



AZRIELGROUP

AZRIELI GROUP LTD.

Quarterly Report Q1/2026

Dated 31 March 2026





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- Part B** | Update of the Description
of the Corporation's Business
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Dated 31 March 2026
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the Financial Reporting and Disclosure



PART A



Board Report

Azrieli Group

BUSINESS CARD

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

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

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

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

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

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

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

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

As of the report date, the Group also holds a ~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 35%. 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 65.4 billion**

Shareholders Equity
NIS 26.3 billion

98% occupancy rate* on average in Israel

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

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

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

23 MALLS & RETAIL CENTERS***

390 thousand sqm | 98% Occupancy*



17 OFFICE BUILDINGS

655 thousand sqm | 97% Occupancy*



4 SENIOR HOMES

115 thousand sqm | 99% Occupancy*



8 OFFICE BUILDINGS OVERSEAS

245 thousand sqm | 65% Occupancy



DATA CENTERS COMPANY OVERSEAS



99%

3 RESIDENTIAL RENTAL PROPERTIES

34 thousand sqm | 97% Occupancy*



DEVELOPMENT PIPELINE – 10 PROJECTS

687 thousand sqm |

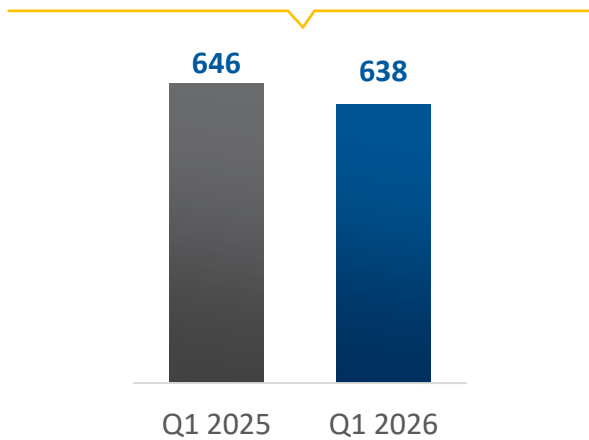




PERFORMANCE SUMMARY AND FINANCIAL HIGHLIGHTS FOR THE REPORT PERIOD

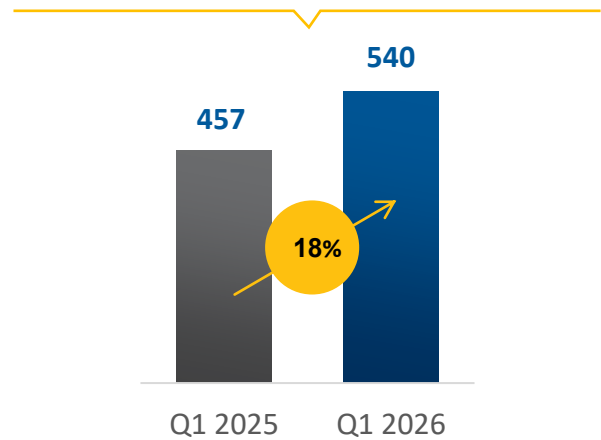
Decrease of approx. 1% in Q1 2026 NOI to NIS 638 million compared with NIS 646 million in Q1 2025

NOI

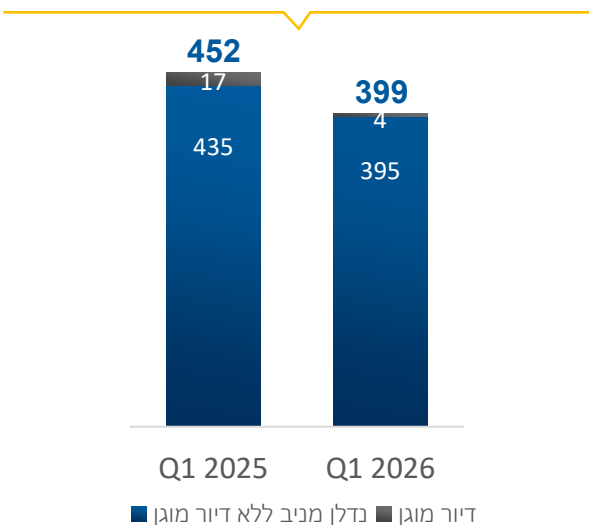


increase of approx. 18% in Q1 2026 Net Profit to NIS 540 million compared with NIS 457 million in Q1 2025

Net Profit

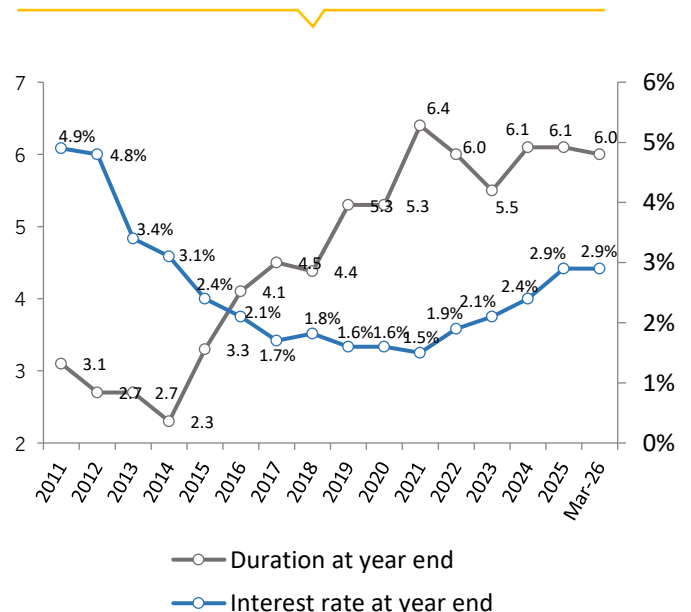


Decrease of approx. 9% in Q1 2026 FFO excluding the contribution of the Senior Housing to NIS 395 million compared with Q1 2025 FFO from income-producing real estate business



Average debt duration extended while reducing the interest rate

Average interest vs. average duration



*According to the ISA, the FFO is NIS 372 million compared with NIS 362 million in Q1 2025

In May 2026, the company distributed a NIS 850 million dividend

This is a translation of Azrieli Group's Hebrew-language Board of Directors' Report as of 31 March 2026. It is prepared solely for convenience purposes. Please note that the Hebrew version constitutes the binding version, and in any event of discrepancy, the Hebrew version shall prevail.

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

1.1. General

The board of directors of Azrieli Group Ltd. (the "**Company**"; the Company jointly with all corporations directly and/or indirectly held thereby shall be referred to as the "**Group**" or "**Azrieli Group**") hereby respectfully submits the board of directors' report for the three months ended 31 March 2026 (the "**Report Period**" and the "**Quarter**", respectively), in accordance with the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the "**Regulations**").

The review presented below is limited in scope and refers to events and changes in the state of the Company's affairs that occurred during the Report Period and have a material effect. The review should be read in conjunction with the Description of the Corporation's Business chapter in the periodic report as of 31 December 2025, the financial statements and the board of directors' report on the state of the Company's affairs for the year ended on the same date¹ (the "**2025 Periodic Report**"), the update to the Corporation's Business chapter and the financial statements as of 31 March 2026.

Unless stated otherwise herein, the terms defined in Chapter A of the 2025 Periodic Report shall be afforded the meanings set forth alongside them.

The information in the board of directors' report is based on the consolidated financial statements as of 31 March 2026². The Company's financials and results of operations are affected by the financials and results of operations of the companies held thereby. In some cases, we present details of events that occurred subsequently to the date of the financial statements as of 31 March 2026 and up to the date of release of the report (the "Report Release Date"), while indicating the same, or additional figures and details that are strictly at Company-level. The materiality of the information included in this report has been examined from the Company's perspective. In some cases, an additional and detailed description is given to provide a comprehensive picture of the described issue, which the Company believes to be material for the purposes of this report.

¹ See the Company's report of 19 March 2026 (Ref. 2026-01-024426), which is incorporated herein by reference.

² The attached financial statements are prepared according to the International Financial Reporting Standards (IFRS). For further details, see Note 2 to the financial statements as of 31 March 2026.

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

1.2.1. Summary of Reported Operating Segments for the Three Months Ended 31 March 2026

In the Report Period and as of the Report Release Date, Azrieli Group continued to focus its business operations on various real estate sectors, and primarily on the leasable office (and other) space in Israel segment, the retail centers and malls in Israel segment, the data centers segment, the senior housing in Israel segment, the income-producing property overseas (mostly in the U.S.) segment, the rental housing in Israel segment and the residential sales segment.³ The Company is also developing several hotels. The Company additionally has a minority 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. The Group also holds 66.67% of the shares of ZMH Hammerman, as part of the Company's strategy to expand into the residential sales segment.

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

- 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. 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;

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

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

- 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 planning, development, construction and marketing stages of 19 residential and retail real estate projects in Israel, and 28 conditional 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 shares. In addition, ZMH Hammerman and its investee companies perform contract construction work.

³ After, in 2025, a 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 real estate projects for sale in Israel ("**ZMH Hammerman**"). In view of the aforesaid, the Company's operations in the residential sales segment is described as a reportable segment and ZMH Hammerman's financial data were consolidated for the first time in the financial statements as of 30 September 2025.

1.2.2. Breakdown of Asset Value by Operating Segment

Below is a breakdown of the total balance sheet assets by operating segment:⁴

Breakdown of Total Balance Sheet Assets by Operating Segment

Comparison of Segment Assets			Percentage of Segment Assets out of Total Assets	
As of	31.3.26	31.12.25	31.3.2026	
Retail centers and malls in Israel	17,009	16,885	<ul style="list-style-type: none"> ■ Retail centers and malls in Israel ■ Leasable office and other space in Israel ■ Income-producing properties in the U.S. ■ Senior housing ■ Data Centers ■ Rental housing in Israel ■ Hotels ■ Residential sales ■ Others and adjustments 	
Leasable office and other space in Israel	18,080	18,281		
Income-producing properties in the U.S.	1,533	1,545		
Senior housing	4,459	4,433		
Data Centers	11,696	11,246		
Rental housing in Israel	2,065	2,044		
Residential sales in Israel	2,306	1,682		
Hospitality	1,095	634		
Other and adjustments	7,186	6,822		
Total	65,429	63,572		

Figures are presented in millions of NIS.

The Company's assets in the leasable office and other space segment constitute ~28% of the total balance sheet assets, the assets of the retail centers and malls segment constitute ~26% of the total balance sheet assets. The other income-producing real estate segments constitute, jointly, ~30% of the total balance sheet assets.

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

1.2.3.1. Development pipeline

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

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

On 17 March 2026, Ms. Nirit Zeevi was appointed as Deputy CEO of the Company, in addition to her office as General Counsel and Corporate Secretary.

On 22 March 2026, Ms. Danna Azrieli assumed office as CEO of the Company (and at the same time as a director of the Company for no additional remuneration).⁵

On 22 March 2026, Ms. Irit Sekler-Pilosof assumed office as (Executive) Chairwoman of the Board of the Company.⁶

⁴ In its financial statements, the Company applied IFRS 8 – Operating Segments.

⁵ For further details regarding the appointment of Ms. Danna Azrieli, see a supplementary notice of meeting report of 16 February 2026 (Ref. 2026-01-015190) and an immediate report regarding the results of the meeting of 22 March 2026 (Ref. 2026-01-025431), which are incorporated herein by reference.

⁶ For further details regarding the appointment of Ms. Irit Sekler-Pilosof, see a supplementary notice of meeting report of 16 February 2026 (Ref. 2026-01-015190) and an immediate report regarding the results of the meeting of 22 March 2026 (Ref. 2026-01-025431), which are incorporated herein by reference.

On 13 April 2026, Mr. Oded Setter assumed office as Head of Offices & Rental Housing in Israel.

For further details regarding the senior officers of the corporation, see details in Sections 26 and 26A of Chapter D of the 2025 Periodic Report.

1.2.3.3. Negotiations for amendment of a service agreement with TikTok

In March 2023, GM, through a wholly-owned subsidiary (the “**Service Provider**”), entered into a service agreement with TikTok Norway AS, a Norwegian company that is part of a group of companies with global operations (the “**Customer**”), for the provision of 90 MW of DC services on a campus built by GM in Norway, which also includes two options of the Customer to increase the MW quantity (30 MW per option) (the “**Agreement**” and the “**Project**”, as the case may be). In 2025, the Customer gave GM notice of exercise of an option to increase the capacity by 30 MW (the “**First Option**”).

On 19 March 2026, the Company reported that GM was in advanced negotiations with the Customer in connection with the signing of an addendum to the amendment to the Agreement (the “**Addendum**”). The Addendum, if signed, is expected to regulate favorable commercial terms and conditions with respect to the amount of the Customer’s payment, compared to the terms and conditions determined in the Agreement, with regards to the supply of an additional 30 MW to the Customer according to the First Option, as well as for the supply of another 30 MW according to an additional option that was granted to the Customer (the “**Additional Option**”).

It is clarified that as of the Report Release Date, exercise notice has only been given in relation to the First Option, and even after the signing of the Addendum (if signed), the parties will be required to sign additional documents, including a statement of work, which shall regulate the full terms and conditions for the supply of the 30 MW according to the First Option and the 30 MW according to the Additional Option (if exercised).

In the Company’s estimation, should the negotiations culminate in the signing of the Addendum, the supply of the 30 MW according to the First Option will begin in H1/2028. It is emphasized that there is no certainty that the negotiations will culminate in the signing of the Addendum, nor any certainty with respect to the final terms and conditions thereof.

*The Company’s above estimates regarding the chances of culmination of the negotiations in the signing of the Addendum to the Agreement, the expected commercial terms and conditions, and the dates of supply of the 30 MW according to the First Option are merely subjective estimates and are forward-looking information, as defined in the Securities Law, 5728-1968 (the “**Securities Law**”). The actual results and effects may differ materially from the estimates specified above and the implications thereof, for various reasons and inter alia, the signing of the Addendum by the parties and the date thereof; the parties’ signing of the additional documents required as aforesaid and the date of signing; non-receipt of financing required for the supply of the additional 30 MW; the absence of a sufficient supply of power for the supply of the additional 30 MW and/or non-receipt of permits required therefor; regulatory changes; macroeconomic or industry-wide changes in the DC segment and/or the materialization of any of the risk factors specified in Section 31 of Part A of the Company’s 2025 periodic 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 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), 6 February 2025 (Ref. 2025-01-009240), 18 March 2026 (Ref. 2026-01-024264 and 19 March 2026 (Ref. 2026-01-024452), which are incorporated herein by reference.

1.2.3.4. Engagement in an agreement for the purchase of rights in a solar-plus-storage facility and principles for the purchase of discounted green electricity on a long-term basis

On 25 May 2025, the Company signed a term sheet with Shikun & Binui Energy Ltd. (“**SBEN**”) in connection with 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 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 period of commercial operation.

On 22 January 2026, the detailed agreement was signed with SBEN based on the term sheet. According to the detailed agreement, the Facility’s expected capacity will be ~112 MW (DC), including the integration of energy storage components with an expected effective capacity of ~784 MWh. The date specified in the agreement for its commercial operation is

Q1/2029. In consideration for the sale of 50% of the rights in the Project, SBEN will be entitled to receive an amount equal to one half of the total development costs incurred thereby in connection with the Project to date, totaling approx. NIS 28.5 million plus a premium, and additional consideration in amounts not material to the Company, all in accordance with the mechanisms agreed between the parties, and subject to the terms and conditions, periods, and milestones set forth in the detailed agreement.

On 25 March 2026, the Company reported that the approval of the Competition Authority had been received, which was a closing condition.

For further details regarding the terms and conditions of the detailed agreement, see immediate reports of 26 May 2025, 21 September 2025, 23 November 2025, 1 January 2026, 23 January 2026 and 25 March 2026 (Ref. 2025-01-036963, 2025-01-070863, 2025-01-090180, 2026-01-000072, 2026-01-009179 and 2026-01-027303, respectively), which are incorporated herein by reference.

1.2.3.5. Engagement in a financing agreement for the refinancing of an existing loan

On 22 January 2026, GM engaged with a lender in an agreement for the receipt of financing intended for the refinancing of two existing loans into a single loan as a senior debt, in the sum total of approx. NIS 1.46 billion.

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

1.2.3.6. Exercise of an option for the provision of 18 MW of DC services on a campus in the Frankfurt region of Germany

On 8 August 2025, a joint company, in which the Company holds a 50% stake, entered into a set of agreements for the supply of 36 MW of DC services, with an option for the customer to increase the capacity by an additional 18 MW (to a total capacity of 54 MW), on a campus currently being built by the joint company in the Frankfurt region of Germany.

On 23 December 2025, the joint company engaged with lenders in an agreement for the receipt of non-recourse financing for the project in the sum total of €592 million.

On 16 February 2026, an agreement was signed between the parties 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, respectively), which are incorporated herein by reference.

1.2.3.7. Engagement in a mandate letter regarding a non-binding term sheet for financing in connection with a project 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 was signed regarding a non-binding term sheet 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. For further details, see the Company’s immediate reports of 30 December 2025 and 26 February 2026 (Ref. 2025-01-104795 and 2026-01-017997, respectively), which are incorporated herein by reference.

1.2.3.8. Equity financing by way of a public share offering

On 22 March 2026, the Company completed an issuance to the public by way of a uniform offering, of 3,191,300 ordinary shares of the Company, against immediate (gross) proceeds of approx. NIS 1,415 million (approx. NIS 1,394 million net of issue expenses). For further details, see an immediate report of 18 March 2026 (Ref. 2026-01-024264), an immediate report of 19 March 2026 (Ref. 2026-01-024946), a shelf offering report of the Company of 22 March 2026 (Ref. 2026-01-025313) and an issuance results report of 24 March 2026 (Ref. 2026-01-026172), which are incorporated herein by reference.

1.2.3.9. The Swords of Iron war and Operations Rising Lion and Roaring Lion, and their impact

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

1.2.4. Dividends distributed by the Company

	Date of Approval	Date of Payment	Total Dividend
Azrieli Group	18 March 2026	7 May 2026	NIS 850 million ⁷

On 18 March 2026, the Company's Board decided to approve a dividend distribution of NIS 850 million. For further details see the Company's immediate report of 19 March 2026 (Ref. 2026-01-024436) and a supplementary immediate report of 24 March 2026 (Ref. 2026-01-026452), which are incorporated herein by reference.

1.2.5. Dividends distributed to the Company

	Date of Approval	Date of Payment	Total Dividend	Company's Share of Total Dividend Distributed
Bank Leumi	4 March 2026	19 March 2026	Approx. NIS 1,273 million	Approx. NIS 22.6 million

⁷ As of 31 March 2026, the Company has distributable retained earnings in the sum of approx. NIS 22 billion (which balance also includes real estate revaluation profits).

