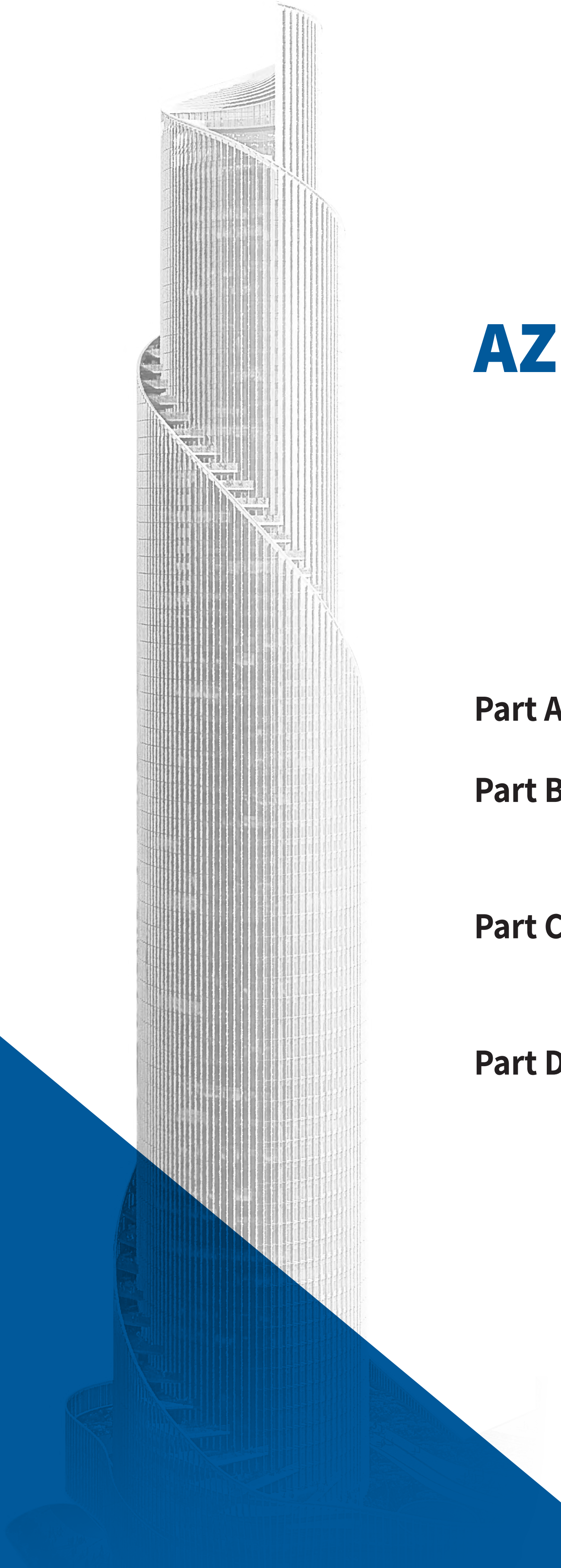
AZRIELIGROUP

AZRIELI GROUP LTD.

Quarterly Report Q2/2026

Dated 30 June 2026



AZRIELI GROUP LTD.

Quarterly Report Q2/2026
Dated 30 June 2026

Part A | Board Report

Part B | Update of the Description of the Corporation's Business

Part C | Consolidated Financial Statements Dated 30 June 2026

Part D | Effectiveness of Internal Control over 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 five 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 Global, 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 37%. Committed to securing prime locations for its properties, the Group emphasizes optimal access to transportation and integration within the urban environment, ensuring that each project provides long-term value for tenants and visitors alike.

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

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

Established in 1983

NIS 8.2 billion distributed in dividends since the IPO in 2010

~ 1.5 million sqm of GLA** and ~ 0.6 million sqm under development

Israel's largest real estate company with total assets of NIS 65.9 billion

Shareholders Equity NIS 25.8 billion

97% occupancy rate* on average in Israel

23 MALLS & RETAIL CENTERS***

387 thousand sqm | 99% Occupancy*

17 OFFICE BUILDINGS

655 thousand sqm | 96% Occupancy*

5 SENIOR HOMES

145 thousand sqm | 97% Occupancy*

8 OFFICE BUILDINGS OVERSEAS

245 thousand sqm | 64% Occupancy

DATA CENTERS COMPANY OVERSEAS

Green Mountain Global

99% Occupancy

3 RESIDENTIAL RENTAL PROPERTIES

34 thousand sqm | 97% Occupancy*

DEVELOPMENT PIPELINE – 9 PROJECTS

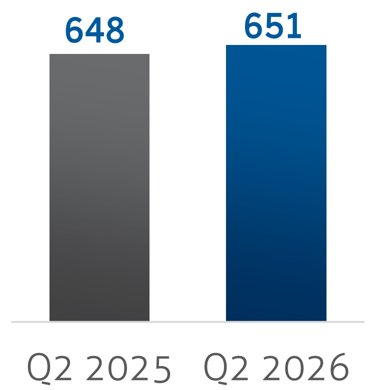
650 thousand sqm |

* Net of properties under lease-up for the first time.
** GLA (gross leasable area) is based on the Company's share.
*** The number of malls and shopping centers does not include the assets of Z.M.H Hammerman, but such assets are included in the total leasable area.

PERFORMANCE SUMMARY AND FINANCIAL HIGHLIGHTS FOR THE REPORT PERIOD

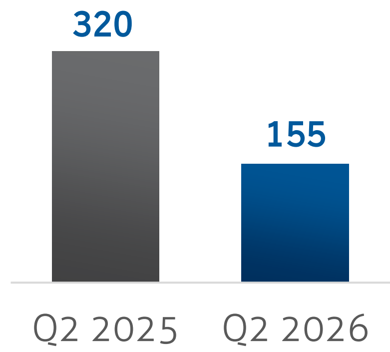
Increase of approx. NIS 3 million in Q2 2026 NOI to NIS 651 million compared with NIS 648 million in Q2 2025

NOI



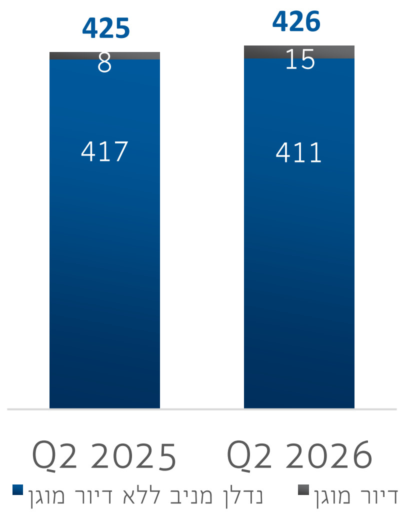
Net profit of NIS 155 million, compared with NIS 320 million in Q2 2025

Net Profit



Increase of approx. NIS 1 million in Q2 2026 FFO to NIS 426 million compared with Q2 2025

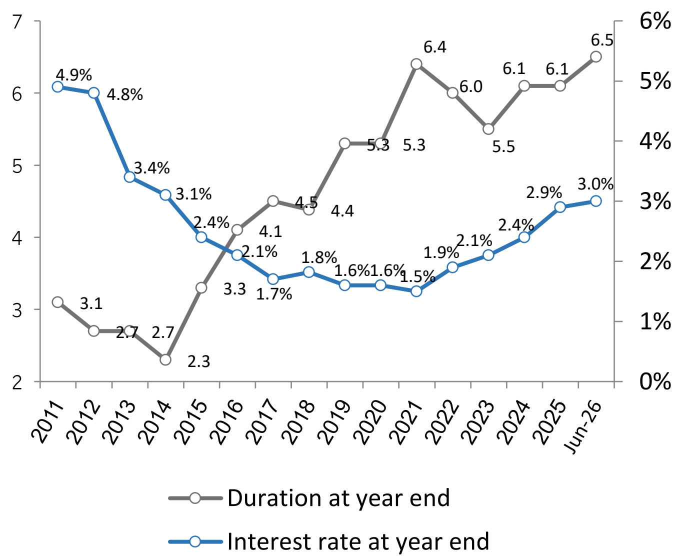
FFO from income-producing real estate business



*According to the ISA, the FFO is NIS 44 million compared with NIS 77 million in Q2 2025

Average debt duration extended while reducing the interest rate

Average interest vs. average duration



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 30 June 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 six and three months ended 30 June 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 date[1] (the "**2025 Periodic Report**"), the update to the Corporation's Business chapter and the financial statements as of 30 June 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 30 June 2026[2]. The Company's financials and results of operations are affected by the financials and results of operations of the companies held thereby. In some cases, we present details of events that occurred subsequently to the date of the financial statements as of 30 June 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 30 June 2026.

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

1.2.1. Summary of Reported Operating Segments for the Six and Three Months Ended 30 June 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 9 projects at various development stages in Israel, the planned area of which is ~650 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 5 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 27 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 ~1.78% 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]

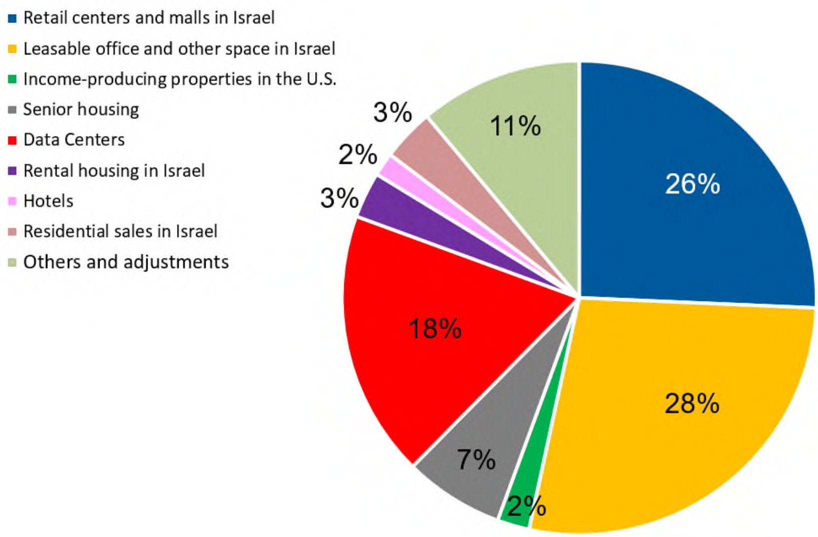
Breakdown of Total Balance Sheet Assets by Operating Segment

Comparison of Segment Assets

As of	30.6.26	31.12.25
Retail centers and malls in Israel	16,920	16,885
Leasable office and other space in Israel	18,256	18,281
Income-producing properties in the U.S.	1,445	1,545
Senior housing	4,480	4,433
Data centers	11,988	11,246
Rental housing in Israel	2,070	2,044
Residential sales in Israel	2,349	1,682
Hospitality	1,056	634
Other and adjustments	7,314	6,822
Total	**65,878**	**63,572**

Percentage of Segment Assets out of Total Assets

30.6.2026



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 VP, 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, 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. Financing transactions

On 10 June 2026, the Company released a shelf offering report for the issuance and listing on TASE of up to approx. NIS 2,266,000 thousand par value of Series K bonds of the Company, by virtue of the 2025 shelf prospectus. On the very same day, the Company announced that according to the results of the issuance, approx. NIS 2,102,997 thousand par value of Series K bonds were allotted in consideration for approx. NIS 2,103 million (approx. NIS 2,074 million net of issue expenses). For further details, see the Company's immediate reports of 25 May 2026, 2 June 2026, 9 June 2026 and 10 June 2026 (Ref. 2026-01-048030, 2026-01-052526, 2026-01-054533, 2026-01-054915, 2026-01-055020 and 2026-01-055320), which are incorporated herein by reference.

1.2.3.10. Engagement in an agreement for the provision of DC services in London

On 11 August 2026, a wholly owned (indirectly) subsidiary of the Company entered into an agreement with a foreign company for the provision of ~13.6 MW of DC services, for an 8-year term, on the part of the operating campus where the expansion work is being carried out. For further details, see the Company's immediate report of 12 August 2026 (Ref. 2026-01-075460).

1.2.3.11. 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
Bank Leumi	18 May 2026	8 June 2026	Approx. NIS 968 million	Approx NIS 17.2 million

[7] As of 30 June 2026, the Company has distributable retained earnings in the sum of approx. NIS 22 billion (which balance also includes real estate revaluation profits).

2 | INCOME-PRODUCING REAL ESTATE

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 July 2026, which analyses the key macroeconomic variables – including the GDP, inflation, and interest rates – was formulated under the working assumption that the intensity of the fighting in Lebanon is subsiding, thereby somewhat easing supply constraints in the economy, and that no additional round of hostilities with Iran will occur within the forecast horizon. Under this scenario, GDP is expected to grow by 4.0% in 2026 and by 5.5% in 2027. The inflation rate over the next four quarters, ending in Q2/2027, is expected to be 1.8%, and also in 2026 it is projected to be 1.8%. The average interest rate in Q2/2027 is expected to be 3.0%. It is further noted that the forecast's working assumption is that the geopolitical environment is expected to remain tense, and therefore, the forecast continues to reflect the need for preparedness for any further hostilities, and that global energy prices, which declined in view of the agreement, will remain at these levels over the forecast horizon. Additionally, the forecast reflects the continued convergence of GDP to this trend, supported by further easing of supply constraints as reservists are demobilized and the foreign workforce continues to expand, alongside a moderating inflationary environment driven in part by lower oil prices, a decrease in Israel's risk premium, and the appreciation of the NIS. The forecast is characterized by uncertainty regarding the geopolitical environment, particularly in relation to the duration of fighting in Lebanon, total reserve deployment requirements, and the level of risks following the agreement between the U.S. and Iran.[8]

The Company has loans and bonds that are linked to the Consumer Price Index (CPI). In the Report Period, the CPI in Israel rose by ~1.16%, leading to an increase in the Company's financing expenses.

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%. At the beginning of 2026, the Bank of Israel decided to reduce the interest rate by 0.25%, in May 2026, the Monetary Committee decided to reduce the interest rate once again by 0.25%, and in July 2026, the Monetary Committee decided to reduce the interest rate by an additional 0.25%. Consequently, as of the Report Release Date, the Bank of Israel interest rate is 3.50%. The decision regarding an additional reduction was made, *inter alia*, in view of the fact that inflation in Israel remained near the midpoint of the target range, alongside a recovery in economic activity following Operation Roaring Lion. Furthermore, the Committee noted that its policy is focused on price stability, supporting economic activity, and market stability, amid local and global geopolitical uncertainty.

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 2.3% and 1.9%, 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

[8] Bank of Israel – press release of 6 July 2026, Macroeconomic Forecast of the Research Department, July 2026. The Bank of Israel website - link.

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 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, and in May 2026, it affirmed Israel's 'A' credit rating with a stable outlook, in view of the resilience of the Israeli economy and the fiscal performance during the war.

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.

