

This document is an unofficial translation of the Company's Board of Directors' Report and certain parts of its 2025 annual Financial Statement (main reports without notes) from the original report in Hebrew dated March 18 2026 (Reference Number: 2026-01-023715) (the "Report"). This translation is published for convenience purposes only, while the Hebrew version of the Report is the binding one

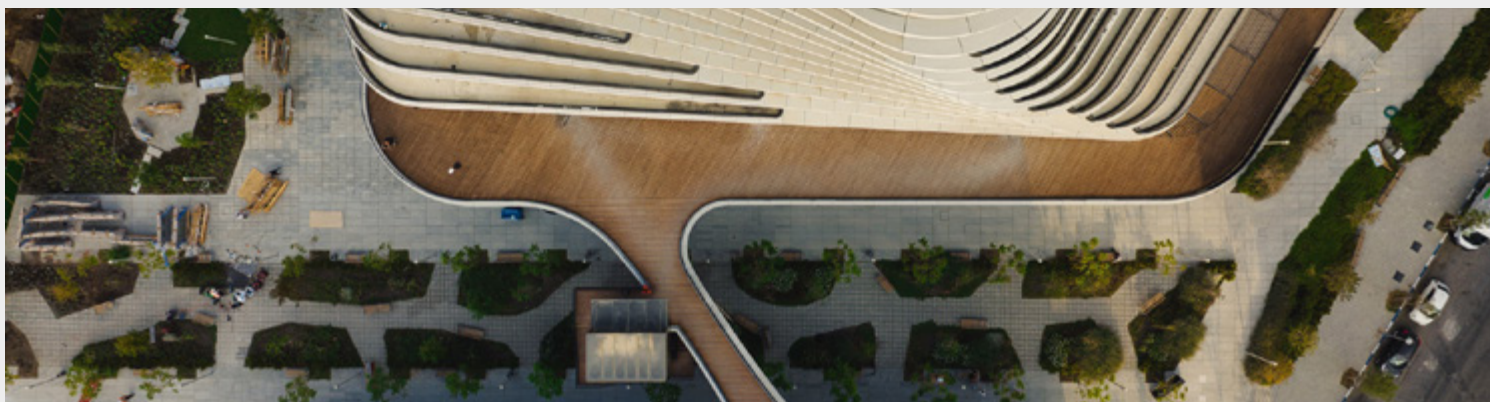


TOHA 1 / AMOT / TEL AVIV

PERIODIC REPORT 2025

ALONY HETZ PROPERTIES & INVESTMENTS LTD





Description of the Corporation's Business

Board of Directors' Report on the State of Corporate Affairs

Consolidated Financial Statements

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Additional Information on the Corporation

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Auditor's Consent Letters

PERIODIC REPORT 2025

ALONY HETZ PROPERTIES & INVESTMENTS LTD





DESCRIPTION OF THE CORPORATION'S BUSINESS

ALONY HETZ PROPERTIES & INVESTMENTS LTD

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A. Description of the general development of the Corporation and other information

1. The Corporation's activity and a description of its business development

Alony-Hetz Properties and Investments Ltd. (hereinafter - the "**Company**") was incorporated on December 20, 1989, and on November 14, 1990 it changed its name to its current name. In November 1990, the Company commenced operations and in January 1993, the Company's shares were first listed for trading on the Tel Aviv Stock Exchange Ltd. (the "**TASE**").

The Company does not have a controlling shareholder.

2. Area of activity

The Company and its consolidated companies (hereinafter - the "**Group**") have two areas of activity:

- I. **Main area of activity - long-term investments in income-generating property companies in Israel and in western countries.** As of the publication date of this report, the Group operates in the following markets: Israel, the United States, and the UK.
- II. **Second area of activity - investment in renewable energies.** The Group has income-generating investments in the photovoltaic energy and wind energy sectors, as well as in the development and initiation of electricity generating and storage facilities in Israel, the United States, Poland and Lithuania.

2.1 The following is a description of the Group's main holdings as of December 31, 2025

Main investments in the income-generating property segment:

Activity in Israel

Holdings of 50.03% in Amot Investments Ltd. (hereinafter - "**Amot**"). Amot is a public company whose securities are listed for trading on the Tel Aviv Stock Exchange Ltd. (hereinafter - the "**TASE**") that operates directly and indirectly through corporations under its control, renting, managing and maintaining income-generating property, as well as initiating, developing and establishing real estate for rental purposes in Israel. Amot owns office buildings, logistics and industry, malls and commercial centers, independent supermarkets and others. The Company's holding rate in Amot close to the date of publication of the report is 49.99%. For additional information regarding Amot, see Chapter B below.

Activity in the United States

Carr - 79.86% holdings in the capital of Carr Properties (hereinafter - "**Carr**"), a private income-generating property company (REIT) in the United States, whose properties are located in the Washington D.C. metropolitan area and in Boston, Massachusetts. Carr engages directly and indirectly, through wholly or partly owned companies, in investments in income-generating properties for rental purposes, including the management and maintenance of office buildings under its ownership and in the development and establishment of land for office and residential rental purposes in those areas. For additional information regarding Carr, please see Chapter C below and Notes 4b, c and 6g to the financial statements.

Activity in the UK

Holdings of 85% in Brockton Everlast Inc. ("**BE**"), a private company that engages directly and indirectly through corporations under its control, in the leasing, management and maintenance of income-generating properties, as well as in the initiation and development of income-generating property for rental purposes for offices in the London metropolitan area and for laboratories in Cambridge and Oxford in the UK. The Company's holding rate in BE close to the date of publication of the report is 85%. For information regarding the investment in BE, see Chapter D below and Notes 4(b)(c) and 6(d) to the financial statements.

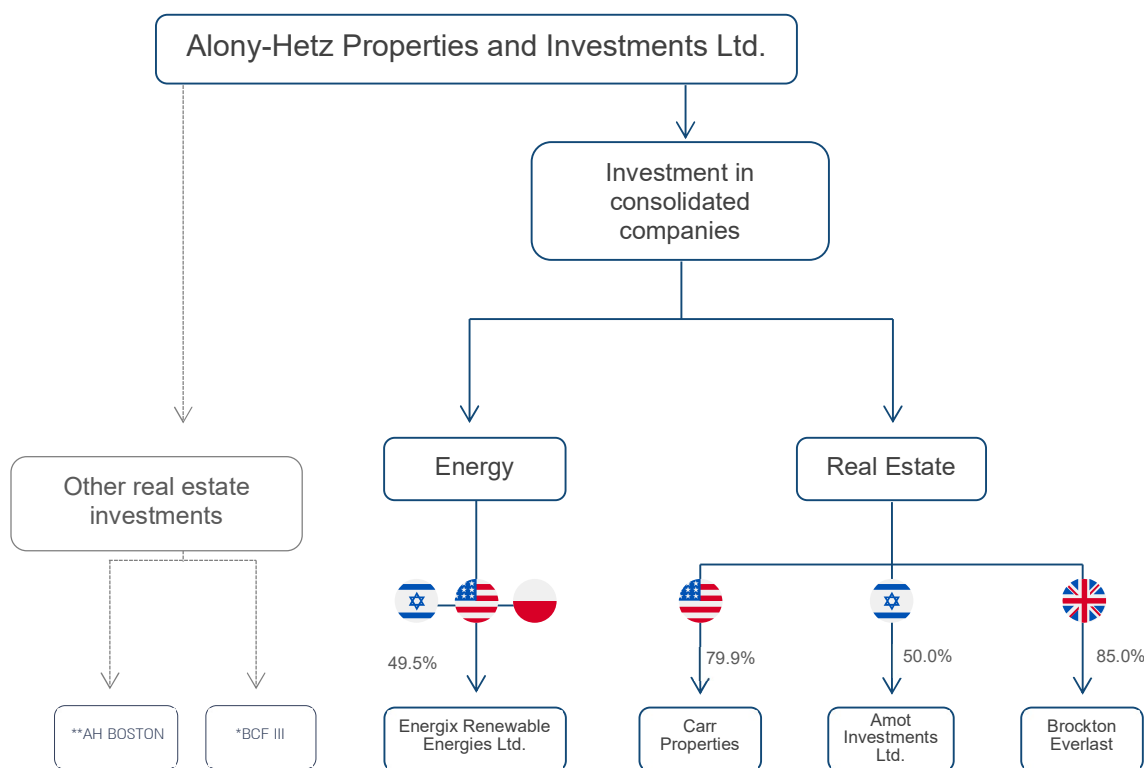
Other investments in the income-generating property segment

- **AH Boston** - Holdings of 55% in the capital and 50% in the control of three property companies in the Boston metropolitan area, two of which in the Boston CBD (Central Business District) and one in East Cambridge.¹ For additional information regarding the investment in the Boston properties through the three property companies, please see Chapter F below.
- **Brockton Fund III** - Holdings of approx. 10% in the UK real estate fund Brockton Capital Fund III, which engages in the initiation, development, improvement and management of real estate investments in the UK. For additional information, please see Chapter F below.

Renewable energy investments:

Holdings of 49.52% in Energix Renewable Energies Ltd. (hereinafter - "**Energix**"), a public company whose securities are listed for trading on the stock exchange. Energix engages in the planning, development, financing, construction, management and operation of facilities for the generation and storage of clean electricity from renewable energy sources (photovoltaic systems and wind farms) and the sale of electricity produced in these facilities, with the intention of holding them for the long term. As of the date of the report, Energix has operations in Israel, the United States, Poland and Lithuania. The Company's holding rate in Energix close to the date of publication of the report is 49.49%. For additional information regarding Energix, please see Chapter E below.

The following are the Group's main holdings close to the date of publication of the report:²



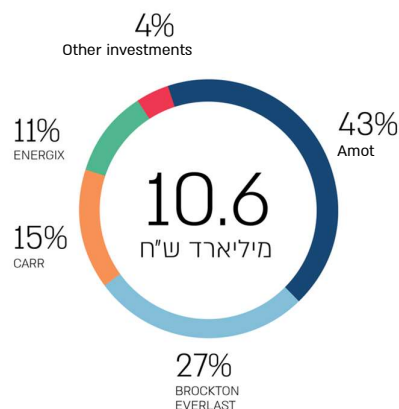
* A private real estate investment fund in the UK

** Buildings in Boston held in joint control with Oxford Properties (55%:45%)

1 The holding is through joint control with Oxford, which holds the remaining rights in the assets. Oxford is the real estate branch of OMERS (the Ontario Municipal Employees Retirement System).

2 The above holding structure does not include corporations wholly or partly owned by the Company through which the Company holds the corporations listed in the chart.

The following are the Company's main investments³ (expanded solo)⁴ as of December 31, 2025:



2.2 Changes in the volume of activity in the income-generating property segment and its profitability in the past three years

Over the past three years, the Group has operated mainly in its main area of activity (long-term investments in the income-generating property segments), while changing the scope of its activities both in terms of the size of its investment portfolio and in terms of geographic targets.

The following is the amount of investments (realizations) carried out by the Company (expanded solo) in the main investees in the income-generating property sector in the years 2023-2025 (in NIS millions):

Year	2025	2024	2023	Total 2023-2025
Investment in Amot	(1) 150		(220)	(70)
Investment in BE	(2) 212	526	274	1,012
Investment in Carr*	(3) 573*			573
Investment in AH Boston	77	126	51	254

*Including DRIP in the amount of NIS 156 million.

- (1) In the years 2023-2025, the amount of the Group's investments in income-generating property and in land for development in Israel through Amot (not including property revaluations) increased by approx. NIS 1.8 billion. For additional information, please see Section 4 of Chapter B below.
- (2) In 2023-2025, the amount of the Group's net investments in income-generating property in the UK (through BE) (not including property revaluations) increased by approx. GBP 115 million. For additional information, please see Sections 4 and 5 of Chapter D below.
- (3) In 2023-2025, the change in the amount of the Group's investments in income-generating property and in land for development in Washington D.C., in Boston and in Austin, Texas (through Carr) (not including property revaluations) was a decrease of approx. USD 1 billion. For additional information, please see Sections 4 and 5 of Chapter C below.
- (4) In 2025, the Group recorded profits from net property revaluations, in which the Company's share amounted to NIS 89 million (in 2024 - the Company recorded losses from property valuations, in which the Company's share amounted to NIS 329 million). For additional information, please see Note 18b to the financial statement.

For a summary of the Group's main data for the years 2023-2025, please see Section 1.6 of the Board of Directors' Report.

³ Not including cash

⁴ For the definition of expanded solo, please see Appendix A to the Board of Directors' Report.

2.3 Changes in the volume of activity in the renewable energies segment and its profitability

The following are the Company's investments in Energix Renewable Energies Ltd. in the past three years:

Energix Renewable Energies Ltd.	
Date (year):	Investment Amount (in NIS millions):
2023	-
2024	-
2025	163

In the years 2023-2025, Energix strengthened and expanded its activities and increased its portfolio of projects in all three of its activity locations - Israel, the United States and Poland, and also expanded into another territory in Lithuania. For information regarding Energix's business development in 2025, please see Chapter E below.

3. Investments in the Corporation's Capital and Transactions in its Shares

Regarding investments in the Corporation's capital over the past two years, see Note 17b to the financial statements.

4. Distribution of dividends

The Company's policy is for its shareholders to share in the Company's profits through the distribution of dividends each year on an ongoing basis, as long as the dividend distribution does not adversely affect the Company's debt service ability, taking into account the Group's future investment plans as they will be from time to time and subject to any law.

For additional information regarding the Company's dividend policy, for details regarding the amounts of dividends distributed by the Company in the reporting periods and for the balance of the distributable profits as of December 31, 2025, please see Note 17d to the financial statements.

5. Financial information regarding the Company's areas of activity

The Company's expanded solo statements are a summary of the Company's statements presented in accordance with IFRS accounting principles, except for the investments in Amot, Energix, BE and Carr, which are presented on an equity basis instead of consolidating their statements into the Company's statements (other investments are presented without change to the statement presented according to IFRS accounting principles). For financial information in relation to the Company's areas of activity, please see Note 22 to the financial statements. Expanded solo statements do not constitute separate statements within the meaning of International Accounting Standard 27 and Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970 and are not part of the information required to be published under securities law.

5.1 Information regarding the Company's main investments (expanded solo) in the income-generating property segment by geographic distribution (*)

	December 31, 2025		December 31, 2024	
	NIS thousands	%	NIS thousands	%
Israel - investment in Amot	4,908,339	49	4,660,711	49
UK - Investment in Brockton Everlast	3,030,754	30	2,989,406	31
USA - Investment in Carr	1,674,128	17	1,302,056	14
USA - Investment in AH Boston	281,762	3	346,336	4
UK - Investment in Brockton Funds	195,383	2	218,454	2
Other	2,749	0	4,386	0
Total *	10,093,115	100	9,521,349	100

5.2 Information regarding the Group's main investments in the income-generating property segment by geographic distribution (*)

	December 31, 2025		December 31, 2024	
	NIS thousands	%	NIS thousands	%
Israel - Investment property (including property in development) (**)	21,165,467	66	20,302,013	74
UK - Brockton Everlast investment property(**)	5,174,174	16	5,136,703	19
USA - Carr investment property (**)	5,391,107	17	-	-
USA - Investment in Carr	-	-	1,302,056	5
USA - Investment in AH Boston	281,762	0.9	346,336	1
UK - Investment in Brockton Funds	195,839	0.6	218,454	1
Total **	32,208,349	100	27,305,562	100

(*) The balances presented above do not include cash, deposits and tradable securities, which, as of December 31, 2025, amounted to NIS 2.5 billion (consolidated) and NIS 0.4 million (expanded solo) and as of December 31, 2024, they amounted to NIS 1.6 billion (consolidated) and NIS 0.6 billion (expanded solo).

(**) Including investment in real estate companies held by Amot and/or Carr and which are presented in the consolidated financial statements using the equity method.

5.3 Information regarding investments in the renewable energies segment

Energix engages, by itself and through subsidiaries and partnerships under its full control, in the initiation, development, financing, construction, management and operation of facilities for the generation and storage of clean electricity from renewable energy sources and in the sale of electricity generated in these facilities, with the intention of holding them for the long term. As of the date of the report, Energix has operations in Israel, the United States, Poland and Lithuania.

In Energix's activity in Israel, the United States, Poland and Lithuania, the total capacity⁵ of its systems amounts to approx. 1.7 GW in commercially operated projects and approx. 0.5 GWh (storage), approx. 1.9 GW in projects in development or pre-construction and approx. 1.2 GWh (storage), approx. 0.9 GW in projects in advanced initiation and approx. 1.5 GWh (storage), approx. 5.8 GW in initiation⁶ and approx. 11.6 GWh (storage). For information, please see Chapter E below.

The balance of the Company's investment (expanded solo) in Energix as of December 31, 2025 is NIS 1,241 million.

The following is information regarding the Group's main investments in the renewable energies segment:

⁵ The company's project backlog includes a project that the Company acquired in Lithuania that combines a wind farm, photovoltaics with a capacity of 470 MWp and 320 MWh of storage. As of the date of approval of the report, the parties are about to complete the transaction and transfer ownership of the project to Energix.

