items or disclosures they refer to.

Fair value of investment property and property under construction:
As stated in Notes 2L, 3B, 10 and 31 to the Consolidated Financial Statements as of 31 December 2025, the Company has investment property, which are presented at their fair value for that date pursuant to the accounting policy described in Note 2. The fair value of all the investment property of the Company (income-producing and under construction) as of 31 December 2025, amounts to a total of approx. NIS 51,769 million, and in 2025 the Company recorded a profit from the increase in their fair value in the amount of approx. NIS 1,128 million.

As specified in Note 3B to the Consolidated Financial Statements, the determination of the fair value of investment property is a critical estimate, involving uncertainties and based on valuations, which include assumptions, some of which are subjective considering the circumstances and the best information as of 31 December 2025, and which were conducted with the assistance of external real estate appraisers. These assumptions mainly include the most appropriate cap rate, the property's location, its physical condition, occupancy rates, tenant turnover rate, sale price of similar properties and lands and the Group's assets in the surrounding area, tenant quality and financial robustness, lease periods, market prices for relevant comparison units, required adjustments to existing rent prices, actual and projected occupancy rates of the asset and the costs of its operation.

Determination of the fair value of investment property under construction takes into account, *inter alia* and insofar as relevant, the duration of construction of the project, the expected sale prices, the expected rent prices, the cost required for construction completion until current operation of the project and the cap rate, the project's risk premium and deduction of developer profit.
These basic assumptions, as well as the determination of the fair value estimate as a whole of the Company's investment property, including the selection of the most appropriate valuation approach, are the result of exercising subjective judgement in an environment of uncertainty, sometimes particularly significant, and therefore changes in the aforementioned basic assumptions may bring about changes in the fair value of the investment property, sometimes substantially, and therefore also affect the Company's financial position as of 31 December 2025 and the results of its operations for that year, as detailed in Note 31.

Due to the above, and in particular that the fair value of investment property is a critical estimate, involving uncertainties and based on valuations, which include assumptions, some of which are subjective, we determined, according to our professional judgment, that the examination of the fair value of investment property, with an emphasis on the reasonableness of the rates of return used in its estimation, is a key matter in the audit.

The audit procedures that we performed in response to the key audit matter:
In response to the uncertainties involved in determining the fair value of the Company's investment property and investment property under construction, we mainly performed the following procedures, with an emphasis on examining the reasonableness of the rates of return determined in the valuations of the assets: 1. Understanding the internal control environment regarding the determination of the fair value of the investment property and auditing the effectiveness of the relevant internal controls for determining their fair value; 2. Examination and analysis of fair value representations, mainly valuations, conducted by the Company and appraisers on its behalf, based on a sample model that includes quantitative and qualitative considerations; 3. Examining the base assumptions applied in the valuations, selected on a sample basis, with an emphasis on examining the rates of return, as well as predicted operating income (NOI), market prices/comparison prices per square meter of rental unit/land unit, cost required for construction completion and the valuation approach taken; 4. Reviewing valuations, on a sample basis , by an expert appraiser on our behalf with an emphasis on rates of return; 5. Direct communication with the appraisers on behalf of the Company; 6. Involvement of the senior staff of the engagement team.

Responsibilities of the Board and Management for the Consolidated Financial Statements
The Board and Management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and the provisions of the Securities Regulations (Annual Financial Statements), 5770-2010; and for such internal control as the Board and Management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board and Management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as required, matters related to going concern and using the going concern basis of accounting unless the Board and Management either intend to liquidate the Company or to cease its operations, or have no realistic alternative but to do so.

Independent Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In an audit carried out, including reliance on other auditors, in accordance with Generally Accepted Auditing Standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to such risks, and obtain audit evidence that is sufficient and adequate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, willful misrepresentations, or the override of internal control.
- obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- evaluate the appropriateness of the accounting policies applied and the reasonableness of accounting estimates and related disclosures made by the Board and Management.
- reach a conclusion on the appropriateness of the Board's and Management's use of the going concern basis of accounting and, based on the audit evidence obtained by us, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are insufficient, to include a modification to the standard language of our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient adequate audit evidence regarding the preparation of the Consolidated Financial Statements, including verifying that the accounting policies applied in the financial statements audited by other independent auditors are consistent with the policies applied by the Company, that the reporting rules according to which the reports audited by other independent auditors were prepared, are consistent with the binding laws and directives applicable to the Company, and that all the information required for the consolidation was adequately reflected in the Consolidated Financial Statements.

We communicate with the Board and Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the independent auditor identifies during the audit.

Furthermore, we provide the Board and Management with a statement that we have complied with relevant ethical requirements regarding our independence, and communicate with them all relationships and other matters that may reasonably be deemed to influence our independence, and where applicable, safeguards implemented to eliminate threats identified to our independence.

From the matters communicated, or required to be communicated, with the Board and Management, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our independent auditor's report unless law or regulation precludes disclosure about such matter to outsiders.

Nexus Paragraph
We have also audited, pursuant to Audit Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel "Audit of Components of Internal Control over Financial Reporting", the components of the Company's internal control over financial reporting as of 31 December 2025 and our report of 18 March 2026 included an unqualified opinion on the effective maintenance of such components.

The engagement partner for the audit contemplated in the independent auditor's report is Ori Kaveh.

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

Tel Aviv, 18 March 2026

Azrieli Group Ltd.

Consolidated Statements of Financial Position

	Note	As of 31 December 2025 NIS in millions	As of 31 December 2024 NIS in millions
ASSETS			
Current assets			
Cash and cash equivalents	4	3,800	4,633
Short-term deposits and investments		27	1
Trade accounts receivable	5	493	132
Other receivables	6	373	359
Inventory		16	3
Inventory of buildings and apartments for sale	7B	941	-
Current tax assets	25	87	83
Total current assets		5,737	5,211
Non-current assets			
Investment in companies accounted for by the equity method	7	558	45
Loans and other receivables	8	802	729
Financial assets	9	1,847	1,523
Investment property and investment property under construction	10	51,769	48,043
Property, plant & equipment (PP&E)	11	1,022	907
Inventory of land		355	-
Intangible and other assets	12	1,482	1,475
Total non-current assets		57,835	52,722
Total Assets		63,572	57,933

The notes attached to the consolidated financial statements form an integral part thereof.

Azrieli Group Ltd.

Consolidated Statements of Financial Position

(Continued)

	Note	As of 31 December 2025 NIS in millions	As of 31 December 2024 NIS in millions
LIABILITIES AND CAPITAL			
Current liabilities			
Credit and current maturities from financial corporations and bonds	16	2,723	2,473
Trade payables	13	580	617
Other payables	14	746	484
Deposits from senior housing customers	15	1,513	1,425
Current tax liabilities	25	3	3
Total current liabilities		5,565	5,002
Non-current liabilities			
Loans from financial corporations	16	4,706	3,262
Bonds	16	21,385	20,159
Other liabilities	17	419	406
Deferred tax liabilities	25	5,909	5,267
Liabilities for option to non-controlling interest holders	7	271	-
Total non-current liabilities		32,690	29,094
Capital	18		
Ordinary share capital		18	18
Share premium		2,518	2,518
Capital reserves		208	206
Retained earnings		22,551	21,065
Total equity attributable to the shareholders of the Company		25,295	23,807
Non-controlling interests		22	30
Total capital		25,317	23,837
Total liabilities and capital		63,572	57,933

18 March 2026			
Date of approval of the Financial Statements	**Danna Azrieli Chairwoman of the Board and Active CEO**	**Irit Sekler-Pilosof, Director***	**Ariel Goldstein, CFO**

* Pursuant to an authorization by the Company's Board dated 18 March 2026 for the purpose of signing of the financial statements, in view of the fact that the Chairwoman of the Company's Board also serves as the Active CEO.

The notes attached to the consolidated financial statements form an integral part thereof.

Azrieli Group Ltd.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

		As of the year ended 31 December		
		2025	2024	2023
	Note	NIS in millions	NIS in millions	NIS in millions
Revenues From rent, management, maintenance and sales fees, net	19	3,750	3,281	2,943
Revenues from construction and land transactions		155	-	-
Cost of revenues from rent, management, maintenance and sales fees	20	1,224	979	911
Expenses from construction and land transactions		151	-	-
Gross Profit		2,530	2,302	2,032
Sales and marketing	21	81	75	96
G&A	22	365	263	220
Operating profit before other revenues and expenses		2,084	1,964	1,716
Net profit from adjustment to fair value of investment property and investment property under construction	10	1,128	913	912
Share in results of companies accounted for by the equity method, net of tax	ז'ג7	162	(5)	(77)
Other revenues (expenses), net	23	30	(3)	1,145
Operating profit after other revenues and expenses		3,404	2,869	3,696
Financing revenues	24	319	141	100
Financing expenses	24	1,329	1,086	943
Profit before taxes on income		2,394	1,924	2,853
Taxes on income	25	(506)	(442)	(635)
Net profit for the year		1,888	1,482	2,218
Other comprehensive income (loss):				
Amounts that will not be carried in the future to the profit or loss, net of tax:				
Change in fair value of financial assets, net of tax		714	377	9
Amounts that were carried or will be carried in the future to profit or loss, net of tax:				
Share in other comprehensive income of an investment accounted for using the equity method		-	-	2
Profit (loss) from cash flow hedging, net of tax		(22)	12	(9)
Write-off of capital reserves from disposition of associate		-	-	(163)
Translation differences from foreign operations		(317)	(610)	109
Total		(339)	(598)	(61)
Other comprehensive income (loss) for the year, net of tax		375	(221)	(52)
Total comprehensive income for the year		2,263	1,261	2,166

The notes attached to the consolidated financial statements form an integral part thereof.

Azrieli Group Ltd.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

(Continued)

	As of the year ended 31 December		
	2025	**2024**	**2023**
	NIS in millions	**NIS in millions**	**NIS in millions**
Net profit for the year attributable to:			
Shareholders of the Company	1,889	1,477	2,225
Non-controlling interests	(1)	5	(7)
	1,888	1,482	2,218
Comprehensive income for the year attributable to:			
Shareholders of the Company	2,271	1,256	2,170
Non-controlling interests	(8)	5	(4)
	2,263	1,261	2,166
Basic and diluted earnings per ordinary share (in NIS) of par value NIS 0.1 attributable to shareholders of the Company:	**NIS**	**NIS**	**NIS**
Basic	15.57	12.22	18.35
On a fully diluted basis	15.56	12.17	18.35
Average weighted number of shares used in calculating the basic and diluted earnings per share:			
Basic	121,272,760	121,272,760	121,272,760
On a fully diluted basis	121,355,807	121,784,503	121,272,760

The notes attached to the consolidated financial statements form an integral part thereof.

Azrieli Group Ltd.

Consolidated Statements of Changes in Capital

	For the year ended 31 December 2025								
	Share Capital	Share premium	Capital reserve for changes in 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 share-holders 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 year:									
Net profit (loss) for the year	-	-	-	-	-	1,889	1,889	(1)	1,888
Change in fair value of financial assets, net of tax	-	-	714	-	-	-	714	-	714
Translation differences from foreign operations	-	-	-	(310)	-	-	(310)	(7)	(317)
Loss from cash flow hedging, net of tax	-	-	-	-	(22)	-	(22)	-	(22)
Total other comprehensive income (loss) for the year	-	-	714	(310)	(22)	1,889	2,271	(8)	2,263
Share-based payment capital reserve	-	-	-	-	17	-	17	-	17
Dividend to shareholders of the Company	-	-	-	-	-	(800)	(800)	-	(800)
Total transactions with shareholders of the Company	-	-	-	-	17	(800)	(783)	-	(783)
Carried to retained earnings as a result of disposition of financial assets	-	-	(397)	-	-	397	-	-	-
Balance as of 31 December 2025	18	2,518	1,225	(1,043)	26	22,551	25,295	22	25,317

The notes attached to the consolidated financial statements form an integral part thereof.

Azrieli Group Ltd.

Consolidated Statements of Changes in Capital

(Continued)

	For the year ended 31 December 2024								
	Share Capital	Share premium	Capital reserve for changes in 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 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 year:									
Net profit 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 shareholders of the Company	-	-	-	-	-	(1,000)	(1,000)	-	(1,000)
Total transactions with shareholders of the Company	-	-	-	-	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 consolidated financial statements form an integral part thereof.

Azrieli Group Ltd.

Consolidated Statements of Changes in Capital

(Continued)

	For the year ended 31 December 2023								
	Share Capital	Share premium	Capital reserve for changes in 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 share-holders of the company	Non-controlling interests	Total
	NIS in millions								
Balance as of 1 January 2023	18	2,518	522	(68)	20	19,063	22,073	29	22,102
Movement in the report year:									
Net profit (loss) for the year	-	-	-	-	-	2,225	2,225	(7)	2,218
Change in fair value of financial assets, net of tax	-	-	9	-	-	-	9	-	9
Share in other comprehensive loss of an investment accounted for using the equity method	-	-	-	2	-	-	2	-	2
Write-off of capital reserves for disposition of a company accounted for on the equity method	-	-	-	(163)	-	-	(163)	-	(163)
Translation differences from foreign operations	-	-	-	106	-	-	106	3	109
Loss from cash flow hedging, net of tax	-	-	-	-	(9)	-	(9)	-	(9)
Total other comprehensive income (loss) for the year	-	-	9	(55)	(9)	2,225	2,170	(4)	2,166
Dividend to shareholders of the Company	-	-	-	-	-	(700)	(700)	-	(700)
Total transactions with shareholders of the Company	-	-	-	-	-	(700)	(700)	-	(700)
Balance as of 31 December 2023	18	2,518	531	(123)	11	20,588	23,543	25	23,568

The notes attached to the consolidated financial statements form an integral part thereof.

Azrieli Group Ltd.

Consolidated Statements of Cash Flows

	As of the year ended 31 December		
	2025	2024	3202
	NIS in millions	NIS in millions	NIS in millions
Cash Flows – Operating Activities			
Net profit for the year	1,888	1,482	2,218
Depreciation and amortization	23	20	70
Forfeiture of senior housing residents' deposits	(62)	(57)	(52)
Net profit from adjustment to fair value of investment property and investment property under construction	(1,128)	(913)	(912)
Financing and other expenses, net	921	888	799
Profit from sale of holding in associate	-	-	(1,211)
Share in the results of associates accounted for using the equity method	(162)	5	77
Expenses due to share-based payment	17	8	-
Taxes recognized in the income statement	506	442	635
Income taxes paid, net	(78)	(151)	(204)
Revaluation of financial assets designated at fair value through profit and loss	-	-	(2)
Change in inventory	(2)	3	4
Change in trade and other receivables	(350)	35	(107)
Change in trade and other payables	248	(51)	1
Receipt of deposits from senior housing residents	214	204	128
Return of deposits from senior housing residents	(90)	(90)	(74)
Change in provisions and employee benefits	(16)	(9)	1
Net cash – operating activities	1,929	1,816	1,371
Cash Flows - Investment Activities			
Proceeds from the disposition of PP&E	1	-	1
Proceeds from the disposition of investment property	-	31	-
Purchase of and investment in investment property and investment property under construction	(2,747)	(2,882)	(3,505)
Purchase of and investment in PP&E and intangible assets	(120)	(235)	(204)
Investments in companies accounted for using the equity method	(5)	(24)	(203)
Change in short-term deposits	(48)	-	3
Provision of long-term loans	(179)	(218)	(2)
Collection of long-term loans	1	2	2
Interest and dividend received	256	187	138
Proceeds from disposition of financial assets	599	-	1
Proceeds, net, from disposition of investment in associate	-	-	2,598
Purchase of companies consolidated for the first time (Annex A)	(536)	-	(228)
Taxes paid for assets	(33)	-	(73)
Net cash - investment activities	(2,811)	(3,139)	(1,472)

The notes attached to the consolidated financial statements form an integral part thereof.

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

	As of the year ended 31 December		
	2025	2024	3202
	NIS in millions	NIS in millions	NIS in millions
Cash Flows - Financing Activities			
Distribution of dividend to shareholders	(800)	(1,000)	(700)
Repayment of bonds	(1,746)	(1,355)	(922)
Issuance of bonds net of issue expenses	2,467	3,626	3,050
Receipt of long-term loans from financial corporations	1,593	1,115	230
Repayment of long-term loans from financial corporations	(137)	(715)	(211)
Short-term credit from financial corporations, net	(614)	(90)	710
Repayment of lease liabilities	(12)	(22)	(18)
Repayment of deposits from customers	(7)	(4)	(3)
Deposits from customers that were received	7	5	3
Interest paid	(715)	(485)	(455)
Net cash - financing activities	36	1,075	1,684
Increase (decrease) in cash and cash equivalents	(846)	(248)	1,583
Cash and cash equivalents at the beginning of the year	4,633	4,915	3,404
Effect of the changes in exchange rates on cash balances held in foreign currency	13	(34)	(72)
Cash and cash equivalents at the end of the year	3,800	4,633	4,915

(*) Non-cash transactions in 2025 and 2023 included a change in other payables in respect of acquisitions on credit of non-current assets in the sum of approx. NIS 17 million and approx. NIS 211 million, respectively.

The notes attached to the consolidated financial statements form an integral part thereof.

Annex A - Purchase of companies consolidated for the first time (*):

	As of the year ended 31 December		
	2025	**2024**	**2023**
	NIS in millions	**NIS in millions**	**NIS in millions**
Working capital (excluding for cash and cash equivalents)	734	-	(10)
Inventory of buildings and apartments for sale	(902)	-	-
Inventory of land	(404)	-	-
Non-current assets and intangible assets	(447)	-	-
Liabilities for option to non-controlling interest holders	260	-	-
Investment property	(85)	-	(479)
Long-term liabilities including current maturities	308	-	261
	(536)	-	(228)

(*) For further details on the acquisition of companies in 2023 and 2025, see Notes 10D and 7B (respectively).

Note 1 – General

A. General description of the Company and its operations:

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 traded 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 that were issued to the public (Series D-J).

The Group's Consolidated Financial Statements as of 31 December 2025 include those of the Company and of subsidiaries thereof (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), approx. 55.62% of the Company's share capital and approx. 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 thereby ("**Canadian Holding Corporation**"), ~28.02% of the equity interests in Azrieli Holdings and ~33.13% of the voting rights in Azrieli Holdings, and they jointly hold ~84.06% of the equity interests in Azrieli Holdings and approx. 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 ~8.51% of the equity interests of the Company), in addition to and separately from its direct holding of ~7.32% of the equity interests and voting rights in the Company.

As the Company was informed, on 20 March 2017, a shareholders' agreement (the "**2017 Agreement**") was signed between Sharon Azrieli, Naomi Azrieli and Danna Azrieli (in person and through companies controlled by them), the indirect controlling shareholders of the Company and directors thereof (the "**Controlling Shareholders**"). Additional parties to the 2017 Agreement are Azrieli Holdings, Nadav Investments and a Canadian Holding Corporation (the three, the "**Holding Corporations**"). The 2017 Agreement regulates the relations between the Controlling Shareholders, in person, and through the Holding Corporations, in respect of their rights in the Company. The terms of the 2017 Agreement include agreements regarding the sale and transfer of shares in the Company and in the Holding Corporations, including a lock-up period, right of first refusal, right of first offer, co-sale right and an exclusion in connection with certain sales of shares (drip) on TASE. The 2017 Agreement further prescribes that the manner of use of the voting rights in the Company will be determined by the Controlling Shareholders (by a majority vote), provided however, that in respect of resolutions to appoint directors of the Company, each one of the Controlling Shareholders shall have the right to use the voting rights to appoint one director who will be determined by her, whereas the manner of use of the voting rights in the Company regarding resolutions to appoint additional directors, will be adopted by a majority vote. It is clarified, that the 2017 Agreement does not change the identity of the Company's Controlling Shareholders (including of Azrieli Holdings) nor their percentage holdings in the capital and in the voting rights in the Company, and that as of the report date, Sharon Azrieli, Naomi Azrieli and Danna Azrieli are the Company's Controlling Shareholders.

Note 1 – General (Cont.)

A. General description of the Company and its operations: (Cont.)

The Company engages (both directly and through Investee Companies in which it invests and which it develops) primarily in the following operating segments:

(1) Development, acquisition, management, lease and maintenance in the retail centers and malls in Israel segment.

(2) Development, acquisition, management, lease and maintenance in the leasable office space in Israel segment.

(3) Acquisition, management and lease in income-producing property in the U.S. segment.

(4) Development, acquisition and operation of senior housing.

(5) Development, acquisition, lease and maintenance in the data centers segment.

(6) Development, acquisition, management, lease and maintenance in the rental housing in Israel segment.

(7) Development and acquisition in the housing for sale in Israel segment.

For details regarding additional operating segments of the Company, see Note 33A.

B. Definitions:

The Company	-	Azrieli Group Ltd.
Related Parties	-	As defined in IAS 24.
Consolidated Company	-	A company in which the Company has direct or indirect control and whose statements are fully consolidated with the Company's statements.
Investee Company	-	A Consolidated Company or a company under joint arrangement or an associate.
Interested Parties	-	As defined in the Securities Law, 5728-1968, and regulations thereunder.
Controlling Shareholder	-	Within the definition of "Control" in the Securities Law, 5728-1968.
Canit Hashalom	-	Canit Hashalom Investments Ltd.
GM	-	Green Mountain, AS.

C. Impact of the War:

(1) Impact of the War on the retail centers and malls segment in 2023:

In view of the impact of the War on the business of some of the tenants in the Company's malls, the Company decided to grant a 30% discount on the rent for the month of October 2023, and a 15% discount on the rent for the month of November 2023, or rent according to a percentage of store revenues as set forth in the contract, whichever is higher (the "**Relief Plan**").

The Relief Plan is subject to compliance with conditions, *inter alia*, a decline of at least 15% in the tenant's store revenues in October 2023 compared to October 2022.

In addition, the rent and management fees for November 2023 will be paid in four equal installments in January-April 2024.

Note 1 – General (Cont.)

C. Impact of the War: (Cont.)

(2) Impact of the War on the office and other space for lease in Israel segment in 2023:

The Company's revenues from the office space in Israel segment have not been materially impacted since the outbreak of the War.

(3) Impact of the War on property development in 2023-2025:

The Company is continuing the development and construction of new properties, as well as expansion and renovation of existing properties. In this context it is noted that the work on some of the properties was suspended at the beginning of the War for a certain period of time and was subsequently resumed, in some cases partially, such that as of the report release date, the Company estimates that there may be delays in some of the projects.

D. Impact of Operation Rising Lion:

On 13 June 2025, the State of Israel launched Operation Rising Lion against military targets in Iran and from such date forth, Iran began to launch ballistic missiles and other ordnance, *inter alia*, against the population centers in Israel ("**Operation Rising Lion**" and together with Swords of Iron, the "**War**"). The War led to a shutdown of some of the commercial activity in Israel, impairment of production capacity in fighting zones and areas under threat and a decrease in consumption. The Company's operations and results were not materially affected.

E. Impact of Operation Roaring Lion:

On 28 February 2026, operation Roaring Lion began with a coordinated strike by Israel and the U.S. against Iranian regime targets. Upon the outbreak of the operation, and in accordance with Home Front Command directives, the Company's malls were closed for business, with the exception of essential businesses, and resumed operations on 5 March 2026. As of the report release date, the Company is unable to assess the impact of the war on its operations.

F. Write-off of debt balances for management fees

In view of the security, economic, and social challenges facing the State of Israel in recent years, the Group has decided not to pursue the collection of outstanding debt balances in respect of management fees relating to previous years, notwithstanding its contractual entitlement to receive them. Accordingly and according to an estimation made by the Company as of the report date, in 2025, a write-off of the said debt balances was performed in the sum total of approx. NIS 70 million, which was deducted from the Group's revenues in the 2025 financial statements.

Note 2 - Significant Accounting Policies

A. Declaration in respect of the application of the IFRS® Accounting Standards:

The Group's Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards (the "**IFRS Standards**") and the interpretations thereto, which have been published by the International Accounting Standards Board (IASB®). The significant accounting policies detailed below have been applied consistently for all reporting periods presented in these Consolidated Financial Statements.

The Consolidated Financial Statements were approved for publication by the Company's Board on 18 March 2026.

B. Application of Securities Regulations

The Financial Statements are prepared in accordance with the Securities Regulations (Annual Financial Statements), 5770-2010 (the "**Financial Statements Regulations**").

Note 2 - Significant Accounting Policies (Cont.)

C. The operating cycle period:

The Group has two operating cycles. The operating cycle does not exceed 12 months, with the exception of the segment of construction of buildings for sale, in which the Group's operating cycle is longer than one year and lasts up to five years. Therefore, the current assets and current liabilities include items which are intended and expected to be realized during the operating cycle of such activities, which lasts up to five years.

D. The format for the analysis of the expenses that have been recognized in the Statement of Comprehensive Income:

The Group presents the profit or loss and other comprehensive income information in accordance with the characteristic of the activity. In the opinion of the Group's management, this method of presentation more accurately, relevantly, and adequately reflects the Company's performance.

E. Foreign currency:

(1) The functional currency and the presentation currency:

The financial statements of each of the companies in the Group have been prepared in the currency of the main economic environment in which it operates (the "**Functional Currency**"). For the purposes of the consolidation of the Financial Statements, the results and the financial position of each of the companies in the Group are translated into New Israeli Shekels (NIS), which is the Company's functional currency. The Company's Consolidated Financial Statements are presented in NIS in millions.

On exchange rates and the changes therein in the course of the periods that are presented, see Note 2S.

(2) Translation of transactions other than in the functional currency:

In the preparation of the financial statements of each one of the companies in the Group, transactions executed in currencies other than that company's functional currency ("**Foreign Currency**") are recorded in accordance with the effective exchange rates as of the time of the transactions. At the end of each report period, monetary items that are stated in Foreign Currency are translated in accordance with the effective exchange rates as of such time. Non-monetary items that are measured at fair value and stated in Foreign Currency are translated in accordance with the exchange rate as of the time at which the fair value was determined; non-monetary items that are measured in historical cost terms are translated in accordance with the effective exchange rates as of the time of execution of the transaction in respect of the non-monetary item.

(3) The method by which exchange differences are recorded:

Exchange differences are recognized in the income statement in the period in which they arise, except for the following case:

Exchange differences in respect of financial items receivable from foreign operations ("**Capital Loans**"), whose settlement is not planned or expected to occur and accordingly they constitute part of the net investment in foreign operations, are recognized in the statement of other comprehensive income under the 'exchange differences in respect of foreign operations' item, and are carried to profit and loss at the time of the disposition of the net investment in foreign operations and upon partial disposition of the net investment in foreign business entailing loss of control.

Note 2 - Significant Accounting Policies (Cont.)

E. Foreign currency (Cont.)

(4) Translation of the financial statements of foreign operations whose functional currency is different from the Company's functional currency:

For the purposes of the presentation of the Consolidated Financial Statements, the assets and the liabilities of foreign operations, including attributed excess of fair value over the book value and goodwill, are presented in accordance with the exchange rates effective as of the end of the reporting period. Income and expense items are translated in accordance with the average exchange rates in the reporting period unless there shall have been significant fluctuations in the exchange rates in the course of the period. In such a case, the translation of these items is done using the exchange rates at the time of the execution of the transactions. The translation differences are recognized in other comprehensive income in the "translation differences from foreign operations" item. These translation differences are carried to the income statement on the date of the disposition of the foreign business in respect of which they were created and upon partial disposition of foreign business entailing loss of control. The Company does not liquidate capital reserves from translation differences when Capital Loans are repaid.

F. Cash and cash equivalents:

Cash comprise cash on hand and demand deposits.

G. Joint arrangements:

"Joint arrangement" is a contractual agreement whereby the Group and other parties perform financial activity that is subject to joint control. Joint control is in place where the contractual arrangement includes a requirement whereby decisions pertaining to the transaction's financial and operational strategy, must be adopted unanimously by the parties which jointly control the joint transaction.

A “joint venture” is a joint arrangement, the parties to which have rights in net assets attributed to the arrangement.

In joint arrangements which constitute a joint venture, the Group recognizes the joint venture as an investment, and it is accounted for by the equity method. With respect to the equity method, see accounting policy Note 2H below.

H. (1) Joint ventures:

The results, assets and liabilities of joint ventures are included in these financial statements using the equity method. The Group classifies the investment as a non-current asset. According to the equity method, investments in associates and joint ventures are included in the consolidated statement of financial position at cost adjusted to the changes that occurred after the purchase in the Group’s share in the net assets, including capital reserves, net of impairment, if any, of the value of the joint venture.

The excess purchase cost of a joint venture over and above the Group’s share in the fair value of identifiable assets, liabilities and contingent liabilities of the associate or the joint venture which were recognized on the purchase date, is recognized as goodwill. The goodwill is included in the book value of the investment in the joint venture, and is tested for impairment purposes as part of the investment.

Note 2 - Significant Accounting Policies (Cont.)
H. (Cont.)

(2) Business combinations:

The acquisition of activities and Consolidated Companies which constitute a business are presented using the acquisition method. The cost of the business combination is presented as the aggregate fair value (as of the exchange date) of assets granted, liabilities incurred, and capital instruments issued by the Group in consideration for achieving control of the acquired entity.

Transaction costs, which are directly related to the business combination, are carried to the profit or loss when incurred.

The identified assets and liabilities of the purchased business, which meet the conditions for recognition under the (amended) IFRS 3 "Business Combinations", are recognized according to their fair value on the purchase date, other than several types of assets which are measured according to the provisions of the relevant standards.

I. Goodwill:

Goodwill that derives from the acquisition of a Consolidated Company is presented in the framework of intangible assets and is measured at the level of the surplus of the cost of the acquisition over the Company's share in the net fair value of the identified assets, liabilities and contingent liabilities of the Consolidated Company, which were recognized at the time of the acquisition.

Goodwill is initially recognized as an asset at cost and is measured in following periods as cost net of accumulated losses from impairment.

For the purposes of the testing for impairment, goodwill is allocated to each of the Group's cash generating units, which derive benefits from the synergies from the business combination. Cash generating units to which Goodwill has been allocated are tested for impairment each year or more frequently, where signs exist, which evidence a possible impairment of the unit, as aforesaid. Where the recoverable amount of a cash generating unit is lower than the book value of that unit, the loss from impairment is allocated firstly to the writing down of the book value of any goodwill whatsoever in respect of the cash generating unit. Thereafter, the balance of the impairment loss, if any remains, is allocated to the other assets making up the cash generating unit, in proportion to their book value. A loss from impairment of goodwill is not cancelled in following periods.

J. Financial instruments:

(1) Financial assets:

(a) General:

Financial assets are recognized in the Statement of Financial Position when the Group becomes a party to the contractual terms of the instrument.

Investments in financial assets are initially recognized at their fair value, plus transaction costs, with the exception of such financial assets that are classified at fair value through profit and loss, which are initially recognized at their fair value. Transaction costs for financial assets at fair value through profit or loss are carried to profit or loss as an immediate expense.

After initial recognition, financial assets are measured at depreciated cost or fair value, according to their classification.

Note 2 - Significant Accounting Policies (Cont.)

J. Financial Instruments: (Cont.)

(1) Financial Assets: (Cont.)

(b) Equity instruments designated at fair value through other comprehensive income:

On the date of initial recognition, the Group may designate investments in equity instruments, that are not held for trade and do not constitute contingent consideration in a business combination, at fair value through other comprehensive income. This designation cannot be revoked in subsequent periods and can be made for each investment separately, irrespective of the designation or non-designation of other investments at fair value through other comprehensive income.

The Group has an investment in Bank Leumi Le-Israel Ltd. which was designated thereby on the date of initial recognition at fair value through other comprehensive income.

On the date of initial recognition, the investment in equity instruments that were designated at fair value through other comprehensive income is measured at fair value, plus transaction costs. In subsequent periods, the investment is measured at fair value when profits or losses arising from changes in the fair value are carried to other comprehensive income to a capital reserve for changes in fair value of investments in equity instruments designated at fair value through other comprehensive income and are never reclassified as profit or loss.

Income from dividends in respect of investment in equity instruments designated at fair value through other comprehensive income are recognized in profit or loss when the Group derives the right to receive payments therefor, unless the dividend clearly represents recovery of part of the cost of the investment.

(2) Financial liabilities issued by the Group:

(a) Financial liabilities:

Financial liabilities are stated and measured at depreciated cost.

Financial liabilities at depreciated cost:

Financial liabilities measured at depreciated cost are initially recognized at fair value net of the transaction costs. After the date of initial recognition, such financial liabilities are measured at depreciated cost while using the effective interest method.

The effective interest method is a method for calculation of the depreciated cost of a financial liability and the allocation of interest expenses over the relevant credit period. The effective interest rate is the rate that accurately deducts the projected future cash flows over the expected life time of the financial liability to its book value or, where applicable, over a shorter period of time.

(b) Write-off of financial liabilities:

The Group writes off a financial liability when, and only when the financial liability is paid up, cancelled or expires. The difference between the book value of the settled financial liability and the consideration paid is recognized in profit or loss.

(3) Deposits from customers:

The Group has liabilities for NIS deposits received from senior housing residents with whom contracts were signed in deposit tracks. The liabilities for the NIS deposits are linked to the CPI and presented after amortization according to the agreements signed by the Group with the residents. The amortization of the deposits is carried to the income statement as rental income over the term of the agreement.

The resident deposits are a financial liability with a demand characteristic, and therefore their fair value on the date of initial recognition is the amount payable upon the demand. In view of the existence of a demand characteristic, liabilities for deposits from residents are classified as current liabilities.

Note 2 - Significant Accounting Policies (Cont.)

K. Property, Plant and Equipment (PP&E):

(1) Recognition and measurement:

PP&E are tangible items that are held for use in the production or supply of goods or services, or for lease to others, which it is predicted will use the same for more than one period. PP&E items are measured at cost net of accumulated depreciation and accumulated losses from impairment.

The cost includes expenses that are directly attributable to the acquisition of the asset. The cost of assets that were self-built includes the cost of the materials and the direct labor, as well as any additional cost that is directly attributable to bringing the asset to the location and condition that are required in order for it to operate in the manner intended by management, as well as capitalized credit costs.

A profit or loss from the write-off of a PP&E item is determined according to the difference between the proceeds from the sale thereof and its book value on the date of the sale or retirement, and is recognized in the income statement as other income or other expenses, as the case may be.

(2) Depreciation:

Depreciation is carried to the income statement in accordance with the straight line method in accordance with an estimate of the useful lifetime of each part of the PP&E items, since this method reflects the manner of the forecast consumption of the future economic benefits that are inherent in an asset in the best way. Lands under ownership are not amortized.

The estimates regarding the depreciation method, useful life and the residual value are reexamined at least in the end of each year and are adjusted when necessary.

L. Investment property:

Investment property is property (land or a building – or part of a building - or both, including, *inter alia*, senior homes, data centers, commercial centers, and office and rental housing buildings), which is held by the Group for the purpose of the production of rent or for the purposes of a capital gain or both, and not for the purposes of use in the production or supply of goods or services or for administrative purposes or for sale in the ordinary course of business. Investment property, as aforesaid, also includes investment property that is under construction or development.

In the senior housing segment (apart from the nursing care units operated by the Group), the Group has reviewed the scope of secondary services given to residents in the homes, and concluded that the scope of secondary services is immaterial, and therefore does not affect the definition of investment property. Such review was made based on a qualitative and quantitative test.

The Group's investment property includes buildings and land that is owned or held under lease. Investment property is initially recognized at cost. Direct initial costs incurred in the initial acquisition of investment property are added to the book value of the property and are recognized as an expense in the 'net profit (loss) from adjustment to fair value of investment property and investment property under construction' item. In the subsequent periods, investment property is measured at fair value. Profits or losses deriving from changes in the fair value of investment property, and with respect to specific properties also those that originate from changes in exchange rates, are recorded in the income statement in the period in which they were generated, under the 'net profit (loss) from adjustment to fair value of investment property and investment property under construction' item. In the senior housing segment, since the deposits received from residents are presented as financial liabilities in the Statement of Financial Position, the Group's investment property is presented according to the fair value of the real estate, plus the liabilities for deposits from residents, in order to avoid double measurement.

Investment property, as aforesaid, also includes investment property that is under construction or development. Investment property under construction is measured at fair value when the value thereof can be reliably measured. Costs of credit are capitalized to investment property under construction.

Note 2 - Significant Accounting Policies (Cont.)

M. Borrowing costs:

Specific borrowing costs and non-specific borrowing costs are capitalized as part of the cost of qualifying assets (including investment property under construction and PP&E), that take a substantial period of time to be ready for their intended use, during the period required for completion and construction until they are ready for their intended use. Non-specific borrowing costs are capitalized in the same manner for such investment in investment property under construction or for such part thereof that is not financed by specific credit, applying a rate which is the weighted average of the cost rates in respect of such credit sources the cost of which has not been specifically capitalized.

All other borrowing costs are carried to the income statement when they are incurred.

In the cash flow statement, the Group classifies cash flows for interest payments which are capitalized on qualifying assets as cash flows used for financing activity, in a manner that is consistent with the Group's policy regarding interest payments in the cash flow statement, as stated in Note 2R.

N. Leased assets:

The Group as a lessee:

Includes leases, including leases of land from the Israel Land Authority or from other third parties.

The Group assesses whether a contract is a lease (or contains a lease) on the date of the engagement in the contract. The Group recognizes a right-of-use asset on the one hand and a lease liability on the other hand in respect of all of the lease contracts in which it is the lessee.

The Company has assets of rights of use of lands leased from the Israel Land Authority, which are used by the Company as investment property measured at fair value. Amounts recognized for such assets (amounts paid in advance in capitalized leases) are treated and presented as investment property when the measurement at fair value relates to the rights of use rather than to the underlying assets. Future payments due at the time of exercise of the option to extend the lease period vis-à-vis the Israel Land Authority are not recognized as an asset against a liability since they are deemed as varying rent, deriving from the fair value of the land at the time of renewal of the lease. Such payments are taken into account in the determination of the fair value of the rights of use.

The lease liability is initially measured at the present value of the unpaid lease payments on the commencement date, discounted using the interest rate implicit in the lease.

O. Provisions:

A provision is recognized where the Group has a current obligation, whether legal or implicit, as the result of an event that has taken place in the past, which can be reliably assessed, and where it is expected that economic resources will be required in order to settle the obligation.

Legal claims:

A provision for claims is recognized where the Group has a present legal obligation or an implicit obligation as the result of an event that has taken place in the past, where it is more likely than not that the Group will be required to use its economic resources to settle the obligation and it may be reliably estimated. Where the impact of the time value is material, the provision is measured in accordance with its present value.

Note 2 - Significant Accounting Policies (Cont.)

P. Revenues:

(1) Rent income:

Rent income in respect of investment property is recognized on the straight line basis over the length of the relevant rent period.

In lease arrangements in which in the beginning of the lease period no rent is received, or reduced rent is received, and when additional benefits are given to the lessee, the Group recognizes revenue on a straight line basis, over the lease period.

Operating lease arrangements that combine fixed and variable long-term lease payments:

In operating lease arrangements which combine fixed and variable long-term lease payments, in which context the lessees were granted relief, according to which the fixed component was reduced to a lower amount for a fixed period while leaving the variable component in place, the Group deems the updated floor of the fixed component as another methodical basis which better represents the format in which the benefit from use of the underlying asset decreases.

(2) Revenues from management and maintenance fees and net income from the use of electricity:

Revenues from management and maintenance fees and net income from the use of electricity is reflected pro-rata over the length of the period in which the relevant services are provided.

The Company recognizes income from the provision of asset management services (maintenance, cleaning, etc.) on a gross basis since it operates as a key provider for such services.

(3) Dividend income:

Income from dividends in respect of investment in equity instruments designated at fair value through other comprehensive income are recognized in profit or loss when the Group derives the right to receive payments therefor, unless the dividend clearly represents recovery of part of the cost of the investment.

(4) Revenues from forfeiture of senior housing deposits:

The revenues from forfeiture of deposits are recorded in the income statement when created.

Since the contracts with residents do not stipulate any minimum period for residents' term of use of the apartments, no straight line spread is applied to the rental income in deposit tracks.

Q. Taxes on income:

(1) General:

Tax expenses (income) on income include the sum of the current tax as well as the change in the deferred tax balances, except in respect of deferred taxes that derive from transactions that are reflected directly under shareholders' equity.

(2) Current taxes:

Current tax assets and liabilities are presented as offset, where the entity has an enforceable legal right to offset the amounts recognized as well as an intention to settle on a net basis, or to realize the asset and settle the liability at the same time.

Note 2 - Significant Accounting Policies (Cont.)
Q. Taxes on income: (Cont.)

(3) Deferred taxes:

The companies in the Group record deferred taxes in respect of temporary differences between the values of assets and liabilities for tax purposes and their values in the Financial Statements. Deferred tax balances (assets or liabilities) are calculated in accordance with the tax rates that are expected to apply at the time that they are realized, based on the tax rates and the tax laws that have been legislated or whose legislation has been effectively completed as of the date of the Statement of Financial Position. Deferred tax liabilities are generally recognized in respect of all of the temporary differences between the value of assets and liabilities for tax purposes and their values in the Financial Statements. Deferred tax assets are recognized in respect of temporary differences that can be deducted up to the amount of the chargeable income against which it is expected that the deductible temporary differences can be exploited. The deferred taxes in respect of the structure component of investment property are calculated in accordance with a business model whose purpose is significant consumption over time of all of the economic benefits incorporated therein.

The Group does not record deferred taxes in respect of temporary differences deriving from the initial recognition of goodwill, and from initial recognition of an asset or liability in the framework of a transaction which is not a business combination, where on the date of the transaction the initial recognition of the asset or liability does not affect the accounting profit and the taxable income (loss for tax purposes), and does not give rise to equal amounts of taxable and deductible temporary differences. As of 31 December 2025 the Group has temporary differences in the sum of approx. NIS 892 million, for which no deferred taxes have been recognized.

Deferred taxes in respect of temporary differences that relate to investment property are determined based on the tax rate expected from the use of the asset.

The calculation of the deferred taxes does not take into account the taxes that would have applied in the event of liquidation of the investments in Investee Companies, other than due to an investment held for sale, since in the Group's management estimate, the temporary differences which are the subject matter of such deferred taxes are under the control of the Group and are not expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are presented as offset, where the entity has an enforceable legal right to offset current tax asset against current tax liabilities, and where they refer to income taxes that are imposed by such tax authority, and the Group intends to settle the current tax assets and liabilities on a net basis.

R. Classification of interest paid, dividends paid, interest and dividends received and income taxes paid, net, in cash flow statement:

The Group classifies cash flows due to interest and dividends received thereby as cash flows from investment activity. In addition, cash flows due to interest paid are classified as cash flows used for the financing activity. Cash flows due to income taxes and indirect taxes are classified in general as cash flows used for operating activities, other than cash flows that are easily identifiable with cash flows used for investment or financing activity. Dividends paid by the Group are classified as cash flows from financing activity.

Note 2 - Significant Accounting Policies (Cont.)

S. Exchange rates and linkage base:

(1) Balances that are stated in foreign currency or which are linked thereto are recorded in the Financial Statements in accordance with the representative exchange rates that were published by the Bank of Israel and which were in force as of the date of the Statement of Financial Position.

(2) Balances that are linked to the CPI are presented in accordance with the last known index as of the date of the Statement of Financial Position (the index for the month preceding the date of the Financial Statements), or in accordance with the index in respect of the last month of the reporting period (the index for the month in which the date of the Financial Statements lies), in accordance with the terms of the transaction.

(3) The following are details in respect of the exchange rates and Index:

	Representative exchange rate of the		Index in Israel	
	NOK	Euro	"for"	"known"
	(NIS to 1 NOK)	(NIS to 1 Euro)	Basis 1993	Basis 1993
Financial statements' date:				
as of December 31, 2005	0.3169	3.746	263.42	264.95
as of December 31, 2024	0.3222	3.796	256.64	257.35
as of December 31, 2023	0.3559	4.012	248.59	248.82
Rates of change	%	%	%	%
For the year ended:				
December 31, 2025	(1.64)	(1.34)	2.64	2.95
December 31, 2024	(9.47)	(5.36)	3.24	3.43
December 31, 2023	(0.36)	6.89	2.96	3.34

Note 2 - Significant Accounting Policies (Cont.)

T. Standards, interpretations and amendments to standards that were released and are invalid, and were not pre-adopted by the Group, that are expected to have or may have an effect on future periods:

- **International Financial Reporting Standard 18 – Presentation and Disclosure in Financial Statements ("IFRS 18"):**

On 9 April 2024, IFRS 18 was released, replacing International Accounting Standard 1 "Presentation of Financial Statements" ("**IAS 1**").

The purpose of this standard is to improve the way entities communicate information to the users of their financial statements.

The main changes in the standard focus on the following categories:

(1) Structure for the statement of profit or loss - Presentation of defined subtotals and categorization in the statement of profit or loss.

(2) Requirements for improving the aggregation and disaggregation of information in the financial statements and notes.

(3) Disclosure in the notes to the financial statements of information with respect to performance measures defined by management ("**MPMs**") that are non-GAAP standards.

In addition, upon implementation of IFRS 18, amendments to other IFRS standards will take effect, including changes to International Accounting Standard 7 "Statement of Cash Flows", which are designed to improve comparability between entities. The changes mainly include the use of a subtotal of operating profit as a single starting point in the application of the indirect method for reporting cash flows from operating activities, as well as the elimination of alternatives for choosing an accounting policy regarding the presentation of interest and dividends. Therefore, with the exception of certain cases, interest and dividends received will be included in cash flows from investment activities, while interest paid and dividends paid will be included in financing activities.

IFRS 18 will become effective for annual reporting periods beginning on or after 1 January 2027. IFRS 18 is applied retroactively, with specific transition instructions. Early adoption is possible.

The Company examines the effect of IFRS 18, including the effect of the amendments to other IFRS standards, as a result of the application thereof, on the financial statements.

- **Annual Improvements to IFRS Accounting Standards (Volume 11):**

As part of the annual improvements process, several amendments to IFRS standards were published in July 2024, including:

- Limited-scope wording amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 10 "Consolidated Financial Statements", and IAS 7 "Statement of Cash Flows".

- Amendments to IFRS 9 "Financial Instruments" clarifying that when a lease liability is considered extinguished in accordance with IFRS 9, the lessee is required to apply the provisions of Section 3.3.3 of IFRS 9, such that any gain or loss resulting from the derecognition is recognized in profit or loss. Additionally, it was clarified that trade receivables should, upon initial recognition, be measured based on the amount determined by application of IFRS 15, rather than the transaction price.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted subject to disclosure of this fact.

The amendment to IFRS 9 regarding the derecognition of lease liabilities will apply to lease liabilities extinguished at the beginning of the annual reporting period in which the amendment is first applied.