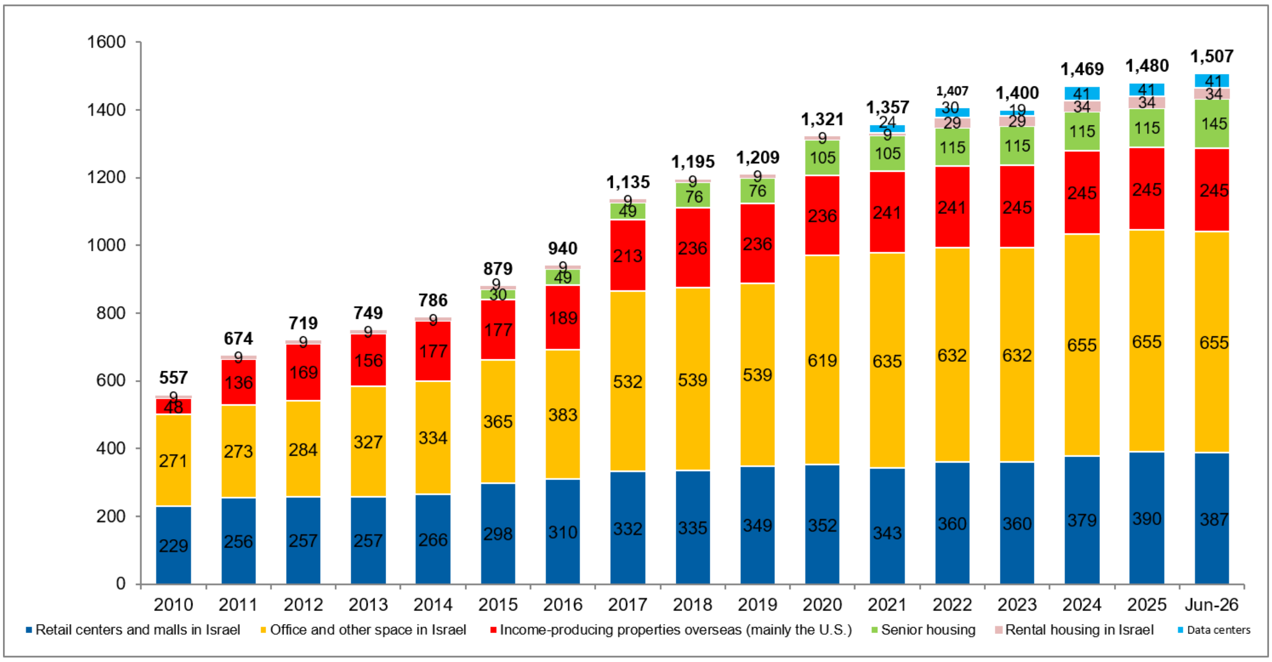
The impact of the war on property development – The Company is continuing to develop and initiate the construction of new properties, and to expand and renovate existing properties. In this context, it is noted that given the fact that work on some of the properties was halted for some time at the start 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 30 June 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 30 June 2026, by operating segment:

- Retail centers and malls in Israel – ~99%;[9]
- Leasable office and other space in Israel – ~96%;[9]
- Income-producing properties in the U.S. – ~64%;
- Senior housing in Israel – ~97%;[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 30 June 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.

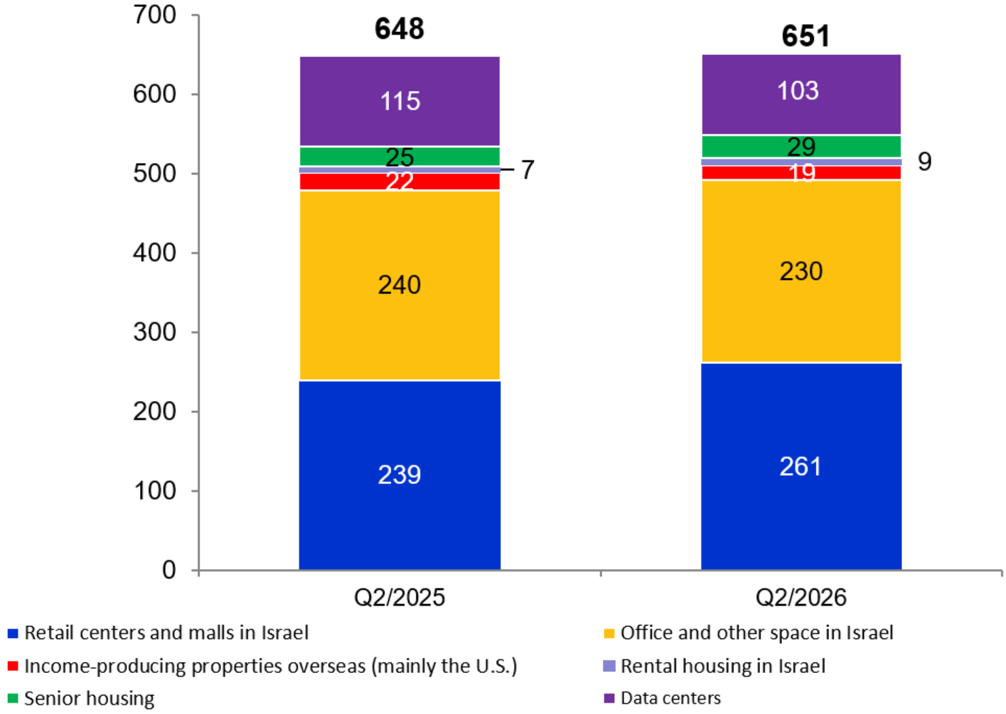
2.5.1. NOI Data

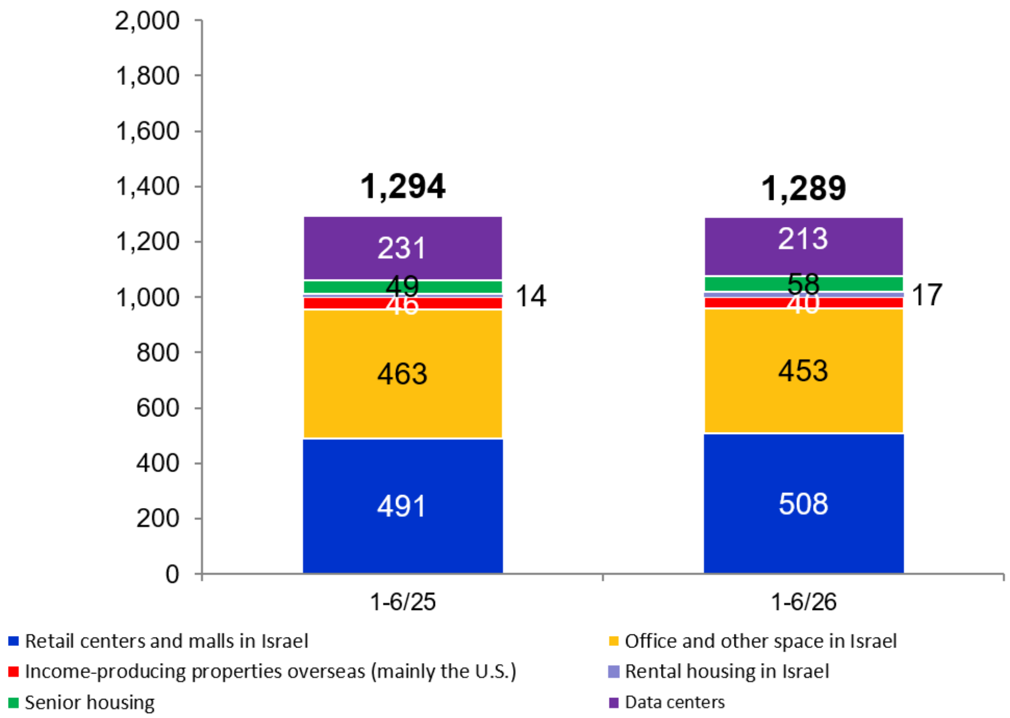
For the purpose of calculating the NOI, on the revenues side – all of the income from tenants (including rent, management fees and other payments) is taken into account, and for the purpose of calculating the costs – all operating expenses in respect of the properties are taken into account, including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

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

[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.

NOI





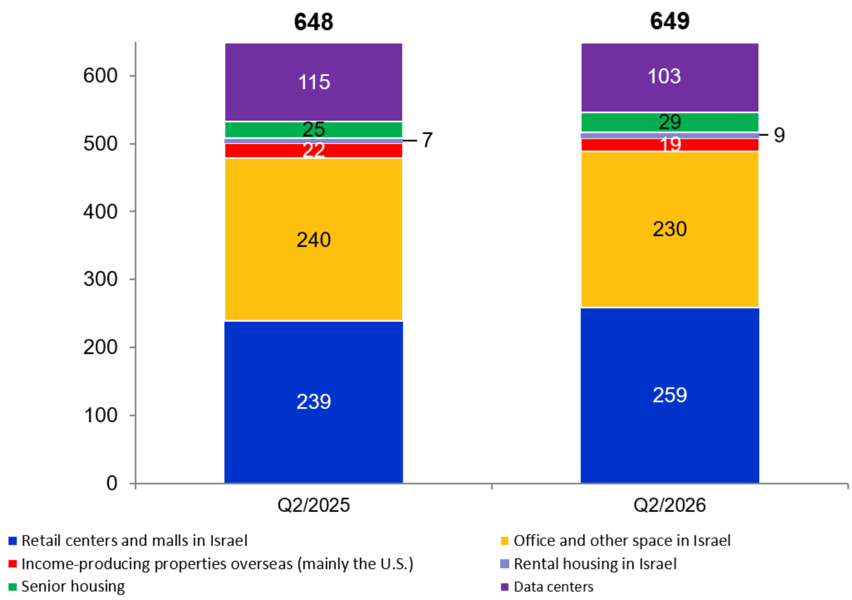
Figures are presented in millions of NIS.

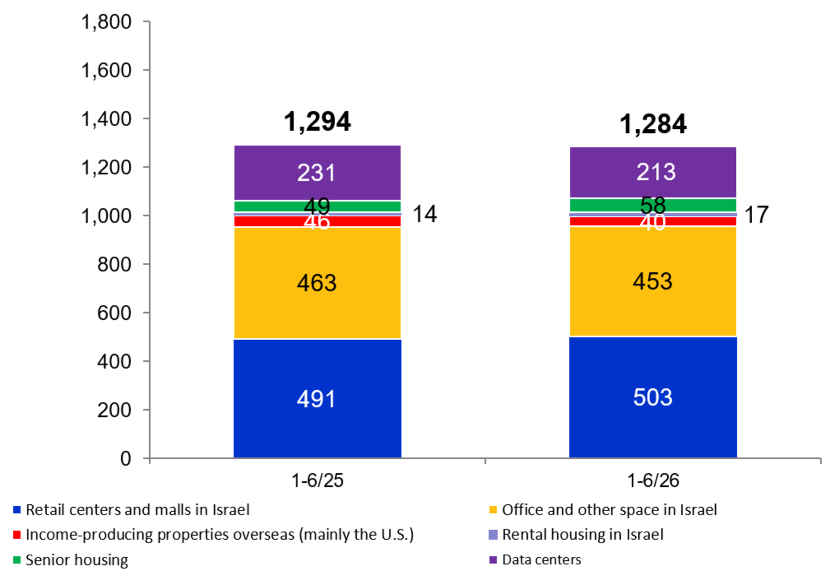
For explanations with respect to the change in the NOI, see Sections 2.9, 2.10, 2.11, 2.12, 2.13 and 2.14 below.

2.5.2. Same-Property NOI Data

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

Same-Property NOI





Figures are presented in millions of NIS.

The decrease in the same-property NOI in the period was mainly affected by the DC segment, primarily due to a decline in the average EUR and NOK exchange rates, as well as by the offices segment due to one-time compensation received from a tenant that vacated the Sarona property in the corresponding quarter.

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 housing[14], excluding Data Centers[15], excluding rental housing[16] and excluding hotels[17] of the Group, as of 30 June 2026:

Calculation of the Weighted Cap Rate for the Report Period	
Total investment property in the statement	**52,882**
Net of value attributed to investment property under construction	**3,969**
Net of value attributed to land reserves	**1,943**
Net of value attributed to income-producing senior housing	**3,083**
Net of value attributed to DC properties	**9,958**
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	**1,654**
Total value of income-producing investment property (including the fair value of vacant space)	**32,275**
Actual NOI in the Quarter ended 30 June 2026 (excluding senior housing, DC and rental housing)	**510**
Additional future quarterly NOI (1)	**40**
Total standardized NOI	**550**
Proforma annual NOI based on the standardized NOI (excluding senior housing, Data Centers, and rental housing)	**2,200**
Weighted cap rate derived from income-producing investment property (including vacant space) (2)	**6.83%**

Financials are presented in millions of NIS.

(1) The figure includes adjustment to the NOI as included in the valuations as of 30 June 2026, 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, 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 FFO[18]

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 and were therefore not included in investment property. For some of the income-producing properties, the weighted cap rate is 6.82%.

[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		For the six months ended		For the year ended
	30 June 2026	30 June 2025	30 June 2026	30 June 2025	31 Dec. 2025
Net income for the period attributable to shareholders	155	320	695	777	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)	(10)	-	(14)	-	(11)
Profit adjustments:					
Net decrease (increase) in the value of investment property and property, plant and equipment	35	(193)	(243)	(445)	(1,128)
Depreciation and amortization	2	2	4	4	8
Net non-cash flow financing and other income	(101)	(74)	(128)	(108)	(232)
Tax expenses	(45)	32	87	163	412
Effect of losses (profits) of an associate	13	-	(16)	-	(154)
Non-recurring expenses (income)[7]	(11)	(10)	18	48	86
Total profit adjustments	(107)	(243)	(278)	(338)	(1,008)
Plus interest paid for tangible investments[3]	6	-	13	-	5
Total nominal FFO according to the provisions of the Fourth Schedule to the Prospectus Details Regulations, specific to the income-producing real estate business, excluding the cash flow of financing the development pipeline [4]	44	77	416	439	875
Expenses due to share-based payment	3	7	8	9	18
Special bonus for restructuring and establishment of GMG	-	28	-	28	28
Total cash flow of financing the development pipeline[6]	47	36	90	65	150
Linkage differentials and exchange rate differentials on assets and liabilities (net of tax effect)	338	286	333	344	571
Cash flow from incoming resident deposits net of outgoing resident deposits[2]	10	6	10	22	94
Net of income from forfeiture of deposits to residents	(16)	(15)	(32)	(30)	(62)
Total FFO attributed to the income-producing real estate business, according to the management's approach[5]	426	425	825	877	*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 19 million and approx. NIS 15 million in the six and three months ended 30 June 2026 (approx. NIS 25 million and approx. NIS 8 million in the six and three months ended 30 June 2025 and approx. NIS 100 million in Y2025).

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

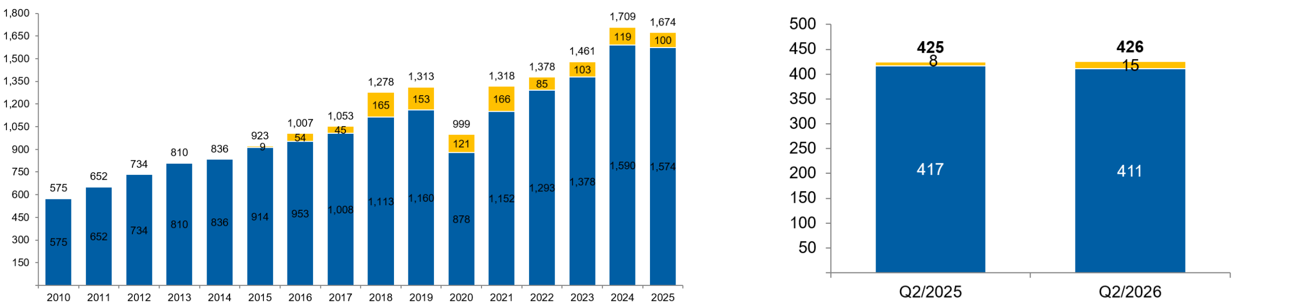
(7) In the corresponding quarter in respect of the sale of Compass net of costs derecognized as a result of non-consummation of a transaction, in Y2025 mainly in respect of costs deriving from non-consummation of a transaction.