⁶ Commercially operated projects are projects whose construction has been completed and the electricity produced in them is fed into the relevant electricity grid; projects in development or pre-construction are the Energix's projects that are in the construction process or that the actual start of construction is expected in the near future; projects in advanced initiation stages are Energix's backlog of projects (i) that have rights to the land, an approved statutory plan and a grid connection survey; or (ii) that the Company estimates can be financially closed or ready for construction within the next 12 months; or (iii) initiative projects that have won a guaranteed tariff; initiation projects are the backlog of the Energix's projects at various stages of development which may mature into development projects, for which the Company has rights to the land and it is working to obtain, or already has, the permits and approvals required for their construction, and with respect to projects in the United States and Poland, projects in the backlog will include the supplier for which the Company has connection permits; mature project backlog includes projects in commercial operation, projects whose construction and/or connection to the grid has been partially completed, projects in development and just prior to construction and advanced initiative projects.

The following are the Group's main investments in the renewable energies segment by geographic distribution:

	December 31, 2025		December 31, 2024	
	NIS thousands	%	NIS thousands	%
Israel	2,842,015	26	2,777,930	28
Poland	1,742,659	16	1,668,311	17
USA	6,447,609	58	5,466,288	55
Total	11,032,283	100	9,912,529	100

	December 31, 2025		December 31, 2024	
	NIS thousands	%	NIS thousands	%
Photo-voltaic systems	5,224,781	50	4,255,244	46
Wind farm	1,353,452	13	1,418,789	15
Projects in development	3,816,543	37	3,620,530	39
Total	10,394,776	100	9,294,563	100
Right-of-use asset and others	637,507		617,966	
	11,032,283		9,912,529	

For additional information regarding Energix, please see Chapter E below.

5.4 Result data based on the Statement of Income

Please see Section 2.5.2 of the Board of Directors' Report.

5.5 Result data based on the Expanded Solo Statement of Income

Please see Section 1.2 of Appendix A to the Board of Directors Report.

6. General environment and impact of external factors - General ⁷

General

As a group engaged in the income-generating property sector in several western countries, including Israel, the UK and the United States, the Group is exposed to changes in the conditions in the markets in which it operates in general, and in the income-generating property sector in particular.

Based on a forecast published by the IMF in January 2026, the global growth rate in 2025 was 3.2% and the growth forecast for 2026 is 3.3%. In developed economies, the growth rate was 1.5% compared to 4% in emerging markets. The global inflation rate amounted to 4.1% in 2025 and is expected to decline to approx. 3.8% in 2026.

The delayed impact of interest rate hikes by central banks in 2022-2024, changing trade terms between the United States and its key partners, China and Europe, together with global geopolitical conditions with an emphasis on the Russia-Ukraine war, were the factors hindering a return to a long-term average global growth rate of 3.5%.

At the end of February 2026, the United States and Israel launched an air and naval campaign against Iran in order to damage its strategic military capability, stop its nuclear program, and reduce the "Ring of Fire" threat to Israel and other countries in the Middle East.

The immediate and central impact of the war, which is still ongoing at the time of publication of this report, is the surge in global energy prices, damage to global trade, volatility in global financial markets, and even added uncertainty regarding growth data, with an emphasis on the fear of rising global inflation. All of the above effects may cause central banks around the world to slow down the pace of their interest rate cuts.

The Group's assessments:

For information regarding the risk factors affecting the Group's business results and asset value, please see Section 4 of the Board of Directors' Report.

According to the Company management's assessment, the Company's financial strength and that of all the Group companies (Amot, Energix, Carr, and Brockton Everlast) as well as the quality of their assets with an emphasis on "Flight to quality", the tenant mix and their rating, the average duration of the lease agreements, electricity price fixing and interest rate hedging transactions, will enable them to deal with the challenges detailed above.

The Company management estimates that the status of the Group's liquidity, cash balances and credit facilities, the average duration of its debts, the high rate of fixed interest (including through hedging transactions), the leverage level, current cash flows and access to bank credit and to the capital market will enable it to continue its operations and meet its obligations. Regarding the Group's liquidity, its unencumbered assets and its financial debt, see Section 2.4 of the Board of Directors' Report.

The Company management's estimates detailed above regarding the possible consequences of future developments in the economic environment in which the Group operates constitute forward-looking information, as defined in the Securities Law, 1968 ("Forward-looking Information"), which is based, among other things, on the Company's assessments as of the date of publication of this report with respect to factors that are not under its control. The Company's assessments are based on information available to the Company, on publications and research on these subjects and on the guidelines of the relevant authorities in the various countries in which the Group operates. It should be clarified that there is no certainty that the above assessments will be realized, in whole or in part, due to factors beyond the Company's control.

⁷ Information sources in this section:

1. International Monetary Fund - World Economic Outlook Report, January 2026.

B. Investments in Israel – Amot Investments Ltd.

1. General information regarding Amot

As of December 31, 2025, the Company holds 50.03% of Amot's capital.

In 2023, The Company sold 12 million shares of Amot in an off-exchange transaction for a total of approx. NIS 220 million.

In 2025, the Company purchased approx. 6.1 million shares and approx. 3.1 million options of Amot in exchange for approx. NIS 150 million as part of a public offering of shares carried out by Amot in July 2025.

Amot is engaged, directly and indirectly through corporations under its control, in the leasing, management and maintenance of income-generating properties, as well as in the initiation, development and construction of real estate for rental purposes in Israel.

Amot's income-generating properties in Israel, owned or leased, as of December 31, 2025, include 111 income-generating properties with a total area of 1.86 million sq.m. (Amot's share), of which 1.16 million sq.m. are above-ground rental areas and 0.7 million sq.m. are open storage and parking (17,960 parking spaces). In addition, Amot has 3 projects in advanced planning and construction stages amounting to 168 thousand sq.m. above-ground (Amot's share) and 5 projects in initiation amounting to 440 sq.m. (Amot's share).

Amot's properties include office buildings, logistics and industry, malls and commercial centers, supermarkets and others. Most of Amot's properties are located in the major cities in the center of the country and in high-demand areas. The properties are leased to approx. 1,730 tenants, through contracts of varying durations.

The total fair value of Amot's properties as of December 31, 2025 is approx. NIS 21.5 billion, of which the fair value of income-generating property as of December 31, 2025 (not including properties in development) is NIS 17.7 billion and the occupancy rate as of that date was 93.3%⁸. In addition, Amot holds investment property in development and rights in land designated for development at a fair value of NIS 3.8 billion.

The strategy determined by the Company is to consider Amot as the Israeli Company's income-generating property branch (including development for yield).

For a description of the Company's management agreement with Amot, please see Note 6(c)(4) to the financial statements.

Regarding dividends received by the Company from Amot in the reporting period and dividend receipts projected for 2026, please see Section 2.3.5 of the Board of Directors' Report and Note 6c(3) to the financial statements.

⁸ The occupancy rate, not including properties that were classified in 2025 as property in development (an office building in Afek Park, an office building in Modi'in, the commercial portion in Bnei Brak and the bottom logistics center in Beit Shemesh), is 94.5%.

2. General environment and impact of external factors - Israel⁹

All references appearing in this section below regarding the Company's estimates related to future developments in the general environment in which Amot operates and in external factors that affect its activities are considered forward-looking information as defined in section 32A of the Securities Law, 1986, and is not under the Company's control, is uncertain and based on information sources noted by the Company.

2025 was characterized by the Israeli economy continuing to deal with the consequences of the Iron Swords War, transitioning between intense fighting phases and reaching ceasefire agreements towards the end of the year. The economy experienced significant upheavals following Operation Am Kalavi in the second quarter of the year, which led to a temporary contraction in the GDP of 4.8% (in annual terms), but recorded a sharp recovery in the third quarter with growth of 11% in annual terms. The main turning point was in October 2025 with the declaration of the ceasefire and the hostage deal, which led to a decrease in geopolitical uncertainty, a substantial release of reservists and an improvement in the country's risk premium. In 2025 as a whole, the GDP grew by 2.8%, compared to only approx. 1% in 2024. Despite the War, the labor market remained very tight with a low unemployment rate of approx. 3.1% at the end of 2025 (compared to approx. 2.6% in the corresponding period) and wage increases in the business sector.

The inflation environment moderated during the year and amounted to 2.4%, within the Bank of Israel's target range, compared to a rate of 3.2% in 2024, which slightly exceeds the range. In the first part of the year, inflation remained above the target due to supply constraints and excess demand, but the appreciation of the NIS (which strengthened by approx. 12% against the USD throughout the year) and the decline in the risk premium contributed to its convergence. The Monetary Committee left the interest rate at 4.5% for most of 2025, and only in November 2025 did it begin a gradual reduction process with a reduction to 4.25%, and in January 2026 to 4%.

The Israeli stock market performed strongly in 2025, especially in the second half, with local stock indices outperforming the rest of the world. Israel's risk premium (CDS), which rose sharply during Operation Am Kalavi, declined significantly after the ceasefire and stabilized at a level close to that prevailing on the eve of the War. Rating agencies Moody's and S&P updated Israel's rating outlook from negative to stable, reflecting the markets' confidence in the economic recovery.

The annual cumulative deficit in the state budget amounted to 4.7% of the GDP in December 2025, while the debt-to-GDP ratio rose to 68.5%. The government approved the budget proposal for 2026 with a deficit ceiling of 3.9%, with the intention of maintaining a declining debt path and investor confidence, although meeting this target depends on continued security calm.

The macroeconomic forecast of the Bank of Israel's Research Division for 2026, as published at the beginning of this year, predicts GDP growth of approx. 5.2%, an inflation rate of approx. 1.7%, an unemployment rate of approx. 3.3%, and a government deficit expected to amount to approx. 3.9% of the GDP.

Prior to the start of Operation Roaring Lion, in February 2026, the Bank of Israel issued an announcement that, in light of the increasing tensions with Iran, the interest rate would remain unchanged at 4% and that there had been a slight increase in Israel's risk premium in international markets. The entire economy entered the current conflict with Iran with moderate inflation rates, and in a stable macroeconomic situation. As a result, the Bank of Israel's policy remained and was intended to maintain continued financial stability. After the start of the operation, the Bank of Israel's Banking Supervision Department published an outline for official assistance to households and businesses affected by the War.

⁹ Information sources in this section:

Bank of Israel - Research Division Macroeconomic Forecast, January 2026.

Bank of Israel - Monetary Policy Report, H2/2025, January 2026.

Central Bureau of Statistics - Data from the Labor Force Survey for December, Q4 and 2025.

Inter Israel - Office Market Review for H2/2025.

The following are macroeconomic characteristics in relation to Israel¹⁰:

Israel				
For the year ended	Units	December 31, 2025	December 31, 2024	December 31, 2023
Macroeconomic parameters				
GDP (PPP)	USD billions	568	541	523
Per capita GDP (PPP)	USD	55,766	54,126	53,074
GDP growth rate (PPP)	%	4.99%	3.44%	5.87%
Per capita GDP growth rate (PPP)	%	3.03%	1.98%	2.68%
Inflation rate	%	2.60%	3.20%	3.00%
Yield on long-term domestic government debt	%	4.09%	4.47%	3.95%
Rating of long-term government debt	-	A/Baa1	A/Baa1	AA-/A1
Unemployment rate	%	2.90%	3.00%	3.50%

Real Estate sector

According to the office market survey conducted by Inter Israel, Cushman & Wakefield's Israeli partner, during 2025, there was a recovery in office rental prices in Tel Aviv, following a decline in 2023-2024. The recovery was not uniform and the gaps widened between the main business axes such as Menachem Begin and Yigal Allon, which recorded the most significant increases (approx. 7%-8%), while the rest of the CBD areas presented more moderate increases of 2%-3%. The main factor in the change in trend is increasing demand from high-tech companies, which returned to the office market after the period of contraction and standstill that began at the end of 2022, alongside a global "return to the office" trend. At the same time, the "Flight to Quality" trend is widening the gap between Premium A properties and properties at lower quality levels - the former have recorded a sharp increase in demand, while the latter continue to face higher vacancy rates.

In 2025, the construction of approx. 171 thousand sq.m. of office space was completed in Tel Aviv. The volume of office space expected to be built in 2026-2029 is approx. one million sq.m., with 2027 expected to be a peak year with the completion of large-scale projects totaling approx. 423 thousand sq.m. - a figure that will pose a significant challenge to the absorption of supply. The high concentration of expected deliveries along the Ayalon axis makes the market's absorption capacity one of the main focuses of attention for the coming years.

In contrast to the increase in rental prices in the central areas of Tel Aviv, the satellite markets in the center of the country presented a different picture. In cities such as Herzliya, there was a slight decrease in rental fees, reflecting the "Flight to the Core" trend - the relocation of high-tech tenants to the central business areas of Tel Aviv in favor of transportation accessibility, concentration of labor and quality of buildings.

The Red Line light rail, which commenced operation in August 2023, continues to influence the dynamics of the office market. Properties located in close proximity to light rail stations are experiencing higher demand and sharper price increases. The addition of the Green and Purple Lines, scheduled for 2028, is expected to extend the positive impact to satellite markets such as Ramat HaHayal and Petah Tikva, and reshape the national demand map.

Land prices for industry and logistics showed stability in 2025, after years of sharp increases. The completion of the Israel Railways eastern track, scheduled for 2026, is expected to create new opportunities for logistics development along Route 6.

3. Financial information regarding Amot's activity

In this chapter, from this section onwards, all the data presented in the tables are on the basis of Amot's expanded consolidated financial statements data. Amot's expanded consolidated financial statements are Amot's statements presented according to IFRS principles, with the exception of the implementation of IFRS 11 "Joint Arrangements", which is applied retrospectively for reporting periods beginning on January 1, 2013. That is, investments in investee entities presented based on the equity method, which, prior to the application of the standard, were accounted for according to the proportional consolidation method (due to the existence of a contractual arrangement for joint control), are neutralized and calculated by the relative consolidation of the investees.

The following are the main data from Amot's financial statements:

¹⁰ In this table, unless otherwise stated, the source of the data is the IMF - World Economic Outlook Database from October 2025. Data for 2025 are estimated data; inflation data in Israel as of the last day of each year from the Central Bureau of Statistics website CBS.GOV.IL; data on the nominal rate of return on long-term government debt in Israel refers to 10-year bonds. The source of the data on the stats.oecd.org website is based on data transmitted from the Bank of Israel; long-term Israeli government debt rating data is based on Moody's and Standard & Poor's publications; Unemployment rate data are based on the Central Bureau of Statistics website (the unemployment rate from the total population aged 15 and over, adjusted for seasonality).

	Unit of measurement	2025	2024	2023
Number of properties	Unit	111	112	114
Value of investment property (not including property in self-development)	NIS thousands	17,726,465	17,294,792	16,730,765
Weighted discount rate derived from investment property	%	6.33	6.42	6.30
Occupancy rate at end of period	%	93.3	92.3	93.4
Value of investment property in self-development	NIS thousands	3,781,206	3,316,001	2,757,003
Equity	NIS thousands	9,851,424	9,164,829	8,837,612
Ratio of net financial debt to total balance sheet	%	42.6	44.0	44.0
Revenues from rent and management fees	NIS thousands	1,229,269	1,204,268	1,150,579
Fair value adjustments of investment property	NIS thousands	347,387	547,432	251,337
NOI	NIS thousands	1,059,707	1,042,713	1,004,406
From identical properties - NOI (*)	NIS thousands	1,038,824	986,549	954,715
FFO - according to the Management's approach	NIS thousands	803,688	823,185	789,737
Net profit	NIS thousands	781,833	919,002	682,607
FFO per share - according to the Management's approach	NIS	1,667	1,746	1,680
Ordinary dividend per share	NIS	1.08	1.08	1.08
NAV per share	NIS	19.96	19.44	18.78
NNAV per share	NIS	24.07	23.58	22.64
Share price at end of period	NIS	25.00	20.64	20
The Company's share of Amot NOI				
NOI - the Corporation's share	NIS thousands	535,604	532,567	537,855
NOI - from identical properties, the Corporation's share	NIS thousands	525,076	503,886	511,097

(*) The results for 2023 include the impact of a one-time expense and the impact of the Iron Swords War easements, which resulted in a loss of revenue of approx. NIS 6 million.

4. Information regarding Amot properties

The following is information regarding Amot's properties with a breakdown by use. For the geographic breakdown of Amot's office properties, please see Section 4.1.9 below.

4.1 Information regarding Amot's assets, by use:

4.1.1 Information regarding Amot's above-ground income-generating areas in Israel, in sq.m., by use:

Uses	December 31, 2025	% of total area	December 31, 2024	% of total area
Offices	428,325	37%	445,009	38%
Logistics and industry	537,498	46%	522,833	45%
Commercial centers	137,644	12%	131,104	11%
Supermarkets	37,694	3%	37,694	3%
Miscellaneous	23,553	2%	23,553	2%
Total above-ground area	1,164,714	100%	1,160,193	100%
Open storage area	96,870		96,870	
Parking area	596,775		602,330	
Total area (*)(**)(***)	1,858,359	100%	1,859,393	100%
Total Company share in above-ground area according to rate of holdings at end of period	582,692		592,279	

(*) The areas detailed above include 44 thousand sq.m., in 2024 and 2025, of jointly controlled companies presented according to the equity method in the financial statements.

(**) During 2025, assets were sold amounting to approx. 20 thousand sq.m.

(***) During 2025, properties were classified from property for development to income-generating property - an office building in Afek Park, approx. 4 thousand sq.m., a portion of Lehi Bnei Brak, approx. 7 thousand sq.m., and the bottom logistics center at Beit Shemesh, approx. 15 thousand sq.m. (the Company's share).