Note 3 - Considerations in the Application of Accounting Policy and Key Factors for Uncertainty of the Estimate

A. General:

In the implementation of the Group's accounting policy, which is described in Note 2 above, the managements of the companies in the Group are required to exercise broad accounting judgment in respect of estimates and assumptions, in connection with the book values of assets and liabilities, which cannot necessarily be found in other sources. The estimates and the related assumption are based on past experience and on other factors, which are considered to be relevant. The actual results may well be different from those estimates.

The estimates and assumptions that they are based on are reviewed routinely by the management of the companies in the Group. Changes in the accounting estimates are recognized only in the period in which the change is made in the estimates in the event that a change affects only one period or they are recognized in the said period and also in future periods in cases where the change affect both the current period and also the future periods.

B. Critical estimates:

Following is information in respect of a critical estimate, which have been prepared whilst implementing the accounting policies, and which has a significant impact on the Financial Statements:

The revaluation of investment property and investment property under construction – (see Notes 10 and 31) in accordance with the IFRS and in accordance with the Company's selection, the Group presents investment property and investment property under construction in accordance with the fair value.

Investment property and investment property under construction – As stated in Note 2L, the Group's investment property is presented at fair value, where changes in the fair value are carried to the income statement as income or as expenses.

For the purpose of the determination of the fair value of investment property, the Company's management bases itself, primarily, on evaluations that are performed once a year by independent appraisers of land, having the required knowledge, experience and expertise. The Company's management is in the habit of determining the fair value in accordance with generally accepted evaluation methods of real properties, primarily discounted cash flow and comparison with selling prices of similar assets and land and the Group's assets in the near environment. Where use has been made of the discounted cash flow method, the interest rate used in the discounting of the net cash flows that are expected from the asset has a significant impact on the fair value.

In the determination of the fair value of investment property, the following are taken into account, *inter alia* and insofar as is relevant: the location of the property and its physical state, the cap rates, the occupancy rates, the tenant turnover rates, selling prices, the quality of the tenants and their stability, the rent period, the rent prices in similar properties, the adjustments that are required to the existing rent prices, the actual and forecast occupancy levels for the property and the costs of operating it. In the determination of the fair value of investment property under construction, the following are taken into account, inter alia and insofar as is relevant: the duration of the construction of the project, the selling prices, the amount of the rent, the additional cost required for construction thereof until the current operation thereof and the interest rate, the project's risk premium, deduction of developer profit and the required cap rate. In the determination of the fair value of land, the following are taken into account, inter alia: the location of the land, the rights and comparative transactions of similar properties, while making the required adjustments. A change in the value of any of these components, or all of them, could have a significant impact on the fair value of the property as estimated by the Company's management.

The Group strives to determine as objective a fair value as possible, but at the same time, the process of estimating the fair value of investment property also includes subjective elements, which are sources, inter alia, in the past experience of the Company's management and its understanding of what is expected to take place in the investment property market at the time at which the estimate of the fair value is determined. In the light of what is stated in the previous paragraph, the determination of the fair value of the Group's investment property mandates the exercise of judgment. Changes in the assumptions that were used in the determination of the fair value could have a significant effect on the Group's state of affairs and the results of its activities.

Note 3 - Considerations in the Application of Accounting Policy and Key Factors for Uncertainty of the Estimate (Cont.)
B. Critical estimates (Cont.):

The Company reviews in its quarterly reports the need to update the value of the investment property by examining macro-economic changes that may have a material effect on the fair value of the properties and/or upon the occurrence of a material event in an asset that was defined as a material or a very material asset in the Company's statements, due to population, material change in rent, etc. Also, with regard to investment property under construction, the following are taken into account: the costs actually invested during the period, the updated forecast of costs for completion and lease agreements signed during the period. Upon initial classification of a property that was under construction as investment property, and insofar as no valuation was received therefor in the six months preceding the classification date, an external valuation will be performed therefor, as of the end of the quarter in which it was initially classified as investment property.

Changes in the fair value are carried to the income statement and accordingly they may have a material effect on the Company's results.

Note 4 - Cash and Cash Equivalents

Composition:

	As of 31 December	
	2025	**2024**
	NIS in millions	**NIS in millions**
Balances with banks	418	248
Short-term deposits – in NIS unlinked	3,239	4,124
Short-term deposits in Dollar	92	129
Short-term deposits in NOK	-	132
Short-term deposits in GBP	51	-
Total cash and cash equivalents	3,800	4,633

Note 5 - Trade Accounts Receivable

Composition:

	As of 31 December	
	2025	**2024**
	NIS in millions	**NIS in millions**
Outstanding debts	203	135
Income receivable	(*) 301	9
	504	144
Net of – provision for projected credit losses	(11)	(12)
	493	132

(*) Including balances of customers and contract assets in the development sector and the residential performance of ZMH Hammerman in the sum of NIS 293 million.
For details regarding the credit risk management by the Group – see Note 29B.

Note 6 - Other Receivables

Composition:

	As of 31 December	
	2025	**2024**
	NIS in millions	**NIS in millions**
Institutions	44	19
Pre-paid expenses	73	37
Restricted deposits in escrow	140	247
Other receivables	116	56
	373	359

Note 7 - Investments in Investee Companies

A. Material consolidated partnerships and companies that are held by the Group:

	Country of Incorporation	Operating Segment	Rates of Ownership and Control of the Holding Company as of 31 December 2025
			%
Consolidated Companies:			
Canit Hashalom Investments Ltd.	Israel	Income-producing property	100.00
Gemel Tesua Investments Ltd.	Israel	Income-producing property	100.00
Otzma & Co. Investments Maccabim Ltd.	Israel	Income-producing property	100.00
Palace Ra'anana – Senior Housing Ltd.	Israel	Senior housing	100.00
Palace America Senior Housing Ltd.	Israel	Senior housing	100.00
Palace Lehavim Partnership	Israel	Senior housing	100.00
Assisted Living Modi'in Ltd.	Israel	Senior housing	100.00
Otzem Enterprise and Investments (1991) Ltd.	Israel	Income-producing property	100.00
International Consultants (Iconsult) Ltd.	Israel	Income-producing property	100.00
Mall Hayam Eilat (1978) Ltd.	Israel	Income-producing property	100.00
Ahuzat Menachem Milstein Ltd.	Israel	Income-producing property	100.00
ZMH Hammerman Ltd. (**)	Israel	Residential sales	66.67
Partnership – held by the Company, AG Galleria office buildings, LP	U.S.	Income-producing property	92.3
AG Plaza at Enclave Inc.	U.S.	Income-producing property	100.00
AG Two Aspen, LP	U.S.	Income-producing property	100.00
AG 8 West Center LP	U.S.	Income-producing property	100.00
AG San Clemente 3700 LP	U.S.	Income-producing property	100.00
Green Mountain, AS	Norway	Data centers	100.00
Global Data AZ (*)	England	Data centers	100.00
Green Mountain Global LTD	England	Data centers	100.00

(*) For details with respect to the purchase of English companies through a special purpose subsidiary in 2023 – see Note 10D.

(**) For details with respect to the purchase of ZMH Hammerman Ltd. in 2025 – see Section B below.

Note 7 - Investments in Investee Companies (Cont.)

B. On 31 October 2024, the Company submitted to ZMH Hammerman Ltd., a public company whose securities are traded on the Tel Aviv Stock Exchange Ltd., and which engages, *inter alia*, in the development and construction of residential projects for sale in Israel ("**ZMH Hammerman**") and holds a 50% stake in Sivan Bitzua Ltd., which engages in the performance of contract construction work for third parties, an offer to conduct negotiations for engagement in a reverse triangular merger transaction for the purchase of part of ZMH Hammerman's shares (the "**Offer**" and the "**Transaction**", as applicable).

In the Offer, the Company offered to buy, for cash, all of the ordinary shares of ZMH Hammerman, on a fully-diluted basis, held by institutional shareholders and the public in ZMH Hammerman (approx. 56.71% of the issued share capital of ZMH Hammerman).

On 19 June 2025, the parties entered into a binding merger agreement, and the Company engaged in a shareholders' agreement with the controlling shareholders of ZMH Hammerman (the "**Managers Group**") with respect to the parties' holdings in ZMH Hammerman and post-closing management. In accordance with the merger agreement, the Company shall purchase and hold ordinary shares of ZMH Hammerman in a quantity constituting 66.67% of its issued share capital, 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. The remaining shares, at a rate of approx. 33.33% of the issued share capital of ZMH Hammerman will continue to be held by the Managers Group.

On 9 September 2025, after fulfillment of the closing conditions, the merger transaction with ZMH Hammerman was closed, and the merger consideration in the 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 shares of ZMH Hammerman in accordance with the terms of the agreement. Put options granted to holders of non-controlling interests in a subsidiary of the Group, such that the holders of such interests can obligate the Group to buy their shares, are treated 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 payment amount expected at the time of exercise of the options. Furthermore, the Group does not recognize the non-controlling interests underlying the option, and therefore recognizes the portion of the profits of such subsidiary associated with such shares, as profit attributable to the shareholders of the parent company.

Dividends paid in respect of such shares to the non-controlling interest holders, and updates in the liability amount, are carried to profit or loss.

On 29 September 2025, ZMH Hammerman paid all of its Series G and H Bonds in circulation, and was left with no securities listed for trade on TASE.

C. Joint arrangements – joint ventures:

On 17 July 2019, Azrieli Data Centers LLC., a wholly-owned subsidiary of the Company (in this section: the "**Buyer**") entered into an investment agreement (in this section: the "**Agreement**") with Compass Holdco, LLC, a Delaware corporation ("**Compass**"), and in an operating agreement with the members in Compass (in this section: the "**Members**" and the "**Operating Agreement**", respectively). The main business of Compass is data centers in North America. Compass owns active sites and additional sites under construction and development. The said transaction, in which the Buyer made an investment in the members' capital of Compass, was closed in 2019 and the consideration therefor was paid by the Buyer to Compass.

The Buyer invested in Compass's members' capital and held approx. 20% of the members' capital of Compass (the "**Initial Investment**"). The Buyer had an option, which is not limited in time, to make additional investments and increase its holdings in Compass up to approx. 33% according to a price per unit in the Initial Investment.

Upon the closing of the transaction, the Buyer paid Compass the sum of approx. U.S. $135 million for the Initial Investment (an amount of approx. NIS 495 million, including transaction costs). The Company financed the transaction from its internal sources.

Compass, the Buyer and the Members entered into an operating agreement, which governs the relationship between them and includes, *inter alia*, provisions in connection with the appointment of directors in Compass, resolutions requiring the unanimous consent of the Members, separation mechanism and the manner of injection of capital into Compass

Note 7 - Investments in Investee Companies (Cont.)

C. Joint arrangements – joint ventures: (Cont.)

The Company treated the acquisition as a joint arrangement which constitutes a joint transaction and was accordingly presented in the Company's financial statements by the equity method. Compass's business was included in the 'segment reporting' note under the data centers segment.

In February and September 2020, additional rounds of investment were made in Compass, in the context of which the Buyer invested $66.78 million (NIS 229 million), such that after these investments, the Buyer held approx. 23.95% of Compass's members' capital.

In July and September 2022, additional rounds of investment were made in Compass, in the context of which the Buyer invested approx. $126 million (approx. NIS 431 million). In view of the aforesaid, the Company made a profit from an increase in the holding rate in 2022 in the sum of NIS 204 million, which were recorded under the 'other income' item in the Statement of Profit or Loss.

In January 2023, an additional round of investment was made in Compass, in the context of which the Buyer invested $41.5 million (approx. NIS 144 million), such that after this investment, the Company held approx. 32.5% of Compass's members' capital.

On 20 June 2023, the Company's partners in Compass engaged in an agreement for the sale of holdings in Compass for a sum reflecting a valuation for Compass of approx. US$5.7 billion (approx. NIS 21.8 billion) and a net value of approx. US$2.7 billion (approx. NIS 10.3 billion) (in this section: the "**Transaction**"). According to the mechanism set forth in the Compass unitholders' agreement, the Company tagged along and sold its holdings in Compass for the same value.

On 3 October 2023, and after fulfillment of the closing conditions set forth in the Transaction, the Transaction was closed.

With the closing of the Transaction, after performance of the consideration adjustments according to the mechanisms set forth in the Transaction, the gross cash flow and the net cash flow (after tax, expenses, realization pf capital reserves and hedging transaction) was approx. NIS 3.2 and 2.7 billion (respectively), of which a total of approx. U.S. $44 million has been deposited in escrow until the making of adjustments to the consideration (if any). As of the report date, the amount deposited in escrow has been returned to the Company. In addition, the accounting profit net of tax recorded in the Company's income statement for 2023 was approx. NIS 0.96 billion.

D. In 2023, GM entered into an agreement for the construction of a data center campus to comprise several buildings in the area of Frankfurt, Germany, in the context of a joint venture with a German company, Green Mountain KMW Data Center, in which the Company's share is 50% (the "**Joint Venture**" or the "**Joint Company**"), with respect to which the Joint Company negotiated engagement in an agreement for the provision of data center services with an international technological company (the "**Customer**"). On 25 June 2025, the Joint Company received a signed copy of the first agreement out of two agreements with the Customer. The first agreement addresses data center services of 18MW, while the first agreement and the second agreement together (the "**Agreements**") address total data center services of 36MW, with an option to increase to 54MW in the campus currently being built by the Joint Company. Shortly after delivery of the first agreement, the Customer approached the Joint Company requesting to introduce changes to the technical specification of the services determined 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 amendments to the first agreement and the second agreement for the supply of 36MW of data center services, with an option to the Customer to increase the capacity by 18MW, to a total capacity of 54MW (the "**Project**"). Construction of the first building in the Project, which is planned for a capacity of 18MW, is under way.

On 23 December 2025, the Joint Company entered into an agreement with lenders for receipt of non-recourse financing for the Project, in the sum total of €592 million. After the report date, the parties signed an agreement for the supply of the additional 18MW contemplated in the option.

Note 8 - Long-term Loans and Receivables

Composition:

	As of 31 December	
	2025	2024
	NIS in millions	NIS in millions
Loans provided net of current maturities (*)	430	249
Long-term receivables for disposition of consolidated companies	3	3
Authorities (**)	29	29
Receivables in respect of the averaging of income from rent	202	187
Other receivables	138	261
	802	729

(*) Including a loan to Green Mountain KMW Data Center in the sum of NIS 397 million with annual interest of 5%.
(**) The amount is for part of a betterment levy assessment paid by the Company under protest. Administrative appeals from the consulting appraiser's assessment have been submitted.

Note 9 - Financial Assets

Composition:

	As of 31 December	
	2025	2024
	NIS in millions	NIS in millions
Financial assets at fair value through other comprehensive income	1,841	1,516
Financial assets designated at fair value through profit and loss	6	7
	1,847	1,523

Investment in Bank Leumi Le-Israel Ltd. (financial assets at fair value through other comprehensive income) ("Bank Leumi"):

On 30 April 2009, the Company acquired ~4.8% of the shares in Bank Leumi (~71 million shares) in consideration for a sum equivalent to NIS 742 million.

By 2022, the Company sold approx. 35 million shares in consideration for approx. NIS 798 million.

In 2025 the Company sold approx. 8.7 million shares in consideration for approx. NIS 599 million.

As of 31 December 2025, the Company holds ~1.77% of Bank Leumi's shares.

As of the date of the Statement of Financial Position, the balance of the Company's investment in the shares of Bank Leumi amounts to approx. NIS 1,841 million (as of 31 December 2024 – approx. NIS 1,516 million), according to the value of Bank Leumi shares on TASE (Level 1).

In 2025, the Company received dividends in the sum of approx. NIS 89 million (in 2024 – approx. NIS 59 million) which were recorded under the 'other income' item in the Statement of Profit or Loss.

Note 10 – Investment Property and Investment Property Under Construction

A. Movement and composition:

	As of 31 December 2025			As of 31 December 2024		
	Land, buildings and leasable retail areas	Investment property under construction	Total	Land, buildings and leasable retail areas	Investment property under construction	Total
	NIS in millions			NIS in millions		
Balance at beginning of the year	43,609	4,434	48,043	38,166	6,447	44,613
Additions during the year:						
Investments	796	2,183	2,979	935	2,191	3,126
Fair value adjustment	599	529	1,128	704	209	913
Net translation differences deriving from the translation of financial statements of foreign operations	(360)	(98)	(458)	(304)	(318)	(622)
Start of consolidation (*)	52	33	85	-	-	-
Reclassification from PP&E	-	-	-	13	-	13
Reclassification to PP&E	(8)	-	(8)	-	-	-
Transition from investment property under construction, net	-	-	-	4,095	(4,095)	-
Total additions	1,079	2,646	3,726	5,443	(2,013)	3,430
Balance at end of the year	44,689	7,080	51,769	43,609	4,434	48,043

(*) For further details regarding the acquisition of ZMH Hammerman in 2025 – see Note 7B.

B. Additional information:

(1) Canit Hashalom leases from the Municipality of Tel Aviv-Jaffa the land on which the Azrieli Center was built, under a 200-year capitalized lease. The lease period is until 6 February 2195.

(2) From 24 December 2003, Canit Hashalom leases from the ILA the land on which the Azrieli Modi'in Mall was built, under a 98-year capitalized lease in respect of residential units, and under a 49-year capitalized lease in respect of units with other designations (mall and offices), with an option for additional periods of 98 years and of 49 years, respectively.

(3) The Company leases from the ILA the land on which the Azrieli Jerusalem (Malha) Mall was built, under a 49-yeas capitalized lease ending on 15 August 2039, with an option for an additional period of 49 years.

(4) The Company leases from the ILA the land on which the Azrieli Ayalon Mall was built, under 49-year capitalized lease ending on 1 August 2031, with an option for an additional period of 49 years.

(5) The Group leases from the ILA the land on which the Azrieli Or Yehuda Outlet Mall was built, under a 49-year capitalized lease ending on 24 March 2040, with an option for an additional period of 49 years.

Note 10 - Investment Property and Investment Property Under Construction (Cont.)
B. Additional information (Cont.)

(6) The Company leases from the ILA the land on which the Azrieli Givatayim Mall was built, under a 49-year capitalized lease ending on 5 September 2053 and 9 February 2051, with an option for an additional period of 49 years.

(7) The Company leases from the ILA the land on which the Azrieli Haifa Mall was built, under a 49-year capitalized lease ending on 31 October 2042 and 2 March 2035, with an option for an additional period of 49 years.

(8) The Group holds rights in a plot of land on an area of approx. 40,000 sqm in Caesarea Industrial Park, which was sub-leased from the Caesarea Edmond Benjamin de Rothschild Development Corporation Ltd. for a period of 49 years, from 2004. With respect to part of the area, of ~19,000 sqm, the Group has an option to lease the rights in the land for another 49 years.

(9) The Group leases from the ILA the land on which the Azrieli Ramla Mall was built, under a capitalized lease ending on 14 January 2050, with an option for an additional 49 years.

(10) Canit Hashalom leases from the Municipality of Holon parts of the land on which the Azrieli Holon Center was built, under a 99-year capitalized lease, in accordance with its share in the transaction (83%), with an option for additional period of 99 years.

On the Group's engagement with the Municipality of Holon through Canit Hashalom, see Note 26B(3).

(11) The Company leases from the ILA the land on which the Azrieli Sarona Project was built, under a 49-year capitalized lease ending on 29 May 2060, with an option for an additional period of 49 years.

(12) The Company has around 10,000 sqm of land in Tel Aviv on which the Azrieli Town project was built, which is partially owned and partially leased from the ILA under a 49-year capitalized lease ending on 8 May 2061, with an option for an additional period of 49 years.

(13) The Group is entitled to be registered as the owner of a sub-leasehold from the municipality in the framework of a set of agreements with a third party, in Palace Tel Aviv Senior Housing, until 2097.

(14) The Group leases from the ILA the land on which Palace Modi'in Senior Housing was built, under a 49-year capitalized lease ending on 25 January 2063, with an option for an additional period of 49 years.

(15) The Group leases from the ILA the land on which Palace Lehavim Senior Housing was built, under a 49-year capitalized lease ending on 30 November 2063, with an option for an additional period of 49 years.

(16) The Group leases from the ILA the land located at the intersection of Mikveh Israel, Levontin and Ha-Rakevet streets in Tel Aviv, under a capitalized lease, with the lease period being until 23 March 2036, with an option for an additional period of 49 years in relation to part of the property until 21 March 2042, with an option for an additional period of 49 years in relation to the remaining of the property.

(17) The Group leases from the ILA around 5,300 sqm of land on which the Modi'in West Project was built, under a 98-year capitalized lease ending on 9 January 2116, with an option for an additional period of 98 years.

(18) The Group leases a land in Stavanger, Norway, on which a data center has been established, until 31 December 2079.

(19) The Company leases a land and a property in London, England, on which a data center has been established, until 11 June 2045, with an option for an additional period of 15 years.

(20) The remaining income-producing properties are owned by the Group's companies, other than development pipeline and additional assets that were purchased and specified below in this note.

(21) The rights in the land in the Azrieli Rishonim Center and Azrieli Mall Hayam are subject to pledges in favor of institutional bodies which provided the Company with a loan. See Note 16B(9).

(22) In respect of additional charges and guarantees, see Note 27.

Note 10 - Investment Property and Investment Property Under Construction (Cont.)
B. Additional information (Cont.)

(23) The Group has several additional development projects in the retail centers and malls segment and in the leasable office and other space segment and in the rental housing in Israel segment and the senior housing segment:

- **Expansion of Azrieli Center Tel Aviv (the Spiral Tower)** – in Tel Aviv, on an area of approx. 8,400 sqm, under ownership.

- **Land – Modi'in Lot 10** – On 6 October 2019, the Company won a tender held by the ILA for the purchase of a capitalized lease rights for a period of 98 years ending on 5 October 2117 with an option for an additional period of 98 years, in a lot located in the Modi'in-Maccabim-Re'ut CBD, on an area of approx. 17,000 sqm, designated for the construction of a commerce and office project with leasehold of approx. 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 due to development costs.

- **Land – Rishon LeZion Senior Housing** – in Rishon LeZion on an area of approx. 3,400 sqm leased in a capitalized lease from the ILA for 49 years, ending on 12 March 2065 with an option for an additional period of 49 years.

- **Azrieli Town Building E (Mivnei Gazit)** – Rights in land (some under ownership and some under a capitalized lease from the ILA for a period of 49 years ending 5 February 2060) located on Menachem Begin Road, Tel Aviv, on which a 4-story building is built above a commercial ground floor, of a total area of approx. 5,500 sqm and basement floors, which is fully leased-up.

- **Holon 3 Industrial Area Holon ("Lodzia")** – in Holon on an area of approx. 57,500 sqm, under ownership, including within it an additional plot of land that was originally purchased in an ILA tender and constituted part of the land of Holon Hamanor.

- **Land in Petah Tikva** – A Land, under ownership, on an area of about 19 thousand sqm located in the Eastern part of the Kiryat Aryeh industrial zone in Petah Tikva, close to an office project owned by the Group.

- **SolarEdge Campus** – Leasehold rights in lands located in the North Glilot site, on part of which the Company will build a campus for SolarEdge Technologies Ltd. ("**SolarEdge**"), which campus will comprise 43,000 sqm of aboveground areas and 950 parking spaces. For further details, see Section C below.

- **Rental housing project in Herzliya** – The land is designated for a multi-family residential building, for the purpose of long-term lease, for a period of no less than 20 consecutive years from the date of completion of construction. The project is expected to include 147 residential units and retail areas.

(24) Some of the assets of the Group are registered in their names in the Lands Registry. The Group is working to register the remaining assets, *inter alia*, by obtaining third party approvals, including the ILA, local authorities and the tax authorities.

(25) With respect to the techniques for the fair value estimation of the Group's investment property, see Note 31B(2). In addition, the fair value of the investment property is presented in the Company's books, with reconciliations for receivables in respect of the averaging of income from rent (see Note 8).

Note 10 - Investment Property and Investment Property Under Construction (Cont.)
B. Additional information (Cont.)

(26) Amounts recognized in the statements of profit and loss:

	For the year ended 31 December		
	2025	**2024**	**2023**
	NIS in millions	**NIS in millions**	**NIS in millions**
Income from rent, management and maintenance fees (*)	3,667	3,210	2,846
Direct operating expenses deriving from rent, management and maintenance fees	1,156	916	794

(*) For further details, see Note 1F.

C. On 10 May 2021, the Company engaged in an agreement for the acquisition of control (directly and indirectly) of a company which is not affiliated with the Company (the "**Acquired Company**" and the "**Acquisition Agreement**"), which is entitled to receive from the ILA leasehold rights in two lots, the total area of which is approx. 26,000 sqm, which are situated in the North Glilot complex, including all building rights related to the lots (the "**Lots**"). The Company further engaged in a lease agreement for the construction and lease of a campus for SolarEdge Technologies Ltd. on part of the Lots (the "**Lease Agreement**", the "**Lessee**" and the "**Transactions**", respectively).

The Acquisition Agreement is contingent on the allocation of the Lots to the Acquired Company by the ILA and the receipt of further approvals.

The total consideration for the Transaction is approx. NIS 350 million.

The Acquisition Agreement includes representations and indemnities the responsibility and liability in respect of which is limited to the amount of the total consideration.

Subject to the allocation of the rights in the Lots to the Acquired Company within the period of time set forth in the Lease Agreement, the Company shall design and build, in cooperation with the Lessee, a campus for the Lessee, to be built on one of the lots on an area of approx. 16,500 sqm, which will include 43,000 sqm above ground and 950 parking spaces.

An area of approx. 9,000 sqm will remain in the Lots, which in the Company's assessment may be used to build additional retail and commercial space of similar sizes, subject to promotion and approval of a zoning plan for the addition of rights in part of the said area.

On 17 January 2022, the Transaction was closed.

On 20 March 2025, the Company reported that it had entered into an agreement with SolarEdge, to postpone the estimated date of commencement of the lease period to the beginning of 2027, and to have SolarEdge stay in the existing premises of the company at Azrieli Herzliya Business Park, until the date of commencement of the lease. Payment to the Company was also agreed for every month of delay until the date of SolarEdge's entry to the campus.

On 20 November 2025, the Company reported that it had entered into an amendment to the agreement with SolarEdge, at SolarEdge's request, and subject to an agreed payment thereby to the Company (in addition to the payment for postponement of the date of commencement of the lease), reducing the area of the above-ground leased premises by about 40%, and the number of leased parking spaces to 600 (from 950).

In addition, in view of the fact that the project is expected to serve several different tenants (in lieu of the entire project areas being leased to and managed by SolarEdge), the project will be managed by the Company or by a management company to be appointed thereby, which will engage in the management and maintenance of the project for payment of management fees.

Note 10 - Investment Property and Investment Property Under Construction (Cont.)

D. On 23 June 2022, the Company engaged, through a designated subsidiary, in an agreement with an English company (in this section: the "**Seller**") for the acquisition of the full holdings of the Seller in two companies:

A company that is leasing, from a third party, a land on which an active data center is located in eastern London and another company that is the owner of vacant land adjacent to the active data center.

The overall consideration in the transaction is in the sum of approx. £52 million (approx. NIS 217 million).

On 23 January 2023, all of the closing conditions were fulfilled and the transaction was closed.

E. On 27 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 Glil Yam), in consideration for approx. NIS 85 million plus VAT, as well as approx. NIS 19 million in development expenses.

According to the provisions of the tender, the land is intended for multi-family residential construction, for long-term rental for a period no less than 20 consecutive years from the date of completion of the construction of the project. The project is expected to include 147 apartments and retail space. One half of the apartments in the project will be leased under controlled rent in the sum of 80% of free market rent.

In July 2023, the transaction was closed and the consideration was transferred.

F. On 19 February 2025 the Company reported that it had learned it was awarded a tender of the Israel Land Authority for the purchase of a leasehold in a lot in Tel Aviv for construction of a senior housing and retail space project, in consideration for approx. NIS 550 million plus VAT. The tender award is contingent upon the zoning plan applicable to the lot taking effect. The land is designated for construction of a senior housing project with approx. 350 apartments and retail space. 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, the final award confirmation was received from the Israel Land Authority, the zoning plan applicable to the land took effect, and in June 2025 the balance of the consideration was paid. The company has a capitalized lease from the Israel Land Authority for a period of 98 years, ending on 18 March 2123, with an option for another 98-year period.

G. Projected revenues due to signed lease contracts:

Set forth below are the minimal lease payments due to be received due to lease contracts for the agreement periods (including revenues from rent, management and parking fees and excluding extension options):

	Revenues from fixed components	
	As of 31 December	
	2025	2024
	NIS in millions	NIS in millions
The revenue recognition period:		
Year one	4,083	2,928
Year two	3,372	2,400
Year three	2,652	1,885
Year four	1,724	1,495
Year five onwards	4,877	5,342
	16,708	14,050

Note 11 – Property, Plant & Equipment (PP&E)

A. Movement and composition:

	Real estate used by the Group	Land and hotel building	LTC units senior housing	Furniture, equipment and computers	Others	Total
	NIS in millions					
Cost:						
Balance as of 1 January 2024	96	525	171	139	21	952
Additions	3	46	1	93	5	148
Net translation differences deriving from the translation of financial statements of foreign operations	-	-	-	(7)	-	(7)
Reclassification to investment property	(13)	-	-	-	-	(13)
Write-offs	-	-	-	-	(2)	(2)
Balance as of 31 December 2024	86	571	172	225	24	1,078
Additions	1	63	29	10	7	110
Net translation differences deriving from the translation of financial statements of foreign operations	-	-	-	(3)	-	(3)
Reclassification from investment property	-	8	-	-	-	8
Start of consolidation	12	-	-	27	11	50
Write-offs	-	-	-	(3)	(5)	(8)
Balance as of 31 December 2025	99	642	201	256	37	1,235
Accumulated depreciation and loss from impairment:						
Balance as of 1 January 2024	10	-	45	89	12	156
Depreciation for the year	3	-	4	8	3	18
Net translation differences deriving from the translation of financial statements of foreign operations	-	-	-	(1)	-	(1)
Write-offs	-	-	-	-	(2)	(2)
Balance as of 31 December 2024	13	-	49	96	13	171
Depreciation for the year	3	-	4	11	5	23
Start of consolidation	4	-	-	14	7	25
Write-offs	-	-	-	(2)	(4)	(6)
Balance as of 31 December 2025	20	-	53	119	21	213
Depreciated Cost:						
As of 31 December 2025	79	642	148	137	16	1,022
As of 31 December 2024	73	571	123	129	11	907

B. On charges - see Note 27.

C. With respect to the land rights of the Company's offices and the senior homes' LTC units, see Note 10B.

D. On 16 April 2023, the Company entered into an agreement for the acquisition of the Red Rock Hotel in Eilat (in this section: the "**Agreement**" and the "**Transaction**", respectively). The property, the subject matter of the Transaction, includes all of the seller's rights in the land in Eilat, with a total area of ~9,000 sqm on which the Red Rock Hotel in Eilat is built, including existing and future building rights and the hotel's operations and equipment, as well as additional related rights of the seller.

On 11 May 2023, the Transaction was closed and possession of the property was transferred to the Company. On such closing date the Company paid the seller the sum of approx. NIS 130 million.

Note 12 – Intangible and Other Assets

A. Composition:

	As of 31 December	
	2025	2024
	NIS in millions	NIS in millions
Intangible assets	1,477	1,473
Deferred taxes (for details see Note 25)	5	2
	1,482	1,475

B. Intangible assets:

	Goodwill	Other (*)	Total
		NIS in millions	
Cost:			
Balance as of 1 January 2024	1,649	83	1,732
Effect of exchange rate changes	(139)	-	(139)
Balance as of 31 December 2024	1,510	83	1,593
Additions	19	15	34
Effect of exchange rate changes	(30)	-	(30)
Balance as of 31 December 2025	1,499	98	1,597
Amortizations and losses from impairment:			
Balance as of 1 January 2024	37	81	118
Amortization for the year	-	2	2
Balance as of 31 December 2024	37	83	120
Balance as of 31 December 2025	37	83	120
Book value:			
As of 31 December 2025	1,462	15	1,477
As of 31 December 2024	1,473	-	1,473

(*) The 'Other' item primarily consists of amounts in respect of brand.

Original Amount of Goodwill:	NIS in Millions
As of 31 December 2023	1,649
As of 31 December 2024	1,510
As of 31 December 2025	1,499

Note 12 - Intangible and Other Assets (Cont.)

C. Allocation of goodwill to cash-generating units:

The goodwill has been allocated to cash-generating units for the purposes of testing for impairment, as follows:

	As of 31 December		
	2025	2024	2023
	NIS in millions	NIS in millions	NIS in millions
Activity A – Senior housing	77	77	77
Activity B – Data centers (See D below)	1,366	-	-
Activity C – Residential sales (see Note 7B)	34	1,396	1,535
	1,477	1,473	1,612

D. Annual impairment testing:

The Company tested for impairment of goodwill in Q4/2025. The recoverable amount is determined according to fair value, net of sale costs, which is an estimate of the discounting cash flows net of sale costs.

The recoverable amount of this cash-producing unit is determined based on the forecast of cash flows as included in the management's forecast.

The key assumptions used to calculate the recoverable amount are: a WACC (Weighted Average Cost of Capital) rate of ~7.8% (as of 31 December 2024 ~7.7%) and a long-term growth rate of 3.5% (as of 31 December 2024 ~3.5%).

Based on these assumptions, the recoverable amount of the cash-producing unit is €3,054 million (approx. NIS 11 billion).

Note 13 - Trade Payables

Composition:

	As of 31 December	
	2025	2024
	NIS in millions	NIS in millions
Outstanding debts	513	578
Checks payable	67	39
	580	617

Note 14 - Other Payables

Composition:

	As of 31 December	
	2025	2024
	NIS in millions	NIS in millions
Advance payments from customers and income in advance	98	77
Liabilities to employees and other liabilities in respect of salaries and wages	84	61
Interest and expenses payable	246	220
Advances from customers and purchasers of real estate	111	-
Institutions	17	16
Obligation for provision of construction services and to land owners	47	-
Others	143	110
	746	484

For further information regarding payables that constitute Related and Interested Parties, see Note 32C.

Note 15 - Deposits from Senior Housing Customers

Liability due to senior housing deposits – the Group has liabilities due to Shekel deposits received from residents with whom contracts were signed in senior housing projects, which are operated by the Group. The liabilities due to the Shekel deposits are linked to the CPI and are presented after amortization according to the agreements signed by the Group's companies with the residents. These deposits may be immediately demanded, by law.

Note 16 - Loans from Financial Corporations and Bonds

A. Current liabilities:

	As of 31 December	
	2025	2024
	NIS in millions	NIS in millions
Credit from banking corporations	(**)777	-
Commercial paper	59	(*)712
Current maturities of loans from financial corporations	150	282
Current maturities of bonds	1,737	1,479
	2,723	2,473

(*) For further details, see Note 16B(11).

(**) The operating cycle of ZMH Hammerman is longer than one year and lasts up to five years. Therefore, the loans are classified as current liabilities.

Note 16 - Loans from Financial Corporations and Bonds (Cont.)

B. Non-current liabilities:

	As of 31 December	
	2025	**2024**
	NIS in Millions	**NIS in Millions**
Bonds (1), (2), (3), (4), (5), (6)	23,122	21,638
Long-term loans from financial corporations	4,856	3,544
	27,978	25,182
Net of current maturities	(1,887)	(1,761)
Total non-current liabilities	26,091	23,421
Presented under the following items:		
Loans from financial corporations	4,706	3,262
Bonds	21,385	20,159
	26,091	23,421

(1) In February 2015, the Company made a public offering of approx. NIS 623.3 million par value of registered Series B Bonds, based on a shelf prospectus of the Company. The bonds are linked (principal and interest) to the CPI and bear interest at a fixed rate of 0.65% per year.

The principal payments are made in 10 equal annual installments on 1 April of each of the years 2016 to 2025 (each installment will be 10% of the principal's par value). The interest is paid in semiannual installments from 1 October 2015 and on 1 April and 1 October of each of the years 2016 to 2025. The bonds were issued without a discount. The Series B Bonds, principal and linkage differentials, were paid in full in April 2025.

The effective interest rate in respect of the bonds was 0.78% per annum.

On 20 January 2015, Ma'alot rated the Series B Bonds as ilAA+ (stable outlook), and since then Ma'alot ratified this rating several times, with the last time being on 2 February 2025.

The bonds were not secured by any collateral.

At the time of the offering, the Company undertook to meet financial covenants and undertakings, the main ones being:

(a) So long as the Series B Bonds are not fully paid-up, the Company shall neither encumber nor pledge by way of a floating charge all of the Company's existing or future assets and rights, except under certain conditions set forth in the Indenture.

(b) Maintaining minimal equity (equity attributable to the Company's shareholders, excluding minority rights) of at least NIS 5 billion for two or more consecutive calendar quarters, according to its last consolidated financial statements.

The net financial debt to net assets ratio, according to the definitions in the Indenture, shall not exceed 60% for two or more consecutive calendar quarters.

The Indenture determines that in lieu of the said financial covenants, the Company may, at its sole discretion, pledge (either itself or through an Investee Company) in favor of the trustee for the holders of Series B Bonds, by way of a fixed charge, Permitted Assets as defined in the Indenture (i.e., insofar as the Company pledges Permitted Assets as aforesaid, and the pledges are in force and effect, the Company shall not be bound by the said financial covenants).

Note 16 - Loans from Financial Corporations and Bonds (Cont.)
B. Non-current liabilities: (Cont.)
(1) (Cont.)

(c) The Company shall not perform a Distribution (as defined in the Companies Law) to its shareholders, if: (1) the Company's equity (equity attributable to the Company's shareholders, excluding minority rights) according to its last published consolidated financial statements, net of the amount of the Distribution, is less than NIS 6 billion; (2) the Company's net financial debt to net assets ratio (as defined in the Indenture), net of the amount of the Distribution, exceeds 50%; (3) there are grounds for acceleration according to the definitions in the Indenture of the Series B Bonds on the date of the decision to perform the Distribution or as a result thereof.

The Company met the financial covenants which apply to all of its bonds, with the Company's equity attributable to the shareholders as of the date of the Statement of Financial Position being approx. NIS 25.3 billion and the net financial debt to net assets ratio being ~40%.

It was further determined that in the event that the rating of the Company's Series B Bonds falls below Ma'alot's ilAA rating, or a corresponding rating determined by another company that rates the bonds, the rate of the annual interest borne by the unpaid balance of the bond principal shall rise, in which case, the annual interest rate that shall be added to the annual interest in respect of the bonds will range between 0.25% and 1%, according to the bonds' rating.

In addition, the Series B Bonds shall be accelerated upon fulfillment of certain conditions, including: delisting or dissolution of the Company, receivership, delinquency in payments under the bonds, attachments on all or most of the Company's assets, changes in control, a fundamental breach of the terms and conditions of the bonds or the Indenture, non-compliance with the above financial covenants, performance of a distribution contrary to the above restriction on the performance of a distribution, suspension of trading of the bonds (except on grounds of ambiguity), a demand for acceleration by financial creditors (excluding non-recourse debt to the Company) of a sum no less than NIS 200 million, provided that such demand will not be cancelled within 30 days from the acceleration or another bond series of the Company, discontinuation of rating of the bonds due to circumstances within the Company's control, a bond rating lower than BBB-, or the sale of most of the Company's assets.

In June 2015, the Company made another public offering of approx. NIS 600.3 million par value by way of expansion of the Series B Bond series, at a price of 100.24 Agorot per NIS 1 par value (discounting at a rate of 0.44% relative to their adjusted value) based on a shelf prospectus of the Company.

In March 2017, the Company made another public offering of NIS 228.8 million par value of Series B Bonds, at a price of 97.45 Agorot per NIS 1 par value (discounting at a rate of approx. 2.55% relative to their adjusted value), by way of expansion of the bond series, based on a shelf prospectus of the Company. The gross issue proceeds amounted to NIS 223 million, and the net proceeds net of the issue expenses amounted to approx. NIS 221.2 million.

In July 2023, the Company made another public offering of approx. NIS 789.9 million par value of Series B Bonds at a price of 107.8 agorot per NIS 1 par value (discounted at approx. 2.4% relative to their adjusted value), with an effective interest rate of approx. 3.1%, by way of expansion of a bond series, based on a shelf prospectus of the Company. The gross issue proceeds amounted to approx. NIS 852 million, and the net proceeds after attribution of the issue expenses amounted to approx. NIS 850 million.

As aforesaid, the balance of the Series B Bonds, principal and linkage differentials, was fully paid in April 2025.

Note 16 - Loans from Financial Corporations and Bonds (Cont.)
B. Non-current liabilities: (Cont.)

(2) In July 2016, the Company issued approx. NIS 2,194.1 million par value registered Series D Bonds to the public, based on a shelf prospectus of the Company. The bonds are linked (principal and interest) to the CPI and bear fixed interest at the rate of 1.34% per annum.

The principal payments are made in 25 equal semiannual installments on 5 January and 5 July of each of the years 2018 to 2030 (each payment will be 4% of the principal's par value from 5 July 2018).

The interest is paid in semiannual installments from 5 January 2017 of each of the years 2017 to 2030. The bonds were issued without a discount.

The issue proceeds amounted to approx. NIS 2,194 million, and net of the issue expenses, the net proceeds amounted to approx. NIS 2,177 million. The effective interest rate on the bonds is 1.45% per annum.

On 5 July 2016, Midroog rated the Series D Bonds an Aa1 with a stable outlook rating, and since then, Midroog ratified this rating several times, with the last time being on 30 December 2024.

The bonds are not secured by any collateral.

At the time of the issuance, the Company undertook to comply with financial covenants and undertakings similar to the financial covenants undertakings to which it committed in respect of the Series B Bonds (for a description of the conditions and the compliance with the financial covenants – see Section 1 above).

It was further determined that in the event that the rating of the Company's Series D Bonds falls below Midroog's Aa2 rating, or a corresponding rating that is determined by another company that rates the bonds, the annual interest rate borne by the unpaid balance of the bond principal shall rise, in which case, the annual interest rate that shall be added to the annual interest in respect of the bonds will range between 0.25% and 1%, according to the bonds' rating.

In addition, the Series D Bonds shall be accelerated upon fulfillment of certain conditions, similar to the conditions that were determined in respect of the Series B Bonds (for a description of the conditions and the compliance with the financial covenants – see Section 1 above).

In March 2017, the Company made another public offering of NIS 983.6 million par value of Series D Bonds, at a price of 97.6 Agorot per NIS 1 par value (discounting at a rate of approx. 2.7% relative to their adjusted value), by way of expansion of the bond series, based on a shelf prospectus of the Company. The gross issue proceeds amounted to NIS 960 million, and the net proceeds net of the issue expenses amounted to approx. NIS 955.3 million.

In February 2018, the Company made another public offering of NIS 1,367 million par value of the Company's Series D Bonds by way of expansion of the bonds series, at a price of 103.1 Agorot per NIS 1 par value (premium at a rate of approx. 2.5% with respect to their adjusted value), based on a shelf prospectus of the Company. The gross issue proceeds amounted to approx. NIS 1,409 million, and the net proceeds net of the issue expenses amounted to approx. NIS 1,400 million.

In July 2022, the Company issued to the public NIS 625.6 million par value of Series D Bonds at a price of 107.2 Agorot per NIS 1 par value (a premium of approx. 0.17% relative to the adjusted value thereof), by way of expansion of the bond series, based on the Company's shelf prospectus. The gross issue proceeds amounted to approx. NIS 671 million, and the net proceeds net of the issue expenses amounted to approx. NIS 667 million.

The balance of the Series D Bonds, principal and linkage differentials (net of issue expenses) as of 31 December 2025 is NIS 2,630 million (as of 31 December 2024 – NIS 3,082 million).

Note 16 - Loans from Financial Corporations and Bonds (Cont.)
B. Non-current liabilities: (Cont.)

(3) In January 2019, the Company issued to the public registered Series E Bonds in the nominal value of approx. NIS 1,216 million, based on a shelf prospectus of the Company. The bonds are linked (principal and interest) to the CPI and bear a fixed interest rate of 1.77% per annum.

The Series E Bonds will be payable (principal) in 7 annual, consecutive but not equal, payments, paid on 30 June of each of the years 2022 to 2028 as specified below:

The first and second payments will be paid on 30 June of the years 2022 and 2023 and will each be at the rate of 7.5% of the nominal value of the principal. The third and fourth payments will be paid on 30 June of the years 2024 and 2025 and will each be at the rate of 5% of the nominal value of the principal. The fifth, sixth and seventh payments (the seventh being the last) will be paid on 30 June of the years 2026, 2027 and 2028 and will each be at the rate of 25% of the nominal value of the principal.

Interest will be paid in semiannual payments as of 30 June 2019 in each of the years 2019 to 2028. The bonds were issued without discount.

The proceeds of the issuance of the Series E Bonds totaled approx. NIS 1,216 million, and net of issue expenses, the net proceeds totaled approx. NIS 1,207 million. The effective interest rate for the Series E Bonds is 1.86% per annum.

In January 2019, the Company issued to the public registered Series F Bonds in the nominal value of approx. NIS 263.4 million, based on a shelf prospectus of the Company. The bonds are linked (principal and interest) to the CPI and bear a fixed interest rate of 2.48% per annum.

The Series F Bonds will be payable (principal) in 8 annual, consecutive but not equal, payments, paid on 31 December of each of the years 2025 to 2032 as specified below:

The first payment will be paid on 31 December 2025 and will be at the rate of 2.5% of the nominal value of the principal. The second payment will be paid on 31 December 2026 and will be at the rate of 5% of the nominal value of the principal. The third payment will be paid on 31 December 2027 and will be at the rate of 7.5% of the nominal value of the principal. The fourth payment will be paid on 31 December 2028 and will be at the rate of 10% of the nominal value of the principal. The fifth payment will be paid on 31 December 2029 and will be at the rate of 15% of the nominal value of the principal. The sixth, seventh and eighth payments (the eighth being the last) will be paid on 31 December of the years 2030, 2031 and 2032 and will each be at the rate of 20% of the nominal value of the principal.

Interest is paid in semi-annual payments from 30 June 2019 to 31 December 2032. The bonds were issued without discount.

The proceeds of the issuance of the Series F Bonds totaled approx. NIS 263 million, and net of issue expenses, the net proceeds totaled approx. NIS 260 million. The effective interest rate for the Series F Bonds is 2.57% per annum.

On 7 January 2019 and 20 January 2019, Midroog approved an Aa1 rating for the issuance of new series (Series E and Series F) (collectively in this section: the "**Bonds**"), and since then, Midroog ratified this rating several times, with the last time being on 30 December 2024.

The Bonds are not secured by any collateral and will be of equal rank in respect of the sums due therefor, *pari passu*, *inter se*, without any preference right or priority of one over the other.