*** 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:

Development of FFO from the Income-Producing Real Estate Business in Recent Years

Annual Data	Quarterly Data



Excluding Senior Housing Senior housing

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	30 June 2026	30 June 2025
Equity attributable to the Company's shareholders in the financial statements	25,797	24,405
Goodwill created against a reserve for deferred taxes	(211)	(227)
Plus a tax reserve in respect of the revaluation of investment property to fair value (net of minority interests)	6,163	5,820
EPRA NRV	31,749	29,998
EPRA NRV per share (NIS)	255	247

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

2.8.2. EPRA NTA

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

EPRA NTA	30 June 2026	30 June 2025
Equity attributable to the Company's shareholders in the financial statements	25,797	24,405
Goodwill created against a reserve for deferred taxes	(211)	(227)
The balance of goodwill which is not against a reserve for deferred taxes as stated in the Company's balance sheet	(1,184)	(1,291)
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)	3,081	2,910
EPRA NTA	27,483	25,796
EPRA NTA per share (NIS)	221	213

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

2.8.3. EPRA NDV

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

EPRA NDV	30 June 2026	30 June 2025
Equity attributable to the Company's shareholders in the financial statements	25,797	24,405
Goodwill created against reserve for deferred taxes	(211)	(227)
Balance of goodwill that is not against a reserve for deferred taxes as stated in the Company's balance sheet	(1,184)	(1,291)
Adjustment of the value of financial liabilities to fair value	218	914
EPRA NDV	24,620	23,801
EPRA NDV per share (NIS)	198	196

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

AZRIELI GROUP'S INCOME PRODUCING REAL ESTATE*

MALLS & SHOPPING CENTERS

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

OFFICES & OTHERS in Israel

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

OVERSEAS

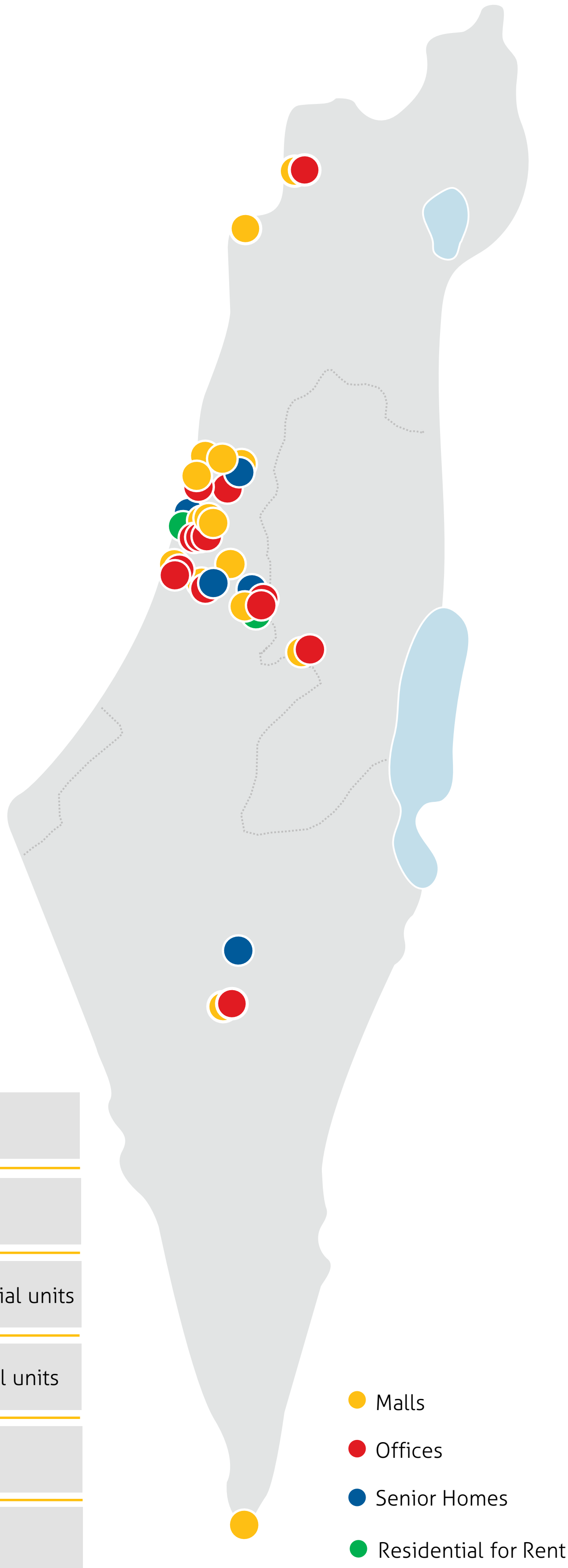
Galleria
1 Riverway
3 Riverway
Plaza
8 West
Aspen Lake II
San Clemente
Leeds

SENIOR HOMES

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

RESIDENTIAL FOR RENT

Azrieli TOWN
Azrieli Modi'in
Azrieli TOWN Modi'in



***23 malls & retail centers	387 thousand sqm	
17 office buildings	655 thousand sqm	
5 senior homes	145 thousand sqm	1,415 residential units
3 Residential for rent properties	34 thousand sqm	357 residential units
8 office buildings overseas	245 thousand sqm	
Total	**1,466 thousand sqm**	

*As of June 30, 2026.
**GLA (gross leasable area) is based on the Company's share excludes DCs.
***Excluding the assets of Zemach Hammerman

Azrieli Group's DATA Centers investments (1)(4)

Green Mountain

100% Ownership

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**

OSL1-Enebakk, Norway

Data center located 20 km outside Norway's capital

Max Sellable IT Power **76 MW**

OSL2-Hamar, Norway

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

Max Sellable IT Power **120+30 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**

LON1-Romford, England

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

Max Sellable IT Power **40 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**

Undheim, Norway

Stavanger Built-to-suit project for customer, next to Build Date Under construction, Land Owned airport

Max Sellable IT Power(4) **80 MW**

(1) As of June 30, 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 the period between January and June 2026 were ~0.7% higher, and in the period between April and June 2026 were ~8.3% higher, year-over-year, respectively. The figures presented are net of the effect of the reduction in space at Azrieli Tel Aviv mall, due to the performance of work in the mall areas to connect it to the Spiral tower.

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 ~1,850 tenants.

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

Azrieli Group has 23 malls and retail centers in Israel with a total GLA of ~387 thousand sqm.[19]

Balance of the properties in the retail centers and malls in Israel segment – totaled approx. NIS 16.9 billion on 30 June 2026, similar to the balance of the segment properties on 31 December 2025. The balance reflects investments in the segment properties in the period, net of the revaluation losses recorded in the period from value adjustment. The properties are presented according to valuations prepared by an independent appraiser as of 30 June 2026.

Change due to fair value adjustment of the segment's investment property and investment property under construction – the loss from fair value adjustment of the segment's investment property and investment property under construction in the period totaled approx. NIS 201 million, which includes the effect of a valuation for the Lot 10 project in Modi'in, which is currently under construction, projected investments, and the impact of reduction of GLA at Azrieli mall due to its connection to the Spiral tower, compared to a profit of approx. NIS 42 million in the same period last year.

[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							
	For the Three Months Ended			For the Six Months Ended			For the Year Ended
	Rate of Change	30.6.2026	30.6.2025	Rate of Change	30.6.2026	30.6.2025	31.12.2025
Revenues	8%	**335**	310	4%	**656**	631	**1,245**
NOI	9%	**261**	239	3%	**508**	491	**949**

Figures are presented in millions of NIS.

The increase in NOI in the retail centers and malls in Israel segment in the Quarter, compared to the corresponding quarter, was primarily driven by the impact of Operation Rising Lion on operations in June 2025. Additionally, the increase in the first six months of 2026 compared to the same period last year, which was also affected by Operation Rising Lion, was partially offset by the impact of Operation Roaring Lion and by the performance of work at Azrieli Tel Aviv mall to connect it 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		For the Six Months Ended	
	30.6.2026	30.6.2025	30.6.2026	30.6.2025
NOI from segment properties owned by the Company as of the beginning of the period	**259**	**239**	**503**	**491**
NOI from properties purchased in 2025	**2**	**-**	**5**	**-**
Total NOI from all properties	**261**	**239**	**508**	**491**

Figures are presented in millions of NIS.

The increase in same-property NOI in the malls and retail centers in Israel segment was driven by the impact of Operation Rising Lion on operations in June 2025. Additionally, the increase in the first six months of 2026 compared to the same period last year, which was also affected by Operation Rising Lion, was partially offset by the impact of Operation Roaring Lion and by the performance of work at Azrieli Tel Aviv mall to connect it 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 18.3 billion on 30 June 2026, similar to the balance of the segment properties on 31 December 2025. The balance reflects investments in the segment properties in the period, net of classification of the Spiral-tower hotel as property, plant and equipment, and net of revaluation losses in the period. The properties are presented according to valuations prepared by an independent appraiser as of 30 June 2026.

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 period totaled approx. NIS 19 million, which includes the impact of projected investments and of a valuation for the Lot 10 project in Modi'in, which is currently under construction, compared to a profit of approx. NIS 200 million in the same period last year, which mainly derived from the effect of the rise in the CPI on the value of the properties.

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

Summary of the Business Results of the Leasable Office and Other Space Segment							
	For the Three Months Ended			For the Six Months Ended			For the Year Ended
	Rate of Change	30.6.2026	30.6.2025	Rate of Change	30.6.2026	30.6.2025	31.12.2025
Revenues	(3%)	**282**	290	(1%)	**556**	563	**1,116**
NOI	(4%)	**230**	240	(2%)	**453**	463	**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		For the Six Months Ended	
	30.6.2026	30.6.2025	30.6.2026	30.6.2025
NOI from segment properties owned by the Company as of the beginning of the period	**230**	**240**	**453**	**463**
NOI from properties purchased or whose construction was completed	-	-	-	-
Total NOI from all properties	**230**	**240**	**453**	**463**

Figures are presented in millions of NIS.

The decrease in same-property NOI in the office and other space in Israel segment was primarily due to one-time compensation received in the same period last year from a tenant that vacated Azrieli Sarona, and was partially offset by full occupancy of the vacated space as well as the rise in the CPI, to which the lease agreements are linked.

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 five operating senior homes: Palace Tel Aviv, Palace Ra'anana (formerly Ahuzat Bayit), Palace Modi'in (construction of which was completed in Q3/2018), Palace Lehavim and Palace Rishon Lezion, construction of which was completed in the Report Period and is under initial occupancy. In addition, the Group 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

Azrieli Group has 5 operating senior homes with aboveground built-up areas of ~145 thousand sqm (excluding areas attributed to the LTC unit and to retail areas), which comprise ~1,415 senior housing units.

Balance of the Group's properties in the senior housing segment – totaled approx. NIS 4.5 billion on 30 June 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, compared with a loss of approx. NIS 33 million in the same period last year due to payment of purchase tax.

[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 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 Six Months Ended			For the Year Ended
	Rate of Change	30.6.2026	30.6.2025	Rate of Change	30.6.2026	30.6.2025	31.12.2025
Revenues	7%	**78**	73	9%	**156**	143	**295**
NOI	16%	**29**	25	18%	**58**	49	**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.

The table below presents the segment's NOI development:

Development of the NOI of the Senior Housing Segment				
	For the Three Months Ended		For the Six Months Ended	
	30.6.2026	30.6.2025	30.6.2026	30.6.2025
NOI from segment properties owned by the Company as of the beginning of the period	**29**	**25**	**58**	**49**
NOI from properties whose construction was completed in 2025	-	-	-	-
Total NOI from all properties	**29**	**25**	**58**	**49**

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 H1/2026, 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 1.4 billion on 30 June 2026 compared with approx. NIS 1.5 billion on 31 December 2025. The change is mainly due to the decline in the USD exchange rate. 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 – no change was recorded in the fair value of the investment property in the period, compared to a profit of approx. NIS 1 million in the same period last year.

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

Summary of the Business Results of the Income-Producing Properties in the U.S. Segment

	For the Three Months Ended			For the Six Months Ended			For the Year Ended
	Rate of Change	30.6.2026	30.6.2025	Rate of Change	30.6.2026	30.6.2025	31.12.2025
Revenues	(17%)	**45**	54	(15%)	**94**	110	**216**
NOI	(14%)	**19**	22	(13%)	**40**	46	**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		For the Six Months Ended	
	30.6.2026	30.6.2025	30.6.2026	30.6.2025
NOI from segment properties owned by the Company as of the beginning of the period	**19**	**22**	**40**	**46**
NOI from properties purchased in 2025	-	-	-	-
Total NOI from all properties	**19**	**22**	**40**	**46**

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

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.

[21] The "Company's share" – net of the share of other interest holders in certain assets.

[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.

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] In the Report Period, the acquisition of the company that owns the land on which the Operating Campus is built was closed.

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.

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 continued exploring such capital financing options 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.

2.13.1. 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.

After the Report Period, a wholly-owned (indirectly) subsidiary of the Company entered into an agreement with a foreign company for the provision of ~13.6 MW of DC services, for an 8-year term, on the part of the Operating Campus where the expansion work is being carried out. The average annual NOI from the transaction is expected to total approx. £24.9 million (approx. NIS 98 million).

For further details, see the Company's immediate report of 12 August 2026 (Ref. 2026-01-075460).

The TikTok project

Further to immediate reports of the Company[25] 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**").

[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.

[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.

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).

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.

<u>Engagement in an agreement for the provision of DC services on a campus in the Frankfurt region of Germany</u>

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] In the Report Period, construction of the two additional buildings on the campus began.

<u>Engagement in an agreement for the provision of DC services on a campus in Norway</u>

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.

<u>Engagement in a financing agreement for the refinancing of existing loans</u>

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]

<u>Engagement in an agreement for the provision of DC services in an operating property in Norway</u>

After the Report Period, a wholly owned (indirectly) subsidiary of the Company entered into an agreement with an international tech company for the provision of 5 MW of DC services at one of the income-producing (operating) properties in Norway for a 15-year term (with an option for the customer to extend the service period from time to time by an additional

[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.

period that shall not exceed 15 years). The average annual NOI from the transaction is expected to total approx. NIS 24 million[29].

2.13.2. 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 12 billion on 30 June 2026, compared with approx. NIS 11.2 billion on 31 December 2025. The increase mainly derives from investments in the segment properties and from revaluation profits recognized in the period, net of the effect of the exchange rate fluctuations. The properties are presented according to valuations prepared by independent appraisers as of 30 June 2026.

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 525 million in the Report Period, deriving primarily from a decrease in cap rates for properties under construction, alongside the shortening of the expected timeframe until projects in construction stages generate revenue, compared with a profit of approx. NIS 228 million in the same period last year.

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

Summary of the Business Results of the DC Segment

	For the Three Months Ended			For the Six Months Ended			For the Year Ended
	Rate of Change	30.6.2026	30.6.2025	Rate of Change	30.6.2026	30.6.2025	31.12.2025
Revenues	4%	221	213	5%	445	423	844
NOI	(10%)	103	115	(8%)	213	231	449

Figures are presented in millions of NIS.