2.1. Business Environment

The business environment in which the Company operates is described in Section 6 of Chapter A of the 2025 Periodic Report, which is incorporated herein by reference. The macroeconomic forecast of the Bank of Israel's Research Department of April 2026, which analyses the key macroeconomic variables – including the GDP, inflation, and interest rates – was formulated under the working assumption that Operation Roaring Lion and the fighting in Lebanon would end towards the end of April 2026. Under this scenario, the GDP is projected to grow by 3.8% in 2026 and by 5.5% in 2027. The inflation rate over the next four quarters, ending in Q1/2027, is expected to be 2.3%, and in 2026 and 2027, it is projected to be 2.2% and 1.8%, respectively. The average interest rate in Q1/2027 is expected to range between 3.5% and 3.75%. It was further noted that the forecast's working assumption is that Operation Roaring Lion is contributing to a reduction in the severity of the threat posed by Iran, and that no additional round of fighting is expected within the forecast horizon, although the geopolitical environment will be such that requires, in 2027 forth, defense expenditures to prepare for the possibility of such a round. Additionally, the forecast reflects a short-term impact on operations, primarily due to homefront restrictions and the impact on labor supply in view of the mobilization of reserve forces, alongside an increase in the inflationary environment, resulting *inter alia* from rising oil prices. The forecast is characterized by a particularly high level of uncertainty, *inter alia* regarding the duration of the fighting in Iran and Lebanon and the level of geopolitical risk at the end of the fighting.⁸

The Company has loans and bonds that are linked to the Consumer Price Index (CPI). In the Report Period, the CPI in Israel decreased by ~0.1%.

In 2025, 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%. Subsequently, later that year, the Bank of Israel decided to lower the Bank of Israel interest rate to 4.25%, and at the beginning of 2026, the Bank of Israel decided to reduce the interest rate once again by 0.25%. Consequently, as of the Report Release Date, the Bank of Israel's interest rate is 4%, against the backdrop of a gradual moderation in Israel's inflation rate over the past three years (as compared to 2022).

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 rose in the Report Period by 0.4% and 0.45%, respectively. The increase in the Construction Input Indices causes a rise in the Company's construction costs in the various projects across the country, because the agreements in which the Company engages with the construction contractors are linked to these indices.

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

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

⁸ Bank of Israel – press release of 9 April 2026, Macroeconomic Forecast of the Research Department, April 2026. The Bank of Israel website: <https://www.boi.org.il/publications/pressreleases/30-3-26a/>. [Heb.]

to A, leaving the negative rating outlook. In April 2024, the rating agency S&P also downgraded Israel's credit rating from 'AA-' to 'A+', leaving the negative rating outlook, and in October 2024, it downgraded Israel's long-term rating to 'A'. In November 2025, it affirmed the 'A' rating and raised the outlook from negative to stable.

Since the outbreak of the war, the Company has proceeded with its operations, subject to the circumstances and with ongoing monitoring of the security developments and in accordance with the instructions of the Home Front Command.

The impact of Operations Rising Lion and Roaring Lion on the retail centers and malls segment – Operation Rising Lion, which was carried out in June 2025, led to the closure of operations of some of the tenants in the Company's malls, but its impact on the segment's results in 2025 is not material; likewise, Operation Roaring Lion led to a similar closure of the malls for several days and as of the Report Release Date, the Company estimates the impact of Operation Roaring Lion on the results of the retail centers and malls segment in the amount of approx. NIS 7 million.

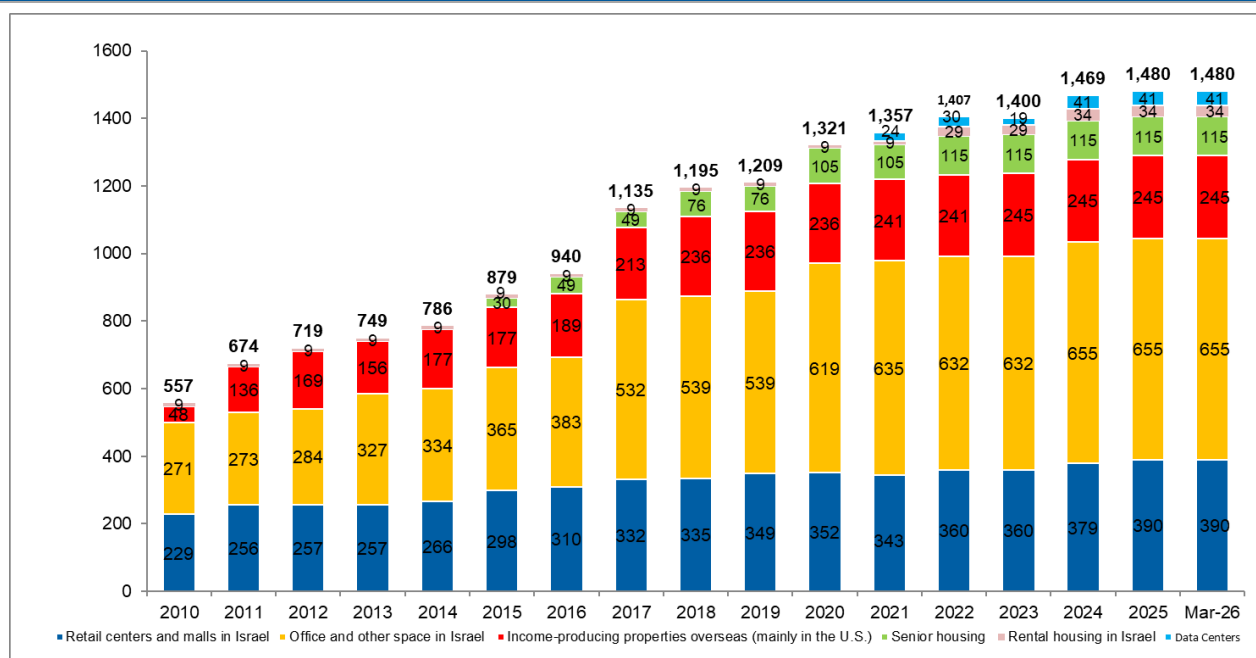
The impact of the war on property development – The Company is continuing to develop and initiate the construction of new properties, and to expand and renovate existing properties. In this context, it is noted that given the fact that work on some of the properties was halted for some time at the start of the war and 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.

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 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 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 Company's asset portfolio, the variety of tenants and business segments, the Company will be able to continue financing its activity and meeting its liabilities.

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

2.3. Consolidated GLA (Gross Leasable Area) Data

As of 31 March 2026



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

2.4. Average Occupancy Rates in the Income-Producing Properties

Below are the average occupancy rates in the Group's income-producing properties as of 31 March 2026, by operating segment:

- Retail centers and malls in Israel – ~98%;⁹
- Leasable office and other space in Israel – ~97%;⁹
- Income-producing properties in the U.S. – ~65%;
- Senior housing in Israel – ~99%;⁹
- Data centers – ~99%;¹⁰
- Rental housing in Israel – ~97%.⁹

⁹ Excluding areas in properties whose construction has been completed, and which are in lease-up stages for the first time.

¹⁰ The average occupancy rate was calculated based on the figures of the lease agreements as of 31 March 2026 according to a weighted average of GM. The occupancy rate does not include areas under construction.

2.5. NOI of the Properties

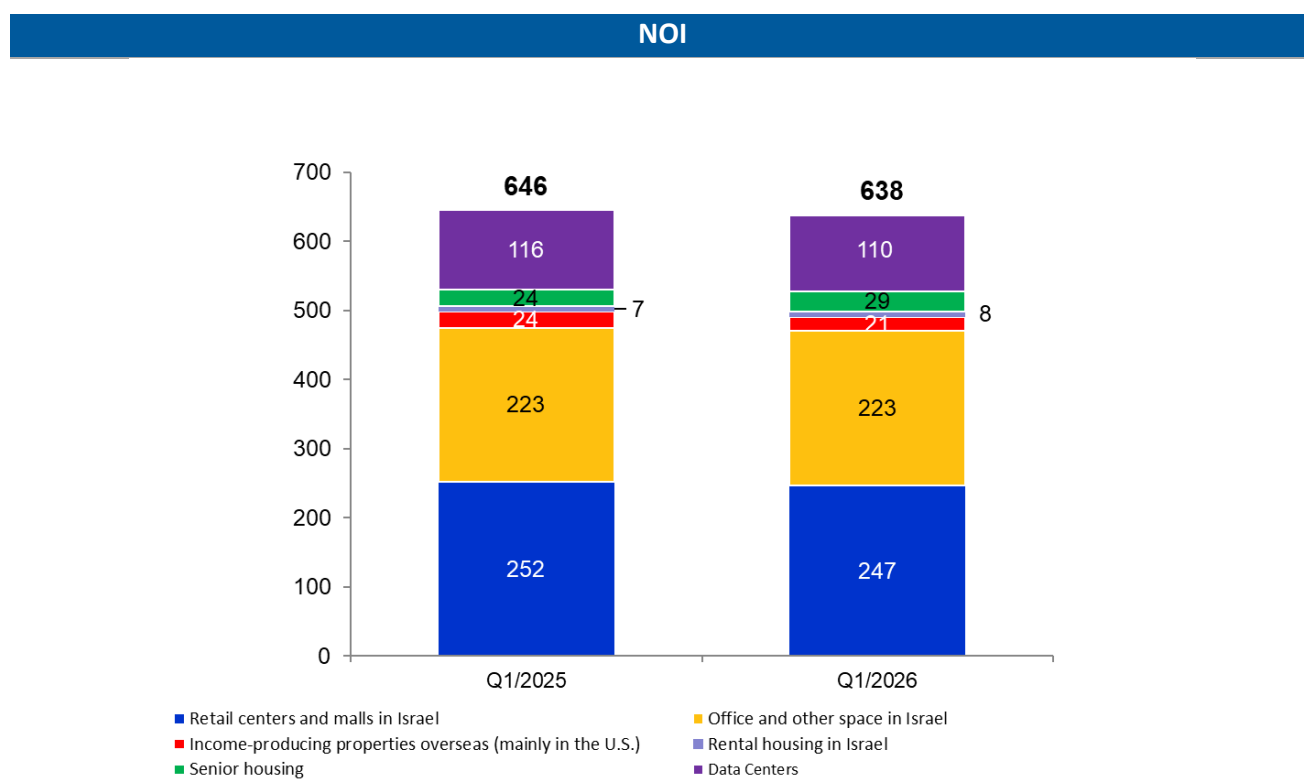
Net Operating Income (NOI) is a metric that presents the net operating income of the properties: income after the deduction of the property's operating expenses and prior to the deduction of G&A expenses, taxes and interest. This metric is one of the most important parameters in the valuation of income-producing real estate companies, as division thereof by the appropriate cap rate for the properties provides an indication for determination of the value of income-producing properties.¹¹ In addition, after deduction of current maintenance expenses incurred to preserve the property's condition, NOI is used to measure the free and available cash flow for the service of financial debt undertaken to fund the purchase of the property.

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

2.5.1. NOI Data

For the purpose of calculating the NOI, on the revenues side – all of the income from tenants (including rent, management fees and other payments) is taken into account, and for the purpose of calculating the costs – all operating expenses in respect of the properties are taken into account, including management, maintenance and other costs.¹²

The NOI figures for the income-producing real estate portfolio are as follows:¹³



Figures are presented in millions of NIS.

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

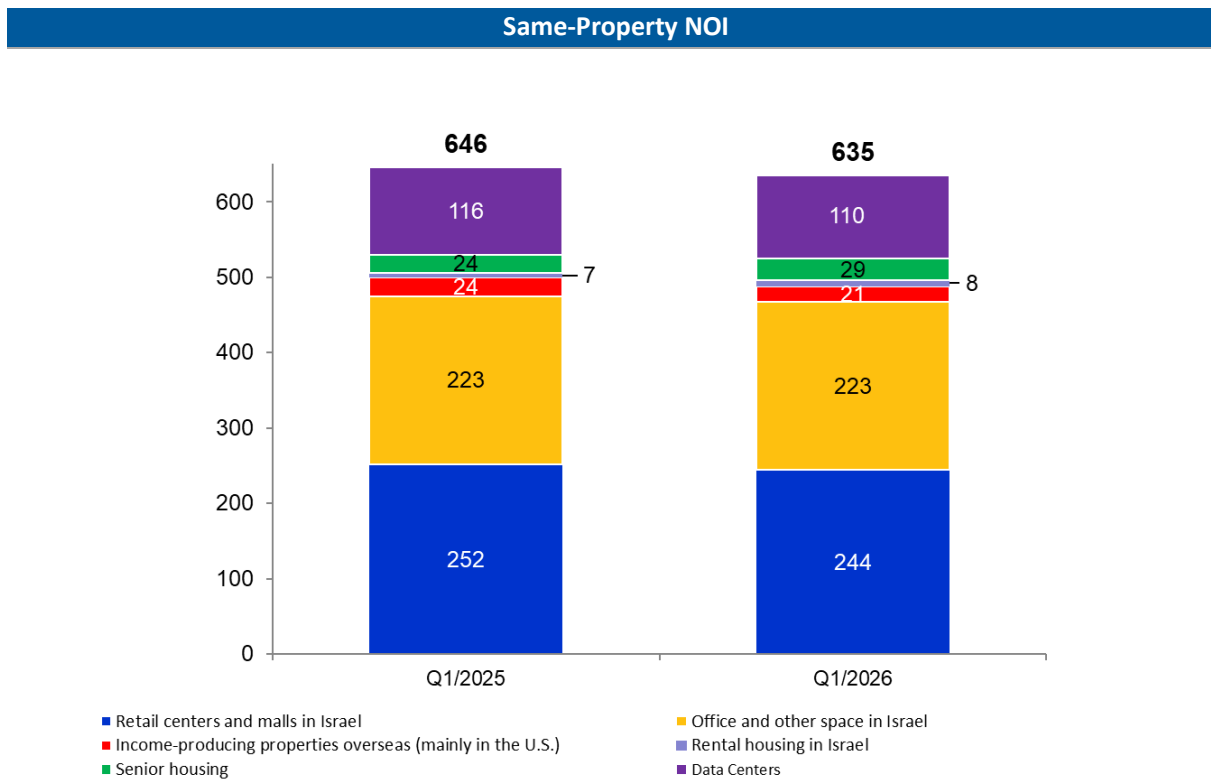
¹¹ Additional indications are, for example: The market value of similar properties in the same area, and the sale prices of similar properties in recent transactions.

¹² The Group prepares its financial statements based on international standards, and consequently, in the calculation of the cost of leasing and operating the properties classified as investment property, depreciation was not taken into account. Furthermore, for the purpose of calculating the aforesaid parameters, profit from the revaluation of properties was not taken into account.

¹³ Including properties from the segments: Retail centers and malls in Israel; leasable office and other space in Israel; income-producing properties in the U.S.; senior housing; Data Centers and rental housing in Israel.

2.5.2. Same-Property NOI Data

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



Figures are presented in millions of NIS.

The decrease in the same-property NOI was mainly affected by a decrease in the retail centers and malls in Israel segment deriving mainly from the impact of Operation Roaring Lion and the performance of work in the Azrieli Tel Aviv Mall's areas for the purpose of its connection to the Spiral Tower, and from a decrease in the DC segment deriving, *inter alia*, from a decline in the average EUR exchange rate as well as an increase in the segment's operating expenses.

2.6. Weighted Cap Rate

The following table presents the calculation of the weighted cap rate derived from all of the income-producing real estate, excluding senior housing¹⁴, excluding Data Centers¹⁵, excluding rental housing¹⁶ and excluding hotels¹⁷ of the Group, as of 31 March 2026:

Calculation of the Weighted Cap Rate for the Report Period	
Total investment property in the statement	52,437
Net of value attributed to investment property under construction	3,981
Net of value attributed to land reserves	1,935
Net of value attributed to income-producing senior housing	3,079
Net of value attributed to DC properties	9,523
Net of value attributed to building rights in income-producing properties and value attributed to income-producing properties not assessed according to cash flow discounting	1,656
Total value of income-producing investment property (including the fair value of vacant space)	32,263
Actual NOI in the Quarter ended 31 March 2026 (excluding senior housing, Data Centers and rental housing)	491
Additional future quarterly NOI ⁽¹⁾	58
Total standardized NOI	549
Proforma annual NOI based on the standardized NOI (excluding senior housing, Data Centers, and rental housing)	2,195
Weighted cap rate derived from income-producing investment property (including vacant space) ⁽²⁾	6.8%

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 and shall be occupied in 2026 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 replacements in some of the malls and office buildings to change the tenant mix).
- (2) Standardized annual NOI rate out of total income-producing investment property (including vacant space). This figure does not constitute the Company's NOI forecast for 2026, and its sole purpose is to reflect the NOI assuming full occupancy for a full year in all the income-producing properties.

The Company's estimations as mentioned in this section include forward-looking information, as defined in the Securities Law. This information is uncertain and is based, inter alia, on information pertaining to contractual engagement with tenants as of the report date, parameters in the calculation of fair value and the Company's estimations regarding the occupancy of areas. Actual results may materially differ from the foregoing estimations and from what they imply, for various reasons, including immediate termination of lease agreements or a business crisis of any of the tenants, or a change in the fair value parameters or non-compliance with development or occupancy targets or the effects of the war.

2.7. Real Estate Business FFO¹⁸

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.

¹⁴ 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%.

¹⁵ The DC properties are in stages of development, or a different valuation methodology was used, and therefore the properties were not included in investment property. For some of the income-producing properties, the weighted cap rate is 6.83%.

¹⁶ A different valuation methodology was used for rental housing properties, which were therefore excluded from this calculation.

¹⁷ Presented as property, plant and equipment and not measured at fair value because they are excluded from the definition of investment property.

¹⁸ On 16 January 2025, the ISA released guidelines on the calculation and presentation of the FFO ("**FFO According to the ISA's Approach**"). The data presented in this section, including the comparison data, are presented in accordance with the FFO According to the ISA's Approach.

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

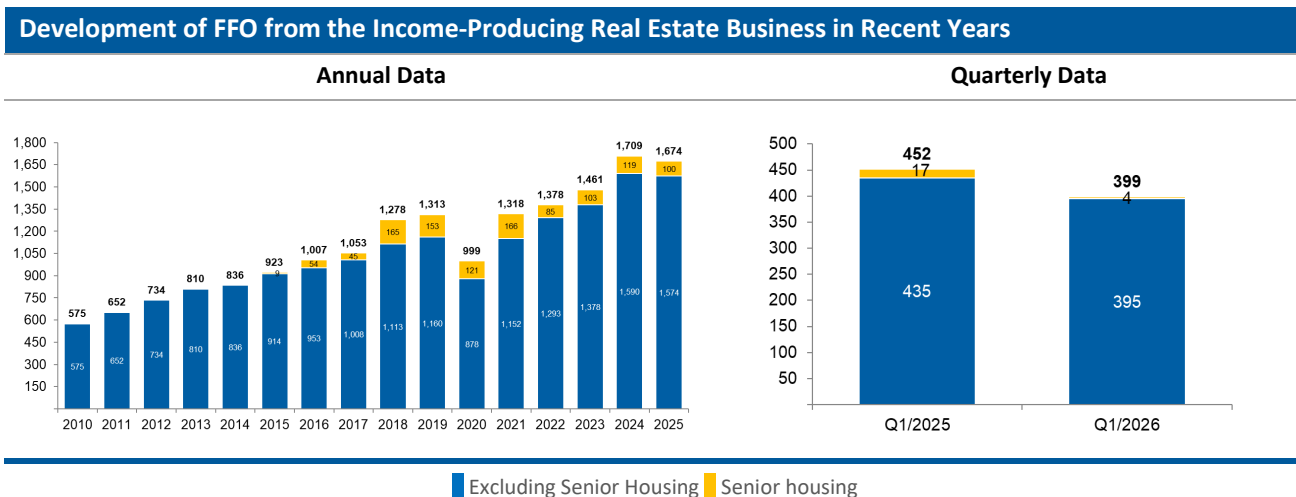
FFO from the Income-Producing Real Estate Business			
	For the Three Months Ended 31 March 2026	For the Three Months Ended 31 March 2025	For the year ended 31 December 2025
Net income for the period attributable to shareholders	540	457	1,889
Net of net loss from Azrieli E-Commerce and income from ZMH attributed to shareholders (including depreciation of excess of fair value over the book value)	(4)	-	(11)
Profit adjustments: ⁽¹⁾			-
Net increase in the value of investment property and property, plant and equipment	(278)	(252)	(1,128)
Depreciation and amortization	2	2	8
Net non-cash flow financing and other income	(27)	(34)	(232)
Tax expenses	132	131	412
Effect of (profits) of an associate	(29)	-	(154)
Non-recurring expenses ⁽⁷⁾	29	58	86
Total profit adjustments	(171)	(95)	(1,008)
Plus interest paid for tangible investments ⁽³⁾	7	-	5
Total nominal FFO according to the provisions of the Fourth Schedule to the Prospectus Details Regulations, attributable to the income-producing real estate business, excluding the cash flow of financing the development pipeline ⁽⁴⁾	372	362	875
Expenses due to share-based payment	5	3	18
Special bonus for restructuring and establishment of GMG	-	-	28
Total cash flow of financing the development pipeline⁽⁶⁾	43	29	150
Linkage differentials and exchange rate differentials on assets and liabilities (net of tax effect)	(5)	57	571
Cash flow from incoming resident deposits net of outgoing resident deposits ⁽²⁾	-	16	94
Net of income from forfeiture of resident deposits	(16)	(15)	(62)
Total FFO attributed to the income-producing real estate business, according to the management's approach⁽⁵⁾	399	452	*1,674

Financials presented in NIS in millions.