At the time of the issuance of the Series E and F bonds, the Company undertook to comply with financial covenants similar to the financial covenants undertaken thereby in respect of the Series B and D Bonds (for a description of the conditions and the compliance with the financial covenants – see Section 1 above), with the exception of the following:

Note 16 - Loans from Financial Corporations and Bonds (Cont.)
B. Non-current liabilities: (Cont.)
(3) (Cont.)

In the event that a change occurs in the accounting standards applicable to the Company as compared with the accounting standards applicable to the Company on the date of issuance of the Series E Bonds and Series F Bonds for the first time, and such change has a material effect (as defined in the indenture) on the result of computation of any of the financial covenants (defined in the indenture), the Company shall examine such covenant according to a proforma income statement and balance sheet according to the standards on the date of the issuance.

It is further determined that if the rating of the Company's Series E Bonds and Series F Bonds drops below Midroog's Aa2 rating or an equivalent rating determined by another agency that shall rate the bonds, the annual interest rate to be borne by the outstanding principal of the bonds shall, in such case, increase by 0.5% up to 1%, insofar as the rating drops three tiers or more below such Aa2 rating.

Furthermore, the Series E Bonds and Series F Bonds shall be accelerated upon the fulfillment of certain conditions which are substantially similar to the conditions determined in relation to the Series B and Series D Bonds (for a description of the conditions and compliance with the financial covenants – see Section 1 above).

In December 2019, the Company made another public offering of NIS 1,217 million par value of Series E Bonds, at a price of 111.4 Agorot per NIS 1 par value (an approx. 10% premium relative to their adjusted value) and NIS 933 million par value of Series F Bonds, at a price of 120.3 Agorot per NIS 1 par value (an approx. 18% premium relative to their adjusted value), by way of expansion of the bond series, based on a shelf prospectus of the Company. The gross issue proceeds amounted to NIS 2,477 million, and the net proceeds, net of the issue expenses and accumulated interest, amounted to approx. NIS 2,437 million.

In April 2020, the Company made a public offering of NIS 810.7 million par value of additional Series E Bonds at a price of 104.5 Agorot per NIS 1 par value (an approx. 3.4% premium relative to their adjusted value) and NIS 761.9 million par value of additional Series F bonds at a price of 111.5 Agorot per NIS 1 par value (a ~10.2% premium relative to their adjusted value) by way of expansion of the bond series, based on a shelf prospectus of the Company. The gross issue proceeds totaled approx. NIS 1,697 million and the net proceeds, after attribution of issue expenses, totaled approx. NIS 1,683 million.

In July 2022, the Company made a public offering of NIS 1,336.5 million par value of additional Series F Bonds at a price of 109.2 Agorot per NIS 1 par value (a ~3.31% premium relative to their adjusted value) by way of expansion of the bond series, based on a shelf prospectus of the Company. The gross issue proceeds totaled approx. NIS 1,459 million and the net proceeds, after attribution of issue expenses, totaled approx. NIS 1,446 million.

The balance of the Series E Bonds, principal and linkage differentials (net of issue expenses) as of 31 December 2025 is NIS 2,892 million (as of 31 December 2024 - NIS 3,029 million).

The balance of the Series F Bonds, principal and linkage differentials (net of issue expenses) as of 31 December 2025 is NIS 3,912 million (as of 31 December 2024 - NIS 3,946 million).

Note 16 - Loans from Financial Corporations and Bonds (Cont.)
B. Non-current liabilities: (Cont.)

(4) In July 2021, the Company made a public issue of registered Series G Bonds of approx. NIS 1,904 million par value, based on a shelf prospectus of the Company. The bonds are linked (principal and interest) to the CPI and bear fixed interest at the rate of 0.90% per year.

The Series G Bonds will be payable (principal) in 13 annual payments, which payments shall be consecutive but not equal and paid on 2 July of each of the years 2024 through 2036 as follows:

Payments 1-5 shall be paid on 2 July of each of the years 2024 through 2028 and shall each amount to 2% of the nominal value of the principal. Payments 6-10 shall be paid on 2 July of each of the years 2029 through 2033 and shall each amount to 13% of the nominal value of the principal. Payments 11 and 12 shall be paid on 2 July of each of the years 2034 and 2035 and shall each amount to 10% of the nominal value of the principal. Payment 13 (the final payment) shall be paid on 2 July 2036 and amount to 5% of the nominal value of the principal.

Interest is payable in semiannual installments on 2 January and 2 July of each of the years 2022 through 2036, beginning on 2 January 2022 and ending with the last payment on 2 July 2036. The bonds were issued without discount.

The proceeds of the issue of Series G Bonds totaled approx. NIS 1,904 million, and net of issue expenses, net proceeds totaled approx. NIS 1,883 million. The effective interest rate for Series G Bonds is 1.01% per year.

In July 2021, the Company made a public issue of registered Series H Bonds of approx. NIS 1,751 million par value, based on a shelf prospectus of the Company. The bonds are linked (principal and interest) to the CPI and bear fixed interest at the rate of 1.69% per year.

The Series H Bonds will be payable (principal) in 10 consecutive and equal annual payments on 2 January of each of the years 2032 through 2041 (each payment shall amount to 10% of the nominal value of the principal beginning on 2 January 2032).

Interest is payable in semiannual installments on 2 January and 2 July of each of the years 2022 through 2041, beginning on 2 January 2022 and ending with the last payment on 2 January 2041. The bonds were issued without discount.

The proceeds of the issue of Series H Bonds totaled approx. NIS 1,751 million, and net of issue expenses, net proceeds totaled approx. NIS 1,730 million. The effective interest rate for Series H Bonds is 1.79% per year.

On 18 July 2021, S&P Ma'alot approved an ilAA+ rating for the issuance of the new series - Series G Bonds and Series H Bonds (jointly in this section: the "**Bonds**"), and since then, Ma'alot approved this rating several times, with the last time being on 2 February 2025.

The Bonds are not secured by any collateral and shall be of equal rank in relation to the amounts due in respect thereof, *pari passu*, *inter se*, having no preference or priority over one another.

When issuing the Series G Bonds and Series H Bonds, the Company undertook to comply with financial covenants similar to the financial covenants undertaken thereby with respect to the Series E Bonds and Series F Bonds the description of the terms and compliance with the financial covenants – see Sections 1 and 3 above).

It is further provided that if the rating of the Company's Series G Bonds and Series H Bonds falls below S&P Ma'alot's (AA) rating or a corresponding rating determined by another agency that shall rank the Bonds, the annual interest rate borne by the balance of the outstanding principal of the Bonds shall increase. In such a case, the interest rate to be added to the annual interest on the Bonds shall be 0.5% up to 1% according to the rating of the Bonds.

Furthermore, the Series G Bonds and Series H Bonds shall be accelerated upon the fulfillment of certain conditions which are materially similar to the conditions specified in relation to Series B Bonds and Series D-F Bonds (for a description of the terms and conditions and compliance with the financial covenants – see Sections 1 and 3 above).

Note 16 - Loans from Financial Corporations and Bonds (Cont.)
B. Non-current liabilities: (Cont.)
(4) (Cont.)

In July 2022, the Company made a public offering of NIS 926.4 million par value of additional Series H Bonds, at a price of 93.9 Agorot per NIS 1 par value (discounting at a rate of approx. 9.8% relative to their adjusted value), by way of expansion of the bond series, based on a shelf prospectus of the Company. The gross issue proceeds amounted to approx. NIS 870 million, and the net proceeds, after attribution of issue expenses, amounted to approx. NIS 858 million.

In December 2023, the Company made a public offering of NIS 673.1 million par value of additional Series G Bonds, at a price of 94.9 Agorot per NIS 1 par value (discounting at a rate of approx. 13.9% relative to their adjusted value), with an effective interest rate of approx. 2.9%, by way of expansion of the bond series, based on a shelf prospectus of the Company. The gross issue proceeds amounted to approx. NIS 639 million, and the net proceeds, after attribution of issue expenses, amounted to approx. NIS 630 million.

In December 2023, the Company made a public offering of NIS 1,685 million par value of additional Series H Bonds, at a price of 94.1 Agorot per NIS 1 par value (discounting at a rate of approx. 15% relative to their adjusted value), with an effective interest rate of approx. 3.2%, by way of expansion of the bond series, based on a shelf prospectus of the Company. The gross issue proceeds amounted to approx. NIS 1,586 million, and the net proceeds, after attribution of issue expenses, amounted to approx. NIS 1,553 million.

In July 2024, the Company made a public offering of NIS 226.6 million par value of additional Series G Bonds, at a price of 94.8 Agorot per NIS 1 par value (discounting at a rate of approx. 15.3% relative to their adjusted value), with an effective interest rate of ~3.3%, by way of expansion of the bond series, based on a shelf prospectus of the Company. The gross issue proceeds amounted to approx. NIS 214.8 million, and the net proceeds, after attribution of issue expenses, amounted to approx. NIS 213.3 million.

On 23 July 2024, S&P Ma'alot approved the rating of ilAA+ for the expansion of the Company's Series G Bonds.

The balance of Series G Bonds, principal and linkage differentials (net of issue expenses), as of 31 December 2025, totals NIS 3,008 million (as of 31 December 2024 – NIS 2,980 million).

The balance of Series H Bonds, principal and linkage differentials (net of issue expenses), as of 31 December 2025, totals NIS 4,731 million (as of 31 December 2024 – NIS 4,581 million).

(5) In July 2024, the Company made a public offering, based on a shelf prospectus of the Company, of approx. NIS 990.5 million par value of registered Series I Bonds. The bonds are linked (principal and interest) to the CPI and bear fixed annual interest of 3.67%.

The Series I Bonds will be payable (principal) in 13 annual payments, which payments shall be consecutive but not equal and paid on 2 January of each of the years 2034 through 2046 as follows:

First two payments shall be paid on 2 January of each of the years 2034 through 2035 and shall each amount to 2.5% of the nominal value of the principal. The third payment shall be paid on 2 January 2036 and amount to 5% of the nominal value of the principal. The remaining ten payments shall be paid in equal annual payments, which shall be paid on 2 January of each of the years 2037 through 2046 and shall each amount to 9% of the nominal value of the principal.

Interest is payable in semiannual installments on 2 January and 2 July of each of the years 2025 through 2046, with the first payment being made on 2 January 2025 and last payment being made on 2 January 2046. The bonds were issued without discount.

The proceeds of the issue of Series I Bonds totaled approx. NIS 990.5 million, and net of issue expenses, net proceeds totaled approx. NIS 976.6 million. The effective interest rate for Series I Bonds is 3.77% per year.

On 23 July 2024, Midroog approved an Aa1.il rating for the issuance of a new series (Series I), and since then ratified this rating on 30 December 2024.

Note 16 - Loans from Financial Corporations and Bonds (Cont.)
B. Non-current liabilities: (Cont.)
(5) (Cont.)

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 I 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 conditions and the compliance with financial covenants – see Section 1 above), 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 (for a description of the conditions and the compliance with financial covenants – see Sections 3 and 4 above).

It is further provided that if the rating of the Company's Series I Bonds falls below Midroog's Aa3 rating or a corresponding rating determined by another agency that shall rank the Bonds, the annual interest rate borne by the balance of the outstanding principal of the Bonds shall increase. In such a case, the interest rate to be added to the annual interest on the Bonds shall be 0.5% up to 1% according to the rating of the Bonds.

Furthermore, the Series I Bonds shall be accelerated upon the fulfillment of certain conditions which are materially similar to the conditions specified in relation to Series B Bonds and Series D-H Bonds (for a description of the terms and conditions – see Sections 2-4 above).

In December 2024, the Company made a public offering of NIS 2,292 million par value of additional Series I Bonds, at a price of 107.8 Agorot per NIS 1 par value (premium at a rate of approx. 5% relative to their adjusted value), with an effective interest rate of ~3.4%, by way of expansion of the bond series, based on a shelf prospectus of the Company. The gross issue proceeds amounted to approx. NIS 2,471 million, and the net proceeds, net of the issue expenses and accrued interest, amounted to approx. NIS 2,404 million.

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

On 3 July 2025, Midroog approved a rating of (Aa1.il) for the Company's Series I Bond expansion.

The balance of Series I Bonds, principal and linkage differentials (net of issue expenses), as of 31 December 2025, totals NIS 5,451 million.

(6) 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.

Note 16 - Loans from Financial Corporations and Bonds (Cont.)
B. Non-current liabilities: (Cont.)
(6) (Cont.)

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)), 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).

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).

The balance of the Series J Bonds, principal and linkage differentials (net of issue expenses) as of 31 December 2025 is NIS 498 million.

(7) On 24 May 2016, a loan was provided to the Company in the sum of NIS 550 million from an institutional body affiliated neither with the Company nor with its Controlling Shareholders, linked to the CPI, at an annual interest at the rate of 1.5%. The repayment of the loan's principal commenced from the second anniversary of the date of provision of the loan and shall be made in 40 equal quarterly installments (the last principal payment shall be made 12 years after the date of provision of the loan). The interest on the loan is paid on a quarterly basis, until the final repayment date. The Company is entitled to prepay the loan (in whole or in part) against a prepayment fee according to a mechanism defined in the agreement.

To secure repayment of the loan, Canit Hashalom, a subsidiary wholly owned by the Company, pledged in favor of the lender, by way of a first-ranking fixed pledge unlimited in amount, the Azrieli Rishonim Center in Rishon LeZion, including its rights to receive rent from the property's tenants and its rights under the insurance policies in connection with the property.

In the context of the loan agreement, the Company undertook to meet the financial covenants that were set forth in the indentures of the Company's Series B Bond, a net debt-to-net assets ratio not exceeding 60% and equity of no less than NIS 5 billion. ("Net debt": Loans, bonds, short-term credit, and current maturities of bonds and loans, net of cash and cash equivalents (unrestricted), marketable securities, short-term investments and loans (provided by the Company to third parties), and unrestricted deposits. "Net assets": Total assets net of cash and cash equivalents (unrestricted), marketable securities, short-term investments and loans (provided by the Company to third parties), and unrestricted deposits). It further undertook to maintain an LTV ratio that shall not exceed 80%, commencing from 1 April 2018. In addition, the agreement includes limitations on the distribution of a dividend that correspond with the undertaking set forth in the Bonds' indentures (i.e., that no distributions shall be made if, as a consequence thereof, the equity shall be less than NIS 6 billion and the net debt to assets ratio shall exceed 50%). In addition, the Company undertook not to create a floating charge on all or part of the Company's assets, to any entity, unless it shall create in favor of the lender, on the same date, a floating charge of identical ranking and scope (*pari passu*) (such an undertaking also exists in the Series B Bonds' indentures). The grounds for acceleration are as customary in agreements of this type and in the Series B Bonds' indentures, including a ground pertaining to the acceleration of another substantial debt of the Company.

As of the date of the Statement of Financial Position, the loan balance on the books is NIS 165 million, with the Company's shareholders' equity being approx. NIS 25.3 billion, the net financial debt to net assets ratio being ~40% and the LTV ratio being ~13%. As of 31 December 2025, the Company meets the financial covenants of the loan agreement.

Note 16 - Loans from Financial Corporations and Bonds (Cont.)
B. Non-current liabilities: (Cont.)

(8) In February 2022, a refinancing agreement was signed which replaced the short-term loan that existed at GM at the time of its acquisition. The agreement included a senior and junior debt of approx. NOK 2.9 billion (approx. NIS 1 billion), most of which was used to repay a previous debt of approx. NOK 1.5 billion (approx. NIS 0.5 billion). The debt has an average variable interest rate, with a margin of approx. 4.2% over NIBOR for three months to repay principal after 60 months.

In addition, the financing agreement includes credit facilities of approx. NOK 2.1 billion (approx. NIS 0.7 billion) that can be used in accordance with the terms set forth in the agreement at an average variable interest rate with a margin of approx. 3.25% over three-month NIBOR. The financing costs are approx. NOK 118 million (approx. NIS 42 million). Against the loan, a pledge was imposed on the Company's holdings in Green Data, As, a Norwegian company wholly-owned by the Company, which holds GM's shares ("**GD**"), GD's holdings in GM as well as GM's operating and real estate assets and GM's holding in a wholly-owned subsidiary thereof. The financing agreement includes a requirement to hedge against changes in the variable interest rate, and further determines financial covenants for GM, that are being assessed quarterly, as follows: ratio of leverage as expressed in adjusted debt to adjusted EBITDA, debt coverage ratio as expressed in the ratio between the adjusted EBITDA and the annual debt service liability, weighted average customer lease term ratio and LTV ratio. As of 31 December 2025, GM is in compliance with the said covenants. For details regarding the refinancing of the loan after the balance sheet date, see Note 34C.

(9) On 3 October 2021, the Company entered an agreement with two third parties that are unrelated to the Company (jointly in this section: the "**Sellers**") and with Mall Hayam Eilat (1978) Ltd. (in this section: the "**Acquired Company**") for the acquisition of 100% of the issued and paid-up share capital of the Acquired Company. On the same date, the Company and a wholly-owned subsidiary received, by way of assignment, all of the Sellers' rights and undertakings under loan agreements in which they have engaged vis-à-vis the lenders for taking of loans (in the sum of approx. NIS 641 million), such that from the closing date the Company superseded the buyers.

On 2 February 2024, the loan was fully repaid according to the payment schedule. At that time, the Company engaged with financial corporations for the purpose of taking a loan of approx. NIS 850 million. The debt has an interest rate of ~2.9% and is linked to the CPI.

In the framework of the taking of the loan, the Company undertook to meet the financial covenants that were set forth in the indentures of the Company's Series B Bonds (i.e., a net debt to net assets ratio that shall not exceed 60% and equity of no less than NIS 5 billion), and in addition the Company pledged the acquired asset and undertook to maintain an LTV ratio that shall not exceed 75%. In addition, the Company undertook to maintain a historical and projected debt service ratio between the NOI and the principal and interest payments of no less than 1.2. As of the report date, the Company meets the covenants.

(10) In 2023, the Company engaged with a banking corporation with respect to short-term loans in the amount of approx. NIS 220 million. In addition, the Company engaged with several banking corporations for credit facilities in the amount of NIS 1,300 million. As of 31 December 2023, the Company used NIS 500 million of these facilities. The loans and these credit facilities were fully repaid in 2024.

(11) On 8 July 2024, the Company made a public offering, based on a shelf prospectus of the Company, of registered Commercial Paper (CP) (Series 1) with a total par value of NIS 638 million, without any linkage basis. The CP principal bears variable NIS interest at the rate of Bank of Israel interest plus a fixed interest of 0.12% per annum. The principal and interest will be repaid together in a single installment on 8 July 2025. The CP are listed on TASE.

On 7 July 2024, Midroog approved the rating of P-1.il for the Series 1 CP.

The Series 1 CP are not secured by any collateral and shall rank *pari passu*, *inter se*, in respect of the Company's liabilities according to the Series 1 CP, without any preference or priority of one over another.

At the time of the issuance of the Series 1 CP, 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 conditions – see Section 1 above), 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 Section 3 above).

Note 16 - Loans from Financial Corporations and Bonds (Cont.)

B. Non-current liabilities: (Cont.)

(11) (Cont.)

The Company also entered into a hedge transaction exchanging the NIS interest with CPI-linked interest.

As of the report date, the above securities were fully paid as they became due.

(12) On 6 February 2025, GM was provided with a non-recourse loan in the sum of approx. €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 financing agreement requires the purchase of hedging to protect against changes in the variable interest. 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 debt 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.

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

Note 16 - Loans from Financial Corporations and Bonds (Cont.)

C. Details in respect of interest and linkage:

	Currency	As of 31 December 2025 Nominal interest %	As of 31 December 2025 Par value	As of 31 December 2025 Book value NIS in millions	As of 31 December 2024 Par value	As of 31 December 2024 Book value NIS in millions
Short-term loans from banks (*)		(*)	-	777	-	-
Commercial paper (Series 1)	Unlinked	Bank of Israel + 0.12	-	-	-	652
Commercial paper	Unlinked	Bank of Israel + 0.15	-	59	-	60
Bonds	Index	0.65 - 3.67	20,512	23,122	19,483	21,639
Long-term loans from financial corporations	Index	1.5 – 2.9	-	1,024	-	1,102
Long-term loans from financial corporations	Foreign currency	3.66 - 7.55	-	3,832	-	2,441
Total loans, credit from financial corporations and bonds			20,512	28,814	19,483	25,894

For details on loans that are secured by pledges – see Note 27.

(*) Short-term credit in ZMH Hammerman under bank project financing and acquisition financing for the purchase of lands, which is renewed from time to time until the date of completion of the project, with interest of Prime+0.5-1.15.

Note 16 - Loans from Financial Corporations and Bonds (Cont.)

D. Contractual restrictions and financial covenants in the Company:

Upon fulfillment of certain conditions, as detailed in the loan agreements (primarily upon a restructuring and change of control in the Company, arrears in payments, receivership and a reduction in the value of the collateral), the loan providers are entitled to accelerate the loans. As of 31 December 2025, the total sum of credit for which the Company has committed to the aforesaid terms and conditions amounted to approx. NIS 2,010 million. As of the date of the Statement of Financial Position, the Company is in compliance with the contractual restrictions that have been set.

E. Changes in liabilities arising from financing activities:

The table below specifies the changes in the Group's liabilities arising from financing activities, including both changes that arise from cash flows and non-cash changes. Liabilities arising from financing activities are liabilities in respect of which cash flows have been classified, or future cash flows will be classified, in the Statement of Cash Flows, as cash flows from financing activities.

	Short-term credit from financial corporations	Long-term loans from financial corporations	Bonds	Total
	NIS in millions	NIS in millions	NIS in millions	NIS in millions
Balance as of 1 January 2024	787	3,222	18,740	22,749
Cash flows from financing activity (*)	(90)	400	2,271	2,581
Linkage differentials	15	48	635	698
Exchange rate differences	-	(127)	-	(127)
Other changes	-	-	(7)	(7)
Balance as of 31 December 2024	712	3,543	21,639	25,894
Cash flows from financing activity (*)	(614)	1,456	721	1,563
Start of consolidation – ZMH Hammerman	733	-	244	977
Linkage differentials	5	30	511	546
Exchange rate differences	-	(173)	-	(173)
Other changes	-	-	7	7
Balance as of 31 December 2025	836	4,856	23,122	28,814

(*) Cash flows from financing activities include the net cash flows presented in the Consolidated Statements of Cash Flows as cash flows that derive from financing activities.

Note 17 - Other liabilities

"Other liabilities" include primarily tenant deposits in the sum of approx. NIS 77 million (in 2024 – approx. NIS 79 million, employee benefits in the sum of NIS 8 million (2024 – approx. NIS 10 million) and lease liabilities in the sum of approx. NIS 334 million (2024 – approx. NIS 317 million).

Employee benefits include post-employment benefits, other long-term benefits, benefits upon the termination of employment, including due to wages and salary.

In respect of post-employment employee benefits, the Group has defined benefits plans, in respect of which it deposits amounts in appropriate severance pay funds and insurance policies. Moreover, the Group has a defined deposit plan in respect of some of its employees, with regard to whom Section 14 of the Severance Pay Law, 5723-1963 applies.

In March 2022, a subsidiary, GM, signed an employment agreement with several senior employees, including, among others, the CEO of GM at the time, which includes two types of bonuses, as follows ("**Senior Employee**" or "**Senior Employees**"):

Loyalty Bonus (LB):

To be eligible for a loyalty bonus, the Senior Employee is required to be employed by GM on the eligibility date (without notice of registration or dismissal by GM and without termination of employment on other grounds, detailed in the employment agreement). The LB is paid for each one of the years ended 31 December 2022 to 31 December 2025.

In 2024, a liability was recorded for these bonuses for the Senior Employees in the sum total of approx. NIS 4.6 million.

Value Creation Bonus (VCB):

The VCB is based on GM's EBITDA targets for the years 2025 and 2026. Insofar as the EBITDA results exceed the reference metric set forth in the agreement, the offerees are entitled to the bonus at varying rates. The condition to the Senior Employees being entitled to the said bonus is that such offerees work for GM in the years 2022 to 2025/2026, as applicable.
The accounting treatment of such bonuses is made under "Other long-term employee benefits".

The expense for the liability is spread out over the vesting period the Senior Employee is required to complete, according to each bonus, and provided that the required conditions are met, considering the conditions of the VCB, including the ability of GM's board of directors to adapt the performance targets to the bonus in certain cases.

In the report year, the Senior Employees signed a letter of waiver in relation to the VCB.

Special bonus for restructuring and for the construction of GMG:

In 2025, an agreement was signed between Senior Employees and Green Mountain Holdings AS ("**GMH**"), a wholly owned (indirectly) subsidiary of the Company, whereby Senior Employees will be granted a one-time bonus as part of the reorganization performed by the Company to concentrate its holdings in the data centers segment under GMG, and for the employee's transfer to and employment under GMH (the "**Bonus**"). In general, the Bonus is paid in two tranches: (a) upon commencement of employment at GMH (the "**Date of Commencement of the Employment**"); and (b) on 31 December 2026, or thereabouts, subject to continued, uninterrupted employment from the Date of Commencement of the Employment until the said date.

Note 17 - Other liabilities (Cont.)

In addition, Senior Employees are entitled to equity-based compensation under the Equity Incentive Plan adopted by GMG (the "**EIP**"). As a general rule, and except in specific circumstances determined in the EIP, the equity-based compensation granted to the Senior Employees is strictly cash-settled, granting a right to monetary consideration derived from the increase in the value of GMG (the "**Equity-Based Compensation**").

Subject to the provisions of the EIP, the Equity-Based Compensation shall vest in four equal tranches over a period of (at least) five years from the grant date, and shall be exercisable, *inter alia*, upon the occurrence of a liquidity event as set forth in the EIP (such as the sale of all or substantially all of GMG's shares or assets, an IPO, etc.) or upon the lapse of 5 years from the date the Equity-Based Compensation is granted. Exercise of the Equity-Based Compensation is subject to a minimum cumulative annual growth rate in GMG's value compared with its initial valuation as set forth in the EIP.

Note 18 - Capital

A. The share capital and share rights as of 31 December 2025 and 2024:

	Authorized		Issued and paid-up	
	As of 31 December		As of 31 December	
	2025	2024	2025	2024
	NIS	NIS	NIS	NIS
Ordinary shares of par value NIS 0.1	12,750,150	12,750,150	12,127,276	12,127,276

Each fully paid-up ordinary share of par value NIS 0.1 grants the right to participate and vote at general meetings. Each shareholder will have one vote for every fully paid-up share he owns. All the shares have equal rights relating to the amounts of capital paid or credited as paid on their par value, and everything connected with distribution of dividend, bonus shares and any other distribution, repayment of capital and participation in the distribution of the Company's surplus assets upon liquidation.

B. Dividend:

The Company's Board discusses the issue of the distribution of a dividend at the Company (following the recommendation of the Financial Statements Review Committee ("**FSRC**")) on an annual basis. In such context, the desire and intention of the Company to share the Company's profits with its shareholders, versus the Company's being a development company on a significant scale and its investment needs in view of its existing activity and its future plans, were examined, while taking into account the gamut of business considerations.

In this framework, the Company's Board and the FSRC examine whether the dividend distribution meets the profit test and the solvency test set forth in Section 302 of the Companies Law. In addition, restrictions on distributions by the Company are examined, including the Company's undertaking to the trustee which includes restrictions on distributions by the Company, in connection with the indentures for the Company's Series B and D-J bonds, see Notes 16B(1)-(6), and in relation to some of the long-term loans, see Note 16B(6).

C. On 19 March 2025, the Company's Board decided upon the distribution of a NIS 800 million dividend to the shareholders of the Company (reflecting NIS 6.60 per share), which was paid on 6 May 2025.

On 20 March 2024, the Company's Board decided upon the distribution of a NIS 1,000 million dividend to the shareholders of the Company (reflecting NIS 8.25 per share), which was paid on 9 May 2024.

With respect to the resolution of the Company's Board regarding the distribution of a dividend for 2025 in the sum of NIS 850 million after the date of the Statement of Financial Position, see Note 34A.

Note 19 – Revenues from rent, management and maintenance fees and sales, net

Composition:

	For the year ended 31 December		
	2025	2024	2023
	NIS in millions	NIS in millions	NIS in millions
Rent, management and maintenance fees, net	3,454	3,014	2,665
Senior housing	295	267	246
Others	1	-	32
Total income	3,750	3,281	2,943

For further details, see Note 1F.

Note 20 - Cost of revenues from rent, management and maintenance fees and sales

Composition:

		For the year ended 31 December		
		2025	2024	2023
		NIS in millions	NIS in millions	NIS in millions
A.	**According to the sources of income:**			
	Rent, management and maintenance fees	1,032	799	681
	Senior housing	192	180	174
	Others	-	-	56
	Total cost of income	1,224	979	911
B.	**According to its components:**			
	Compensation for work and external work	237	264	211
	Depreciation and amortization	23	11	22
	Others	964	704	678
		1,224	979	911

Note 21 - Sales and Marketing Expenses

Composition:

	For the year ended 31 December		
	2025	2024	2023
	NIS in millions	NIS in millions	NIS in millions
Wages, salaries and related expenses	30	28	31
Advertising	47	44	62
Other sales and marketing expenses	4	3	3
	81	75	96

Note 22 - General & Administrative Expenses

Composition:

	For the year ended 31 December		
	2025	2024	2023
	NIS in millions	NIS in millions	NIS in millions
Management fees, wages, salaries and related expenses (*)	234	164	131
Consultancy, legal and audit fees	25	23	30
Provision for doubtful debts	1	(1)	2
Depreciation and amortization	12	9	8
Contributions and environmental responsibility	15	16	20
Other G&A	78	52	29
	365	263	220

(*) For details in respect of transactions with Related and Interested Parties – see Note 32C.

Note 23 - Other Income and Expenses

Composition:

	For the year ended 31 December		
	2025	**2024**	**2023**
	NIS in millions	**NIS in millions**	**NIS in millions**
Other income:			
Income from dividends	89	59	47
Profit from sale of company accounted for by the equity method (Compass) (*)	39	-	1,211
Other	5	1	1
	133	60	1,259
Other expenses:			
Other expenses for acquisition and sale of assets	1	1	24
Impairment of a loan granted	-	-	6
Impairment of goodwill and intangible assets	-	-	46
Other	102	62	38
	103	63	114
Other income (expenses), net	30	(3)	1,145

(*) See Note 7C.

Note 24 - Financing Revenues and Expenses

Composition:

	For the year ended 31 December		
	2025	**2024**	**2023**
	NIS in millions	**NIS in millions**	**NIS in millions**
Financing revenues:			
Revenues from interest on loans and receivables	-	3	4
Revenues from interest on deposits in banks	189	127	83
Profit from change in exchange rates, net	58	6	11
Profit from refinancing of loans	33	-	-
Other financing revenues	39	5	2
Financing revenues recognized in profit and loss	319	141	100
Financing expenses:			
Financing expenses on loans and liabilities	400	266	228
Financing expenses on bonds	989	985	786
Miscellaneous bank expenses and charges	9	7	4
Loss from change in exchange rates, net	74	25	4
Linkage on deposits from customers	34	48	44
Change in liability for option to non-controlling interest holders	10	-	-
Other financing expenses	15	20	24
Total financing expenses	1,531	1,351	1,090
Net of capitalized credit costs	(202)	(265)	(147)
Financing expenses recognized in profit and loss	1,329	1,086	943
Net financing expenses recognized in profit and loss	1,010	945	843

Note 25 - Taxes on Income

A. Details in respect of the tax environment in which the Group operates:

(1) Amendments to the Income Tax Ordinance and the Land Appreciation Tax Law

(a) Commencing 2018, the corporate tax rate applicable to the Company is 23%.

(b) In August 2013, the "Arrangements Law" was published in the Official Gazette in which context Section 100A1 of the Income Ordinance was added, determining that revaluation profits will be taxable, based on a mechanism of a notional sale and purchase of an asset at any time for which a revaluation thereof was performed, from which revaluation profits were also distributed. Accordingly, a parallel provision was set forth in the Land Taxation Law (Appreciation and Purchase) with respect to appreciation tax on a right in land or a right in a land association for which a distribution from revaluation profits was recorded in the Company's financial statements, as if the right was sold on the date of distribution of the revaluation profits, and re-purchased on the same day.

The applicability provisions determine that they shall apply to assets outside of Israel on the effective date of regulations to be promulgated by the Minister of Finance, and provisions shall be set for the avoidance of double taxation within the meaning thereof in Section 200 of the Income Tax Ordinance. Furthermore, the definition of "Revaluation Profits" determined that they are "surpluses not subject to corporate tax of the type determined by the Minister of Finance". As of the date of approval of the Financial Statements, no such regulations have been published.

(2) The Company and a subsidiary have a holding (at a rate of 92.3%-99%) in American partnerships, which hold real property. The profits (losses) of the American partnerships from the rental of the real properties and from the sale thereof are attributable directly to the partners, in accordance with their shares in the capital, because under American tax law, a partnership which has been registered in the U.S. is considered to be transparent for tax purposes.

Accordingly, the profits (losses) of the American partnerships in which it serves as a limited partner will be attributed to the Group and it will accordingly be liable for tax in the U.S. in respect of the profits, attributed thereto as aforesaid in accordance with the Federal corporate tax rate (at a rate of 21%) and Texas State Franchise Tax (whose rate on 31 December 2025 was 0.75% of the "taxable margin", as defined in the law), which constitutes an expense for the purposes of the calculation of the Federal tax. In addition, under certain circumstances, a "branch tax" at the rate of 12.5% may be levied on part of the profits of the partnerships (even if not yet actually distributed). If such profits are reinvested for business in the U.S. and subject to compliance with additional conditions, the "branch tax" may be deferred.

In a similar manner, the general partners in the American partnerships, that are also held by the Group, will be liable for tax in the U.S. in respect of their share (1%) of the profits (losses) from the rental of the real properties and/or from the sale thereof, in accordance with the tax rates that are mentioned above (with the exclusion of "branch tax").

In accordance with the provisions of Section 63 of the Ordinance, the limited partners (the Company and its subsidiary), will be liable for corporate tax in Israel in respect of their share of the profits from the rental of the land in the U.S. and in the real capital gain that is derived from their sale by the American partnerships.

In the case of tax payable in the U.S., in respect of which it is not possible to obtain a tax credit in Israel in the tax year in which it was paid, *inter alia*, by reason of losses for tax purposes incurred by the subsidiary - a credit may be obtained in respect thereof (in adjusted values, in accordance with the rate of the rise in the CPI) against the tax imposed on the subsidiary in Israel in respect of revenues from lease overseas in the 5 subsequent years.

(3) The Company has a holding (100%) in U.S. subsidiaries that are liable for tax in the U.S.. The subsidiaries are liable for Federal Tax on the companies' current income and capital gains from the sale of the real properties at the rate of 21%, and for Texas state tax.

(4) The Company has a holding (100%) in the Norwegian GM. The corporate tax rate in Norway is 22%.

Note 25 - Taxes on Income (Cont.)

A. Details in respect of the tax environment in which the Group operates: (Cont.)

(5) The Company has a holding (100%) in English companies. The corporate tax rate in England until 1 April 2023 was 19%. Starting from this date, the corporate tax rate will change according to the level of the company's profits and will be 19% for companies with a profit of less than £50 thousand and up to 25% for companies with a profit of more than £250 thousand.

(6) The Encouragement of Capital Investments Law, 5719-1959 (the "**Law**") Chapter "Seventh 1" grants tax benefits to investors in a qualified property used for apartment rental in accordance with the conditions set forth in the Law. An institutional rental track is a track that took effect on 18 November 2021, when the Economic Program Law (Legislative Amendments to Implement the Economic Policy for the Budget Years 2021 and 2022), 5782-2021, was published in the Official Gazette, and which, among other things, extended the rental period to at least 15 years, and established a differential reduction of the tax on the income from the sale or rental of the apartments.

The Company received approval for a residential rental building - institutional rental track in accordance with Chapter 'Seventh 1' of the Law from the Authority for Investments and Development of the Industry and Economy (the "**Investment Authority**") for the Azrieli Town project in Tel Aviv and for the Modi'in West project.

The tax brackets for the rental of apartments in a building for institutional rental will be, in the first rental period (5 years): 11% corporate tax; in the second rental period (5 years of rental after expiration of the first rental period): 9% corporate tax; in the third rental period (5 years of rental after expiration of the second rental period): 7% corporate tax; and in the rental period following the third: 5% corporate tax. The tax brackets also apply to the sale of the apartments.

The tax rate on dividends originating from taxable income generated from the sale or rental of apartments in a building for institutional rental, is 20%.

In respect of an apartment rented through an institutional rental track, the Company will be entitled to claim accelerated depreciation at the rate of 20%.

In addition, there is a VAT exemption for the sale of apartments that have been put up for rent for the required minimum period.

B. Tax expenses on income recognized in the income statement:

	For the year ended 31 December		
	2025	**2024**	**2023**
	NIS in millions	**NIS in millions**	**NIS in millions**
Current tax expenses			
For the current period	(93)	(92)	(83)
Net taxes in respect of previous years	1	3	(1)
	(92)	(89)	(84)
Taxes for sale of holding in associate	-	-	(250)
Deferred tax expenses	(414)	(353)	(301)
Total expenses of taxes on income	(506)	(442)	(635)

Note 25 - Taxes on Income (Cont.)

C. Taxes on income in respect of the components of other comprehensive income:

	As of 31 December 2025			As of 31 December 2024			As of 31 December 2023		
	Amounts before tax	Tax expenses(*)	Amounts net of tax	Amounts before tax	Tax expenses(*)	Amounts net of tax	Amounts before tax	Tax income(*)	Amounts net of tax
	NIS in millions								
Translation differences from foreign operations	(317)	-	(317)	(610)	-	(610)	109	-	109
Change in the fair value of financial assets	922	(208)	714	484	(107)	377	7	2	9
Write-off of capital reserves for disposition of company accounted for using the equity method	-	-	-	-	-	-	(163)	-	(163)
Profit (loss) from cash flow hedging	(22)	-	(22)	12	-	12	(9)	-	(9)
Share in comprehensive income (loss) including investee companies	-	-	-	-	-	-	2	-	2
Total other comprehensive income (loss)	583	(208)	375	(114)	(107)	(221)	(54)	2	(52)

(*) The deferred taxes were calculated according to a tax rate of 23%.

Note 25 - Taxes on Income (Cont.)

D. Compatibility between the theoretical tax on the income before income taxes and the tax expenses:

	For the year ended 31 December		
	2025	**2024**	**2023**
	NIS in millions	**NIS in millions**	**NIS in millions**
Income before income taxes	2,394	1,924	2,853
The Company's principle tax rate	23%	23%	23%
Tax calculated at the Company's principle tax rate	551	443	656
Addition (saving) in the tax liability in respect of:			
Different tax rates and laws in subsidiaries that operate outside of Israel	(15)	(6)	(1)
Net of results of companies accounted for using the equity method	(37)	(2)	(17)
Exempt income	(22)	(15)	(12)
Utilization and creation of deferred taxes in respect of losses and benefits from previous years, in respect of which deferred taxes were not recorded	(1)	-	(16)
Losses and benefits for tax purposes from the period in respect of which deferred taxes were not recorded	21	19	54
Change in temporary differences for which no deferred taxes are recognized	1	-	-
Taxes in respect of previous years	(1)	-	1
Differences in the definitions of capital, assets and expenses for tax purposes and others	(11)	31	(43)
Different tax rate under the Encouragement of Capital Investments Law	(8)	(17)	2
Other differences	28	(11)	11
Expenses of taxes on income	506	442	635

Note 25 - Taxes on Income (Cont.)

E. Deferred tax assets and liabilities:

(1) Deferred tax assets and liabilities that have been recognized:

The deferred taxes in respect of companies in Israel have been calculated in accordance with the aforesaid tax rates that are expected to apply at the time of the reversal. Deferred taxes in respect of subsidiaries that operate outside of Israel have been calculated in accordance with the relevant tax rates in each country.

The deferred tax assets and liabilities are attributed to the following items:

	Real estate and PP&E	Employee benefits	Financial instruments (1)	Deductions and losses to be carried forward for tax purposes	Others (2)	Total
	NIS in millions					
Deferred tax as of 1 January 2024	(5,399)	7	(131)	655	25	(4,843)
Changes carried to profit and loss	(381)	-	-	38	(10)	(353)
Changes carried to other comprehensive income	-		(107)	-	-	(107)
Effect of exchange rate changes	46	-	-	(8)	-	38
Deferred tax as of 31 December 2024	(5,734)	7	(238)	685	15	(5,265)
Changes carried to profit and loss	(516)	-	-	77	25	(414)
Changes carried to other comprehensive income	-	-	(210)	-	2	(208)
Start/end of consolidation	(6)	-	-	3	(34)	(37)
Carried to retained earnings	-	-	110	(110)	-	-
Effect of exchange rate changes	30	-	-	(10)	-	20
Deferred tax as of 31 December 2025	(6,226)	7	(338)	645	8	(5,904)

(1) Primarily for financial assets at fair value through other comprehensive income.

(2) Primarily doubtful debts, linkage differentials on deposits from customers and excess cost from the acquisition of ZMH Hammerman Ltd.

Note 25 - Taxes on Income (Cont.)

E. Deferred tax assets and liabilities: (Cont.)

(2) Deferred tax assets that have not been recognized:

Deferred tax assets were not recognized in respect of the following items:

	As of 31 December	
	2025	2024
	NIS in millions	NIS in millions
Losses for tax purposes	736	692

(3) Losses and deductions for tax purposes that are available to be carried forward to the following years:

(a) Current business losses and deductions from a future tax liability according to an assessment agreement for tax purposes of the Company and Consolidated Companies, which are carried forward to the following years amount, as of 31 December 2025, to approx. NIS 3,082 million (as of 31 December 2024 – approx. NIS 3,400 million).

As of 31 December 2025, Consolidated Companies have recorded deferred tax assets in the sum of NIS 581 million in respect of accumulated business losses (31 December 2024 – NIS 693 million) in accordance with the management's evaluation that these losses and deductions will be realized in the coming years.

(b) The Company and Consolidated Companies have accumulated capital losses for tax purposes in the sum of approx. NIS 262 million (as of 31 December 2024 – approx. NIS 240 million). The Company and Consolidated Companies recorded deferred tax assets in the sum of NIS 60 million in respect of accumulated capital losses (as of 31 December 2024 – NIS 55 million).

(c) According to the existing tax laws, there is no time restriction on the exploitation of losses for tax purposes, or on the exploitation of the deductible temporary differences. Deferred tax assets have not been recognized in respect of such losses and differences, in cases where it is not expected that there will be sufficient chargeable income in the coming years against which it will be possible to exploit the tax benefits.

(d) The Group does not record deferred taxes that relate to investments in investee companies in respect of which the decision as to the disposition thereof is in the Group's hands whenever there is no decision to realize them in the foreseeable future.

F. Tax assessments:

The Company has final tax assessments through 2020 tax year.

On 29 December 2022, a settlement agreement was signed between the Company and Canit Hashalom Investments Ltd., a wholly-owned subsidiary of the Company, with the Israel Tax Authority in respect of tax assessments pursuant to Section 152(B) of the Income Tax Ordinance for the years 2017-2020 (the "**Settlement Agreement**"). According to the Settlement Agreement, the Company shall pay a sum of NIS 130 million, most of which will be returned to the Company in the coming years as a deduction from future tax liability (timing differences). The Settlement Agreement has no material effect on the Company's financial results.

Some of the Consolidated Companies have final tax assessments through 2020 tax year.

Save for the abovementioned companies, the other Group companies in Israel have final tax assessments through 2020, some in the framework of Section 145(a)(2) of the Income Tax Ordinance (Prescription).

Note 25 - Taxes on Income (Cont.)

G. The Pillar Two rules, released on 20 December 2021, are designed to ensure that large multinational groups pay a minimum level of tax on the income generated in each country in which they operate. The said directives apply to multinational groups whose income turnover in the consolidating parent company's consolidated statement is equal to or higher than €750 million in at least two of the four years preceding the reviewed tax year.

According to the Pillar Two directives, the effective tax rate is calculated for each country in which the group operates, and accordingly a determination is made as to whether the group has an additional tax liability deriving from the difference between the effective tax rate for that country and the minimum tax rate determined in the Pillar Two directives (15%).

Any resulting supplementary tax is charged according to an adjusted system of integrated tools introduced into the Pillar Two rules, designed to ensure collection of the said supplementary tax.

Temporary relief from the calculations of the effective tax rate according to the Pillar Two directives was given for the jurisdiction in which the multinational group operates, when meeting the Transitional Safe Harbor tests, for the transition period (in the years 2024-2026).

The Group's exposure from Pillar Two legislation:

The Pillar Two rules have been materially enacted in certain jurisdictions in which the Group operates. The legislation took effect from 1 January 2024 in certain countries where the Group operates. The Group has made an assessment of the potential tax exposure from the Pillar Two rules. This assessment is based on the most current information available on the financial performance of the Group's entities in the various countries.

Based on the assessment made in accordance with the Transitional Safe Harbor rules and the status of the Pillar Two legislation in the various countries in which the Group operates, the Group has not identified any potential additional tax exposure from the Pillar Two rules for the year ended 31 December 2025.

Note 26 - Engagements

The Company and Consolidated Companies have engagements and liabilities as of the date of the Statement of Financial Position, as follows:

A. Material engagements:

		NIS in millions
(1)	For the performance of projects	2,050

(2) With respect to the engagements with Related and Interested Parties, see Note 32.

B. Additional engagements:

(1) The Company and subsidiaries thereof engaged with OPC Rotem Ltd. ("**OPC**"), an independent power producer, in an agreement to purchase electricity. In addition, the companies of the Group engaged in a parallel agreement between them, which regulates the relationship between the companies of the Group in relation to the aforesaid agreement. Pursuant to the agreement, OPC shall sell electricity to the companies of the Group in the volume that is set forth in the agreement, in consideration for a tariff which varies according to actual consumption which is based on the tariffs of the Israel Electric Corporation Ltd. (the "**IEC**"), net of various discount rates determined in the agreement, which depend on the companies' volumes of consumption. The agreement is effective for a 15-year period, commencing from July 2013. The agreement sets forth special conditions that allow the parties to terminate it by giving an advance notice. In the event that OPC's power plant does not work and does not supply electricity for any reason whatsoever, electricity shall be supplied directly from the IEC. The agreement sets forth maximum and minimum volumes of electricity consumption by the companies of the Group. In the event of failure to meet the minimum volumes, the discount shall be gradually reduced.

The Group's companies reserve the right to purchase 100 megawatt hour more, in the event of the construction of an additional power plant by OPC's parent company.

Note 26 - Engagements (Cont.)
B. Additional engagements: (Cont.)