The year-over-year increase in revenues in the Quarter and in the Report Period in the DC segment mainly derived from an increase in electricity sales and the commencement of income generation from new contracts. Conversely, the decrease in the NOI in the Report Period primarily resulted from a decline in the average EUR and NOK exchange rates 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		For the Six Months Ended	
	30.6.2026	30.6.2025	30.6.2026	30.6.2025
NOI from segment properties owned by the Company as of the beginning of the period	103	115	213	231
NOI from properties whose construction was completed in 2025	-	-	-	-
Total NOI from all properties	103	115	213	231

Figures are presented in millions of NIS.

[29] The information included in this report regarding the estimated average annual NOI from the transaction constitutes forward-looking information, as defined in the Securities Law, 5728-1968, which there is no certainty will materialize and/or may materialize in a materially different manner than described above. The said information is based primarily on the Company's plans and their estimates, and assumptions, which are uncertain. The information presented above may not materialize due to factors beyond the Company's control, including, *inter alia*: non-receipt of the necessary financing for construction of the project; lack of sufficient power supply for the project and/or non-receipt of the required permits for the construction and ongoing operation of the project; delays in the construction of the project for whatever reason, including delays in receiving the equipment required for the project's construction, defects in the project and/or service failures in provision of the services; changes in costs of construction of the project for whatever reason; regulatory changes; macroeconomic or industry changes in the DC sector, and/or the materialization of any of the risk factors specified in Section 31.5 of Part A of the Company's 2025 Periodic Report, which was released on 19 March 2026 (Ref. 2026-01-024426), which is incorporated herein by reference.

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.

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

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

Balance of the Group's investment property in the rental housing in Israel segment – totaled NIS 2.1 billion as of 30 June 2026, compared to NIS 2 billion on 31 December 2025. The change mainly derives from investments in the period.

Change due to fair value adjustment of the segment's investment property and investment property under construction – the loss from fair value adjustment of the segment's investment property and investment property under construction in the period totaled approx. NIS 9 million, compared with a profit of approx. NIS 7 million in the same period last year. The properties are presented according to valuations prepared by an independent appraiser as of 30 June 2026.

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

Summary of the Business Results of the Rental Housing in Israel Segment

	For the Three Months Ended			For the Six Months Ended			For the Year Ended
	Rate of Change	30.6.2026	30.6.2025	Rate of Change	30.6.2026	30.6.2025	31.12.2025
Revenues	11%	**10**	9	18%	**20**	17	**36**
NOI	29%	**9**	7	21%	**17**	14	**30**

Figures are presented in millions of NIS.

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

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

Development of the NOI of the Rental Housing in Israel Segment

	For the Three Months Ended		For the Six Months Ended	
	30.6.2026	30.6.2025	30.6.2026	30.6.2025
NOI from segment properties owned by the Company as of the beginning of the period	9	7	17	14
NOI from properties whose construction was completed in 2025	-	-	-	-
Total NOI from all properties	9	7	17	14

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 Company is working on renovating the Hotel and exercising the building rights for its expansion, such that it will comprise ~247 rooms/suites and an underground car park with ~210 parking spaces. 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.[30]

As part of the Company’s operations, 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.

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

3 | RESIDENTIAL SALES SEGMENT

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.[31]

As of the Report Release Date, ZMH Hammerman is involved in 27 projects at various stages of planning, development, construction and marketing, as follows: (1) two residential projects in Ramat Gan; (2) six residential projects in Tel Aviv; (3) a residential and retail project in Nahariya (in five phases); (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 1,055 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.

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

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 2.2 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 30.6.2026	**For the six months ended 30.6.2026**
Operating segment's revenues (on a consolidated basis)	**115**	**249**
Operating segment's profit (on a consolidated basis)	**14**	**38**
Operating segment's profits (corporation's share)	**14**	**38**
Total operating segment assets in the balance sheet (on a consolidated basis)	**2,349**	**2,349**
Gross profit rate	**12%**	**15%**

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[32]	Company's share in the project	Completion rate as of 30 June 2026	Sales from 1 July 2026 until shortly before the Report Release Date[33]	Apartment sales Jan-June 2026[34]	Apartment sales April-June 2026	Apartment sales Jan-June 2025[33]	Apartment sales April-June 2025	Apartment sales Y2025[33]	Total apartments sold as of 30 June 2026	Sales %
Achziv in Nahariya, Phases A+B	432	50%	100%	--	1	--	--	--	429	430	99.54%
Achziv in Nahariya, Phase C	192	50%	100%	--	2	--	3	3	179	181	94%
Achziv in Nahariya, Phase D	76	50%	79%	--		--	10	3	52	52	68%
Achziv in Nahariya, Phase E	170	50%	--	7	21	7	--	--	36	57	34%
Andromeda Hill in Jaffa	56	33%	100%	--	1	--	1	1	54	55	98%
Weizmann-Pinkas in Tel Aviv*	32	50%	100%	--	3	1	1	--	28	31	97%
HaAgam in Ramat Gan*	125	50%	100%	--	5	3	1	1	117	122	98%
Neve Gan, Phase A, Lots 28 and 30	299	50%	82%	--	1	--	2	(1)	264	265	89%
Neve Gan, Phase B, Lot 27	170	25%	39%	2		--	--	(2)	127	127	75%
Neve Gan, Phase C, Lot 29**	79	50%	0%	--	1	--		--	--	1	1%
Mitzpe Rina, Phase A**	188	100%	36%	6	6	4	11	2	60	66	35%
Jaffa-Tel Aviv (Maccabi Jaffa) Lots 102, 103-105, 116, 117**	628	33%	23%	--	67	8	21	3	337	404	64%
Krinitzi HaHadasha in Ramat Gan	56	33%	62%	2	4	3	2	1	34	38	68%
Bat Galim/Cheyl HaYam**	348	50%	39%	4	14	14	--	--	--	14	4%
Easy (Savoraim) in Tel Aviv**	60	50%	0%	--	1	--	--	--	12	13	22%
Total	2,911	--		21	127	40	52	11	**1,729**	1,856	**64%**
Total apartments (Company's share)	1,381			13	54	20	27	6	**791**	845	

* 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".

[32] Excluding landowner apartments.
[33] As of 9 August 2026.
[34] Excluding contracts terminated with the Company's consent.

** 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):[35]

Item	Sales from 1 July 2026 until shortly before the Report Release Date	Apartment sales Jan-June 2026[33]	Apartment sales April-June 2026[33]	Apartment sales Jan-June 2025[33]	Apartment sales April-June 2025[33]	Apartment sales Y2025[33]
Total aggregate value (excluding VAT)	63,355	254,931	104,710	117,523	21,612	**591,677**
Total value - Company's share (excluding VAT)	34,812	122,770	58,324	63,685	13,025	**261,883**
Average apartment price (excluding VAT)[36]	3,017	2,007	2,618	2,260	1,965	**1,959**

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

Project[37]	Location	Company Share (%)	No. of Apart-ments[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		1,500	Land reserve
Efron[38]	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 HaIr Karmiel (Karmiel senior housing)[39]	Karmiel	50%	666		5,560	Land reserve
Korazin[40]	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**	**45,187**	

[35] 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.

[36] Price mainly affected by apartment mix sold in the period.

[37] Construction work has not yet begun on projects appearing in this table.

[38] 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).

[39] 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.

[40] 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 Development[41]

No.	Project	Location	Company share (%)	Project type	No. of existing apart-ments (no. of apart-ments for eviction)	No. of apart-ments 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 commen-cement of apartment owners' signature procure-ment	Estimated date for closing engage-ments with required majority of existing apartment owners	Percentage of apart-ments for which a binding engage-ment was made out of total existing apartments	Current statutory planning status
1.	18-20 Rokach	Ramat Gan	50%	Redevelop-ment	28	N/A	83	55	2020	N/A	82%	Zoning plan under prep.
2.	Site 104 (HaPodim)	Ramat Gan	50%	Redevelop-ment	77	N/A	294	217	2021	N/A	71%	Zoning plan under prep.
3.	Site 22 - Pnei HaGiv'a	Ramat Gan	50%	Redevelop-ment	72	N/A	187	115	2023	2027	51%	Zoning plan under prep.
4.	Shmuel HaNatziv	Netanya	100%	Redevelop-ment	56	N/A	179	123	2022	N/A	78%	Zoning plan under prep.
5.	Jean Jaurès	Holon	100%	Redevelop-ment	54	N/A	191	137	2022	N/A	74%	Valid zoning plan, CD in progress
6.	Site 10	Ramat Gan	50%	Redevelop-ment	30	N/A	85	55	2022	N/A	90%	Zoning plan under prep.
7.	Salanter	Tel Aviv	100%	Redevelop-ment	96	N/A	232	136	2022	N/A	80%	Zoning plan under prep.
8.	Site 34	Ramat Gan	50%	Redevelop-ment	69	N/A	179	110	2023	N/A	75%	Zoning plan under prep.
9.	Jabotinsky	Tirat HaCarmel	100%	Redevelop-ment	96	N/A	578	482	2022	N/A	68%	Prelim. planning
10.	Moshe Sharett	Holon	50%	Redevelop-ment	204	N/A	780	576	2022	N/A	72%	Zoning plan under prep.
11.	Henrietta Szold Site	Kiryat Shmona	50%	Redevelop-ment	83	N/A	750	667	2023	2026	36%	Prelim. planning
12.	Arlozorov 174-176[42]	Tel Aviv	50%	Arlozorov plan[43]	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%	Redevelop-ment	224	N/A	550	326	2023	N/A	67%	Prelim. planning
15.	HaNevi'im Site	Ramat Hasharon	100%	Redevelop-ment	96	N/A	276	180	2023	N/A	78%	Zoning plan under prep.
16.	Yecheskel Site	Pardes Hanna	50%	Redevelop-ment	172	N/A	777	605	2024	2026	37%	Prelim. planning
17.	Eli Cohen Site	Kfar Saba	50%	Redevelop-ment	223	N/A	700	477	2024	N/A	76%	Prelim. planning
18.	Site 3[44]	Givatayim	50%	Redevelop-ment	88	N/A	200	112	2025	N/A	75%	Prelim. planning
19.	Nofey Romema	Tirat HaCarmel	75%	Redevelop-ment	182	N/A	1,088	906	2025	N/A	69%	Zoning plan deposited
20.	HaAmora'im	Tel Aviv	100%	Shakked alternative	76	N/A	172	96	--	2026	45%	Prelim. planning
21.	Jehoshaphat	Ramat Gan	50%	Redevelop-ment	76	N/A	216	140	2025	2026	61%	Prelim. planning
22.	Herzliya	Herzliya	50%	Redevelop-	98	N/A	285	187	--	N/A	69%	Prelim.

[41] 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.

[42] Tenants have been contacted to negotiate reduced consideration.

[43] 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.

[44] 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 apart-ments (no. of apart-ments for eviction)	No. of apart-ments 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 commen-cement of apartment owners' signature procure-ment	Estimated date for closing engage-ments with required majority of existing apartment owners	Percentage of apart-ments for which a binding engage-ment was made out of total existing apartments	Current statutory planning status
	Heights			ment								planning
23.	HaNe'urim Site	Ramat Gan	50%	Redevelop-ment	107	N/A	291	185	2025	2026	46%	Prelim. planning
24.	Site 35	Ramat Gan	50%	Redevelop-ment	68	N/A	174	106	2025	2026	49%	Prelim. planning
25.	HaBroshim	Karmiel	50%	Redevelop-ment	68	N/A	420	352	2025	2026	65%	Prelim. planning
26.	Dafna 504[41]	Tel Aviv	50%	Redevelop-ment	66	N/A	201	135	2022	N/A	96%	Valid zoning plan, CD in progress
27.	Ein Gev[41]	Tel Aviv	100%	Redevelop-ment	54	N/A	141	87	2023	N/A	80%	Valid zoning plan, CD in progress
28.	Sokolov HaNotrim	Herzliya	100%	Redevelop-ment	68	N/A	239	176	2026	2027	51%	Prelim. planning
Total		--	--		**2,595**	--	**9,404**	**6,815**			--	--

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 | NON-REAL ESTATE BUSINESS

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 30 June 2026(2)	**1,841**
Change in fair value in the Report Period	**(96)**
Fair value of the investment as presented in the financial statements as of 30 June 2026	**1,745**
Income from dividend recorded in the Report Period	**40**

Figures are presented in millions of NIS.

(1) The fair value of the investment in Bank Leumi was determined according to the value of the stock on TASE as of 30 June 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 nine 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						
Modi'in (Lot 10)	Offices & retail	37,000	2026	198	363	580-590
Azrieli Glilot	Offices	43,000	2027	996	838	820-840
Herzliya Glil Yam	Rental housing and retail	19,630	2028	129	129	390-410
Mount Zion hotel	Hospitality	[8] 34,000	2028	533	455	1,005-1,035
Expansion of Azrieli Tel Aviv Center (Spiral Tower)	Retail, offices, hospitality & residence	[4] 150,000	2028	2,558	1,848	3,080-3,280
Sde Dov	Senior housing & retail	42,000	2030	602	633	1,200-1,300
Total		**325,630**		**5,016**	**4,266**	**7,075-7,455**
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	636	570	TBD
Petach Tikva land[7]	Offices & retail	53,000	TBD	97	101	TBD
Total		**324,000**		**1,115**	**1,034**	
Total		**649,630**		**6,131**	**5,300**	

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

1. With respect to uses of the senior housing and/or rental apartments, the figure represents rights in sqm.
2. As of 30 June 2026.
3. Includes land and excludes capitalizations and tenant fit-outs as of 30 June 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. As of the Report Release Date, the Company is working on obtaining the necessary approvals and permits to convert the project's residential rental space into office space.
5. The building rights were purchased in the context of acquisition of the income-producing property in May 2018. The Company is working on increasing the building rights to ~90,520 sqm.
6. Includes additional land (~27,000 sqm of marketable space) that was originally purchased in the framework of an ILA tender and was part of the Holon Manor land. In the context of consolidation of parcels, the building rights in the lot increased by ~30,000 sqm (such that the building rights in the consolidated lot total ~250,000 sqm).
7. The data presented relate to the existing zoning plan for the land. The Group is in the process of increasing the building rights in the project to 280,000 sqm.
8. Includes both the existing area and the additional rights, since the Company intends to expand and renovate the entire Hotel.

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

Description of the properties under construction and the land reserves

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 renovating the Hotel and exercising the building rights for expansion of the Hotel to comprise ~247 rooms/suites and an underground car park with ~210 parking spaces. 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.

Azrieli Glilot – On 17 January 2022, a transaction was closed for the acquisition of a company which holds leasehold rights in land located in the North Glilot site, on part of which the Company will build a campus for SolarEdge Technologies Ltd. ("**SolarEdge**"). The project will include ~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 construction work is ongoing. As of the Report Release Date, the Company is working on obtaining the necessary approvals and permits to convert the project's residential rental space into office rental space.

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 Glil Yam), which includes lots 100 and 102. According to the provisions of the tender, the land is designated for multi-family residential buildings, for long-term rentals for a period of no less than 20 consecutive years from the date of completion of construction. The project is expected to 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.

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 in June 2026, the full building permit was received.

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 areas[45]. 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 December 2026.

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

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

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

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

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.

[45] 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.