4.1.2 Information regarding the fair value of Amot's income-generating properties in Israel, by use (in NIS thousands):

Uses	December 31, 2025	% of total area	December 31, 2024	% of total area
Offices	8,352,663	47%	8,367,448	48%
Logistics and industry	5,152,524	29%	4,974,197	29%
Commercial centers	3,072,538	17%	2,834,774	16%
Supermarkets	882,804	5%	853,394	5%
Miscellaneous	265,936	2%	264,979	2%
Total (*)(**)	17,726,465	100%	17,294,792	100%
Total Company share of fair value according to rate of holdings for the period	8,868,334		8,828,991	

(*) Of the above in 2025 and 2024, properties valued at NIS 617 million and NIS 584 million, respectively, belong to jointly controlled companies presented according to the equity method in the financial statement.

(**) In 2025, properties designated as offices were realized for a total of NIS 212 million.

4.1.3 Information regarding the NOI (net operating income) of Amot's income-generating properties in Israel, by use (in NIS thousands):

Uses	2025	% of NOI	2024	% of NOI	2023	% of NOI
Offices	503,344	47%	503,297	48%	493,863	49%
Logistics and industry	298,879	28%	286,606	27%	270,235	26%
Commercial centers	186,141	18%	186,074	18%	181,566	18%
Supermarkets	53,345	5%	51,378	5%	49,271	5%
Miscellaneous	18,641	2%	18,391	2%	18,055	2%
Total (*)(**)(***)	1,060,350	100%	1,045,746	100%	1,012,990	100%
Total Company share in NOI according to rate of holdings in the period						
	535,604		532,567		537,855	

(*) During 2025 and 2024, income-generating properties were sold for a total of NIS 212 million and NIS 200 million, respectively, for which there was a decrease in NOI of approx. NIS 4 million and approx. NIS 10 million in 2025 and 2024, respectively.

(*) The data does not include non-attributable expenses in the amount of approx. NIS 10 million in 2025, approx. NIS 11 million in 2024 and approx. NIS 9 million in 2023.

(**) Of the above, NOI in the amount of approx. NIS 33 million in 2025 and NIS 35 million in 2024 belong to jointly controlled companies presented according to the equity method in the financial statement.

4.1.4 Information regarding a breakdown of revaluation profits (losses) from Amot's income-generating properties in Israel (in NIS thousand):

Uses	2025	2024	2023
Offices	70,321	124,863	119,908
Logistics and industry	57,721	130,455	100,431
Commercial centers	17,535	41,626	9,261
Supermarkets	26,528	47,514	19,219
Miscellaneous	298	292	7,454
Transaction costs in respect of the purchase of new properties	-	(1,732)	(3,000)
Total (*)	172,403	343,018	253,273
Adjustment of the value of properties in development and others	160,054	204,414	(1,936)
Total	332,457	547,432	251,337
Total Company share of revaluation profits/losses (not including property in development) according to rate of holdings for the period			
	167,240	175,210	134,115

(*) Of the above, net revaluation profits of NIS 6 million in 2025, NIS 6 million in 2024 and NIS 7 million in 2023 belong to jointly controlled companies presented according to the equity method in the financial statement.

4.1.5 Details of actual average monthly rental fees from Amot's income-generating properties in Israel, by use (in NIS per sq.m.):

Uses	2025	2024
Offices	103	103
Logistics and industry	47	45
Commercial centers	123	122
Supermarkets	118	114
Miscellaneous	66	65

Calculated on the basis of revenues only from rental fees, not including parking and management fees.

Calculated on the basis of the full area of the properties less average vacant areas.

Calculated on the basis of standardization of average rental fees from properties acquired during the year.

4.1.6 Information regarding average occupancy rates in Amot's income-generating properties in Israel as of December 31, by use (in percent)(*):

Uses	2025	2024
Offices (*)	86.7%	82.3%
Logistics and industry	97.0%	99.0%
Commercial centers	96.9%	96.6%
Supermarkets	100.0%	100.0%
Miscellaneous	100.0%	100.0%
Total (*)	93.3%	92.3%

(*) The total rate of occupancy, not including a property classified from property in development in 2025 is 94.5%.

The occupancy rate used for offices, not including a property classified as property in development is 88.2%, and for logistics and industrial use, it is 98.3%.

4.1.7 Information regarding the number of Amot's income-generating properties in Israel for the year ended December 31, by use:

Uses	2025	2024
Offices	39	41
Logistics and industry	20	20
Commercial centers	14	13
Supermarkets	35	35
Miscellaneous	3	3
Total (*)	111	112

(*) Of the above, 6 income-generating properties in Israel belong to jointly controlled companies presented according to the equity method in the financial statements.

4.1.8 Information regarding average yield rates (according to end of year value) from Amot's income-generating properties in Israel based on actual NOI, by use:

Uses	2025	2024
Offices	6.2%	6.4%
Logistics and industry	5.7%	5.7%
Commercial centers	6.3%	6.5%
Supermarkets	6.0%	6.0%
Miscellaneous	7.0%	6.9%
Total (*)(**)	6.1%	6.2%

(*) The yield rates derived from actual NOI flows are downward biased due to vacant areas that do not currently generate an actual flow, due to actual flows that do not necessarily reflect the updated leases and NOI for properties that were partially income-generating during the reporting period.

(**) The discount rate used to discount Amot's properties is the "net" discount rate - that is, for comparison with the discount rate of transactions in real estate properties with similar characteristics, 0.25% to 0.5% must be added to this discount rate for transaction costs, depending on the type of transaction and the amount of the discount fee.

(***) Please see Note 4(c) to the financial statements regarding the discount rate range of the properties as of December 31, 2025.

The individual discount rate for each property in each sector depends on a number of factors:

- The location of the property and its future potential.
- The rental fee relative to the comparable properties in the area.
- Tenant rating, length of rental contract, collateral for the property's rental fees, level of competition in the tenant's industry and level of competition in the economic area of the property and the type of building.

4.1.9 Breakdown of information regarding office properties by geographic area:

Geographic area	Above-ground area as of December 31, 2025	NOI for 2025	Fair value of income-generating property as of December 31, 2025	Percent of total properties	Average monthly rental fees 2025
	Sq.m.	NIS thousands	NIS thousands	%	NIS per sq.m.
Greater Tel Aviv (*)	199,604	334,358	5,416,653	65%	130
Gush Dan cities	187,769	138,480	2,493,765	30%	80
Other areas	40,952	30,506	442,244	5%	66
Total	428,325	503,344	8,352,662	100%	

Geographic area	Above-ground area as of December 31, 2024	NOI for 2024	Fair value of income-generating property as of December 31, 2024	Percent of total properties	Average monthly rental fees 2024
	Sq.m.	NIS thousands	NIS thousands	%	NIS per sq.m.
Greater Tel Aviv (*)	199,604	331,987	5,325,707	64%	130
Gush Dan cities	194,582	137,010	2,471,118	30%	79
Other areas	50,823	34,300	570,623	7%	66
Total	445,009	503,297	8,367,448	100%	

(*) Tel Aviv, Ramat Gan and Givataim

4.2 Expected revenues in respect of signed leases (order backlog)

The following is data regarding expected rental revenues in respect of rental agreements signed in Israel for Amot properties as of December 31, 2025, by date of completion:

Assuming non-exercise of tenant option periods			
Period	Revenues from fixed components	Number of contracts ending	Area subject to contracts ending
	In NIS thousands	Unit	Thousands of sq.m.
Q1	257	104	31
Q2	249	99	27
Q3	239	141	40
Q4	228	87	37
Total 2026	973	431	135
2027	767	433	212
2028	583	333	215
2029	441	192	153
2030 onward	1054	334	440
Total	3,818	1,723	1,155

The data appearing in the above table is subject to the following assumptions:

- The amounts include Amot's share in properties consolidated relatively.
- The table does not include revenues from properties held for sale.
- The table does not include expected revenues in respect of signed contracts in projects in development.

The information included in the table in Section 4.2 constitutes forward-looking information, as defined in Section 32A of the Securities Law, and as such its realization is uncertain and is not solely under Amot's control. The information refers to data existing and known to Amot on the date of publication of the report regarding expiry dates of the current rental contracts. The information may change as a result of factors that are not under Amot's control, such as the termination of rental agreements due to violations of the agreement or due to tenants' financial difficulties that may lead to the violation or termination of the rental agreements.

4.3 Main tenants

Amot does not have a tenant from whom the revenues from rental fees and from its management constitute 10% or more of all of its rental fee and property management revenues.

4.4 Information regarding Amot's main income-generating properties:

Offices - Amot has ownership/leasing rights in several office buildings in Israel (some wholly-owned and some with partners). The buildings are rented to high-tech companies, commercial companies and professionals.

Amot manages its office buildings itself and through the apartment building representatives.

Its prominent income-generating properties in this area include the following:

PROPERTY NAME	PROPERTY LOCATION	PROPERTY ATTRIBUTION
ToHa1 (Totzeret Ha'aretz Complex) (Amot's share - 50%)	Intersection of Totzeret Haaretz St., Yigal Alon St. and Hashalom Rd., Tel Aviv	A unique, prestigious tower built according to Israel's highest standards, bearing LEED Platinum standard and enjoying high transportation accessibility.
Amot Atrium Tower	Ramat Gan City Complex, Jabotinsky St.	A unique, prestigious tower built according to Israel's highest standards, bearing LEED Platinum standard and enjoying high transportation accessibility.
Holon Campus Tower Amot's share - 77.8%	Sderot Yerushalayim and HaMelacha St., Holon Industrial Zone	A unique, prestigious tower built according to Israel's highest standards, meeting the LEED Platinum status. The tower is build on 11 dunams. As of the date of publication of the report, the property is leased at a rate of 55%.
Amot Investments Tower, Europe House	Shaul Hamelech St., central Tel Aviv In the center of the city's court complex adjacent to the Tel Aviv Museum and the Tel Aviv Performing Arts Center	Due to their proximity to the court complex, the buildings constitute prime properties due to excess demand from professionals for rental space in the area of the complex. The tower has been certified LEED OEM.
Amot Mishpat Complex (Beit Amot Mishpat, Amot Hakirya and 10 Dubnov)		In the Amot Mishpat complex, a local city building plan was promoted under the TA/5000 plan. The city building plan is in effect and includes the option of a residential component.
Amot BDO (Buildings A, B and C)	Menachem Begin Rd., Tel Aviv	A complex consists of 3 office buildings. The main tenant in the complex is the accounting firm BDO and Building C is fully leased to the Fattal Hotel chain. The complex enjoys a high level of transportation access, on Menachem Begin Rd. in Tel Aviv. In this complex, Amot is promoting a local city building plan under the TA/5000 plan.

Logistics and industry - Amot has full and/or partial ownership with others in several industrial and logistical parks.

The parks are managed by management companies owned by Amot or by external management companies or by the tenants.

PROPERTY NAME	PROPERTY LOCATION	PROPERTY ATTRIBUTION
Amot Tzrifin Park	On Road 44 (Ramla-Beit Dagan) adjacent to Moshav Nir Zvi and near Assaf Harofeh Hospital and the Tzrifin Junction	The complex consists of approx. 274 dunams, on which 18 logistics buildings are built with a total built-up area of approx. 113 thousand sq.m. The complex has substantial unutilized building rights.
Si'im Park Netanya	Poleg Industrial Zone, Netanya South	The properties provide a solution in an area where there is a growing demand for a combination of uses for both the needs of the high-tech industry and for logistics and storage needs.
Poleg Park Netanya		The complex is on an area of approx. 80 dunams.
Logistic center - Shoham	Hevel Modi'in Industrial Zone - Shoham	The property is rented in full to SLE - Salomon, Levin and Elstein Ltd. (a Teva subsidiary) and serves as a sophisticated logistic center for automatic storage of raw materials for the pharmaceutical industry, and for the storage and distribution of pharmaceuticals.
Cargal Park	Lod North Industrial Zone	A complex with an area of approx. 100 dunams and a built-up area of approx. 47 thousand sq.m., rented to 27 tenants. The complex has substantial unutilized building rights.
Rehovot Park	Rehovot Industrial Zone	An industrial park that includes a 3-wing building spread over an area of 33 thousand sq.m., used by laboratories, production development and warehouses.
A Group of Logistics Buildings, Modi'in	Ligad, Modi'in	Several logistics centers rented to high-quality tenants, such as Shufersal, Fox and Novolog.
Shufersal On-line Distribution Center Amot's share - 75%	Ligad, Modi'in	A property fully leased to Shufersal Ltd. for its online operations. Logistics center with a built up area of approx. 43 thousand sq.m.
Beit Shemesh Logistic Center - Amot's share - 60%	Brosh Industrial Park, Beit Shemesh	An advanced logistics center with an area of 50 thousand sq.m. As of the date of publication of the report, the property is leased at approx. 75%.

Commerce - Amot has rights in several malls and commercial centers.

The malls and commercial centers are managed by management companies owned by Amot or jointly owned by Amot and its partners. Its prominent properties in this area include:

PROPERTY NAME	PROPERTY LOCATION	PROPERTY ATTRIBUTION
Kiryat Ono Mall	Kiryat Ono city center	The mall is located in the city center, in an area that enjoys a residential construction boom and as a result there is expected to be a significant increase in the population that the mall is expected to serve. The mall combines a commercial center with two office buildings. During the past year, the Kiryat Ono Mall is being upgraded and is undergoing extensive renovation, both in the public areas and in the rented areas themselves.
Arim Mall, Kfar Saba	Kfar Saba city center	The mall is partially open and is comprised of two sections connected by pedestrian bridges. Located in the city center and constituting part of the city's urban fabric.
B7 Commercial Center	Beersheba	Shopping and entertainment center, located in a commercial center of the city.
Central Mall, Jerusalem (Amot's share - 50%)	Central Station, Jerusalem	A complex consisting of a central bus station, commercial center and office building at the entrance to Jerusalem.

Amot owns 35 independent supermarkets, spread nationally, rented to the Shufersal Ltd. Group, Carrefour Ltd./Mega Retail Ltd., Co-Op Jerusalem, Victory and others. The supermarkets' occupancy rate as of December 31, 2025 is 100%.

4.5 Investment property in construction and development ¹¹

Amot is also involved in initiating and developing, and acquires land for the purpose of initiating, developing and building income-generating properties for rental purposes.

Amot has several properties in construction and development.

¹¹ The data is presented according to Amot's share in the properties (and not according to the Company's share in Amot). As of December 31, 2025, December 31, 2024 and December 31, 2023, the Company's share in the data presented is 50.03%, 51.1% and 51.1, respectively.

4.5.1 Projects in development as of December 31, 2025

Amot has 3 projects in development, in which Amot's share is 168 thousand sq.m. above ground. The total expected investment in the projects is approx. NIS 3.2 billion (Amot's share). The cost of construction includes the land component, parking garages, tenant improvements and capitalizations.

Property name	Location	Main use	Rate of holdings	Thousands of above-ground sq.m. for marketing, 100%	Estimated completion date (*)	Value of project in Amot's books as of December 31, 2025	Estimated construction costs (*)	Expected NOI upon the project's full occupancy (*)	Expected return above cost (*)
						Amot's share - in NIS millions			
Halehi Complex [1]	Bnei Brak	Offices	50%	87	2026	470	650	46	7.10%
K Complex - Jerusalem [2]	Jerusalem	Offices + hotel	50%	93	2028	170	775	51	6.60%
ToHa2	Tel Aviv	Offices	50%	156	2026	1,584	1,725	160	9.20%
Total				336		2,224	3,150	255	7.90%

[1] As of the date of publication of the report, the commerce floors have opened to the public. Amot has signed contracts for approx. 13 thousand sq.m. (Amot's share - 50%), which are expected to generate annual rent of approx. NIS 22 million (Amot's share - 50%). In the second quarter of 2025, the commerce portion was reclassified from property in development to income-generating property, and as a result, the expected rate of return for the office portion changed to 7.1%.

[2] Subject to the completion of additional rights in the K Complex in Jerusalem.

(*) The information included in this section above regarding the estimated end of construction date, estimated construction cost, the expected NOI upon the project's occupancy and the expected return on the cost, constitutes forward-looking information as defined in Section 32A of the Securities Law, as it is impacted by factors that do not depend on the Group such as construction costs, security situation, demand for offices, changes in the City Building Plan that are subject to the approval of the authorities, etc.

ToHa2 in Tel Aviv

In the joint venture of Amot and Gav-Yam Land Corporation Ltd. (hereinafter collectively in this subsection - the "partners"), the joint and equal owners of the land located at the intersection of Totzeret Ha'aretz, Yigal Alon and Derech HaShalom streets in Tel Aviv, the ToHa2 tower is being built with an above-ground area of approx. 156 thousand sq.m. ("**ToHa2**"). On June 25, 2024, the partners entered into a lease agreement with Google Israel Ltd. ("**Google**").

According to the agreement, Google will lease from the partners approx. 60 thousand sq.m. at the envelope level in the upper part of the ToHa2 Tower, as well as several hundred parking spaces, for a 10-year lease period (with a one-time exit right at the end of 5 years), which will begin in the first quarter of 2027, upon completion of the ToHa2 construction, in consideration for a total rental fee of approx. NIS 120 million per year (at the envelope level), CPI-linked as of the date of the report (Amot's share - 50%).

As is customary in transactions of this type, in addition to the lease agreement, construction and management agreements were signed, providing mutual guarantees for the fulfillment of the parties' obligations.