(2) On 20 May 2015, Consolidated Companies in the senior housing segment entered into a trust agreement with a trust company, whereby it will serve as the trustee for the residents of the senior home for the registration of the mortgages in their favor. Pursuant to the agreement, the Consolidated Companies registered a first ranking mortgage in favor of the trust company at the Land Registry, on a majority of the sub-parcels that constitute the land of the senior home. The Consolidated Companies are working to complete the registration of the mortgage in favor of the trust company on all of their sub-parcels in the senior homes.

(3) Azrieli Holon Center:

The Group, via Canit Hashalom, is the owner of leaseholds in a reserve of land of a total area of approx. 30,000 sqm in the East Holon Industrial Area (in this section: the "**Land Reserve**") under an agreement that was signed between the Municipality of Holon and Canit Hashalom on 5 June 2008 (in this section: the "**Agreement**") and approved by the Minster of the Interior in December 2008.

The entire Land Reserve is owned by the Municipality of Holon, without any known charges or mortgages. In accordance with the Agreement the project is for the construction of a business park, including buildings for hi-tech, offices, display halls and retail, service areas and parking areas as well as for additional uses (in this section: the "**Project**").

The Project was built and is operated as an income-producing property (for rental) by way of a joint venture, where the material terms of the transaction are as follows:

(a) The Municipality of Holon is leasing to Canit Hashalom, in accordance with the Agreement, for a period of 99 years with an option for an additional 99 years for a payment, 83% of the areas and land of the Project.

(b) The Project is managed and operated by the Company as an income-producing property that is held jointly by the two parties, where the areas of the Project are leased as a common reserve for both parties. The areas are leased via Canit Hashalom, and the division of the rent is carried out using a mechanism that has been agreed by the two parties.

(c) The Project is managed by a management company. The management fees are on the basis of cost+15% and constitute the fees of the management company.

(d) The Agreement sets various restrictions on the transfer of rights in areas in the Project and/or in the rights and undertakings of Canit Hashalom thereupon. It is further determined in the Agreement that the transfer of shares, including by way of a public offering, in shares of Canit Hashalom in an amount of up to 25% will be permitted. It is further clarified that the provisions relating the transfer of rights and a change in the ownership structure will not apply to the parent company or to a subsidiary or an affiliate of Canit Hashalom.

(e) The Group treats this Project as a joint arrangement which constitutes a joint activity.

(4) On 25 May 2025, the Company signed a term sheet with Shikun & Binui Energy Ltd. (SBE), for a combined transaction, for the acquisition of 50% of the rights in a project for the construction of a solar power facility in the Ramat Beka region over an area of ~848 thousand sqm (the "**Project**" or the "**Facility**"), which is currently under development; sale of all the power to be produced and stored at the Facility to a corporation wholly-owned by SBE (the "**Supplier**"); and purchase of all the power to be produced at the Facility by the Company, and purchase of an additional electricity capacity to be supplied by the Suppler to the Company from various sources, for the entire period of commercial operation of the Facility. After the report period, on 22 January 2026, the detailed agreement with SBE was signed, based on the term sheet. See Note 34B.

Note 26 - Engagements (Cont.)

B. Additional engagements: (Cont.)

(5) On 31 December 2025, ZMH Hammerman was awarded tenders of the Israel Land Authority (ILA) for the purchase of a leasehold in a lot for the construction of 118 apartments and approx. 600 sqm of retail space in Herzliya, for NIS 148.2 million, plus approx. NIS 12 million for development costs, and a total (in two separate tenders) of 490 apartments and approx. 4,700 sqm of retail space in two projects to be built in Petach Tikva, for the sum total of NIS 336.3 million, plus approx. NIS 106 million for development costs.

(6) On 29 December 2025, an indirectly wholly-owned subsidiary of the Company entered into an agreement with an international technology company (the "**Customer**") for the provision of 80MW of DC services to the Customer, in a new designated campus to be built in Norway for purposes of provision of the services to the Customer. The campus will be built subject to the receipt of required permits, licenses and approvals, including arrangement of the supply of electricity to the project and the receipt of all of the related approvals and permits for connection of such electricity; building, planning and construction permits and additional infrastructure permits for the project and its vicinity; raising of financing required for construction of the project, etc.

After the balance sheet date, on 25 February 2026, a letter of consent was signed for a non-binding term sheet for receipt of funding for the project. For further details see Note 34E.

Note 27 - Charges and Guarantees

A. Fixed and floating charges:

		As of 31 December	
		2025	**2024**
		NIS in millions	**NIS in millions**
Loans from banks and others (including accumulated interest presented in short-term)	(1)	4,860	3,556
Senior housing residents' deposits	(2)	1,513	1,425

(1) A charge on deposits, rights to receive money and real properties of the Company and some of the Investee Companies.

The book value of the pledged assets as of 31 December 2025 – approx. NIS 12.2 billion.

(2) On the date of entry of residents, Consolidated Companies register caveats in favor of the residents or the depositors, the purpose of which is to ensure repayment of the balance of the deposit. The collateral is to be deleted upon the registration of another permanent collateral in the form of a mortgage.

Some of the homes are in the process of condominium registration.

According to the provisions of the Senior Housing Law, the Consolidated Companies and the partnerships that hold senior housing properties are required to give the residents collateral. Until amendment of the Senior Housing Law as specified below, the options for collateral included, *inter alia*, a bank guarantee or a mortgage.

On 25 July 2018, an amendment was published to the Senior Housing Law pertaining to the collateral used to secure the residents' deposits, which took effect in late January 2020. On 14 June 2022, the alternatives for securing the deposit were updated in the Senior Housing Regulations (Disclosure Document Form) (Amendment), 5783-2022, which determine, *inter alia*:

Note 27 - Charges and Guarantees (Cont.)

A. Fixed and floating charges: (Cont.)

(2) (Cont.)

1) The imposition of an obligation to provide collateral to secure the full deposit deposited by the resident.

2) The bearing of all of the costs entailed by provision of such collateral.

3) Denial of the resident's right to waive receipt of collateral.

In some of the Investee Companies, mortgages in trust and corresponding pledges were registered in the name of trustees for the residents or depositors of the senior homes. In addition, caveats were registered in favor of some of the residents on apartments and additional areas in the senior home, the purpose of which is to secure restitution of the balance of the deposit.

In circumstances where the senior home was under construction, and after the resident moves into the senior home, as aforesaid, the Investee Company / partnership may register a caveat regarding an undertaking to register a mortgage on his right in the land in favor of a trustee who shall be appointed by the residents or in favor of the resident. Such caveat shall be for a period that shall not exceed two years, and upon conclusion of the period, the Investee Company / partnership shall register a mortgage on his right in the land.

(3) The Company committed to banking corporations, financial institutions and in the bond indentures that it would not create floating charges over its entire assets. The Company may create a floating charge as aforesaid, provided that concurrently with the creation thereof, it will create a floating charge in favor of the lender as well. The Company also committed, irrevocably, to a banking corporation that it had not created and will not create a floating charge over its entire property and assets, whether they are owned thereby or will be owned thereby in the future, including over the goodwill and share capital thereof, and it also committed towards another banking corporation not to commit in any manner to create a floating charge as aforesaid, without the advance written agreement of the banking corporation.

With respect to charges that were given regarding a loan taken by a consolidated company, see Note 16B(7).

Note 27 - Charges and Guarantees (Cont.)

B. The Company and Consolidated Companies have contingent liabilities:

		As of 31 December	
		2025	**2024**
		NIS in millions	**NIS in millions**
(1)	Performance and other guarantees:		
	- Guarantees to authorities.	75	80
	- Performance guarantees to customers and others	636	-
		711	80
(2)	Guarantees to lessor in respect of usage rights for LTC units.	1	1
(3)	A guarantee provided by a Consolidated Company in favor of a Consolidated Company thereof in respect of its liabilities to its customers.	4	4

(*) In addition to guarantees given by the Company and an Investee Company to consolidated limited partnerships thereof overseas and to Consolidated Companies thereof overseas, for their liabilities to financial corporations, which are enforceable only in several specific cases defined in the loan agreements (Bad Boy).

Note 28 - Contingent Liabilities

A.	Parties	Amount of claim	Nature of claim	Prospects of claim
1.	Class action against the Company and officers thereof	The class action amount is estimated at approx. NIS 256 million	On 18 May 2025, a motion was received for certification of a class action against the Company and officers thereof (the "**Motion**"). The Motion raises claims in connection with the disclosure in the Company's reports on negotiations conducted by a subsidiary of the Company for the construction of a data center campus in Norway, for the supply of ~120MW of DC services.	At this preliminary stage, it is impossible to assess the prospects of the certification motion.
2.	Action in tort against Canit Hashalom and a former officer	Action in tort in the sum of NIS 55 million and, on the other hand, a pecuniary claim by Canit Hashalom in the sum of NIS 15 million.	In May 2017, Canit Hashalom filed a pecuniary claim in the sum of NIS 15 million with the Tel Aviv District Court, against the companies Winditaly Ltd. and Gualini S.p.A. (jointly: "**Gualini**"), in relation to the performance of a project in which Gualini served as subcontractors. Along with the filing of the claim, Canit Hashalom forfeited a bank guarantee in the sum of NIS 2.7 million. Gualini filed an answer in which they denied Canit Hashalom's claims and filed a countersuit in the sum of NIS 55 million against Canit Hashalom and a former officer, in which countersuit they alleged failure to pay the full contractual consideration, damage to reputation and loss of future profit in Israel and unlawful forfeiture of a bank guarantee.	On 5 October 2025, a judgment was issued granting most of the claim filed by Canit and denying most of the counterclaim filed by Gualini. The judgment rules that Gualini shall pay Canit the sum of NIS 14,854 thousand plus linkage differentials and interest, and shall bear Canit's costs in the sum of NIS 550 thousand, and Canit is required to pay Gualini the sum of NIS 1,717 thousand plus linkage differentials and shall bear Gualini's costs in the sum of NIS 85 thousand. On 20 January 2026, Gualini filed an appeal from the judgment with the Supreme Court.
3.	Claim for pecuniary remedy against Palace Lehavim Limited Partnership	A claim for approx. NIS 23 million	In December 2021, "Or Sadeh" filed a Complaint against the partnership in respect of finishing and system work performed thereby in the Palace Lehavim senior housing project. On 6 June 2022, the partnership filed an Answer and a Counterclaim against the plaintiff in the sum of approx. NIS 26 million. The parties held a mediation, with no outcome. The legal proceeding has been fully transferred to the court.	At this stage, it is impossible to assess the chances of the claim.
4.	Class action against ZMH Hammerman and its partner	A claim for approx. NIS 40 million (ZMH Hammerman's share – approx. NIS 20 million)	A class action filed against ZMH Hammerman and its partner pertaining to the method of calculation of the linkage of apartment buyers' payments to the construction input index in the sum of approx. NIS 40 million (ZMH's share – approx. NIS	In the estimation of the Company and its legal counsel, the provision for the said claim is sufficient to cover the expenses if the claim is granted.

20 million)

B. Additional claims (mostly legal and in insignificant amounts) arising from the ordinary course of business have been submitted against the Group companies.

C. In the estimation of the Company's management, based on its legal counsel, the provisions recorded to settle the results of the claims outlined above are adequate.

Note 29 - Management of Financial Risks

A. General:

The Group is exposed to the following risks, which derive from the use of financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk (including currency risk, interest risk and other price risks).

Information is provided in this Note in respect of the Group's exposure to each of the abovementioned risks, the Group's objectives, its policy and its processes in respect of the measurement and management of the risk. Additional, quantitative disclosure is provided throughout these Consolidated Financial Statements.

The comprehensive responsibility for establishing the framework for the management of the financial risks of the Company and its subsidiaries (except for management of the risks of the senior housing segment and the data centers segment, which is carried out thereby) and for overseeing the same rests with the Company's management.

The Company has a Finance Committee, which is responsible, *inter alia*, for supervising and monitoring the management of the Company's financial risks, and also supervises Management as pertains to the implementation of its decisions.

The officer in charge of financial risk management in the Company is the Company's CFO, Mr. Ariel Goldstein.

The Company's managers routinely examine the market risks in the fields of interest, the index and the exchange rates and act to reduce the economic exposure that is inherent in those risks, whilst taking cost-benefit considerations, such as changes in the composition of the long-term and short-term bank and non-bank credit, into account.

B. Credit risk:

Credit risk is the risk of a financial loss that would be caused to the Group if a customer or a counter party to a financial instrument does not meet its contractual commitments, and it derives primarily from the debts of customers and other receivables, from the long-term loans that have been extended and from investments in securities.

The Group has no significant credit risk from its customers in the retail centers and malls segment, the office and other space for lease segment, the rental housing in Israel segment and the income-producing property in the U.S. segment, since the Group collects its income in respect of rent and management fees in advance. Moreover, in most cases, as collateral for the rent, the tenants are required to prove personal guarantees from third parties and/or bank guarantees and/or deposits, to the Company's satisfaction.

The Group has no significant credit risk from its customers in the senior housing segment, since the Group collects a significant portion of the deposit required of the resident prior to his moving into the apartment.

The Group has no significant credit risk from its customers in the data centers segment, since most of the Group's revenues are from international public companies with a high credit rating who pay on a monthly basis.

The Group does not have significant credit risk from its customers in the residential sales segment, since the Group does not hand over the apartments until the full contractual consideration is received.

C. Liquidity risk:

Liquidity risk finds expression in the non-ability to meet the Group's financial commitments when they are due for payment. The Group's approach to the management of its liquidity risk is to ensure, in so far as it is possible, that there is a sufficient level of liquidity to meet its commitments on time. The Group verifies the existence of sufficient levels of cash and/or credit lines in accordance with the expected needs for the payment of the operating expenses, including the amounts that are required to meet the financial liabilities; the aforesaid does not take into account the potential impact of extreme occurrences, which it is not reasonably possible to forecast.

The Group is of the opinion that at the time of need, financing entities will grant it the credit required thereby for the purposes of its business.

Note 29 - Management of Financial Risks (Cont.)

D. Market risks:

Market risk is the risk that changes in market prices, such as the exchange rates of foreign currencies, the CPI, the Construction Input Index, interest rates and prices of capital instruments, will have an impact on the Group's income or on the value of its holdings in financial instruments.

The objective of the management of market risks is to manage and supervise the exposure to market risk within the framework of generally accepted parameters.

Currency risk:

The Company's functional currency is the New Israeli Shekel (NIS).

The Group has loans in USD, NOK, GBP, and EUR, therefore its financial results are exposed to the risk of a change in the USD, NOK, GBP and EUR exchange rates. Most of the Group's income in the income-producing property in the U.S. segment and in the DC segment is stated in USD, EUR, GBP and NOK, such that a rise in the exchange rate as aforesaid leads to an increase in income from lease and in the value of the property, and reduces this risk.

Interest rate risk:

The Group has short-term and long-term credit at variable interest rates. Accordingly, its financial results (financing income/expenses) are exposed to the risk of a change in the interest rates (as of 31 December 2025, ~13% of the credit from financial corporations and bonds are at variable interest rates). The Company hedged most of the amount against changes in the variable interest rate.

Index risks:

The Group has loans and bonds that are index-linked, and therefore its financial results (financing income/expenses) are exposed to the risk of a change in the index.

Most of the Group's income in the retail centers and malls segment, in the office and other space for lease segment and in the rental housing in Israel segment are linked to the CPI, such that an increase in the index, as aforesaid, will lead to an increase in the rent income and a reduction in this risk.

Furthermore, the index rise bears an impact on the calculation of the value of investment property due to the increase in rent revenues.

Senior housing companies are exposed to the effect of changes in the CPI on tenant deposits, which are linked to the CPI.

ZMH Hammerman is exposed to changes in the construction input index. Increases in construction input costs may affect the contractual prices under the Company’s engagements with its subcontractors, which are linked to changes in this index.

Currency risk – cash:

As of 31 December 2025, some of the cash is managed overseas in USD, EUR, GBP and NOK, and therefore the Company may be exposed to fluctuations in the currencies’ exchange rates.

Other price risk:

The Company has a holding in Bank Leumi’s shares that are traded on TASE. Changes in the price of Bank Leumi’s stock may affect the equity. The Company does not hedge against such exposure.

Note 30 - Financial Instruments

A. Credit risk:

The book value of the financial assets represents the maximum credit exposure.

The maximum exposure to credit risk as of the date of the Statement of Financial Position was as follows:

	Book Value	
	As of 31 December	
	2025	2024
	NIS in millions	NIS in millions
Financial assets at amortized cost:		
Short-term deposits and investments	27	2
Trade accounts receivable	493	132
Other receivables	256	300
Non-current investments and loans	596	540
	1,372	974

Note 30 - Financial Instruments (Cont.)

B. Liquidity risk:

Set forth below are the projected repayment dates of the financial liabilities, including an estimate of interest payments:

	As of 31 December 2025							
	Book value	Forecasted cash flow	2026	2027	2028	2029	2030 forth	No repayment date /upon demand
	NIS in millions							
Non-derivative financial liabilities								
Short-term credit from financial corporations (1)(2)	836	836	836	-	-	-	-	-
Trade accounts payable	580	580	580	-	-	-	-	-
Other payables	209	209	209	-	-	-	-	-
Deposits from customers	1,513	1,513	-	-	-	-	-	1,513
Long-term loans from financial corporations (3)	4,861	5,770	422	1,783	527	1,714	1,324	-
Bonds (3)	23,298	28,270	2,238	2,306	2,372	1,943	19,411	-
Long-term deposits from customers	77	77	-	-	77	-	-	-
	31,374	37,255	4,285	4,089	2,976	3,657	20,735	1,513

(1) The book value includes accrued interest.

(2) The operating cycle of ZMH Hammerman Ltd. exceeds one year and extends up to five years. Consequently, the loans are classified as current liabilities.

(3) The book value includes current maturities and accrued interest.

Note 30 - Financial Instruments (Cont.)

B. Liquidity risk: (Cont.)

		As of 31 December 2024							
		Book value	Forecasted cash flow	2025	2026	2027	2028	2029 forth	No repayment date /upon demand
		NIS in millions							
Non-derivative financial liabilities									
Short-term credit from financial corporations	(1)	712	738	738	-	-	-	-	-
Trade accounts payable		617	617	617	-	-	-	-	-
Other payables		182	182	182	-	-	-	-	-
Deposits from customers		1,425	1,425	-	-	-	-	-	1,425
Long-term loans from financial corporations	(2)	3,561	4,168	460	285	1,664	139	1,620	-
Bonds	(2)	21,769	25,925	1,903	2,103	2,169	2,233	17,517	-
Long-term deposits from customers		79	79	-	-	79	-	-	-
		28,345	33,134	3,900	2,388	3,912	2,372	19,137	1,425

(1) The book value includes accrued interest.

(2) The book value includes current maturities and accrued interest.

Note 30 - Financial Instruments (Cont.)

C. Index and foreign currency risks:

(1) Exposure to Index and foreign currency risk:

The Group's exposure to index and foreign currency risk, based on nominal values, is as follows:

	As of 31 December 2025			
	Israeli currency	Foreign currency		
	CPI-linked	USD	NOK	Other (*)
	NIS in millions	NIS in millions	NIS in millions	NIS in millions
Assets	-	331	453	143
Liabilities	(25,910)	(859)	(3,031)	(491)
Total net balance sheet balance	(25,910)	(528)	(2,578)	(348)

	As of 31 December 2024			
	Israeli currency	Foreign currency		
	CPI-linked	USD	NOK	Other (**)
	NIS in millions	NIS in millions	NIS in millions	NIS in millions
Assets	-	521	426	45
Liabilities	(24,357)	(1,061)	(1,715)	(317)
Total net balance sheet balance	(24,357)	(540)	(1,289)	(272)

(*) Mainly Euro, NOK and GBP.
(**) Mainly Euro and GBP.

Note 30 - Financial Instruments (Cont.)

C. Index and foreign currency risks: (Cont.)

(2) Sensitivity analysis

The strengthening of the New Israeli Shekel against the following currencies as of 31 December 2025 and an increase in the CPI would decrease the capital and the profit or loss, net of tax, by the amounts that are presented below. This analysis has been made on the assumption that the other variables, and especially the interest rates, remain fixed. The analysis in respect of year 2024 was made on the same basis.

	As of 31 December 2025	
	Capital	Profit (loss)
	NIS in millions	NIS in millions
3% rise in the CPI	(599)	(599)
3% rise in the USD exchange rate	(12)	(12)
3% rise in the NOK exchange rate	(59)	(59)
3% rise in the GBP exchange rate	(10)	(10)

	As of 31 December 2024	
	Capital	Profit (loss)
	NIS in millions	NIS in millions
3% rise in the CPI	(563)	(563)
3% rise in the USD exchange rate	(12)	(12)
3% rise in the NOK exchange rate	(30)	(30)
3% rise in the GBP exchange rate	(6)	(6)

Note 30 - Financial Instruments (Cont.)

D. Interest rate risk:

Type of interest:

Below are details regarding the interest type of the Group's interest-bearing financial instruments:

	Book value	
	As of 31 December	
	2025	2024
	NIS in millions	NIS in millions
Fixed interest instruments:		
Financial liabilities	25,572	24,037
Variable interest instruments:		
Financial liabilities (*)	3,605	2,166

(*) The Company hedged most of the amount against changes in the variable interest rate.

(1) Sensitivity analysis for the fair value in respect of fixed interest instruments:

The Group's assets and liabilities at fixed interest are not measured at fair value through profit and loss, therefore, a change in the interest rates is not expected to have any effect on the profit or loss in respect of changes in the value of assets and liabilities with fixed interest rates.

(2) Sensitivity analysis for variable interest instruments:

Since the Company has hedges against changes in the variable interest rate, a change in the interest rate on the reporting date would not cause a significant change in the profit or loss or in capital.

E. Other price risk:

Sensitivity analysis of the security price – financial assets at fair value through other comprehensive income (see Note 9).

If the prices of the held securities were higher by 10%, the effect after tax would be as follows:

The net income for the year ending 31 December 2025 would not be affected since these investments are accounted for through other comprehensive income.

The other comprehensive income would increase by approx. NIS 142 million as of 31 December 2025 as a result of the change in the fair value of the shares.

Note 31 - Fair Value

A. Assets and liabilities measured at fair value in the Statement of Financial Position:

For the purpose of measurement of the fair value of the assets or liabilities, the Group classifies them in accordance with the rating that includes the following three levels:

Level 1: Quoted (not adjusted) prices in active markets for identical assets or identical liabilities to which the entity has access at the time of measurement.

Level 2: Data, other than quoted prices included in level 1, that are directly or indirectly observable for the asset or liability.

Level 3: Non-observable data for the asset or liability.

The classification of the assets or liabilities that are measured at fair value is based on the lowest level significantly used for measuring the fair value of the entire asset or liability.

Below are the Group's assets and liabilities measured at fair value in the Company's Statement of Financial Position as of 31 December according to their measurement levels.

Fair value of items measured at fair value on a periodic basis:

	As of 31 December 2025		
	Level 2	Level 3	Total
	NIS in millions	NIS in millions	NIS in millions
Investment property:			
Retail centers and malls in Israel	-	15,776	15,776
Land and leasable office space in Israel	-	15,552	15,552
Land and investment property under construction in Israel	-	5,529	5,529
Rental housing in Israel	-	1,272	1,272
Senior housing	-	3,074	3,074
Total investment property in Israel	-	41,203	41,203
Income-producing property and land in the U.S.	-	1,508	1,508
Data centers under construction		1,550	1,550
Income-producing data centers	-	7,508	7,508
	-	10,566	10,566
Total investment property	-	51,769	51,769

Note 31 - Fair Value (Cont.)

A. Assets and liabilities measured at fair value in the Statement of Financial Position: (Cont.)

Fair value of items measured at fair value on a periodic basis:

	As of 31 December 2024		
	Level 2	Level 3	Total
	NIS in millions	NIS in millions	NIS in millions
Investment property:			
Retail centers and malls in Israel	-	15,334	15,334
Land and leasable office space in Israel	-	15,011	15,011
Investment property under construction in Israel	-	4,135	4,135
Rental housing in Israel	-	1,320	1,320
Senior housing	-	2,987	2,987
Total investment property in Israel	-	38,787	38,787
Income-producing property and land in the U.S.	-	1,807	1,807
Data centers under construction		300	300
Income-producing data centers	-	7,149	7,149
	-	9,256	9,256
Total investment property	-	48,043	48,043

Financial assets:

	As of 31 December 2025		
	Level 1	Level 2	Total
	NIS in millions	NIS in millions	NIS in millions
Financial assets designated at fair value through profit and loss:			
Non-marketable investments	-	6	6
Financial assets at fair value through other comprehensive income:			
Marketable shares	1,841	-	1,841
Total fair value of financial assets	1,841	6	1,847

	As of 31 December 2024		
	Level 1	Level 2	Total
	NIS in millions	NIS in millions	NIS in millions
Financial assets designated at fair value through profit and loss:			
Non-marketable investments	-	7	7
Financial assets at fair value through other comprehensive income:			
Marketable shares	1,516	-	1,516
Total fair value of financial assets	1,516	7	1,523

Note 31 - Fair Value (Cont.)

B. Assets and liabilities measured at fair value at level 3 in the Statement of Financial Position:

(1) Movement in investment property measured at fair value:

	Real Estate in Israel					Real Estate in the U.S.	Data Centers		
	Retail Centers and Malls	Offices and Other Space	Rental Housing	Senior Housing	Land and Investment Property Under Construction	Income-Producing Properties	Income-Producing Properties	Under Construction	Total
	NIS in millions								
Balance as of 1 January 2025	15,334	15,011	1,320	2,987	4,135	1,807	7,149	300	48,043
Profit or loss recognized as profit or loss	245	323	(45)	50	(229)	(90)	118	756	1,128
Acquisitions and investments	153	218	(3)	37	1,590	12	380	592	2,979
Start of consolidation (*)	52	-	-	-	33	-	-	-	85
Reclassification from PP&E	(8)	-	-	-	-	-	-	-	(8)
Net translation differences deriving from the translation of financial statements of foreign operations	-	-	-	-	-	(221)	(139)	(98)	(458)
Balance as of 31 December 2025	15,776	15,552	1,272	3,074	5,529	1,508	7,508	1,550	51,769

(*) See Note 7B.

Note 31 - Fair Value (Cont.)

B. Assets and liabilities measured at fair value at level 3 in the Statement of Financial Position: (Cont.)

	Real Estate in Israel					Real Estate in the U.S.	Data centers		
	Retail Centers and Malls	Offices and Other	Rental housing	Senior Housing	Under Construction	Income-Producing Properties	Income-Producing Properties	Under Construction	Total
	NIS in millions								
Balance as of 1 January 2024	14,703	14,580	1,089	2,836	3,835	1,766	3,192	2,612	44,613
Profit or loss recognized as profit or loss	270	105	63	127	32	7	132	177	913
Acquisitions and investments	159	109	-	24	842	25	618	1,349	3,126
Reclassification from PP&E	-	13	-	-	-	-	-	-	13
Reclassifications	202	204	168	-	(574)	-	3,520	(3,520)	-
Net translation differences deriving from the translation of the financial statements of foreign operations	-	-	-	-	-	9	(313)	(318)	(622)
Balance as of 31 December 2024	15,334	15,011	1,320	2,987	4,135	1,807	7,149	300	48,043

Note 31 - Fair Value (Cont.)

B. Assets and liabilities measured at fair value at level 3 in the Statement of Financial Position: (Cont.)

(2) Description of evaluation techniques:

Description of the measured instrument	Fair value as of 31 December 2025	Evaluation technique	Description of significant non-observable data	Mainly in the Range	Other data	Range
	NIS in millions					
Retail centers and malls in Israel	15,713	Income approach – DCF	Primary cap rate Fair value per sqm in NIS in thousands Occupancy rate (**)	6.25% - 7.25% NIS 10-101 thousand 83% - 100%	Marketable space (in sqm in thousands)	1-41 thousand sqm
Land	63	Comparison approach				
Offices and others in Israel:						
Existing office space for lease	14,509	Income approach – DCF	Primary cap rate Fair value per sqm in NIS in thousands Occupancy rate (**)	5.75%-7.65% NIS 8-32 thousand 94% - 100%	Marketable space (in sqm in thousands)	3-150 thousand sqm
Other space for lease	162	Income approach – DCF	Estimated average rent per sqm in NIS Primary cap rate	NIS 32 6%		
Land and rights	881	Comparison approach	Size-specific adjustment			

Note 31 - Fair Value (Cont.)

B. Assets and liabilities measured at fair value at level 3 in the Statement of Financial Position: (Cont.)

(2) Description of evaluation techniques: (Cont.)

Description of the measured instrument	Fair value as of 31 December 2025	Evaluation technique	Description of significant non-observable data	Mainly in the Range	Other data	Range
	NIS in millions					
Buildings under construction in Israel	890	DCF, net of the estimated construction costs expected to arise for completion thereof	Estimated rent per sqm in NIS	NIS 131	Estimated balance of construction costs expected per sqm Marketable space	NIS 8 thousand 40 thousand sqm
	4,639	Comparison approach	Specific adjustment for location, size and standard			
Income-producing property in the U.S.	1,492	Income approach – DCF	Estimated average rent per sqm in dollars (*) Primary cap rate Fair value per sqm in NIS in thousands Occupancy rate (**)	$12-27 6.75% - 9.25% 4-13 48% - 100%	Marketable space (in sqm in thousands)	3-92 thousand sqm
	16	Comparison approach	Size and standard			

Note 31 - Fair Value (Cont.)

B. Assets and liabilities measured at fair value at level 3 in the Statement of Financial Position: (Cont.)

(2) Description of evaluation techniques: (Cont.)

Description of the measured instrument	Fair value as of 31 December 2025	Evaluation technique	Description of significant non-observable data	Mainly in the Range	Other data	Range
	NIS in millions					
Senior housing	3,074	Income approach – DCF	Cap rate	8.25%		
			Annual resident turnover rate	8.3% - 14%		
Rental housing in Israel	1,272	Comparison approach				
Data centers	7,508	Income approach – DCF	Cap rate	6.30%-7.35%	Marketable space (in sqm in thousands)	2-18 thousand sqm
Data centers under construction	1,550	DCF, net of the estimated construction costs expected to arise for completion thereof (***)		10.9%		

(*) Calculated on the basis of average rent per marketable meter in each property separately.

(**) Calculated on the basis of each property separately, excluding properties under lease-up.

(***) The fair value estimate will increase if construction costs per sqm decrease, the rent payments increase, and the weighted cap rate decreases.

Note 31 - Fair Value (Cont.)

B. Assets and liabilities measured at fair value at level 3 in the Statement of Financial Position: (Cont)

(2) Description of evaluation techniques: (Cont.)

Description of the measured instrument	Fair value as of 31 December 2024	Evaluation technique	Description of significant non-observable data	Mainly in the Range	Other data	Range
	NIS in millions					
Retail centers and malls in Israel	15,271	Income approach – DCF	Primary cap rate Fair value per sqm in NIS in thousands Occupancy rate (**)	6.25% - 7.25% NIS 10-101 thousand 84% - 100%	Marketable space (in sqm in thousands)	1-41 thousand sqm
Land	63	Comparison approach				
Offices and others in Israel:						
Existing office space for lease	13,972	Income approach - DCF	Primary cap rate Fair value per sqm in NIS in thousands Occupancy rate (**)	5.75%-7.65% NIS 7-31 thousand 94% - 100%	Marketable space (in sqm in thousands)	3-150 thousand sqm
Other space for lease	155	Income approach – DCF	Estimated average rent per sqm in NIS Primary cap rate	NIS 35 6%		
Land and rights	884	Comparison approach	Size-specific adjustment			

Note 31 - Fair Value (Cont.)

B. Assets and liabilities measured at fair value at level 3 in the Statement of Financial Position: (Cont.)

(2) Description of evaluation techniques: (Cont.)

Description of the measured instrument	Fair value as of 31 December 2024	Evaluation technique	Description of significant non-observable data	Mainly in the Range	Other data	Range
	NIS in millions					
Buildings under construction in Israel	628	DCF, net of the estimated construction costs expected to arise for completion thereof	Estimated rent per sqm in NIS	NIS 129	Estimated balance of construction costs expected per sqm Marketable space	NIS 12 thousand 43 thousand sqm
	3,507	Comparison approach	Specific adjustment for location, size and standard			
Income-producing property in the U.S.	1,789	Income approach –DCF	Estimated average rent per sqm in dollars (*) Primary cap rate Fair value per sqm in NIS in thousands Occupancy rate (**)	$12-26 6.5% - 9.25% 4-15 45% - 100%	Marketable space (in sqm in thousands)	3-92 thousand sqm
	18	Comparison approach	Size and standard			

Note 31 - Fair Value (Cont.)

B. Assets and liabilities measured at fair value at level 3 in the Statement of Financial Position: (Cont.)

(2) Description of evaluation techniques: (Cont.)

Description of the measured instrument	Fair value as of 31 December 2024	Evaluation technique	Description of significant non-observable data	Mainly in the Range	Other data	Range
	NIS in millions					
Senior housing	2,987	Income approach – DCF	Cap rate	8.25%		
			Annual resident turnover rate	8.3% - 14%		
Rental housing in Israel	1,320	Comparison approach				
Data centers	7,149	Income approach – DCF	Cap rate	6.25% - 7.75%	Marketable space (in sqm in thousands)	2-18 thousand sqm
Data centers under construction	300	DCF, net of the estimated construction costs expected to arise for completion thereof (***)		10.9%		

(*) Calculated on the basis of average rent per marketable meter in each property separately.

(**) Calculated on the basis of each property separately, excluding properties under lease-up.

(***) The fair value estimate will increase if construction costs per sqm decrease, the rent payments increase, and the weighted cap rate decreases.

Note 31 - Fair Value (Cont.)

C. For a description of the evaluation processes used in determining the fair value – see Note 3B.

D. Fair value of items that are not measured at fair value in the Statement of Financial Position:

(1) Fair value by comparison to the book value:

Following are details regarding the fair value of certain items that are not measured at fair value in the Statement of Financial Position.

		As of 31 December 2025	
	Level of fair value	Book value	Fair value
		NIS in millions	NIS in millions
Non-current liabilities:			
Loans from banking corporations and other credit providers (*)	2	5,643	5,553
Bonds (*)	1	23,300	22,183
		28,943	27,736

		As of 31 December 2024	
	Level of fair value	Book value	Fair value
		NIS in millions	NIS in millions
Non-current liabilities:			
Loans from banking corporations and other credit providers (*)	2	3,561	3,429
Bonds (*)	1	21,769	20,719
		25,330	24,148

(*) The book value includes current maturities and accrued interest.

(2) The interest rates used in the determination of the fair value:

The interest's rates used in the discounting of the expected cash flows, where relevant, are based on the government yield curve for each individual type of loan, as of the report date, with the addition of an appropriate fixed credit margin, as follows:

	As of 31 December	
	2025	2024
	%	%
Non-current liabilities:		
Loans from financial corporations	3.6-7.7	3-7.72

Note 31 - Fair Value (Cont.)

E. Sensitivity to changes in the interest rates of the investment property cap rates:

As of 31 December 2025:

	Loss from changes in the market factor			Fair value of the assets	Profit from changes in the market factor			Valuation method
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions	
Rate of change	**2% absolute increase**	**10% increase**	**5% increase**		**5% decrease**	**10% decrease**	**2% absolute decrease**	
Weighted cap rate:								
5.28% - 6.25%	(1,672)	(626)	(341)	6,767	320	705	3,251	DCF method
6.26% - 6.99%	(5,701)	(2,252)	(1,246)	23,252	1,092	2,451	10,317	DCF method
7.0% - 7.79%	(996)	(391)	(196)	6,576	229	463	1,427	DCF method
7.8% - 8.25%	(632)	(260)	(132)	4,097	162	333	1,137	DCF method
8.26% - 13.32%	(407)	(221)	(115)	2,265	125	259	582	DCF method
Investment property and investment property under construction	(9,408)	(3,750)	(2,030)	42,957	1,928	4,211	16,714	

Note 31 - Fair Value (Cont.)

E. Sensitivity to changes in the interest rates of the investment property cap rates: (Cont.)

As of 31 December 2024:

	Loss from changes in the market factor			Fair value of the assets	Profit from changes in the market factor			Valuation method
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions	
Rate of change	**2% absolute increase**	**10% increase**	**5% increase**		**5% decrease**	**10% decrease**	**2% absolute decrease**	
Weighted cap rate:								
5.62% - 6.25%	(2,624)	(929)	(468)	11,040	593	1,210	5,209	DCF method
6.26% - 6.99%	(4,498)	(1,864)	(850)	18,495	1,096	2,229	8,713	DCF method
7.0% - 7.79%	(1,099)	(438)	(219)	6,985	263	527	1,633	DCF method
7.8% - 8.25%	(327)	(150)	(77)	3,338	86	182	520	DCF method
8.26% - 9.25%	(238)	(119)	(62)	930	69	145	373	DCF method
Investment property and investment property under construction	(8,786)	(3,500)	(1,676)	40,788	2,107	4,293	16,448	

Note 32 - Related Parties and Interested Parties

A. Parent company, Controlling Shareholder and subsidiaries:

As stated in Note 1A, most of the Company's shares are held by Nadav Investments Inc., a company controlled by Mses. Sharon Azrieli, Naomi Azrieli and Danna Azrieli.

On material subsidiaries, see Note 7.

B. Benefits for key managerial personnel (including directors who are employed by the Company):

Benefits in respect of the employment of key management personnel (including directors who are employed by the Group) include:

	For the year ended 31 December					
	2025		2024		2023	
	No. of persons	Amount NIS in millions	No. of persons	Amount NIS in millions	No. of persons	Amount NIS in millions
Short-term benefits (1) (2)		112.3	31	88.4	29	63.6
Other long-term benefits		0.7	3	0.2	4	1.3
		113.0		88.6		64.9

(1) See also Note 32C below.

(2) Including 8 directors who are not employed by the Company (in the years 2024 and 2023 – 8 and 8 directors, respectively).

Note 32 - Related Parties and Interested Parties (Cont.)

C. Transactions and balances with Related Parties and Interested Parties:

	For the year ended 31 December			As of 31 December	
	2025	2024	2023	2025	2024
	Amounts of Transactions			Balance in Balance Sheet	
	NIS in millions				
Interested Parties and affiliates owned by Interested Parties:					
Revenues from rent, management fee and parking	0.7	1.1	1.1	-	-
Trade and other payables	-	-	-	4.4	0.1

	Amounts of Transactions		
	For the year ended 31 December		
	2025	2024	2023
	NIS in millions	NIS in millions	NIS in millions
Key management personnel (including directors) in the Company: (*)			
Interested Parties employed by the Company	15	12	14
Number of persons to whom the benefit relates	2	2	2
Director remuneration for Interested Parties who are not employed by the Company (**)	0.4	0.4	0.3
Number of persons to whom the benefit relates	2	2	2
Remuneration for directors who are not employed by the Company (***)	1.9	1.9	1.6
Number of persons to whom the benefit relates	6	6	6

(*) This information is included in Section B above.
(**) See Note 32C(7).
(***) See Note 32C(8).

Note 32 - Related Parties and Interested Parties (Cont.)

C. Transactions and balances with Related Parties and Interested Parties: (Cont.)

(1) On 28 December 2014, after receiving the approval of the Company's Compensation Committee and Board, the general meeting of the Company approved the engagement in a management agreement with Ms. Danna Azrieli with respect to the terms and conditions of her office and employment as Active Chairwoman of the Board of the Company (in this section: the "**Management Agreement**"), an agreement which took effect on 1 January 2015, and the principles of which are specified below:

The Management Services, as hereinafter defined, shall be provided to the Company by Ms. Danna Azrieli through a company wholly-owned by her (in this section: the "**Management Company**"), in the framework of which services, Ms. Danna Azrieli shall serve as the Active Chairwoman of the Board of the Company on a full-time basis (100% position) (it is clarified that Ms. Danna Azrieli may continue to take additional actions, including philanthropic activities in which she is involved, from time to time, provided that the performance thereof does not affect the discharge of her duties in the Company) and shall provide the following services to the Company, through the Management Company: chairwoman of the executive board of the Company's management, overseeing the implementation of strategic decisions, formulating business and managerial decisions related to the development and management of the Company's properties, business development, financing and budget, targets and the examination of new operating segments, providing ongoing managerial and professional advice to the Company's management and the managers of the principal operating segments, overseeing, accompanying and analyzing business opportunities and leading transactions and acquisitions in Israel and overseas, overseeing existing projects and monitoring their progress, overseeing development and construction and business development overseas, responsibility for outlining the Company's community relations and representing the Company in conferences in Israel and overseas (in this section: the "**Management Services**").

Clawback clause – if and insofar as it transpires *post factum* that the figures on which the Company relied when granting an annual bonus as aforesaid to the Management Company are incorrect and that restatement thereof in the Company's Financial Statements is required, the Management Company shall repay the Company the difference between the amount of the bonus paid thereto based on such incorrect figures and the amount of the annual bonus to which it is entitled based on the figures following such restatement.

Reimbursement of expenses, car and telecommunication – the Company shall bear all of the expenses of the Management Company in the context of the provision of the Management Services, including entertaining expenses, travel and *per diem* expenses in Israel and abroad, all in accordance with the Company's procedures and against presentation of appropriate evidence up to a maximum amount as shall be determined by the Company's Audit Committee from time to time and which shall be determined appropriate thereby, taking into account the Company's business and the scope thereof. The Company shall further bear the costs of making available and maintaining a car for the purpose of providing the Management Services, the costs of use of telephony and telecommunication, and may also, from time to time and in accordance with the compensation policy, grant Ms. Danna Azrieli additional related benefits, such as a laptop, internet connection, subscriptions to financial newspapers and daily newspapers, payment for participation in professional conferences, professional literature, seminars, etc. Reimbursement of car and telecommunication expenses shall not exceed a maximum amount as shall be determined from time to time by the Audit Committee and which shall be determined appropriate thereby, considering the Company's business and the scope thereof.

The Management Agreement also includes the Company's undertaking of inclusion within an officers' insurance policy, and the grant of letters of exemption and indemnification in the standard language granted to the other officers of the Company, all subject to the provisions of the Companies Law and the approvals required thereunder, the Company's articles of association and the Company's compensation policy.

Note 32 - Related Parties and Interested Parties (Cont.)

C. Transactions and balances with Related Parties and Interested Parties: (Cont.)

(1) (Cont.)

Term of the agreement and termination thereof – the Management Agreement took effect on 1 January 2015 for a three-year period as of such date, unless extended prior thereto by agreement between the parties and subject to receipt of all of the approvals required under law. The Management Agreement may be terminated by the Management Company, on the one hand, and by the Company, by way of a board resolution, on the other hand, subject to a prior notice of 6 months in advance (with no adjustment period), other than in exceptional events in which it may be terminated by the Company with immediate effect.

Terms of Compensation until 2022:

In consideration for provision of the Management Services, the Company shall pay Ms. Danna Azrieli annual management fees as were updated in August 2019, as stated below.

Variable component – for the Management Services, the Management Company shall be entitled to an annual bonus, for each calendar year, deriving from the Adjusted Profit, as defined in the Management Agreement.

Cap and payment for a partial year:

The sum total of the annual bonus for each calendar year as aforesaid shall not exceed NIS 1.5 million. If the Management Services shall have been rendered during part of a calendar year, the Management Company shall be entitled to a bonus calculated according to the relative part in the annual calculation results, on the basis of a 365-day year, in accordance with the part of the year during which the Management Services were rendered and based on the consolidated annual statements for such year in which the Management Agreement commenced or ended.

On 6 October 2016, the general meeting of the Company's shareholders approved the extension of the Management Agreement for a three-year period, from the aforesaid meeting approval date, with no change to the agreement then in effect.

On 11 August 2019, the Company's general meeting approved, after approval by the Board and the Compensation Committee's recommendation, an update to the conditions of the management agreements with the Company's Chairwoman of the Board for a period of three years from this date, as follows:

a. Update to the fixed component:

The annual management fees will be NIS 3 million (which constitute monthly management fees in the sum of NIS 250 thousands), plus legal VAT, linked to the increase in the CPI for the month of April 2019, which was published on 15 May 2019 (the "**Fixed Management Fees**") (the consideration will not be reduced in the event of a decrease in the CPI in a given month, but the reduction will be deducted from future increases in the CPI). The Fixed Management Fees will be paid in each current calendar month.

b. Update to the annual bonus:

In a year in which the Adjusted Profit is lower than NIS 1,015 million - there is no bonus entitlement (the "**Bonus Threshold**"). It is clarified that if the Adjusted Profit is higher than such Bonus Threshold, no bonus shall be paid for an Adjusted Profit in the sum of up to NIS 1,015 million.

Note 32 - Related Parties and Interested Parties (Cont.)

C. Transactions and balances with Related Parties and Interested Parties: (Cont.)

(1) (Cont.)

b. (Cont.)

In a year in which the Adjusted Profit shall be NIS 1,015 million up to NIS 1,140 million – a bonus shall be paid at a rate of 0.5% of the difference between the Bonus Threshold and the actual Adjusted Profit; In a year in which the Adjusted Profit shall exceed NIS 1,140 million – a cumulative annual bonus shall be paid as follows:

1. For an Adjusted Profit in the amount of up to NIS 1,015 million – no bonus shall be paid;

2. For that part of the Adjusted Profit between NIS 1,015 million and NIS 1,140 million – 0.5% of the difference between NIS 1,015 million and NIS 1,140 million, shall be paid.

3. For that part of the Adjusted Profit that shall exceed NIS 1,140 million – 0.75% of the difference between the Adjusted Profit and NIS 1,140 million, shall be paid.

The total annual bonus for each calendar year shall not exceed NIS 2 million.

c. Update to the 2022 Agreement:

On 10 August 2022, the Company's general meeting approved, after approval by the Compensation Committee and the Board, an update to the terms and conditions of the management agreement with the Company's Chairwoman of the Board, through a company controlled by her (in this section: the "**Management Company**"), for a three-year period from 11 August 2022, as follows:

1. Update to the fixed component:

The annual management fees will be NIS 3.96 million (which constitute monthly management fees of NIS 330 thousand), linked to the increase in the CPI for the month of May 2022 (the consideration will not be reduced in the event of a decrease in the CPI in a given month, but the reduction will be deducted from future increases in the CPI), and a 5% increase each year (over and above the linkage to the CPI). The fixed management fees will be paid in each current calendar month.

2. Update to the annual bonus of the Company's Chairwoman of the Board:

The Chairwoman of the Board will be entitled to an annual bonus, according and subject to the following provisions, in an amount of up to 9 times the monthly management fees for each calendar year. The Compensation Committee and the Company's Board will set measurable targets for the bonus for the Management Company, which are based on figures in the financial statements (including by way of calculation) from among: meeting FFO targets, meeting NOI targets, return on equity, current cash flow, adjusted profit and/or balance sheet ratios, uniformly applicable to the Management Company and to at least 2 other officers (the "**Other Officers**"), provided that all of the following are met:

(a) The potential bonus that may be derived for the officers who are subject to the bonus mechanism applicable to the Management Company, jointly, is at least twice the potential bonus that may be derived for the Management Company from the same targets.