DEVELOPMENT PIPELINE*

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

EXPANSION OF AZRIELI TEL AVIV CENTER (SPIRAL TOWER)

Use	Retail, offices, hotel and residence	**Estimated completion**	2028
GLA	150,000 sqm	**Status**	Under Construction

AZRIELI HOLON 3

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

MOUNT ZION HOTEL JERUSALEM

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

MODI'IN (LOT 10)

Use	Retail and offices
GLA	37,000 sqm
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.

RAMAT HASHARON

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

AZRIELI TOWN BUILDING E

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

PETACH TIKVA LAND

Use	Offices and retail
GLA	53,000 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 30 June 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 | FUNDING OF THE BUSINESS

6.1. Leverage Ratio of the Group

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

Summary of Balance Sheet Figures out of the Consolidated Statements			
	30.6.2026	**30.6.2025**	**31.12.2025**
Current assets	**6,514**	**3,574**	**5,737**
Non-current assets	**59,364**	**56,128**	**57,835**
Current liabilities	**6,648**	**4,979**	**5,565**
Non-current liabilities	**33,414**	**30,293**	**32,690**
Equity attributable to the Company's shareholders	**25,797**	**24,405**	**25,295**
Equity attributable to the Company's shareholders out of total assets (in %)	**39%**	**41%**	**40%**
Net debt to assets (in %)	**37%**	**37%**	**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.[46] 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.

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

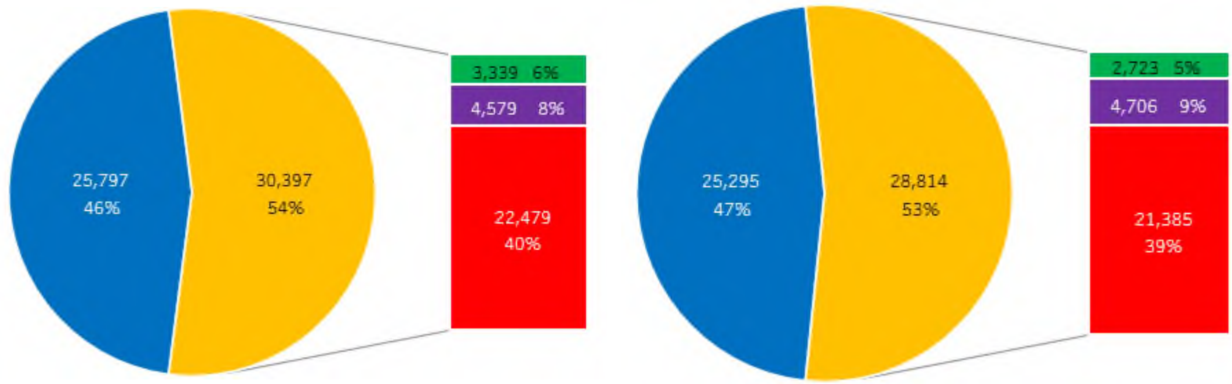
6.2. Composition of Financing Sources

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:

Composition of Capital and Breakdown of Debt of the Group

30 June 2026 | **31 December 2025**



▪ Equity ▪ Long-Term Bonds ▪ Long-Term Loans from Financial Corporations ▪ Credit and Current Maturities from Financial Corporations and Bonds

Figures are presented in millions of NIS and as a percentage out of total equity.

The increase of approx. NIS 1,583 million in the debt balance in the Report Period mainly derives from the raising of Series K bonds, the issuance of CP, an increase in loans of ZMH Hammerman, net of current repayments of bonds. As of the report date, the Group has, on a consolidated basis, a working capital deficit of NIS 134 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 18 August 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.

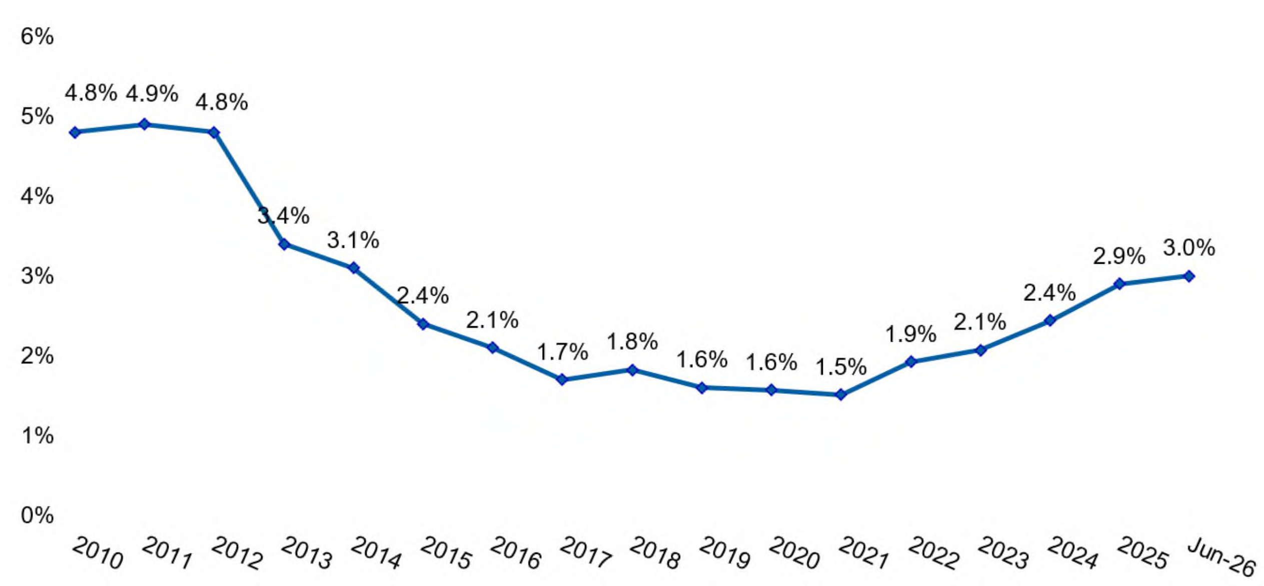
The Group's above estimates in connection with its liquidity and the availability of its financing sources are forward-looking information, as defined in the Securities Law, which is based on the Company's assessments with respect to developments in the markets, inflation levels and projected cash flows 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.

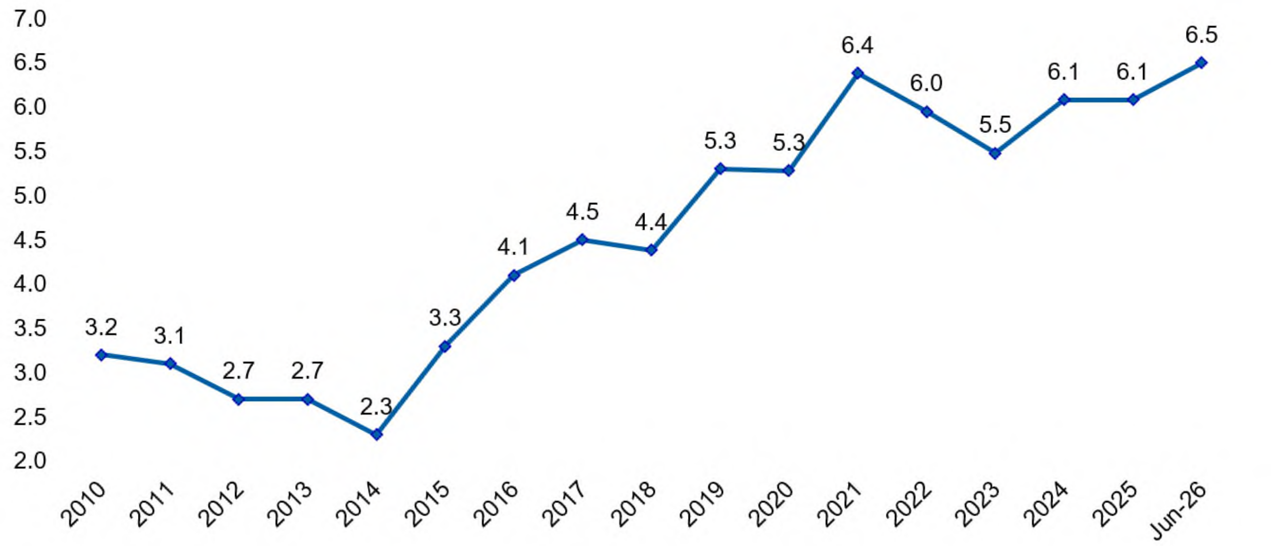
1. Interest Rate at End of Period

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 ilAA+/Stable/ilA-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	-	-	-	-	**1,440**	-	**1,440**	**1,440**
Long-term loans	**25,224**	**747**	-	***2,952**	**34**	**25,971**	**2,986**	**28,957**
Total	**25,224**	**747**	-	**2,952**	**1,474**	**25,971**	**4,426**	**30,397**

Figures are presented in millions of NIS, as of 30 June 2026
*Most of the loan is protected by interest rate hedging.

As of 30 June 2026, short-term loans represented ~5% 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, J and K)

For details with respect to designated disclosure to the holders of the Company's Series D, E, F, G, H, I, J and K 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	**4,220**	**891**	**5,111**
2	**2,178**	**771**	**2,949**
3	**1,291**	**732**	**2,023**
4	**3,649**	**956**	**4,605**
5 forth	**19,059**	**4,145**	**23,204**
Total	**30,397**	**7,495**	**37,892**

Figures are presented in millions of NIS, as of 30 June 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 898 million in the six months ended 30 June 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 30 June 2026, the aggregate amount of liquid assets (cash and cash equivalents) held by the Group totaled NIS 4.5 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 39.7 billion, in addition to the aforesaid liquid assets of approx. NIS 4.5 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.[47] 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 30 June 2026
Properties in the retail centers and malls in Israel segment	**14,383**
Properties in the leasable office and other space in Israel segment	**18,151**
Properties in the rental housing in Israel segment	**2,070**
Other properties (mainly hotels and senior housing)	**3,390**
The Company's holdings in Bank Leumi	**1,745**
Total	**39,739**

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.

[47] 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	**30.6.2026**	**31.12.2025**
Total assets (1)	**65,878**	63,572
Current assets	**6,514**	5,737
Investment property (2)	**52,547**	51,769
Short-term credit (3)	**3,339**	2,723
Loans from banking corporations and other credit providers (4)	**4,579**	4,706
Net bonds (5)	**22,479**	21,385
Total equity attributable to the shareholders (6)	**25,797**	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 0.8 billion, an increase in land inventory in the sum of NIS 0.6 billion, an increase in cash and cash equivalents in the sum of NIS 0.6 billion, and an increase in property, plant and equipment in the sum of NIS 0.4 billion.

(2) The increase mainly derives from the progress of the investments in projects under construction and in the income-producing properties in the Report Period, plus an increase in the fair value of the properties, net of the effects of exchange rate fluctuations.

(3) The increase mainly derives from an increase in CP in the sum of NIS 0.5 billion and an increase in short-term credit of ZMH Hammerman.

(4) The decrease mainly derives from current repayments of loans plus a decrease due to exchange rate fluctuations, net of first-time inclusion of a loan in a company consolidated for the first time.

(5) The increase derives from the raising of Series K bonds plus linkage differentials, net of current repayments in the period.

(6) The increase mainly derives from the net income for the period in the sum of approx. NIS 695 million, plus a net share offering in the sum of NIS 1,394 million, offset by a dividend paid in the sum of NIS 850 million and a loss due to translation differences in the sum of NIS 688 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 Six Months Ended		For the Year Ended
	30.6.2026	30.6.2025	30.6.2026	30.6.2025	31.12.2025
Net income for the period attributable to the shareholders	155	320	695	777	1,889
Net income attributable to the shareholders and to non-controlling interests	155	320	695	777	1,888
Basic earnings per share (NIS)	1.25	2.64	5.65	6.41	15.57
Comprehensive income (loss) to shareholders and to non-controlling interests	(548)	258	(53)	1,384	2,263

Figures are presented in millions of NIS.

The net income in the Report Period totaled NIS 695 million, compared with NIS 777 million in the same period last year. The decrease in the income in the Report Period was mainly affected by a NIS 202 million decrease in investment property revaluation profit, a NIS 15 million increase in general, administrative and marketing expenses, a NIS 38 million increase in net financing expenses, an approx. NIS 5 million decrease in the NOI, net of a NIS 65 million increase in the Company's share in the results of associates, an approx. NIS 30 million increase in the gross profit of ZMH, a NIS 18 million increase in net other income, and a NIS 65 million decrease in tax expenses.

7.2. Comprehensive Income (Loss)

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 six-month period ended 30 June 2026 mainly derives from a loss from translation differences from foreign operations in the sum of NIS 688 million, a loss from a decrease in the fair value of financial assets net of tax in the sum of NIS 73 million, and net of a profit due to cash flow hedging net of tax in the sum of NIS 13 million.

7.3. Results of Operations

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

Results of Operations	For the Three Months Ended		For the Six Months Ended	
	30.6.2026	**30.6.2025**	**30.6.2026**	**30.6.2025**
General, administrative and marketing expenses(1)	**116**	130	**233**	218
Other income (expenses), net(2)	**14**	29	**10**	(8)
Net financing expenses(3)	**413**	371	**568**	530
Income tax expenses (income)(4)	**(14)**	48	**139**	204

Figures are presented in millions of NIS.

(1) The year-over-year decrease in expenses in the Quarter was primarily due to a decrease in G&A expenses at GMG as a result of a special bonus in the sum of NIS 28 million recorded in the corresponding quarter, as well as a decrease in share-based payment expenses and in other G&A expenses. Conversely, the decrease was partially offset by the consolidation of general, administrative, and marketing expenses of ZMH Hammerman in the Quarter. The year-over-year increase in expenses in the Report Period was primarily driven by the consolidation of G&A expenses of ZMH Hammerman, offset by a decrease in share-based payment expenses and in other G&A expenses

(2) The year-over-year decrease in other income, net, in the Quarter was primarily driven by additional proceeds received in the same quarter last year for the sale of Compass, following a favorable arbitration award, offset by an increase in other expenses at GMG. The year-over-year increase in other income, net, in the Report Period was primarily due to costs recorded in the same period last year as a result of non-consummation of a transaction, offset by the additional proceeds received in the same period last year for the sale of Compass, as stated above.

(3) The year-over-year increase in net financing expenses in the Quarter was primarily driven by an increase in interest expenses, linkage differentials, foreign exchange losses, as well as financing income recorded in the same quarter last year in respect of the RW1 refinancing. Conversely, the increase was partially offset by an increase in capitalized financing costs in the Quarter. The year-over-year increase in the Report Period was primarily due to an increase in interest expenses, foreign exchange losses, as well as financing income recorded in the same period last year in respect of the RW1 refinancing. Conversely, the increase was partially offset by a decrease in linkage differentials and an increase in capitalized financing costs.

(4) The year-over-year decrease in tax expenses in the Quarter and in the Report Period is primarily due to a decrease in profit before tax, the utilization of tax hedges, and the impact of non-taxable income.

7.4. Cash Flows

The following table presents the cash flows generated by the Group in Q2/2026 compared with the same quarter in 2025:

Quarterly Cash Flows		
Quarter	**Q2/2026**	**Q2/2025**
Net cash flows generated by the Group from operating activities (1)	**530**	433
Net cash flows used by the Group for investment activities (2)	**(707)**	(1,461)
Net cash flows generated (used) by the Group from financing activities (3)	**626**	(1,518)

Figures are presented in millions of NIS.