As of the date of the report, significant negotiations are underway to lease the remaining space in the tower.

The construction of the ToHa2 tower is in progressing and approx. 98% of the skeleton work has been completed in accordance with the planned schedule. The ToHa2 envelope and systems work are also progressing according to plan and the expected completion of construction and receipt of Form 4 is at the end of 2026.

It should be clarified that the timing of the completion of the ToHa2 construction and the beginning of the lease period are forward-looking information as defined in the Securities Law, 1968. The information described above is based on the information available to Amot as of this date regarding the status of the project's construction progress. Amot's estimates and forecasts in this regard are dependent and subject to the occurrence of actions and circumstances beyond its control or to the materialization of any of the risk factors included in the Corporate Business Description chapter of the Company's periodic report for 2025.

Halehi Complex - The Park

The lot is located in the northern business complex of Bnei Brak, adjacent to the Yarkon Park and the Ramat Hahayal complex and adjacent to the Bnei Brak train station and the Green Line Light Rail station. Amot, together with Allied Real Estate Ltd. (hereinafter in this subsection - the "partnership"), established an office and commercial project with 100 thousand sq.m. of above-ground space. As of the date of publication of the report, the project is in the final stages of completion of the office tower and is being marketed.

The commerce floors were delivered to tenants and the stores have been opened to the public. The partners have signed lease contracts for approx. 13 thousand sq.m. (Amot's share - 50%), which are expected to generate annual rental fees of approx. NIS 22 million (Amot's share - 50%). In the second quarter of 2025, the commerce portion was reclassified from property in development to income-generating property.

K Complex - Jerusalem

In June 2020, Amot, together with Allied Real Estate Ltd., won a tender for the lease of a plot of land with an area of approx. 4.5 dunams (K Complex) in the "City Gate" complex that will be built at the entrance to Jerusalem. The project has an above ground area amounting

to approx. 79 thousand sq.m. according to the City Building Plan in effect and approx. 93 thousand sq.m. above ground area according to the submitted permit, as well as the right to attach 200 parking spaces built in an underground public parking lot adjacent to the complex, in addition to parking existing in the complex (Amot's share - 50%). The project is mixed-use and includes employment and hotels. As of the date of the report, the project is in the process of construction of a parking structure.

For additional information regarding Amot's projects in development, please see Note 4(b) to the financial statements.

The following is a summary of the main data on Amot's main properties in development by use. The data represent Amot's share in the projects and are presented in NIS thousands:

Location	Parameters	For the year ended		
		December 31, 2025	December 31, 2024	December 31, 2023
Uses - Offices (Toha2 Tel Aviv / Lehi Complex Bnei Brak / K Complex Jerusalem)	Number of properties in development at end of period	3	4	5
	Total above-ground areas in development (planned) at end of period, in sq.m.	167,960	180,700	187,450
	Total underground parking areas, in sq.m.	54,000	54,000	62,198
	Total costs invested in the current period (including transaction costs), in NIS thousands	385,242	364,369	331,943
	The amount at which the properties are presented in the financial statements (including parts considered income-generating), in NIS thousands	2,224,152	1,885,063	1,440,204
	Construction budget in the consecutive period (estimate), in NIS thousands	648,718	575,271	419,075
	Expected construction budget (estimate), in NIS thousands	3,261,513	3,259,192	3,303,892
	Portion of the built-up area for which leases have been signed as of December 31	18.00%	18.00%	8.00%
	Portion of the built-up area for which leases have been signed close to the signing of the report	-	-	-
	Expected annual revenue from projects completed in the consecutive period and for which contracts have been signed for 50% or more of the area, in NIS millions	-	8	7
Use - logistics, Beit Shemesh (*)	Number of properties in development at end of period	-	1	1
	Total above-ground areas in development (planned) at end of period, in sq.m.	-	15,150	30,300
	Total costs invested in the current period, in NIS thousands	-	33,333	96,674
	The amount at which the properties are presented in the financial statements (including parts considered income-generating), in NIS thousands	-	90,830	173,187
	Construction budget in the consecutive period (estimate), in NIS thousands	-	10,540	43,872
	Expected construction budget (estimate), in NIS thousands	-	105,698	217,059
	Portion of the built-up area for which leases have been signed and/or are in final signing stages as of December 31	-	0%	50%
	Expected annual revenue from projects completed in the consecutive period and for which contracts have been signed for 50% or more of the area, in NIS millions	-	-	8.5

4.5.2 Projects in initiation stages as of December 31, 2025

Amot has 5 projects in planning and development stages, as detailed below:

Property name	Location	Main use	Rate of holdings	Value of project in Amot's books (NIS millions)	Additional above-ground area (Amot's share) in sq.m. thousands
Building rights - Tzrifin Logistic Center	Tzrifin	Logistics	100%	253	200
Beit Amot - Ravad	Tel Aviv	Offices	50%	130	30
HaSolelim land	Tel Aviv	Offices	100%	211	110
ToHa3/ToHa4	Tel Aviv	Offices	50%	217	100
Plot 300/301	Tel Aviv	Housing/offices	50%	176	63 housing units
Other projects				433	
Total				1,420	

The information included in Section 4.5.2 regarding projects in initiation stages are based on Amot's estimates regarding the utilization of building rights in some of the above projects constitutes forward-looking information as defined in Section 32A of the Securities Law, and as such its realization is uncertain and is not solely under Amot's control. Amot's estimates are based, among other things, on information available to the Amot management and include assessments, forecasts, assumptions and estimates that may not materialize or may materialize differently from the estimate and that are not under Amot's control, and therefore, there is no certainty that these projects will actually be implemented.

4.6 Additional land and building rights that were classified as investment property and investment property in development¹²

The following are the main data on land by use, in NIS thousands:

	2025	2024	2023
	Amount presented in the financial statements (in NIS thousands)	Amount presented in the financial statements (in NIS thousands)	Amount presented in the financial statements (in NIS thousands)
Existing land and building rights not yet utilized	Offices	904,977	703,254
	Logistics and industry	280,948	275,404
	Commerce	19,071	19,970
	Residential	354,489	323,243
Total	1,559,485	1,321,871	1,127,726

¹² The data is presented according to Amot's share in the properties (and not according to the Company's share in Amot). As of December 31, 2024, December 31, 2023 and December 31, 2022, the Company's share in the data presented is 51.1%, 51.5% and 53.5%, respectively.

4.7 Acquisition and sale of rights in income-generating properties and land by main use:

Income-generating properties:

Use	Parameters	Unit of measurement	For the year ended		
			December 31, 2025	December 31, 2024	December 31, 2023
Sale Offices	Number of properties sold during the period	Unit	2	3	-
	Cost of properties sold in the period	NIS millions	213	190	-
	Expected NOI of properties sold during the period	NIS millions	8.0	10.4	-
	Area of properties sold during the period	Thousands of sq.m.	20	9	-
Sale Commerce	Number of properties sold during the period	Unit	-	1	-
	Cost of properties sold in the period (*)	NIS millions	-	10	-
	Expected NOI of properties sold during the period	NIS millions	-	0.3	-
	Area of properties sold during the period	Thousands of sq.m.	-	0.5	-

Land:

Use	Parameters	Unit of measurement	For the year ended		
			December 31, 2025	December 31, 2024	December 31, 2023
Offices	Number of land assets sold in the period (*)	Unit	-	1	-
	Cost of land sold in the period	NIS millions	-	159	-
	Area of land sold in the period	Dunam	-	1.5	-
Offices	Number of land assets purchased in the period	Unit	3	3	-
	Cost of land assets purchased in the period (**)	NIS millions	216	267	-
	Area of land purchased in the period	Dunam	2.5	7.0	-

(*) 50% of the land was sold to the partner in the ToHa project.

(**) Not including transaction costs.

4.8 Reconciliation with the Consolidated Statement - Items in respect of Amot¹³

		As of December 31	
		2025	2024
		NIS thousands	NIS thousands
Fair value adjustment of investment property to values in the financial statements (4.1.2 above)			
Presentation in the Description of the Corporation's Business	Total value of investment property from income-generating properties in Israel	17,726,465	17,294,792
Adjustments	Classification of income-generating properties belonging to jointly-controlled companies for investment on an equity basis.	(617,956)	(584,617)
	Classification of properties held for sale	-	-
Presentation in the Statement of Financial Position	"Investment property" item in the Statement of Financial Position - in respect of Amot	17,108,509	16,710,175
Adjustment of NOI profits from income-generating properties to Statement of Income values (4.1.3 above)			
Presentation in the Description of the Corporation's Business	Total NOI profits from income-generating properties	1,060,350	1,045,746
Adjustments	Operating expenses that cannot be attributed directly to a specific property	(10,170)	(10,684)
	NOI in respect of properties classified to 'property in development' that still generate income	9,911	7,651
	Classification of NOI in respect of income-generating properties belonging to jointly-controlled companies presented according to the equity method (before equity profits)	(33,449)	(34,334)
Presentation in the Statement of Income	The 'profit from the rental and operation of properties' item in the Statement of Income – in respect of Amot	1,026,642	1,008,379
Adjustment of revaluation profits from income-generating properties to Statement of Income values (4.5 above)			
Presentation in the Description of the Corporation's Business	Total revaluation profits from income-generating properties, capital gain from realization and amortization of transaction costs	332,457	547,432
Adjustments	Classification of revaluation losses in respect of income-generating properties belonging to jointly-controlled companies presented according to the equity method (prior to equity profits)	5,820	4,640
Presentation in the Statement of Income	The "fair value adjustment of investment property and profit from its sale" item in the Statement of Comprehensive Income - in respect of Amot	338,277	552,072

5. Property management and operation

In 2021, Amot began to independently manage, through a management company under its ownership, all the relevant properties in which Amot has full ownership. In 2022, Amot began to expand the services offered to its customers to include private areas. In some properties, management is carried out on a fixed cost basis and in some, on a fixed margin basis (up to COST+15%). Operational

¹³ The reconciliation presented is with Amot's financial statements, prepared in accordance with IFRS. In this section, no adjustment was made to the Company's statements for intercompany balances in respect of the office lease transaction between Amot and the Company and Energix, for which the balance in the statement of financial position as of December 31, 2025 and December 31, 2024 amounts to NIS 82 million and NIS 65 million, respectively; its impact on the NOI for 2025, 2024 and 2023 amounts to NIS 5 million, NIS 4.2 million and NIS 4.0 million per year, respectively, and its impact on the revaluation amount in 2025, 2024 and 2023 amounts to approx. NIS 1.7 million, NIS 2.4 million and NIS 2.0 million, respectively.

management includes, among other things, preparing activity budgets and monitoring their implementation, operating the house management, security, cleaning, preventive maintenance, monitoring faults, insurance, property taxes, and other issues handled by the management company with the various authorities. The activity includes billing customers, collection, preparing balance sheets, managing the account system between Amot and its suppliers and customers, tenders, legal treatment, public relations and advertising.

6. Properties with development potential

Amot has several properties with development potential. Please see Sections 4.5 and 4.6 above.

TA/5000 plan - a comprehensive local master plan in effect, applicable to the entire municipal area of Tel Aviv-Yafo designed to outline a long-term city planning policy. A comprehensive plan determines the manner of the city's development, division into areas with different land designations, maximum building volumes, building restrictions regarding height, areas for conservation and areas for increased development. The plan recommends future development volumes that correspond to the population growth expectations and the growth in the employment market for 2025. A comprehensive plan cannot be used as a the basis of a permit request. A comprehensive plan establishes guidelines for preparing a local master plan (a specific city building plan with local authority), under which building permit requests may be filed. A comprehensive plan does not grant rights and does not create a liability for betterment levies. In some of Amot's properties located in the plan area, Amot is promoting a local city building plan compatible with TA/5000.

7. Marketing

Marketing is carried out in several main and area-focused channels, including activities in the various media: digital media with segmental and effective management, written media in the press, including the use of PR and content articles, billboards, use of Amot's properties for advertising, etc. It is important to note that before using any marketing communication channel, the effectiveness of the channel and feasibility of the planned market activity is analyzed. In addition, the marketing department employs several marketing and property managers who are responsible for managing and marketing Amot's properties while locating new customers and/or preserving and strengthening the activity with existing customers who are interested in continuing to grow within Amot's properties. Amot also operates various brokers nationwide, as well as brokers active with international corporations. The variety of different and extensive marketing channels gives the Company strength and independence in any single marketing pipeline, and the loss of any of them will not adversely affect Amot's business operations.

8. Competition

The Israeli income-generating real estate market is characterized by a high level of competition due to a large number of companies engaging in the acquisition, initiation, development, rental and betterment of real estate.

Amot is exposed to competition from a large number of Israeli companies engaged in the acquisition, initiation and development of rental property for offices, industry, logistics and commerce and companies engaged in the rental of property for offices, logistics, industry and commerce, as well from other real estate owners in areas where Amot's properties are located. Companies competing with Amot cannot be identified individually, as competition in the real estate sector is characterized by specific competition according to the type of property, the location of each property and its occupancy level. In addition, competition focuses on locating land for initiation, development, construction and rental purposes and on the rental of land to potential tenants.

Amot estimates that relative to other companies active in income-generating property in Israel, the scope of its activity is broad and varied.

According to Amot's estimates, the main factors affecting its competitive status in Israel are as follows:

1. Amot has an asset portfolio in a variety of uses: offices (47%), logistics and industry (29%), commerce (17%), 35 supermarkets (5%). The variety of uses reduces Amot's exposure to volatility in the various markets.
2. Amot's main properties are located in the country's center.
3. Most of Amot's properties are relatively large, enabling it to provide a response to the needs of large tenants, with the option of adapting the rental property to their needs.
4. Plug and Play - Planning and execution of finishing work for the customer, through the finishing company Amot Construction.
5. Amot has a positive market reputation as a reliable company in terms of providing service both in meeting timetables for handing over rental properties to tenants and in adapting the units and/or buildings according to needs and specifications, at any level required by the tenant.
6. Amot's large tenants have a positive reputation and financial strength and tend to rent properties on a long-term basis.
7. The maintenance and management level of Amot's properties is high and provides a broad and holistic response to the needs of the tenant and for its employees' welfare that include, among other things, repair service, renovations and interior cleaning, laundry and mail service, fitness rooms, conference center and more, creating an overall pleasure from a positive customer experience.
8. Financial strength and the ability to secure bank financing.
9. Its abilities in initiation and development give Amot an advantage in locating land for development and construction and in locating properties requiring betterment that have rental potential and enable it to meet market demand.
10. The properties in development are located in areas accessible to mass transit, in developing and high-demand areas that include other office and commercial buildings.

The above advantages as a whole help Amot deal with the difficult competitive conditions in the Israeli income-generating property market.

9. Human capital

As of December 31, 2025, Amot employs 198 employees, as follows:

Department	Number of employees as of December 31, 2025	Number of employees as of December 31, 2024
Management and Company HQ	57	58
Project management and finishing work	52	43
Property and shopping mall management and operation companies	89	84
Total	198	185

Amot also receives management services from Alony-Hetz under a management agreement. For information, please see Note 6c(4) to the financial statements.

All Amot officers are employed through personal contracts. All of Amot's severance pay liabilities are covered by contributions in executive insurance policies and by a reserve for severance pay.

According to the terms of the agreements, some of the above officers are entitled to bonuses and options, in accordance with Amot's policy as determined established by its Board of Directors from time to time.

Amot has no material dependence on any specific employee.

10. Adaptations in rental properties and suppliers

The amount of the capital expenditure (CAPEX) to preserve the existing condition, amounted to NIS 31 million in 2025 (including the upgrading of the facing of public areas), NIS 26 million in 2024 and NIS 16 million in 2023.

Regarding initiation and development, Amot is affected by the cost of employing the contractors for projects it initiates and by changes in raw material prices (such as steel, concrete and cement for construction) and changes in manpower costs. The availability of foreign workers and concrete and cement prices may have an impact on Amot's business. In addition, a shortage of raw materials and manpower may delay the construction of projects and lead to late deliveries of properties to tenants. Amot is not dependent on any specific suppliers or service providers.

Amot carries out renovations and tenant improvements through the subsidiary Amot Construction Ltd. and through external service providers, beyond the regular operation of the properties.

11. External Appraiser

(Details in accordance with Section 2 of the Third Schedule to the Securities Regulations (Periodic and Immediate Reports), 1970).

The appraisal office of Eng. Joseph Sarnitzky is one of the leading and long-standing appraisal offices in Israel and it benefits from over 60 years of accumulated experience in appraisals and valuations. The office currently has a team of approx. 15 appraisers, headed by Eng. Joseph Sarnitzky and Ron Sarnitzky.

The percentage of properties appraised by the Sarnitzky office constitutes, as of December 31, 2025, 55% of the value of investment property in Amot's Statement of Financial Position, and therefore he meets the definition of a very material appraiser according to Legal Staff Position 105-30 of the Securities Authority as of July 22, 2015 (hereinafter in this section - the "Authority's position"). The Sarnitzky office's fees were not conditional on the results of the valuations or on Amot's performance.

The appraiser was given an indemnity commitment limited to the data provided to him by Amot. Amot chose to engage with the Sarnitzky office due to his extensive experience and professionalism regarding income-generating property in Israel, which provide him with the skills he needs to determine the fair value of Amot's properties.