(b) The cost of the Management Company's annual bonus, together with the bonuses of the Other Officers, when multiplied by the holding rate of the Company's controlling shareholders, will be at least 2 times higher than the annual bonus to which the Management Company will be entitled in the event of meeting the targets.

Note 32 - Related Parties and Interested Parties (Cont.)

C. Transactions and balances with Related Parties and Interested Parties: (Cont.)

(1) (Cont.)

c. Update to the 2022 Agreement: (cont.)

2. (Cont.)

(c) The annual bonuses of the Management Company and the Other Officers shall be subject to the same target/s in practice, and not only to the same type/s of target/s, and no targets shall apply to the Other Officers that do not equally apply to the Management Company. The aforesaid does not derogate from the fact that the cap on the annual bonuses for each of the Management Company and the Other Officers may be different.

In view of the Group's entry into new operating segments and/or expansion of some of its operating segments, the Definition of Business Arrangement was updated to add restrictions in relation to the following segments:

(a) Development, maintenance and/or management of a senior home in Israel with 100 rooms or more; and/or

(b) Development, maintenance and/or management of a hotel in Israel with 100 rooms or more; and/or

(c) Development, maintenance and/or management of a data center site in Israel or overseas with a capacity of over 5 MW.

The update to the Definition of Business Arrangement shall apply also to the sisters of Ms. Danna Azrieli, Ms. Sharon Azrieli and Ms. Naomi Azrieli, who hold office as directors of the Company and are controlling shareholders thereof.

On 7 August 2025, the special annual general meeting of the Company's shareholders approved, *inter alia*, the extension of the management agreement of Ms. Danna Azrieli as (executive) Chairwoman of the Board for another three years, commencing 11 August 2025.

On 21 September 2025, the special annual general meeting of the Company's shareholders approved the appointment of the (executive) Chairwoman of the Board Ms. Danna Azrieli, in addition to such office, as Interim 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 Interim CEO of the Company.

On 15 February 2026, the Company's Board appointed Ms. Danna Azrieli as CEO of the Company. For further details, see Note 34D.

Other than the foregoing updates, no further changes were made to the Management Agreement.

The total management fees for 2025 and 2024 totaled approx. NIS 5.2 million and NIS 4.5 million, respectively. For each of the years 2025 and 2024 Ms. Azrieli, through the Management Company, received a bonus of approx. NIS 3.9 million and approx. 3.4 million, respectively.

(2) With respect to the guarantees that the Group has provided to companies in the Group, see Note 27B.

Note 32 - Related Parties and Interested Parties (Cont.)

C. Transactions and balances with Related Parties and Interested Parties: (Cont.)

(3) On 19 October 2017, the Company's Board appointed Mr. Eyal Henkin ("**Mr. Henkin**") as the Company's CEO, starting from 1 January 2018.

On 30 April 2018, the general meeting of the Company's shareholders approved the terms and conditions of Mr. Eyal Henkin's office and employment (through a private company wholly-owned by him, "**Mr. Henkin's Management Company**") as CEO of the Company.

Mr. Henkin's Management Company is entitled to a fixed monthly payment of NIS 313 thousand, linked to the June 2016 index, as published in July 2016, with a possible supplement to such amount of 5% every year (over and above indexation). As of the report date, the fixed monthly payment is NIS 389 thousand. It is further entitled to related benefits, including the provision of a vehicle (Group 7) and a mobile phone.

Each of the parties may terminate the agreement, for any reason whatsoever, by a prior written notice of three months.

Furthermore, Mr. Henkin's Management Company shall be entitled to an adjustment bonus in an amount equal to 9 monthly payments.

On 11 August 2019, the Company's general meeting approved, after approval by the Compensation Committee and the Board, the update to the conditions of the management agreements with the Company's CEO, as follows:

The Company's CEO shall be entitled to a discretionary annual bonus in the amount of up to 3 times the monthly cost of employment, according to the recommendation of the Chairwoman of the Board and as shall be approved by the Compensation Committee and the Board, according to criteria that will be determined in advance for each year (the "**Discretionary Bonus**").

The Company's CEO shall further be entitled to an annual bonus that will be based on the following two components and will be calculated as follows (the "**Measurable Bonus**"):

a. **Meeting the FFO target** – An operational parameter based on meeting the FFO target set forth in the Company's annual work plan, as shall be approved by the Compensation Committee and the Board during the first quarter of each year for which the Measurable Bonus is granted (the "**FFO Target**").

A prerequisite for receiving this component of the bonus is meeting 90% of the FFO Target. The CEO's eligibility for the bonus shall be calculated in a linear manner in accordance with the extent to which the FFO Target is met, whereby for fully meeting the FFO Target the CEO shall be entitled to a bonus in the sum of 2 times the monthly cost of employment.

b. **Meeting the NOI target** – An operational parameter based on meeting the NOI target set forth in the Company's annual work plan, as shall be approved by the Compensation Committee and the Board of the Company during the first quarter of each year for which the Measurable Bonus is granted (the "**NOI Target**").

A prerequisite for receiving this component of the bonus is meeting 90% of the NOI Target. The CEO's eligibility for the bonus shall be calculated in a linear manner in accordance with the extent to which the NOI Target is met, whereby for fully meeting the NOI Target the CEO shall be entitled to a bonus in the sum of 4 times the monthly cost of employment.

To clarify, in any event, the total amount of the Discretionary Bonus together with the Measurable Bonus to the CEO shall not exceed the amount of 9 times the monthly cost of employment of the CEO.

Should it transpire, in retrospect, that the figures on which the Company relied at the time of granting the annual bonus are incorrect, and that restatement thereof in the Company's financial statements is required, then the Company's CEO shall return to the Company the gap between the sum of the bonus that was paid to him based on the said incorrect figures and the sum of the annual bonus to which he is entitled based on the figures after their said restatement.

Note 32 - Related Parties and Interested Parties (Cont.)

C. Transactions and balances with Related Parties and Interested Parties: (Cont.)

(3) (Cont.)

On 2 May 2024, the Company's general meeting approved, after approval by the Compensation Committee and the Company's Board, among others, the following issues:

a. Special bonus to the Company's CEO:

Payment of a special bonus for 2024 in the sum of approx. NIS 5.3 million to the Company's CEO, Mr. Eyal Henkin, in view of his special contribution to the Company, its business and results in 2023.

b. Update to the management agreement with the Company's CEO:

Update to the terms and conditions of the management agreement with Company's CEO, Mr. Eyal Henkin, valid as of the date of approval by the general meeting, with the following main provisions:

1. Update to the fixed component:

The monthly management fees will be NIS 389 thousand, linked to the increase in the CPI for February 2024, which was published on 15 March 2024, plus 5% every year (beyond the linkage to the CPI). The management fees will not be reduced in the event of a decrease in the CPI in a given month, but the reduction will be deducted from future increases in the CPI.

2. Update to the annual bonus:

The Company's CEO shall be entitled to a discretionary annual bonus in the amount of up to 3 times the gross monthly salary, according to the recommendation of the Chairwoman of the Board, as shall be approved by the Compensation Committee and the Board, and according to criteria that will be determined in advance for each year (the "**Discretionary Bonus**").

In addition, the Company's CEO shall be entitled to a measurable bonus which is based on achievement of financial and/or strategic/functional goals as detailed in the Company's compensation policy. The weight given to the financial goals, compared to the strategic/functional goals, will be determined by the Compensation Committee and the Company's Board, such that financial or strategic/functional goals only, or a combination of both, may be taken into account (the "**Measurable Bonus**", and jointly with the Discretionary Bonus: the "**Annual Bonus**").

A prerequisite for the payment of the Measurable Bonus which is based on achievement of financial goals is contingent upon achievement of 90% of the financial goals, as shall be determined for the Company's CEO by the relevant bodies. The eligibility of the Company's CEO will be calculated linearly according to the extent of achievement of the financial goals, such that insofar as the Measurable Bonus for the Company's CEO is based on achievement of financial goals and achievement of strategic/functional goals, then, for full achievement of the financial goals, the Company's CEO will be entitled to the full proportional part of the Measurable Bonus which is based on achievement of financial goals, and for achievement of 90% of the financial goals the Company's CEO will be entitled to 90% of such proportional share.

The Annual Bonus will be equal to up to 12 gross salaries, of which up to 3 gross salaries in respect of the Discretionary Bonus.

Note 32 - Related Parties and Interested Parties (Cont.)

C. Transactions and balances with Related Parties and Interested Parties: (Cont.)

(3) (Cont.)

c. Equity compensation to the Company's former CEO:

Granting of 234,350 unlisted options, exercisable for up to 234,350 ordinary shares of the Company, at a price of NIS 249.7 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 fair value of an option unit is approx. NIS 89.86 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.

Any vested first tranche options which are not exercised within three years from their vesting date, will be cancelled. Any vested second, third and fourth tranche options which are not exercised within two years from their vesting date, will be cancelled. Mr. Henkin shall be entitled to exercise the options to which he is entitled as stated above, for 270 days from the end of his term of office and/or employment and/or actual engagement until expiration of the option period, whichever is earlier (except in the circumstances stipulated in the ESOP, in which case on the date of termination of the relationship the options will expire immediately for all intents and purposes, whether or not Mr. Henkin was entitled to exercise some of the options on the date of termination of the relationship).

The options were granted to Mr. Henkin on 5 May 2024, after all conditions required for the allocation were fulfilled.

Other than the update to the annual bonus to which the Company's CEO is entitled, no further changes were made to the management agreement of the Company's CEO.

On 18 August 2024, the Chairwoman and CEO of the Company informed the Company's Board that Mr. Henkin would be appointed as CEO of Green Mountain Global Ltd., a private company incorporated in England and wholly-owned by the Company, which will concentrate the Company's Data Center holdings ("**GMG**").

On 17 November 2024, the Company's Board approved the appointment of Mr. Ron Avidan as CEO of the Company.

Mr. Henkin stepped down as CEO on 1 April 2025 and Mr. Avidan took office as CEO on 1 April 2025.

Mr. Henkin took office as full-time CEO of GMG on 1 April 2025. On 17 and 19 March 2025, the audit committee and the Company's 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 will be entitled to an annual salary of £725 thousand, which will be updated each year by a rate of 5% above the rate of the CPI. 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.

For 2025, Mr. Henkin received, through the management company, a bonus in the sum of approx. NIS 3.7 million (approx. £816 thousand).

In addition, Mr. Henkin is entitled to equity-based compensation by virtue of the EIP adopted by GMG. Generally, except in specific circumstances determined in the EIP, the equity compensation granted to Mr. Henkin is strictly cash-settled, granting Mr. Henkin a right to monetary compensation derived from the increase in GMG's value (the "**Equity-Based Compensation**").

Note 32 - Related Parties and Interested Parties (Cont.)

C. Transactions and balances with Related Parties and Interested Parties: (Cont.)

(3) (Cont.)

c. (Cont.)

Subject to the provisions of the EIP, the Equity-Based 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 a liquidity event as set forth in the EIP (such as the sale of all or substantially all of GMG's shares or assets, an IPO, etc.), or 5 years after the date of granting of the Equity-Based Compensation. Exercise of the Equity-Based Compensation is subject to a minimum cumulative annual growth rate in the value of GMG compared with its initial valuation, as set forth in the EIP.

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

(4) On 13 March 2014, a contribution agreement (the "**Contribution Agreement**") was signed, under which Azrieli granted holdings to Azrieli Foundation (Israel), R.A. ("**AFI**"), for no consideration, that include 6,902,000 ordinary shares of par value NIS 0.1 each of the Company (the "**Contribution Shares**"), which constitute ~5.69% of the Company's issued capital.

According to the provisions of the Contribution Agreement, the contribution of the Contribution Shares to AFI was made subject to the following 3 conditions:

(a) AFI shall hold the Contribution Shares, shall not transfer the same nor make any other disposition therein, for a period of at least 10 years from the date of execution of the Contribution Agreement (the "**Limitation Period**"); upon expiration of the Limitation Period, any transfer of the Contribution Shares by AFI will require a resolution by a special majority of at least 75% of the members of the board (or any other required organ), who are entitled to participate in a vote on such resolution ("**Special Approval**").

(b) Upon expiration of the Limitation Period and subject to receipt of the Special Approval as aforesaid, any future transfer of the Contribution Shares will be subject to a right of first refusal in favor of Azrieli Holdings.

(c) Azrieli Holdings shall retain all of the voting rights under the Contribution Shares, to which end AFI has signed the necessary powers of attorney. In the case of a future sale of the Contribution Shares by AFI, the voting rights under the Contribution Shares shall pass to the buyer.

As a result of receipt of the Contribution Shares, AFI became an Interested Party, as this term is defined in the Securities Law, 5728-1968 (the "**Securities Law**"), in the Company. Pursuant to the provisions of the Contribution Agreement, Azrieli Holdings and AFI are considered "Joint Holders of the Contribution Shares" (within the definition of "Holding or Purchasing Securities Together with Others" in the Securities Law). For purposes of duties applicable or relating, according to the Companies Law, to controlling shareholders of a company, the Company chose to treat AFI as if it is a controlling shareholder of the Company, even if this is not required by the provisions of the law, so long as the Company does not report otherwise.

(5) In November 2014, Gemel Tesua Investments Ltd. – a Consolidated Company ("**Gemel Tesua**") entered into an agreement AFI (see Section 4 above), according to which Gemel Tesua will lease to AFI, at arm's length, from January 2015, an area of approx. 457 sqm out of the office space in the Herzliya Business Park project, which is owned by the Group, and will also provide AFI with management and maintenance services as it provides to the other tenants in the project, which include, *inter alia*, cleaning, maintenance, building insurance and third party insurance for the public areas, payments of municipal taxes in respect of the public areas and gardening, for a period of five years, with an option to extend the period for an additional five years, in consideration for a monthly payment of approx. NIS 58 thousand. In 2020, the agreement was extended by an additional 5 years, until 15 January 2025. It was further agreed that Gemel Tesua will receive one-time compensation from AFI in respect of the investment budget provided in relation to the old area in the sum of NIS 313 thousand, linked to the index according to the previous agreement of 2010.

Note 32 - Related Parties and Interested Parties (Cont.)

C. Transactions and balances with Related Parties and Interested Parties: (Cont.)

(5) (Cont.)

In January 2022, an agreement was signed for increase of the leased premises to 518 sqm and provision of an allocation for leasehold investments in the sum of approx. NIS 363 thousand for a period of three years with an option to extend the period by another five years, until January 2030, in consideration for a monthly payment of approx. NIS 65 thousand. In June 2022, another agreement was signed for increase of the leased premises to 577.92 sqm, with no change in the consideration mechanism. In August 2023, another agreement was signed whereby, from August 2023, Gemel Tesua will lease to AFI an additional area of 8.68 sqm, such that the total leased premises area according to the agreement (with all its additions) is 586.6 sqm, with no change in the consideration mechanism. The engagement came to an end on 31 December 2024.

In October 2013, Gemel Tesua entered into an agreement with Candan Residences Ltd. ("**Candan Residences**"), a company controlled by the Controlling Shareholder and Chairwoman of the Board, Ms. Danna Azrieli, whereby Gemel Tesua will lease to Candan Residences, at arm's length, effective from October 2013, an area of approx. 190 sqm of the office space in the Herzliya Business Park project that is owned by the Group, and will provide to Candan Residences management and maintenance services as it does to the other tenants in the project which include, *inter alia*, cleaning, maintenance, building insurance, third party insurance for public areas, payment of municipal taxes for public areas and gardening, for a two-year period with an option to extend the period by two more years until 14 October 2017, in consideration for a monthly payment of approx. NIS 22 thousand. The agreement was extended by additional years with the same terms and conditions.

In December 2021, an agreement was signed whereby the area of the leased premises was reduced to 81 sqm for a period of two years with an option to extend the period by an additional two years until 31 December 2025, in consideration for a monthly payment of approx. NIS 10 thousand. In June 2022, an additional agreement was signed for the decrease of the leased premises to 21.08 sqm, with no change in the consideration mechanism. In August 2023, another agreement was signed for decrease of the leased premises to 12.4 sqm, with no change in the consideration mechanism. On 27 December 2023, Gemel Tesua and Candan Residences entered into an addendum to the agreement whereby the lease period was extended until 31 December 2024 (the "**Additional Lease Period**"). During the Additional Lease Period, the rent will be NIS 100 per 1 sqm gross, plus CPI linkage differentials. On 31 December 2024, the engagement came to an end.

(6) In December 2024, Canit Hashalom engaged with AFI, in which Ms. Danna Azrieli, who is one of the Company's controlling shareholders, holds office as a member of the Board, in a lease agreement under which Canit Hashalom shall lease to AFI offices of an area of approx. 467 sqm, in the Round Tower in Azrieli Center, and eight parking spaces, and shall also provide management and maintenance services, as provided thereby to the other tenants in the tower. The lease agreement is for a period of 5 years (from 1 January 2025) with an option for another 5 years. The monthly rent will be NIS 135 per sqm (linked to the CPI), plus monthly management fees as customary in the tower (Cost+15%), and plus parking fees in the sum total of NIS 12,055, plus VAT. The said payments total NIS 89,974 per month plus VAT. On 2 July 2025, the agreement was revised, reducing the office space to 457 sqm.

In December 2024, Canit Hashalom entered into an agreement with Candan Residences Ltd., under which Canit Hashalom shall lease to Candan Residences offices with an area of approx. 10 sqm in the Round Tower in Azrieli Center, and shall also provide management and maintenance services, as provided thereby to the tower's other tenants. The lease agreement is for a period of 5 years (from 1 January 2025) with an option for another 5 years. The monthly rent will be NIS 135 per sqm (linked to the CPI), plus monthly management fees as customary in the tower (Cost+15%). The said payments total NIS 1,660 per month plus VAT.

The Company classified transactions (5)-(6) above as negligible transactions, at arm's length and in the ordinary course of business, and determined that they are not transactions which require special approvals pursuant to the Companies Law (the classification was made in relation to each transaction separately).

Note 32 - Related Parties and Interested Parties (Cont.)

C. Transactions and balances with Related Parties and Interested Parties: (Cont.)

(7) Remuneration of the directors - in accordance with the decision of the Company's Board and general meeting, from 10 May 2010 and 24 August 2010, the remuneration of the outside directors, who are appointed in the Company, to be in accordance with the Companies Regulations (Rules on Outside Directors' Remuneration and Expenses), 5760-2000 (the "**Remuneration Regulations**"). The annual remuneration and the remuneration for participation (including remuneration as an expert outside director) will be paid in accordance with the maximum amount that is set in the Remuneration Regulations, in accordance with the Company's capital grade, as it may be from time to time.

In accordance with the decision of the Company's Compensation Committee and Board of 24 May 2016, Mses. Sharon Azrieli and Naomi Azrieli, who serve as directors of the Company, were entitled to an annual remuneration in an amount of NIS 65 thousand and remuneration for participation in a meeting in an amount of NIS 2,300, which amounts are linked to the index in accordance with the provisions of the Remuneration Regulations. In addition, the provisions of Sections 5(B) and 6(A) of the Remuneration Regulations will apply to the remuneration paid to such directors, *mutatis mutandis*.

On 4 July 2019, the Company's Board approved, after receipt of the approval of the Compensation Committee, that as of 3 June 2019 the aforesaid directors are entitled to the remuneration to which are entitled all the other directors in the Company who do not receive a salary or management fees, as renewed every 3 years subject to the approvals required by law.

On 18 May 2022 and 30 May 2022 the remuneration approval as aforesaid was granted, dated 30 May 2022, for a period of 3 years commencing 3 June 2022.

On 5 June 2025, another approval was granted by the Compensation Committee and the Board of the Company for such remuneration, dated 5 June 2025, for a period of 3 years commencing 3 June 2025.

(8) On 24 September 2024, the special general meeting of the Company's shareholders approved the terms of office and employment of Dr. Ariel Kor, a director of the Company, in connection with his position as Chairman of the Board of GMG. In consideration for the services, Dr. Kor is entitled to an annual payment, from 12 July 2024, of £250 thousand. After the balance sheet date, on 5 March 2026, Prof. Ariel Kor stepped down as Chairman of the Board of GMG. Prof. Kor will continue to hold office as a director of GMG, for no remuneration.

(9) On 27 April 2025, the Company's shareholders' meeting 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 having informed the Company's Board on 17 August 2025, that he had on that date informed the Company's Chairwoman of the Board, Ms. Danna Azrieli, of his wish 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 monthly salary of NIS 200,000 (gross) (linked to the CPI for April 2025, where in case of a decline in the CPI in a given month, the decrease would be deducted from future CPI increases). Mr. Avidan was entitled to related 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 adjustment grant in an amount equal to up to 9 gross monthly salaries; 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 of 12 gross salaries, for each year of vesting over 4 years. Accordingly, the meeting approved a grant to Mr. Avidan of 125,081 (unlisted) options.

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

Note 32 - Related Parties and Interested Parties (Cont.)

C. Transactions and balances with Related Parties and Interested Parties: (Cont.)

(10) 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 of the Company's stock on TASE 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 allotment 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 therefor.

In light of employee departures during the period, all unvested options granted to them have expired, and as of the report date, 356,274 unlisted options remain.

D. Exemption, insurance and indemnification for officers and directors:

(1) Exemption:

In accordance with the decisions of the Company's shareholders meeting from time to time (after the approval of the Compensation Committee and Board), the Company grants officers and directors, as being from time to time, an exemption in advance and in retrospect from their responsibility, in whole or in part, for any damage that may be caused thereto and/or that has been caused thereto, whether directly or indirectly, as a result of a breach of the duty of care of the directors and the officers vis-à-vis it and its subsidiaries, and in their capacity as officers and/or directors of the Company or officers and/or directors acting on the Company's behalf in subsidiaries, provided that the exemption will not apply to a decision or transaction in which the Company's Controlling Shareholder or officer has a personal interest.

(2) Indemnification:

In accordance with the decisions of the Company's shareholders meeting from time to time (after the approval of the Compensation Committee and Board), the Company grants all of the officers of the Company and directors of the Company, as being from time to time, an undertaking to indemnify for any liability or expense as specified below, imposed thereon as a result of actions made (including actions made prior to the grant of the letter of indemnification) and/or will make in their capacity as officers and/or directors of the Company or as officers and/or directors acting on the Company's behalf in subsidiaries or affiliates of the Company or any other company in which the Company has an interest:

Note 32 - Related Parties and Interested Parties (Cont.)

D. Exemption, insurance and indemnification for officers and directors: (Cont.)

(2) I**ndemnificatio**n: (Cont.)

(a) A financial liability that is placed on an officer and/or director in favor of another person under a judgment, including a judgment issued by way of compromise or an arbitration award that is approved by a court and provided that those actions relate to one or more of the events that are detailed in the letter of indemnification; (b) reasonable litigation expenses, including legal fees, incurred by an officer and/or director or that they were charged to pay by a court, in proceedings that were presented against them by the Company or in its name or by another person, or on a criminal indictment that they are acquitted of, or on a criminal indictment on which they are found guilty in an offence that does not require proof of criminal intent; (c) reasonable litigation expenses, including legal fees incurred by the officer and/or director, as the result of an investigation or proceedings that are conducted against them by an authority that is authorized to conduct the investigation or proceedings, and which ended without the presentation of an indictment against them and without any financial liability being placed upon them in lieu of criminal proceedings, or which ended without the presentation of an indictment against them but with the placement of a financial liability in lieu of criminal proceedings in an offence that does not require proof of criminal intent; (d) a financial liability imposed on the officer and/or director due to payment for parties injured by a breach in administrative proceedings; (e) the expenses incurred by the officer and/or director in connection with an administrative proceedings conducted in respect to him, including reasonable litigations expenses, and including legal fees.

The amount of the indemnification that the Company will pay to all of the officers (including the directors), cumulatively, in accordance with all of the letters of indemnification that is issued to them by the Company pursuant to the indemnification decision, in respect of one or more of the events that are detailed in the letter of indemnification, may not exceed 20% of the equity that is attributed to the shareholders of the Company in accordance with the last financial statements of the Company (audited or reviewed), which were published before the date of the indemnification.

On 10 August 2022, regarding Ms. Danna Azrieli, and on 27 April 2023, regarding Ms. Sharon Azrieli and Ms. Naomi Azrieli, who are indirect controlling shareholders of the Company and serve as directors of the Company, the general meeting of the Company's shareholders approved an extension of letters of exemption and indemnification that had been granted to them, for an additional three-year period starting 11 August 2022 (regarding Ms. Danna Azrieli) and as of the date of approval of the general meeting (regarding Ms. Sharon Azrieli and Ms. Naomi Azrieli).

(3) Insurance:

Pursuant to the Company's compensation policy, the Company is purchasing an insurance policy for directors and officers (including from among the Company's controlling shareholders) of the Company and the Company's subsidiaries.

During the report period, the Compensation Committee approved an engagement for the renewal of the insurance policy for directors and officers of the Company (including from among the Company's controlling shareholders) and the subsidiaries of the Company, from July 2025 until June 2026, under the conditions specified below:

1) The limits of liability in the insurance policy shall not exceed U.S. $100 million per event and for the period of the insurance, plus reasonable legal defense costs in Israel, over and above the limits of liability, and in respect of claims filed outside of Israel – reasonable legal defense costs over and above the limits of liability, in accordance with trial costs customary in Israel and pursuant to the Israeli law.

2) The sums of both the annual premium and the deductible are at market prices and of a cost which is immaterial to the Company.

Note 32 - Related Parties and Interested Parties (Cont.)

D. Exemption, insurance and indemnification for officers and directors: (Cont.)

(3) Insurance: (Cont.)

3) The insurance policy includes coverage for claims that are filed against the Company (as distinguished from claims against directors and/or officers thereof), which concern the violation of securities law at least in Israel (Coverage for Securities Claims Entity) as well as claims concerning employment relations with limits of liability of up to U.S. $1 million, and procedures for the payment of insurance benefits shall be determined, whereby the right of the directors and/or officers to receive indemnification from the insurer pursuant to the policy shall precede the right of the Company.

E. Negligible transactions:

On 24 November 2010, the Company's Board decided to adopt guidelines and rules regarding the classification of transactions which are not irregular transactions, of the Company or of a Consolidated Company thereof with Interested Parties therein or controlling shareholders, as a negligible transaction. Such guidelines were prescribed, *inter alia*, considering the scope of the Company's assets, the diversity of its businesses, the nature of the transactions performed thereby and the level of effect thereof on the Company's business and results. In May 2015, the Company's Board adopted a master procedure for transactions with Related Parties, which consolidated and incorporated procedures that were approved at the Company in the years preceding the approval thereof, including in respect of classification of negligible transactions.

Such rules and guidelines will serve on the one hand for examining the need to approve the transaction at the relevant institutions in the Company, and on the other hand, for examining the duty and/or scope of disclosure in the periodic report and the prospectus (including in shelf offer reports), and/or the provision of an immediate report in respect of such a transaction. It is noted that the transactions are examined at the group level, including material companies controlled by the Company.

The Company's Board determined that a negligible transaction at the Company is a transaction of the Company with controlling shareholders or another person in which the controlling shareholder has a personal interest, which is not irregular (i.e. is in the ordinary course of business, at arm's length and immaterial), and meets the following tests:

(1) In respect of the duty to provide an immediate report in connection with a negligible transaction – a single transaction in a company or a subsidiary controlled thereby is a negligible transaction if the financial scope thereof does not exceed the rate of 0.1% of the Company's consolidated equity according to the last financial statements; in case of ongoing transactions (including rent, leases and so forth), according to the monthly transaction amount, or the total sum of the transaction for the whole duration of the engagement, according to the shorter/lower between them. For the purpose of immediate report, the negligibility of a transaction will be examined on the basis of the specific single transaction, and to the extent such will pass the negligibility threshold, the Company will report such transaction through an immediate report.

(2) In respect of providing specification in the annual report in connection with negligible transactions – the total sum of all of the transactions of a certain type in the Company or a subsidiary controlled thereby, in a calendar year has not exceeded a rate of 0.5% of the Company's consolidated equity according to the last annual reports. The Company will include the types of transactions and aggregate amount thereof within its annual report only if the total amount exceeds the rate stated above. For the purpose of reporting within a periodic report, financial statements and a prospectus (including a shelf proposition report), the negligibility of the aggregate of all of the transactions of the same type of the Company with the controlling shareholder or with corporations controlled by the controlling shareholder, will be examined on an annual basis.

Note 32 - Related Parties and Interested Parties (Cont.)

E. Negligible transactions: (Cont.)

(3) Integrated transactions - upon the classification of transactions as negligible or non-negligible, each transaction will be examined in itself, however, the negligibility of integrated transactions, or such that are contingent upon each other or transactions of the same type, will be examined in the aggregate as one transaction. In respect of multiannual transactions (agreements for a period of several years), the scope of transaction will be calculated for examination of the negligibility threshold on an annual basis (i.e. – the total monetary amount deriving from the transaction exceeding the negligibility threshold as aforesaid). In insurance transactions, the premium will be examined as the transaction amount. Regardless of the insurance coverage provided, multiannual insurance transactions will be measured on the basis of the annual insurance fees paid or collected.

(4) Negligible transactions at the subsidiaries – the transactions classified as negligible by the Company's investees will be deemed as negligible at the Company level too, while those classified by them as non-negligible, will be examined on the Company level. In case that the Company does not have available information allowing the examination of the classification of transactions as negligible or non-negligible transactions, then the aggregate of all of the transactions of the same type will be deemed as a negligible or non-negligible transaction, except if according to the figures in the Company's possession, one of the two conditions has been fulfilled: (1) According to the quantitative parameter above, the transaction in itself as a single transaction is not negligible; (2) the aggregate of the transactions is material to the Company.

(5) Non-quantitative examination – notwithstanding the aforesaid, the examination of the qualitative considerations of a negligible transaction from the quantitative aspect, may lead to the classification thereof as a transaction which is not negligible, if due to its nature, materiality and effect on the Company it is perceived as a significant event by the Company's management and serves as a basis for adoption of important managerial decisions or if within the context of the Company's transaction with controlling shareholders or another person in which the controlling shareholder has a personal interest, the other party is expected to receive benefits with regards to which there is significance in the reporting thereof to the investor public. It is clarified that even if a transaction of the Company with controlling shareholders or another person in which the controlling shareholder has a personal interest meets the quantitative test below, it will not be deemed negligible if such qualitative considerations indicate a material aspect thereof.

The approving entity:

Pursuant to Section 22.3 of the Company's articles, the Board determined that the classification of an Interested Parties' transaction as a negligible transaction will be examined by the CFO in cooperation with the general counsel, to the extent required, and in any approval of a transaction as negligible the examination and classification proceeding will be documented.

In accordance with the Company's master procedure, the classification of a transaction of the Company with controlling shareholders or with another person in which the controlling shareholder has a personal interest as a negligible transaction will be examined by the CFO and the general counsel, to the extent required, and in every approval of a transaction as a negligible transaction, the examination and classification proceeding will be documented. In addition, the Board has authorized the Company's CEO or the CFO to approve the performance of transactions which meet the definition of negligibility according to this procedure, subject to the following two exceptions: (a) a situation in which both of the said persons have a personal interest in the same transaction, in which case such person will be replaced by another senior officer at the Company; and (b) a transaction concerning the terms of office and employment of an officer, or an engagement with a controlling shareholder or his relative, directly or indirectly, including through a company controlled by him, in respect of receipt of services from him by the Company, and if he is an employee of the Company and not an officer thereof – in respect of his employment at the Company, in which case the approval proceeding will be carried out pursuant to the Companies Law.

Note 32 - Related Parties and Interested Parties (Cont.)

E. Negligible Transactions (Cont.)

(5) (Cont.)

Competitive proceeding or another proceeding:

In May 2015, the Audit Committee approved an amendment to the procedure, whereby unless decided otherwise by the Audit Committee, for Irregular Transactions and Non-negligible Transactions specified in Section 270(4) of the Companies Law, the Company's management shall conduct a competitive proceeding or another proceeding at the Company under the supervision of the Audit Committee, in accordance with the following principles.

In transactions for the purchase of services and/or the purchase of equipment and systems, the amount of annual expense in respect of which exceeds the quantitative threshold set for in the procedure, proposals from at least 3 different relevant suppliers in the required field, which were given in accordance with a specification of requirements to be determined thereby according to its needs and in accordance with the Group's procurement procedures, as being from time to time, will be presented to the Audit Committee with a recommendation to the Audit Committee of the chosen bidder and the reasons for the choice. The invitation to submit proposals will be supervised by the CFO of the Company who may instruct, according to his discretion, the performance of changes and/or improvements in the proceeding and/or negotiations with the bidders.

With respect to transactions for the lease of income-producing spaces, which are the Company's core business, and in view of the fact that during the regular course of business the proper proceeding is not necessarily a competitive proceeding, especially when such proceeding may create a business advantage for competing companies vis-à-vis potential lessees who are good for the Company, and the length of time for conducting such proceeding may jeopardize good transactions, the Company has adopted another proceeding, whereby a transaction, the amount of annual expense in respect of which exceeds the quantitative threshold set for in the procedure, and assuming that the marketing stages for such asset shall have commenced (i.e., pricing, hiring brokers etc.), the Company shall act to collect comparative data for the transaction (price per sqm, benefits and investments, lessees and their characterization, fittingness to the mix) in similar properties of the Company and similar properties of third parties in that area, and, to the extent required, shall be assisted by external consultants for this purpose. The Audit Committee and/or Board may request the Company's management to provide additional details or a comparison from other aspects. The Company's management shall present the Audit Committee with the details of the transaction proposed for approval and the reasons with respect to its advantageousness relative to the comparative transactions. It is clarified, that if it is a transaction which the Audit Committee determines to be uncharacteristic of the Company due to its scope and content (such as the construction or purchase of an entire building for the purpose of leasing it to one lessee which is a Related Party), the Audit Committee shall determine the procedures and the transaction shall be approved according to the requirements of the law.

Transactions with respect to terms of office and employment, other transactions with the Group’s companies and/or the contributions to bodies in which the Controlling Shareholder has a Personal Interest, shall be discussed at the Audit Committee, which shall determine, for every transaction, the suitable procedure for approval thereof. Nothing in the aforesaid shall derogate from the duties of approval of such engagements under any law.

In types of transactions in respect of which this chapter does not stipulate whether there is a duty to conduct a competitive proceeding or another proceeding, the Audit Committee shall determine in advance, ad hoc, for any concrete future transaction, whether the competitive proceeding or another proceeding will be conducted and the nature thereof as aforesaid.

Supervision and audit:

Internal bi-quarterly review – until 15 July and 15 January of each year, a report shall be made to the Company's CFO on transactions as stated in the procedure (including negligible and non-negligible transactions) in which the Company engaged in the two quarters that lapsed, and in respect of transactions with affiliates in which other companies in the Group engaged, stating the terms and conditions of each transaction (annual financial volume, general financial volume, nature of the transaction, identity of the Related Party and other material conditions).

Note 32 - Related Parties and Interested Parties (Cont.)

E. Negligible transactions: (Cont.)

(5) (Cont.)

Annual follow-up:

Once a year, before the deliberation on the Company's annual financial statements, or in special cases if the Audit Committee so requests prior thereto, the coordinator will report to the Audit Committee on transactions as stated in the procedure (including negligible and non-negligible transactions and including the Company's engagements in lease agreements with Related Parties in view of the Company's undertaking in the Company's IPO prospectus released in May 2010) and in which the Company engaged during the previous year and during the months until the date of approval of the financial statement at the Company's institutions, insofar as relevant. The report will also include Related Party transactions in other companies of the Group which were brought to the coordinator’s attention during such period, stating the terms and conditions of each transaction (annual financial volume, general financial volume, nature of the transaction, identity of the Related Party and other material conditions), and regarding the sum total of the Related Party transactions in such year. In the framework of the annual follow-up as aforesaid, the officer shall attach a statement signed by him, whereby to the best of his knowledge and understanding, all of the relevant processes for mapping and identifying transactions with Related Parties were carried out at the Company and that all of the checks required by virtue of the undertaking in the prospectus were carried out, all in accordance with the provisions of the procedure, and that the transactions he reported were duly disclosed in the annual financial statements.

The Company's Board will examine, from time to time and at least once every three years, after receipt of the Audit Committee's recommendation, the implementation of the procedure by the Company and the need to update the procedure and/or the criteria therein and/or the proceedings prescribed for approval of the transactions, considering Related Party transactions in which the Company engages, material changes in the scope of the business of the Company and the Company’s Investee Companies, and the relevant financial figures, and changes in the relevant statutory provisions. The provisions of the procedure do not derogate from the authority of the Audit Committee to decide to hold a discussion, from time to time, on various aspects relating to Interested Party transactions and to invite to such discussions the relevant entities, including the Company's management, the coordinator, the internal auditor and the general counsel.

Note 33 - Segment Reporting

A. General:

The Company applies IFRS 8, "Operating Segments" ("**IFRS 8**"). In accordance with the provisions of the standard, operating segments are identified on the basis of the internal reporting in respect of the components of the Group, which are reviewed on a regular basis by the Group's Chief Operational Decision Makers ("**CODM**") for the purpose of the allocation of resources and the evaluation of the performance of the operating segments.

The Company's business activities focus primarily on the various property segments, while most of the Group's business activity is in the retail centers and malls in Israel segment, the leasable office and other space segment, and in the rental housing segment in Israel.

In addition, the Company engages in the income-producing property in the U.S. segment (office space for lease), in the senior housing segment and in the data centers segment.

The Company has other business activities, including financial investments and e-commerce activity.

In February 2020 the Company closed the purchase of the Mount Zion Hotel in Jerusalem in the context of its entry into the hospitality industry.

During the report period, the Company acquired ZMH Hammerman (for further details see Note 7B), following which, the Company commenced describing its operations in the residential sales segment as a reportable sector and operating segment.

The following are the Company's operating segments:

Segment A – Retail centers and malls in Israel.

Segment B – Leasable office and other space in Israel.

Segment C – Income-producing property in the U.S.

Segment D – Senior housing.

Segment E – Data centers.

Segment F - Rental housing in Israel.

Segment G – Residential sales.

In the following operating segments: retail centers and malls in Israel; leasable office and other space in Israel; income-producing property in the U.S.; senior housing; data centers and rental housing in Israel, residential sales, these components have been aggregated into segments.

The segment's results include the profit (loss) generated from the operations of each reportable segment. These reports were compiled on the basis of the same accounting policy as the policy applied by the company.

Note 33 - Segment Reporting (Cont.)

A. General (Cont.):

Following are the considerations exercised by the management in implementing the criteria for aggregation of each one of these segments:

The Group's management examined the financial characteristics of each one of these segments and reached the conclusion that the financial characteristics in each one of them are similar, due to the fact that each one of the segments, other than the data center segment, is managed in the same geographical region (Israel or the U.S.), stated in the same currency (NIS or USD), subject to similar political and legal conditions, and has similar profitability rates. In addition, the Group's management considered that each one of these segments is similar in all of the following characteristics:

- The nature of the projects – all of the projects in each one these segments are in the same operating segment.
- The nature of the development and enterprise processes – all of the projects in each one of these segments involve similar development and enterprise processes.
- Type of customers – all of the projects in each one of these segments, are marketed to similar clientele (business customers, the senior population).
- The methods used for marketing the projects – the methods for marketing all of the projects in each one of these segments are similar and include identical advertising and marketing processes.
- The nature of the supervisory environment – similar laws, regulations and rules apply to all of the projects in each one of these segments, including in respect of real property, planning, construction, and leasing, environmental protection, laws on the municipal level and in respect of land taxation, and laws and regulations in the field of senior housing.

Based on the considerations specified above, the Group's management believes that the aggregation of each one of the segments: the retail centers and malls in Israel, leasable office and other space in Israel, income-producing property in the U.S., senior housing, data centers, rental housing in Israel and residential sales are in accordance with IFRS 8.

Note 33 - Segment Reporting (Cont.)

B. Operating segments:

	For the year ended 31 December 2025									
	Retail centers and malls in Israel	Office and other space for lease in Israel	Income-producing property in the U.S.	Senior housing	Data centers	Rental housing in Israel	Residential sales	Others	Adjustments	Consolidated
	NIS in millions									
Income:										
Total external income	1,245	1,116	216	295	844	36	99	77	(23)	3,905
Total segment expenses	296	211	125	192	395	6	90	76	(16)	1,375
Segment profit (NOI)	949	905	91	103	449	30	9	1	(7)	2,530
Net profit from adjustment to fair value of investment property and investment property under construction	188	237	(92)	29	1,093	(105)	-	-	(222)	1,128
Unallocated costs										(446)
Financing expenses, net										(1,010)
Other income, net										30
Company's share in the results of associates, net of tax										162
Income before taxes on income										2,394
Additional information as of 31 December 2025:										
Segment assets	16,885	18,281	1,545	4,433	11,246	2,044	1,682	790	(123)	56,783
Unallocated assets (*)										6,789
Total consolidated assets										63,572
	327	758	12	820	971	90	-	-		

(*) Mainly financial assets in the sum of approx. NIS 1.8 billion and cash and short-term deposits in the sum of NIS 3.8 billion.

Note 33 - Segment Reporting (Cont.)

B. Operating segments:

	For the year ended 31 December 2024							
	Retail centers and malls in Israel	Office and other space for lease in Israel	Income-producing property in the U.S.	Senior housing	Data centers	Rental housing in Israel	Others	Consoli-dated
	NIS in millions							
Income:								
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
Net profit from adjustment to fair value of investment property and investment property under construction	267	142	7	127	310	60	-	913
Unallocated costs								(338)
Financing expenses, net								(945)
Other income, net								(3)
Company's share in the results of associates, net of tax								(5)
Income before taxes on income								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 NIS 4.6 billion.

Note 33 - Segment reporting (Cont.)

B. Operating segments (Cont.):

	For the year ended 31 December 2023								
	Retail centers and malls in Israel	Office and other space for lease in Israel	Income-producing property in the U.S.	Senior housing	Data centers	Rental housing in Israel	Others	Adjust-ments	Consoli-dated
	NIS in millions								
Income:									
Total external income	1,197	1,009	239	246	290	18	33	(89)	2,943
Total segment expenses	256	188	129	174	136	3	93	(35)	944
Segment profit (loss) (NOI)	941	821	110	72	154	15	(60)	(54)	1,999
Net profit (loss) from adjustment to fair value of investment property and investment property under construction	24	335	(240)	90	718	(22)	-	7	912
Unallocated costs									(283)
Financing expenses, net									(843)
Other income, net									1,145
Company's share in the results of associates, net of tax									(77)
Income before taxes on income									2,853
Additional information as of 31 December 2023:									
Segment assets	15,523	16,625	1,821	3,287	7,395	1,887	525	-	47,063
Unallocated assets (*)									7,009
Total consolidated assets									54,072
Capital investments	362	426	66	100	2,566	243			

(*) Mainly financial assets in the sum of approx. NIS 1 billion and cash and short-term deposits in the sum of NIS 4.9 billion.

Note 34 - Material Subsequent Events

A. On 18 March 2026, the Board resolved to distribute a dividend totaling NIS 850 million.

B. On 22 January 2026, the detailed agreement with SBE was signed based on the term sheet. According to the detailed agreement, the expected capacity of the Facility will be approx. 112 MW (DC), with integrated energy storage components with an expected effective capacity of approx. 784 MWh. The date stated in the agreement for the launch of commercial operation is Q1/2029. In consideration for the sale of 50% of the interests in the project, SBE will be entitled to receive an amount equal to one half of the total development costs it incurred in connection with the project to date, totaling approx. NIS 28.5 million plus a premium, as well as additional consideration in amounts that are not material to the Company, all in accordance with mechanisms agreed between the parties, and subject to the terms and conditions, periods and milestones set forth in the detailed agreement. For further details, see Note 26B(4).

C. On 22 January 2026, GM entered into an agreement with a lender for receipt of financing intended for refinancing of two outstanding loans as a single, senior debt loan in the sum total of approx. NIS 1.465 billion (4.6 billion NOK).
The loan bears variable interest based on the NIBOR plus a margin set forth in the financing agreement, payable on a quarterly basis. The loan principal will be due and payable in a single installment on the fifth anniversary of provision of the loan.
The financing agreement includes financial covenants pertaining to interest coverage ratio (ICR) – minimum of 1.2, loan to value ratio (LTV) – maximum of 65%, and debt to adjusted NOI ratio (leverage ratio) – maximum of x12. The ICR and debt to adjusted NOI ratio (leverage ratio) will be updated gradually during the loan period, according to a mechanism set forth in the financing agreement. The effective interest rate for the loan is approx. 8% per year.

D. On 15 February 2026, the Board appointed Ms. Danna Azrieli as CEO of the Company (and as a director of the Company for no additional remuneration), and Ms. Irit Sekler-Pilosof was appointed as Chairwoman of the Board, effective from 22 March 2026. Subject to the general meeting's approval, Ms. Sekler-Pilosof's terms of office in a 50% position as (active) Chairwoman of the Board will be an employment cost of NIS 120,000 per month (plus VAT, insofar as applicable) and reimbursement of expenses according to the Company's procedures. The granting of a letter of exemption and indemnity and her inclusion in the Company's D&O insurance policy.

E. On 25 February 2026, a mandate letter was signed for a non-binding term sheet for receipt of financing for a project for provision of 80 MW of data center services to an international technology company, on a new and dedicated campus to be built in Norway, in the sum total of up to €1,000 million, which includes up to €925 million as a non-recourse, senior loan, and up to €75 million as a revolving credit facility.

F. On 5 March 2026, Prof. Ariel Kor stepped down as Chairman of the Board of GMG. Prof. Kor will continue to hold office as a director of GMG, for no remuneration. For further details, see Note 32C(8).

G. On 18 March 2026, the Company's Board approved the granting of 33,615 unlisted options to officers and some of the Company's employees, exercisable for up to 33,615 ordinary shares of the Company, at a price of NIS 457.49 per share, reflecting the average closing price of the Company's stock on TASE 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 155.69 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 allotment thereof.

Azrieli Group Ltd.

Separate Financial Statement
For Y2025

Prepared pursuant to the provisions of Section 9C of the Securities Regulations
(Periodic and Immediate Reports), 5730-1970

Azrieli Group Ltd.

Separate Financial Statement For Y2025

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English Translation solely for the convenience of the readers of the Hebrew language audit report and Hebrew language financial statements.

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

Dear Sir/Madam,

Re: Independent auditors' special report on separate financial statement pursuant to Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 5730-1970

The Opinion

We have audited the separate financial statement which is presented according to Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, of Azrieli Group Ltd. (the "**Company**") as of 31 December 2025 and for the year then ended (the "**Separate Financial Statement**").