(1) The cash flow in the Quarter and in the same quarter last year was primarily driven by operating income from the income-producing real estate totaling approx. NIS 651 million (approx. NIS 648 million in the corresponding period), plus net senior housing deposits, offset by tax payments made and changes in trade receivables and trade payables. The year-over-year increase in the Quarter was due to an increase in net senior housing deposits and a decrease in net income taxes paid.

(2) The cash flow in Q2/2026 was mainly used for the acquisition of and investment in investment property and investment property under construction in the sum of approx. NIS 788 million, for the acquisition of companies that were consolidated for the first time, net of collection of a long-term loan. 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 1,251 million, which includes the purchase of the land in Sde Dov in the sum of NIS 630 million, plus a loan given in the sum

of approx. NIS 83 million and plus payments to institutions made in respect of the acquisition of assets in the sum of NIS 100 million.

(3) The cash flow in Q2/2026 was mainly generated by the issuance of bonds in the sum of approx. NIS 2,074 million and by short-term credit from financial corporations in the sum of approx. NIS 518 million, net of repayment of bonds in the sum of approx. NIS 967 million, the distribution of a dividend in the sum of approx. NIS 850 million and interest payments in the sum of approx. NIS 121 million. The cash outflows in the same quarter last year mainly derived from repayment of bonds in the sum of approx. NIS 820 million and the distribution of a dividend in the sum of approx. NIS 800 million.

Cash Flows for Six-Month Period		
Six-month period	**H1/2026**	**H1/2025**
Net cash flows generated by the Group from operating activities (1)	**324**	850
Net cash flows used by the Group for investment activities (2)	**(1,256)**	(2,145)
Net cash flows generated (used) by the Group from financing activities (3)	**1,554**	(673)

Figures are presented in millions of NIS.

(1) The cash flow in the period and in the same period last year mainly derives from operating income from the income-producing real estate totaling approx. NIS 1,289 million (approx. NIS 1,294 million in the corresponding period), plus net senior housing deposits, net of tax payments made in the period and changes in trade receivables and trade payables and an increase in land inventory. The year-over-year decrease in the Report Period was primarily driven by a change in land inventory in the sum of NIS 574 million, deriving from the purchase of land in the residential sales segment, net of an increase in net senior housing deposits.

(2) The cash flow in the Report Period was mainly used for the acquisition of and investment in investment property and investment property under construction in the sum of approx. NIS 1,249 million, for the acquisition of companies that were consolidated for the first time in the sum of approx. NIS 145 million, for the purchase of property, plant and equipment in the sum of approx. NIS 96 million, net of collection of loans 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 1,824 million, which includes the purchase of the land in Sde Dov in the sum of NIS 630 million, plus investments in property, plant and equipment in the sum of approx. NIS 93 million, plus a loan given in the sum of approx. NIS 148 million and plus payments to institutions made in respect of the acquisition of assets in the sum of NIS 100 million.

(3) The cash flow in the Report Period was mainly generated by the issuance of bonds in the sum of approx. NIS 2,074 million, by a net share offering in the sum of approx. NIS 1,394 million, by short-term credit from financial corporations in the sum of approx. NIS 638 million, net of repayment of bonds in the sum of approx. NIS 1,231 million, the distribution of a dividend in the sum of approx. NIS 850 million and interest payments in the period. The cash outflows in the same period last year were mainly used for repayment of bonds in the sum of approx. NIS 1,078 million, the distribution of a dividend in the sum of approx. NIS 800 million, interest payments in the sum of approx. NIS 329 million, net of receipt of long-term loans, net, from financial corporations in the sum of approx. NIS 1,534 million.

8 | CORPORATE GOVERNANCE ASPECTS

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.

8.7. D&O liability insurance policy

In the Report Period, the Company's Compensation Committee approved an engagement for the purchase of a D&O liability insurance policy for the Company and its subsidiaries, effective from 1 July 2026 through 30 June 2027, with limits of liability of U.S. $120 million per occurrence and for the insurance period, determining that the engagement is on market terms and is not material to the Company.

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

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

For events and developments during the Report Period, see Chapter B hereof – Updates to the Description of the Corporation's Business chapter as of 30 June 2026 and Note 3 to the financial statements as of 30 June 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 of its properties as of 30 June 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. Subsequent Events

See Note 6 to the financial statements as of 30 June 2026.

9.5. Financials Attributable to the Company as a Parent Company

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

9.6. Note on Forward-Looking Information

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

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

The Company's board of directors and management wish to express their high regard for the Company's officers, the managements of the various companies of the Group and their employees, for their welcome contribution to the Group's achievements in the Quarter ended 30 June 2026.

Danna Azrieli,	**Irit Sekler-Pilosof,**
CEO and Director	**Chairwoman of the Board**

Date: 18 August 2026

Annex A

Designated Disclosure to the Bondholders

Annex A - Designated Disclosure to the Bondholders

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

NIS in Millions

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
Series D	7 July 2016 30 March 2017 1 Feb. 2018 13 July 2022	2,194.1 983.6 1,367 625.6	**1,988**	**2,402.9**	**15.5**	**2,394.7**	**2,352.6**	Fixed	1.34	From 5 July 2018 twice a year on 5 January and 5 July of each of the years 2018 through 2030	Starting January 2017, twice a year – on 5 January and on 5 July of each of the years 2017 through 2030	Indexation (principal and interest) to the increase in the Consumer Price Index (CPI) for May 2016*	Name of the trust company: Hermetic Trust (1975) Ltd. Address: Champion Tower, 13th floor, 30 Sheshet Ha-Yamim Road, Bnei Brak Tel.: 03-5274867; Fax: 03-5271039. E-mail address: hermetic@hermetic.co.il Contact person at the trustee: Dan Avnon or Meirav Ofer
Series E	22 Jan. 2019 19 Dec. 2019 20 April 2020	1,215.9 1,216.7 810.7	**1,621.7**	**1,935**	-	**1,950.4**	**1,920.6**	Fixed	1.77	On 30 June of each of the years 2022 through 2028	Starting 30 June 2019, twice a year – on 30 June of each of the years 2019 through 2028 and on 31 December of each of the years 2019 through 2027	Indexation (principal and interest) to the increase in the CPI for December 2018*	
Series F	22 Jan. 2019 19 Dec. 2019 20 April 2020 13 July 2022	263.4 932.6 761.9 1,336.5	**3,212.1**	**3,832.6**	-	**3,943**	**3,847.5**	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*	
Series G	20 July 2021 25 Dec. 2023	1,903.6 673.1	**2,695.6**	**3,168.7**	**13.9**	**3,054.7**	**2,922**	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	

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**	**5,129**	**42.5**	**4,805.7**	**4,712.4**	Fixed	1.69	2 January of each of the years 2032 through 2041	Starting 2 January 2022, twice a year – on 2 January of each of the years 2022 to 2041 and on 2 July of each of the years 2022 to 2040	Indexation (principal and interest) to the increase in the CPI for June 2021*	
	13 July 2022	926.4											
	25 Dec. 2023	1,685											
Series I	24 July 2024	990.5	**5,098.9**	**5,353.7**	**96.4**	**5,507.6**	**5,879.6**	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**	**508.2**	**6.5**	**504.3**	**528.2**	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*	

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
Series K	10 June 2026	2,103	**2,103**	**2,103**	**3.3**	**2,074.2**	**2,097.7**	Fixed	3.02	Ten equal payments, to be paid once a year starting 30 June 2042 until 2051	Starting December 2026, twice a year – on 30 June of each of the years 2027 to 2051 and on 30 December of each of the years 2026 to 2050	Indexation (principal and interest) to the increase in the CPI for April 2026	
Total		**26,574.7**	**21,582.3**	**24,433.1**	**178.1**	**24,234.6**	**24,260.6**						

* The Series D, Series E, Series F, Series G, Series H, Series I, Series J and Series K 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 deed of trusts of each of the Company's Bond Series, and as follows:
   - 2.1. With respect to the deed of trust 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 deed of trust for the Series E Bonds and the deed of trust 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 deed of trust 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 deed of trust 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 deed of trust 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 deed of trust 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).
   - 2.7. With respect to the deed of trust for the Series K Bonds, which was attached to the shelf offering report released by the Company, see the Company's report of 10 June 2026 (Ref. 2026-01-055020).
3. The reports mentioned in Sections 2.1, 2.3, 2.4, 2.5 and 2.6 above (the "**Deed of Trusts**") 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 Deed of Trusts, 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 Deed of Trusts.

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
Series K	Maalot	ilAA+/stable	ilAA+ stable	26 May 2026 (***)	ilAA+ stable	26 May 2026

* 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.

*** For Maalot’s rating report on Series K Bonds, see the Company’s immediate reports of 26 May 2026 and 10 June 2026 (Ref.: 2026-15-048591 and 2026-15-054998), which are 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 six months ended 30 June 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**" – 19 August 2026; the "**Date of the Statement of Financial Position**" and the "**Report Date**" – 30 June 2026; the "**Board of Directors' Report**" – the Board of Directors' Report on the State of the Company's Affairs for the six and three months ended 30 June 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; (9) financing transactions; (10) engagement in an agreement for provision of data center services in London, and (11) the Swords of Iron War and Operations Rising Lion and Roaring Lion and their impact, see Section 1.2.3 of Chapter A hereof.

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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.

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[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 ~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 553 million which was expanded in the report period, and an unrated series totaling approx. NIS 5 million. In the report period, the Company and the holders of the rated CP series 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, a principal and 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 1,622 million.

Series F Bonds of the Company

In the report period, an interest payment was made in accordance with the payment schedule. As of the Report Date, the outstanding par value of the Company's Series F Bonds in circulation is approx. NIS 3,212 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.

Series K Bonds of the Company

On 10 June 2026, the Company released a shelf offering report for the issuance and listing on TASE of up to approx. NIS 2,266,000 thousand par value of the Company's Series K bonds under the 2025 Shelf Prospectus. On the same day, the Company announced the allotment, in accordance with the issuance results, of about NIS 2,102,997 thousand par value of Series K bonds, in consideration for approx. NIS 2,103 million (about NIS 2,074 million, net of issuance expenses). For further details, see the Company's immediate reports of 25 May 2026, 2 June 2026, 9 June 2026 and 10 June 2026 (Ref.: 2026-01-048030, 2026-01-052526, 2026-01-054533, 2026-01-054915, 2026-01-055020 and 2026-01-055320), which are incorporated herein by way of reference.

In the report period, principal or interest payments according to the payment schedule have not been made.

5. Credit rating

On 25 May 2026, S&P Maalot determined a short-term +ilA-1 rating for CP in the amount of up to NIS 500 million par value to be issued by the Company by way of expanding Series 3.

On 26 May 2026, S&P Maalot announced a +ilAA rating for unsecured bonds in the total amount of up to NIS 800 million par value to be issued by the Company by way of issuance of a new series (Series K bonds). Further to that announcement, on 10 June 2026, S&P Maalot announced that the +ilAA rating for unsecured Series K bonds to be issued by the Company is valid for the total amount of up to NIS 2.12 billion par value.

For further details, see the Company's immediate reports of 25 May 2026, 26 May 2026 and 10 June 2026 (Ref.: 2026-15-047957, 2026-15-048591 and 2026-15-054998), which are incorporated herein by way of reference.

Update to Section 26.2 of the Description of the Corporation's Business chapter (regulation):

On 1 July 2026, an amendment to Section 3-8 of the Norwegian Energy Act came into force, establishing, amongst other things, a mechanism that allows the authorities to give priority to a specific customer in the allocation of electricity capacity, where this is necessary to protect national security interests .Should this power be exercised, third-party market participants may lose their entitlement to grid capacity previously allocated to them, as a result of the priority granted to a specific customer in accordance with the amendment. The said amendment does not allow for the revocation of capacity already put into use (as opposed to electricity capacity that has merely been reserved or allocated).

According to the Company's legal advisers in Norway, this power is intended to serve as a limited exception to the standard grid connection procedures, and may only be exercised when national security interests cannot be safeguarded by other practical means, and after an attempt has been made to complete the standard grid connection procedure.

Furthermore, in accordance with the provisions of the aforementioned Section 3-8, before exercising this power, the authorities are required to obtain advisory opinions from other relevant government departments regarding the need to give priority to the customer in question. Furthermore, in accordance with the explanatory notes, the authorities must obtain information from the relevant electricity network operators, as well as the views of third parties who may be affected by the decision.

PART C

Consolidated Financial Statements

Dated 30 June 2026

Azrieli Group Ltd.

Condensed Consolidated Financial Statements
as of 30 June 2026

(Unaudited)

Azrieli Group Ltd.

Condensed Consolidated Financial Statements
As of 30 June 2026

C o n t e n t s

Deloitte.

Independent Auditors' review report to the shareholders of

<u>Azrieli Group Ltd</u>.

Introduction:

We have reviewed the accompanying financial information of **Azrieli Group Ltd.** and consolidated companies (the "**Company**") which includes the Condensed Consolidated Statement of Financial Position as of 30 June 2026 and the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income, Changes in Capital and Cash Flows for the six- and three-month periods then ended. The board of directors (the "**Board**") and management are responsible for the preparation and presentation of the financial information for these interim periods in accordance with IAS 34 "Interim Financial Reporting", and they are responsible for the preparation of information for these interim periods under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. Our responsibility is to express a conclusion on this interim financial information, based on our review.

We did not review the condensed interim financial information of consolidated entities, whose consolidated assets constitute ~1.6% of the total consolidated assets as of 30 June 2026, and whose consolidated revenues constitute ~7.78% and ~7.54% respectively, of the total consolidated revenues for the six- and three-month periods 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 134.5 million as of 30 June 2026, and the Company's share in their profit is approx. NIS 12.5 million and approx. NIS 6.4 million respectively, for the six- and three-month periods 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.

Scope of review:

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

Conclusion:

Based on our review and on the review 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, 18 August 2026

Azrieli Group Ltd.