Eng. Joseph Sarnitzky has a Master of Science degree in Structural Engineering from the Haifa Technion (1960), an Engineer's degree in Structural Engineering (1963), a certified real estate appraiser (1970), a certified mediator (2002), Chairman of the Academy for Research and Implementation of Real Estate Appraisals in Israel. He served as a member of the Council of Appraisers and Chairman of the Real Estate Appraisers Association in Israel (1990-1983). He is one of the founders of the Real Estate Appraisal Certificate Program at Tel Aviv University. He has served as a lecturer and member of the Steering Committee. Since 2003, he has served as Chairman and as a founder of the Academy for Research and Implementation of Real Estate Appraisals in Israel, Certificate no. 1.

Ron Sarnitzky has a Bachelor's and Master's degree in Law, England. Law license no. 17882, member of the Bar Association. Since 1998, Certified Real Estate Appraiser no. 696, member of the Real Estate Appraisers Association in Israel. Since 1999, he has been the executive director of the Eng. Joseph Sarnitzky Ltd. Real Estate Appraisal Office.

12. Amot's forecast for 2026:

The following is Amot's forecast for its main operational results for 2026 as published in its 2025 Board of Directors' Report. The forecast is based on the following working assumptions:

- An expected increase of 2.0% in the CPI.
- Signed leases and Amot management's expectations regarding current lease renewals in 2026.
- According to Amot's strategy, the forecast for 2026 includes an expected annual property realization of approx. 2%-3% of the value of Amot's income-generating properties, as part of the process of improving the asset portfolio.
- No material changes will occur in the security situation in Israel and in the business environment in which Amot operates in Israel.

	Forecast	Actual	Updated forecast
Data	2026	2025	2025
NOI (in NIS millions)	1,070-1,100	1,060	1,050-1,070
Real FFO - according to the Management's approach (NIS millions) ¹⁴	790-810	804	810-830
FFO per share (in NIS 0.01)	160-164	167	168-172

The information regarding Amot's forecast for 2026 is forward-looking information, as defined in Section 32A of the Securities Law, 1968, and is based on the Amot management's work plan, which was approved by the Amot Board of Directors. Forward-looking information is any forecast, assessment, estimate or other information referring to a future event or matter the materialization of which is uncertain and not under Amot's control since there is no certainty that all of the many variables comprising the work plan will be realized as planned.

¹⁴ FFO - according to the Management's approach Regarding the FFO according to the Israel Securities Authority approach, please see the Board of Directors' Report.

13. Amot's business strategy

Amot's management is of the opinion that income-generating property is a long-term business activity and operates and makes decisions accordingly.

Amot's business strategy is to expand its activity in the income-generating property sector in Israel through the initiation, development, construction and acquisition of properties, while maintaining financial strength through significant equity and long-term debt, holding credit facilities and unencumbered assets. All of this allows Amot maximum financial flexibility, including in times of crisis, and the ability to quickly seize opportunities in significant financial amounts. Amot is working to improve its asset portfolio by investing in the initiation and development of new projects characterized by excellent locations adjacent to existing and future mass transit stations, with optimal planning and quality construction. At the same time, Amot intends to realize income-generating properties at an annual rate of 2%-3% of the value of Amot's income-generating properties, also as part of the process of improving the asset portfolio by selling properties that are not core assets or that have become less suitable for Amot's business focus. Starting in 2023 and up to the date of the report, assets totaling approx. NIS 412 million were realized, removing a NOI of approx. NIS 18 million per year.

As of the date of the report, the value of Amot's income-generating property designated for offices and employment is approx. NIS 8.4 billion. Amot is working on initiation and betterment in the office sector and owns 3 additional properties in construction and initiation processes for office use, with an area of 168 thousand sq.m. (Amot's share) and a total construction cost of approx. NIS 3.2 billion (Amot's share).

As of the date of the report, the value of Amot's income-generating property designated for industrial and logistics purposes is approx. NIS 5.2 billion, consistent with Amot's business strategy to expand and develop the logistics sector. Over the past few years, Amot has purchased 8 logistics compounds, including land on which logistics buildings have been and/or will be constructed, for a total investment of NIS 3 billion.

In order to maintain its business strategy, Amot's management operates according to the following guidelines:

- Management of a portfolio of properties with a variety of uses - offices, logistics and industry, commerce and supermarkets.
- Development and construction of properties in initiation.
- Purchase and sale of income-generating properties
- Presence in major business centers and in proximity to existing and planned mass transit centers.
- A strong and diverse tenant mix.
- Plug and Play - Planning and execution of finishing work for the customer, through the finishing company Amot Construction.
- A management company owned by Amot, which operates the public areas of the project.
- Option to receive interior services in the customer's areas, such as cleaning, system maintenance, kitchenette operation, etc.
- Strictly adhering to high-standard green construction, to minimize damage to the environment and create a healthy, pleasant and productive work environment, which contributes to the quality of life in the work environment and an improved economic lifespan for the asset.

The AI revolution is in its early stages and is leading to accelerated development of new real estate areas, primarily data centers and energy facilities. Amot has a logistics and industrial portfolio of approx. 500 thousand sq.m. built on an area of approx. 1 thousand dunams, which, according to Amot's estimates, constitutes significant potential for the development of these areas. Amot's financial and engineering capabilities are the basis for this activity.

Gazit power plant:

In accordance with Government Resolution 2282, in March 2025, the Israel Land Authority published a tender for the construction of eight new natural gas-based power plants. Amot conducted suitability surveys in industrial and logistics compounds it owns. Following the tests, Amot decided to act to certify a land block of approx. 100 dunams, which, if fully utilized, could enable the construction of electricity generation facilities with a capacity of up to 1,200 MW. Amot is expected to submit an application to the government to establish a gas-fired power plant in the coming months.

The information contained in this section above is forward-looking information within the meaning of Section 32A of the Securities Law and is based on the information and estimates in Amot's possession as of the date of the report, and its realization is subject, among other things, to the completion of a full feasibility study, and to the receipt of approvals and permits from various authorities as required by law, which are naturally beyond Amot's control, and there is no certainty that they will be received. Therefore, there is no certainty that the statements in this section will be realized in whole or in part.

Data centers:

The increase in demand for advanced computing, and in particular for AI processing, has led to a significant increase in the required data center capacities. Amot has conducted suitability surveys on land it owns and has also examined the acquisition of designated land with the aim of developing high-capacity data center facilities. Amot estimates that on some of the land it will be possible to develop electrical infrastructure that will enable the construction of facilities of this type.

The information and estimates contained in this section above are forward-looking information within the meaning of Section 32A of the Securities Law and are based on the information and estimates in Amot's possession as of the date of the report, and its realization is subject, among other things, to the completion of a full feasibility study, and to the receipt of approvals and permits from various authorities as required by law, which are naturally beyond Amot's control, and there is no certainty that they will be received. Therefore, there is no certainty that the statements in this section will be realized in whole or in part.

14. Projected developments in the coming year

Amot is working to develop complementary areas involving energy and data centers alongside its income-generating property activity for employment, commerce, logistics and industry. Amot has appointed a VP of Energy and Innovation to promote this area.

Amot identifies global growth trends in the energy and data center sectors, influenced by the expanding use of AI-based technologies. According to Amot's assessment, these areas are in early stages of development, with energy and computing infrastructures constituting central components of their activities. Amot estimates that its portfolio of logistics and industrial assets, alongside its financial and engineering capabilities, give it a relative advantage in developing these fields, and it intends to work towards significant integration in them.

Amot will continue its accelerated initiation, development and construction activities for offices in the HaShalom business center and in the logistics center sector.

The information in this section above constitutes forward-looking information as defined in Section 32A of the Securities Law. Amot has no control over new business offers and initiatives that it may be offered to join. Therefore, no certainty exists that Amot's expected development over the coming year as mentioned in this paragraph will be realized.

15. Financing

Regarding Amot's financing arrangements, please see Section 5 in Chapter G, Note 11(a), (j-k), and Note 12(c) to the financial statements.

C. Investment in the United States

General

The Group's income-generating property investments in the United States are as follows:

Carr - Effective holdings of 79.86% in Carr Properties, a private income-generating property company whose properties are all located in the United States, in the Washington D.C. metropolitan area, the Boston metropolitan area and in Austin, Texas. Please see details below.

AH Boston - Holdings of 55% in the capital rights and 50% in the control of three property companies in the Boston metropolitan area, with two of them located in the Boston CBD and one in East Cambridge - see details in Chapter F below.

1. General environment and impact of external factors - United States¹⁵

All references appearing in this section regarding the Company's estimates related to future developments in the United States and in external factors that affect its activities are considered forward-looking information as defined in Section 32A of the Securities Law, which is not under the Company's control and which is uncertain, and based on the sources of information noted by the Company below.

During 2025, the US GDP increased by approx. 2.2%, compared to approx. 2.8% in 2024. The growth forecast for the US economy for 2026 is 2.4%. At the end of 2025, the unemployment rate was approx. 4.4% and this rate is expected to remain the same at the end of 2026.

During 2025, inflation increased by approx. 2.7%, compared to approx. 2.9% in 2024, and according to forecasts, inflation is expected to increase at a rate of approx. 2.8%. During the last four months of 2025, the Fed resumed interest rate reductions, for a total of approx. 75 basis points, while lowering the interest rate to a range of 3.50%-3.75%. Market expectations are for two more rate cuts of 25 basis points each starting in mid-2026, after the new Fed Chairman, Kevin Warsh, takes office.

The yield on the 10-year US Treasury bond declined to approx. 4.18% at the end of 2025, compared to 4.58% at the end of 2024, as investors' expectations regarding monetary policy, future economic conditions, and lower inflation expectations changed.

The United States continues to operate in an environment characterized by geopolitical risk due to ongoing trade tensions with China, while fighting in Iran. While these developments contribute to global uncertainty and affect international trade flows, capital markets, and energy prices, at this point current economic data and consensus forecasts do not indicate a material deterioration in the underlying outlook for US economic growth.

The US office market performed well in 2025, with leasing activity reaching its highest level since the end of 2019, net take-up of rental space turning positive and office transaction volume steadily increasing. US office leasing volume increased by approx. 5% compared to the previous year, including significant growth in space over 100 thousand sq.ft. Large companies are returning to pre-pandemic office presence policies, with approx. 97% of Fortune 100 employees subject to hybrid or full presence requirements by the end of 2025.

On the supply side, approx. 40 million sq.ft. of US office inventory has been removed due to its conversion for other uses. At the same time, there has been a significant slowdown in new construction. These conditions supported a net positive absorption of approx. 6.4 million sq.ft., while the overall vacancy rate fell to 22.2%.

Average rental prices in the United States as a whole remained without change during 2025, while rental prices for new office space (Trophy and Class A) increased, consistent with the flight to quality trend.

In 2025, there was an increase in the volume of office transactions closed, mainly in Trophy and Class A properties. Average discount rates on office transactions decreased by 0.5% to an average of approx. 7.5%. Finance conditions also improved with an increase in the volume of financing from CMBS and large entities, primarily in higher-quality properties.

The following is macro data regarding the United States¹⁶:

¹⁵ Information sources in this section:

The Conference Board Economic Forecast for the US Economy - 2025

Jone Lang LaSalle - U.S. Office Outlook Q4-2025

Trepp CMBS Research - December 2025

Federal Reserve Economic Data

¹⁶ Sources of information for the above table:

OECD Data Explorer

International Monetary Fund, World Economic Outlook Database, October 2025

The long-term government debt rating is based on Standard & Poor's and Moody's publications.

United States				
For the year ended	Units	December 31, 2025	December 31, 2024	December 31, 2023
Macroeconomic parameters				
GDP (PPP)	USD billions	30,616	29,298	27,812
Per capita GDP (PPP)	USD	89,599	86,145	82,523
GDP growth rate (PPP)	%	4.50%	5.34%	6.74%
Per capita GDP growth rate (PPP)	%	4.01%	4.39%	5.87%
Inflation rate	%	2.60%	2.70%	3.20%
Yield on long-term domestic government debt	%	4.14%	4.39%	4.02%
Rating of long-term government debt		AA+/Aa1	AA+/Aaa	AA+/Aaa
Unemployment rate	%	4.20%	4.00%	3.60%

2. General environment and impact of external factors - Washington D.C.¹⁷

All references appearing in this section regarding the Company's estimates related to future developments in the general environment in which the Group operates in Washington D.C. and in external factors that affect its activities are considered forward-looking information as defined in Section 32A of the Securities Law, which is not under the Company's control and which is uncertain, and is based on the sources of information noted by the Group below.

In 2025, the Washington D.C. metropolitan area economy, which is mainly affected by federal government activity, grew by 4.2%, and the gross regional product amounted to USD 768 billion compared to USD 737 billion in 2024.

With the new administration in January 2025, the Department of Government Efficiency ("DOGE") was immediately established, with the primary goal of reducing costs and eliminating non-essential agencies and programs in US federal government operations. DOGE directly impacted the federal workforce, which declined by 4.5% in the Washington D.C. metropolitan area, including the cancellation of leases for 1.4 million sq.ft. of federal office space in the area, primarily in Class B buildings and below. As of the end of 2025, the unemployment rate in the Washington metropolitan area was approx. 3.8%. By the end of 2025, the administration had dissolved the DOGE department, and economists expect the federal government to continue to be the main engine of economic growth in the metropolitan area.

Information regarding the Washington, D.C. office market:

The rate of the return to work in offices has increased to a rate of 70% of the level of activity prior to the Corona pandemic outbreak. The return to work trend is a result of the presidential order requiring all federal government employees to return to full-time physical work by January 2025.

By the end of 2025, the vacancy rate in Washington, D.C. in "Trophy" type offices was 12.0%, compared to 20% in the overall market. Rental prices in Trophy offices are priced at a premium of approx. 27% over Class A offices and approx. 60% over other types of offices.

The "Flight to Quality" trend toward high-quality properties built after 2015 continued to strengthen in 2025. 70% of total vacancies in Washington, D.C. is in offices, most of which are Class B/C.

The total amount of office space offered for sublease by tenants in Washington, D.C. decreased compared to 2024 and stood at 2.5 million sq.ft. at the end of 2025 (a decrease of 16% compared to the end of 2024).

As of the end of 2025, there are only two office building construction projects in Washington, D.C. with a total area of 400 thousand sq.ft., the construction of which will be completed by the end of 2030. The pre-lease rate in the two above-mentioned projects is 81%.

Rental Housing Market Information [Multi-Housing] Metropolitan Washington D.C.:

The Washington, D.C. metropolitan area is notable for its economic strength, mainly due to its role as the United States capital and the presence of a highly educated workforce. Despite the federal workforce reductions mentioned above, the metropolitan area's population grew by approx. 0.6% in 2025. The median household income in the area is USD 130 thousand per year, significantly higher than the national median (USD 85 thousand per year), a figure that supports private consumption and contributes to economic stability in the area.

The Washington D.C. metropolitan area is one of the largest rental housing markets in the United States, ranking third nationally. During 2025, there was a slight decrease in demand for rental housing, mainly due to DOGE employment cuts, which resulted in a moderate

¹⁷ Information sources in this section:
Office Observations Jones Lang LaSalle - Q4 2025 Washington DC
Multifamily Report Jones Lang LaSalle - Q4-2025 Washington DC

decrease in rental fees of approx. 1.2%. The rate of construction of new housing units has decreased in the last two years to approx. 12-13 thousand units per year, compared to approx. 32 thousand in 2023. The occupancy rate in the rental housing sector averages approx. 91.3%, which is similar to the general average in the United States.

During 2025, transactions for the sale and purchase of buildings in the residential sector amounted to approx. USD 5.5 billion across 220 properties, at discount rates of approx. 5.7%, which is lower than the national average of approx. 6.1%.

3. General environment and impact of external factors - Boston¹⁸

All references appearing in this section regarding the Company's estimates related to future developments in the general environment in which the Company (directly and through Carr) operates in Boston and in external factors that affect its activities are considered forward-looking information as defined in Section 32A of the Securities Law, which is not under the Company's control and which is uncertain, and based on the sources of information noted by the Company below.

The Greater Boston area is the 11th largest metropolitan area in the United States and has the highest concentration of higher education institutions in the United States (including Harvard and MIT). The metropolitan area has thousands of high-tech companies, hundreds of research institutes and biotech companies and has the highest concentration of leading hospitals in the entire United States. As of the end of 2025, the unemployment rate in the Boston metropolitan area was approx. 4.3%.

Information regarding the Boston office market:

As of the end of 2025, the construction was completed on two office buildings with a total of 900 thousand sq.ft., which were built speculatively and had preleases of less than 20%. This raised the vacancy rate for Trophy offices to 16%, and to 22% for the overall market. 54% of all vacancies in Boston are in offices that constitute 10% of the city's total office inventory.

Leasing activity in 2025 amounted to approx. 4.8 million sq.ft. of office space, which is approx. 90% of the pre-pandemic average. Rental prices in Trophy offices are priced at a premium of approx. 43% over average rental fees in all types of offices.

The total amount of office space offered for sublease by tenants in the Boston CBD decreased and stood at 3.0 million sq.ft. at the end of 2025 (a decrease of 20% compared to the end of 2024).

c1. Investment in Carr

1. General Information regarding Carr

Carr Properties Holdings LP (hereinafter - "**Carr Holdings**") is a partnership fully controlled by the Group. As of the date of publication of the report, Carr Holdings is held directly and indirectly by the Group at a rate of 89.14% and by Clal Insurance at a rate of 10.83%¹⁹.