We have not audited the separate financial information included in the financial statements of investees, the investment in which as of 31 December 2025 totaled approx. NIS 406 million, and the share in their results for the year then ended totaled a profit of approx. NIS 17 million. The financial statements of those entities were audited by other independent auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included in respect of those entities, is based on the reports of the other independent auditors.

In our opinion, based on our audit and on the reports of other independent auditors, the Separate Financial Statement has been prepared, in all material respects, in accordance with the provisions of Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Basis for the Opinion

We conducted our audit in accordance with Generally Accepted Auditing Standards in Israel. Our responsibilities under these standards are described in the Independent Auditor's Responsibilities for the Audit of the Separate Financial Statement section. We are independent of the Company in accordance with the legal provisions applicable in Israel regarding independence and the prevention of conflicts of interest for independent auditors in Israel. Furthermore, we have fulfilled our other ethical responsibilities in accordance with the Auditors Law, 5715-1955, and the regulations promulgated thereunder. We believe that the audit evidence obtained, including the reports of the other independent auditors, is sufficient and adequate to provide a basis for our opinion.

Responsibilities of the Board and Management for the Separate Financial Statement

The Board and Management are responsible for the preparation and presentation of the Separate Financial Statement in accordance with the provisions of Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, and for such internal control as the Board and Management determine is necessary to enable the preparation of separate financial information that is free from material misstatement, whether due to fraud or error.

In preparing the Separate Financial Statement, the Board and Management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as required, matters related to going concern and using the going concern basis of accounting unless the Board and Management either intend to liquidate the Company or to cease its operations, or have no realistic alternative but to do so.

Independent Auditor's Responsibilities for the Audit of the Separate Financial Statement

Our objectives are to obtain reasonable assurance that the Separate Financial Statement is free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Separate Financial Statement.

In an audit carried out, including reliance on other auditors, in accordance with Generally Accepted Auditing Standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the Separate Financial Statement, whether due to fraud or error, design and perform audit procedures in response to such risks, and obtain audit evidence that is sufficient and adequate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, willful misrepresentations, or the override of internal control.
- obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- evaluate the appropriateness of the accounting policies applied and the reasonableness of accounting estimates and related disclosures made by the Board and Management.
- reach a conclusion on the appropriateness of the Board's and Management's use of the going concern basis of accounting and, based on the audit evidence obtained by us, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Separate Financial Statement or, if such disclosures are insufficient, to include a modification to the standard language of the special report. Our conclusions are based on the audit evidence obtained up to the date of our special report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure, and content of the Separate Financial Statement, including the disclosures, and whether the Separate Financial Statement has been prepared, in all material respects, in accordance with the provisions of Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

We communicate with the Board and Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the independent auditor identifies during the audit.

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

Tel Aviv, 18 March 2026

Azrieli Group Ltd.

Statement of Financial Position

	As of 31 December	
	2025	2024
	NIS in millions	NIS in millions
Assets		
Current assets		
Cash and cash equivalents	3,297	4,146
Trade accounts receivable	19	26
Other receivables	272	276
Current tax assets	28	25
Total current assets	3,616	4,473
Non-current assets		
Financial assets	1,847	1,523
Investment property and investment property under construction	19,667	18,849
Investments in investee companies	22,441	21,605
Loans to investee companies	4,110	2,478
Property, plant and equipment (PP&E)	661	594
Other receivables	42	38
Total non-current assets	48,768	45,087
Total assets	52,384	49,560
Liabilities and capital		
Current liabilities		
Credit and current maturities from financial corporations and bonds	1,878	2,269
Trade payables	229	274
Payables and other current liabilities	424	365
Total current liabilities	2,531	2,908
Non-current liabilities		
Loans from financial corporations	515	581
Bonds	21,385	20,159
Other liabilities	31	36
Deferred tax liabilities	2,356	2,069
Liabilities for option to non-controlling interest holders	271	-
Total non-current liabilities	24,558	22,845
Capital		
Ordinary share capital	18	18
Share premium	2,478	2,478
Capital reserves	248	246
Retained earnings	22,551	21,065
Total capital attributed to shareholders of the Company	25,295	23,807
Total liabilities and capital	52,384	49,560

18 March 2026			
Date of approval of the financial statements	**Danna Azrieli Chairwoman of the Board and Acting CEO**	**Irit Sekler-Pilosof, Director***	**Ariel Goldstein CFO**

* Pursuant to an authorization by the Company's Board dated 25 November 2025 for the purpose of signing of the financial statements, in view of the fact that the Chairwoman of the Company's Board also serves as the Active CEO.

The figures attached to the separate financial statement form an integral part thereof.

Azrieli Group Ltd.

Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December		
	2025	2024	2023
	NIS in millions	NIS in millions	NIS in millions
Revenues from rent, management and maintenance fees, net	1,181	1,202	1,109
Cost of revenues from rent, management and maintenance fees	55	42	40
Gross profit	1,126	1,160	1,069
Sales and marketing	47	47	45
General and administrative	168	165	146
Operational profit before other expenses and income	911	948	878
Net profit from adjustment to fair value of investment property and investment property under construction	157	140	212
Share in results of investee companies, net of tax	1,548	1,227	1,885
Other income (expenses), net	69	41	(72)
Operational profit after other expenses and income	2,685	2,356	2,903
Financing income	233	142	121
Financing expenses	940	964	780
Profit before income taxes	1,978	1,534	2,244
Expenses for taxes on income	(89)	(57)	(19)
Net profit for the year	1,889	1,477	2,225
Other comprehensive income (loss):			
Amounts that will not be classified in the future to income or loss, net of tax:			
Change in fair value of financial assets, net of tax	714	377	9
Amounts that were or will be classified in the future to income or loss, net of tax:			
Translation differences due to foreign operations	(332)	(598)	(57)
Share in the other comprehensive loss of investee companies, net of tax	-	-	(7)
Total	(332)	(598)	(64)
Other comprehensive income (loss) for the year, net of tax	382	(221)	(55)
Total comprehensive income for the year	2,271	1,256	2,170

The figures attached to the separate financial statement form an integral part thereof.

Azrieli Group Ltd.

Statement of Cash Flows

	For the year ended 31 December		
	2025	2024	2023
	NIS in millions	NIS in millions	NIS in millions
Cash flows - current operations			
Net profit for the year	1,889	1,477	2,225
Depreciation and amortization	6	5	4
Net profit from adjustment of fair value of investment property and investment property under construction	(157)	(140)	(212)
Financing and other income, net	613	752	668
Share in profits of investee companies, net of tax	(1,548)	(1,227)	(1,885)
Expenses due to share-based payment	13	8	-
Tax expenses recognized in the income statement	89	57	19
Income tax received (paid), net	(7)	8	(70)
Change in trade and other receivables	39	222	21
Change in trade and other payables	(101)	264	9
Change in employee provisions and benefits	(16)	(16)	1
Revaluation of financial assets designated at fair value through profit and loss	-	-	(3)
Net cash – current operations	820	1,410	777
Cash flows - investment activities			
Acquisition and investment in investment property and investment property under construction	(492)	(519)	(409)
Purchase of PP&E	(68)	(53)	(190)
Investments in investee companies	(1,127)	(517)	(1,517)
Repayment of investments from investee companies	1,435	-	-
Grant of long-term loans to investee companies, net	(1,247)	(39)	(329)
Interest and dividend received	254	141	106
Proceeds from liquidation of financial assets	599	-	1
Taxes paid in respect of assets	-	-	(68)
Proceeds from disposition of PP&E	-	-	1
Loss from hedging transaction	-	-	(67)
Net cash - investment activities	(646)	(987)	(2,472)

The figures attached to the separate financial statement form an integral part thereof.

Azrieli Group Ltd.

Statement of Cash Flows
(Continued)

	For the year ended 31 December		
	2025	2024	2023
	NIS in millions	NIS in millions	NIS in millions
Cash flows - financing activities			
Issue of bonds net of issue expenses	2,467	3,626	3,050
Dividend distribution to the shareholders	(800)	(1,000)	(700)
Repayment of bonds	(1,502)	(1,355)	(922)
Receipt of long-term loans	-	425	-
Repayment of long-term loans	(78)	(378)	(101)
Short-term credit from financing corporations, net	(658)	(91)	710
Interest paid	(452)	(330)	(312)
Net cash - financing activities	(1,023)	897	1,725
Increase (decrease) in cash and cash equivalents	(849)	1,320	30
Cash and cash equivalents at the beginning of the year	4,146	2,824	2,787
Effect of exchange rates changes on cash balances held in foreign currency	-	2	7
Cash and cash equivalents at the end of the year	3,297	4,146	2,824

The figures attached to the separate financial statement form an integral part thereof.

Azrieli Group Ltd.

Notes to the Separate Financial Statements
as of 31 December 2025

A. General:

Definitions

The Company	-	Azrieli Group Ltd.
Investee company	-	See Note 7 to the Company's Consolidated Financial Statements as of 31 December 2025.

B. Form of Preparation of the Financial Information:

The financial information out of the consolidated statements, attributed to the Company itself as a parent company (the "**Financial Information**") was prepared according to the provisions of Regulations 9C of and the 10th Schedule to the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

The Notes specified below also include disclosures pertaining to additional material information, according to the disclosure requirements specified in the said Regulation and as specified in the 10th Schedule, insofar as such information is not included in the consolidated statements in a manner which explicitly addresses the Company itself as a parent company.

Accounting policy:

The Company's Separate Financial Statement is prepared according to the accounting policy specified in Note 2 to the Company's consolidated financial statements except for the amounts of the assets, liabilities, revenues, expenses and cash flows in respect of investee companies, as specified below:

a. The assets and liabilities are presented at their value in the consolidated statements attributed to the Company itself as a parent company, except for investments in investee companies.

b. Investments in investee companies are presented as the net sum amount of the total assets net of the total liabilities which present in the Company's consolidated statements financial information regarding the investee companies, including goodwill.

c. The revenues and expenses amounts reflect the revenues and expenses included in the consolidated statements attributed to the Company itself as a parent company, segmented between profit or loss and other comprehensive income, except for amounts of revenues and expenses in respect of investee companies.

d. The Company's share in the results of investee companies is presented as the net amount of the total revenues net of the total expenses presenting in the consolidated statements of the Company business results in respect of investee companies, including impairment of goodwill or the reversal thereof, in segmentation between profit or loss and other comprehensive income.

e. The cash flow amounts reflect the amounts included in the consolidated statements attributed to the Company itself as a parent company, except for amounts of the cash flows in respect of investee companies.

f. Loans given and/or received from investee companies are presented at the amount attributed to the Company itself as a parent company.

g. Balances, revenues and expenses in respect of transactions with investee companies which were written off within the consolidated statements, are measured and presented within the relevant clauses in the information on the financial position and the comprehensive income, in the same manner that such transactions would have been measured and presented had they been performed vis-à-vis third parties. Profits (losses) in respect of such transactions until the level that they are not recognized in the Company's consolidated statements, which were deferred, are presented net of (as an addition) of the items of the Company's share in the profits (losses) of investee companies and investments in investee companies so that the Company's separate profit (loss) is identical to the Company's consolidated profit (loss) attributable to the shareholders of the parent company.

C. Financial Assets and Liabilities:

(1) Liquidity risk management:

Financial liabilities which do not constitute derivative financial instruments:

The following tables specify the Company's remaining contractual maturity dates in respect of financial liabilities which do not constitute a derivative financial instrument. The tables were prepared based on the non-discounted cash flows of the financial liabilities based on the earliest date on which the Company might be required to repay them. The table includes cash flows in respect of both interest and principal.

	As of 31 December 2025					
	Book Value	Projected cash flow	2026	2027	2028	2029 forth
	NIS in millions					
Financial liabilities which are not derivatives:						
Short-term credit from financing corporations (1)	59	59	59	-	-	-
Trade accounts payable	229	229	229	-	-	-
Other payables	15	15	15	-	-	-
Loans from financial corporations (2)	600	651	94	93	58	406
Bonds (2)	23,298	28,271	2,238	2,306	2,372	21,355
Long-term customer deposits	30	30	-	-	30	-
Total	24,231	29,255	2,635	2,399	2,460	21,761

	As of 31 December 2024					
	Book Value	Projected cash flow	2025	2026	2027	2028 forth
	NIS in millions					
Financial liabilities which are not derivatives:						
Short-term credit from financing corporations (1)	712	738	738	-	-	-
Trade accounts payable	274	274	274	-	-	-
Other payables	182	182	182	-	-	-
Loans from financial corporations (2)	664	729	93	92	90	454
Bonds (2)	21,769	25,925	1,903	2,103	2,169	19,750
Long-term customer deposits	32	32	-	-	32	-
Total	23,633	27,880	3,190	2,195	2,291	20,204

(1) Book value includes interest accrued as of 31 December 2025 and 2024.
(2) Book value includes current maturities and interest accrued as of 31 December 2025 and 2024.

C. Financial Assets and Liabilities (Cont.):

(2) Details regarding investments in other companies:

Details regarding investments in financial at fair value through other comprehensive income.

For details pertaining to the Company's investments in Bank Leumi Le-Israel Ltd, see Note 9 to the Consolidated Financial Statements as of 31 December 2025.

D. Taxes on Income:

(1) Details regarding the tax environment in which the Group operates and changes in the tax rates:

For details pertaining to the tax environment in which the Company operates, see Note 25A to the Consolidated Financial Statements for the year ended 31 December 2025.

(2) Tax Assessments:

See Note 25F to the Consolidated Financial Statements of the year ended 31 December 2025.

D. Taxes on Income: (Cont.)

(3) Taxes on income due to other comprehensive income components:

	As of 31 December 2025			As of 31 December 2024			As of 31 December 2023		
	Amounts before tax	Tax expenses	Amounts net of tax	Amounts before tax	Tax expenses	Amounts net of tax	Amounts before tax	Tax income	Amounts net of tax
	NIS in millions			NIS in millions			NIS in millions		
Change in the fair value of financial assets	924	(210)	714	484	(107)	377	7	2	9
Translation differences due to foreign operations	2)33(	-	(332)	(598)	-	(598)	(57)	-	(57)
Share in the other comprehensive loss of investee companies, net of tax	-	-	-	-	-	-	(7)	-	(7)
Total other comprehensive income (loss)	592	(210)	382	(114)	(107)	(221)	(57)	2	(55)

D. Taxes on Income: (Cont.)

(4) Deferred taxes note:

Deferred taxes assets and liabilities which were recognized:

The deferred taxes are calculated according to the tax rate expected to apply on the reversal date as specified above.

Deferred taxes assets and liabilities are attributed to the following items:

	Real estate assets and fixed assets	Employee benefits	Financial instruments (1)	Carry forward deductions and losses for tax purposes	Others (2)	Total
	NIS in millions					
Deferred tax asset (liability) balance as of 1 January 2024	(2,180)	3	(131)	365	20	(1,923)
Changes carried to profit and loss	(87)	-	-	39	(9)	(57)
Changes carried to other comprehensive income	-	-	(107)	-	-	(107)
Other	-	-	-	-	18	18
Deferred tax asset (liability) balance as of 31 December 2024	(2,267)	3	(238)	404	29	(2,069)
Changes carried to profit and loss	(123)	-	-	44	(10)	(89)
Changes carried to other comprehensive income	-	-	(210)	-	-	(210)
Carried to retained earnings	-	-	110	(110)	-	-
Other	-	-	-	-	12	12
Deferred tax asset (liability) balance as of 31 December 2025	(2,390)	3	(338)	338	31	(2,356)

(1) Mainly due to financial assets available for sale.

(2) Mainly due to the capital reserve created due to credit given to subsidiaries other than at arm's length.

E. Material Engagements and Transactions with Investee Companies:

(1) On material investments in companies directly held by the Company, see Note 7 to the Consolidated Financial Statements as of 31 December 2025.

(2) On 1 January 2023, Canit Hashalom issued to the Company NIS 209 million in bonds linked to the CPI and bearing interest at the rate of 1% per annum payable at the end of the year with an option for a prepayment of the bonds. The interest and the linkage differentials in respect of the loan will in no event be lower than the interest rate determined in respect of Section 3(j) of the Income Tax Ordinance. If Canit Hashalom does not repay the principal, interest and linkage differentials by the maturity date, the bonds shall be deemed as having been paid and reissued on the day following the maturity date

On 31 December 2023 the bonds were repaid in full.

(3) Material arrangements between the Company and Investee Companies:

a. The Company and several companies held thereby and other companies in the Group have agreements, according to which the Company is entitled to management fees at a fixed rate out of those companies' total expenses. In the years 2025 and 2024, the Company received management fees as aforesaid at a total sum of approx. NIS 237 million and approx. NIS 274 million, respectively.

b. The Company and several companies held thereby have agreements, according to which the Company is entitled to amounts for a depreciation and replacement fund for the replacement and/or fundamental repair of facilities and equipment serving all of the tenants in the Company's real estate. In the years 2025 and 2024, the Company received proceeds as aforesaid at a total sum of approx. NIS 14 million and approx. NIS 16 million, respectively.

c. The Company and several companies held thereby have agreements, according to which the Company is entitled to amounts for rent due to the companies' use of areas owned thereby. In the years 2025 and 2024, the Company received rent as aforesaid at a total sum of approx. NIS 1 million and approx. NIS 1 million, respectively.

d. The Company provided loans to several companies held thereby, as detailed below:

Loans in the amount of approx. NIS 114 million linked to the USD and bearing interest of ~10% per annum.

A loan in the amount of approx. NIS 24 million linked to the USD and bearing interest of ~6.5% per annum.

A loan in the amount of approx. NIS 5 million linked to the USD and bearing interest of ~6% per annum.

A loan in the amount of approx. NIS 397 million linked to the EURO and bearing interest of ~5% per annum.

A loan in the amount of approx. NIS 379 million linked to the GBP and bearing interest of ~4.8% per annum.

A loan in the amount of approx. NIS 97 million linked to the NIS and bearing interest of ~5% per annum.

A loan in the amount of approx. NIS 262 million linked to the NIS and bearing interest of ~5.9% per annum.

A loan in the amount of approx. NIS 166 million linked to the EURO and bearing interest of ~3.2% per annum.

A loan in the amount of approx. NIS 1,134 million linked to the NIS and bearing interest of ~3.2% per annum.

A loan in the amount of approx. NIS 273 million linked to the NIS and bearing interest of ~4.7% per annum.

Capital notes in the amount of approx. NIS 1,549 million, not linked to the CPI and not bearing interest, have been issued for a period of at least 5 years. The balance is presented net of capital reserve according to market interest.

With regards to the loans to Canit Hashalom, see Section 2 above.

E. Material Engagements and Transactions with Investee Companies: (Cont.)

(3) Material arrangements between the Company and Investee Companies (Cont.)

d. (Cont.)

The remaining loans bear interest pursuant to the Income Tax Regulations.

The interest and linkage differentials which were accrued due to such loans and were presented in the statement of net profit of the Company for the years ended on 31 December 2025 and 2024 are in a total amount of approx. NIS 80 million and approx. NIS 75 million, respectively.

e. The Company bears insurance and office expenses, and payroll expenses for employees of the Group (the "**Group's Expenses**"). The Company and several companies held thereby and other companies in the Group have agreements, according to which the Company is entitled to reimbursement for amounts paid thereby for the companies. In the years 2025 and 2024 the Company received such proceeds in a total amount of approx. NIS 34 million and approx. NIS 30 million, respectively.

f. The Company and companies held thereby have an agreement, according to which the investee companies are entitled to rent, management fee and parking fees for areas owned thereby. In the years 2025 and 2024, the Company paid rent, management fees and parking fees as aforesaid in a total amount of approx. NIS 10 million and approx. NIS 11 million, respectively.

F. Guarantees:

For details on guarantees provided by the Company – See Note 27B to the Consolidated Financial Statements as of 31 December 2025.

G. Contractual Restrictions and Financial Covenants:

For details regarding contractual restrictions undertaken by the Company, see Note 16 to the Consolidated Financial Statements as of 31 December 2025.

H. Dividends from Companies Directly held by the Company:

Companies directly held by the Company have no contractual restrictions on dividend distribution, other than restrictions arising from financial covenants and/or additional conditions set forth in loan agreements with credit providers. For further details, see Note 16 to the consolidated financial statements as of December 31, 2025.

I. Pledges:

With respect to pledges – see Note 27A to the Consolidated Financial Statements as of 31 December 2025.

J. Engagements with Related and Interested Parties:

Regarding engagements with related and interested parties, see Note 32 to the Consolidated Financial Statements as of 31 December 2025.

K. Subsequent Events:

For material events after the balance sheet date - see Note 34 to the Consolidated Financial Statements as of 31 December 2025.

[on Deloitte's Letterhead]

18 March 2026

To:
The Board of Directors of Azrieli Group Ltd.
1 Azrieli Center,
Tel Aviv

Dear Sir/Madam,

Re: Letter of consent 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:

a. The independent auditor's report of 18 March 2026 on the Company's consolidated financial statements as of 31 December 2025 and for the year then ended.

b. The independent auditor's report of 18 March 2026 on the audit of components of internal control over financial reporting of the Company as of 31 December 2025.

c. The special independent auditor's report of 18 March 2026 on the separate financial information of the Company according to Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, as of 31 December 2025 and for the year then ended.

Sincerely,

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

AZRIELIGROUP

PART D

Further Details about the Corporation

CHAPTER D | ADDITIONAL DETAILS ABOUT THE CORPORATION

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CHAPTER D | ADDITIONAL DETAILS ABOUT THE CORPORATION

Regulation 25A – Registered Address

Company Name: Azrieli Group Ltd.

Company Number in the Registrar of Companies: 51-096071-9

Address: 1 Azrieli Center, Tel Aviv, 6702101

Facsimile: 03-6081380

Telephone: 03-6081400

email: Niritz@azrieli.com

Date of the Statement of Financial Position: 31 December 2025

The Report Date: 18 March 2026

Regulation 10A - Summary of the Reports on Results of the Company's Operations for Each Quarter of 2025 (NIS in million)

	1-3/2025	4-6.2025	7-9/2025	10-12.2025	1-12/2025
Income From rent, management and maintenance fees, and sales, net	938	949	973	890	3,750
Revenues from construction and land transactions	-	-	-	155	155
Cost of income from rent, management and maintenance fees, and sales	292	301	316	315	1,224
Expenses from construction and land transactions	-	-	-	151	151
Gross profit	646	648	657	579	2,530
Sales and marketing	16	19	18	28	81
G&A	72	111	81	101	365
Operating income before other income and expenses	558	518	558	450	2,084
Net profit from fair value adjustment of investment property and investment property under construction	252	193	360	323	1,128
Share in the results of companies accounted for by the equity method, net of tax	(1)	(1)	-	164	162
Other income (expenses), net	(37)	29	17	21	30
Operating income after other income and expenses	772	739	935	958	3,404
Financing income	81	121	45	72	319
Financing expenses	240	492	505	92	1,329
Profit before taxes on income	613	368	475	938	2,394
Taxes on income	(156)	(48)	(79)	(223)	(506)
Net profit for the period	457	320	396	715	1,888
Attributed to:					
Shareholders of the Company	457	320	395	717	1,889
Non-controlling interests	-	-	1	(2)	(1)
	457	320	396	715	1,888

Regulation 10C - Use of Proceeds from Securities

Series I Bonds

On 6 July 2025, approx. NIS 1,817 million par value of Series I Bonds were issued, by way of expansion of such series, in consideration for approx. NIS 2,000 million (approx. NIS 1,972 million net of issue expenses) in accordance with a shelf offering report released on 3 July 2025 (Ref. 2025-01-48474), which is incorporated herein by reference and was released under the 2025 Shelf Prospectus.

Series J Bonds

On 20 July 2025, approx. NIS 500 million par value of Series J Bonds were issued, in consideration for approx. NIS 500 million (approx. NIS 496 million net of issue expenses), in accordance with a shelf offering report released on 17 July 2025 (Ref. 2025-01-053287), which is incorporated herein by reference and was released under the 2025 Shelf Prospectus.

The proceeds received from these issues were and shall be used by the Company, among other things, for refinancing an existing financial debt, making investments and current financing purposes, from time to time.

Regulation 11 - List of Investments in Material Subsidiaries and Affiliates as of the Date of the Statement of Financial Position

See Annex A to this Chapter D.

Regulation 12 - Changes in Investments in Material Subsidiaries and Affiliates, Directly and Indirectly, in the Report Period

Date of Change	Nature of Change	Notes
September 2025	Acquisition of ~66.67% of the shares of Z.M.H Hammerman in a reverse triangular merger transaction	For details, see Section 1.3.6 of Chapter A hereof.
During the Report Period	Consolidation of the Company's holdings in the Data Center sector under GMG	For further details, see Section 13.1 of Chapter A hereof.

Regulation 13 - Profit of Material Subsidiaries and Affiliates and the Corporation's Income therefrom as of the Date of Statement of Financial Position (NIS in Million)

Investee Company	Main Business	Profit (Loss) (NIS in million)			Company's Income from the Affiliate	
		Net Profit	Comprehensive Income	Dividend	Management Fee	Interest and Linkage Differentials*
Canit Hashalom Investments Ltd.	Development, management, acquisition and lease of commercial and office buildings in Israel and in the US.	656	634	-	152	-
Otzem Initiation & Investments (1991) Ltd.	Development and lease of commercial buildings (Or Yehuda and Ramla)	24	24	-	-	13
AG Galleria Office Buildings, LP	Holding of 92.3% of the rights in office buildings situated in Houston, Texas, USA, which are known by the name Galleria	(5)	(5)	-	-	-
Gemel Tesua Investments Ltd.	Development, management, acquisition and lease of commercial and office buildings in Israel	51	51	-	22	-
Otzma & Co. Investments Maccabim Ltd.	Development, management, acquisition and lease of office buildings in Israel	6	6	-	-	6
AG Plaza at Enclave	Holding of 100% of the rights in an office building in Houston, Texas, USA - "Houston Dow Center"	-	-	-	-	7
Palace America Senior Housing Company Ltd.	Operation of a senior home	37	37	-	-	-
Ahuzat Bayit Ra'anana – Senior Housing Ltd.	Operation of a senior home and a retail center	19	19	-	-	15
Modi'in Senior Housing Ltd.	Operation of a senior home	32	32	-	-	-
Mall Hayam Eilat (1978) Ltd.	Lease of 50% of Eilat mall	39	39	-	-	-
Ahuzat Menachem Milstein Ltd.	Development, management and lease of office buildings in Israel	-	-	-	-	18
International Consultants (E-Consult) Ltd.	Development and leasing of offices and industrial buildings	8	8	-	3	-
AG 8 West Centre	Holding of 100% of the rights in an office building in Houston, Texas, USA	(3)	(3)	-	-	8
AG San Clemente	Holding of 100% of the rights in an office building in Houston, Texas, USA	(33)	(33)	-	-	-
AG Two Aspen	Holding 100% of the rights in an office building in Austin, Texas, USA	7	7	-	-	2
Green Mountain	Data centers in Norway	213	206	-	-	-
Green Mountain Global	Data centers in Europe	575	561	-	-	29
Palace Lehavim Limited Partnership	Establishment and operation of a senior home and retail center	10	10	-	-	-
Palace Sde Dov Partnership	Construction and operation of a senior home	(33)	(33)	-	-	-
Z.M.H Hammerman Ltd.	Development, construction, management, marketing, and sale of residential and commercial projects in Israel, and the performance of contract work in real estate projects.	***(10)	***(10)	2	-	4

* Including capital reserve
** Less than NIS 1 million
*** Commencing from the date of purchase of the company

Regulation 20 - Trade on the Stock Exchange – Listed Securities / Trading Suspensions - Dates and Reasons

A. Shares/Securities

On 7 July 2025, NIS 1,817 million par value Series I Bonds were listed on TASE, having been offered to the public under the 2025 Shelf Prospectus.

On 21 July 2025, NIS 500 million par value Series J Bonds were listed on TASE, having been offered to the public under the 2025 Shelf Prospectus.

For further details, see Regulation 10C of this Chapter D.

B. Trading Suspensions

In the Report Period, no trading suspensions of securities issued by the Company took place.

Regulation 21 - Payments to Senior Officers

For a specification of the compensation granted in the Report Period, as specified in Schedule 6 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, see Section 1 of Chapter E hereof.

Regulation 21A - Control of the Company

As of the Report Release Date, Azrieli Holdings Inc. ("**Azrieli Holdings**"), a private company incorporated under Canadian law, holds, directly and indirectly, through its holding of the entire share capital of Nadav Investments Inc. ("**Nadav Investments**"), a private company incorporated under Canadian law, which is the direct controlling shareholder of the Company, 55.62% of the share capital and 61.31%[1] of the voting rights of the Company *de facto* and on a fully-diluted basis. As the Company has been informed, Azrieli Holdings is controlled by Sharon Azrieli, Naomi Azrieli and Danna Azrieli, either directly or through Canadian holding corporations.

Until his death, in July 2014, Mr. David Azrieli OBM directly and indirectly held ~44.77% of the share capital of Azrieli Holdings and all of the voting rights in Azrieli Holdings (including the voting rights of his children's shares, which were held by him in trust). Following the passing of Mr. David Azrieli OBM, the shares of Azrieli Holdings that had been held by him and his shares in a Canadian holding corporation controlled by him ("**David Holding Corporation**") were transferred to his estate, and Sharon Azrieli, Naomi Azrieli and Danna Azrieli were appointed as the 3 directors of Azrieli Holdings and of Nadav Investments.

As the Company has been informed, on 13 April 2015, shares of Mr. Azrieli OBM in Azrieli Holdings and in David Holding Corporation were distributed from his estate. Following such distribution, each one of Sharon Azrieli, Naomi Azrieli and Danna Azrieli, holds, directly and through David Holding Corporation, ~28.02% of the capital rights in Azrieli Holdings and ~33.13% of the voting rights in Azrieli Holdings, and together they 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 in the Company), which, following the distribution of the estate, holds (indirectly, through a holding of shares of David Holding Corporation) 15.93% of Azrieli Holdings' shares, with no voting rights (which holding indirectly constitutes a holding of ~8.86% of the

1 Which include all of the voting rights by virtue of the Contribution Shares. According to the Contribution Agreement (as defined in Note 32C(4) to the Financial Statements), Azrieli Holdings granted Azrieli Foundation Israel, by way of contribution without consideration, 6,902,000 ordinary shares of the Company of par value NIS 0.1 each, which constitute ~5.69% of the Company's issued capital (the "**Contribution Shares**").

capital rights of the Company), in addition to and separately from its direct holding of 7.32% of the capital and voting rights in the Company.

As the Company has been informed, on 20 March 2017, a shareholders' agreement (the "**2017 Agreement**") was signed between Sharon Azrieli, Naomi Azrieli and Danna Azrieli (by themselves and through companies controlled by them), the indirect controlling shareholders of the Company and directors thereof (the "**Controlling Shareholders**"). Additional parties to the 2017 Agreement are Azrieli Holdings, Nadav Investments and David Holding Corporation (the three "**Holding Corporations**"). The 2017 Agreement replaces and substitutes the former shareholders agreement made by the parties in November 2012 (the "**2012 Agreement**"), and it regulates the relations between the Controlling Shareholders, by themselves, and through the Holding Corporations, in respect of their rights in the Company. Similarly to the 2012 Agreement, the terms of the 2017 Agreement include agreements regarding the sale and transfer of shares in the Company and in the Holding Corporations, including a lock-up period, right of first refusal, right of first offer, tag-along and exclusion right in connection with certain sales of shares (drip) on TASE.

The 2017 Agreement further prescribes that the manner of use of the voting rights in the Company will be determined by the Controlling Shareholders (by a majority vote), provided however, that in respect of resolutions to appoint directors of the Company, each one of the Controlling Shareholders shall have the right to use the voting rights to appoint one director who will be determined by her, whereas the manner of use of the voting rights in the Company regarding resolutions to appoint additional directors, will be adopted by a majority vote. Together with the 2017 Agreement, another agreement was signed between all of the direct shareholders in Azrieli Holdings (including the controlling shareholders). Such additional agreement was required under Canadian law, in order to ensure that Azrieli Holdings is subject to part of the provisions of the 2017 Agreement.

It is clarified that the 2017 Agreement does not change the identity of the controlling shareholders of the Company (including of Azrieli Holdings) nor their percentage holdings in the capital and in the voting rights in the Company, and that as of the Report Release Date, Sharon Azrieli, Naomi Azrieli and Danna Azrieli are the Company's controlling shareholders.

Regulation 22 - Transactions with a Controlling Shareholder

For details with respect to transactions with the controlling shareholder or in the approval of which the controlling shareholder has a personal interest, in which the Company or a corporation controlled thereby or an affiliate thereof engaged, see Section 2 of the Company's Corporate Governance Report, which is attached as Chapter E hereof.

Regulation 24 - Holdings of Interested Parties and Senior Officers

For details regarding the holdings of interested parties and senior officers of the Company, see the immediate report regarding the holdings of interested parties and officers of 8 January 2026 (Ref. 2025-01-003425), which is incorporated herein by reference.

Regulation 24A - Authorized Capital, Issued Capital and Convertible Securities

As of 31 December 2025, the authorized capital of the Company is 127,501,500 ordinary shares par value NIS 0.1 each, and the issued capital of the Company is 121,272,760 ordinary shares par value NIS 0.1 each. As of 31 December 2025, the Company's securities include 234,350 unlisted options which were granted to the Company's former CEO, Mr. Eyal Henkin[2] and 356,274 unlisted options which were granted during the Report Period.[3]

Regulation 24B - The Company's Shareholders' Register

Shareholder's Name	Company No.	Address	Class of Shares	Quantity of Shares	Par value
The TASE Transfer Agent	510356603	2 Ahuzat Bayit St., Tel Aviv	Ordinary par value NIS 0.1	121,272,760	NIS 0.1

Regulation 26 - Directors of the Corporation (as of the Report Release Date)

Below are personal and professional details with regard to the Company's directors:

(1)	Director's Name:	Danna Azrieli, Chairwoman of the Board and Acting CEO[4]
	Identification number:	321657744
	Date of Birth:	3 June 1967
	Address for service of process:	1 Azrieli Center, Tel Aviv
	Citizenship:	Israeli
	Membership on board of directors' committees:	Investment Committee
	Outside Director/Independent Director:	No
	Position filled at the Company/Subsidiary/Affiliate of the Company or of an interested party therein:	Active Chairwoman of the Board and Acting CEO
	Date of commencement of service as director of the Company:	1 June 2010
	Education:	BA in Sociology and Anthropology from Swarthmore College; Juris Doctor of Law from Vermont Law School; member of the Massachusetts State Bar Association in the U.S. and the Israel Bar Association.
	Occupation in the past five years and other corporations in which he holds office as director:	Director of subsidiaries of the Company and of the companies Nadav Investments Inc., Azrieli Holdings Inc., Candan Residences Ltd., Dan Squared Ltd., Candan Management Services Ltd. and Candan Holdings Ltd.; Chair of Azrieli Foundation (Israel), R.A., member of Azrieli Foundation (Canada), a Canadian nonprofit organization, director of Weizmann Institute of Science, director of Tel Aviv University, a director of Darca Schools NPO (R.A.), member of the board of the Israel Center on Addiction (ICA) and member of the board of Birthright Israel International (CC) Ltd.
	Family relation to an interested party:	Controlling shareholder. For details see Regulation 21A above
	Accounting and Financial Expertise or Professional Qualification:	Has professional Qualification

[2] For further details on the options and their terms and conditions, see the immediate report regarding notice of meeting as released by the Company on 30 April 2024 (Ref. 2024-01-041491), which is incorporated herein by reference.
[3] For further details, see the immediate report of 20 March 2025 (Ref.: 2025-01-018641), which is incorporated herein by reference.
[4] After the Report Period, on 15 February 2026, the Company's Board appointed Ms. Danna Azrieli to the CEO of the Company (concurrently with her position as a director of the Company for no additional compensation), and Ms. Irit Sekler-Pilosof was appointed as Chairwoman of Board of the Company, all in effect as of 22 March 2026. For further details, see the Company's immediate reports as of 15 February 2026 (Ref. 2026-01-015006 and 2026-01-015010), which is incorporated herein by reference.

(2)	Director's Name:	Sharon Azrieli
	Identification number:	AR684368
	Date of Birth:	4 August 1960
	Address for service of process:	1 Azrieli Center, Tel Aviv
	Citizenship:	Canadian
	Membership on board of directors' committees:	None
	Outside Director/Independent Director:	No
	Position filled at the Company/Subsidiary/Affiliate of the Company or of an interested party therein:	None
	Date of commencement of service as director of the Company:	1 June 2010
	Education:	Doctorate in Music from the University of Montreal; MA in Music from the University of Montreal; BA in Art from Vassar College; Advanced Certificate from the Juilliard School of Music; Associate degree from the Parsons School of Design.
	Occupation in the past five years and other corporations in which he holds office as director:	Owner of real estate companies; opera singer, Cantor and artist; Publisher of interior design magazines. Co-President and Director of Nadav Investments Inc. and Azrieli Holdings Inc. Member of the board of Azrieli Foundation (Israel), R.A., and director and Chair of the music and arts program at the Azrieli Foundation (Canada), a Canadian nonprofit organization. President of the following organizations: Sazzy Investments Ltd.; 4287690 Canada Inc; Viva! Diva! Can Inc.; Viva! Diva! U.S. Inc.; 1992671 Alberta ULC; 9839623 Canada Inc.; 11581252 Canada Inc.; Montreal Home Magazine Inc.; 7809298 Canada Inc.; 7852703 Canada Inc.; 8240349 Canada Inc. and President Emeritus of Orchestre Classique de Montreal (former: Orchestre de Chambre McGill). A director of the following organizations: National Arts Foundation; CVAI (Canadian Vocal Arts Institute); Shir Chadash Synagogue; Opera Cares Foundation; Sharon Azrieli Foundation for the Arts (SAFA) and Festival Stradivaria. Member of the McCord Museum (Montreal) and Camp Musicale Tutti. Owner and manager of foreign private company
	Family relation to an interested party:	Controlling shareholder. For details see Regulation 21A above
	Accounting and Financial Expertise or Professional Qualification:	No
(3)	Director's Name:	Naomi Azrieli
	Identification number:	P551661PC
	Date of Birth:	26 September 1965
	Address for service of process:	1 Azrieli Center, Tel Aviv
	Citizenship:	Canadian
	Membership on board of directors' committees:	None
	Outside Director/Independent Director:	No
	Position filled at the Company/Subsidiary/Affiliate of the Company or of an interested party therein:	None
	Date of commencement of service as director of the Company:	1 June 2010

	Education:	PhD in International History from Oxford University, England; Master of International Affairs in International Relations, Finance and Economics from Columbia University, New York; BA from the University of Pennsylvania in Political Science and Russian Studies.
	Occupation in the past five years and other corporations in which he holds office as director:	Chairwoman of Azrieli Foundation (Canada), a Canadian nonprofit organization. Co-Chair of Azrieli Foundation (Israel), R.A. Owner and manager of foreign private companies. Director and president of the corporations: Canpro Investments Ltd., Omico Investments Ltd., Omico Residential Ltd., Omico NY Limited Partnership, 7852711 Canada Inc., Rafiken Social Enterprises Inc., The Infinite Bean, and 8585539 Canada Inc. A director of the following entities: Nadav Investments Inc., Azrieli Holdings Inc., Brain Canada Foundation and the International Board of Weizmann Institute of Science.
	Family relation to an interested party:	Controlling shareholder. For details see Regulation 21A above
	Accounting and Financial Expertise or Professional Qualification:	Has professional Qualification
(4)	Director's Name:	Dan Isaac Gillerman
	Identification number:	07132889
	Date of Birth:	26 March 1944
	Address for service of process:	1 Azrieli Center, Tel Aviv
	Citizenship:	Israeli
	Membership on board of directors' committees:	Audit Committee, Compensation Committee, FSRC and Enforcement Committee
	Outside Director/Independent Director:	Independent Director
	Position filled at the Company/Subsidiary/Affiliate of the Company or of an interested party therein:	None
	Date of commencement of service as director of the Company:	23 August 2019
	Education:	Economics and Political Science, the Hebrew University of Jerusalem; Law studies, Tel Aviv University
	Occupation in the past five years and other corporations in which he holds office as director:	Chairman of Blackstone Israel; Chairman of the America-Israel Friendship League; CEO of Gillerman Global Ltd.; Member of the Council of the Israeli Opera (until 2023); Member of the Board of Trustees of the Hebrew and Tel Aviv Universities; Member of the Board of Trustees of the Israel Museum (until 2024); Member of the Advisory Board of cyber company Sentra; Member of the Board of the Weizmann Institute of Science (until 2022); Chairman of Nagum Ltd. (private company) (until 2024); Member of the Executive Board of the Hostages and Missing Families Forum.
	Family relation to an interested party:	None
	Accounting and Financial Expertise or Professional Qualification:	Has professional qualifications
(5)	Director's Name:	Varda Levy, Outside Director
	Identification number:	057089369
	Date of Birth:	26 May 1961
	Address for service of process:	1 Azrieli Center, Tel Aviv
	Citizenship:	Israeli
	Membership on board of directors' committees:	Audit Committee, Compensation Committee, FSRC, Enforcement Committee, Investment Committee

	Outside Director/Independent Director:	Outside Director
	Position filled at the Company/Subsidiary/Affiliate of the Company or of an interested party therein:	None
	Date of commencement of service as director of the Company:	23 August 2022
	Education:	B.A. in Economics and Accounting, Tel Aviv University, C.P.A. (ISR)
	Occupation in the past five years and other corporations in which he holds office as director:	Outside director of Mendelson Infrastructures and Industries Ltd. (until 2021); outside director of Related Commercial Portfolio, Ltd. (until 2021); independent consultant
	Family relation to an interested party:	None
	Accounting and Financial Expertise or Professional Qualification:	Has accounting and financial expertise
(6)	Director's Name:	Yossef Shachak, Outside Director
	Identification number:	008025009
	Date of Birth:	25 August 1945
	Address for service of process:	1 Azrieli Center, Tel Aviv
	Citizenship:	Israeli
	Membership on board of directors' committees	Audit Committee, Compensation Committee, FSRC, and Enforcement Committee
	Outside Director/Independent Director:	Outside Director
	Position filled at the Company/Subsidiary/Affiliate of the Company or of an interested party therein:	None
	Date of commencement of service as director of the Company:	23 August 2019
	Education:	B.A. in Accounting, the Hebrew University of Jerusalem, C.P.A. (ISR)
	Occupation in the past five years and other corporations in which he holds office as director:	Consultant to companies and boards of directors; Business mediator and arbitrator; Member of the Public Council of the Israel Accounting Standards Boards; Member of the finance committee of the Israel Cancer Association; Chairman of the Board of Emilia Development (O.F.G.) Ltd.; Chairman of the Board of Tefron Ltd.; outside director of Southern Properties Capital Ltd. (until 2023); independent director of Partner Communications Ltd. (2022); outside director of GT Real Estate Ltd.; director of Yogi Consulting and Investments Ltd. (a private company under this control); director of NPO Gvahim – Association for the Absorption of Aliya (R.A.); consultant and mediator of the Carasso Group and companies owned thereby.
	Family relation to an interested party:	None
	Accounting and Financial Expertise or Professional Qualification:	Has accounting and financial expertise
(7)	Director's Name:	Nechemia (Chemi) Jacob Peres
	Identification number:	055366306
	Date of Birth:	17 July 1958
	Address for service of process:	2 Leonardo da Vinci St., Tel Aviv
	Citizenship:	Israeli
	Membership on board of directors' committees:	FSRC, Audit Committee, and Enforcement Committee
	Outside Director/Independent Director:	Independent Director

	Position filled at the Company/Subsidiary/Affiliate of the Company or of an interested party therein:	None
	Date of commencement of service as director of the Company:	16 January 2024
	Education:	BSc. in Industrial Engineering and Management and MBA from Tel Aviv University.
	Occupation in the past five years and other corporations in which he holds office as director:	Managing partner and founder of Pitango Venture Partners 2004 Ltd.; Chairman of the Peres Center for Peace and Innovation. Serves as a director in the following corporations: Chairman of Peres and Associates Global Advisory Ltd.; Chairman of Amelia G.P. Ltd.; Chairman of Yuka Monsters; Bitroll Ltd. (until 2024); Venn 2014 Ltd.; Taboola Com Ltd.; Via Transportation Inc.; Duda Mobile D.M. Ltd.; Masterschool Ltd.; Localize Ltd. (until 2025); Rosetal System Information Ltd.; and Idomoo Ltd. In addition, Chairman of the advisory board of NewEra Capital Partners; and member of the Investment Committee of TDJ Pitango. Member of the Advisory Board of NevaTeam Partners; Member of the Board of HaGal Sheli association. Director of Teva Pharmaceutical Industries Ltd. (until 2023); Chairman of the board of Pearls of Wisdom Research and Development Ltd. (until 2023); director of Anywell Hosting Solutions Ltd. (until 2024), director of Social Finance Israel (until 2023) and Chairman of the board of Webbing Technologies Ltd. (until 2024).
	Family relation to an interested party:	No
	Accounting and Financial Expertise or Professional Qualification:	Has accounting and financial expertise
(8)	Director's Name:	Prof. Ariel Kor
	Identification number:	038346268
	Date of Birth:	8 November 1975
	Address for service of process:	1 Azrieli Center, Tel Aviv
	Citizenship:	Israeli
	Membership on board of directors' committees:	Investment Committee
	Outside Director/Independent Director:	No
	Position filled at the Company/Subsidiary/Affiliate of the Company or of an interested party therein:	No
	Date of commencement of service as director of the Company:	22 November 2022
	Education:	BA and MA in Modern History from Oxford University; MPhil and PhD in Clinical Psychology from Columbia University
	Occupation in the past five years and other corporations in which he holds office as director:	Private investments; Chairman-Founder of the Israel Center on Addiction (R.A.) (until 2025); Lishma – Policy, Entrepreneurship, Community (R.A.), board member; Matan Investing in the Community (R.A.), board member; director of Pro Sportority (Israel) Ltd.; Associate Professor of the Hebrew University.
	Family relation to an interested party:	No
	Accounting and Financial Expertise or Professional Qualification:	Has accounting and financial expertise.
(9)	Director's Name:	Menachem Einan
	Identification number:	008995383
	Date of Birth:	17 June 1939

	Address for service of process:	1 Azrieli Center, Tel Aviv
	Citizenship:	Israeli
	Membership on board of directors' committees:	Audit Committee, FSRC and Enforcement Committee
	Outside Director/Independent Director:	No
	Position filled at the Company/Subsidiary/Affiliate of the Company or of an interested party therein:	In addition to his being a director of the Company, Mr. Einan served as an external consultant of the Company until 28 February 2017.
	Date of commencement of service as a director of the Company:	22 March 2016
	Education:	BA in Humanities from Tel Aviv University; degree in Business Administration from UCLA.
	Occupation in the past five years and other corporations in which he holds office as director:	Member of the board of Azrieli Foundation (Israel), R.A.
	Family relation to an interested party:	No
	Accounting and Financial Expertise or Professional Qualification:	Has professional qualifications
(10)	Director's Name:	Irit Sekler-Pilosof[4]
	Identification number:	025710542
	Date of Birth:	31 October 1973
	Address for service of process:	1 Azrieli Center, Tel Aviv
	Citizenship:	Israeli
	Membership on board of directors' committees:	FSRC, Audit Committee, Enforcement Committee and Investment Committee
	Outside Director/Independent Director:	No
	Position filled at the Company/Subsidiary/Affiliate of the Company or of an interested party therein:	No
	Date of commencement of service as a director of the Company:	16 January 2024
	Education:	BA in Business Administration, major in accounting, College of Management Academic Studies; LL.M., Bar Ilan University, C.P.A. (ISR)
	Occupation in the past five years and other corporations in which he holds office as director:	2020-2023: Deputy CEO of the Company; 2013-2023: CFO of the Company; Director of Elran Consulting Ltd. (until 2024).
	Family relation to an interested party:	No
	Accounting and Financial Expertise or Professional Qualification:	Has accounting and financial Expertise

Regulation 26A: Senior Officers of the Corporation as of the Report Release Date

Name	Ariel Goldstein	Amihai Kilstein[5]	Nirit Zeevi	Tamir Amar	Yaacov Danino	Gali Gana	Sharon Arie	Rachel Mittelman	Elad Alon	Tsviya Ornstein Kacen	Michal Alaluf Tamir	Eyal Henkin
Identity Number	029302890	024659112	036386795	25414871	300207933	059674770	023544612	035730746	027279025	025521642	049814551	024604332
Date of Birth	26 February 1972	5 November 1969	11 March 1979	23 August 1973	23 February 1987	2 June 1965	2 July 1968	14 August 1978	26 May 1975	22 April 1973	28 August 1981	3 November 1969
Office Commence-ment Date	28 May 2023	1 May 2025	2 October 2019	29 December 2024	1 March 2023	21 March 2023	1 December 2017	1 September 2018	25 November 2020	1 September 2025	19 March 2023	1 April 2025
Position held in the Company/ Subsidiary/ Affiliate or in an interested party	CFO	VP, Head of Properties. Director of subsidiaries of the Company	Deputy CEO, General Counsel & Company Secretary	COO	Chief Accounting and Financial Statements Controller	The internal auditor	VP Planning, Engineering and Construction	Chief Information Officer	VP Business Development	VP Marketing	VP Human Resources	CEO of GMG
Education	B.A. in Economics and Accounting, Bar Ilan University; MBA, Bar Ilan University; Licensed as a CPA (Israel).	B.A. in Economy and Business, Tel Aviv University	LL.B and B.A. specializing in Information Technology (IT), both from the IDC Herzliya; qualified to practice law in Israel	B.A. in Economics and Accounting, MBA (Major in Financing), both from Ben Gurion University	B.A. in Accounting and Economics from the Open University; MBA from Bar Ilan University; Licensed as a CPA (Israel)	B.A. in business administration from the College of Management, M.A. in internal audit and public administration from Bar Ilan University, CIA, CISA, CRISC, CDPCE	Graduate of studies of Civil Engineering from the Technion	Industrial engineer and an MBA, both from the Tel Aviv University	High school education	Advocate and has an MBA in Business Management from Bar Ilan University	B.A. in behavioral science from Ben Gurion University in the Negev; M.A. In organizational psychology from Bar Ilan University	B.A. in Computer Science and Management from Tel Aviv University; Executive MBA, in the Kellogg Recanati program of Northwestern University and Tel Aviv University

[5] Mr. Amihai Kilstein heads the segments of retail centers and malls, as well as offices and other space for lease in Israel. As of April 2026, Mr. Oded Setter will join the Company as Head of Offices and Rental Housing in Israel and Mr. Kilstein will continue to serve as Head of Retail Centers and Malls.