- (1) The following profit adjustments do not include adjustments for Azrieli E-Commerce and ZMH Hammerman since their results were fully excluded.
- (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 based on weighted interest of the Group for the tangible investments in ZMH.
- (4) Attributable to the shareholders only.
- (5) Including FFO from the senior housing segment in the sum of approx. NIS 4 million in the three months ended 31 March 2026 (approx. NIS 17 million in the three months ended 31 March 2025 and approx. NIS 100 million in Y2025).
- (6) Calculated based on real credit costs in respect of the development pipeline.
- (7) In the current Quarter in respect of costs deriving from non-consummation of a transaction, in 2025 and in the corresponding quarter mainly in respect of costs deriving from non-consummation of a transaction.

* Net of the Group's decision not to collect debt balances in respect of management fees for 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 2025 annual financial statements.

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



Figures are presented in millions of NIS.

Net of real credit costs for properties under development.

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

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

Azrieli Group is included in the EPRA Indices. EPRA is an organization that brings together the public income-producing real estate companies in Europe and worldwide. Being listed in the EPRA indices provides 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 no substitute for the figures in the financial statements.

2.8.1. EPRA NRV

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

EPRA NRV		
	31 March 2026	31 March 2025
Equity attributable to the Company's shareholders in the financial statements	26,339	24,134
Goodwill created against a reserve for deferred taxes	(223)	(236)
Plus a tax reserve in respect of the revaluation of investment property to fair value (net of minority interests)	6,114	5,769
EPRA NRV	32,230	29,667
EPRA NRV per share (NIS)	259	245

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

2.8.2. EPRA NTA

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

EPRA NTA		
	31 March 2026	31 March 2025
Equity attributable to the Company's shareholders in the financial statements	26,339	24,134
Goodwill created against a reserve for deferred taxes	(223)	(236)
The balance of goodwill which is not against a reserve for deferred taxes as stated in the Company's balance sheet	(1,288)	(1,357)
Other intangible assets	-	(1)
Plus 50% of the tax reserve in respect of the revaluation of investment property to fair value (net of minority interests)	3,057	2,885
EPRA NTA	27,885	25,425
EPRA NTA per share (NIS)	224	210

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

2.8.3. EPRA NDV

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

EPRA NDV		
	31 March 2026	31 March 2025
Equity attributable to the Company's shareholders in the financial statements	26,339	24,134
Goodwill created against reserve for deferred taxes	(223)	(236)
Balance of goodwill that is not against a reserve for deferred taxes as stated in the Company's balance sheet	(1,288)	(1,357)
Adjustment of the value of financial liabilities to fair value	497	1,211
EPRA NDV	25,325	23,752
EPRA NDV per share (NIS)	203	196

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

AZRIELI GROUP'S INCOME PRODUCING REAL ESTATE*

MALLS & SHOPPING CENTERS

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

OFFICES & OTHERS in Israel

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

OVERSEAS

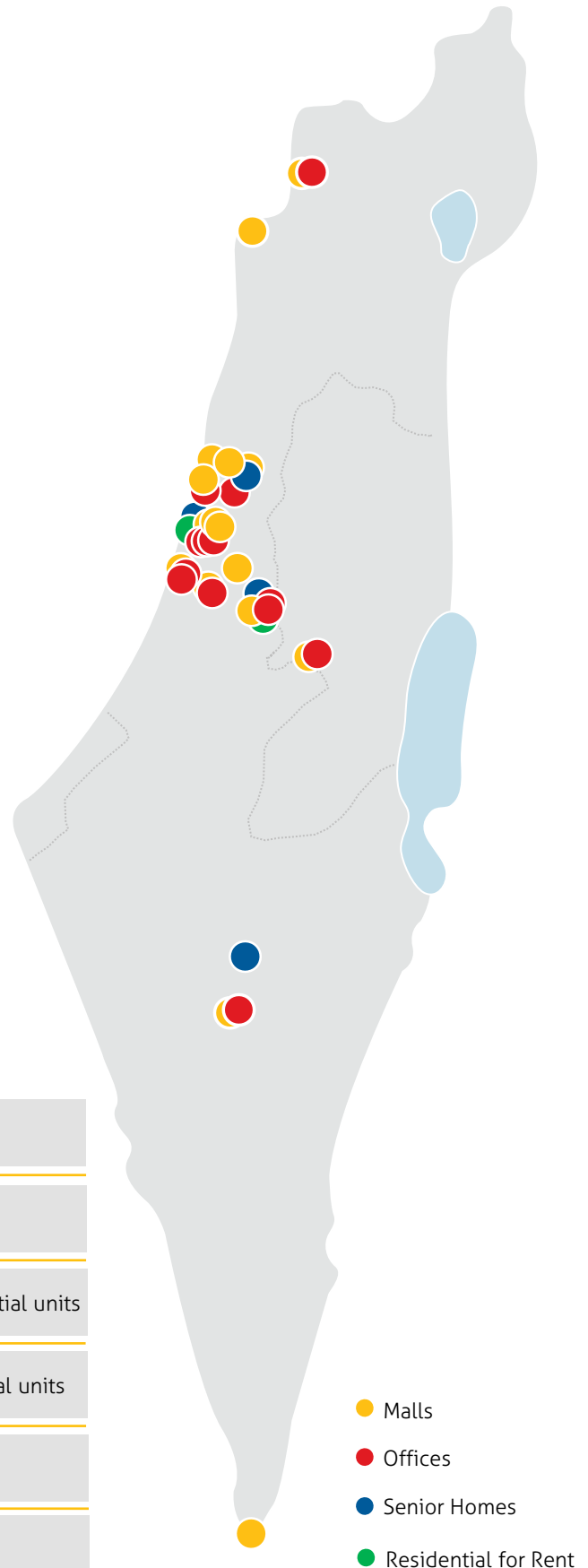
Galleria
1 Riverway
3 Riverway
Plaza
8 West
Aspen Lake II
San Clemente
Leeds

SENIOR HOMES

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

RESIDENTIAL FOR RENT

Azrieli TOWN
Azrieli Modi'in
Azrieli TOWN Modi'in



***23 malls & retail centers 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 March 31, 2026.

**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 March 31, 2026.

(2) Illustration

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

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

2.9. Retail Centers and Malls in Israel Segment

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

The store sales reported by the Group's mall tenants in January-March 2026 were 7.1% lower year-over-year, *inter alia* due to the impact of Operation Roaring Lion.

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

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

The retail areas in Azrieli Group's malls and retail centers are leased to ~1,849 tenants.

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

Azrieli Group has 23 malls and retail centers in Israel with a total GLA of ~390 thousand sqm.¹⁹

Balance of the properties in the retail centers and malls in Israel segment – totaled approx. NIS 17 billion on 31 March 2026, compared with approx. NIS 16.9 billion on 31 December 2025. The change mainly derives from investments in the segment assets. The properties are presented according to valuations prepared by an independent appraiser as of 31 December 2025.

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 Quarter totaled approx. NIS 1 million, similar to the change in value in the same period last year which totaled approx. NIS 1 million.

¹⁹ 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 GLA figure above.

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				
	Rate of Change	For the Three Months Ended		For the Year Ended
		31.3.2026	31.3.2025	31.12.2025
Revenues	-	321	321	1,245
NOI	(2%)	247	252	949

Figures are presented in millions of NIS.

The NOI in the retail centers and malls in Israel segment was mainly affected by the impact of Operation Roaring Lion and by the performance of work in the Azrieli Tel Aviv Mall's areas for the purpose of its connection to the Spiral Tower.

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	
	31.3.2026	31.3.2025
NOI from segment properties owned by the Company	244	252
NOI from properties purchased in 2025	3	-
Total NOI from all properties	247	252

Figures are presented in millions of NIS.

Same-property NOI in the retail centers and malls in Israel segment was mainly affected by the effects of Operation Roaring Lion and by a temporary reduction of the area of Azrieli Mall in view of the performance of work in the mall's areas for the purpose of its connection to the Spiral Tower.

2.10. Office Segment

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

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

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

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

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

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

Balance of the Group's investment property in the leasable office and other space in Israel segment – totaled approx. NIS 18.1 billion on 31 March 2026, compared with approx. NIS 18.3 billion on 31 December 2025. The change derives from classification of the Spiral-tower hotel as property, plant and equipment net of investments in the segment properties. The properties are presented according to valuations prepared by an independent appraiser as of 31 December 2025.

Change due to fair value adjustment of the segment's investment property and investment property under construction – the loss from the fair value adjustment of the segment's investment property and investment property under construction in the Quarter totaled approx. NIS 4 million (the loss in the same period last year totaled approx. NIS 12 million).

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	31.3.2026	31.3.2025	31.12.2025
Revenues	-	274	273	1,116
NOI	-	223	223	905

Figures are presented in millions of NIS.

The table below presents the segment's NOI development:

Development of the NOI of the Leasable Office and Other Space in Israel Segment		
	For the Three Months Ended	
	31.3.2026	31.3.2025
NOI from segment properties owned by the Company at beginning of period	223	223
NOI from properties whose construction was completed in 2025	-	-
Total NOI from all properties	223	223

Figures are presented in millions of NIS.

Same-property NOI in the office and other space in Israel segment was mainly affected by rent increases upon tenant turnover, as well as the rise in the CPI, since the lease contracts are linked to the CPI, offset by a loss of revenues for areas vacated in Sarona due to a tenant's departure, which are currently in the process of re-leasing.

2.11. Senior Housing Segment

The acquisition of land in Modi'in in 2014 marked the Group's entry into the senior housing segment, followed by the acquisition in 2015 of an operating senior home – Palace Tel Aviv, one of the most luxurious senior homes in Israel. Since the acquisition of Palace Tel Aviv, the Group has operated under the "Palace" brand in this segment and owns four running senior homes: Palace Tel Aviv, Palace Ra'anana, Palace Modi'in (construction of which was completed in Q3/2018) and Palace Lehavim. In addition, the Group is in advanced stages of building another project in Rishon LeZion, as specified below, and was awarded a tender for the construction of a senior housing project in Sde Dov.²⁰

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

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

Balance of the Group's properties in the senior housing segment – totaled approx. NIS 4.5 billion on 31 March 2026, compared with approx. NIS 4.4 billion on 31 December 2025. The properties are presented according to the valuations prepared by an independent appraiser as of 31 December 2025.

Change due to fair value adjustment of the segment's investment property and investment property under construction – no change in the fair value of the segment's investment property and investment property under construction in the Report Period and in the same period last year.

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

Summary of the Business Results of the Senior Housing Segment				
		For the Three Months Ended		For the Year Ended
	Rate of Change	31.3.2026	31.3.2025	31.12.2025
Revenues	11%	78	70	295
NOI	21%	29	24	103

Figures are presented in millions of NIS.

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

²⁰ For further details regarding the tender and approval of the final award, see immediate reports released by the Company on 19 February 2025 (Ref. 2025-01-011815) and 19 March 2025 (Ref. 2025-01-018468) respectively, which are incorporated herein by reference.

The table below presents the segment's NOI development:

Development of the NOI of the Senior Housing Segment		
	For the Three Months Ended	
	31.3.2026	31.3.2025
NOI from segment properties owned by the Company at beginning of period	29	24
NOI from properties whose construction was completed in 2025	-	-
Total NOI from all properties	29	24

Figures are presented in millions of NIS.

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

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

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

The Group holds some of the overseas properties together with local partners, although most of the rights and the control of the Group's properties overseas are held thereby. The properties are managed by local management companies, with Azrieli Group oversight.

Major renovations were carried out at some of the Group's properties, including in the public areas, in order to maintain the properties' market positioning.

Most of the properties in the U.S. are financed separately from corporate finance, by means of dollar non-recourse loans, except in unusual circumstances as defined in the loan agreement and deemed acceptable in the U.S. market.

In Q1/2026, a moderate recovery was recorded in Houston office occupancy rates, following a prolonged period of decline that began with the outbreak of Covid. However, the rise in occupancy rates is not uniform across the city's various areas, and disparities in demand levels remain. The improvement was primarily concentrated in two key areas: West Houston, and particularly the Energy Corridor district, which continues to demonstrate consistent long-term growth, and the Galleria area, which saw a moderate rise in occupancy rates and where three of the Group's properties are located.

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

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

As of the report date, Azrieli Group has 8 income-producing properties in this segment, mostly in the U.S. with a total GLA of ~253 thousand sqm (on a consolidated basis) and ~245 thousand sqm (the Company's share) leased to ~147 tenants.²¹

Balance of the Group's investment property in the segment – totaled approx. NIS 1.5 billion on 31 March 2026, similar to the balance on 31 December 2025. The properties are presented according to valuations prepared by an independent appraiser as of 31 December 2025.

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

²¹ The "Company's share" – net of minority interests in certain companies.

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

Summary of the Business Results of the Income-Producing Properties in the U.S. Segment				
	Rate of Change	For the Three Months Ended		For the Year Ended
		31.3.2026	31.3.2025	31.12.2025
Revenues	(13%)	49	56	216
NOI	(13%)	21	24	91

Figures are presented in millions of NIS.

The table below presents the segment's NOI development:

Development of the NOI of the Income-Producing Properties in the U.S. Segment		
	For the Three Months Ended	
	31.3.2026	31.3.2025
NOI from segment properties owned by the Company at beginning of period	21	24
NOI from properties purchased in 2024	-	-
Total NOI from all properties	21	24

Figures are presented in millions of NIS.

The same-property NOI in the income-producing properties in the U.S. segment was mainly affected by dollar exchange rate fluctuations.

2.13. Data centers

2.13.1. Description of the DC segment

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

The first step of the Company's entry into the DC industry was made through an equity investment in Compass, which mainly operated, at that time, in the DC industry in North America. In 2023, the Company liquidated all of its holdings in Compass.²²

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

In addition, in 2023, the Company closed the (indirect) acquisition of two English companies (the "English Companies"): a company that leases land from a third party on which an operating data center stands, located in East London (the "Operating Campus"), and another company that owns vacant land adjacent to the operating data center (the "Vacant Land").²³ As of the Report Release Date, negotiations are ongoing for the acquisition of the company that owns 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 (active) income-producing properties, 4 of which in Norway, as well as an operating DC campus in East London, as specified in the properties map under Section 2.8 above.

²² For further details regarding the disposition, see the Company's immediate reports of 20 June and 4 October 2023 (Ref. 2023-01-067815 and 2023-01-112559, 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. 2021-01-078271, 2022-01-154633, 2023-01-010848 and 2025-01-042463, respectively), which are incorporated herein by reference.

In 2025, the Company worked on and completed concentration of its DC holdings in Europe under Green Mountain Global Ltd., a private company incorporated in England (“**GMG**”).

In the Company’s estimation, the DC segment is poised for significant growth in the coming years and could serve as a major growth driver for the Group’s operations, with the concentration of the holdings in GMG enabling the Group to raise capital from investors to support the accelerated development of the DC operations. In the Report Period, the Company began exploring such a capital financing by way of bringing in investors.

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 industry and the possibility of raising capital from investors are forward-looking information, as defined in the Securities Law, based on subjective assessments of the Company as of the Report Release Date and on sources of information external to the Company, and there is no certainty that they will materialize, in whole or in part, and they may materialize in a materially different manner, inter alia due to changes in 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.

2.13.2. Key updates in the DC 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.

In 2025, 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 is signed therewith, for which negotiations are being held, are expected in the part of the Operating Campus on which the expansion work is being carried out. In this regard, it is noted that, given that the exclusivity period for negotiations has expired, initial negotiation contacts have commenced with additional potential customers.

In addition, in 2025, 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

Further to immediate reports of the Company²⁵ regarding GM’s engagement, in March 2023, in an agreement with the customer for a 90 MW project, which also includes two options of the customer to increase the MW quantity (30 MW per option), as specified in the Original Report, and regarding notice given to GM by the customer of exercise of an option to increase the capacity by 30 MW (the “**First Option**”), on 19 March 2026, the Company reported that GM was in advanced negotiations with the customer in connection with the signing of an addendum to the amendment to the agreement (the “**Addendum**”).

The Addendum, if signed, is expected to regulate favorable commercial terms and conditions with respect to the amount of the customer’s payment, compared to the terms and conditions determined in the agreement, with regards to the supply of an additional 30 MW to the customer according to the First Option, as well as for the supply of another 30 MW according to an additional option that was granted to the customer (the “**Additional Option**”).

It is clarified that as of the Report Release Date, exercise notice has only been given in relation to the First Option, and even after the signing of the Addendum (if signed), the parties will be required to sign additional documents, including a statement of work, which shall regulate the full terms and conditions for the supply of the 30 MW according to the First Option and the 30 MW according to the Additional Option (if exercised).

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.

²⁵ See the Company’s immediate reports of 8 March 2023 (Ref. 2023-01-024873) (the “**Original Report**”), 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.

It is emphasized that there is no certainty that the negotiations will culminate in the signing of the Addendum, nor any certainty with respect to the final terms and conditions thereof. For further details, see the Company's immediate report of 19 March 2026 (Ref. 2026-01-024452), which is incorporated herein by reference.

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 in the Frankfurt region of Germany, in the context of a joint venture, in which the Company holds a 50% stake (the "Joint Company"). In June and August 2025, the Joint Company entered into agreements for the provision of 36 MW of DC services to an international technology company (the "Customer"), with an option to increase the capacity by 18 MW to a total capacity of 54 MW on the campus currently being built, and on which construction of the first building in the project, with a planned capacity of 18 MW, is currently underway. On 16 February 2026, an agreement was signed between the parties for the supply of an additional 18 MW contemplated in the option.²⁶

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.²⁷

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 culminate 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.