Carr Holdings has full ownership and control in Carr Properties Corporation (hereinafter: "**CPC**") which has full control and ownership of 89.58% in Carr Properties Partnership (hereinafter - "**Carr**" or "**Carr Properties**").

As of December 31, 2025, the Group's effective rate of holdings in Carr Properties is 79.86% and Clal Insurance has 16.89%²⁰.

Carr Properties engages in the investment, acquisition and developing of income-generating property for rental purposes, including the management and maintenance of office buildings in urban areas in the United States in the Washington D.C. metropolitan area, in Boston metropolitan area and in Austin, Texas and rental housing development in the Washington D.C. area. For details on Carr's business, see Section 5 below.

In July 2025, Carr completed a transaction redeeming JPM's holdings in Carr Holdings in exchange for the transfer of full ownership of three Carr properties²¹ to JPM, free of any debt (hereinafter - the "**transaction**"). In addition, on the transaction completion date, the Company invested USD 100 million in equity in Carr. As a result, the Company's effective holding in Carr rose on that date to 79.03%²² and it was consolidated for the first time in the Company's reports as of September 30, 2025. In November 2025, the Company invested an additional USD 25 million in Carr's capital.

2. Investment in Carr

The total cost of the Group's cumulative investment in Carr Holdings as of December 31, 2025 amounts to USD 997 million (NIS 3.6 billion). The balance of the Group's investment in Carr Holdings as presented in the Group's financial statements based on the equity method, amounts to USD 525 million (NIS 1.6 billion).

3. Dividend receipts and capital reductions from Carr

Regarding dividends and capital reductions received by the Company from Carr and dividend receipts expected from Carr in 2026 through a dividend re-investment plan, please see Section 2.3.5 of the Board of Directors' Report.

¹⁸ Source:

Office Observations & Office Insight Jones Lang LaSalle - Q4 2025, Boston

¹⁹ The balance is held by five individuals.

²⁰ The balance of 3.25% is held by others.

²¹ The properties transferred to JPM: 1701 Duke Street, Signal House and 1875 K Street, at a total value of USD 241 million.

²² The holding rate of Clal Insurance Company Ltd. ("Clal") on the date of completion of the transaction is 17.6%.

4. Financial Information regarding Carr Holding's Activity

Carr Holdings is a jointly-controlled entity consolidated in the Company's financial statements, which are prepared according to IFRS principles.

The following are the main Carr Holdings financial data for the years 2023-2025. The data are prepared in accordance with IFRS principles, except for the presentation using the method of proportionate consolidation of assets, liabilities and activities of companies that are not consolidated in the financial statements of Carr Holdings (companies that are presented in the financial statements using the equity method).

	Unit of measurement	Actual December 31, 2025	Actual December 31, 2024	Actual December 31, 2023
Number of income-generating properties	Unit	7	12	14
Value of investment property (not including property in development) (1)	USD thousands	1,648,639	1,976,408	1,707,449
Occupancy rate at end of period (4) (3)	%	86.70%	84.90%	86.70%
Number of properties under construction and in planning	Unit	3	2	2
Value of investment property in development (2)	USD thousands	64,769	48,406	739,887
Equity	USD thousands	730,808	829,562	885,870
Equity attributed to Carr Holdings' shareholders	USD thousands	588,707	682,043	826,172
Ratio of net financial debt to total balance sheet	%	61.9%	63.7%	57.7%
		2025	2024	2023
Revenues from rent and management fees	USD thousands	213,610	232,608	288,264
Fair value adjustments of investment property	USD thousands	(13,833)	(283,619)	(825,543)
NOI (3)	USD thousands	136,853	151,879	163,785
Same Property NOI - 3 years	USD thousands	65,677	97,117	94,704
FFO (including share of non-controlling interests)	USD thousands	56,962	63,491	69,539
Net profit (loss) (including share of non-controlling interests)	USD thousands	47,878	(145,080)	(757,718)
Comprehensive income (loss) (including share of non-controlling interests)	USD thousands	42,862	(152,741)	(770,088)
Comprehensive income (loss) (attributed to Carr Holdings' shareholders)	USD thousands	26,553	(139,599)	(718,368)
Corporation's share (Alony-Hetz)				
NOI - Corporation's share (Alony-Hetz)	NIS thousands	285,718	226,491	285,554
FFO - Corporation's share (Alony-Hetz)	NIS thousands	120,538	110,216	120,792

(1) The value as of December 31, 2024, and December 31, 2023 includes a ground lease of USD 6 million and USD 78 million, respectively.

(2) As of December 31, 2025, including Clarendon Square, 425 Montgomery and 2121 Virginia.

(3) Occupancy rates as of December 31, 2025 do not include 4500 East West, 901 K Street, 1875 K Street, 1701 Duke Street and Signal House, which were sold in 2025, and Clarendon Square, which is in the process of being converted for residential use. Occupancy rates as of December 31, 2024 do not include 2001 Penn, Columbia Center and 75-101 Federal, which were sold or delivered in 2024, and the Clarendon Square property, which is in the process of being converted for residential use.

(4) The rental rate as of December 31, 2025, December 31, 2024, and December 31, 2023 was 92.6%, 89.4%, and 90.5%, respectively.

5. Area of activity

5.1 General

Carr has office buildings located in the metropolitan areas of Washington D.C., Boston, Massachusetts and in Austin, Texas. Most of the properties are owned by Carr and some are owned by joint ventures of Carr and other investors. Carr manages all of its properties through management companies under its ownership.

Carr's properties are all located in urban areas and close to public transportation centers and facilities. The total fair value of income-generating properties, as of December 31, 2025, amounted to USD 1.6 billion (Carr's share), of which USD 0.7 billion was in the Washington D.C. metropolitan area, USD 0.9 billion in Boston and approx. USD 49 million in Austin, Texas.

Carr holds full or partial ownership of an asset portfolio as of December 31, 2025, which includes 4 office buildings in the Washington D.C. metropolitan area, two office buildings in Boston, Massachusetts and one building in Austin, Texas with a total rental area of 2.3 million sq.ft. (215 thousand sq.m.) (Carr's share). Carr's properties are leased to 88 tenants and their occupancy rate as of December 31, 2025 was 86.7%. Carr's tenants include private business firms, government agencies, banks, law firms, lobbying firms and associations, and various other users.

After the date of the report, in January 2026, Carr (25%) and an American institutional investor (75%) purchased an office building located at 1401 New York Ave. in Washington, D.C. near the White House. The Class A office building, built in 1982, was completely renovated in 2016 and includes 211 thousand sq.ft. of leasable space. The acquisition cost of the building, which is leased at a 90% occupancy rate for an average 4.6-year lease, is USD 85 million, representing a rate of return of 11.2%, in relation to the existing NOI, on an annual basis. For additional information, please see Note 6g(4) to the financial statements.

Regarding transactions carried out by Carr in the development, construction and rental of residential buildings during and after the reporting period, please see Section 5.3.2 below.

5.2 Geographic areas where Carr is active

Carr is active in the following three markets:

1. The Washington D.C. metropolitan area

The area includes the city of Washington D.C., which is the center of the metropolitan area and which serves as the core of the business sector as well as the US government, as well as the cities of Bethesda and Chevy Chase in the state of Maryland, Alexandria and the Rosslyn Ballston Corridor in Virginia.

2. Boston

Starting in 2018, Carr has been operating in the Boston, Massachusetts area, which includes the Boston metropolitan center and the Boston Central business district (CBD).

2. Austin, Texas

As of 2021, Carr has been active in the Austin, Texas area.

5.3 Information regarding Carr's properties:

Sections 5.3.1-5.3.4 below present information regarding Carr's properties by geographic area. Most of Carr's income-generating properties are in the office sector.

The following sections present data based on Carr's relative share in the properties and operations. The data includes Carr's relative share in the properties and operations of all the properties held by it (directly or indirectly) including properties presented in its statements using the equity method.

5.3.1 Information regarding Carr's income-generating properties:

Data in this section does not include property under construction, in planning and in development by Carr. For information on property under construction, in planning and development, see Section 5.3.2 below.

As of December 31, 2025 and for the year 2025:

	Offices								
	Area		Area		Fair Value (**)		NOI (***)		Revaluations
<u>Carr Properties' share in properties</u>	December 31, 2025		December 31, 2025		December 31, 2025		2025		2025
	Sq.ft.		Sq.m.		USD thousands		USD thousands		USD thousands
Office sector:									
Washington D.C. metropolitan area	1,039,370	45%	96,561	45%	691,751	43%	47,822	41%	19,757
Boston	1,060,270	46%	98,502	46%	883,444	54%	62,525	53%	6,223
Austin, Texas	214,177	9%	19,898	9%	49,070	3%	7,711	7%	(41,582)
Total income-generating properties in the office sector	2,313,817	100%	214,961	100%	1,624,265	100%	118,058	100%	(15,602)
Residential rental sector:									
Washington D.C. metropolitan area	-		-		-		-		-
Total income-generating properties in the residential rental sector	-		-		-		-		-
Total income-generating property	2,313,817		214,961		1,624,265		118,058		(15,602)
Property in development (****)					56,611		-		1,770
Property sold in 2025							12,388		(2,731)
Total in USD thousands					1,680,876		130,446		(16,563)
Total in NIS thousands, not including the effect of property in development	N/A		N/A		5,181,405		450,323		(63,289)
<u>Company's share, not including the effect of property in development:</u>									
Total in thousands of sq.ft./sq.m./USD	1,847,814		171,668		1,297,138		81,193		(11,411)
Total in NIS thousands	N/A		N/A		4,137,870		280,292		(39,393)

(1) The data in NIS are presented according to the representative exchange rate on December 31, 2025 - 3.19 or the average exchange rate for the period, as the case may be. The Company's share is calculated according to the Company's rate of holdings in Carr on December 31, 2025 (79.86%) or the average rate of holdings in the period, as the case may be.

(2) The NOI does not include revenues from property management for a third party in the amount of approx. USD 6.5 million.

(3) In the reporting period, Carr recorded a net negative revaluation in its financial statements of USD 130.2 million (Carr's share). The negative revaluations of the properties in the reporting period were mainly due to the sale of properties and to a negative rate for the 100 Congress property, whose value decreased to the amount of the debt due to the planned departure of a large tenant.

(4) During 2025, Clarendon Square and 2121 Virginia were classified as properties under construction and planning.

(5) During 2025, the properties 4500 East West, 901 K Street, 1875 K Street, 1701 Duke Street and Signal House were sold.

As of December 31, 2025 and for the year 2025:

<u>Carr Properties' share in properties</u>	Average rental fees per sq.ft. per year (1)	Average rental fees per sq.m. per month (1)	Average occupancy rates	Daily occupancy rates (2)	Number of properties as of	Average yield rates (3)	Gross yield rate (4)
	2025	2025	2025	December 31, 2025	December 31, 2025	December 31, 2025	December 31, 2025
	USD	USD	%	%	Units	%	%
Office sector:							
Washington D.C.							
metropolitan area	83.22	74.65	82.09%	82.62%	4	8.69%	
Boston	77.49	69.51	95.00%	93.95%	2	7.06%	
Austin, Texas	69.04	61.93	72.24%	70.72%	1	7.88%	
Average rate / total			87.10%	83.11%	7	7.78%	7.80%

(1) Basic rental fees includes average revenues (straight line rent) and includes reimbursement of tenants' expenses (full service).

The minimum and maximum average rental fees in the Washington D.C. metropolitan area are USD 56 per sq.ft. per year and USD 97 per sq.ft. per year, respectively, and in the Boston area they are USD 58 and USD 64, respectively. The gaps in the minimum and maximum average rental fees in the Washington D.C. metropolitan area are due to the location and quality of the buildings and the credit rating of the tenants.

(2) The average yield rates were calculated according to the actual NOI for 2025 for properties (not including properties sold during the year and non-recurring compensation upon tenant departure) divided by the value of income-generating property as of December 31, 2025.

(4) The implied weighted rate of return is calculated according to the actual NOI for the fourth quarter of 2025 (net of areas vacated in that quarter) standardized for a full year divided by the value of income-generating property as of December 31, 2025.

As of December 31, 2024 and for the Year 2024 (*):

	Offices									
	Area		Area		Fair value		NOI		Revaluations	
<u>Carr Properties' share in properties</u>	December 31, 2024		December 31, 2024		December 31, 2024		2024		2024	
	Sq.ft.		Sq.m.		USD thousands		USD thousands		USD thousands	
Office sector:										
Washington D.C. metropolitan area	2,019,388	61%	187,607	61%	1,011,088	51%	77,254	59%	(151,941)	59%
Boston	1,062,457	32%	98,705	32%	856,953	43%	45,757	35%	(81,373)	31%
Austin, Texas	212,288	6%	19,722	6%	108,367	5%	8,037	6%	(25,903)	10%
Total income-generating properties in the office sector	3,294,133	100%	306,035	100%	1,976,408	100%	131,048	100%	(259,217)	100%
Residential rental sector:										
Washington D.C. metropolitan area	-		-		-		-		-	
Total income-generating properties in the residential rental sector	-		-		-		-		-	
Total income-generating property	3,294,133		306,035		1,976,408		131,048		(259,217)	
Property in development (****)					48,406		(116)		(1,770)	
Property sold in 2024							6,236		(22,632)	
Total in USD thousands					2,024,814		137,168		(283,619)	
Total in NIS thousands, not including the effect of property in development	N/A		N/A		7,207,960		507,704		(1,042,335)	
Company's share, not including the effect of property in development:										
Total in thousands of sq.ft./sq.m./USD	1,575,584		146,377		945,316		65,542		(134,560)	
Total in NIS thousands	N/A		N/A		3,447,567		242,388		(497,630)	

As of December 31, 2024 and for the year 2024 (continued):

Carr Properties' share in properties	Offices					
	Average rental fees per sq.ft. per year (1)	Average rental fees per sq.m. per month (1)	Average occupancy rates	Daily occupancy rates (2)	Number of properties as of	Average yield rates (3)
	2024		2024	December 31, 2024	December 31, 2024	December 31, 2024
	USD	USD	%	%	Units	%
Office sector:						
Washington D.C. metropolitan area	66.31	59.48	83.66%	80.01%	9	7.64%
Boston	69.75	62.57	95.91%	95.91%	2	5.37%
Austin, Texas	72.46	65.00	78.35%	76.40%	1	7.53%
Average rate / total			87.27% (*)	83.11%	12	6.65%
						7.50%
Residential rental sector:						
Washington D.C. metropolitan area	-	-	-	-	-	-

(*) The rental rate as of December 31, 2024 is 89.4%.

As of December 31, 2023 and for the Year 2023 (*):

Carr Properties' share in properties	Offices					
	Area		Area	Fair Value (2)	NOI (3)	Revaluations (4)
	December 31, 2023		December 31, 2023	December 31, 2023	2023	2023
	Sq.ft.		Sq.m.	USD thousands	USD thousands	USD thousands
Office sector:						
Washington D.C. metropolitan area	2,574,968	73%	239,222	73%	1,265,493	74%
Boston	732,430	21%	68,045	21%	311,848	18%
Austin, Texas	211,537	6%	19,652	6%	130,108	8%
Total income-generating properties in the office sector	3,518,935	100%	326,920	100%	1,707,449	100%
Total income-generating property	3,518,935		326,920		1,707,449	
Property in development (5)				739,887	10,488	(130,783)
Property sold in 2023 (6)				-	16,744	(65,833)
Total in USD thousands				2,447,336	153,481	(825,543)
Total in NIS thousands, not including the effect of property in development	N/A		N/A	6,192,918	527,344	(2,562,205)
Company's share, not including the effect of property in development:						
Total in thousands of sq.ft./sq.m./USD	1,679,140		155,997	814,748	67,762	(329,235)
Total in NIS thousands	N/A		N/A	2,955,091	249,899	(1,226,422)

(1) The data in NIS are presented according to the representative exchange rate on December 31, 2023 - 3.627 or the average exchange rate for the period, as the case may be. The Company's share is calculated according to the Company's rate of holdings in Carr on December 31, 2023 (47.7%) or the average rate of holdings in the period, as the case may be.

(2) Fair value including a ground lease in the amount of USD 78 million. As of December 31, 2023, includes two properties (owned and leased) valued at USD 132 million for which Carr is negotiating new financing and lease agreements. The total liabilities (on a non-recourse basis) as of the end of 2023 for the two aforementioned assets are USD 205 million.

(3) The NOI does not include revenues from property management for a third party in the amount of approx. USD 10.3 million.

(4) In the reporting period, Carr recorded a net negative revaluation in its financial statements of USD 825 million (Carr's share). The negative revaluations of properties in the reporting period were mainly due to the increase in the discount rate of the properties' projected cash flow (the Group's share of the negative revaluation is approx. USD 392 million (NIS 1.46 billion)). For information, please see Section 2.3.3 of the Board of Directors' Report.

(5) The property in development includes One Congress, which is in advanced stages of occupancy, and an income-generating property that is planned for residential conversion and was classified as "in development" at the end of 2023.

(6) Sale of The Elm residential building and exit from the consolidation of property 1615L, which is in the process of being returned to the financing entity. For information, please see section 2.3.5 of the Board of Directors' Report.