Condensed Consolidated Statements of Financial Position

	As of 30 June		As of 31 December
	2026	2025	2025
	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Audited)
Assets			
Current assets			
Cash and cash equivalents	4,453	2,643	3,800
Short-term investments and deposits	10	1	27
Trade accounts receivable	614	182	493
Other receivables	441	632	373
Inventory	18	19	16
Inventory of buildings and apartments for sale	904	-	941
Current tax assets	74	97	87
Total current assets	6,514	3,574	5,737
Non-current assets			
Investment in companies accounted for using the equity method	570	41	558
Loans and receivables	674	912	802
Financial assets	1,751	2,197	1,847
Investment property and investment property under construction	52,547	50,489	51,769
Property, plant and equipment (PP&E)	1,448	957	1,022
Inventory of land	964	-	355
Intangible and other assets	1,410	1,532	1,482
Total non-current assets	59,364	56,128	57,835
Total assets	65,878	59,702	63,572

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 30 June		As of 31 December
	2026	2025	2025
	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Audited)
Liabilities and capital			
Current liabilities			
Credit and current maturities from financial corporations and bonds	3,339	2,501	2,723
Trade payables	819	479	580
Payables and other current liabilities	878	511	746
Deposits from senior housing customers	1,610	1,483	1,513
Current tax liabilities	2	5	3
Total current liabilities	6,648	4,979	5,565
Non-current liabilities			
Loans from financial corporations	4,579	4,985	4,706
Bonds	22,479	19,274	21,385
Other liabilities	157	432	419
Deferred tax liabilities	5,937	5,602	5,909
Liabilities for an option granted to non-controlling interest holders	262	-	271
Total non-current liabilities	33,414	30,293	32,690
Capital			
Ordinary share capital	18	18	18
Share premium	3,912	2,518	2,518
Capital reserves	(529)	827	208
Retained earnings	22,396	21,042	22,551
Total equity attributable to the shareholders of the Company	25,797	24,405	25,295
Non-controlling interests	19	25	22
Total capital	25,816	24,430	25,317
Total liabilities and capital	65,878	59,702	63,572

18 August 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 six-month period ended 30 June		For the three-month period ended 30 June		For the year ended 31 December
	2026	2025	2026	2025	2025
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
Revenues from rent, management and maintenance fees, net	1,922	1,887	970	949	3,750
Revenues from construction and land transactions	331	-	168	-	155
Cost of revenues from rent, management and maintenance fees	638	593	322	301	1,224
Expenses from construction and land transactions	296	-	151	-	151
Gross profit	1,319	1,294	665	648	2,530
Sales and marketing	45	35	24	19	81
G&A	188	183	92	111	365
Operating income before other income and expenses	1,086	1,076	549	518	2,084
Net income (loss) from fair value adjustment of investment property and investment property under construction	243	445	(35)	193	1,128
Share in the results of companies accounted for using the equity method, net of tax	63	(2)	26	(1)	162
Other income (expenses), net	10	(8)	14	29	30
Operating income after other income and expenses	1,402	1,511	554	739	3,404
Financing income	149	202	79	121	319
Financing expenses	717	732	492	492	1,329
Income before income taxes	834	981	141	368	2,394
Taxes on income	(139)	(204)	14	(48)	(506)
Net income for the period	695	777	155	320	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	(73)	521	(65)	346	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	13	(3)	(20)	(6)	(22)
Translation differences from foreign operations	(688)	89	(618)	(402)	(317)
Total	(675)	86	(638)	(408)	(339)
Other comprehensive income (loss) for the period, net of tax	(748)	607	(703)	(62)	375
Total comprehensive income (loss) for the period	(53)	1,384	(548)	258	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 six-month period ended 30 June		For the three-month period ended 30 June		For the year ended 31 December
	2026	2025	2026	2025	2025
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
Net income for the period attributable to:					
shareholders of the Company	695	777	155	320	1,889
non-controlling interests	-	-	-	-	(1)
	695	777	155	320	1,888
Total comprehensive income (loss) for the period attributable to:					
shareholders of the Company	(50)	1,389	(545)	264	2,271
non-controlling interests	(3)	(5)	(3)	(6)	(8)
	(53)	1,384	(548)	258	2,263
	NIS	NIS	NIS	NIS	NIS
Basic and diluted earnings (in NIS) per ordinary share of par value NIS 0.1 attributable to shareholders of the Company:					
Basic	5.65	6.41	1.25	2.64	15.57
On a fully diluted basis	5.64	6.41	1.24	2.64	15.56
Weighted average of number of shares used for calculating the basic and diluted earnings per share:					
Basic	123,048,343	121,272,760	124,469,338	121,272,760	121,272,760
On a fully diluted basis	123,297,729	121,303,411	124,720,303	121,295,842	121,355,807

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 six-month period ended 30 June 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	-	-	-	-	-	695	695	-	695
Change in fair value of financial assets, net of tax	-	-	(73)	-	-	-	(73)	-	(73)
Translation differences from foreign operations	-	-	-	(685)	-	-	(685)	(3)	(688)
Income from cash flow hedging, net of tax	-	-	-	-	13	-	13	-	13
Total comprehensive income (loss) for the period	-	-	(73)	(685)	13	695	(50)	(3)	(53)
Issuance of shares, net	(*)-	1,394	-	-	-	-	1,394	-	1,394
Share-based payment capital reserve	-	-	-	-	8	-	8	-	8
Dividend to the shareholders of the Company	-	-	-	-	-	(850)	(850)	-	(850)
Total transactions with the shareholders of the Company	-	1,394	-	-	8	(850)	552	-	552
Balance as of 30 June 2026	18	3,912	1,152	(1,728)	47	22,396	25,797	19	25,816

(*) Representing an amount lower than NIS 1 million.

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 six-month period ended 30 June 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	-	-	-	-	-	777	777	-	777
Change in fair value of financial assets, net of tax	-	-	521	-	-	-	521	-	521
Translation differences from foreign operations	-	-	-	94	-	-	94	(5)	89
Loss from cash flow hedging, net of tax	-	-	-	-	(3)	-	(3)	-	(3)
Total comprehensive income for the period	-	-	521	94	(3)	777	1,389	(5)	1,384
Share-based payment capital reserve	-	-	-	-	9	-	9	-	9
Dividend to the shareholders of the Company	-	-	-	-	-	(800)	(800)	-	(800)
Total transactions with the shareholders of the Company	-	-	-	-	9	(800)	(791)	-	(791)
Balance as of 30 June 2025	18	2,518	1,429	(639)	37	21,042	24,405	25	24,430

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 30 June 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 April 2026	18	3,912	1,217	(1,113)	64	22,241	26,339	22	26,361
Movement in the report period:									
Net income for the period	-	-	-	-	-	155	155	-	155
Change in fair value of financial assets, net of tax	-	-	(65)	-	-	-	(65)	-	(65)
Translation differences from foreign operations	-	-	-	(615)	-	-	(615)	(3)	(618)
Loss from cash flow hedging, net of tax	-	-	-		(20)	-	(20)	-	(20)
Total comprehensive income (loss) for the period	-	-	(65)	(615)	(20)	155	(545)	(3)	(548)
Share-based payment capital reserve	-	-	-	-	3	-	3	-	3
Total transactions with the shareholders of the Company	-	-	-	-	3	-	3	-	3
Balance as of 30 June 2026	18	3,912	1,152	(1,728)	47	22,396	25,797	19	25,816

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 30 June 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 April 2025	18	2,518	1,083	(243)	36	20,722	24,134	31	24,165
Movement in the report period:									
Net income for the period	-	-	-	-	-	320	320	-	320
Change in fair value of financial assets, net of tax	-	-	346	-	-	-	346	-	346
Translation differences from foreign operations	-	-	-	(396)	-	-	(396)	(6)	(402)
Loss from cash flow hedging, net of tax	-	-	-	-	(6)	-	(6)	-	(6)
Total comprehensive income for the period	-	-	346	(396)	(6)	320	264	(6)	258
Share-based payment capital reserve	-	-	-	-	7	-	7	-	7
Total transactions with the shareholders of the Company	-	-	-	-	7	-	7	-	7
Balance as of 30 June 2025	18	2,518	1,429	(639)	37	21,042	24,405	25	24,430

(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 six-month period ended 30 June		For the three-month period ended 30 June		For the year ended 31 December
	2026	2025	2026	2025	2025
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
Cash flows – operating activities					
Net income for the period	695	777	155	320	1,888
Depreciation and amortization	10	10	6	5	23
Forfeiture of senior housing residents' deposits	(32)	(30)	(16)	(15)	(62)
Loss (profit) from fair value adjustment of investment property and investment property under construction, net	(243)	(445)	35	(193)	(1,128)
Net financing and other expenses	530	497	399	352	921
Share in results of associates accounted for using the equity method	(63)	2	(26)	1	(162)
Expenses due to share-based payment	8	9	3	7	17
Taxes recognized in the income statement	139	204	(14)	48	506
Income taxes paid, net	(28)	(50)	(1)	(29)	(78)
Change in inventory and land inventory	(574)	(15)	9	(13)	(2)
Change in trade and other receivables	(287)	(114)	(96)	(96)	(350)
Change in trade and other payables	62	(50)	-	23	248
Receipt of deposits from senior housing residents	169	101	100	47	214
Receipt of deposits from senior housing residents	(57)	(38)	(22)	(20)	(90)
Change in employee provisions and benefits	(5)	(8)	(2)	(4)	(16)
Net cash – operating activities	324	850	530	433	1,929
Cash flows – investing activity					
Proceeds from liquidation of PP&E	1	1	1	1	1
Acquisition of and investment in investment property and investment property under construction	(1,249)	(1,824)	(788)	(1,251)	(2,747)
Acquisition of and investment in PP&E and intangible assets	(96)	(93)	(17)	(48)	(120)
Investments (return on investment) in companies accounted for using the equity method, net	7	(2)	3	(1)	(5)
Change in short-term deposits	17	(70)	(1)	(4)	(48)
Provision of long-term loans	(81)	(148)	-	(83)	(179)
Collection of long-term loans	171	1	171	1	1
Interest and dividend received	121	123	65	57	256
Proceeds from disposition of financial assets	-	-	-	-	599
Acquisition of companies consolidated for the first time (Annex A)	(145)	-	(145)	-	(536)
Refund (payment) from Institutions for the purchase of assets	-	(100)	4	(100)	-
Taxes paid for assets	(2)	(33)	-	(33)	(33)
Net cash – investing activity	(1,256)	(2,145)	(707)	(1,461)	(2,811)

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 six-month period ended 30 June		For the three-month period ended 30 June		For the year ended 31 December
	2026	2025	2026	2025	2025
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
Cash flows – financing activity					
Dividend distribution to shareholders	(850)	(800)	(850)	(800)	(800)
Repayment of bonds	(1,231)	(1,078)	(967)	(820)	(1,746)
Issuance of bonds net of issue expenses	2,074	-	2,074	-	2,467
Receipt of long-term loans from financial corporations	1,460	1,598	-	270	1,593
Repayment of long-term loans from financial corporations	(1,524)	(64)	(21)	(29)	(137)
Short-term credit from financial corporations, net	638	-	518	-	(614)
Payment of lease liabilities	(8)	(1)	(5)	(1)	(12)
Issuance of shares, net	1,394	-	-	-	-
Repayment of deposits from customers	(3)	(5)	-	(2)	(7)
Deposits from customers that were received	-	6	(2)	2	7
Paid interest	(396)	(329)	(121)	(138)	(715)
Net cash – financing activity	1,554	(673)	626	(1,518)	36
Increase (decrease) in cash and cash equivalents	622	(1,968)	449	(2,546)	(846)
Cash and cash equivalents at beginning of period	3,800	4,633	3,991	5,262	4,633
Effect of exchange rate changes on cash position held in foreign currency	31	(22)	13	(73)	13
Cash and cash equivalents at end of period	4,453	2,643	4,453	2,643	3,800

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 six-month period ended 30 June		For the three-month period ended 30 June		For the year ended 31 December
	2026	2025	2026	2025	2025
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
Working capital (excluding for cash and cash equivalents)	16	-	16	-	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	(343)	-	(343)	-	(85)
Long-term liability including current maturities	182	-	182	-	308
	(145)	-	(145)	-	(536)

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

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 June 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-K) that have been issued to the public.

The Group's Consolidated Financial Statements as of 30 June 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), ~54.17% of the Company's share capital and ~59.71% 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.

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) Further to Note 3B to the Annual Financial Statements, as of 30 June 2026, the Group has updated the valuations for some of its investment property assets.

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.

Note 2 – Significant Accounting Policies (Cont.)

(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 30 June 2026	0.3002	3.395	2.978	266.47	266.47
As of 30 June 2025	0.3343	3.955	3.372	262.15	261.39
As of 31 December 2025	0.3169	3.746	3.190	263.42	263.42
Rates of change:	%	%	%	%	%
For the six-month period ended:					
30 June 2026	(5.27)	(9.37)	(6.65)	1.16	1.16
30 June 2025	3.76	4.18	(7.54)	2.15	1.57
For the three-month period ended:					
30 June 2026	(7.43)	(6.64)	(5.91)	0.87	1.26
30 June 2025	(5.08)	(1.66)	(9.31)	1.08	1.28
For the year ended:					
31 December 2025	(1.64)	(1.34)	(12.53)	2.64	2.36

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, for the purchase of 50% of the interests in the ground-mounted solar power project with energy storage in Ramat Beka, from Shikun & Binui Energy. 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 (as of the agreement signature date). The expected date stated in the agreement for the launch of commercial operation of the facility 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 until the agreement signing 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.

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

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.

F. On 5 March 2026, Prof. Ariel Kor stepped down as Chairman of the Board of GMG. Mr. Peter Ballon, 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.

Prof. Kor serves as a director of the Company and is entitled to remuneration by virtue of his position. 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.

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

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.

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;

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

(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.

K. On 11 June 2026, the Company made a public offering of approx. NIS 2,103 million par value of registered Series K Bonds, based on a shelf prospectus of the Company. The bonds are linked (principal and interest) to the CPI and bear fixed annual interest of 3.02%.

The Series K Bonds will be redeemable (principal) in ten equal annual installments payable in June of each of the years 2042 through 2051.
Interest is payable semi-annually on 30 June of each of the years 2027 through 2051 and on 30 December of each of the years 2026 through 2050, with the first payment due on 30 December 2026, and the final payment due on 30 June 2051. The bonds were issued without discount.

The proceeds from the issuance of the Series K bonds totaled approx. NIS 2,103 million, and the net proceeds net of issue expenses, totaled approx. NIS 2,074 million. The effective interest rate for the Series K bonds is 3.14% per annum .

On 10 June 2026, Maalot affirmed a rating of AA+ .il for the issuance of the new Series K series.

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

At the time of the issuance of the Series K bonds, the Company undertook to comply with financial covenants, the main ones being:

(1) So long as the Series K Bonds are not fully paid-up, the Company shall neither encumber nor pledge by way of a floating charge all of the Company's existing or future assets and rights, except under certain conditions set forth in the deed of trust.

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

(2) Maintaining minimal equity (the Company's total equity, including non-controlling interests, plus net deferred tax liabilities, as set forth in its last published audited or reviewed consolidated statements) of at least NIS 6 billion for two or more consecutive calendar quarters, according to its last consolidated financial statements.

(3) The equity to assets ratio, according to the definitions in the deed of trust, shall be no less than 23% of the total assets for two or more consecutive calendar quarters.

(4) The Company shall not perform a distribution (as defined in the Companies Law) to its shareholders, if: (1) the Company's equity (the Company's total equity, including non-controlling interests, plus net deferred tax liabilities, as set forth in its last published audited or reviewed consolidated statements) according to its last published consolidated financial statements, net of the amount of the distribution, is less than NIS 7 billion; (2) the Company's equity to assets ratio (as these terms are defined in the deed of trust), net of the amount of the distribution, is less than 25%; (3) there are grounds for acceleration according to the definitions in the deed of trust of the Series K Bonds on the date of the decision to perform the distribution or as a result thereof.

The deed of trust determines that in lieu of the said financial covenants, the Company may, at its sole discretion, pledge (either itself or through an Investee Company) in favor of the trustee for the holders of Series K Bonds, by way of a fixed charge, permitted assets as defined in the deed of trust (i.e., insofar as the Company pledges permitted assets as aforesaid, and the pledges are in force and effect, the Company shall not be bound by the said financial covenants).

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

In addition, the Series K Bonds shall be accelerated upon fulfillment of certain conditions, including: delisting or dissolution of the Company, receivership, delinquency in payments under the bonds, attachments on all or most of the Company's assets, changes in control, a fundamental breach of the terms and conditions of the bonds or the deed of trust, non-compliance with the above financial covenants, performance of a distribution contrary to the above restriction on the performance of a distribution, suspension of trading of the bonds (except on grounds of ambiguity), a demand for acceleration by financial creditors (excluding non-recourse debt to the Company) of a sum no less than NIS 500 million, provided that such demand will not be cancelled within 30 days from the acceleration or another bond series of the Company, discontinuation of rating of the bonds due to circumstances within the Company's control, a bond rating lower than BBB-, or the sale of most of the Company's assets.