Engagement in a financing agreement for the refinancing of existing loans

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.²⁸

2.13.3. Performance of the DC Segment and Changes in Value

As of the report date, the companies held by the Group which engage in the segment have 5 income-producing properties, 4 of which in Norway, 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 11.7 billion on 31 March 2026, compared with approx. NIS 11.2 billion on 31 December 2025. The change mainly derives from investments in the segment properties, from the revaluation profits recognized in the period and from exchange rate fluctuations. Some of the properties are presented according to valuations prepared by independent appraisers as of 31 March 2026 and some of the properties are presented according to valuations prepared by independent appraisers as of 31 December 2025.

Change due to fair value adjustment of the segment's investment property – the profit from fair value adjustment of the segment's investment property totaled approx. NIS 312 million in the Report Period, compared with a profit of approx. NIS 262 million in the same quarter last year.

²⁶ 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.

²⁷ 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.

²⁸ For further details, see an immediate report of 23 January 2026 (Ref. 2026-01-009214), which is 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				
	Rate of Change	For the Three Months Ended		For the Year Ended
		31.3.2026	31.3.2025	31.12.2025
Revenues	7%	224	210	844
NOI	(5%)	110	116	449

Figures are presented in millions of NIS.

The increase in revenues in the DC segment in the Report Period mainly derived from an increase in electricity sales. Conversely, the decrease in the NOI in the Report Period resulted *inter alia* from a decline in the average EUR exchange rate as well as an increase in the segment's operating expenses.

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

Development of the NOI of the DC Segment		
	For the Three Months Ended	
	31.3.2026	31.3.2025
NOI from segment properties owned by the Company at beginning of period	110	116
NOI from properties whose construction was completed in 2025	-	-
Total NOI from all properties	110	116

Figures are presented in millions of NIS.

2.14. Rental Housing in Israel Segment

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

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

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

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

Balance of the Group's investment property in the rental housing in Israel segment – totaled NIS 2.1 billion as of 31 March 2026, compared to NIS 2 billion on 31 December 2025. The change mainly derives from investments in properties in the period.

Change due to fair value adjustment of the segment's investment property and investment property under construction – no change in the fair value of the segment's investment property and investment property under construction in the Report Period and the same period last year. 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				
	Rate of Change	For the Three Months Ended		For the Year Ended
		31.3.2026	31.3.2025	31.12.2025
Revenues	25%	10	8	36
NOI	14%	8	7	30

Figures are presented in millions of NIS.

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

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

Development of the NOI of the Rental Housing in Israel Segment		
	For the Three Months Ended	
	31.3.2026	31.3.2025
NOI from segment properties owned by the Company at beginning of period	8	7
NOI from properties whose construction was completed in 2025	-	-
Total NOI from all properties	8	7

Figures are presented in millions of NIS.

2.15. Income-Producing Real Estate – Additional Operations

2.15.1. Hotels

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

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

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

In April 2025, a building permit was received for the entire hotel. In 2025, an agreement was signed with the Kempinski chain for the Hotel's management.

In addition, in 2023, the Company acquired the Red Rock Hotel in Eilat.²⁹

²⁹ For further details, see Section 1.2.2 of Chapter B of the 2023 periodic report, as released by the Company on 21 March 2024 (Ref. 2024-01-029448), which is incorporated herein by reference.

As part of the Company's operations in the hospitality industry, the Company plans to build hotels within Group-owned mixed-use projects that confer, *inter alia*, building rights designated for hospitality, as follows: development of a hotel in the city of Modi'in (Modi'in West), situated near the Azrieli mall, which comprises ~85 hotel rooms and suites and has been leased to a third party and was opened in 2025; and development of a hotel in the expansion of Azrieli Center (the Spiral Tower) in Tel Aviv, which is expected to comprise ~250 hotel rooms and suites, for which a non-binding MOU was signed for engagement in a management agreement with an international hotel chain. Following a review of the operating model for the hotels owned by the Company, the Company decided that some will be leased to third parties and classified as investment property; conversely, others will be managed by reputable hotel management companies and will be classified as property, plant, and equipment. Accordingly, in the Report Period, the Company classified the hotel in the Azrieli center expansion (the Spiral Tower) as property, plant, and equipment.

The Company's estimates in this section regarding the projected 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 of the Company as of the Report Release Date, and there is no certainty that they will materialize, in whole or in part, and may materialize in a materially different manner, inter alia due to factors that are beyond the Company's control, including changes in market conditions, and in the hospitality industry and 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.

3.1. General Information About the Residential Sales Segment

As part of the Company's growth strategy to expand into the field of residential real estate sales in Israel, on 9 September 2025, 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, 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 from the financial statements as of 30 September 2025.³⁰

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 conditional urban renewal projects and in initial negotiations regarding additional projects in this field.

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

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

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

For further details regarding the residential sales segment, see Section 16 of Chapter A of the periodic report as of 31 December 2025.

3.2. The Business Environment

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.

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.

³⁰ 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.

The impact of the war on the residential sales segment

For details regarding the Swords of Iron war and Operations Rising Lion and Roaring Lion and their impact, see Section 1.2.3.9 above.

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 the years 2024-2025 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 31.3.2026
Operating segment's revenues (on a consolidated basis)	134
Operating segment's profit (on a consolidated basis)	10
Operating segment's profits (corporation's share)	10
Total operating segment assets in the balance sheet (on a consolidated basis)	1,138
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.

3.3.1. Update on Apartment Sales in Projects Under Development

Project	Number of apartments under marketing ³¹	Company's share in the project	Completion rate as of 31 March 2026	Sales from 1 April 2026 until shortly before the Report Release Date ³²	Apartment sales Jan-March 2026 ³³	Apartment sales Jan-March 2025 ³³	Apartment sales Y2025 ³³	Total apartments sold as of 31 March 2026	Sales percentage
Achziv in Nahariya, Phases A+B	432	50%	100%	--	1	--	429	430	99.5%
Achziv in Nahariya, Phase C	192	50%	100%	--	2	--	179	181	94%
Achziv in Nahariya, Phase D	76	50%	71%	1	--	7	52	52	68%
Achziv in Nahariya, Phase E	170	50%	--	2	14	--	36	50	29%
Andromeda Hill in Jaffa	56	33%	100%	--	1	--	54	55	98%
Weizmann-Pinkas in Tel Aviv*	32	50%	100%	1	2	1	28	30	94%
HaAgam in Ramat Gan*	125	50%	100%	1	2	--	117	119	95%
Neve Gan, Phase A, Lots 28 and 30	299	50%	74%	--	1	3	264	265	89%
Neve Gan, Phase B, Lot 27	170	25%	32%	--	--	2	127	127	75%
Neve Gan, Phase C, Lot 29**	79	50%	0%	--	1	2	--	1	1%
Mitzpe Rina, Phase A**	188	100%	28%	1	2	9	60	62	33%
Jaffa-Tel Aviv (Maccabi Jaffa) Lots 102, 103-105, 116, 117**	628	33%	18%	4	59	18	337	396	63%
Krinitzi HaHadasha in Ramat Gan	56	33%	52%	2	1	1	34	35	63%
Bat Galim/Cheyl HaYam**	348	50%	--	6	--	--	--	--	--
Easy (Savoraim) in Tel Aviv**	60	50%	--	--	1	--	12	13	22%
Total	2,563	--		18	87	41	1,729	1,816	2,563
Total apartments (Company's share)	1,381			8	34	22	791	825	1,381

³¹ Excluding landowner apartments.

³² As of 12 May 2026.

³³ Excluding contracts terminated with the Company's consent.

* The projects are being built by investee companies accounted for using the equity method. Consequently, the profit from these projects is reflected in ZMH Hammerman's income statement solely under the item "The Group's share in profits of companies accounted for using the equity method, net".

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

Below are apartment sales figures in monetary terms during and after the Report Period, compared to the same period last year and Y2025 (NIS in thousands):³⁴

Item	Sales from 1 April 2026 until shortly before the Report Release Date	Apartment sales Jan-March 2026 ³³	Apartment sales Jan-March 2025 ³³	Apartment sales Y2025 ³³
Total aggregate value (excluding VAT)	48,755	150,221	95,911	591,677
Total value - Company's share (excluding VAT)	22,428	64,446	50,659	261,883
Average apartment price (excluding VAT)³⁵	2,031	1,727	2,339	1,959

3.3.2. Update on Projects Under Development for Which Sales Have Not Yet Begun:

Project ³⁶	Location	Company Share (%)	No. of Apartments ³¹	No. of Senior Housing Apartments	Retail and commerce in sqm	Project status
Mitzpe Rina, Phase B	Lod	100%	172		--	Land reserve
Achziv, Phase F	Nahariya	50%	176		3,450	Land reserve
Efron ³⁷	Hod Hasharon	100%	175	100	713	Land reserve
Neve Tzedek II	Tel Aviv	37.5%	60		--	Land reserve
Shuk Bezalel II	Tel Aviv	50%	--		--	Land reserve
Lev Halr Karmiel (Karmiel senior housing) ³⁸	Karmiel	50%	666		5,560	Land reserve
Korazin ³⁹	Givatayim	50%	46		32,200	Land reserve
Katznelson	Netanya	100%	144		575	Land reserve – under urban renewal
Netiv Chen	Haifa	100%	123		--	Land reserve – under urban renewal
Herzliya, Kiryat Hamaslul	Herzliya	100%	118	--	529	Land reserve
Petach Tikva, Lot 13	Petach Tikva	100%	269	--	2,220	Land reserve
Petach Tikva, Lot 25	Petach Tikva	100%	221	--	1,890	Land reserve
Total			2,170	100	47,137	

³⁴ Since the transaction for the acquisition of ZMH Hammerman was closed on 9 September 2025, the financial results (profit and loss) of ZMH Hammerman are reflected in Azrieli Group's financial results from Q4/2025.

³⁵ Price mainly affected by apartment mix sold in the period.

³⁶ Construction work has not yet begun on projects appearing in this table.

³⁷ The final number of apartments is contingent on completion of the process for approval of the zoning plan, and may differ materially from the figure stated in the table. The apartments are the Company's share according to the deposited plan (as of the report date, the apartments are under ownership in common).

³⁸ The number of apartments and the final retail and commercial area is contingent on approval of the zoning plan and may differ materially from the figures stated here.

³⁹ The project is owned by Even Hashoam Group Ltd., which is accounted for using the equity method; therefore, the inventory in respect of the project is not included in the inventory item in the Company's financial statements. In 2019, Even Hashoam sold to a third party not affiliated with the Company 70% of the office, retail and car park interests.

3.3.3. Update on Conditional Urban Renewal Projects Under Development⁴⁰

No.	Project	Location	Company share (%)	Project type	No. of existing apartments (no. of apartments for eviction)	No. of apartments approved under current planning status	No. of apartments under requested/planned planning status incl. owners' share	No. of apartments under requested/planned planning status excl. owners' share	Date of commencement of apartment owners' signature procurement	Estimated date for closing engagements with required majority of existing apartment owners	Percentage of apartments for which a binding engagement was made out of total existing apartments	Current statutory planning status
1.	18-20 Rokach	Ramat Gan	50%	Redevelopment	28	N/A	83	55	2020	N/A	85%	Zoning plan under prep.
2.	Site 104 (HaPodim)	Ramat Gan	50%	Redevelopment	77	N/A	294	217	2021	N/A	71%	Zoning plan under prep.
3.	Site 22 - Pnei HaGiv'a	Ramat Gan	50%	Redevelopment	72	N/A	187	115	2023	2027	53%	Zoning plan under prep.
4.	Shmuel HaNatziv	Netanya	100%	Redevelopment	56	N/A	179	123	2022	N/A	82%	Zoning plan under prep.
5.	Jean Jaurès	Holon	100%	Redevelopment	54	N/A	191	137	2022	N/A	74%	Prelim. planning
6.	Site 10	Ramat Gan	50%	Redevelopment	30	N/A	85	55	2022	N/A	90%	Zoning plan under prep.
7.	Salanter	Tel Aviv	100%	Redevelopment	96	N/A	232	136	2022	N/A	80%	Zoning plan under prep.
8.	Site 34	Ramat Gan	50%	Redevelopment	69	N/A	179	110	2023	N/A	74%	Zoning plan under prep.
9.	Jabotinsky	Tirat HaCarmel	100%	Redevelopment	96	N/A	578	482	2022	N/A	70%	Prelim. planning
10.	Moshe Sharett	Holon	50%	Redevelopment	204	N/A	780	576	2022	N/A	72%	Zoning plan under prep.
11.	Henrietta Szold Site	Kiryat Shmona	50%	Redevelopment	83	N/A	750	667	2023	2026	45%	Prelim. planning
12.	Arlozorov 174-176 ⁴¹	Tel Aviv	50%	Arlozorov plan ⁴²	32	N/A	65	33	2023	N/A	72%	Valid zoning plan, CD in progress
13.	Arlozorov 182-184 ⁴¹	Tel Aviv	50%	Arlozorov plan ⁴²	32	N/A	71	39	2024	N/A	75%	Valid zoning plan, CD in progress
14.	Serlin	Tel Aviv	50%	Redevelopment	224	N/A	550	326	2023	N/A	67%	Prelim. planning
15.	HaNevi'im Site	Ramat Hasharon	100%	Redevelopment	96	N/A	276	180	2023	N/A	78%	Zoning plan under prep.
16.	Yecheskel Site	Pardes Hanna	50%	Redevelopment	172	N/A	777	605	2024	2026	26%	Prelim. planning
17.	Eli Cohen Site	Kfar Saba	50%	Redevelopment	223	N/A	700	477	2024	N/A	79%	Prelim. planning
18.	Site 3 ⁴³	Givatayim	50%	Redevelopment	88	N/A	200	112	2025	N/A	73%	Prelim. planning
19.	Ben Gurion	Ramat Gan	50%	Redevelopment	48	N/A	134	86	2024	N/A	82%	Prelim. planning
20.	HaAmora'im	Tel Aviv	100%	Shakke alternative	76	N/A	172	96	--	2026	48%	Prelim. planning
21.	Jehoshaphat	Ramat Gan	50%	Redevelopment	76	N/A	216	140	2025	2026	61%	Prelim. planning
22.	Herzliya Heights	Herzliya	50%	Redevelopment	98	N/A	285	187	--	N/A	69%	Prelim. planning

⁴⁰ The data regarding the number of apartments, based on requested/planned planning status and the estimated date for the closing of engagements with the required majority of existing apartment owners, constitute forward-looking information, as defined in the Securities Law, which is based on estimates of the Company's management, which are based on the Company's forecasts and/or work plans. These estimates may not materialize, in whole or in part, or may materialize in a manner different than expected, including materially, as a result of changes in apartment prices in a specific area or in the market as a whole, the economic market conditions (including financing difficulties, rising interest rates, tightening of mortgage policies, changes in taxation policy, and decreased sales due to declining demand), changes in construction input costs, statutory changes and/or various decisions by planning authorities, decisions by regulators regarding real estate (including with respect to landmarked buildings and parking requirements), the development, nature, and duration of the Swords of Iron war (see Section 3.2 below); and/or the materialization of all or some of the risk factors specified in Section 31 of Part A of the Company's 2025 Periodic Report.

⁴¹ Tenants have been contacted to negotiate reduced consideration.

⁴² A plan that was approved by the City of Tel Aviv, which enables urban renewal in terms similar to the terms of NOP 38/2.

⁴³ A lot of ~500 sqm is attached to one of the apartments. In addition, approx. 4.2 thousand sqm of commercial retail areas may also be built on the said area.

No.	Project	Location	Company share (%)	Project type	No. of existing apartments (no. of apartments for eviction)	No. of apartments approved under current planning status	No. of apartments under requested/planned planning status incl. owners' share	No. of apartments under requested/planned planning status excl. owners' share	Date of commencement of apartment owners' signature procurement	Estimated date for closing engagements with required majority of existing apartment owners	Percentage of apartments for which a binding engagement was made out of total existing apartments	Current statutory planning status
23.	HaNe'urim Site	Ramat Gan	50%	Redevelopment	45	N/A	117	72	2025	2026	56%	Prelim. planning
24.	Site 35	Ramat Gan	50%	Redevelopment	69	N/A	179	110	2025	2026	49%	Prelim. planning
25.	HaBroshim	Karmiel	50%	Redevelopment	68	N/A	420	352	2025	2026	65%	Prelim. planning
26.	Dafna 504 ⁴¹	Tel Aviv	50%	Redevelopment	66	N/A	201	135	2022	N/A	96%	Valid zoning plan, CD in progress
27.	Ein Gev ⁴¹	Tel Aviv	100%	Redevelopment	54	N/A	141	87	2023	N/A	80%	Valid zoning plan, CD in progress
28.	Sokolov HaNotrim	Herzliya	100%	Redevelopment	68	N/A	239	176	2026	2027	35%	Prelim. planning
Total		--	--		2,400	--	8,281	5,886			--	--

In addition, as of the Report Release Date, the Company is engaged in various stages of examination of several construction projects it intends to develop in Israel for third parties not affiliated with the Company.

4.1. Additional Activities

4.1.1. Investments in Financial Corporations

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

Changes in Investments in Financial Companies	
	Bank Leumi ⁽¹⁾
Investment value in the financial statements as of 31 December 2025	1,841
Sale proceeds	-
Investment	-
Total investment as of 31 March 2026 ⁽²⁾	1,841
Fair value of the investment as presented in the financial statements as of 31 March 2026	1,830
Change in fair value in the Report Period	(11)
Income from dividend recorded in the Report Period	23

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 March 2026.
- (2) Before adjustment to changes in fair value in the Report Period.