As of December 31, 2023 and for the year 2023 (continued):

Offices							
Carr Properties' share in properties	Average rental fees per sq.ft. per year (1)	Average rental fees per sq.m. per month (1)	Average occupancy rates	Daily occupancy rates (2)	Number of properties as of	Average yield rates (3)	Gross yield rate (4)
	2023		2023	December 31, 2023	December 31, 2023	December 31, 2023	December 31, 2023
	USD	USD	%	%	Units	%	%
Office sector:							
Washington D.C. metropolitan area	68.17	61.15	88.67%	87.76%	11	6.78%	
Boston	63.33	56.81	84.30%	82.89%	2	7.22%	
Austin, Texas	67.44	60.49	89.04%	87.34%	1	7.26%	
Average rate / total			87.79%	86.70%	14	6.88%	7.20%

(1) Basic rental fees includes average revenues (straight line rent) and includes reimbursement of tenants' expenses (full service). The minimum and maximum average rental fees in the Washington D.C. metropolitan area are USD 44.3 per sq.ft. per year and USD 86.4 per sq.ft. per year, respectively, and in the Boston area they are USD 58.4 and USD 64.0, respectively. The gaps in the minimum and maximum average rental fees in the Washington D.C. metropolitan area are due to the location and quality of the buildings and the credit rating of the tenants.

(2) The occupancy rates as of December 31, 2023 do not include One Congress, which is in advanced stages of occupancy and is presented as a property in development. The occupancy rate including One Congress is 88.9%.

(3) The average yield rates were calculated according to the actual NOI for 2023 (neutralizing non-recurring compensation upon the departure of tenants) divided by the value of income-generating property as of December 31, 2023. (4) The weighted gross yield is calculated according to the actual NOI for the fourth quarter of 2023 (net of areas vacated in that quarter) standardized for a full year divided by the value of income-generating property as of December 31, 2023.

5.3.2 Investment property under construction, in planning and development

The following is information regarding the main projects in development and planning stages:

Residential rental development:

As of the date of publication of the report, Carr is promoting the following three projects:

425 Montgomery

In January 2025, Carr entered into a joint venture agreement with a partner (hereinafter in this subsection - the "**partner**" and the "**joint venture**", as relevant) for the development of a 237-unit rental housing project on land in northern Virginia, on which a property that Carr demolished was located (hereinafter in this section - the "**project**"), according to which Carr holds 10% and the partner holds 90% of the project's ownership rights in the project. As part of the agreement, the partner reimbursed Carr for its share of the costs incurred in the project. In addition, the joint venture entered into a financing agreement for the project's construction, under which a construction loan of USD 84 million was provided, which will be withdrawn in accordance with the progress of the construction work. Please see Note 6g(4) to the financial statement.

Clarendon Square - 3033 Wilson

Carr is working to construct a 244 thousand sq.ft. residential building that will include 316 rental apartments. In this context, Carr signed a memorandum of understanding for the introduction of a partner into the building at a rate of 75%.

2121 Virginia

In November 2025, Carr purchased a vacant office building in Washington, D.C. for USD 25 million. Carr intends, subject to obtaining zoning approval, to demolish the existing building and construct a 220 thousand sq.ft. residential building in its place that will include 319 rental apartments for students. The building is located adjacent to the George Washington University campus and the US State Department.

The above and below information regarding the feasibility of the projects in development, the projected NOI, the projected construction budget and the possibility of adding a partner is forward-looking information as it depends on external factors over which the Company and Carr have no control.

The following is a summary of the main data on Carr's main properties under construction by geographic area (main designated use - offices):

Carr Properties' share in properties		Under construction			Under construction		
		December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2025	December 31, 2024	December 31, 2023
Parameters	Unit of measurement	Uses - Residential rental Washington D.C. metropolitan area (*)			Uses - Offices Boston (**)		
Number of properties in development at end of year	Units	2	1	-	-	-	1
Total land area	Sq.ft.	69,021	59,331	-	-	-	36,026
Total land area	Sq.m.	6,412	5,512	-	-	-	3,347
Total development area (planned) for rent at end of year	Sq.ft.	264,042	-	-	-	-	756,040
Total development area (planned) for rent at end of year	Sq.m.	24,530	-	-	-	-	70,238
Total costs invested in the period	USD millions	10	22	-	-	-	115
Total accumulated costs invested as of December 31	USD millions	17	22	-	-	-	683
Amount at which the properties are presented in Carr's financial statements	USD millions	8	23	-	-	-	715
Construction budget in the following year (estimate)	USD millions	57	43	-	-	-	73
Total construction budget, incl. land (estimate)	USD millions	160	131	-	-	-	755
Total estimated construction budget balance (estimate)	USD millions	144	108	-	-	-	73
Percentage of built-up area with signed rental contracts	%	1.8	-	-	-	-	99
Expected annual revenue (NOI) from projects to be completed in the following period and for which contracts have been signed for 50% or more of the area	USD millions	-	-	-	-	-	45

(*) As of December 31, 2025 - 425 Montgomery and Clarendon Square projects. As of December 31, 2024 - 425 Montgomery project.

(**) As of December 2023 - One Congress project (Carr's share).

The following is a summary of the main data on Carr's main properties in planning by geographic region:

Carr Properties' share in properties		In Planning		
Parameters	Unit of measurement	December 31, 2025	December 31, 2024	December 31, 2023
Uses - Residential rental				
Washington D.C. Metropolitan Area (*)				
Number of properties in development at end of year (**)	Units	1	1	1
Total land area	Sq.ft.	29,794	62,983	62,983
Total land area	Sq.m.	2,768	5,851	5,851
Total development area (planned) for rent at end of year (***)	Sq.ft.	182,475	316,544	316,544
Total development area (planned) for rent at end of year	Sq.m.	16,952	29,408	29,408
Total costs invested in the period	USD millions	25	1	5
Total accumulated costs invested as of December 31	USD millions	25	26	28
Amount at which the properties are presented in Carr's financial statements	USD millions	25	26	28
Construction budget in the following year (estimate)		22	4	-
Total construction budget (estimate)	USD millions	135	144	144
Total estimated construction budget balance (estimate)	USD millions	110	141	144
Percentage of built-up area with signed rental contracts	%	-	-	-

(*) As of December 31, 2025 - 2121 Virginia project. As of December 31, 2024 - Clarendon Square.

5.3.3 Main real estate purchases in the period

Purchases of investment property (Carr's share):

Region and use	Parameters	Unit of measurement	2025	2024	2023
Washington D.C.	Number of properties purchased in the period (*)	Unit	1	1	-
	Cost of properties purchased in the period	USD millions	23.5	19.0	-
	Representative NOI of properties purchased in the period	USD millions	-	-	-
Uses - Residential rental	Area of properties purchased in the period	Sq.ft.	29,792	59,331	-
	Area of properties purchased in the period	Sq.m.	2,768	5,512	-

(*) In 2025, 2121 Virginia project purchased. In 2024, 425 Montgomery project purchased.

5.3.4 Sale of investment property (Carr's share):

Region and use	Parameters	Unit of measurement	2025	2024	2023
Washington D.C. metropolitan area	Number of properties sold during the period (*)	Unit	5	2	1
	Proceeds from the sale of properties sold during the period	USD millions	366	35	-
	Representative NOI of properties sold during the period	USD millions	12.4	4.0	9.0
	Area of properties sold during the period	Sq.ft.	981,817	557,129	428,573
	Area of properties sold during the period	Sq.m.	91,214	51,759	39,816
	Profit (loss) recorded as a result of the realization	USD millions	3.0	82.0	6.0
Boston	Number of properties sold during the period (**)	Unit	-	1	-
	Proceeds from the sale of properties sold during the period	USD millions	-	-	-
	Representative NOI of properties sold during the period	USD millions	-	3	-
	Area of properties sold during the period	Sq.ft.	-	853,815	-
	Area of properties sold during the period	Sq.m.	-	79,322	-
	Profit (loss) recorded as a result of the realization	USD millions	-	-	-
Washington D.C. metropolitan area	Number of properties sold during the period (***)	Unit	-	-	1
	Proceeds from the sale of properties sold during the period	USD millions	-	-	250
	Representative NOI of properties sold during the period	USD millions	-	-	8.0
	Area of properties sold during the period	Sq.ft.	-	-	439,827
	Area of properties sold during the period	Sq.m.	-	-	40,861
	Profit (loss) recorded as a result of the realization	USD millions	-	-	(3.7)

(*) 4500 East West, 901 K Street, 1875 K Street, 1701 Duke Street, Signal House sold in 2025, 2001 Penn and Columbia Center sold in 2024 and 1615L sold in 2023.

(**) Sale of Carr's share (50%) in 75-101 Federal in 2024.

(***) Sale of The Elm in 2023.

6. Management of Initiation and Development Activity

Carr studies carefully whether to begin a construction project based on a large number of market factors, such as: current occupancy rates; the size of the project; the number of competing projects in the area under construction; demand for rentals; the ability to rent out part of the project in advance; the project's strengths and weaknesses compared to competing projects.

For rental housing, similar to offices, Carr examines the parameters mentioned above as well as population growth trends, median income, and the market's demographic characteristics.

Traditionally, Carr uses leverage for construction purposes and limits bank financing for projects in development to a rate of 65% of the project's total cost. At the end of the tender process for the selection of a construction contractor, Carr engages with the contractor selected in an agreement with a gross maximum price (GMP). The GMP agreement will include timetables for milestones as well as fines to which the contractor will be liable if he fails to meet them.

7. Property management and operation

The Carr management team provides property management and operation services for commercial real estate owned by Carr and other companies that engage in investment property (in relation to properties sold by Carr). The management and operation services are carried out in accordance with operational strategies that have proven themselves over time, while constantly examining performance against the highest criteria and standards in the field. The management and operation services are based on a service and hotel philosophy and include, among other things, ongoing maintenance, engineering and construction, collection of rental fees, accounting for the property companies, and more.

8. Business strategy and expected development in the coming year

As mentioned above, Carr invests in rental income-generating office buildings in urban areas, in the Washington D.C. metropolitan area, in the Boston metropolitan area and in Austin, Texas, including the management and maintenance of office buildings under its ownership and also the purchase, initiation and development of office and residential rental properties in those areas.

Over the coming year, Carr intends to continue working to improve its property portfolio while adapting it to the structural changes taking place in the US office market. In addition, Carr is engaged in locating old office buildings in central locations with the aim of demolishing and building new Trophy buildings.

Carr's management expects that in the coming years, Carr's property portfolio will grow through a shift to a larger mix of residential projects and properties, including through the introduction of additional investors to the projects.

The information featured in this section above constitutes forward-looking information as defined in Section 32A of the Securities Law. Carr has no control regarding new business offers and initiatives that it may be offered to join. Therefore, no certainty exists that Carr's

expected development over the coming year will be realized, and it also depends, among other things, on the macroeconomic situation in the states in which Carr operates.

9. Taxation

Regarding the taxation of the Group's investment in Carr, please see Section 6.2.1 of Chapter G.

10. Tenants (customers)

17% of Carr's revenues stem from an agreement to rent most of the space in the Midtown Center building to the Federal National Mortgage Association - Fannie Mae.

In addition, 17% of Carr's revenues stem from an agreement to rent most of the space in the One Congress building to State Street Bank, and approx. 16% of its revenue stems from an agreement to lease a significant amount of space to Intersystems.

11. Marketing

Most tenants in the Washington D.C. area, in Boston and in Austin, Texas are represented by real estate agencies, and the use of real estate agencies by property owners is generally accepted practice in the United States in the office rental sector. All of Carr's rentals are carried out through real estate agencies. Carr employs the services of a number of real estate agencies not related to Carr for renting space in Carr's buildings. Carr is not dependent on any agency.

In 2025, Carr paid leasing commissions in the amount of USD 11.7 million (Carr's share) (in 2024 - USD 16 million (Carr's share)).

12. Expected revenues in respect of signed leases (order backlog)

The following is data regarding expected rental revenues in respect of Carr's signed rental agreements as of December 31, 2025, by their date of completion²³:

Assuming non-exercise of tenant option periods			
Period	Revenues from fixed components	Number of contracts ending	Area subject to contracts ending
	USD thousands	Unit	Sq.m.
Q1/2026	21,343	2	1,634
Q2/2026	21,992	5	6,053
Q3/2026	23,058	1	351
Q4/2026	23,195	1	104
Total 2026	89,588	9	8,142
2027	90,557	10	14,737
2028	87,981	8	16,006
2029	87,679	5	14,995
2030 onward	737,533	56	221,633
Total	1,093,338	88	275,513
Total in NIS thousands			
	3,487,748		

The information included in the table in this section constitutes forward-looking information, as defined in Section 32A of the Securities Law, and as such its realization is uncertain and is not solely under Carr's control. The information refers to data existing and known to Carr on the date of publication of the report regarding expiry dates of the current rental contracts. The information may change as a result of factors not under Carr's control, such as the termination of rental agreements due to abandonment of the rental property, violation of the agreement or due to financial difficulties of tenants that may lead to the violation or discontinuation of the rental agreements.

13. Competition

The office markets in Washington D.C., Boston, Massachusetts and in Austin, Texas are highly competitive. A number of capital-intensive real estate companies, private and public, hold, develop and operate office buildings in Washington D.C., in Boston and in Austin Texas and compete with Carr for new investments and clients. Carr is trying to maintain a professional advantage by through the diversification of property types, by investing in properties with attractive locations, proximity to public transportation as well as by providing a high level of customer service differentiating between Carr and its competition. Carr is also working to diversify its asset types by leveraging its development and construction capabilities to build high-quality office properties for rent in the Washington, D.C. metropolitan area.

²³The data presented in the table includes Carr's share in the properties in investees and does not include expected revenues from renewals of existing rental agreements, including the exercise of options granted tenants.

The Carr management does not regularly review expected revenue data under an assumed exercise of options granted to tenants to extend the rental period, and therefore the above data assumes non-exercise of tenant option periods.

14. Human capital

Carr employs 44 HQ staff as of the reporting date, 5 of whom constitute its senior management. In addition, Carr employs, as of the date of this report, 75 employees at various sites outside its headquarters in various property management and operation positions. As follows:

Department	Number of staff members
Management	5
Money and finance	18
Engineering and development	8
Marketing	2
Investments	1
Administration and workforce	3
Computing	3
Rental and portfolio management	4

Carr has no material dependence on any specific employee. Carr has share-based remuneration plans for its employees.

15. Renovations and tenant improvements

From time to time, Carr carries out maintenance work, renovations and tenant improvements in their properties beyond the regular operation of the properties, which is performed by the management companies themselves from their own budgets. The amount of the base building CAPEX to maintain the existing properties (for building owned as of December 31, 2025) amounted to a total of USD 10.5 million in 2025 (in 2024 - a total of USD 21 million). As a rule, Carr does not purchase raw materials itself, and these materials are purchased by subcontractors who perform the maintenance, renovation and construction work. The amount of investments in tenant improvements, finishing work in new buildings, including payments to tenants for tenant improvements upon lease renewal, amounted to USD 18.9 million in 2025 (in 2024 - USD 47 million).

16. Carr's forecast for 2026:

The following is Carr's forecast for its main operating results in 2026, according to its 2026 business plan. The forecast is based on the assumption that no material changes will occur in the business environment in which Carr operates in the United States. The forecast does not take into account the realization of existing properties and the acquisition of new properties, including the realization of projects in initiation. In addition, the FFO forecast does not take into account the effect of possible property revaluations in relation to the recording of expenses in respect of long-term incentive plans (LTIP).

	Forecast	Actual
Data	2026	2025(*)
NOI (in USD millions)	128	137
Real FFO - management approach (in USD millions) ²⁴	50	57

The information regarding Carr's forecast for 2025 is forward-looking information, as defined in Section 32A of the Securities Law, 1968, and is based on the Carr management's work plan, which was approved by Carr's Board of Directors. Forward-looking information is a forecast, assessment, reasonable estimates or other information relating to a future event or matter, the realization of which is uncertain and not under Carr's control since there is no certainty that all the many variables that make up the work plan will materialize as planned, including macroeconomic factors that are not under Carr's control.

17. The Company's material agreements regarding its holdings in Carr

For agreements between the Company and Clal Insurance that include arrangements regarding corporate governance at Carr and mechanisms regarding the limitation of rights violations, please see Note 6g(6) to the financial statements.

18. Financing

In a partnership (Carr's share 50%) that owns the 100 Congress building in Austin, Texas, Carr and its partner took a loan in the amount of USD 140 million (100% partnership) that is due to be repaid by the end of 2026. The cost of purchasing the building in 2021 was USD 315 million (100% partnership) and by the end of 2025 the value of the building is the same as the loan amount, due to a decline in value recorded in recent years (of which USD 66 million was in 2025 - 100% partnership), due to the state of the office market in the city, where the vacancy rate in the Trophy building segment reached 27% due to excess speculative construction. As of the end of 2025, the occupancy rate in the building is 67%. Carr and its partner are working with the existing lender to refinance the debt, as an alternative to transferring ownership of the property to the lender.

For additional information, please see Note 12f to the financial statements.

²⁴ Regarding the FFO according to the Israel Securities Authority approach, please see the Board of Directors' Report.

D. Investment in London - Brockton

1. General Information regarding BE ("Brockton Everlast Inc.")

In February 2018, the Company (through wholly owned subsidiaries of the Company) engaged with senior partners in Brockton Capital LLP (hereinafter: "**Brockton**") (hereinafter: "**Brockton Managers**" or "**Brockton Partners**") in a series of agreements according to which the Company, together with Brockton Managers, established a new company called Brockton Everlast Inc. (hereinafter - "**BE**"), a private company engaged directly and indirectly, through controlled corporations, in the acquisition, development, betterment, construction, management and maintenance of income-generating property in the London, Cambridge and Oxford metropolitan areas in the UK²⁵.