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 30 June 2026		As of 30 June 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)	4,735	4,667	5,161	5,060	5,643	5,553
Bonds (1)(2)	24,413	24,261	21,035	20,220	23,300	22,183
	29,148	28,928	26,196	25,280	28,943	27,736

(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 30 June		As of 31 Dec.
	2026	2025	2025
	%	%	%
	(Unaudited)		(Audited)
Non-current liabilities:			
Loans from financial corporations	3.8-7.4	3.3-7.3	3.6-7.7

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 30 June		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	1,745	2,190	1,841

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

D. Sensitivity to changes in the interest rates of the investment property cap rates

	Loss from changes in the market factor			Fair value of an asset	Profit from changes in the market factor			Valuation method
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions	
Rate of change	2% absolute increase	10% increase	5% increase		5% decrease	10% decrease	2% absolute decrease	
Weighted cap rate:								
5.95% - 6.25%	(2,696)	(999)	(537)	10,779	534	1,158	5,299	DCF method
6.26% - 6.99%	(4,628)	(1,810)	(967)	19,317	978	2,108	8,463	DCF method
7.0% - 7.79%	(1,033)	(400)	(201)	6,703	239	482	1,503	DCF method
7.8% - 8.25%	(251)	(114)	(60)	2,455	65	138	402	DCF method
8.26% - 13.32%	(761)	(365)	(189)	3,535	212	440	1,225	DCF method
Investment property and investment property under construction	(9,369)	(3,688)	(1,954)	42,789	2,028	4,326	16,892	

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 six-month period ended 30 June 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	Residential sales	Other	Adjust-ments	Conso-lidated
	NIS in millions									
Revenues:										
Total external income	656	556	94	156	445	20	249	119	(42)	2,253
Total segment expenses	148	103	54	98	232	3	211	118	(33)	934
Segment profit	508	453	40	58	213	17	38	1	(9)	1,319
Profit (loss) from fair value adjustment of investment property and investment property under construction, net	(201)	(19)	-	-	525	(9)	-	-	(53)	243
Unallocated costs										(233)
Financing expenses, net										(568)
Other income, net										10
The Company's share in results of associates accounted for using the equity method, net of tax										63
Income before income taxes										834
Additional information:										
Segment assets	16,920	18,256	1,445	4,480	11,988	2,070	2,349	1,188	(236)	58,460
Unallocated assets (*)										7,418
Total consolidated assets										65,878

(*) Mainly financial assets in the sum of approx. NIS 1.8 billion and cash and short-term deposits in the sum of approx. NIS 4.5 billion.

Note 5 – Segment Reporting (Cont.)

B. Operating segments: (Cont.)

	For the six-month period ended 30 June 2025 (Unaudited)							
	Retail centers and malls in Israel	**Leasable office and other space in Israel**	**Income-producing property in the U.S.**	**Senior housing**	**Data Centers**	**Rental housing in Israel**	**Other**	**Conso-lidated**
	NIS in millions							
Revenues:								
Total external income	631	563	110	143	423	17	-	1,887
Total segment expenses	140	100	64	94	192	3	-	593
Segment profit (NOI)	491	463	46	49	231	14	-	1,294
Profit (loss) from fair value adjustment of investment property and investment property under construction, net	42	200	1	(33)	228	7	-	445
Unallocated costs								(218)
Financing expenses, net								(530)
Other expenses, net								(8)
The Company's share in results of associates accounted for using the equity method, net of tax								(2)
Income before income taxes								981
Additional information:								
Segment assets	16,326	17,865	1,719	4,277	10,452	2,099	607	53,345
Unallocated assets (*)								6,357
Total consolidated assets								59,702

(*) Mainly financial assets in the sum of approx. NIS 2.2 billion and cash and short-term deposits in the sum of approx. NIS 2.6 billion.

Note 5 – Segment Reporting (Cont.)

B. Operating segments: (Cont.)

	For the three-month period ended 30 June 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	Residential sales	Other	Adjust-ments	Conso-lidated
	NIS in millions									
Revenues:										
Total external income	335	282	45	78	221	10	115	61	(9)	1,138
Total segment expenses	74	52	26	49	118	1	101	61	(9)	473
Segment profit	261	230	19	29	103	9	14	-	-	665
Profit (loss) from fair value adjustment of investment property and investment property under construction, net	(202)	(15)	(1)	-	213	(9)	-	-	(21)	(35)
Unallocated costs										(116)
Financing expenses, net										(413)
Other income, net										14
The Company's share in results of associates accounted for using the equity method, net of tax										26
Income before income taxes										141

Note 5 – Segment Reporting (Cont.)

B. Operating segments: (Cont.)

	For the three-month period ended 30 June 2025 (Unaudited)								
	Retail centers and malls in Israel	Leasable office and other space in Israel	Income-producing property in the U.S.	Senior housing	Data Centers	Rental housing in Israel	Other	Adjust-ments	Conso-lidated
	NIS in millions								
Revenues:									
Total external income	310	290	54	73	213	9	-	-	949
Total segment expenses	71	50	32	48	98	2	-	-	301
Segment profit (NOI)	239	240	22	25	115	7	-	-	648
Profit (loss) from fair value adjustment of investment property and investment property under construction, net	41	212	-	(33)	(34)	7	-	-	193
Unallocated costs									(130)
Financing expenses, net									(371)
Other income, net									29
The Company's share in results of associates accounted for using the equity method, net of tax									(1)
Income before income taxes									368

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	296	211	125	192	395	6	90	76	(16)	1,375
Segment profit	949	905	91	103	449	30	9	1	(7)	2,530
Income (loss) from fair value adjustment of investment property and investment property under construction, net	188	237	(92)	29	1,093	(105)	-	-	(222)	1,128
Unallocated costs										(446)
Financing expenses, net										(1,010)
Other income, net										30
The Company's share in results of associates, net of tax										162
Income before income taxes										2,394
Additional information as of 31 December 2025:										
Segment assets	16,885	18,281	1,545	4,433	11,246	2,044	1,682	790	(123)	56,783
Unallocated assets (*)										6,789
Total consolidated assets										63,572
Capital investments	327	758	12	820	971	90	-	-		

(*) Mainly financial assets in the sum of approx. NIS 1.8 billion and cash and short-term deposits in the sum of NIS 3.8 billion.

Note 6 – Material subsequent events

After the date of the Statement of Financial Position, on 11 August 2026, an indirectly wholly-owned subsidiary of the Company engaged in an agreement for the provision of data center services at the active campus in East London with a capacity of approx. 13.6 MW for a period of 8 years. The date stated in the agreement for supply of the capacity is in December 2026.

Azrieli Group Ltd.

Annex to Consolidated Financial Statement

Interim Separate Financial Statement
as of 30 June 2026

(Unaudited)

<u>Azrieli Group Ltd.</u>

Interim Separate Financial Statement
<u>as of 30 June 2026</u>

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

<u>(Unaudited)</u>

Azrieli Group Ltd.

Interim Separate Financial Statement
as of 30 June 2026

(Unaudited)

Contents

To
The Shareholders of
Azrieli Group Ltd.

Dear Sir/Madam,

Re: Independent Auditors' special report for review of the Interim Separate Financial Statement pursuant to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970

General:
We have reviewed the Interim Separate Financial Statement, which is presented according to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, of **Azrieli Group Ltd.** (the "**Company**") as of 30 June 2026 and for the six- and three-month periods then ended. The board of directors and management are responsible for the preparation and presentation of this Interim Separate 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 Interim Separate Financial Statement for these interim periods, based on our review.

We did not review the interim financial information of investees, the Company's share in whose total assets less total liabilities amounted, on a net basis, to approx. NIS 396 million as of 30 June 2026, and the Company's share in whose total revenues less total expenses amounted, on a net basis, to approx. NIS 40 million and NIS 17 million, respectively, for the six- and three-month periods then ended. The interim financial information of those investees were reviewed by other auditors whose reports were provided to us, and our conclusion, insofar as it relates to the interim financial information of those investees, 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 interim separate 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 Interim Separate 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, 18 August 2026

Azrieli Group Ltd.
Statement of Financial Position

	As of 30 June		As of 31 Dec.
	2026	2025	2025
	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Audited)
Assets			
Current assets			
Cash and cash equivalents	3,834	2,266	3,297
Trade accounts receivable	44	7	19
Other receivables	285	348	272
Current tax assets	44	28	28
Total current assets	4,207	2,649	3,616
Non-current assets			
Financial assets	1,751	2,197	1,847
Investment property and investment property under construction	19,486	19,278	19,667
Investments in Investee Companies	21,427	21,207	22,441
Loans to Investee Companies	6,395	3,513	4,110
Property, plant and equipment (PP&E)	1,085	629	661
Other receivables	45	38	42
Total non-current assets	50,189	46,862	48,768
Total assets	54,396	49,511	52,384
Liabilities and capital			
Current liabilities			
Credit and current maturities from financial corporations and bonds	2,395	2,430	1,878
Trade payables	206	214	229
Payables and other current liabilities	426	376	424
Total current liabilities	3,027	3,020	2,531
Non-current liabilities			
Loans from financial corporations	481	550	515
Bonds	22,479	19,274	21,385
Other liabilities	33	34	31
Deferred tax liabilities	2,317	2,228	2,356
Liabilities for an option granted to non-controlling interest holders	262	-	271
Total non-current liabilities	25,572	22,086	24,558
Equity			
Ordinary share capital	18	18	18
Share premium	3,872	2,478	2,478
Capital reserves	(489)	867	248
Retained earnings	22,396	21,042	22,551
Total equity attributable to owners of the Company	25,797	24,405	25,295
Total liabilities and equity	54,396	49,511	52,384

18 August 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 Condensed Separate Financial Statements form an integral part thereof.

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

	For the six-month period ended 30 June		For the three-month period ended 30 June		For the year ended 31 December
	2026	2025	2026	2025	2025
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
Revenues:					
Revenues from rent and management and maintenance fees, net	623	622	319	315	1,181
Cost of revenues from rent and management and maintenance fees	24	23	13	11	55
Gross profit	599	599	306	304	1,126
Sales and marketing	25	20	13	12	47
G&A	75	89	34	47	168
Operating profit before other revenues and expenses	499	490	259	245	911
Net profit (loss) from fair value adjustment of investment property and investment property under construction	(174)	143	(169)	152	157
Share in results of Investee Companies, net of tax	664	606	307	249	1,548
Other revenues, net	37	18	18	4	69
Operating profit after other revenues and expenses	1,026	1,257	415	650	2,685
Financing income	142	117	69	50	233
Financing expenses	483	538	389	369	940
Income before income taxes	685	836	95	331	1,978
Income tax income (expenses)	10	(59)	60	(11)	(89)
Net income for the period	695	777	155	320	1,889
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	(73)	521	(65)	346	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	(685)	94	(615)	(396)	(310)
Share in the other comprehensive income of Investee Companies, net of tax	13	(3)	(20)	(6)	(22)
Total	(672)	91	(635)	(402)	(332)
Other comprehensive income (loss) for the year, net of tax	(745)	612	(700)	(56)	382
Total comprehensive income (loss) for the period	(50)	1,389	(545)	264	2,271

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

Azrieli Group Ltd.
Statement of Cash Flows

	For the six-month period ended 30 June		For the three-month period ended 30 June		For the year ended 31 December
	2026	2025	2026	2025	2025
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
Cash flows – operating activities					
Net income for the period	695	777	155	320	1,889
Depreciation and amortization	3	3	2	2	6
Net loss (profit) from fair value adjustment of investment property and investment property under construction	174	(143)	169	(152)	(157)
Financing and other expenses, net	309	389	309	302	613
Share in income of Investee Companies, net of tax	(664)	(606)	(307)	(249)	(1,548)
Expenses due to share-based payment	6	9	2	7	13
Tax expenses (income) recognized in the income statement	(10)	59	(60)	11	89
Income tax paid, net	(15)	(6)	(2)	(4)	(7)
Change in trade and other receivables	(40)	(62)	(31)	(65)	39
Change in trade and other payables	(32)	(34)	(47)	(30)	(101)
Change in employee benefits and provisions	(5)	(8)	(2)	(4)	(16)
Net cash – operating activities	421	378	188	138	820
Cash flows – investing activity					
Purchase of and investment in investment property and investment property under construction	(263)	(254)	(96)	(141)	(492)
Purchase of and investment in PP&E and intangible assets	(78)	(39)	(44)	(17)	(68)
Investments in Investee Companies	-	-	-	-	(1,127)
Recovery (grant) of investments in Investee Companies	-	974	-	(61)	1,435
Provision of long-term loans to Investee Companies, net	(1,240)	(931)	(117)	(680)	(1,247)
Interest and dividend received	105	126	51	68	254
Cash generated from a merger of subsidiary	22	-	-	-	-
Proceeds from disposition of financial assets	-	-	-	-	599
Net cash – investing activity	(1,454)	(124)	(206)	(831)	(646)

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

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

	For the six-month period ended 30 June		For the three-month period ended 30 June		For the year ended 31 December
	2026	2025	2026	2026	2025
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
Cash flows – financing activities					
Bond offering net of offering expenses	2,074	-	2,074	-	2,467
Dividend distribution to shareholders	(850)	(800)	(850)	(800)	(800)
Repayment of bonds	(1,231)	(1,078)	(967)	(820)	(1,502)
Repayment of long-term loans from financial corporations	(41)	(39)	(17)	(16)	(78)
Short-term credit from financial corporations, net	500	-	500	-	(658)
Issuance of shares, net	1,394	-	-	-	-
Deposits from customers, net	-	(1)	-	-	-
Interest paid	(272)	(222)	(77)	(81)	(452)
Net cash – financing activities	1,574	(2,140)	663	(1,717)	(1,023)
Increase (decrease) in cash and cash equivalents	541	(1,886)	645	(2,410)	(849)
Cash and cash equivalents at beginning of period	3,297	4,146	3,197	4,726	4,146
Effect of exchange rate changes on cash balances held in foreign currency	(4)	6	(8)	(50)	-
Cash and cash equivalents at end of period	3,834	2,266	3,834	2,266	3,297

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

Azrieli Group Ltd.
Information Supplementing the Interim Separate Financial Statement
as of 30 June 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.

E. Subsequent Events:

See Note 6 to the Condensed Consolidated Financial Statements published with this Separate Financial Statement.

Deloitte.

Tel Aviv, 18 August 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 18 August 2026 on condensed consolidated financial information of the Company as of 30 June 2026 and for the six- and three-month periods then ended.

(2) Special auditors' report of 18 August 2026 for review of the condensed separate financial information of the Company as of 30 June 2026 and for the six- and three-month periods then ended according to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Sincerely,

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

PART D

Effectiveness of Internal Control over the Financial Reporting and Disclosure

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

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

For this purpose, the members of management are:

1 | **Danna Azrieli**, 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 quarterly report regarding the effectiveness of internal control over financial reporting and disclosure, which was attached to the quarterly report for the period ended 31 March 2026 (the "**Most Recent Quarterly Report on Internal Control**"), the internal control was found to be 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 Q2/2026 (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: 18 August 2026

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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 Q2/2026 (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: 18 August 2026

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Ariel Goldstein | CFO