Name	Ariel Goldstein	Amihai Kilstein[5]	Nirit Zeevi	Tamir Amar	Yaacov Danino	Gali Gana	Sharon Arie	Rachel Mittelman	Elad Alon	Tsviya Ornstein Kacen	Michal Alaluf Tamir	Eyal Henkin
Business experience in the last five years	Deputy CEO, CFO and VP Finance, AFI Properties.	CEO of Match Retail	The Company's Deputy General Counsel for six years prior to the appointment	CEO of Hagag Group, Deputy CEO, CFO and VP Business Development and VP Infrastructure and Fibers in the Partner Group	Comptroller at Azrieli Group, Senior Manager at Deloitte	Partner at accounting firm Rosenblum Holtzman since 1997	VP Engineering, Nitsba Holdings, VP Engineering and Business Development, Aura Israel	Chief Information Officer Supergas Israeli Gas Distribution Company Ltd.	Director of Teddy Sagi Group's real estate operations in Israel; Founder and CEO of LABS Israel	VP Marketing in Tambour and Head of Marketing and Development in the Food Division of Tnuva	Head of HR at Azrieli Group for the four years prior to her appointment as VP Human Resources	CEO of the Company

None of the officers is an interested party in the Company or has a family relation to another officer of the Company or to another interested party in the Company.

Senior officers whose office ended during the Report Period and in the subsequent period until the Report Release Date:

In the report period and until the Report Release Date, the following terms of office at the Company came to an end:

- In January 2025, the term of office of Mr. Israel Keren as the Company's COO came to an end.
- In February 2025, the term of office of Mr. Yehonatan Yaari as the Company's VP Projects came to an end.
- On 1 April 2025, the term of office of Mr. Eyal Henkin as the Company's CEO came to an end, and he commenced his tenure as the CEO of GMG.[6]
- On 1 April 2025, the term of office of Mr. Rafi Wunsh as the Company's VP International Real Estate came to an end, and he commenced his tenure as the Chief Investments Officer of GMG. On 29 April 2025, Mr. Amihai Kilstein commenced his tenure as Head of Properties in the Company.
- In May 2025, the term of office of Mr. Daniel Koren as the Company's VP Marketing and Digital came to an end. Ms. Tsviya Ornstein Kacen was appointed as the Company's VP Marketing and assumed office in September 2025.
- On 7 August 2025, the general meeting of shareholders approved the appointment of Yossef Shachak and Varda Levy to an additional tenure as outside directors, for a three-year period, starting from 23 August 2025.[7]
- On 21 September 2025, the term of office of Mr. Ron Avidan as the Company's CEO came to an end[8], and Ms. Danna Azrieli commenced her office as Acting CEO of the Company, concurrently with her position as the Company's Chairwoman of the Board, for no additional compensation and for a period of six months.[9] On 15 February 2026, the Company's Board resolved to appoint Ms. Danna Azrieli as the Company's CEO, and Ms. Irit Seker-Pilosof was elected to serve as the Company's Chairwoman of the Board, in effect starting from 22 March 2026.

Regulation 26B - Authorized Signatories of the Corporation

See Section 8 of Chapter E hereof.

Regulation 27 - The Company's Accountants

The Company's auditors are Deloitte Brightman Almagor Zohar & Co., CPA, 1 Azrieli Center, Tel Aviv.

Regulation 28 - Changes in the Memorandum or Articles of Association

No change was performed in the Report period.

[6] For further details, see the Company's immediate report as of 9 March 2025 (Ref.: 2025-01-015315), which is incorporated herein by reference.
[7] For further details, see the Company's immediate report as of 11 August 2025 (Ref.: 2025-01-059334), which is incorporated herein by reference.
[8] On 17 August 2025, the Company's former CEO, Mr. Ron Avidan, notified the Company's Board that he had notified the Company's Chairwoman of the Board, Ms. Danna Azrieli, of his wish to end his office as the Company's CEO for personal reasons. For further details, see the Company's immediate reports as of 17 August 2025 and 21 September 2025 (Ref.: 2025-01-061044, 2025-01-071495 and 2025-01-071497, respectively), which are included herein by way of reference.
[9] For further details, see the Company's immediate reports as of 21 September 2025 (Ref.: 2025-01-071495, 2025-01-071494 and 2025-01-071492, which are included herein by way of reference.

Regulation 29 - Resolutions and Recommendations of the Board of Directors

See Section 4 of Chapter E hereof.

Regulation 29A - The Company's Resolutions

See Section 4 of Chapter E hereof.

Exemption, Indemnification and Insurance of Officers:

For a description of the applicable arrangements with regard to exemption, indemnification and insurance for directors and officers in the Company, see Note 32D to the Financial Statements as of 31 December 2025.

Danna Azrieli, **Chairman of the Board of Directors** **and Acting CEO**	**Irit Sekler-Pilosof, Director**[10]

Date: 18 March 2026

[10] On 18 March 2026, the Company's Board authorized Ms. Irit Sekler-Pilosof to sign the Company's Board of Directors' Report.

Annex A – Regulation 11 – List of Investments in Material Subsidiaries and Affiliates as of the Date of the Statement of the Financial Position

		Rate in %					NIS in million						
Company name	Share class	Total par value of shares in NIS	Total par value of held shares in NIS	% of capital	% of voting	Authority to appoint Directors	Cost of the held shares	Book value of investment (*)	Balance of loans from the Company	Method of presentation in the financial statements	Company's country of incorporation	Securities exercisable for capital rights or voting rights in the company held by the Company	Guaranties provided by the Company to the investee
Directly-held companies													
Canit Hashalom Investments Ltd.	Ordinary	116	116	100%	100%	100%	51	13,986	-	Consolidated Company	Israel	-	-
International Consultants (Iconsult) Ltd.	Ordinary	3,900	3,900	100%	100%	100%	30	156	3	Consolidated Company	Israel	-	-
Otzem Initiation & Investments (1991) Ltd.	Management	80	80			100%	-	305	279	Consolidated Company	Israel	-	-
	Ordinary A	21,330,220	21,330,220										
	Ordinary B	4,999	4,999										
		21,335,299	21,335,299	100%	100%	100%							
Mall Hayam Eilat (1978) Ltd.	Ordinary	4,400	4,400	100%	100%	100%	316	365	-	Consolidated Company	Israel	-	-
	Management	100	100										
Ahuzat Menachem Milstein Ltd. (2)	Ordinary	1,100	1,100	100%	100%	100%	173	257	463	Consolidated Company	Israel	-	-
	Management	(6)*	(6)*										
Z.M.H Hammerman Ltd.		100	100	66.67%	66.67%	66.67%	579	569	258	Consolidated Company	Israel	-	-
Green Mountain Global Ltd.		-	-	100%	100%	100%	3,332	4,455	1,136	Consolidated Company	England		
AG Galleria Office Buildings (3)		-	-	92.3%	92.3%	-	335	(64)	-	Consolidated Company	USA	-	Guarantee in several cases defined in the loan agreement
AG Plaza at Enclave (3)		-	-	100%	100%	-	50	(34)	80	Consolidated Company	USA	-	Guarantee in several cases defined in the loan agreement
AG 8 West Center (3)		-	-	100%	100%	-	33	(27)	67	Consolidated Company	USA	-	Guarantee in several cases defined in the loan agreement
AG San Clemente (3)		-	-	100%	100%	-	86	73	(4)60	Consolidated Company	USA		Guarantee in several cases defined in the loan agreement

		Rate in %					NIS in million						
Company name	Share class	Total par value of shares in NIS	Total par value of held shares in NIS	% of capital	% of voting	Authority to appoint Directors	Cost of the held shares	Book value of investment (*)	Balance of loans from the Company	Method of presentation in the financial statements	Company's country of incorporation	Securities exercisable for capital rights or voting rights in the company held by the Company	Guaranties provided by the Company to the investee
AG Two Aspen (3)		-	-	100%	100%	-	18	148	27	Consolidated Company	USA	-	Guarantee in several cases defined in the loan agreement
Companies held by Canit Hashalom													
Gemel Tesua Investments Ltd.	Ordinary	53,750,000	53,721,650	99.9%	99.9%	100%	-		-	Consolidated Company	Israel	-	-
Otzma & Co. Investments Maccabim Ltd.	Ordinary	16,100,000	16,091,764	99.9%	99.9%	100%	-		(2)85	Consolidated Company	Israel	-	-
Palace Ra'anana - Senior Housing Ltd.	Ordinary	50,191,999	50,191,999	100%	100%	100%	55		(2)479	Consolidated Company	Israel	-	-
Companies held by Palace Ra'anana - Senior Housing Ltd.													
Modi'in Senior Housing	Ordinary	1,000	1,000	100%	100%	100%	32		-	Consolidated Company	Israel	-	-
Palace Lehavim Limited Partnership[11]		(5)-	(5)-	100%	100%	100%	-(5)		-	Consolidated Company	Israel		
Palace America Senior Housing Company Ltd.	Ordinary	100	100	100%	100%	100%	270		-	Consolidated Company	Israel	-	-
Companies in the Data Center segment													
Companies held by Green Mountain Global Ltd.													
Global Data AZ Ltd.		-	-	100%	100%	100%	-	-	-	Consolidated Company	England	-	-
Green Mountain, AS		-	-	100%	100%	100%	-	-	1,066	Consolidated Company	Norway	-	-

* Data refers solely to the companies directly held by the Company.

(1) Net of capital reserve.

(2) The company holds all of the rights (100%), part of which indirectly.

(3) Foreign partnership.

(4) Including loan and capital note net of capital reserve.

(5) Partnership.

(6) Amount lower than NIS 1.

11 The Group holds all of the rights (100%) in the partnership's general partner, Modi'in Senior Housing Ltd., which holds 0.01% of the partnership, and Palace Ra'anana Senior Housing Ltd. holds the remaining rights in the partnership (99.99%) as its limited partner.

AZRIELIGROUP

PART E

Corporate Governance

CHAPTER E – CORPORATE GOVERNANCE REPORT

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PART A | ASPECTS OF CORPORATE GOVERNANCE

Presented below are details regarding corporate governance processes in the Company in 2025, which include both issues relating to corporate governance in accordance with the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the "**Report Regulations**"), and a corporate governance questionnaire in accordance with the version included in the document on proposed legislative amendments for improvement of the reports which was published by the Israel Securities Authority on 16 March 2014.

1. Regulation 21 | Payments to Interested Parties and Senior Officers | 2025

Compensation as recognized in the Company's financial statements in 2025 of the seven highest paid individuals among the senior officers of the Company or a corporation controlled thereby, in connection with their office in the Company or in a corporation controlled thereby (the "**Group**"), are as follows (in terms of annual cost to the Company, in thousands of NIS, for the twelve-month period ended 31 December 2025, as specified in the Sixth Schedule of the Report Regulations):

Details of the Compensation Recipient				Compensation			
Name	**Position**	**Position Scope**	**Rate of Holding in the Corporation's Capital**	**Management Fees [a]**	**Bonus**	**Other [c]**	**Total**
(1) Eyal Henkin	Former CEO of the Company; CEO of GMG[1]	100%	---	4,710	3,708	4,824	13,242
(2) Ole Sten Volland	VP Technologies of GM	100%	---	892	9,150	-	10,042
(3) Truls Dishington	COO of GM	100%	---	893	9,120	-	10,013
(4) Danna Azrieli	Executive Chairwoman of the Board and Acting CEO of the Company[2]	*100%	[b]	5,368	3,862	-	9,230
(5) Svein Atle Hagaseth	EVP and Global Chief Business Officer of GMG	100%	---	2,535	6,537	-	9,072
(6) Ariel Goldstein	CFO	100%	---	2,771	2,792	1,499	7,062
(7) Sharon Arieh	VP Planning, Engineering & Construction	100%	---	2,269	2,234	1,182	5,685

* It is clarified that Ms. Danna Azrieli may continue to perform additional activities, including philanthropic activities in which she is involved, from time to time, provided that performance thereof does not compromise the fulfillment of her duties at the Company.

(a) The management fee component includes the following components: cost of monthly management fees and related costs such as car maintenance, reimbursement of communications and other expenses or cost of monthly salary, social rights, social and related benefits as customary, car maintenance and reimbursement of communication and other expenses.

(b) For details regarding control of the Company on the report date see Regulation 21A of Chapter D of this Report.

(c) Reflects expenses in 2025 for adjustment and share-based compensation.

[1] Mr. Eyal Henkin served as the Company's CEO until 1 April 2025, and has been serving as GMG's CEO since 1 April 2025.

[2] Ms. Danna Azrieli has been serving as Acting CEO of the Company since 21 September 2025 without entitlement to any additional compensation for such office. On 15 February 2026 the Company's Board approved the appointment of Ms. Danna Azrieli as the Company's CEO, effective as of 22 March 2026.

(1) Mr. Eyal Henkin

Mr. Henkin served as the Company's CEO from 1 January 2018 to 1 April 2025. For details about the Company's management agreement with Mr. Henkin, which took effect on 11 August 2019 and was updated on 2 May 2024, see Note 32C3 to the financial statements.

Since 1 April 2025 Mr. Henkin has been serving as GMG's CEO on a full-time basis. For details on the terms of office and employment of Mr. Henkin as GMG's CEO, see Note 32C3 to the financial statements.

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(2) Mr. Ole Sten Volland

As of 2014, Mr. Ole Sten Volland ("**Ole**") has served as VP Technologies of the indirect subsidiary GM. For his work, Ole is entitled to a fixed gross monthly salary which totaled approx. NIS 892 thousand for all of 2025, and to standard related benefits, including a company car, cellular telephone and reimbursement of expenses. The employer bears the full cost of all of the benefits.

In addition, in 2025 an agreement was signed between Ole and Green Mountain Holdings AS ("**GMH**"), an indirect wholly-owned subsidiary of the Company, whereby Ole would be granted a one-time bonus in the sum total of €3.3 million (gross), as part of the restructuring carried out by the Company to concentrate its Data Center holdings under GMG, and for the employee's transition to and employment by GMH (the "**Bonus**"). The Bonus is paid in two installments: (a) €2.1 million were paid to Ole upon commencement of his employment with GMH (the "**Date of Commencement of Employment**"); and (b) €1.2 million will be paid to Ole on or about 31 December 2026, subject to continued uninterrupted employment from the Date of Commencement of Employment until such date.
Ole is further entitled to equity incentive upon the Equity Incentive Plan adopted by GMG (the "**EIP**").
For further details about the bonuses to which Ole is entitled and about the previous compensation policy of GM and the EIP, see Note 17 to the financial statements.

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(3) Mr. Truls Dishington

As of 2016, Mr. Truls Dishington ("**Truls**") has served as COO of the indirect subsidiary GM. For his work, Truls is entitled to a fixed gross monthly salary which totaled approx. NIS 893 thousand for all of 2025, and to standard related benefits, including a company car, cellular telephone and reimbursement of expenses. The employer bears the full cost of all of the benefits.

In addition, in 2025 an agreement was signed between Truls and GMH, whereby Truls would be granted a one-time bonus in the sum total of €3.3 million (gross), under the same terms and conditions as described in Section (2) above.
Truls is further entitled to equity incentive upon the EIP.
For further details about the bonuses to which Truls is entitled and about the previous compensation policy of GM and the EIP, see Note 17 to the financial statements.

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(4) Ms. Danna Azrieli

Ms. Danna Azrieli has been serving as the Company's Executive Chairwoman of the Board since July 2014, through a company under her control (in this section: the "**Management Company**"). For details on the Company's

management agreement with the Management Company (the "**Management Agreement**"), which took effect on 11 August 2022, and was extended on 7 August 2025, see Note 32C1 to the financial statements and Regulation 22 of Chapter D of this Report. Since 21 September 2025 Ms. Danna Azrieli has been serving as Acting CEO of the Company, without entitlement to any additional compensation for such office.

According to the Management Agreement, the Management Company is entitled to an annual bonus for 2025 for meeting the FFO target and/or the NOI target, as specified below, up to a maximum of 9 times the monthly cost of employment.

The FFO target and the NOI target, as approved by the compensation committee, the Board and the general meeting for 2025, were NIS 1,690 thousand and NIS 2,523 thousand, respectively, based on the Company's work plan which was approved by the Company's Board in January 2025.

A prerequisite for receipt of the component of the bonus for meeting the FFO target and/or the NOI target is meeting 90% of these targets, as the case may be, whereas the Management Company's eligibility for the bonus for the year 2025 will be calculated in a linear manner in accordance with the extent to which the FFO target and/or or the NOI target are met, while for fully meeting the FFO target, the Management Company will be entitled to a bonus in the sum of 3 times the monthly employment cost and for meeting 90% of the FFO target, the Management Company will be entitled to 90% of such amount; For fully meeting the NOI target, the Management Company will be entitled to a bonus in the sum of 6 times the monthly employment cost and for meeting 90% of the NOI target, the Management Company will be entitled to 90% of such amount.

The Company's FFO and NOI for 2025 amounted to a total of NIS 1,695 million[3] and a total of NIS 2,527 million, respectively. Therefore, for meeting the FFO target in 2025, the Management Company is entitled to a bonus in the sum of three (3) times the monthly cost of employment cost, i.e., a total of NIS 1,287 thousand, and for meeting the NOI target in 2025, the Management Company is entitled to a bonus in the sum of six (6) times the monthly cost of employment, i.e., a total of NIS 2,575 thousand (the "**Measurable Bonus**").

On 15 February 2026 the Company's board approved the appointment of Ms. Danna Azrieli as the Company's CEO (and concurrently as a director of the Company for no additional compensation), effective as of 22 March 2026. From such date, Ms. Azrieli shall step down from her office as the Company's Executive Chairwoman of the Board. On 22 March 2026 the Company's special general meeting will convene on the approval of the Company's engagement with the Management Company in a management agreement regulating the terms of office and employment of Ms. Azrieli as the Company's CEO. For details on the terms of office and employment of Ms. Danna Azrieli in connection with her office as the Company's CEO, see the supplementary notice of meeting report released on 16 February 2026 (Ref.:2026-01-015190), which is included herein by way of reference.

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(5) Mr. Svein Atle Hagaseth

As of 2023, Mr. Svein Atle Hagaseth ("**Svein**") served as CEO of the indirect subsidiary GM. In 2025, he took office as EVP Global Chief Business Officer of GMG, and as of the Report Release Date he has stepped down from his office in GMG. For his work in 2025, Svein was entitled to a fixed gross monthly salary which totaled approx. NIS 2,535 thousand for all of 2025, and to standard related benefits, including a company car, cellular telephone and reimbursement of expenses. The employer bears the full cost of all of the benefits. It was further decided to grant Svein a bonus and additional payments in relation to the end of employment, in the sum of NIS 6,537 thousand.

[3] The calculation includes a conversion between a rent model and a senior housing deposit model.

(6) Mr. Ariel Goldstein

Mr. Ariel Goldstein has served as the Company's CFO since 28 May 2023. For his work, Mr. Goldstein is entitled to a fixed gross monthly salary, linked to the CPI which, as of 31 December 2025 amounts to approx. NIS 164 thousand, and standard related benefits, including the provision of a (Grade 6) company car, cellular telephone, expense reimbursements, advance notice of 3 months and a 1.5-month adjustment period. The Company bears the full cost of all the benefits (including the cost of use and gross-up of the tax value).

According to the Compensation Policy, an officer who does not hold office as the Company's CEO or as a director thereof will be entitled, in the aggregate, to two types of annual bonuses, as shall be determined according to the recommendation of the Chairwoman of the Board and the CEO and shall be approved by the compensation committee and the Board:

1. **Measurable and Discretionary Bonus** – an annual bonus in the sum of up to 12 gross monthly salaries, as a Measurable Bonus based on financial and/or strategic/functional targets, out of which up to 3 gross salaries for a Discretionary Bonus which shall be granted in consideration of the officer's compliance with criteria which shall be based mainly on the officer's contribution to the Company in accordance with his role and responsibilities.

2. **Special bonus** – a special annual bonus in the amount of up to 18 gross monthly salaries during the period of the Compensation Policy. The special bonus shall be granted in special cases, such as: execution of special projects such as a strategic agreement related to the Company's operations, identification of opportunities, exceedance of the set KPIs, including due to another business move/s having significant influence on the Company, investment of unusual and exceptional effort in the promotion and execution of a Company project, and in the event of making material new investments/acquisitions and/or material sales and/or dispositions and/or development in such scope as is material to the Company. For the avoidance of doubt, it is not possible to grant an officer more than one special bonus in any calendar year, but it is possible to approve and grant a special bonus in the course of the year and on a date that does not coincide with the date of approval or granting of the annual bonus.

In accordance with the aforesaid, it was resolved to grant Mr. Goldstein a bonus in the sum of 17 gross monthly salaries.

On 19 March 2025 the Company's Board, after approval by the Compensation Committee of 17 March 2025, approved the grant of 375,213 (unlisted) options to officers and employees of the Company, for an exercise price of NIS 285.16 per share, which reflects the average stock price on TASE in the 30 trading days prior to the Board's resolution (the "**Option Grant**"). The options are exercisable only in a net cashless mechanism. For further details about the options and the terms and conditions thereof, see the Non-Material Private Placement Report of 20 March 2025 (Ref. 2025-01-018641), which is incorporated herein by reference. In this context, Mr. Goldstein was granted 50,033 options.

(7) Mr. Sharon Arie

Mr. Sharon Arie has served as the Company's VP Planning, Engineering & Construction since 1 December 2017. In accordance with his employment agreement, Mr. Arie is entitled to a fixed gross monthly salary, linked to the CPI which, as of 31 December 2025 amounts to approx. NIS 131 thousand, and standard related benefits, including the provision of a (Grade 6) company car, cellular telephone, expense reimbursements, and advance notice of 3

months. The Company bore the full cost of all the benefits (including the cost of use and gross-up of the tax value). According to the Company's compensation policy and the bonuses as described in Section (6) above, it was resolved to grant Mr. Arie a bonus in the sum of 17 gross monthly salaries.

In addition, under the Option Grant, Mr. Arie was granted 40,026 options.

The compensation paid during the year preceding the Report Release Date to interested parties in the Company who are not listed in the above table, in relation to services they provided as holders of positions with the Company or a corporation controlled thereby, are as follows (in terms of annual cost to the Company, in thousands of NIS, for the twelve-month period ended 31 December 2025, as specified in the Sixth Schedule to the Report Regulations):

Name of compensation recipient					Compensation				
Name	Position	Scope of position	Rate of holding in corporation's capital	Salary	Bonus	Share-based payment	Management fee (*)	Other	Total
Prof. Ariel Kor	Chairman of the Board of GMG (formerly)	-	-	-	-	-	-	1,661[(b)]	1,661
Eight directors	Directors of the Company [(a)]	-		-	-	-	-	2,226[(c)]	2,226

(a) Two independent directors, two outside directors, two ordinary directors, and two female directors who are controlling shareholders.
(b) Including compensation as a director in Azrieli Group and for his office as the Chairman of the Board of GMG.
(c) Directors' compensation, with the exception of Ms. Danna Azrieli and Prof. Ariel Kor.

(8) Prof. Ariel Kor

On 5 March 2026, Prof. Ariel Kor ended his service as the Chairman of the Board of GMG. Mr. Peter Ballon who has vast experience in real estate and investments, was appointed to the office. It is clarified, that Prof. Ariel Kor will continue to serve as a director of GMG for no consideration.

Prof. Kor has provided GMG with Chairman of the Board services as needed from time to time. In exchange for the provision of the services, Prof. Kor was entitled to an annual payment, starting from 12 July 2024, in the amount of £250,000. In addition, Prof. Kor was entitled to reimbursement for expenses incurred by him in connection with the services, in accordance with the expense reimbursement policy of GMG and/or the Company.

For further details regarding the terms of service and employment of Prof. Kor as Chairman of the Board of GMG, see the immediate report on the notice of meeting, as released by the Company on 19 August 2024 (Ref.: 2024-01-089680), included herein by way of reference.

Note that the compensation paid to Prof. Kor in connection with his office as the Chairman of the Board of GMG is in addition to the renumeration to which he is entitled as a director of the Company. For further details on the terms of the office and employment of Prof. Kor as a director of the Company, see subsection (7) below.

(9) Directors of the Company

In accordance with the Company's Compensation Policy, the remuneration for outside directors and other directors of the Company who do not receive a salary or management fee as will hold office from time to time, shall be the remuneration in the amount of the "maximum amount" per director (and in respect of directors who are controlling shareholders – up to the "maximum remuneration" amount), according to the rating of the Company as provided in the Companies Regulations (Rules on Remuneration and Expenses for the Outside Director), 5760-2000 (the "**Remuneration Regulations**") and the classification of such director. In addition, the directors may be included in an insurance policy for officers of the Company and shall receive an undertaking of indemnification, or indemnification pursuant to an indemnification permit and exemption from liability subject to the provisions of the Companies Law. In 2025, the remuneration paid by the Company to all of the independent directors (two independent directors and two outside directors) amounted to a total of approx. NIS 1,262 thousand, and NIS 608 thousand to two ordinary directors. For further details, see Notes 32C(7) and 32D to the financial statements. In addition, the directors are entitled to the reimbursement of expenses as customary in the Company and in accordance with the Remuneration Regulations (including reimbursement for flights, per diems and hospitality) and pursuant to the policy approved by the Company's audit committee.

Remuneration of additional directors of the Company who are controlling shareholders: For details see Regulation 22 below – Remuneration of Additional Directors who are Controlling Shareholders of the Company.

2. Regulation 22 | Transactions with a Controlling Shareholder

Following are details, to the Company's best knowledge, with regard to transactions with the controlling shareholder or in the approval of which the controlling shareholder has a personal interest, in which the Company or a corporation controlled thereby or an affiliate thereof engaged in the report period, and which are still in force as of the report date:

Transactions listed in Section 270(4) of the Companies Law

- **Engagement in a Management Agreement with a Management Company Controlled by Ms. Danna Azrieli**

  On 28 December 2014, the Company's general meeting approved the Company's engagement with a Company controlled by Ms. Danna Azrieli in a management agreement through which Ms. Danna Azrieli provides to the Company Executive Chairwoman of the Board services, as extended and updated from time to time. On 10 August 2022, the general meeting of the Company's shareholders approved the update and extension of the management agreement once again, for another three years from 11 August 2022. On 7 August 2025 the general meeting of the Company's shareholders approved an extension of the management agreement (including reference to the Definition of Business Procedure) for an additional 3-year period, effective from the date of approval by the general meeting, and on 21 September 2025, it approved the appointment of Ms. Danna Azrieli's as Acting CEO of the Company in addition to her office as the Company's Executive Chairwoman of the Board, in accordance with the provisions of Section 121(c) of the Companies Law, 5759-1999 (the "**Companies Law**") for a period of up to six months from the date of approval by the general meeting, without entitlement to any additional compensation for her office as Acting CEO of the Company. For further details see Note 32c.(1) to the financial statements and immediate reports released on 17 August and 21 September 2025 (Ref.:2025-01-061049 and 2025-01-071492, respectively), which are included herein by way of reference.

  On 22 March 2026 the Company's special general meeting shall convene on the approval of the Company's engagement with the Management Company in a management agreement regulating the terms of office of Ms. Danna Azrieli as the Company's CEO (and concurrently as a director of the Company for no additional compensation). For further details, see the supplementary notice of meeting report released on 16 February 2026 (Ref.:2026-01-015190), which is included herein by way of reference.

- **Remuneration of Additional Directors who are Controlling Shareholders of the Company**

  Ms. Sharon Azrieli and Ms. Naomi Azrieli, who are controlling shareholders of the Company, are entitled to directors' remuneration in the "maximum amount" for a director, according to the Company's rank as set out in the Remuneration Regulations, as paid to the other directors of the Company who do not receive a salary or management fees and as approved by the Company's compensation committee and the Board on 5 June 2025, pursuant to Section 1B(3) of the Companies Regulations (Relaxations for Transactions with Interested Parties), 5760-2000. The aforesaid remuneration approval of 5 June 2025 was granted for a 3-year period commencing from 3 June 2025. In addition, the provisions of Sections 5(b) and 6(a) of the Remuneration Regulations pertaining to reimbursement of expenses to directors, including flights, per diems and hospitality, shall apply also with regard to such directors, *mutatis mutandis*. The audit committee and the Board approved a framework for such expenses, which is examined from time to time. In accordance with the aforesaid, in 2025, the remuneration paid by the Company to Naomi Azrieli and Sharon Azrieli as aforesaid amounted to a total of approx. NIS 356 thousand. For details, see an immediate report released by the Company on 8 June 2025 (Ref.: 2025-01-040709), included herein by way of reference, Regulation 21(7) of this part above and Note 32C(7) to the financial statements.

- **Insurance, indemnification and exemption for Controlling Shareholders in the Company**

  Ms. Danna Azrieli, the Company's Chairwoman of the Board and Acting CEO, Ms. Naomi Azrieli, Director, and

Ms. Sharon Azrieli, Director (the "**Controlling Shareholders who are Directors**"), are entitled to an officers' insurance arrangement to which all of the directors and officers of the Company are entitled. During the report period, the compensation committee approved an engagement for the purchase of a D&O insurance policy covering the liability of the directors and officers of the Company (including from among the controlling shareholders of the Company) and the Company's subsidiaries, from 1 July 2025 until 30 June 2026. The engagement in the insurance policy is consistent with the provisions of the Compensation Policy, as approved by the Company's shareholders meeting on 2 May 2024, which was attached to the Company's notice of general meeting report released on 21 March 2024 (Ref.:2024-01-029742), which is included herein by way of reference. In addition, the Controlling Shareholders who are Directors are entitled to letters of indemnification and exemption according to the Company's Compensation Policy. For details see Note 32D to the financial statements.

On 27 April 2023, the Company's general meeting approved the extension of the letters of indemnification and exemption from liability granted to Mses. Sharon Azrieli and Naomi Azrieli, who are among the Controlling Shareholders who are Directors, for a 3-year period commencing on 30 April 2023. On 22 March 2026 the Company's general meeting will convene on the approval of the extension of the letters of indemnification and exemption granted to Mses. Sharon Azrieli and Naomi Azrieli for an additional 3-year period commencing on 30 April 2026. For further details, see the notice of meeting report released on 22 March 2023 (Ref.: 2023-01-29988), the immediate report of 30 April 2023 regarding the results of the meeting (Ref.: 2023-01-045594), and the supplementary notice of meeting report released on 16 February 2026 (Ref.:2026-01-015190), which are included herein by way of reference.

On 7 August 2025 the general meeting of the Company's shareholders approved (after the approval by the Company's compensation committee and board of 1 July 2025) the extension of the aforesaid management agreement of Ms. Danna Azrieli as the Company's Chairwoman of the Board for three additional years starting from 11 August 2025, within which the grant of letters of indemnification and exemption to Ms. Danna Azrieli was approved as well. On 22 March 2026 the general meeting of the Company's shareholders will convene (after the approval by the Company's compensation committee and board of 15 February 2026) on the approval of the Company's engagement with the Management Company in a management agreement regulating the terms of office of Ms. Danna Azrieli as the Company's CEO (and concurrently as a director of the Company for no additional compensation), which also includes the grant of letters of indemnification and exemption.

Negligible Transactions

In the report period, the Group performed negligible transactions with the controlling shareholders thereof, or that the controlling shareholders thereof had an interest in their approval, of the kinds and characteristics in accordance with a negligible transactions procedure approved by the Board of the Company, as specified in Note 32C to the financial statements, including:

- **Lease Agreements with Related Parties**

  The Company, companies controlled by the Company and affiliates thereof, have engaged in lease agreements with tenants, in the engagement with whom the controlling shareholders have a personal interest, pursuant to which some of the aforesaid companies have been leasing out for several years and/or leased out during 2025, in the ordinary course of business and at arm's length, areas in some of the Company's income-producing properties. The income with respect to the aforesaid leases in the year ended 31 December 2025, totaled approx. NIS 3,258 thousand (about 4 tenants, including Azrieli Foundation (Israel), R.A.). For details, see Note 32C to the financial statements.

- **Community relations**

  The Company makes donations to the community from time to time, either itself or through companies that are members of the Group. To the best of the Company's understanding, the Group may donate to the community and to bodies or entities in need of assistance, including bodies with which interested parties of the Company may be affiliated, or of which interested parties of the Company are volunteer members.

3. Additional Issues in Relation to the Control of the Company

3.1 Restructuring

In the context of a process of restructuring of the companies in the Group and primarily, steps for the consolidation of similar activities of the Group which were performed in fellow subsidiaries, and streamlining of the Group's current operation, the Company engaged, in November 2008, in an agreement with Nadav Investments whereby Nadav Investments transferred its shares in some of the Group's companies to the Company, as is, in consideration for an allotment of shares of the Company (the "**Restructuring Agreement**"). As of the report date, the restriction period by virtue of Section 104A of the Income Tax Ordinance (New Version), 5721-1961, pertaining to the sale of shares which have been transferred, has expired.

Due to it being a company which is incorporated under Canadian law, Nadav Investments is governed, *inter alia*, in connection with its operations or investments in Israel, by the rules of taxation which are set forth in the Convention between the State of Israel and Canada for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital (the "**Convention**"), including with regard to the sale of shares in companies whose assets are mainly real properties. For purposes of clarification and interpretation of the sections of the Convention which contemplate this issue, various tax ramifications and provisions regarding the sale of the Company's shares were set forth in the context of an agreement between the Israel Tax Authority and the Company, Canit Hashalom and Nadav Investments, dated November 2008, in accordance with the rate of the Company's holdings in real properties in Israel.

In addition, the aforesaid agreement set forth provisions whereby Nadav Investments shall not act towards receiving any tax benefits in Canada which are not in accordance with the provisions of the law in Canada or the Convention, provisions pertaining to the possibility to terminate the agreement if in the future the provisions of the Convention and/or Chapter E of the Ordinance will be materially modified in the manner which has an effect on the manner of taxation of the sale, and additional provisions whereby in any event where there will be a tax liability in Canada due to the sale of the shares, the same shall have no effect on the tax liability which is set forth in the agreement. Any restructuring in accordance with the provisions of the second part of the Ordinance which addresses the Company's shares and/or the shares of Canit Hashalom shall be performed solely after the receipt of the advance consent of the Mergers and Splits Department of the Tax Authority.

3.2 Definition of Business

On 24 May 2016, the Company's Board, after the approval of the audit committee of 22 May 2016, approved the Company's Definition of Business Procedure (the "**Procedure**") which shall apply to the Company's directors and to the Company's controlling shareholders. The Procedure determines the types of business in which they will not be able to engage in transactions in Israel and overseas, and the manner of disclosure to the Company, prior to engagement in such transactions, and the how the Company shall make the decision as to whether such transactions are relevant to the Company. The Procedure shall apply to controlling shareholders and board members at the Company and will be in effect throughout the period of their being controlling shareholders of the Company and/or their term of office as members of the Company's Board, whichever is later, and with respect to directors for an additional period of six months from the end of the said timeframe, so long as no other resolution shall have been adopted by the Company's Board, after receipt of the resolution of the Company's audit committee. The Procedure determines that a controlling shareholder and/or director of the Company is prohibited from being involved, either directly or indirectly, in business activity which may, according to the Companies Law, fall under the definition of a business opportunity of the Company, and in any event which falls

within one or more of the activities to which the Procedure applies. On 3 July 2022 the audit committee approved the update of the Procedure.

The Procedure regulates the process of approval of performance of the transaction by a controlling shareholder and/or director, if the Company chooses not to perform such transaction itself. According to the Procedure, a controlling shareholder and/or director is required to present, in writing, to the Company's management and subsequently to the audit committee, an outline of the transaction in connection with a property and/or activity which fall within any of the activities according to the Procedure which he is interested in performing, and to forward all of the material relevant to the transaction for their perusal. Only if the Company's management, and subsequently the audit committee, decide that the proposed activity does not interest the Company, will the controlling shareholder and/or director of the Company be free to engage in such transaction.

Due to the complexity of the issues covered by the Procedure, the timetables for performance of transactions and the concern of other bodies which may frustrate the transaction, decisions must be made under the Procedure on short notice and even immediately, all as specified in the Procedure. Therefore, the decision of the audit committee as to whether to approve the proposed activity or alternatively to seek supplementary details from the Company's management, shall be given no later than up to 10 business days after the date of presentation of the proposal by such person and receipt of the material and information required, such decision being made by a majority of members who do not have a personal interest in the decision.

It is clarified that the provisions of the Companies Law and the provisions of supplementary laws such as securities law prevail over the provisions of the Procedure, and therefore the Company is required to seek advice in each case according to the special circumstances thereof from the legal aspect, as applicable at such time.

In addition, the Chairwoman of the Board and Acting CEO of the Company, Ms. Danna Azrieli, is subject to the Definition of Business Procedure, in addition to the provisions of the Procedure, which was updated in view of the Group's entry into new operating segments and/or expansion of some of its operating segments, and approved on 10 August 2022 by the general meeting of the Company's shareholders. For further details, see Section 9.2.3 of the Company's notice of meeting report released on 25 July 2022 (Ref.: 2022-01-094888), included herein by way of reference. As aforesaid, on 7 August 2025 the general meeting of the Company approved the extension of Ms. Danna Azrieli's management agreement. In the context of the extension of the management agreement as aforesaid, the procedure was also extended, as it is part of the management agreement. In addition, on 22 March 2026, the general meeting of the Company's shareholders will convene (after the approval by the Company's compensation committee and board of 15 February 2026) on the approval of the Company's engagement with the Management Company in a management agreement regulating the terms of office of Ms. Azrieli as the Company's CEO (and concurrently as a director of the Company for no additional compensation), which also includes the Definition of Business Procedure as aforesaid.

4. Regulation 29 and Regulation 29A | Recommendations and Resolutions of the Board

For details on resolutions of the Board with regards to dividend distribution, see Section 4 of Chapter A of this Report and Notes 18C and 34A to the financial statements.

Resolutions of the Special General Meeting

Set forth below is a specification of resolutions which were approved during a special general meeting of the Company's shareholders:

Date of resolution	Subject of resolution	Ref.[4]
27 April 2025	Approval of the terms of office and employment of the incoming CEO of the Company, Mr. Ron Avidan; approval of the grant of options to the incoming CEO of the Company, Mr. Ron Avidan.	2025-01-029651
7 August 2025	Extension of the terms and conditions of the management agreement with the Executive Chairwoman of the Company's Board; approval of the extension of the term of office of Mr. Yossef Shachak as an outside director of the Company; approval of the extension of the term of office of Ms. Varda Levy as an outside director of the Company; approval of the reappointment of Ms. Danna Azrieli (Chairwoman of the Board) as director of the Company for an additional term of office until the end of the next annual general meeting of the Company's shareholders, unless the term of office ends earlier pursuant to the provisions of the Companies Law, 5759-1999 or the Company's articles of association ("**Additional Term of Office**"); approval of the reappointment of Ms. Sharon Azrieli as a director of the Company for an Additional Term of Office; approval of the reappointment of Ms. Naomi Azrieli as a director of the Company for an Additional Term of Office; approval of the reappointment of Mr. Menachem Einan as a director of the Company for an Additional Term of Office; approval of the reappointment of Mr. Dan Isaac Gillerman as a director of the Company for an Additional Term of Office; approval of the reappointment of Prof. Ariel Kor as a director of the Company for an Additional Term of Office; approval of the reappointment of Ms. Irit Sekler-Pilosof as a director of the Company for an Additional Term of Office; approval of the reappointment of Mr. Nechemia (Chemi) Jacob Peres as a director of the Company for an Additional Term of Office; approval of the reappointment of the accounting firm Deloitte Brightman Almagor Zohar & Co. as the Company's auditor until the end of the Company's next annual general meeting; discussion on the audited financial statements and the board of directors' report on the state of the Company's affairs for the year ended 31 December 2024.	2025-01-059334
21 September 2025	Approval of the appointment of Ms. Danna Azrieli, Executive Chairwoman of the Company's Board, as Acting CEO, on a temporary basis and without entitlement to any additional compensation for her office as Acting CEO of the Company.	2025-01-071492

[4] The report specified in this table is included herein by way of reference.

Resolutions of the Company | Regulation 29A

In the report period, and until the Report Release Date, no Company resolutions were adopted on the issues specified in Regulation 29A of the Report Regulations, other than as specified below:

- For details in relation to the resolution for renewal of the Company's D&O insurance policy (including from among the controlling shareholders of the Company) of the Company and the Company's subsidiaries, from 1 July 2025 to 30 June 2026, see Section 2 above, which is included in the specification with respect to insurance for controlling shareholders of the Company and Note 32D to the financial statements.
- For details regarding the entitlement of the directors and officers to receive from the Company an indemnity undertaking, or indemnity according to an indemnity and exemption from liability permit, subject to the provisions of the Companies Law, see Note 32D to the financial statements.
- On 17 and 19 March 2025, the Company's audit committee and Board (respectively) approved GMG's engagement with Mr. Henkin in an employment agreement in connection with his terms of employment as CEO of GMG. For further details, see Note 32C3 to the financial statements.
- On 17 and 19 March 2025, the Company's audit committee and Board (respectively) approved the engagement of the Company's subsidiaries (GMG and Azrieli Global) with Mr. Rafi Wunsh, the Company's VP International Real Estate, in employment agreements in connection with his terms of employment as Chief Investment Officer in the said subsidiaries (in lieu of his former position), in a full-time (100%) position. In this context, Mr. Wunsh is entitled to, *inter alia*, a gross annual salary in the sum total of £392,150, an annual bonus based on targets determined by GMG's competent organs, and equity compensation under the equity incentive plan adopted by GMG. For further details about the plan, see Note 17 to the financial statements.

5. Compensation of Senior Officers

On 22 March 2026, the Company's general meeting shall convene on the approval of the updated compensation policy for the Company's officers. The Company's Compensation Policy determines a compensation plan for officers of the Company, including directors of the Company who are controlling shareholders.

At the meeting of the compensation committee of 17 March 2026 and at the Board meeting of 18 March 2026, a discussion was held on the terms of employment and the compensation granted to the senior officers of the Company and the interested parties thereof in 2025 which are specified in Regulation 21 of this chapter, with respect to each one of the said senior officers and interested parties separately.

The Company's Board determined, after having received the recommendation of the compensation committee, that all of the compensation terms of the officers are consistent with the Company's Compensation Policy. The Board noted that the CEO of GMG and the former CEO of GM and additional officers of GM, (indirectly) wholly-owned subsidiaries of the Company, are included in the disclosure under Regulation 21 of the Reports Regulations in their capacity, during the report period, as senior officers in a corporation controlled by the Company. Therefore, in view of the fact that they are not included in the definition of an officer in the Company itself, they are not subject to the provisions of the Company's compensation policy. Accordingly, in the estimation of the compensation committee and the board of directors of the Company, the compensation given as specified in Regulations 21 and 22 above is consistent with the compensation policy of the Company and/or is reasonable and fair.

6. Internal Audit

In 2010 the Company adopted an internal audit procedure (the "**Internal Audit Procedure**"), whose purpose is to define the status and scope of activity of the internal auditing of the Company, as well as the methods and means for fulfillment of its tasks. This Procedure was approved by the audit committee in its meeting of 15 November 2010 and by the Company's Board in its meeting of 24 November 2010.