5 | BUSINESS DEVELOPMENT – GROWTH ENGINES

5.1. Review of the Business Development Operations

5.1.1. Development of Income-Producing Properties

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

Summary of the Information on the Development Pipeline

Name of Property	Use	Marketable Sqm ⁽¹⁾	Estimated Completion	Book Value of Project ⁽²⁾	Cost Invested ⁽³⁾	Estimated Construction Cost including Land ⁽³⁾
Development projects under construction in the short term						
Development projects in the medium term						
Rishon LeZion Senior Home	Senior housing & retail	37,300	2026	582	508	540-560
Modi'in (Lot 10)	Offices & retail	37,000	2026	347	333	580-590
SolarEdge Campus	Offices	43,000	2027	926	795	820-840
Herzliya Gilil Yam	Rental housing and retail	19,630	2028	121	122	380-400
Mount Zion hotel	Hospitality	⁽⁸⁾ 34,000	2028	508	439	995-1,025
Expansion of Azrieli Tel Aviv Center (Spiral Tower)	Retail, offices, hospitality & residence	⁽⁴⁾ 150,000	2028	2,494	1,775	3,080-3,280
Sde Dov	Senior housing & retail	42,000	2030	600	631	1,200-1,300
Total		362,930		5,578	4,603	7,595-7,995
Development projects under planning						
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 & offices	⁽⁶⁾ 250,000	TBD	635	569	TBD
Petach Tikva land ⁽⁷⁾	Offices & retail	⁽⁷⁾ 53,000	TBD	97	101	TBD
Total		324,000		1,114	1,033	
Total		686,930		6,692	5,636	

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

1. With respect to uses of the senior housing and/or rental apartments, the figure represents rights in sqm.
 2. As of 31 March 2026.
 3. Includes land and excludes capitalizations and tenant fit-outs as of 31 March 2026.
 4. In April 2018, a zoning plan was validated which increases the building rights of the fourth tower and expansion of the mall by ~80 thousand sqm, to total building rights of ~150 thousand sqm.
 5. The building rights were purchased in the context of acquisition of the income-producing property in May 2018. The Company is working on increasing the building rights to ~80,000 sqm.
 6. Includes additional land (~27,000 sqm of marketable space) that was originally purchased in the framework of an ILA tender and was part of the Holon Manor land. In the context of consolidation of parcels, the building rights in the lot increased by ~30,000 sqm (such that the building rights in the consolidated lot total ~250,000 sqm).
 7. The data presented relate to the existing zoning plan for the land. The Group is in the process of increasing the building rights in the project to 280,000 sqm.
 8. Includes both the existing area and the additional rights, since the Company intends to expand and renovate the entire Hotel.
-

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

Description of the properties under construction and the land reserves

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

In March 2020, the Company submitted an application for an excavation and shoring permit for the project. In June 2020, the permit was received and in early 2021 the work began. In May 2021, the Company filed an application for a basement permit that was conditionally approved in September 2021, and the permit was received in March 2022. In October 2021, the Company filed an application for a building permit for the entire project, which was received in January 2023, and the work on construction of the project has been completed, 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 the hotel's renovation and exercise of the building rights for expansion of the hotel to comprise ~247 rooms/suites and an underground car park with ~210 parking spaces. The hotel's renovation and expansion are subject to receipt of a building permit, and in November 2021, an excavation and shoring permit was received, and the work began. In April 2025, a building permit was received for the entire hotel, 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 Gllot site, on part of which the Company will build a campus for SolarEdge Technologies Ltd. ("**SolarEdge**"). The project will include ~43,000 sqm of above-ground areas and 950 parking spaces. The Company engaged in an agreement with SolarEdge for the lease of the campus for 15 years, with extension options up to a total period of 24 years and 11 months. In June 2022, an excavation and shoring permit was received, and the work began. In April 2023, receipt of a full building permit for the project was conditionally approved, and in October 2023, the building permit for the entire project was received. 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 that shall 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 held by the ILA for the acquisition of leasehold rights in a lot located in the CBD of Modi'in-Maccabim-Re'ut, the area of which is ~17,000 sqm, designated for the construction of a retail and office project, with rights for ~37,000 sqm above-ground, in consideration for approx. NIS 51 million. According to the terms of the tender, the Company paid, in addition to the cost of the land, approx. NIS 37 million for development costs. The Company is working on promoting a plan for the project to be built on the land, and in October 2020, it submitted to the Local Committee a zoning plan for additional usages on the lot. In April 2021, a discussion was held on the plan, and it was decided on the conditional deposit thereof. In June 2021, the plan was deposited for objections. In October 2021, the plan was discussed and conditionally approved. In January 2022, the Local Committee finally approved the plan.

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

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

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

Sde Dov – On 19 February 2025, the Company reported that it had learned that it had been awarded a tender of the ILA for the purchase of leasehold rights in a lot in Tel Aviv, for the construction of a senior housing project and retail areas, in consideration for approx. NIS 550 million, plus VAT, 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 the 2025 Periodic 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 the 2025 Periodic Report.

Rental housing project in Herzliya – in April 2023, the Company was awarded a tender of *Dira Lehaskir* – The State-Owned Rental Housing Company Ltd. and the ILA, for the purchase of leasehold rights in a site located in Herzliya (near Kibbutz Gilil Yam), 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 include 147 apartments, as well as retail areas. One half of the apartments in the

project will be leased for price-controlled rent that will be 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 ~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 the existing road area of 1,019 sqm, totaling 13,043 sqm of gross built-up above-ground areas, would be deducted from the area of the plan for the calculation of rights, and that the city would not receive a negotiable area in respect of the reduced road area. The administrative appeals committee reheard the case in April 2025. On 28 April 2026, the administrative appeals committee released its final decision, in which it reiterated its decision that the existing road area shall be deducted from the area used to calculate building rights, and that the road shall remain a road. The result of the administrative appeals committee's decision is, in the Company estimation, that the building rights in the project will total approx. 80,000 sqm of gross above-ground areas⁴⁴. 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, and as of the Report Release Date, no date has yet been scheduled for the hearing.

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

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

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

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

⁴⁴ It is clarified that this figure is not final and is forward-looking information, as defined in the Securities Law, which is based on the Company's subjective assessments as of the report date, and there is no certainty that it will materialize, *inter alia* due to factors beyond the Company's control only, including the final language that shall be determined for the zoning plan documents, which are expected to be updated based on the administrative appeals committee's above decision.

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

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

DEVELOPMENT PIPELINE*

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

EXPANSION OF AZRIELI TEL AVIV CENTER (SPIRAL TOWER)



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

Estimated completion | 2028
Status | Under Construction

AZRIELI HOLON 3



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

MOUNT ZION HOTEL JERUSALEM



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

PALACE RISHON LEZION SENIOR HOME



Building rights | 37,300 sqm
No. of residential units | 275
Estimated completion | 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.

SOLAREGE CAMPUS RAMAT HASHARON



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

MODI'IN (LOT 10)



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

PETACH TIKVA LAND



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

AZRIELI TOWN BUILDING E



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

5.1.2. Betterment of Income-Producing Properties

Another growth engine of the Company is the betterment of its existing properties. The Company also examines, from time to time, options to promote zoning plans for additional building rights in its properties. For details with respect to the Company's activity for the betterment of its existing properties, see Section 5.1.2 of the board of directors' report for the 2025 Periodic Report, which is incorporated herein by reference, and Section 3 of Chapter B of this report – updates to the Description of the Corporation's Business chapter as of 31 March 2026.

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

For details with respect to the Company's activities for the identification of properties in the Company's operating segments, see Section 5.1.3 of the board of directors' report for the 2025 Periodic Report, which is incorporated herein by reference.

6.1. Leverage Ratio of the Group

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

Summary of Balance Sheet Figures out of the Consolidated Statements			
	31.3.2026	31.3.2025	31.12.2025
Current assets	6,116	6,021	5,737
Non-current assets	59,313	54,642	57,835
Current liabilities	6,575	5,839	5,565
Non-current liabilities	32,493	30,659	32,690
Equity attributable to the Company's shareholders	26,339	24,134	25,295
Equity attributable to the Company's shareholders out of total assets (in %)	40%	40%	40%
Net debt to assets (in %)	35%	33%	36%

Figures are presented in millions of NIS.

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

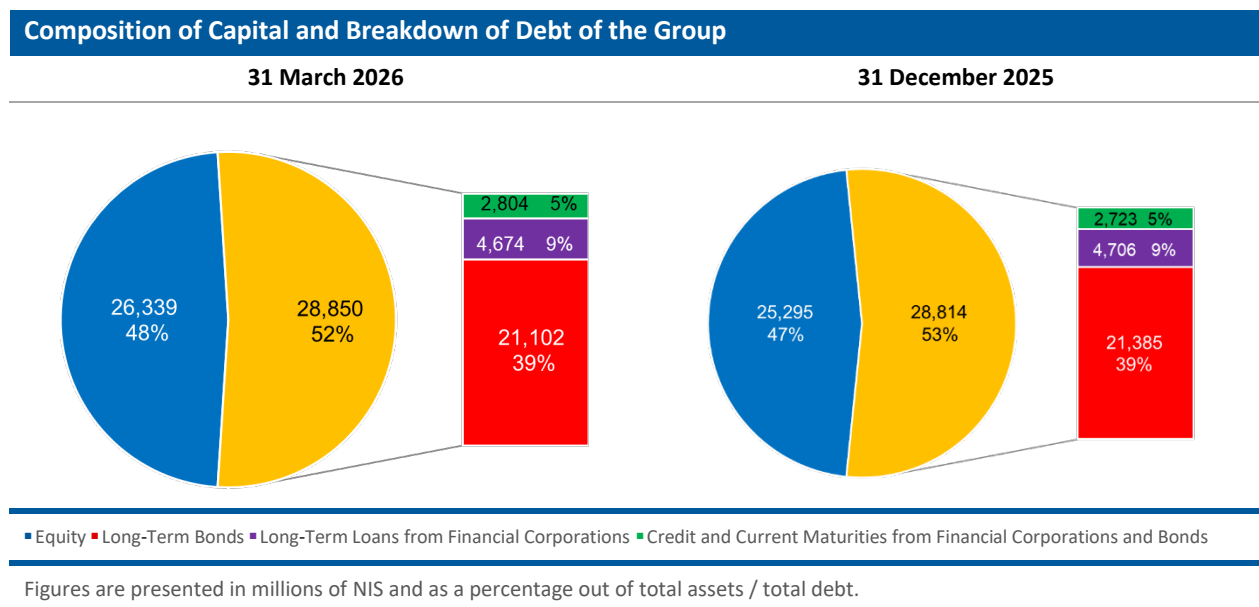
The Group's financial soundness, which is characterized by a low leverage ratio and considerable unencumbered assets, affords the Group available sources for the obtainment of financing on convenient terms.⁴⁵ The Group's leverage ratio is low, compared to many of its major competitors. The Group's low leverage ratio converges with the Company's wide-scale real estate development and allows for flexibility also during times of crisis.

⁴⁵ For further details, see Section 22 of Chapter A of the 2025 Periodic Report, which is incorporated herein by reference.

6.2. Composition of Financing Sources

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

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



The decrease of approx. NIS 234 million in the debt balance in the Report Period mainly derives from current repayments of bonds, repayments of short-term loans net of an increase in short-term loans of ZMH Hammerman. As of the report date, the Group has, on a consolidated basis, a working capital deficit of NIS 459 million.

The Group estimates that, should it decide to raise debt at any given time, it will be able to do so in view of its financial strength and/or the scope of its unencumbered assets. Therefore, the Company's Board, at its meeting of 19 May 2026, after reviewing the Group's cash flow and financing sources, determined that the said working capital deficit is not indicative of a liquidity problem at the Company or of its ability to timely pay its liabilities.

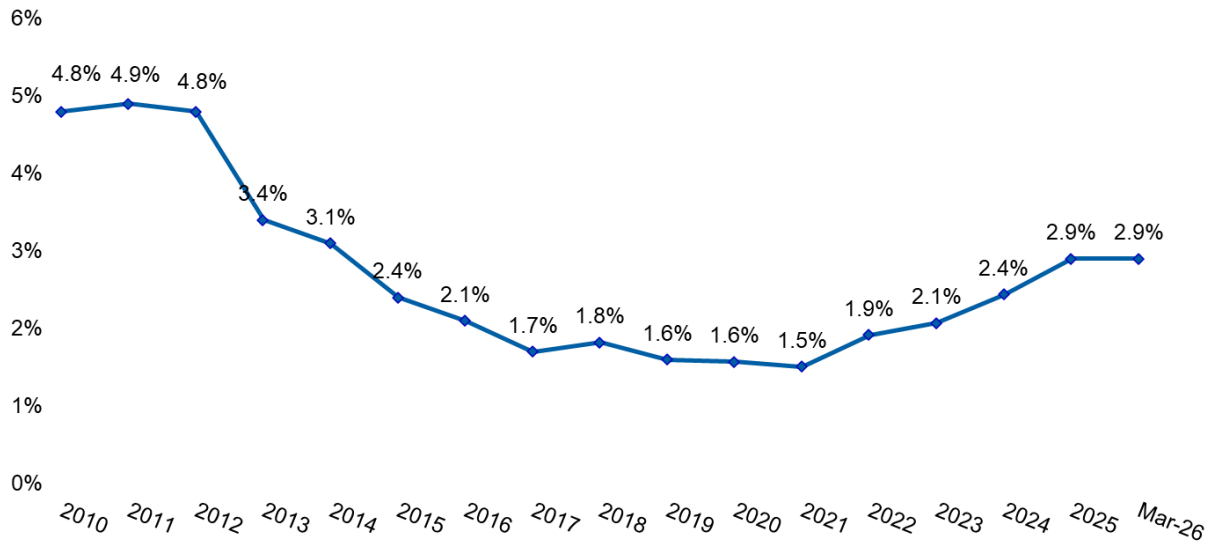
The Group's above estimates in connection with its liquidity and the availability of its financing sources are forward-looking information, as defined in the Securities Law, which is based on the Company's assessments with respect to developments in the markets, inflation levels and projected cash flows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

6.3. Financing Transactions

In recent years, the Company has been working to reduce the average interest rate on the debt and to extend the debt duration.

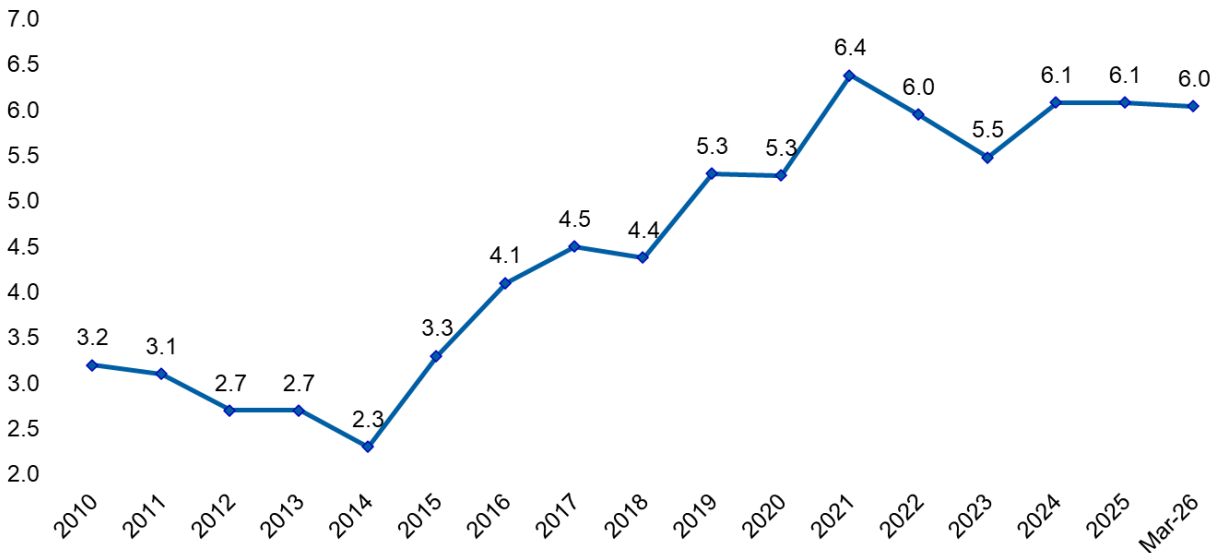
1. Interest Rate at End of Period

Reduction of Average Interest Rate Over the Years



2. Average Duration at End of Period

Extension of Average Duration of Debt



6.4. Rating

The Company has a high credit rating that reflects its financial strength, the quality of its assets and its low leverage ratio. As of the report date, the Company's credit rating is iIAA+/Stable/iIA-1+ by Ma'alot and Aa1.il with a stable outlook by Midroog. For details with respect to the rating of the Company's bonds, commercial papers and private loans, see Section 22.12 of Chapter A of the 2025 Periodic Report, which is incorporated herein by reference, and Annex A to this chapter.

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	-	-	-	-	921	-	921	921
Long-term loans	23,831	805	-	2,988*	35	24,636	3,023	27,659
Total	23,831	805	-	2,988	956	24,636	3,944	28,580

Figures are presented in millions of NIS, as of 31 March 2026.

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

As of 31 March 2026, short-term loans represented ~3% of the total financial liabilities of the Group. The Company's management estimates that this rate is low and conservative in view of the low leverage ratio and the total unencumbered assets as specified below.

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

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

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

6.7. Maturities of the Group's Financial Liabilities

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

Forecast of Maturities of Financial Liabilities			
Year	Principal	Interest	Total
1	3,666	824	4,490
2	1,974	731	2,705
3	2,272	695	2,967
4	3,732	638	4,370
5 forth	16,936	3,108	20,044
Total	28,580	5,996	34,576

Figures are presented in millions of NIS, as of 31 March 2026.

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

- Positive cash flow from operating activities (net of the purchase of land in the residential sales segment), which totaled approx. NIS 499 million in the three months ended 31 March 2026.
- Liquid assets and unencumbered assets.
- The Group has mortgaged income-producing properties, the fair value of which significantly exceeds the loan undertaken therefor.
- Refinancing of debts in the capital market and/or institutional bodies and/or banking institutions.

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

As of 31 March 2026, the aggregate amount of liquid assets (cash and cash equivalents) held by the Group totaled NIS 4 billion. The Company deems its liquid assets, the considerable cash flow from its operating activities (net of the purchase of land in the residential sales segment) and its unencumbered assets (in the total value of approx. NIS 39.9 billion, in addition to the aforesaid liquid assets of approx. NIS 4 billion), to be important to its financial soundness, its high financial flexibility due to its lack of dependence on the availability of external sources both in terms of debt repayment and in terms of the ability to seize investment opportunities at various times.⁴⁶ 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 March 2026
Properties in the retail centers and malls in Israel segment	14,523
Properties in the leasable office and other space in Israel segment	18,000
Properties in the rental housing in Israel segment	2,065
Other properties (mainly hotels, senior housing and data centers)	3,446
The Company's holdings in Bank Leumi	1,830
Total	39,864

The figures are as presented in the financial statements and are in millions of NIS.
In addition, the Group holds mortgaged income-producing properties, the fair value of which exceeds the amount of the loan undertaken therefor.

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

⁴⁶ For details with respect to additional matters related to the Group's financing activities, see Section 20 of Chapter A of the 2025 Periodic Report, which is incorporated herein by reference.

6.9. Financial Position

Financial Position, Liquidity and Financing Sources		
Item	31.3.2026	31.12.2025
Total assets ⁽¹⁾	65,429	63,572
Current assets	6,116	5,737
Investment property ⁽²⁾	52,090	51,769
Short-term credit ⁽³⁾	2,804	2,723
Loans from banking corporations and other credit providers ⁽⁴⁾	4,674	4,706
Net bonds ⁽⁵⁾	21,102	21,385
Total equity ⁽⁶⁾	26,339	25,295

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 0.3 billion, growth in the land inventory item in the sum of NIS 0.6 billion, an increase in the property, plant and equipment item in the sum of NIS 0.4 billion, and an increase in the cash item of NIS 0.2 billion.
- (2) The increase mainly derives from the progress of the investments in projects under construction and in the income-producing properties, and from a change in the fair value of the properties, net of fluctuations in the exchange rate and classification of the Spiral-tower hotel as property, plant and equipment.
- (3) The increase derives from an increase in net short-term loans of ZMH Hammerman in the sum of NIS 86 million.
- (4) The decrease derives from repayments of current loans and a decrease due to exchange rate differences.
- (5) The decrease mainly derives from current repayments in the period.
- (6) The increase mainly derives from the comprehensive income in the Report Period in the sum of NIS 495 million, plus a net share offering in the sum of NIS 1,394 million, offset against the declaration of a dividend distribution in the sum of NIS 850 million.

7 | BUSINESS RESULTS AT A GLANCE

7.1. Summary of Business Results

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

Consolidated Net Income Analysis			
	For the Three Months Ended		For the Year Ended
	31.3.2026	31.3.2025	31.12.2025
Net income for the period attributable to the shareholders	540	457	1,889
Net income attributable to the shareholders and to non-controlling interests	540	457	1,888
Basic earnings per share (NIS)	4.44	3.77	15.57
Comprehensive income to shareholders and to non-controlling interests	495	1,126	2,263

Figures are presented in millions of NIS.

The net income in the Report Period totaled NIS 540 million, compared with NIS 457 million in the same period last year. The increase in the income in the Report Period was mainly affected by a NIS 16 million increase in the gross profit of ZMH Hammerman's operations, a NIS 26 million increase in revaluation of investment property, a NIS 38 million increase in the Company's share in the results of associates, a NIS 33 million decrease in net other expenses, a NIS 4 million decrease in financing expenses, a NIS 3 million decrease in tax expenses, net of a NIS 29 million increase in G&A expenses and a NIS 8 million decrease in the NOI.

7.2. Comprehensive Income

The Group's capital and comprehensive income are also affected by various capital reserves, chiefly by capital reserves in respect of changes in the fair value of investments in equity instruments designated at fair value through other comprehensive income and by reserves for translation differences from foreign operations. The difference between the comprehensive income and the net income as presented in Section 7.1 above, for the three-month period ended 31 March 2026 mainly derives from a loss from translation differences from foreign operations in the sum of NIS 70 million, a loss from a decrease in the fair value of financial assets net of tax in the sum of NIS 8 million, and net of a profit due to cash flow hedging net of tax in the sum of NIS 33 million.

7.3. Results of Operations

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

	For the Three Months Ended	
	31.3.2026	31.3.2025
General, administrative and marketing expenses ⁽¹⁾	117	88
Other expenses, net ⁽²⁾	4	37
Net financing expenses ⁽³⁾	155	159
Income tax expenses ⁽⁴⁾	153	156

Figures are presented in millions of NIS.

- (1) The increase in expenses in the Report Period compared with the same period last year mainly derives from an increase in G&A expenses, primarily deriving from expansion of the operations in the DC segment and from consolidation of the G&A expenses of ZMH Hammerman.
- (2) The decrease in other expenses, net, derives from transaction costs in respect of non-consummation of a transaction, which were recorded in the two periods, while in the corresponding quarter the sum of the costs was higher, and from an increase in the Bank Leumi dividend.
- (3) The decrease in net financing expenses in the current Quarter compared with the same quarter last year mainly derives from a decrease in linkage differentials on loans and bonds, net of an increase in interest expenses and an increase in expenses from exchange rate differences.
- (4) The decrease in tax expenses in the Report Period derives from the effect of non-recurring items in the corresponding quarter.

7.4. Cash Flows

The following table presents the cash flows generated by the Group in Q1/2026 compared with the same quarter in 2025:

Quarterly Cash Flows		
Quarter	Q1/2026	Q1/2025
Net cash flows generated (used) by the Group from operating activities ⁽¹⁾	(202)	417
Net cash flows used by the Group for investment activities ⁽²⁾	(549)	(684)
Net cash flows generated by the Group from financing activities ⁽³⁾	928	845

Figures are presented in millions of NIS.

- (1) The negative cash flow in Q1/2026 mainly derived from a change in the land inventory in the sum of NIS 583 million, which derived from the purchase of land and payment of VAT in respect thereof in the residential sales segment. Conversely, the cash flow in the Quarter and in the same quarter last year mainly derived from the operating income of the income-producing real estate in the sum of approx. NIS 638 million (in the corresponding period approx. NIS 646 million), net of income taxes paid and payment of expenses for operating activities.
- (2) The cash flow in Q1/2026 was mainly used for the acquisition of and investment in investment property and investment property under construction in the sum of NIS 461 million, for the acquisition of and investment in property, plant and equipment in the sum of NIS 79 million, for the provision of long-term loans in the sum of NIS 81 million, net of cash flow deriving from a change in short-term deposits and interest and dividend received. The cash flow in the same period last year was mainly used for the acquisition of and investment in investment property and investment property under construction in the sum of approx. NIS 573 million, for the acquisition of and investment in property, plant and equipment in the sum of NIS 45 million, plus a change in short-term deposits and the provision of long-term loans, offset against interest and dividend received.
- (3) The cash flow in Q1/2026 mainly derived from net proceeds from a share issuance in the sum of NIS 1,394 million, net of repayment of bonds in the sum of NIS 264 million and payment of interest in the sum of NIS 275 million. The cash flow in the same quarter last year mainly derived from the receipt of long-term loans from financial corporations, net, in the sum of NIS 1,293 million, net of repayment of bonds in the sum of NIS 258 million and payment of interest in the sum of NIS 191 million.

During and after the Report Period, no material changes occurred in the Company's corporate governance aspects, as specified in Chapters D-E of the 2025 Periodic Report, which is incorporated herein by reference.

8.1. Changes in the office of officers of the Company

See Section 1.2.3.2 above.

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

On 18 March 2026, the Company's Board approved the granting of 33,615 (non-listed) options to officers and employees of the Company at an exercise price of NIS 457.49 per share, reflecting the average share price on TASE in the 30 trading days preceding the date of the Board's resolution. The options are exercisable according to a "cashless exercise" mechanism only. For further details, see a non-material private placement report of 19 March 2026 (Ref. 2026-01-024461), which is incorporated herein by reference.

8.3. Approval of an updated compensation policy and compensation of the Company's senior officers

On 22 March 2026, the Company's general meeting approved an updated compensation policy for the Company's officers. The Company's compensation policy establishes a compensation plan for officers of the Company, including directors of the Company who are controlling shareholders.

8.4. Engagement in a management agreement with a management company controlled by Ms. Danna Azrieli in connection with her office as CEO of the Company

On 22 March 2026, the Company's general meeting approved the Company's engagement with Ms. Danna Azrieli (through the management company owned by her) in a management agreement which regulates Ms. Azrieli's terms of office as CEO of the Company (and at the same time as a director of the Company for no additional remuneration). For further details, see a supplementary notice of meeting report of 16 February 2026 (Ref. 2026-01-015190) and an immediate report on the results of the meeting of 22 March 2026 (Ref. 2026-01-025431), which are incorporated herein by reference.

8.5. Engagement in a management agreement with Ms. Irit Sekler-Pilosof in connection with her office as (Executive) Chairwoman of the Company's Board

On 22 March 2026, the Company's general meeting approved the Company's engagement with Ms. Irit Sekler-Pilosof in a management agreement which regulates Ms. Sekler-Pilosof's terms of office as (Executive) Chairwoman of the Board (50% position). For further details, see a supplementary notice of meeting report of 16 February 2026 (Ref. 2026-01-015190) and an immediate report on the results of the meeting of 22 March 2026 (Ref. 2026-01-025431), which are incorporated herein by reference.

8.6. Renewal of letters of indemnity and exemption for the Company's controlling shareholders

On 22 March 2026, the Company's general meeting approved renewal of the letters of indemnity and exemption for the Company's controlling shareholders, Ms. Sharon Azrieli, Ms. Naomi Azrieli and Ms. Danna Azrieli, for an additional three-year term, from the date of the meeting's approval. For further details, see a supplementary notice of meeting report released on 16 February 2026 (Ref. 2026-01-015190) and an immediate report on the results of the meeting of 22 March 2026 (Ref. 2026-01-025431), which are incorporated herein by reference.

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

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

For events and developments during the Report Period, see Chapter B hereof – Updates to the Description of the Corporation's Business chapter as of 31 March 2026 and Note 3 to the financial statements as of 31 March 2026.

9.2. Report on the Group's Liabilities

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

9.3. Disclosure of Highly Material Valuations

As of the report date, there has been no change in the parameters for disclosure and attachment of valuations, as released in the 2025 Periodic Report. The Company has updated some of the valuations in the DC segment as of 31 March 2026.

As specified in Section 10.3 of the board of directors' report, included in the 2025 Periodic Report, which is incorporated herein by reference, and after an examination of the relevant parameters according to ISA Staff Legal Position 105-23 on the parameters for examination of the materiality of valuations, it transpires that the Company has no highly material valuation that is required to be attached to the report.

9.4. Financials attributable to the Company as a Parent Company

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

9.5. Note on Forward-Looking Information

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

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

The Company's board of directors and management wish to express their high regard for the Company's officers, the managements of the various companies of the Group and their employees, for their welcome contribution to the Group's achievements in the Quarter ended 31 March 2026.

Danna Azrieli,
CEO and Director

Irit Sekler-Pilosof,
Chairwoman of the Board

Date: 19 May 2026

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	1,988	2,373.1	7.4	2,364.3	2,323.4	Fixed	1.34	From 5 July 2018 twice a year on 5 January and 5 July of each of the years 2018 through 2030	Starting January 2017, twice a year – on 5 January and on 5 July of each of the years 2017 through 2030	Indexation (principal and interest) to the increase in the Consumer Price Index (CPI) for May 2016*	Name of the trust <u>company</u> : Hermetic Trust (1975) Ltd. <u>Address</u> : Champion Tower, 13th floor, 30 Sheshet Ha-Yamim Road, Bnei Brak <u>Tel.</u> : 03-5274867; <u>Fax</u> : 03-5271039. <u>E-mail address</u> : hermetic@hermetic.co.il
	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	2,866.4	12.5	2,885.7	2,868.9	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*	Contact person at the <u>trustee</u> : Dan Avnon or Meirav Ofer
	19 Dec. 2019	1,216.7											
	20 April 2020	810.7											
Series F	22 Jan. 2019	263.4	3,212.1	3,785.1	23.1	3,901.9	3,779.7	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	3,129.4	6.8	3,010.4	2,834.4	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	5,065	20.6	4,733.9	4,536.2	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	5,287.2	46.8	5,443.8	5,698.1	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	501.9	2.9	497.9	507.4	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	20,290.1	23,008.1	120.1	22,837.9	22,548.1						

* 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 16 February 2026 (Ref.: 2026-15-015150), 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.



PART B

Update of the Description of the Corporation's Business

AZRIELI GROUP LTD.

Update of the Description of the Corporation's Business Chapter in the Company's Periodic Report as of 31 December 2025 (the "Periodic Report")¹

In accordance with Section 39A of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, specified below are material developments that occurred in the Company's business during the three months ended 31 March 2026 and until the Report Release Date, with respect to which no disclosure has yet been made in the Periodic Report, according to the order of the sections in the Description of the Corporation's Business chapter in the Periodic Report. The terms in this chapter shall bear the meaning afforded thereto in the Periodic Report, unless explicitly stated otherwise.

In this chapter: the "Report Release Date" – 20 May 2026; the "Date of the Statement of Financial Position" and the "Report Date" – 31 March 2026; the "Board of Directors' Report" – the Board of Directors' Report on the State of the Company's Affairs for the three months ended 31 March 2026.

1. Developments that occurred in the Group's structure and business until the Report Release Date

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

For details regarding: (1) the development pipeline; (2) changes in the office of senior officers of the Company; (3) negotiations for the amendment of a services agreement with TikTok; (4) engagement in an agreement for the purchase of interests in a solar power facility with integrated storage, and principles for the long-term purchase of green reduced-price electricity; (5) engagement in an agreement for the refinancing of an existing loan; (6) exercise of an option for the provision of 18MW of data center services in a campus in the region of Frankfurt, Germany; (7) engagement in a letter of authorization for a non-binding term sheet for the receipt of financing in connection with a project for the provision of data center services in a campus in Norway; (8) capital raising by way of a public share issuance; and (9) the Swords of Iron War and Operations Rising Lion and Roaring Lion and their impact, see Section 1.2.3 of Chapter A hereof.

2. Dividends

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

On 7 May 2026, the Company paid a dividend to its shareholders in the sum total of approx. NIS 850 million. For details, see Section 1.2.4 of Chapter A hereof.

¹ As reported by the Company on 19 March 2026 (Ref.: 2026-01-024426), which is incorporated herein by reference.

3. Development Pipeline

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

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

Azrieli Sarona – On 25 March 2026, a zoning plan was approved for the addition of approx. 740 sqm of main area rights transferred from a property for conservation.

4. Financing

Non-Bank Financing for the Company

Update to Section 22.5 of the Description of the Corporation's Business chapter:

Commercial Paper (CP)

As of the Report Date, the Company has two non-negotiable CP series: a rated series totaling approx. NIS 53 million and an unrated series totaling approx. NIS 5 million. As of the Report Release Date, and towards the expected expiry of the CP period of the said rated series, the Company and the CP series holders agreed to renew the CP for an additional 12-month period, with no change to the terms and conditions thereof.

Series D Bonds of the Company

In the report period, principal and interest payments were made in accordance with the payment schedule. As of the Report Date, the outstanding par value of the Company's Series D Bonds in circulation is approx. NIS 1,988 million.

Series E Bonds of the Company

In the report period, an interest payment was made in accordance with the payment schedule. As of the Report Date, the outstanding par value of the Company's Series E Bonds in circulation is approx. NIS 2,432 million.

Series G Bonds of the Company

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

Series H Bonds of the Company

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

Series I Bonds of the Company

In the report period, an interest payment was made in accordance with the payment schedule. As of the Report Date, the outstanding par value of the Company's Series I Bonds in circulation is approx. NIS 5,099 million.

Series J Bonds of the Company

In the report period, an interest payment was made in accordance with the payment schedule. As of the Report Date, the outstanding par value of the Company's Series J Bonds in circulation is approx. NIS 500 million.



PART C

Consolidated Financial Statements Dated 31 March 2026

Azrieli Group Ltd.

**Condensed Consolidated Financial Statements
as of 31 March 2026**

(Unaudited)

Azrieli Group Ltd.

**Condensed Consolidated Financial Statements
As of 31 March 2026**

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

Introduction

We have reviewed the accompanying financial information of **Azrieli Group Ltd.**, the company and consolidated companies (the "**Company**") which includes the Condensed Consolidated Statement of Financial Position as of 31 March 2026 and the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income, Changes in Capital and Cash Flows for the three-month period then ended. The board of directors (the "**Board**") and management are responsible for the preparation and presentation of the financial information for this interim period in accordance with IAS 34 "Interim Financial Reporting", and they are responsible for the preparation of information for this interim period under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. Our responsibility is to express a conclusion on this interim financial information, based on our review.

We did not review the condensed interim financial information of consolidated entities, whose consolidated assets constitute ~1.6% of the total consolidated assets as of 31 March 2026, and whose consolidated revenues constitute ~8.03% of the total consolidated revenues for the three-month period then ended. We also did not review the condensed interim financial information of entities accounted for using the equity method, the investment in which is approx. NIS 141 million as of 31 March 2026, and the Company's share in their profit is approx. NIS 6 million for the three-month period then ended. The condensed interim financial information of such entities was reviewed by other auditors whose review reports were provided to us, and our conclusion, insofar as it relates to the financial information of such entities, is based on the review reports of the other auditors.

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

Conclusion

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

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

Brightman Almagor Zohar & Co.

Certified Public Accountants

A Firm in the Deloitte Global Network

Tel Aviv, 19 May 2026

Azrieli Group Ltd.
Condensed Consolidated Statements of Financial Position

	As of 31 March		As of 31 December
	2026	2025	2025
	NIS in millions (Unaudited)	NIS in millions	NIS in millions (Audited)
Assets			
Current assets			
Cash and cash equivalents	3,991	5,262	3,800
Short-term investments and deposits	9	1	27
Trade accounts receivable	583	161	493
Other receivables	496	511	373
Inventory	16	5	16
Inventory of buildings and apartments for sale	926	-	941
Current tax assets	95	81	87
Total current assets	<u>6,116</u>	<u>6,021</u>	<u>5,737</u>
Non-current assets			
Investment in companies accounted for using the equity method	578	48	558
Loans and receivables	902	831	802
Financial assets	1,837	1,749	1,847
Investment property and investment property under construction	52,090	49,481	51,769
Property, plant and equipment	1,442	938	1,022
Inventory of land	953	-	355
Intangible and other assets	1,511	1,595	1,482
Total non-current assets	<u>59,313</u>	<u>54,642</u>	<u>57,835</u>
Total assets	<u>65,429</u>	<u>60,663</u>	<u>63,572</u>

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

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

	As of 31 March		As of 31 December
	2026	2025	2025
	NIS in millions (Unaudited)	NIS in millions (Unaudited)	NIS in millions (Audited)
Liabilities and capital			
Current liabilities			
Credit and current maturities from financial corporations and bonds	2,804	2,525	2,723
Trade payables	545	510	580
Payables and other current liabilities	845	553	746
Deposits from senior housing customers	1,527	1,447	1,513
Current tax liabilities	4	4	3
Declared dividend	850	800	-
Total current liabilities	6,575	5,839	5,565
Non-current liabilities			
Loans from financial corporations	4,674	4,789	4,706
Bonds	21,102	19,962	21,385
Other liabilities	409	423	419
Deferred tax liabilities	6,037	5,485	5,909
Liabilities for an option granted to non-controlling interest holders	271	-	271
Total non-current liabilities	32,493	30,659	32,690
Capital			
Ordinary share capital	18	18	18
Share premium	3,912	2,518	2,518
Capital reserves	168	876	208
Retained earnings	22,241	20,722	22,551
Total equity attributable to the shareholders of the Company	26,339	24,134	25,295
Non-controlling interests	22	31	22
Total capital	26,361	24,165	25,317
Total liabilities and capital	65,429	60,663	63,572

19 May 2026

Date of approval of the
financial statements

Irit Sekler-Pilosof
Chairwoman of the Board

Danna Azrieli
CEO & Director

Ariel Goldstein
CFO

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

Azrieli Group Ltd.

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

	For the three-month period ended 31 March		For the year ended 31 December
	2026	2025	2025
	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Audited)
Revenues from rent, management and maintenance fees, net	952	938	3,750
Revenues from construction and land transactions	163	-	155
Cost of revenues from rent, management and maintenance fees	316	292	1,224
Expenses from construction and land transactions	145	-	151
Gross profit	654	646	2,530
Sales and marketing	21	16	81
G&A	96	72	365
Operating income before other income and expenses	537	558	2,084
Net income from fair value adjustment of investment property and investment property under construction	278	252	1,128
Share in the results of companies accounted for using the equity method, net of tax	37	(1)	162
Other income (expenses), net	(4)	(37)	30
Operating income after other income and expenses	848	772	3,404
Financing income	70	81	319
Financing expenses	225	240	1,329
Income before income taxes	693	613	2,394
Taxes on income	(153)	(156)	(506)
Net income for the period	540	457	1,888
Other comprehensive income (loss):			
Amounts that will not be carried in the future to profit or loss, net of tax:			
Change in the fair value of financial assets, net of tax	(8)	175	714
Amounts that were or will be carried in the future to profit or loss, net of tax:			
Profit from cash flow hedging, net of tax	33	3	(22)
Translation differences from foreign operations	(70)	491	(317)
Total	(37)	494	(339)
Other comprehensive income (loss) for the period, net of tax	(45)	669	375
Total comprehensive income for the period	495	1,126	2,263

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

Azrieli Group Ltd.
Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
(Cont.)