Identity of the Internal Auditor: Mr. Gali Gana of Rosenblum-Holtzman & Co. (the "**Internal Auditor**"), was appointed to the position of the internal auditor of the Company and the Group's companies and began his service at the Company in March 2023.

Compliance of the Internal Auditor with Legal Requirements: To the best of the knowledge of the Company's management, according to the Internal Auditor's statement, he complies with the requirements of Section 146 (b) of the Companies Law and the provisions of Section 3(a) and 8 of the Internal Audit Law, 5752-1992 (the "**Internal Audit Law**").

Holding Securities of the Company or a Body Related Thereto: As of this report date, as the Internal Auditor informed the Company, he does not hold securities of the Company or a body related thereto.

Ties of the Internal Auditor with the Company or a Body Related Thereto: To the best of the knowledge of the Company's management, as the Internal Auditor informed the Company, the Internal Auditor does not have material business or other ties with the Company, and nothing in other business ties of the Internal Auditor creates a conflict of interest with his duties as an internal auditor of the Company.

Additional Positions of the Internal Auditor in the Company: The Internal Auditor is an external service provider to the Company on behalf of Rosenblum-Holtzman & Co. According to the Internal Audit Procedure, the Internal Auditor and the audit workers will not hold a position in the Company in addition to the internal audit. As of the report date, except for his position as the Company's internal auditor, the Internal Auditor is neither employed by the Company nor provides any other external services thereto.

Other positions of the Internal Auditor outside the Company: Mr. Gali Gana is a managing partner at Rosenblum-Holtzman & Co.

Method of Appointment of the Internal Auditor: Mr. Gali Gana was appointed to serve as the Internal Auditor of the Company pursuant to the recommendation of the Company's audit committee of 19 March 2023 and the resolution of the Company's Board of 21 March 2023, after an in-depth review of his education, qualifications and experience of many years in internal auditing while considering the obligations, authorities and duties imposed on the internal auditor according to law.

Mr. Gana was found suitable to serve as the Internal Auditor of the Company, *inter alia,* considering the scope of business and complexity of the company. Within the framework of the Company's Internal Audit Procedure which was approved by the audit committee and the Board of the Company in November 2010, the Company's Board appointed the Internal Auditor and determined his status and compensation terms.

Termination of office: The Internal Audit Procedure determines that the term of office of the Company's Internal Auditor shall not exceed 6 years. Therefore, at the very latest, on 21 March 2029, Mr. Gali Gana's term of office as the Company's Internal Auditor will come to an end.

The Identity of the Supervisor of the Internal Auditor: The organizational supervisor of the Internal Auditor is, as of the report date, the Company's Chairwoman of the Board, in coordination with the Company's audit committee.

The Audit Plans: According to the Internal Audit Procedure, the internal auditor submits a proposal for an annual work plan, in coordination with the Company's Chairwoman of the Board and the CEO. The audit committee must discuss the plan and approve it, and thereafter the plan is forwarded for the Board's approval. In May 2023, the audit committee adopted the report of the Internal Auditor regarding a multi-annual risk survey, according to which the audit committee laid down a multi-annual plan for determination of the audit objectives, which served as an outline for laying down the annual work plan of the internal audit. In addition, in March 2026 the Internal Auditor's work plan for 2026 was approved. The audit plan of the Internal Auditor is an annual plan, derived from a multi-annual work plan, *inter alia*, according to the following considerations: potential for streamlining and saving, risks inherent to the Company's business, rules and regulations applicable to the Company and weaknesses which the Company's Board, management or Internal Auditor observe on an ongoing basis.

The annual work plan of the internal audit includes also the performance of an audit of the follow up on implementation of the internal auditor and audit committee's recommendations by the Company's management. The audit is carried out according to the plan under the supervision of the internal auditor and is adapted, according to developments and findings which are discovered during the audit. The work plan leaves discretion with the Internal Auditor for change in the audited issues, after a discussion on the subject with the relevant parties.

Material Transactions: The Internal Auditor receives an invitation, including background material for meetings of the Company's audit committee in which transactions are examined and approved, as specified in Section 270 of the Companies Law. According to his choice, after receiving proper details, he is present at the meetings or is updated in respect thereof. Also, the Internal Auditor may receive, according to his request, minutes of the Company's Board meetings in which such transactions had been approved.

Audit of Investee Corporations: The Internal Auditor also serves as the internal auditor of subsidiaries in the Group, excluding GMG and its subsidiaries. The audit plan also refers to material investee corporations of the Company in which no internal auditor had been appointed, including overseas.

Scope of Engagement of the Internal Auditor: The scope of engagement of the Internal Auditor was approved by the audit committee according to the audit plan which was approved thereby.

In respect of the audit plan for 2025, the hours of the internal audit in the Company and in its investees, which were performed by the Internal Auditor amounted to approx. 1,430 hours (approx. 230 hours of which were dedicated to internal audit of operations outside of Israel). The management has the option to expand the scope of the work according to the circumstances.

In the Company's estimation, the scope of the Internal Auditor's work in respect of 2025 is appropriate.

The number of hours for the audit work in the Company and in the subsidiaries is determined according to the audit plan proposed by the Internal Auditor and is approved by the audit committee and the board.

Guiding Professional Standards in the Performance of the Audit: The internal auditor and the team of employees reporting to him perform the audit work in meticulous compliance with necessary standards for the performance of professional, reliable, autonomous audit, independent of the auditee. Pursuant to information provided to the Company's management by the Internal Auditor, the audit reports rely on the audit findings and the facts recorded in the audit are carried out according to accepted professional standards according to professional guidelines on internal auditing, including standards of the Institute of Internal Auditors in Israel (IIA), and in accordance with the Internal Audit Law and the Companies Law. The Board relied on the reports of the Internal Auditor regarding his compliance with the professional standards according to which he performs the audit.

The Internal Auditor has Free Access: The Internal Auditor of the Company has free, unlimited and direct access, in coordination, to documents, information and the relevant information systems of the Company, and of investee companies, including financial data, as well as an independent status. The Internal Auditor undertakes to keep in confidence, not to provide to others and not to make any use for his own use or for the use of others, of any information pertaining to the Company.

The Report of the Internal Auditor: The internal audit reports are submitted in writing and discussed on an ongoing basis with the Company's management and the CEO.

The dates on which a report on the findings of the Internal Auditor was submitted to the CEO are: 11 March 2025 (3 reports), 27 July 2025 (2 reports) and 8 March 2026 (4 reports). The dates on which a discussion was held by the audit committee on the findings of the Internal Auditor, are as follows: 19 May 2025, 14 August 2025, and 17 March 2026, respectively.

The Evaluation by the Company's Board of the Activity of the Internal Auditor: According to the evaluation of the Board, the qualifications of the Internal Auditor and his team, the scope, nature and continuity of the activity of the Internal Auditor and his work plan are reasonable in the circumstances of the matter, and fulfill the purposes of the internal audit at the Company.

Compensation of the Internal Auditor: The payment to the Internal Auditor of the Company and of subsidiaries in Israel is done according to actual working hours and according to the work plan approved by the audit committee and the progress in the audit work of each and every subject. In the beginning of each year the Internal Auditor submits a proposal for an annual audit plan which will include a planned hourly framework.

The audit committee determines the audit plan and the hour quota. The Internal Auditor will not deviate from the hour quota without the approval of the audit committee. In case that further tasks will be imposed on the Internal Auditor during the audit year – the audit committee will determine the hour quota for the further tasks.

In respect of 2025, the cost of the fee of the Internal Auditor and his team amounted to approx. NIS 357 thousand (plus VAT).

According to the Company's estimation, due to the fact that the compensation is based on working hours, the aforesaid compensation cannot affect the exercise of the Internal Auditor's professional discretion. The Company determined as a matter of essential policy the independence of the internal audit, and therefore, the Internal Auditor is not dependent at all upon the Company and the management thereof.

7. The Auditor

The identity of the Auditor

The primary outside auditors of the Company and of the investee companies are the accounting firm of Deloitte Brightman Almagor Zohar (the "**Auditor**"). It shall be stated that the firm leases offices from the Company at the Azrieli Center in Tel Aviv for amounts which are immaterial to the Company. However, in order to ensure that the independence thereof is not prejudiced, the Auditor has assumed (within the framework of an agreement with the Israel Securities Authority) parameters which will be examined from time to time in respect of the engagement, including with respect to the specificity of the terms of the lease agreement and non-modification thereof; written – at arm's length fee agreements; separation between the identity of the service providers and the decision makers in respect of the lease agreement; restrictions regarding the settling of accounts with respect to the lease agreement and the services and agreement that in case of dispute the Auditor shall act for termination of his office. The Company confirms with the Auditor the fulfillment of such parameters and the validity thereof on an annual basis. On 19 March 2023, the Company's audit committee approved the engagement in a new lease

agreement between the Company and the Auditor, the lease period under which commenced in H2/2024. This was done in accordance with the conditions of an updated outline agreed between the Auditor and the ISA in 2022, which guarantees compliance with the independence rules applicable to the Auditor[5].

The Auditor's Fee

In 2024 and 2025, total fees of the accountants for audit services, audit-related services, including audit-related tax services, and for consultation services were as follows:

2024		Audit Services, Audit-Related Services and Audit-Related Tax Services	Other Services	Total
Company	**Auditor**	**NIS in thousands**	**NIS in thousands**	**NIS in thousands**
Azrieli Group Ltd.	Deloitte	4,521	79	4,600

2024		Audit Services, Audit-Related Services and Audit-Related Tax Services	Other Services	Total
Company	**Auditor**	**NIS in thousands**	**NIS in thousands**	**NIS in thousands**
Azrieli Group Ltd.	Deloitte	4,399	584	4,983

Determination of the Auditor's Fee

The Company's Board, after receiving the recommendation of the Company's audit committee, was authorized in the Company's articles of association to determine the fee of the outside auditor. The fee is determined based on the work required and past experience, while adjusting such to changes in regulation and scope of work, development of the Company and events which occurred during the passing year.

8. Independent Authorized Signatory

As of the Report Release Date, the Company does not have an independent authorized signatory.

9. ESG and Donations

In 2020, the Group adopted a corporate responsibility plan that defines the Group's commitment to social and business responsibility, the building of Israel and environmental protection. On 18 August 2020 the Company's Board approved an annual budgetary framework of up to 1.5% of the consolidated annual net profit[6] or NIS 20 million, whichever is higher, for implementation of a corporate responsibility plan, and, *inter alia*, the donation policy included therein, which shall be carried out by the grant of financial and/or in kind donations. In January 2026, as part of the work plan for 2026, an amount of approx. NIS 17.8 million was approved for the implementation of the plan, according to an estimation of the activities' needs in 2026.

In May 2025, Azrieli Group released its third ESG report, prepared in accordance with the international GRI standards, the world's leading corporate responsibility reporting standards. The report is evidence of the Group's ongoing commitment to promoting ESG based on its corporate, social and environmental responsibility[7].

[5] For details on the terms and conditions of the outline, see the ISA's answer [in Hebrew] to the Auditor's application here.
[6] Net of fair value adjustments of investment properties net of tax.
[7] The report is available on the Company's website at https://azrieligroup.com/esg-report-2023-2024/

As part of its corporate responsibility (ESG), the Group voluntarily acts beyond the requirements of the law, with the aim of leading a wide-scale practical change in the development, operation and management of its real estate projects as pertaining to environmental and social sustainability and promoting a shift in perception through collaborations and community activities throughout Israel. By investing in groundbreaking environmental and social projects, the Company is working to realize its ESG vision in the following ways:

Environmental responsibility:

Green Building to the highest standards

Green building standards integrate the environmental impact of construction and operating processes and generate a comparative rating. As one of Israel's green building pioneers, the Company has been working under the Israeli green building standard since as early as 2013. At present, most of the buildings of the Company are designed in accordance with the U.S. LEED (Leadership in Energy and Environmental Design) standard, which is revised every few years and raises the bar in accordance with global green building trends.

Moreover, the Company has set for itself the **Azrieli Green Building Standard** – which aims for significantly greater reduction in the Company's projects' carbon footprint than the standards require. By so doing, the Company hopes to lead the way in Israel's real estate market and operate with serious attention to climate change and through the creation of sustainable construction solutions in Israel.

The **Azrieli standard** includes the setting of quantitative targets for green construction in every building, **above the standard requirements**, in such areas as energy efficiency, reduction of embodied carbon, water conservation and waste reduction, and improvement of the well-being of the building's users. Such targets are incorporated into the Company's work plan every year, thus creating real, measurable reduction of greenhouse gas emissions in every project. The green building processes in the Group are managed in the Engineering Department, by an architect who specializes in green building, with advice by external green building consultants.

As of the close of 2025, five of the Group's properties are LEED-construction certified, and seven more properties are under development and construction, aiming for the current LEED Platinum rating. Three of the Company's properties are certified for the Israeli Green Building Standard 5281, and another two are undergoing planning for certification for the said standard.

The Company undertakes that all of its new projects will be green building-certified, and strives for every new project to be certified for LEED Platinum and a minimum of three stars under the Israeli standard, according to the Company's green building policy[8].

Existing LEED-certified projects:

- Azrieli Sarona tower – LEED Gold
- Azrieli Town office tower – LEED Gold
- Azrieli Holon HaManor – LEED Gold
- Azrieli Center Rishonim – LEED Silver
- Azrieli Center Modi'in West – LEED Gold

LEED O&M Standard

This standard certifies green operations, addressing energy consumption, water consumption, improvement of indoor air quality, waste and recycling management, access to the property, tenant satisfaction, and in addition, the recent V5 standard requires addressing climate-related risks.

[8] Available on the Company's website – https://www.azrieligroup.com/wp-content/uploads/2024/02/Green-Building-Policy-1.pdf

Fourteen of the Group's properties are LEED O&M V4-certified:

Platinum-certified: Azrieli Town Office Tower. Gold-certified office towers: Azrieli Center Round, Triangular and Square Towers (Israel's first office towers to ever attain this certification), Azrieli Sarona Center, Azrieli Rishonim Center, Azrieli Holon Business Center (4 buildings), Azrieli Herzliya Center (Buildings G and E). Gold-certified malls: Azrieli Tel Aviv Mall (Israel's first mall to ever attain this certification), Azrieli Rishonim Mall.

LEED O&M V5 standard: Azrieli Sarona Tower is the first project in the Middle East and North Africa to attain the LEED v5 O&M Platinum certification, which is the highest level under the world's leading standard for green and sustainable operations. This global achievement places the tower among only eleven V5-certified projects worldwide and strengthens Azrieli Group's position as a leader in sustainable operations in Israel.

The certification includes meeting rigorous standards in areas such as: **reduction of operational carbon emissions** – the tower was tested and presented especially impressive energy figures, alongside future planning for reduction of GHG emissions as part of a long-term commitment to the environment; **energetic efficiency** – implementation of a pilot for an innovative environmental management system, alongside stringent monitoring of energy consumption; **ecological preservation and restoration** – the tower leads a smart maintenance policy, protecting the local eco-system and reducing the tower's environmental footprint; **waste management** – engaging the office and mall tenants while committing to reduce landfill volume by 50% until the end of 2027; **quality of life** – the building promotes a healthy, comfortable and equitable work environment, while improving user experience and reducing operational risks; **satisfaction surveys** – over 90% of the users reported satisfaction with the tower, indicating excellent performance in terms of user experience; **sustainable transportation** – a comprehensive travel survey, reduction of parking spaces and electric vehicle charging stations; **air quality monitoring** –carried out continuously via the deployment of Radgreen devices to measure pollutant levels throughout the building, and investment in improvements for pedestrians and cyclists; **water efficiency** – savings of 62% in internal water consumption, measurement of water systems which includes a leak detection system, and optimal management of the cooling systems.

The Environment Project

The Environment Project is one of the Company's most significant initiatives, in which it has set the target of reducing the amount of waste sent to landfill by 50% by the end of 2027. Reducing landfill waste is achieved by source separation of the waste into different material streams and transfer of waste for recycling and local treatment. In the interest of influencing and mobilizing stakeholders, the Group has taken many steps, including joint brainstorming with tenant representatives in order to engage them in the process, designing a space that encourages recycling, training and informational activities for tenants and their employees and for the properties' visitors, and more.

The project spans 19 of the Group's properties and is operated in collaboration with the 'Social Green' initiative – a social-economic project that facilitates the integration of people with disabilities and special needs in the employment market. At present, some 50 employees with disabilities are employed in the project, with an expected increase in 2026. In 2024, the Environment Project diverted from landfill more than 3,778 tons of waste, sent to recycling or local treatment – some 30% of the total waste produced by the properties participating in the project. This collaboration promotes two objectives of high importance to the Company: Reducing landfill waste and promoting equal and diverse employment.

Social responsibility

As part of its ESG program, the Group initiates and operates community projects for environmental protection and community empowerment that integrate stakeholders – customers, the Company's employees, tenants and residents. The following projects were conducted in 2025:

- **Social recycling hubs in collaboration with the 'Pitchon Lev' nonprofit organization** – the Company placed recycling containers in 11 of the Company's properties. The participating properties were chosen for being mixed-use centers consisting of malls and offices. The recycling area allows customers, tenants and employees to donate clothes, shoes and electronic waste in specifically designated containers. In 2025, approx. 50.5 tons of second-hand items were collected. Items suitable for wear are sold at a symbolic price to the organization's aid recipients, and items unfit for wear are processed by employees with disabilities and sold to the rag industry. All revenues from the activity are designated for the purchase of food baskets for aid recipients; in 2025, revenues amounted to NIS 71 thousand which were designated for the purchase of food baskets.

- **Azrieli Garden** – A community-environmental initiative operating on the rooftop of the Azrieli Tel Aviv Mall, and serving as an urban space for educational, environmental, and community activities. The initiative promotes urban agriculture, sustainability, and responsible resource use through workshops, activity days, and events for groups of students, organizations and local communities. In 2025, the space hosted educational and volunteer activities with the participation of diverse audiences, incorporating collaborations with non-profit organizations, educational institutions, and environment professionals. As part of the venture's expansion, an additional community garden was established in Akko, and another garden is expected to be launched in 2026 at the Holon Business Center, as part of a broader rollout of the initiative across the Group's properties. The venture is a component of the Group's corporate responsibility activities and contributes to strengthening ties with the communities surrounding the Company's properties.

- **T-Share project**, for collection of school shirts at Azrieli malls to be donated or recycled. In collaboration with Wizo organization's "Bigudit" (second-hand store), the Company established the "Social Closet" project to collect school shirts and transfer them to the Bigudit stores. Shirts in good condition were sold at nominal prices, with all proceeds donated to mothers and children who have escaped domestic violence, as well as to support community development activities. Shirts that were unsuitable for reuse were sent for recycling, promoting both sustainability and community support values. Approx. 50,000 second-hand shirts were collected in the project.

- **Community projects** – a partnership model with social organizations: The Group promotes community projects in its properties, in collaboration with social organizations and additional community stakeholders. The projects mainly take place on mixed-use spaces which include a mall and offices, allowing the use of the Company's assets and infrastructures for educational, environmental, and community activities.

  The community projects are intended to empower and benefit the local community surrounding the Group's properties, while expanding the circles of impact and making the activities accessible to as many participants as possible from across the full spectrum of the population. In 2025 several initiatives were implemented as part of this model, such as:

  Eco-Challenge Azrieli Holon Mall – in 2025, the Group launched the Ecosystem venture in Holon in collaboration with the municipal education department and academia (Bar Ilan University). The venture's goal is implementing an educational-environmental platform based on active and challenge-based learning in the field of sustainability.

  In the year of activity, 11 events were held on the topic of environmental protection (6 in the Company's properties and 5 in the municipal innovation center), attended by some 700 students and 50 teachers from nine schools. In addition, an initial rollout of the digital interface was carried out in the schools to enable ongoing access to the information within the educational framework: as of February 2026, the content was

exposed and implemented in seven schools with the participation of around 400 students and 30 teachers. The venture is expected to continue to expand in 2026.

Just a Second (Azrieli Upcycle Mall) – The project is an initiative aimed at promoting a circular economy and product reuse, operating in the Azrieli Givatayim Mall. In this project, furniture items from the mall's stores that were intended for disposal were collected and transferred to a rehabilitative workshop where they were upscaled, with the designed items ultimately sold to the mall's visitors in a designated space especially constructed for the project. The revenues from the project were transferred to the 'Bshvil Hamachar' association.

Female and male employees and work environment

Our employees are the key factor in the Group's business success. Their dedication, professional quality and commitment make our company better. The Group is committed to encouraging, promoting and developing employees both professionally and personally and improving their wellbeing in their work environment. The Group's management conducts an ongoing, open and continuous dialogue with employees through feedback and roundtables, with the aim of conducting learning processes, maintaining good working relationships and encouraging values of shared purpose, commitment and mutual respect. The Group invests extensive resources in employee wellbeing and development activities, which include the scholarship program for employees and their families with millions of shekels awarded in scholarships every year, training and instruction sessions amounting to thousands of hours per year and sharing the important moments in our employees' lives. In addition, in 2025 the Group launched Azrieli Smart, an intraorganizational digital learning platform enabling employees to access professional content and updated skills anytime and anywhere. This step is part of the Group's investment in human resources and promotion of organizational excellence.

Safety

The Company has a risk identification policy and does the utmost to avoid accidents preemptively. The Group has adopted a supervision, control, and implementation framework in the field of occupational safety, designed to serve as an additional measure to ensure that the Group's employees comply with legal provisions and norms. The framework includes a series of actions intended to ensure strict adherence to safety across all levels of the Company's operations, including vis-à-vis third parties, as well as detailed and thorough procedures on the safety issues it manages. The procedures specify, among other things, objectives, supervision mechanisms, working rules, responsibilities, briefings, equipment handling, instructions for preventive activities and emergency activities and reporting. In the event of a safety incident or work accident, the Company works for the conduct of an investigation of circumstances to identify the causes of the incident, for the immediate taking of corrective action to prevent the recurrence of the incident or accident.

Accessibility

The Group is committed to making 100% of its properties accessible to people with disabilities, and constantly works to upgrade accessibility systems and implement accessibility technologies, including the Hear-Right app that provides audio direction and orientation for people with blindness or impaired eyesight and the placement of signage with directions to accessible service in payment stands and entry/exit checkpoints in the car parks.

In 2024, the Company launched an accessibility project in collaboration with the Etgarim association, with the objective of enhancing organizational awareness and improving the service experience for people with disabilities at the Company's properties.

In 2025, the project was significantly expanded: many more of the Company's employees participated in experiential workshops simulating mobility around the property from the perspective of people with disabilities.

In addition, designated workshops were held for two key tenants, with the participation of the entire management teams of these tenants as part of the implementation of an accessible service standard within the chains operating at the Company's properties.

Simultaneously, an entity-wide mapping of the Group's assets was conducted in order to examine the level of actual accessibility beyond the regulatory requirements, including operational aspects such as elevators, car parks, restrooms, and bomb shelters. An operative work plan was formulated according to the findings of this mapping in order to improve and upgrade areas requiring further adaptation.

In 2026, the Company is expected to continue implementing the work plan as aforesaid, expand the workshops to include additional tenants, and conduct a media campaign for raising awareness across the Group's physical and digital assets.

Targeted donations in the Group's areas of interest and emergency aid during the 'Swords of Iron' War and the Operation Rising Lion

Following the events of the 'Swords of Iron' War, and as part of Azrieli Group's view of its corporate responsibility, the Group joined the effort to help the Israeli society that was experiencing one of the hardest times the State of Israel has ever known, and expedited its social activities, focusing its efforts and aid on the needs as arising from the field on an ongoing basis.

Since the War broke out and to date, the Group has initiated aid and donations in money and money equivalents amounting to some NIS 20.8 million, via the following projects, among others:

Giving Azrieli Mall gift cards to evacuees and hostages returning from captivity, donating inventory from Azrieli.com, hosting 27 businesses from conflict zones in the Group's malls to support their continued operation during the War, support for small businesses, converting vacant areas in the Group's properties for a logistics center for aid to evacuated families and soldiers, promoting the mental health awareness campaign of the 'Eran' NPO in the Group's properties, and lighting up the Azrieli Tel Aviv towers with messages such as "Together We Will Prevail", the hostages' symbol and count of days in which the hostages are held in captivity, to express solidarity and preserve public awareness of the matter, assisting families whose homes were damaged in Operation Rising Lion and fully supporting them until their return to their homes, hosting various art exhibitions, including the 'Otef Libi' Exhibition, at Azrieli Sarona Center. In addition, the Group's employees mobilized to help residents of the Gaza Envelope and the northern region of Israel and volunteered for what amounted to thousands of hours in various activities such as assistance to farmers, collection and distribution of food packages, assistance to the industry in the Gaza Envelope, and more.

Over the course of 2025 the Company made donations and/or incurred expenses in connection with the CRS Plan, itself and through consolidated companies, in the sum of approx. NIS 14.9 million[9].

10. Internal Enforcement Plan of the Company

In 2012, the Company has adopted an internal enforcement plan. Within the framework of the internal enforcement plan, the Company's Board appointed a board committee designated for the issue of internal enforcement in the Company (the "**Enforcement Committee**") which held a series of discussions regarding required adjustments for an enforcement outline and an enforcement system procedure for the needs of the

[9] The amount includes also the donations made by the Group in 2025 and the expenses for the remaining components of the Group's ESG program. The amount of the donations by way of money and money equivalent in 2025 amounted to approx. NIS 2.7 million.

Company, the unique structure of the Company and its field of business. The supervisor of internal enforcement in the Company is Adv. Nirit Zeevi, Deputy CEO, General Counsel and Corporate Secretary.

In the context of the enforcement plan, the Company updated and adopted several procedures regarding corporate governance in the Company, which constitute part of the overall enforcement system in the Company, including: (a) Procedure for the work of the Board and its committees; (b) Procedure for identifying transactions with related parties (which also addresses the identification of transactions with interested parties, the classification of irregular and negligible transactions and criteria for types of transactions and acts as being irregular); (c) Immediate reports procedure (for examination of the materiality and the need for submitting an immediate report upon the occurrence of various events); (d) Insider information procedure; (e) Whistleblower employees procedure; (f) Ethical code; (g) Officer holdings procedure; (h) The Group's subsidiaries procedure; (j) Definition of business for directors and controlling shareholders of the Company procedure, and other procedures designated to support and regulate the work of the different organs in the Company and its management.

In 2025 and up to the Report Release Date, the Company implemented the enforcement plan and acted in accordance therewith, in the context of which it also held an annual training day, which compiles the relevant updates for the managers and employees of the Group.

In addition, in 2022 the Company adopted a competition law enforcement program, under which several work procedures were adopted, which are derived from the provisions of the Economic Competition Law, 5748-1988, such as: (a) a communication and treatment of group documents procedure; (b) an interaction with competitors procedure; (c) a legal advice procedure, according to the Group's operating segments; (d) an enforcement program implementation procedure.

PART B | CORPORATE GOVERNANCE QUESTIONNAIRE[10]

To clarify, for the avoidance of doubt, the questionnaire is not intended to exhaust all corporate governance aspects relevant to the Company, but only addresses several aspects; for receipt of further information, please inspect the Company's reports, including in this periodic report.

Independence of the Board of Directors

		Correct	Incorrect
1.	Throughout the entire report year, two or more outside directors held office in the corporation. In this question you may reply "Correct" if the period of time in which two outside directors did not hold office does not exceed 90 days, as provided in Section 363A(b)(10) of the Companies Law. However, any reply which is (Correct/Incorrect) shall state the period (in days) in which two or more outside directors did not hold office in the corporation in the report year (including also a term of office which was retroactively approved, while distinguishing between the different outside directors): Number of outside directors holding office in the corporation as of the date of release of this questionnaire: 2.	✓	
2.	The rate[11] of independent directors[12] holding office in the corporation as of the date of release of this questionnaire: 4/10 The rate of independent directors determined in the articles of association[13] of the corporation[14]: _____. ☒ Irrelevant (no provision set in the articles of association).		
3.	In the report year, an examination was held with the outside directors (and the independent directors) and it was found that in the report year they complied with the provision of Section 240(b) and (f) of the Companies Law regarding the absence of a link of the outside (and independent) directors holding office in the corporation, and that they also fulfill the conditions required for holding office as an outside (or independent) director.	✓	
4.	All of the directors who held office in the corporation during the report year do not, directly or indirectly, report[15] to the CEO (excluding a director who is a workers' representative, if there is a workers' representative body in the corporation).If your answer is "Incorrect", (i.e., the director reports to the CEO as aforesaid) – state the number of directors not complying with the aforesaid restriction: _____.	✓	
5.	All of the directors who notified of the existence of a personal interest they have in the approval of a transaction on the meeting's agenda, neither attended the deliberation nor participated in a vote as aforesaid (other than a deliberation and/or vote in circumstances as stated in Section 278(b) of the Companies Law): If your answer is "Incorrect" – Was it for the purpose of presentation of a specific issue by him pursuant to the provisions of the last part of Section 278(a): ☐ Yes ☐ No (check the appropriate box).	✓	

[10] According to the language included in the document on proposed legislative amendments regarding improvement of the reports which was published by the Israel Securities Authority on 16 March 2014.
[11] In this questionnaire, "rate" – a specific number out of the total. For example 3/8.
[12] Including "outside directors" as defined in the Companies Law.
[13] In the context of this question – "articles of association" including pursuant to a specific legal provision that applies to the corporation (for example, in a banking corporation – the guidelines of the Supervisor of Banks).
[14] A bond company is not required to answer this section.
[15] For purposes of this question – the mere holding of office as a director in a held corporation which is controlled by the corporation, is not deemed as "reporting". Conversely, a director's office in a corporation acting as an officer (other than a director) and/or employee in the held corporation which is controlled by the corporation, shall be deemed as "reporting" for purposes of this question.

	State the number of meetings in which such directors were present at the deliberation and/or participated in the vote, other than in circumstances as provided in Subsection a.: _____.		
6.	The controlling shareholder (including his relative and/or anyone on his behalf), who is not a director or another senior officer of the corporation, did not attend the board meetings held in the report year. If your answer is "Incorrect" (i.e., the controlling shareholder and/or his relative and/or anyone on his behalf who is not a board member and/or a senior officer of the corporation attended such board meetings) - the following details regarding the attendance of any additional person in such board meetings shall be stated: Identity: Ms. Stephanie Azrieli; Holds no position at the Corporation; the wife of Mr. David Azrieli OBM and the mother of Danna Azrieli, Chairwoman of the Board, Naomi and Sharon Azrieli, directors. Was it for the purpose of presentation of a certain issue by him: □ Yes ☒ **No** (check the appropriate box) The rate of his attendance[16] at board meetings held in the report year for the purpose of presentation of a specific issue by him: _____. Other presence: Ms. Stephanie Azrieli, accompanies her daughters, Danna Azrieli, Chairwoman of the Board, Naomi and Sharon Azrieli, directors; however, she does not take an active part in the discussions and resolutions.		✓

Directors' qualifications and skills

			Correct	Incorrect
7.		In the corporation's articles of association there is no provision limiting the possibility to immediately terminate the office of all of the directors of the corporation who are not outside directors (in this context - a determination by a regular majority is not deemed a limitation)[17]. If your answer is "Incorrect" (i.e., such limitation exists), state -	✓	
	a.	The period prescribed in the articles of association for the office of a director: _____.		
	b.	The required majority prescribed in the articles of association for the termination of office of the directors: _____.		
	c.	The legal quorum at the general meeting prescribed in the articles of association for the termination of office of the directors: _____.		
	d.	The majority required for amending these provisions in the articles of association: _____.		
8.		The corporation has a training plan for new directors, in the field of the corporation's business and in the field of the law applicable to the corporation and the directors, as well as a continuing plan for the training of incumbent directors, which is adjusted, *inter alia*, to the position held by the director in the corporation. If your answer is "Correct" - state whether the plan was implemented in the report year:☒**Yes** ☐ No (check the appropriate box)	✓	
9.	a.	The corporation determined a required minimum number of directors on the board who must have accounting and financial expertise. If your answer is 'Correct' - *state the minimum number which was determined: 1 (apart from the outside director having accounting expertise).*	✓	
	b.	Number of directors holding office in the corporation during the report year - Having accounting and financial expertise[18]: 5. Having professional qualifications: 4.	✓	

[16] While separating the controlling shareholder, his relative and/or another on his behalf.
[17] A bond company is not required to answer this section.
[18] After the Board's estimation, in accordance with the provisions of the Companies Regulations (Conditions and Tests for Directors Having Accounting and Financial Expertise and Directors with Professional Qualifications), 5766-2005.

		If there were changes in the number of directors as aforesaid in the report year, provide the figure of the lowest number (other than in the 60-day period from the change) of directors of any kind who held office in the report year.		
10.	a.	Throughout the report year, the composition of the board included members of both genders. If your answer is "Incorrect" – state the period (in days) in which the aforesaid was not met: _____. In this question, you may answer "Correct" if the period in which directors of both genders did not hold office does not exceed 60 days. However, in any answer (Correct/Incorrect), state the period (in days) in which directors of both genders did not hold office in the corporation: 0.	✓	
	b.	Number of directors of each gender holding office on the board of the corporation as of the date of publication of this questionnaire: Men: 5, Women: 5.		

Board Meetings

			Correct	Incorrect
11.	a.	Number of board meetings held during each quarter in the report year: Q1: 6. Q2: 6. Q3: 4. Q4: 2.		
	b.	Alongside each of the names of the directors holding office in the corporation during the report year, state their participation rate[19] in the board meetings (in this subsection - including meetings of the board committees of which they are members, and as stated below) held during the report year (in reference to his term of office): (Add extra lines according to number of directors)		

Name of Director	Rate of Participation in the Board Meetings (18 meetings)	Rate of Participation in the Meetings of the Audit Committee[23] (4 meetings)	Rate of Participation in the Meetings of the Financial Statements Review Committee[21] (5 meetings[22])	Rate of Participation in Meetings of Compensation Committee[20] (3 meetings)	Rate of Participation in Meetings of Additional Board Committees of which he is a Member (state the committee's name)	
Danna Azrieli	17/18				Investment Committee - 7/7	Note: Did not participate in one board meeting (written resolution) due to her personal interest the resolution on the agenda
Naomi Azrieli	17/18				--	Same as above
Sharon	14/18				--	Same as above

[19] See footnote 9.
[20] With regard to a director who is a member of this committee.
[21] With regard to a director who is a member of this committee.
[22] Of which one meeting where the committee members convened only with the auditor.
[23] With regard to a director who is a member of this committee.

Azrieli					
Nehemia (Hemi) Yaakov Peres	17/18	4/4	5/5		Enforcement Committee – 1/1
Irit Sekler-Pilosof	18/18	4/4	5/5		Enforcement Committee – 1/1 Investment Committee – 7/7
Menachem Einan	18/18	4/4	5/5		Enforcement Committee – 1/1
Dan Isaac Gillerman	18/18	4/4	5/5	3/3	Enforcement Committee – 1/1
Yossef Shachak	18/18	4/4	5/5	3/3	Enforcement Committee – 1/1
Varda Levy	18/18	4/4	5/5	3/3	Enforcement Committee – 1/1 Investment Committee – 7/7
Ariel Kor	18/18	--	--		Investment Committee – 7/7

12.	In the report year, the board held at least one deliberation on the management of the corporation's business by the CEO and the officers reporting to him, in their absence, and they were afforded the opportunity to express their position.	✓	

Separation between the Positions of the CEO and the Chairman of the Board

		Correct	Incorrect
13.	Throughout the entire report year, a chairman of the board held office in the corporation. In this question, you may answer "Correct" if the period in which a chairman of the board did not hold office in the corporation does not exceed 60 days, as provided in Section 363A(2) of the Companies Law). However, in any (Correct/Incorrect) answer, state – The period (in days) during which there was no chairman of the board holding office in the corporation as aforesaid: _____.	✓	
14.	Throughout the entire report year, a CEO held office in the corporation. In this question, you may answer "Correct" if the period during which there was no acting CEO in the corporation does not exceed 90 days as provided in Section 363A.(6) of the Companies Law, however, in any (Correct/Incorrect) answer, state the period (in days) during which there was no CEO holding office in the corporation as aforesaid: _____.	✓	
15.	In a corporation in which the chairman of the board also serves as the CEO of the corporation and/or exercises his powers, the dual office was approved in accordance with Section 121(c) of the Companies Law[24]. ☒Irrelevant (insofar as such dual office does not exist in the corporation).	✓	
16.	The CEO is not a relative of the chairman of the board. In the report period and subsequently thereto, the Chairwoman of the Board also served as the Company's Acting CEO for a period of 6 months commencing as of 21 September 2025 and following receipt of the approval of the general meeting for the double office.		

[24] In a bond company – an approval pursuant to Section 121(d) of the Companies Law.

17.	A controlling shareholder or his relative do not serve as the CEO or as a senior officer in the corporation, other than as a director.		✓

The Audit Committee

		Correct	Incorrect
18.	The following did not hold office in the audit committee during the report year -		
	a. The controlling shareholder or his relative.	✓	
	b. The chairman of the board.	✓	
	c. A director who is employed by the corporation or by the controlling shareholder of the corporation or by a corporation controlled by him.	✓	
	d. A director who regularly provides services to the corporation or to the controlling shareholder of the corporation or a corporation controlled by him.	✓	
	e. A director whose primary livelihood depends on the controlling shareholder.	✓	
19.	No one who is not entitled to be a member of the audit committee, including a controlling shareholder or his relative, was present, in the report year, in the audit committee meetings, other than pursuant to the provisions of Section 115 (e) of the Companies Law.	✓	
20.	The Legal quorum for deliberation and adoption of resolutions in all of the audit committee's meetings held during the report year was a majority of the committee members, where the majority of the attendees were independent directors and at least one of them was an outside director. If your answer is "Incorrect" - state the rate of the meetings in which the said requirement was not met: _____.	✓	
21.	In the report year, the audit committee held at least one meeting in the presence of the internal auditor and the outside auditor, and in the absence of officers of the corporation who are not members of the committee, regarding deficiencies in the business management of the corporation.	✓	
22.	In all of the audit committee's meetings in which a person who is not entitled to be a committee member was present, it was with the approval of the chairman of the committee and/or at the request of the committee (regarding the general counsel and secretary of the corporation who is not a controlling shareholder or his relative).	✓	
23.	In the report year, there were valid arrangements which were set forth by the audit committee regarding the manner of handling complaints of employees of the corporation in relation to flaws in the management of its business and with regard to the protection that will be provided to employees who complained as aforesaid.	✓	
24.	The audit committee and/or the Financial Statements Review Committee is satisfied that the scope of work of the auditor and his fee with respect to the financial statements in the report year were appropriate for the performance of proper audit and review work.	✓	

The Duties of the Financial Statements Review Committee (hereinafter - FSRC) in its Preliminary Work for the Approval of the Financial Statements

			Correct	Incorrect
25.	a.	State the period (in days) prescribed by the board of directors as reasonable time for delivery of the FSRC's recommendations in contemplation of the board's deliberation for the approval of the financial statements: 2 business days apart from cases in which it is otherwise determined under the circumstances.		

	b.	The number of days actually elapsed between the date of delivery of the recommendations to the board and the date of the board's deliberation for the approval of the financial statements: Q1 statements (for 2025): 2. Q2 statements: 2. Q3 statements: 2. Annual statements: 1.		
	c.	The number of days elapsed between the date of delivery of the draft financial statements to the directors and the date of the board's deliberation for the approval of the financial statements: Q1 statements (2025): 6 days. Q2 statements: 6 days. Q3 statements: 6 days. Annual statement: 4 days.		
26.	The Corporation's outside auditor was invited to all of the FSRC and board meetings, in which the financial statements of the corporation referring to periods included in the report year were deliberated.		✓	
27.	All of the conditions specified below were fulfilled at the FSRC throughout the entire report year and until the release of the annual statement:			
	a.	The number of the members was not less than three (on the date of the deliberation by the FSRC and approval of the statements as aforesaid).	✓	
	b.	All of the conditions specified in Section 115 (b) and (c) of the Companies Law (in respect of the office of audit committee members) were met thereby.	✓	
	c.	The chairman of the FSRC is an outside director.	✓	
	d.	All of its members are directors and most of its members are independent directors.	✓	
	e.	All of its members have the ability to read and understand financial statements and at least one of the independent directors has accounting and financial expertise.	✓	
	f.	The members of the FSRC provided a statement prior to their appointment.	✓	
	g.	The legal quorum for discussion and decision making on the FSRC was the majority of its members provided that most of those present were independent directors including at least one outside director.	✓	

Compensation Committee

		Correct	Incorrect
28.	In the report year, the committee consisted of at least three members and the outside directors constituted a majority therein (on the date of the deliberation by the committee).	✓	
29.	The terms of office and employment of all of the members of the remuneration committee in the report year are in accordance with the Companies Regulations (Rules on Remuneration and Expenses for an Outside Director), 5760-2000.	✓	
30.	The following did not hold office in the compensation committee during the report year -	✓	
	a. The controlling shareholder or his relative.	✓	
	b. The chairman of the board.	✓	
	c. A director who is employed by the corporation or by the controlling shareholder of the corporation or by a corporation controlled by him	✓	
	d. A director who regularly provides services to the corporation or to the controlling shareholder of the corporation or a corporation controlled by him.	✓	
	e. A director whose primary livelihood is derived from the controlling shareholder.	✓	
31.	In the report year, a controlling shareholder or his relative did not attend meetings of the compensation committee, unless the chairman of the committee determined that any one of them is required in order to present a specific issue.	✓	

32.	The compensation committee and the board did not exercise their power pursuant to Sections 267A(c), 272(c)(3) and 272(C1)(1)(c) to approve a transaction or compensation policy, despite the objection of the general meeting.	✓	

Internal Auditor

		Correct	Incorrect
33.	The chairman of the board or the CEO of the corporation is the organizational supervisor of the internal auditor in the corporation.	✓	
34.	The chairman of the board or the audit committee approved the work plan in the report year. In addition, specify the audit issues addressed by the internal auditor in the report year: In the year of the report, as in every year, the audit plan was preapproved by the audit committee and the board of directors of the Company.	✓	
35.	Scope of employment of the internal auditor in the corporation in the report year (in hours[25]): According to the specification in Section 6 of this chapter above. In the report year a deliberation was held (by the audit committee or the board) on the internal auditor's findings.	✓	
36.	The internal auditor is neither an interested party in the corporation, nor its relative, auditor or another on its behalf, nor maintains material business ties with the corporation, its controlling shareholder, relative or corporations controlled thereby.	✓	

Transactions with Interested Parties

		Correct	Incorrect
37.	The controlling shareholder or his relative (including a company controlled by him) is neither employed by the corporation nor provides management services thereto. If you answer is "Incorrect" (i.e. the controlling shareholder or his relative is employed by the corporation or provides management services thereto) state - – The number of relatives (including the controlling shareholder) employed by the corporation (including companies controlled by them and/or through management companies): 1 (Ms. Danna Azrieli). – Have the agreements for such employment and/or management services been approved by the organs specified in the law: ☒ Yes (the management agreement with Ms. Danna Azrieli, who serves as the Company's Executive Chairman of the Board, was approved by the compensation committee, the board of directors and the general meeting of the Company held in August 2025). ☐ No		✓
38.	To the best knowledge of the corporation, the controlling shareholder does not have other businesses in the operating segment of the corporation (in one or more segments). If your answer is "Incorrect" - state whether an arrangement was prescribed to define activities between the corporation and the controlling shareholder thereof: ☒Yes, see specification on the arrangement to define activity in Section 3.2 of this chapter above. ☐ No		✓

Chairwoman of the Board and Acting CEO:	Ms. Danna Azrieli	**Chairman of the Audit Committee:**	Varda Levy, CPA	**Chairman of the FSRC:**	Yossef Shachak, CPA

[25] Including work hours invested in investee corporations and in auditing overseas, and as the case may be.

AZRIELIGROUP

PART F

Effectiveness of Internal Control over the Financial Reporting and Disclosure

ATTACHED HERETO IS AN ANNUAL REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE PURSUANT TO REGULATION 9B(A) FOR Y2025:

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**, Deputy CEO, 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, which are designed to provide a reasonable degree of 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 requirement.

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 management, under the supervision of the Board, performed a review and assessment of the internal control over financial reporting and disclosure at the corporation and the effectiveness thereof. The assessment of the effectiveness of internal control over financial reporting and disclosure, which was performed by the management, under the supervision of the Board, included:

- Mapping and documentation of the controls and identification of the extremely essential processes in the Company and the main consolidated companies according to the reporting risks, with respect to each one of the Company or main consolidated companies, as the case may be.
- The processes in the Company that were determined as extremely essential are: revenues from rent from investment real estate and investment real estate.
- Examination of the actual performance and documentation of the controls defined in the control processes at the organization level (ELC), in the information systems (ITGC), in the process of preparation of the financial statements and in the processes identified as extremely essential for financial reporting and disclosure.
- Overall assessment of the effectiveness of internal control.

- Based on the evaluation of the effectiveness performed by the management under the supervision of the Board as specified above, the Board and the corporation's management reached a conclusion that the internal control over financial reporting and disclosure in the corporation as of December 31, 2025 is effective.

Attached are the statements of the CEO and CFO, who is responsible for the financial reporting in the Company.

Date: 18 March 2026

STATEMENT OF MANAGERS:

STATEMENT OF CEO PURSUANT TO REGULATION 9B(D)(1):

I, Danna Azrieli, represent that:

1. I have reviewed the periodic report of Azrieli Group Ltd. (the "**Corporation**") for year 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. Have assessed the effectiveness of internal control over the financial reporting and disclosure, and presented in this report, the conclusions of the Board and management regarding the effectiveness of such internal control as of the Reports date.

The aforesaid does not derogate from my responsibility or from the responsibility of any other person, pursuant to any law.

Date: 18 March 2026

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Danna Azrieli | Chairwoman of the Board and Acting CEO

STATEMENT OF MANAGERS:

STATEMENT OF THE MOST SENIOR FINANCIAL OFFICER PURSUANT TO REGULATION 9B(D)(2):

I, Ariel Goldstein, represent that:

1. I have reviewed the Financial Statements and other financial information included in the reports of Azrieli Group Ltd. (the "**Corporation**") for year 2025 (the "**Reports**");

2. To my knowledge, the Financial Statements and the other financial information included in 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, insofar as it relates to the Financial Statements and the other information included in the 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. Have assessed the effectiveness of the internal control over the financial reporting and disclosure, insofar as it pertains to the Financial Statements and other financial information included in the Reports, as of the date of the Reports. My conclusions regarding my above assessment were presented to the Board and management and are integrated herein.

The aforesaid does not derogate from my responsibility or from the responsibility of any other person, pursuant to any law.

Date: 18 March 2026

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Ariel Goldstein | CFO