	For the three-month period ended 31 March		For the year ended 31 December
	2026	2025	2025
	NIS in millions (Unaudited)	NIS in millions (Unaudited)	NIS in millions (Audited)
Net income for the period attributable to:			
shareholders of the Company	540	457	1,889
non-controlling interests	-	-	(1)
	<u>540</u>	<u>457</u>	<u>1,888</u>
Total comprehensive income for the period attributable to:			
shareholders of the Company	495	1,125	2,271
non-controlling interests	-	1	(8)
	<u>495</u>	<u>1,126</u>	<u>2,263</u>
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
Basic and diluted earnings (in NIS) per ordinary share of par value NIS 0.1 attributable to shareholders of the Company:			
Basic	<u>4.44</u>	<u>3.77</u>	<u>15.57</u>
On a fully diluted basis	<u>4.43</u>	<u>3.77</u>	<u>15.56</u>
Weighted average of number of shares used for calculating the basic and diluted earnings per share:			
Basic	<u>121,595,476</u>	<u>121,272,760</u>	<u>121,272,760</u>
On a fully diluted basis	<u>121,834,358</u>	<u>121,304,689</u>	<u>121,355,807</u>

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

Azrieli Group Ltd.
Condensed Consolidated Statements of Changes in Capital

For the three-month period ended 31 March 2026 (Unaudited)

	Share capital	Share premium	Capital reserve for changes in the fair value of investments in equity instruments designated at fair value through other comprehensive income	Capital reserve for translation differences from foreign operations	Other capital reserves	Retained earnings	Total attributable to the shareholders of the Company	Non-controlling interests	Total
	NIS in millions								
Balance as of 1 January 2026	18	2,518	1,225	(1,043)	26	22,551	25,295	22	25,317
Movement in the report period:									
Net income for the period	-	-	-	-	-	540	540	-	540
Change in fair value of financial assets, net of tax	-	-	(8)	-	-	-	(8)	-	(8)
Translation differences from foreign operations	-	-	-	(70)	-	-	(70)	-	(70)
Income from cash flow hedging, net of tax	-	-	-	-	33	-	33	-	33
Total comprehensive income for the period	-	-	(8)	(70)	33	540	495	-	495
Issuance of shares, net	-	1,394	-	-	-	-	1,394	-	1,394
Share-based payment capital reserve	-	-	-	-	5	-	5	-	5
Dividend to the shareholders of the Company	-	-	-	-	-	(850)	(850)	-	(850)
Total transactions with the shareholders of the Company	3	1,394	-	-	5	(850)	549	-	549
Balance as of 31 March 2026	18	3,912	1,217	(1,113)	64	22,241	26,339	22	26,361

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

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

For the three-month period ended 31 March 2025 (Unaudited)

	Share capital	Share premium	Capital reserve for changes in the fair value of investments in equity instruments designated at fair value through other comprehensive income	Capital reserve for translation differences from foreign operations	Other capital reserves	Retained earnings	Total attributable to the shareholders of the Company	Non- controlling interests	Total
	NIS in millions								
Balance as of 1 January 2025	18	2,518	908	(733)	31	21,065	23,807	30	23,837
Movement in the report period:									
Net income for the period	-	-	-	-	-	457	457	-	457
Change in fair value of financial assets, net of tax	-	-	175	-	-	-	175	-	175
Translation differences from foreign operations	-	-	-	490	-	-	490	1	491
Income from cash flow hedging, net of tax	-	-	-	-	3	-	3	-	3
Total comprehensive income for the period	-	-	175	490	3	457	1,125	1	1,126
Share-based payment capital reserve	-	-	-	-	2	-	2	-	2
Dividend to the shareholders of the Company	-	-	-	-	-	(800)	(800)	-	(800)
Total transactions with the shareholders of the Company	-	-	-	-	2	(800)	(798)	-	(798)
Balance as of 31 March 2025	18	2,518	1,083	(243)	36	20,722	24,134	31	24,165

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

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

For the year ended 31 December 2025 (Audited)

	Share capital	Share premium	Capital reserve for changes in the fair value of investments in equity instruments designated at fair value through other comprehensive income	Capital reserve for translation differences from foreign operations	Other capital reserves	Retained earnings	Total attributable to the shareholders of the Company	Non-controlling interests	Total
	NIS in millions								
Balance as of 1 January 2025	18	2,518	908	(733)	31	21,065	23,807	30	23,837
Movement in the report year:									
Net income (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 the shareholders of the Company	-	-	-	-	-	(800)	(800)	-	(800)
Total transactions with the Company's shareholders	-	-	-	-	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 Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.
Condensed Consolidated Statements of Cash Flows

	For the three-month period ended 31 March		For the year ended 31 December
	2026	2025	2025
	NIS in millions (Unaudited)	NIS in millions (Unaudited)	NIS in millions (Audited)
Cash flows – operating activities			
Net income for the period	540	457	1,888
Depreciation and amortization	4	5	23
Forfeiture of senior housing residents' deposits	(16)	(15)	(62)
Profit from fair value adjustment of investment property and investment property under construction, net	(278)	(252)	(1,128)
Net financing and other expenses	131	145	921
Share in results of associates accounted for using the equity method	(37)	1	(162)
Expenses due to share-based payment	5	2	17
Taxes recognized in the income statement	153	156	506
Income taxes paid, net	(27)	(21)	(78)
Change in inventory and land inventory	(583)	(2)	(2)
Change in trade and other receivables	(187)	(18)	(350)
Change in trade and other payables	62	(73)	248
Receipt of deposits from senior housing residents	69	54	214
Return of deposits from senior housing residents	(35)	(18)	(90)
Change in employee provisions and benefits	(3)	(4)	(16)
Net cash – operating activities	<u>(202)</u>	<u>417</u>	<u>1,929</u>
Cash flows – investing activity			
Proceeds from liquidation of property, plant and equipment	-	-	1
Acquisition of and investment in investment property and investment property under construction	(461)	(573)	(2,747)
Acquisition of and investment in property, plant and equipment and intangible assets	(79)	(45)	(120)
Investments (return on investment) in companies accounted for using the equity method, net	4	(1)	(5)
Change in short-term deposits	18	(66)	(48)
Provision of long-term loans	(81)	(65)	(179)
Collection of long-term loans	-	-	1
Interest and dividend received	56	66	256
Proceeds from disposition of financial assets	-	-	599
Acquisition of companies consolidated for the first time (Annex A)	-	-	(536)
Institutions paid for the purchase of assets	(4)	-	-
Taxes paid for assets	(2)	-	(33)
Net cash – investing activity	<u>(549)</u>	<u>(684)</u>	<u>(2,811)</u>

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

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

	For the three-month period ended 31 March		For the year ended 31 December
	2026	2025	2025
	NIS in millions (Unaudited)	NIS in millions (Unaudited)	NIS in millions (Audited)
Cash flows – financing activity			
Dividend distribution to shareholders	-	-	(800)
Repayment of bonds	(264)	(258)	(1,746)
Issuance of bonds net of issue expenses	-	-	2,467
Receipt of long-term loans from financial corporations	1,465	1,328	1,593
Repayment of long-term loans from financial corporations	(1,508)	(35)	(137)
Short-term credit from financial corporations, net	120	-	(614)
Payment of lease liabilities	(3)	-	(12)
Issuance of shares, net	1,394	-	-
Repayment of deposits from customers	(3)	(3)	(7)
Deposits from customers that were received	2	4	7
Paid interest	(275)	(191)	(715)
Net cash – financing activity	928	845	36
Increase (decrease) in cash and cash equivalents	177	578	(846)
Cash and cash equivalents at beginning of period	3,800	4,633	4,633
Effect of exchange rate changes on cash balances held in foreign currency	14	51	13
Cash and cash equivalents at end of period	3,991	5,262	3,800

(*) For the three-month period ended 31 March 2026 and 31 March 2025, non-cash transactions include a change in payables due to a dividend of NIS 850 million and NIS 800 million, respectively.

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

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

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

	For the three-month period ended 31 March		For the year ended 31 December
	2026	2025	2025
	NIS in millions (Unaudited)	NIS in millions	NIS in millions (Audited)
Working capital (excluding for cash and cash equivalents)	-	-	734
Inventory of buildings and apartments for sale	-	-	(902)
Land inventory	-	-	(404)
Non-current assets and intangible assets	-	-	(447)
Liabilities for an option granted to non-controlling interest holders	-	-	260
Investment property	-	-	(85)
Long-term liability including current maturities	-	-	308
	<u>-</u>	<u>-</u>	<u>(536)</u>

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

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 31 March 2026

Note 1 – General

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

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

The Company has bond series (Series D-J) that have been issued to the public.

The Group’s Consolidated Financial Statements as of 31 March 2026 include those of the Company and of its subsidiaries (jointly, the “**Group**”), as well as the Group’s rights in associates and in jointly-controlled entities.

As of the report release date, Azrieli Holdings Inc., the controlling shareholder of the Company (“**Azrieli Holdings**”), directly and/or indirectly holds (through its holding of the entire share capital of Nadav Investments Inc. (“**Nadav Investments**”)), (both private companies registered in Canada), ~54.19% of the Company’s share capital and ~59.74% of the Company’s voting rights.

As the Company was informed, each one of Sharon Azrieli, Naomi Azrieli and Danna Azrieli, holds, directly and through a Canadian holding corporation controlled by them (“**Canadian Holding Corporation**”), ~28.02% of the capital rights in Azrieli Holdings and ~33.13% of the voting rights in Azrieli Holdings, and they jointly hold ~84.06% of the capital rights in Azrieli Holdings and ~99.39% of the voting rights therein. The remainder of Azrieli Holdings’ shares are mainly held by the Azrieli Foundation of Canada (an interested party of the Company), which holds (indirectly, through a holding of shares of a Canadian Holding Corporation) ~15.93% of Azrieli Holdings’ shares, with no voting rights (which constitutes, indirectly, a holding of ~8.63% of the capital rights of the Company), in addition to and separately from its direct holding of ~7.13% of the capital and voting rights in the Company.

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

- B.** These Condensed Consolidated Statements should be reviewed in the context of the Group’s annual financial statements as of 31 December 2025, and for the year then ended (the “**Annual Financial Statements**”), and the notes attached thereto.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 31 March 2026

Note 2 – Significant Accounting Policies

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

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

In the preparation of these Interim Financial Statements the Group has applied the accounting policy, rules of presentation and methods of calculation identical to those used in the preparation of its financial statements as of 31 December 2025 and for the year then ended.

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

B. Use of estimates and discretion:

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

The evaluations and discretion used by the management to apply the accounting policy and prepare the Consolidated Interim Financial Statements were identical to those used in the preparation of the Financial Statements as of 31 December 2025.

(2) As of 31 March 2026, the Group has updated the valuations for some of its properties in the DC segment.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 31 March 2026

Note 2 – Significant Accounting Policies (Cont.)

C. Rates of exchange and linkage basis:

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

	Representative Exchange Rate of			CPI in Israel	
	NOK	EUR	USD	"For"	"Known"
Date of the Financial Statements:					
As of 31 March 2026	0.3243	3.636	3.165	264.19	263.17
As of 31 March 2025	0.3522	4.022	3.718	259.36	258.08
As of 31 December 2025	0.3169	3.746	3.190	263.42	263.42
Rates of change:	%	%	%	%	%
For the three-month period ended:					
31 March 2026	2.34	(2.92)	(0.78)	0.29	(0.10)
31 March 2025	9.31	5.94	1.95	1.06	0.29
For the year ended:					
31 December 2025	(1.64)	(1.34)	(12.53)	2.64	2.36

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 31 March 2026

Note 3 – Material Events in the Report Period

- A.** On 18 March 2026, the Company's Board decided upon the distribution of a dividend to the Company's shareholders in the sum of NIS 850 million (reflecting NIS 6.83 per share), which was paid on 7 May 2026.
- B.** On 22 January 2026, the detailed agreement with Shikun & Binui Energy was signed based on the term sheet. According to the detailed agreement, the expected capacity of the facility will be ~112 MW (DC), with integrated energy storage components with an expected effective capacity of ~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, Shikun & Binui Energy will be entitled to receive an amount equal to one half of the total development costs it has 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) to the Annual Financial Statements.

On 25 March 2025, the Company reported that approval from the Competition Authority was received, which constituted a condition precedent to the agreement.

- C.** On 22 January 2026, GM entered into an agreement with a lender for receipt of financing intended for the refinancing of two existing loans into a single senior debt loan in the sum total of approx. NIS 1.465 billion (NOK 4.6 billion).

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 ratios (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 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 ~8% per annum.

- D.** On 15 February 2026, the Board appointed Ms. Danna Azrieli as CEO of the Company (concurrently with her office 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.
- E.** On 25 February 2026, a mandate letter was signed for a non-binding term sheet for receipt of financing for a project for the provision of 80 MW of DC 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, comprising up to €925 million as a non-recourse senior loan, and up to €75 million as a revolving credit facility. For further details, see Note 26B(6) to the Annual Financial Statements.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 31 March 2026

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

- F.** On 5 March 2026, Prof. Ariel Kor stepped down as Chairman of the Board of GMG. Mr. Peter Ballo, who has extensive experience in the real estate and investment sectors, was appointed to the position. Prof. Kor continues to hold office as a director of GMG, for no remuneration. For further details, see Note 32C(8) to the Annual Financial Statements.
- 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.
- H.** On 22 March 2026, the Company completed the issuance of shares to the public by way of a uniform offering of 3,191,300 ordinary shares of the Company against immediate (gross) proceeds of approx. NIS 1,415 million, net of issuance expenses of approx. NIS 1,394 million.
- I.** On 31 December 2025, ZMH Hammerman won the ILA tender in Petah Tikva for the right to purchase of a leasehold in several lots on a total area of ~13,477 sqm, on which 490 residential units and ~5,175 sqm of commercial space may be constructed. In consideration for the purchase of such leasehold, the Company shall pay the ILA a total of approx. NIS 336.3 million, plus approx. NIS 105.5 million in development costs (linked to the August 2025 Construction Input Index). On 30 March 2026, ZMH completed the purchase. On 31 December 2025, ZMH also won an ILA tender in the Kiryat HaMaslul neighborhood for the right to purchase leasehold in several lots on a total area of ~2,641 sqm, on which 118 residential units and ~661 sqm of commercial space may be constructed. In consideration for the purchase of such leasehold, ZMH Hammerman shall pay the ILA a total of approx. NIS 148 million, plus approx. NIS 11 million in development costs (linked to the October 2025 Construction Input Index). On 30 March 2026, ZMH completed the purchase.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 31 March 2026

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

J. On 22 March 2026, the Special General Meeting of the Company's shareholders approved the following:

- (1) An updated 3-year Compensation Policy for the Company.
- (2) The terms of office of Ms. Danna Azrieli as the Company's CEO:

The terms of office of Ms. Danna Azrieli as the Company's CEO are identical to the ones that applied to her terms of office as the (Executive) Chairwoman of the Company's Board, as detailed in Note 32C(1) to the Annual Financial Statements, except with respect to the annual bonus mechanism and the targets set thereunder, as detailed below:

In consideration for the management services, the management company owned by Ms. Danna Azrieli is entitled to a maximum annual bonus cap for each calendar year, of 9 times the cost of monthly employment. The Compensation Committee and the Board may determine targets for the management company's bonus, in the following case:

Approval of measurable targets, based on figures in the financial statements (including by way of calculation) from among: Meeting FFO targets, meeting NOI targets, return on equity (ROE), current cash flow, adjusted profit and/or balance sheet ratios, and which apply uniformly to the management company as well as to at least two other officers (the "**Other Officers**"), provided that all of the following are met:

- (a) The potential bonus which may be derived for all of the Other Officers, jointly, is at least x1.5 higher than the potential bonus that may be derived for the management company from such targets;
 - (b) The cost of the bonuses for the management company together with the Other Officers, multiplied by the rate of the holdings of the controlling shareholders, shall be at least x1.5 higher than the bonus amount to which it shall be entitled if the targets are met.
- (3) Renewal of letters of exemption and indemnification for the controlling shareholders of the Company.
 - (4) The terms of office of Ms. Irit Sekler-Pilosof as the (Executive) Chairwoman of the Company's Board

Ms. Irit Sekler-Pilosof serves as the (Executive) Chairwoman of the Company's Board on a 50% position, in consideration for monthly management fees of NIS 120 thousand, plus VAT. Furthermore, Ms. Sekler-Pilosof is entitled to reimbursement of expenses in accordance with the Company's procedures, and is entitled to be included in the Company's D&O insurance policy and to receive letters of indemnification and exemption as is customary in the Company.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 31 March 2026

Note 4 – Fair Value of Financial Instruments

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

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

	As of 31 March 2026		As of 31 March 2025		As of 31 December 2025	
	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value
	NIS in millions		NIS in millions		NIS in millions	
	(Unaudited)		(Unaudited)		(Audited)	
Non-current liabilities:						
Loans from banking corporations and other credit providers (1)	5,689	5,600	5,118	4,995	5,643	5,553
Bonds (1)(2)	22,958	22,548	21,552	20,547	23,300	22,183
	<u>28,647</u>	<u>28,148</u>	<u>26,670</u>	<u>25,542</u>	<u>28,943</u>	<u>27,736</u>

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

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

B. Interest rates used in the determination of the fair value:

Below are the interest rates used to discount the estimated expected cash flows, where applicable, based on the government yield curve for each type of loan as of the report date, plus an appropriate fixed credit spread:

	As of 31 March		As of 31 Dec.
	2026	2025	2025
	%	%	%
	(Unaudited)		(Audited)
Non-current liabilities:			
Loans from financial corporations	3.6-7.2	2.9-7.5	3.6-7.7

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 31 March 2026

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

C. Hierarchy of fair value:

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

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

	As of 31 March		As of 31 Dec.
	2026	2025	2025
	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Audited)
Financial assets at fair value through other comprehensive income:			
Marketable shares – Level 1	1,830	1,742	1,841

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 31 March 2026

Note 5 – Segment Reporting

A. General:

For a description of the Company's operating segments, see Note 33 to the Annual Financial Statements.

B. Operating segments:

	For the three-month period ended 31 March 2026 (Unaudited)									
	Retail centers and malls in Israel	Leasable office and other space in Israel	Income- producing property in the U.S.	Senior housing	Data Centers	Rental housing in Israel	Resid- ential sales	Other	Adjust- ments	Conso- lidated
	NIS in millions									
Revenues:										
Total external income	321	274	49	78	224	10	134	58	(33)	1,115
Total segment expenses	74	51	28	49	114	2	110	57	(24)	461
Segment profit	247	223	21	29	110	8	24	1	(9)	654
Profit (loss) from fair value adjustment of investment property and investment property under construction, net	1	(4)	1	-	312	-	-	-	(32)	278
Unallocated costs										(117)
Financing expenses, net										(155)
Other expenses, net										(4)
The Company's share in results of associates accounted for using the equity method, net of tax										37
Income before income taxes										693
Additional information:										
Segment assets	17,009	18,080	1,533	4,459	11,696	2,065	2,306	1,187	(92)	58,243
Unallocated assets (*)										7,186
Total consolidated assets										65,429

(*) Mainly financial assets in the sum of approx. NIS 1.8 billion and cash and short-term deposits in the sum of approx. NIS 4 billion.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 31 March 2026

Note 5 – Segment Reporting (Cont.)

B. Operating segments: (Cont.)

	For the three-month period ended 31 March 2025 (Unaudited)							Conso- lidated
	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	Others	
NIS in millions								
Revenues:								
Total external income	321	273	56	70	210	8	-	938
Total segment expenses	69	50	32	46	94	1	-	292
Segment profit	252	223	24	24	116	7	-	646
Profit (loss) from fair value adjustment of investment property and investment property under construction, net	1	(12)	1	-	262	-	-	252
Unallocated costs								(88)
Financing expenses, net								(159)
Other expenses, net								(37)
The Company's share in results of an associate accounted for using the equity method, net of tax								(1)
Income before income taxes								613
Additional information:								
Segment assets	16,211	17,433	1,893	3,625	10,207	2,074	593	52,036
Unallocated assets (*)								8,627
Total consolidated assets								60,663

(*) Mainly financial assets in the sum of approx. NIS 1.7 billion and cash and short-term deposits in the sum of approx. NIS 5.3 billion.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 31 March 2026

Note 5 – Segment Reporting (Cont.)

B. Operating segments: (Cont.)

For the year ended 31 December 2025 (Audited)

	Retail centers and malls in Israel	Leasable office and other space in Israel	Income- producing property in the U.S.	Senior housing	Data Centers	Rental housing in Israel	Residential sales	Other	Adjust- ments	Conso- lidated
	NIS in millions									
Revenues:										
Total external income	1,245	1,116	216	295	844	36	99	77	(23)	3,905
Total segment expenses	<u>296</u>	<u>211</u>	<u>125</u>	<u>192</u>	<u>395</u>	<u>6</u>	<u>90</u>	<u>76</u>	<u>(16)</u>	<u>1,375</u>
Segment profit	<u>949</u>	<u>905</u>	<u>91</u>	<u>103</u>	<u>449</u>	<u>30</u>	<u>9</u>	<u>1</u>	<u>(7)</u>	<u>2,530</u>
Income (loss) from fair value adjustment of investment property and investment property under construction, net	<u>188</u>	<u>237</u>	<u>(92)</u>	<u>29</u>	<u>1,093</u>	<u>(105)</u>	<u>-</u>	<u>-</u>	<u>(222)</u>	<u>1,128</u>
Unallocated costs										(446)
Financing expenses, net										(1,010)
Other income, net										30
The Company's share in results of associates, net of tax										<u>162</u>
Income before income taxes										<u>2,394</u>
Additional information as of 31 December 2025:										
Segment assets	<u>16,885</u>	<u>18,281</u>	<u>1,545</u>	<u>4,433</u>	<u>11,246</u>	<u>2,044</u>	<u>1,682</u>	<u>790</u>	<u>(123)</u>	56,783
Unallocated assets (*)										<u>6,789</u>
Total consolidated assets										<u>63,572</u>
Capital investments	<u>327</u>	<u>758</u>	<u>12</u>	<u>820</u>	<u>971</u>	<u>90</u>	<u>-</u>	<u>-</u>		

(*) 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.

Azrieli Group Ltd.

Annex to Consolidated Financial Statement

**Separate Interim Financial Statement
as of 31 March 2026**

(Unaudited)

Azrieli Group Ltd.

**Separate Interim Financial Statement
as of 31 March 2026**

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

(Unaudited)

Azrieli Group Ltd.

**Separate Interim Financial Statement
as of 31 March 2026**

(Unaudited)

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

Dear Sir/Madam,

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

General:

We have reviewed the separate interim financial statement, which is presented according to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, of **Azrieli Group Ltd.** (the "**Company**") as of 31 March 2026 and for the three-month period then ended. The board of directors and management are responsible for the preparation and presentation of this separate interim financial statement in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. Our responsibility is to express a conclusion on the separate interim financial statement for this interim period, based on our review.

We did not review the interim financial statement which is part of the financial statements of held entities, the Company's share in whose total assets net of total liabilities, net, totaled approx. NIS 582 million as of 31 March 2026, and the Company's share in the total revenues net of total expenses, net, for such entities totaled approx. NIS 23 million, for the three-month period then ended. The financial statements of such entities were reviewed by other auditors whose reports were provided to us, and our conclusion, insofar as it relates to the financial statements of such entities, is based on the review reports of the other auditors.

Scope of Review

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

Conclusion

Based on our review and on the review reports of other auditors, nothing had come to our attention that causes us to believe that the aforementioned separate interim financial statement has not been prepared, in all material respects, in accordance with the provisions of Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

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

Tel Aviv, 19 May 2026

Azrieli Group Ltd.
Statement of Financial Position

	As of 31 March		As of 31 Dec.
	2026	2025	2025
	NIS in millions (Unaudited)	NIS in millions	NIS in millions (Audited)
Assets			
Current assets			
Cash and cash equivalents	3,197	4,726	3,297
Trade accounts receivable	27	16	19
Other receivables	259	284	272
Current tax assets	42	27	28
Total current assets	<u>3,525</u>	<u>5,053</u>	<u>3,616</u>
Non-current assets			
Financial assets	1,837	1,749	1,847
Investment property and investment property under construction	19,467	18,965	19,667
Investments in investee companies	22,780	21,138	22,441
Loans to investee companies	5,225	3,020	4,110
Property, plant and equipment	1,078	616	661
Other receivables	46	39	42
Total non-current assets	<u>50,433</u>	<u>45,527</u>	<u>48,768</u>
Total assets	<u>53,958</u>	<u>50,580</u>	<u>52,384</u>
Liabilities and capital			
Current liabilities			
Credit and current maturities from financial corporations and bonds	1,875	2,280	1,878
Trade payables	214	267	229
Payables and other current liabilities	385	383	424
Declared dividend	850	800	-
Total current liabilities	<u>3,324</u>	<u>3,730</u>	<u>2,531</u>
Non-current liabilities			
Loans from financial corporations	491	560	515
Bonds	21,102	19,962	21,385
Other liabilities	31	33	31
Deferred tax liabilities	2,400	2,161	2,356
Liabilities for an option granted to non-controlling interest holders	271	-	271
Total non-current liabilities	<u>24,295</u>	<u>22,716</u>	<u>24,558</u>
Capital			
Ordinary share capital	18	18	18
Premium on shares	3,872	2,478	2,478
Capital reserves	208	916	248
Retained earnings	22,241	20,722	22,551
Total capital attributable to shareholders of the Company	<u>26,339</u>	<u>24,134</u>	<u>25,295</u>
Total liabilities and capital	<u>53,958</u>	<u>50,580</u>	<u>52,384</u>

19 May 2026

Date of Approval of
Financial Statements

Irit Sekler-Pilosof
Chairwoman of the Board

Danna Azrieli
CEO & Director

Ariel Goldstein
CFO

The data attached to the Separate Condensed Financial Statements form an integral part thereof.

Azrieli Group Ltd.
Statement of Profit or Loss and Other Comprehensive Income

	For the three-month period ended 31 March		For the year ended 31 December
	2026	2025	2025
	NIS in millions (Unaudited)	NIS in millions	NIS in millions (Audited)
Revenues from rent and management and maintenance fees, net	304	307	1,181
Cost of revenues from rent and management and maintenance fees	11	12	55
Gross profit	<u>293</u>	<u>295</u>	<u>1,126</u>
Sales and marketing	12	8	47
G&A	41	42	168
Operating profit before other revenues and expenses	<u>240</u>	<u>245</u>	<u>911</u>
Net profit (loss) from fair value adjustment of investment property and investment property under construction	(5)	(9)	157
Share in results of investee companies, net of tax	357	357	1,548
Other revenues, net	19	14	69
Operating profit after other revenues and expenses	611	607	2,685
Financing income	73	67	233
Financing expenses	94	169	940
Income before income taxes	590	505	1,978
Expenses for income on taxes	(50)	(48)	(89)
Net income for the period	<u>540</u>	<u>457</u>	<u>1,889</u>
Other comprehensive income (loss):			
Amounts that will not be carried in the future to the profit or loss, net of tax:			
Change in the fair value of financial assets, net of tax	(8)	175	714
Amounts that were carried or will be carried in the future to the profit or loss, net of tax:			
Translation differences from foreign operations	(37)	491	(332)
Share in the other comprehensive income of investee companies, net of tax	-	2	-
Total	<u>(37)</u>	<u>493</u>	<u>(332)</u>
Other comprehensive income (loss) for the year, net of tax	<u>(45)</u>	<u>668</u>	<u>382</u>
Total comprehensive income for the period	<u>495</u>	<u>1,125</u>	<u>2,271</u>

The data attached to the Separate Condensed Financial Statements form an integral part thereof.

Azrieli Group Ltd.
Statement of Cash Flows

	For the three- month period ended 31 March		For the year ended 31 December
	2026	2025	2025
	NIS in millions (Unaudited)	NIS in millions	NIS in millions (Audited)
<u>Cash flows – operating activities</u>			
Net income for the period	540	457	1,889
Depreciation and amortization	1	1	6
Loss (profit) from fair value adjustment of investment property and investment property under construction, net	5	9	(157)
Financing and other expenses (income), net	-	87	613
Share in income of investee companies, net of tax	(357)	(357)	(1,548)
Expenses due to share-based payment	4	2	13
Tax expenses recognized in the income statement	50	48	89
Income tax paid, net	(13)	(2)	(7)
Change in trade and other receivables	(9)	3	39
Change in trade and other payables	15	(4)	(101)
Change in employee benefits and provisions	(3)	(4)	(16)
Net cash – operating activities	233	240	820
<u>Cash flows – investing activity</u>			
Purchase of and investment in investment property and investment property under construction	(167)	(113)	(492)
Purchase of property, plant and equipment	(34)	(22)	(68)
Investments in investee companies	(6)	-	(1,127)
Return on investments in investee companies	-	1,035	1,435
Grant of long-term loans to investee companies, net	(1,117)	(251)	(1,247)
Interest and dividend received	54	58	254
Cash generated from a merger of subsidiary	22	-	-
Proceeds from disposition of financial assets	-	-	599
Net cash – investing activity	(1,248)	707	(646)

The data attached to the Separate Condensed Financial Statements form an integral part thereof.

Azrieli Group Ltd.
Statement of Cash Flows
(Cont.)

	For the three- month period ended 31 March		For the year ended 31 December
	2 0 2 6	2 0 2 5	2 0 2 5
	NIS in millions (Unaudited)	NIS in millions (Unaudited)	NIS in millions (Audited)
Cash flows – financing activities			
Bond offering net of offering expenses	-	-	2,467
Dividend distribution to shareholders	-	-	(800)
Repayment of bonds	(264)	(258)	(1,502)
Repayment of long-term loans from financial corporations	(24)	(23)	(78)
Short-term credit from financial corporations, net	-	-	(658)
Issuance of shares, net	1,394	-	-
Deposits from customers, net	-	(1)	-
Interest paid	(195)	(141)	(452)
Net cash – financing activities	<u>911</u>	<u>(423)</u>	<u>(1,023)</u>
Increase (decrease) in cash and cash equivalents	(104)	524	(849)
Cash and cash equivalents at beginning of period	3,297	4,146	4,146
Effect of exchange rate changes on cash balances held in foreign currency	4	56	-
Cash and cash equivalents at end of period	<u>3,197</u>	<u>4,726</u>	<u>3,297</u>

(*) Non-cash activities for the three-month period ended 31 March 2026, include a change in other payables in respect of a dividend in the amount of NIS 850 million (for the three-month period ended 31 March 2025 – NIS 800 million).

The data attached to the Separate Condensed Financial Statements form an integral part thereof.

Azrieli Group Ltd.
Information Supplementing the Separate Interim Financial Statement
as of 31 March 2026

A. General:

The Company's separate financial statement is prepared in accordance with the provisions of Regulation 38D of the Securities Regulations (Immediate and Periodic Reports), 5730-1970.

This separate financial statement is to be inspected with respect to the Company's separate financial statement as of 31 December 2025, and for the year then ended, and the supplementing information that was attached thereto.

B. Definitions:

- The Company** - Azrieli Group Ltd.
- Investee Company** - Consolidated company or a joint venture or an associate.

C. Accounting Policy:

The separate financial statement is prepared in accordance with the accounting policy specified in Note B to the Company's Separate Financial Statement as of 31 December 2025 and the year then ended.

D. Material Events during the Reporting Period:

See Note 3 to the Condensed Consolidated Financial Statements published with this Separate Financial Statement.



19 May 2026

To:
The Board of Directors of
Azrieli Group Ltd.
Azrieli Center 1,
Tel Aviv

Dear Sir/Madam,

Re: Consent given in connection with the shelf prospectus of Azrieli Group Ltd. of May 2025

We hereby notify you that we agree to the inclusion (including by way of reference) of our reports which are specified below in connection with the shelf prospectus of May 2025:

- (1) Review report of 19 May 2026 on condensed consolidated financial information of the Company as of 31 March 2026 and for the three-month period then ended.
- (2) Special auditors' report of 19 May 2026 for review of the condensed separate financial information of the Company as of 31 March 2026 and for the three-month period then ended according to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Sincerely,

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



PART D

Effectiveness of Internal Control over the Financial Reporting and Disclosure

ATTACHED HERETO IS A QUARTERLY REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE PURSUANT TO REGULATION 38C(A):

The management, under the supervision of the Board of Directors of Azrieli Group Ltd. (the “**Corporation**”), is responsible for setting and maintaining proper internal control over financial reporting and disclosure at the Corporation.

For this purpose, the members of management are:

1 | **Danna Azrieli**, CEO and Director

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, and which are designed to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the reports according to the provisions of the law, and to ensure that information which the Corporation is required to disclose in reports released thereby according to the law is gathered, processed, summarized and reported within the time frames and in the format set forth by the law.

Internal control includes, *inter alia*, controls and procedures designed to ensure that information which the Corporation is thus required to disclose, is gathered and transferred to the management of the Corporation, including the CEO and the most senior financial officer, or anyone actually performing such functions, in order to enable the timely decision making in reference to the disclosure requirements.

Due to its inherent limitations, internal control over financial reporting and disclosure is not designed to provide absolute assurance that misrepresentation or omission of information in the reports is avoided or discovered.

In the annual report regarding the effectiveness of internal control over financial reporting and disclosure, which was attached to the periodic report for the period ended 31 December 2025 (the "**Most Recent Annual Report on Internal Control**"), the Board of Directors and the management evaluated the internal control at the Corporation; based on this evaluation, the Corporation's management and Board of Directors concluded that the internal control as aforesaid, as of 31 December 2025, is effective.

Until the report date, no occurrence or issue were brought to the knowledge of the Board of Directors and the management, which may change the evaluation of the effectiveness of the internal control as found in the Most Recent Annual Report on Internal Control.

As of the report date, based on the evaluation of the effectiveness of internal control in the Most Recent Annual Report on Internal Control, and based on information which was brought to the knowledge of the management and the Board of Directors as aforesaid: the internal control is effective.

STATEMENT OF MANAGERS:

STATEMENT OF CEO PURSUANT TO REGULATION 38C(D)(1):

I, Danna Azrieli, represent that:

1. I have reviewed the quarterly report of Azrieli Group Ltd. (the “**Corporation**”) for Q1/2026 (the “**Reports**”).
2. To my knowledge, the Reports do not contain any misrepresentation nor omission of a material fact required for the representations included therein, given the circumstances under which such representations were included, not to be misleading with regard to the period of the Reports.
3. To my knowledge, the Financial Statements and other financial information included in the Reports adequately reflect, in all material respects, the financial position, operating results and cash flows of the Corporation for the periods and as of the dates covered by the Reports.
4. I have disclosed to the Corporation’s auditor and to the Corporation’s Board of Directors and the Audit Committee and Financial Statement Committee, based on my most current evaluation of internal control over financial reporting and disclosure:
 - a. Any and all significant flaws and material weaknesses in the setting or maintaining internal control over financial reporting and disclosure which may reasonably adversely affect the Corporation’s ability to gather, process, summarize or report financial information in a manner which casts doubt on the reliability of the financial reporting and preparation of the Financial Statements in conformity with the provisions of the law; and –
 - b. Any fraud, either material or immaterial, which involves the CEO or anyone reporting to him directly or which involves other employees who play a significant role in internal control over financial reporting and disclosure;
5. I, myself or jointly with others at the Corporation:
 - a. Have set controls and procedures, or confirmed, under my supervision, the setting and maintaining of controls and procedures which are designed to ensure that material information in reference to the Corporation, including consolidated companies thereof as defined in the Securities Regulations (Annual Financial Statements), 5770-2010, is brought to my knowledge by others at the Corporation and the consolidated companies, particularly during the preparation of the Reports; and –
 - b. Have set controls and procedures, or confirmed, under my supervision, the setting and maintaining of controls and procedures which are designed to reasonably ensure reliability of financial reporting and preparation of the Financial Statements in conformity with the provisions of the law, including in conformity with GAAP.
 - c. No occurrence or issue have been brought to my attention, that occurred during the period between the date of the most recent periodic report and the date of this report date, which may change the conclusion of the Board of Directors and management with regard to the effectiveness of internal control over the Corporation's financial reporting and disclosure.

The aforesaid does not derogate from my responsibility or from the responsibility of any other person, pursuant to any law.

Date: 19 May 2026

Danna Azrieli | CEO and Director

STATEMENT OF MANAGERS:

STATEMENT OF THE MOST SENIOR FINANCIAL OFFICER PURSUANT TO REGULATION 38C(D)(2):

I, Ariel Goldstein, represent that:

1. I have reviewed the Interim Financial Statements and other financial information included in the interim reports of Azrieli Group Ltd. (the “Corporation”) for Q1/2026 (the “Reports” or the “Interim Reports”);
2. To my knowledge, the Interim Financial Statements and the other financial information included in the Interim Reports do not contain any misrepresentation nor omission of a material fact required for the representations included therein, given the circumstances under which such representations were included, not to be misleading with regard to the period of the Reports.
3. To my knowledge, the Interim Financial Statements and other financial information included in the Interim Reports adequately reflect, in all material respects, the financial position, operating results and cash flows of the Corporation for the periods and as of the dates covered by the Reports;
4. I have disclosed to the Corporation’s auditor and to the Corporation’s Board of Directors and the Audit Committee and Financial Statement Committee, based on my most current evaluation of internal control over financial reporting and disclosure:
 - a. Any and all significant flaws and material weaknesses in the setting or maintaining internal control over financial reporting and disclosure, insofar as it relates to the Interim Financial Statements and the other information included in the Interim Reports, which may reasonably adversely affect the Corporation’s ability to gather, process, summarize or report financial information in a manner which casts doubt on the reliability of financial reporting and preparation of the Financial Statements in conformity with the provisions of the law; and -
 - b. Any fraud, either material or immaterial, which involves the CEO or anyone reporting to him directly or which involves other employees who play a significant role in internal control over financial reporting and disclosure.
5. I, myself or jointly with others at the Corporation-
 - a. Have set controls and procedures, or confirmed, under my supervision, the setting and maintaining of controls and procedures which are designed to ensure that material information in reference to the Corporation, including consolidated companies thereof as defined in the Securities Regulations (Annual Financial Statements), 5770-2010, is brought to my knowledge by others at the Corporation and the consolidated companies, particularly during the preparation of the Reports; and -
 - b. Have set controls and procedures, or confirmed, under my supervision, the setting and maintaining of controls and procedures which are designed to reasonably ensure reliability of financial reporting and preparation of the Financial Statements in conformity with the provisions of the law, including in conformity with GAAP;
 - c. No occurrence or issue have been brought to my attention, that occurred during the period between the date of the most recent periodic report and the date of this report date, pertaining to the Interim Financial Statements and any other information included in the Interim Reports, which could, in my opinion, change the conclusion of the Board of Directors and management with regard to the effectiveness of internal control over the Corporation's financial reporting and disclosure.

The aforesaid does not derogate from my responsibility or from the responsibility of any other person, pursuant to any law.

Date: 19 May 2026

Ariel Goldstein | CFO