As of December 31, 2025 and close to the date of publication of the report, the Company indirectly holds approx. 85% of the rights in BE, and the balance is held by Menora Mivtachim (15.0%) and by the Brockton Partners.

From BE's establishment until the date of publication of the report, the Company has invested GBP 795 million in BE's capital, of which a total of GBP 46 million (NIS 197 million) was invested during 2025.

The total fair value of BE's properties as of December 31, 2025 is GBP 1.2 billion (NIS 5.1 billion) and the occupancy rate on that date was 94.8%. The properties are leased to 74 different tenants.

For additional information regarding the investment in BE, see Note 6(d) to the financial statements.

2. General Environment and Impact of External Factors - London, UK²⁶

All references appearing in this section below regarding the Company's assessments of future developments in the general environment in which the Company (directly and indirectly through BE) operates in the UK and in external factors influencing its activity is considered forward-looking information as defined in Section 32A of the Securities Law, which is not under the Company's control and which is uncertain, and is based on the sources of information noted by the Company below.

The GDP in the UK grew by approx. 1.3% in 2025 and according to the Bank of England ("**BOE**") forecasts, the projected growth rate for 2026 will be approx. 1.4% and approx. 1.7% in 2027.

The inflation rate during 2025 was approx. 3.3% and according to the BOE estimates, its rate will be approx. 2.5% in 2026.

At the end of 2025, the unemployment rate in the UK was 5.2% and it is expected to fall to 5.0% by the end of 2026.

During 2025, the BOE made 4 interest rate cuts of 0.25% points each. The BOE's interest rate is approx. 3.75% as of the date of publication of the report. According to market forecasts, it will be 3.25% by the end of 2026.

Business sentiment in London continues to be good, but cautious. Macro data in the metropolitan area is strong, companies are preparing for expansion and predicting growth in their operations. At the same time, the business sector is showing increased caution due to the low growth rate in the country. The growth engines in London remain the finance and service sectors, technology (with an emphasis on AI), and domestic and international tourism.

²⁵ As part of its engagement in the above agreements, BE purchased Brockton from the Brockton Partners and other sellers who are non-controlling interests. Brockton will continue to manage the existing Brockton Funds until all the Fund's properties are sold, a process that is expected to be completed in the coming years.

²⁶ Sources in this section - Bank of England - Monetary Policy Report November 2025

The following are the UK's macroeconomic parameters:

		The UK		
For the year ended	Units	December 31, 2025	December 31, 2024	December 31, 2023
Macroeconomic parameters				
GDP (PPP)	USD billions	4,455	4,293	4,143
Per capita GDP (PPP)	USD	63,759	62,011	60,693
GDP growth rate (PPP)	%	3.77%	3.62%	4.09%
Per capita GDP growth rate (PPP)	%	2.82%	2.17%	3.37%
Inflation rate	%	3.40%	2.50%	4.00%
Yield on long-term domestic government debt	%	4.48%	4.43%	3.86%
Rating of long-term government debt		AA/Aa3	AA/Aa3	AA/Aa3
Unemployment rate	%	5.20%	4.00%	3.60%

Sources of Information:

1. World Economic Outlook Database, October 2025 from the IMF - International Monetary Fund website. The data are in International Current Dollars.
2. Yield on Long-Term Domestic Government Debt - OECD Data Explorer
3. S&P/Moody's ratings
4. Bank of England - Monetary Policy Report November 2026

3. General Information regarding the Office Sector (and research laboratories) - London, Oxford and Cambridge²⁷

All references appearing in this section regarding the Company's assessments of future developments in the general environment in which the Company (directly and indirectly through BE) operates in London, Oxford and Cambridge and in external factors influencing its activity is considered forward-looking information as defined in Section 32A of the Securities Law, which is not under the Company's control and which is uncertain, and is based on the sources of information noted by the Company below.

London - The total office space in central London is approx. 250 million sq.ft. The takeup in 2025 was approx. 10.6 million sq.ft., compared to approx. 9.7 million sq.ft. in 2024. Total active demand in London continued to grow and amounted to approx. 13.4 million sq.ft., compared to approx. 12.7 million sq.ft. in 2024.

The vacancy rate in central London recorded a slight decrease and to approx. 8.9% at the end of 2025, compared to approx. 9.0% in 2024, the lowest level since 2020. The vacancy rate in new buildings continued to decline to 1.2%, compared to 1.4% in 2024.

As of the end of 2025, the total volume of projects under construction is approx. 16.8 million sq.ft. (compared to approx. 18.2 million in 2024), with approx. 41% of them pre-leased.

Rental prices in the City have risen to approximately approx. GBP 92 per sq.ft. (compared to approx. GBP 88 in 2024), and in the prime areas of the West End prices have reached levels of approx. GBP 175 per sq.ft. (compared to approx. GBP 155 in 2024).

The investment in office properties in central London has jumped to approx. GBP 9.5 billion in 2025, a significant increase of approx. 52% compared to approx. GBP 6.2 billion in 2024. Foreign investors accounted for approx. 68% of the investment volume during the year, with the West End attracting GBP 5.3 billion and GBP 4.2 billion in the City. Prime property discount rates were approx. 4.00%-4.25% in the West End and 5.5%-5.75% in the City.

Cambridge - During the reporting period, the UK government continued to advance the **Cambridge 2040** plan, a strategic national vision aimed at establishing Cambridge as the European capital of science and technology.

The plan foresees massive growth for Cambridge, including the creation of a new urban district and a target to build approx. 150 thousand new housing units by 2040. As part of the vision's implementation, the government established the **Cambridge Delivery Group**, a dedicated body with extensive powers to remove infrastructure barriers and accelerate planning processes for employment and residential complexes.

In February 2026, there was a significant breakthrough with the approval of the local council for the expansion of the **Cambridge Biomedical Campus (CBC)**. The approved plan is expected to bring private investment of approx. GBP 3 billion and double the campus area over the next 20 years, while adding approx. 2.4 million sq.ft. of laboratory and research space.

Improved transportation accessibility as a result of the expected opening of the new **Cambridge South** railway station during 2026 will change the transportation in the area by providing a direct and fast link to London (King's Cross and Liverpool Street) and is expected to expand the talent pool available to companies operating in Cambridge.

²⁷ Sources of Information:

- JLL Q4 2025 London office research
- Bidwells Arc Market Databook Oxford & Cambridge - February 2026

As of the end of 2025, the total area of offices and laboratories in Cambridge exceeds 11 million sq.ft. Annual office take-up has significantly recovered and amounted to approx. 460 thousand sq.ft. in 2025, compared to approx. 347 thousand in 2024, the strongest year since 2021.

Office rental prices in Cambridge rose by approx. 3.2% to approx. GBP 65 per sq.ft. in 2025, while laboratory rental prices remained at approx. GBP 72 per sq.ft..

By the end of 2025, the rates of return were approx. 6.25% for offices and approx. 5.25% for laboratories.

Oxford - As of the end of 2025, the total office and laboratory space in Oxford was approx. 9 million sq.ft. The office market experienced a slowdown, with annual takeup falling to approx. 145 thousand sq.ft. (a decrease of approx. 40% compared to approx. 407 thousand sq.ft. in 2024). On the other hand, the laboratory market recorded a record rental volume of approx. 620 thousand sq.ft. due to one giant deal by the Ellison Institute of Technology.

A shortage of quality office space in central Oxford has pushed prime rental prices to approx. GBP 65 per sq.ft. Laboratory rental prices remained at approx. GBP 78 per sq.ft. as of the end of 2025.

4. Financial information regarding BE's activity:

	Unit of measurement	December 31, 2025	December 31, 2024	December 31, 2023
Number of income-generating properties	Unit	11	10	10(*)(**)
Fair value of real estate investments	GBP thousands	701,400	690,500	699,800
Occupancy rate	%	94.8	97.3	98.3
Fair value of land for initiation and property in development	GBP thousands	492,250	421,450	361,750
Equity	GBP thousands	833,372	771,025	688,881
Ratio of net financial debt to total balance sheet	%	29.1	29.0	36.4
	Unit of measurement	2025	2024 (*)	2023
Rental revenues	GBP thousands	48,015	47,475	46,841
Fair value adjustments of investment property	GBP thousands	9,969	11,940	(251,569)
Net profit (loss)	GBP thousands	23,859	(26,942)	(256,311)
Comprehensive income (loss)	GBP thousands	20,170	(28,180)	(261,513)
NOI	GBP thousands	41,892	42,730	41,315
FFO	GBP thousands	20,061	12,375	15,229
Same Property NOI	GBP thousands	41,238	42,576	40,068
Company's share in results - BE				
Company's share in NOI	NIS thousands	161,593	169,428	157,896
Company's share in FFO	NIS thousands	77,737	49,032	58,041

(*) Includes net income from the conclusion of a rent review arbitration (in accordance with the Rent Review mechanism) mainly for one of BE's properties in central London (Waterside House). in the amount of GBP 1 million in 2024.

(**) The Devonshire Quarter property was classified as land from 2023 due to the process of evicting tenants in preparation for development.

(***) Two buildings in Cambridge were classified as land from 2023.

5. Information regarding BE's properties:

As of December 31, 2025 and for the year 2025:

	Area		Area		Fair value		NOI (**)		Revaluations
	December 31, 2025		December 31, 2025		December 31, 2025		2025		2025
	Sq.ft.		Sq.m.		In GDP thousands		In GDP thousands		In GDP thousands
Central London	488,780	45%	45,409	45%	347,700	50%	22,362	55%	(11,802)
Oxford and Cambridge(*)	602,902	55%	56,011	55%	353,700	50%	18,315	45%	(1,705)
Total in thousands	1,091,682	100%	101,421	100%	701,400	100%	40,677	100%	(13,507)
Total in NIS thousands	N/A		N/A		3,009,006		184,722		(62,674)
Company's share, not including the effect of property in development:									
Total in thousands of sq.ft./sq.m./GBP	927,862		86,201		596,147		34,552		(11,474)
Total in NIS thousands	N/A		N/A		2,557,469		156,907		(53,240)

As of December 31, 2025 and for the year 2025:

	Average rental fees (*) per sq.ft. per year	Average rental fees per sq.m. per month	Average occupancy rates	Daily occupancy rates	Number of properties as of	Average yield rates (**)	Gross yield rate (***)
	2025		2025	December 31, 2025	December 31, 2025	December 31, 2025	December 31, 2025
	In GBP	GBP	%	%	Units	%	%
Central London	51.53	46.22	97.25%	95.93%	3	6.34%	6.15%
Oxford and Cambridge	35.34	31.70	95.76%	93.91%	8	5.18%	5.26%
Average rate / total	42.01	37.68	96.43%	94.81%	11	5.76%	6.00%

(*) The minimum and maximum average rental fees in the Central London area are GBP 25 per sq.ft. per year and GBP 73 per sq.ft. per year, respectively. The minimum and maximum average rental fees in the Central Oxford area and in Cambridge are GBP 22 per sq.ft. per year and GBP 54 per sq.ft. per year, respectively. The gaps in the average minimum and maximum rental fees in central London and in the Oxford and Cambridge areas are due to the location and quality of the buildings and BE's rental strategy (retaining BE's legal right to evict customers from the leased areas during the lease period for the construction project).

(**) Average yield rates for 2025 were calculated according to the actual NOI divided by the value of income-generating property as of December 31, 2025.

(***) The weighted gross yield was calculated according to the actual NOI for the fourth quarter of 2025 standardized for a full year divided by the value of income-generating property as of December 31, 2025.

As of December 31, 2024 and for the year 2024:

	Area		Area		Fair value		NOI		Revaluation s
	December 31, 2024		December 31, 2024		December 31, 2024		2024		2024
	Sq.ft.		Sq.m.		In GDP thousands		In GDP thousands		In GDP thousands
Central London	488,311	46%	45,366	46%	358,800	52%	24,053	58%	587
Oxford and Cambridge	562,788	54%	52,285	54%	331,700	48%	17,341	42%	(15,138)
Total in thousands	1,051,099	100%	97,650	100%	690,500	100%	41,394	100%	(14,551)
Total in NIS thousands	N/A		N/A		3,158,554		195,610		(70,069)
Company's share, not including the effect of property in development:									
Total in thousands of sq.ft./sq.m./GBP	892,331		82,900		586,201		34,733		(12,693)
Total in NIS thousands	N/A		N/A		2,681,457		164,131		(61,152)

As of December 31, 2024 and for the year 2024:

	Average rental fees (*) per sq.ft. per year	Average rental fees per sq.m. per month	Average occupancy rates	Daily occupancy rates	Number of properties as of	Average yield rates (**)	Gross yield rate (***)
	2024		2024	December 31, 2024	December 31, 2024	December 31, 2024	December 31, 2024
	GBP	GBP	%	%	Units	%	%
Central London	50.13	44.97	98.69%	98.32%	3	6.49%	6.33%
Oxford and Cambridge	35.10	31.48	96.59%	96.34%	7	5.25%	5.33%
Average rate / total	42.17	37.83	97.57%	97.26%	10	5.89%	5.84%

(*) The minimum and maximum average rental fees in the Central London area are GBP 25 per sq.ft. per year and GBP 65 per sq.ft. per year, respectively. The minimum and maximum average rental fees in the Central Oxford area and in Cambridge are GBP 21.2 per sq.ft. per year and GBP 54 per sq.ft. per year, respectively. The gaps in the average minimum and maximum rental fees in central London and in the Oxford and Cambridge areas are due to the location and quality of the buildings and BE's rental strategy (retaining BE's legal right to evict customers from the leased areas during the lease period for the construction project).

(**) Average yield rates for 2024 were calculated according to the actual NOI divided by the value of income-generating property as of December 31, 2024.

(***) The weighted gross yield was calculated according to the actual NOI for the fourth quarter of 2024 standardized for a full year divided by the value of income-generating property as of December 31, 2024.

As of December 31, 2023 and for the year 2023:

	Area		Area		Fair value		(**)NOI(**)		Revaluations	
	December 31, 2023		December 31, 2023		December 31, 2023		2023		2023	
	Sq.ft.		Sq.m.		In GDP thousands		In GDP thousands		In GDP thousands	
Central London	488,310	46%	45,365	46%	353,200	50%	20,273	55%	(147,360)	87%
Oxford and Cambridge(*)	563,255	54%	52,328	54%	346,600	50%	16,754	45%	(21,779)	13%
Total in thousands	1,051,565	100%	97,694	100%	699,800	100%	37,027	100%	(169,139)	100%
Total in NIS thousands	N/A		N/A		3,233,706		169,935		(785,853)	
<u>Company's share, not including the effect of property in development:</u>										
Total in thousands of sq.ft./sq.m./GBP	877,130		81,488		583,716		30,833		(140,930)	
Total in NIS thousands	N/A		N/A		2,697,294		141,508		(654,818)	

(*) Includes properties in the Cambridge Science Park used for offices/laboratories, and one property in the Oxford area, about half of which is used for offices and about half for commercial areas.

(**) Not including NOI attributed to land in development in the amount of approx. GBP 4 million.

As of December 31, 2023 and for the year 2023:

	Average rental fees (*) per sq.ft. per year	Average rental fees per sq.m. per month	Average occupancy rates	Daily occupancy rates	Number of properties as of	Average yield rates (**)	Gross yield rate (***)
	2023		2023	December 31, 2023	December 31, 2023	December 31, 2023	December 31, 2023
	GBP	GBP	%	%	Units	%	%
Central London	47.51	42.62	96.99%	97.69%	3	4.69%	6.60%
Oxford and Cambridge	33.11	29.70	98.24%	98.77%	7	4.67%	5.14%
Average rate / total	39.75	35.66	97.66%	98.26%	10	4.67%	5.83%

(*) The minimum and maximum average rental fees in the Central London area are GBP 22 per sq.ft. per year and GBP 65 per sq.ft. per year, respectively. The minimum and maximum average rental fees in the Central Oxford area and in Cambridge are GBP 34 per sq.ft. per year and GBP 48 per sq.ft. per year, respectively. The gaps in the average minimum and maximum rental fees in central London and in the Oxford and Cambridge areas are due to the location and quality of the buildings and BE's rental strategy (retaining BE's legal right to evict customers from the leased areas during the lease period for the construction project).

(**) Average yield rates for 2023 were calculated according to the actual NOI divided by the value of income-generating property as of December 31, 2023.

(***) The weighted gross yield was calculated according to the actual NOI for the fourth quarter of 2023 standardized for a full year divided by the value of income-generating property as of December 31, 2023.

6. Properties purchased during the period

Region and use	Parameters	Unit of measurement	2025	2024	2023
Oxford and Cambridge	Number of properties purchased in the period	Unit	1	-	-
	Cost of properties purchased in the period	GBP millions	23.9	-	-
	Representative NOI of properties purchased in the period	GBP millions	1.3	-	-
Uses - Offices	Area of properties purchased in the period (**)	Sq.ft.	40,114	-	-
	Area of properties purchased in the period (**)	Sq.m.	3,727	-	-

7. Land for Development

Region and use	Parameters	Unit of measurement	2025	2024	2023
Oxford and Cambridge	Fair value of land for initiation (*)	GBP thousands	295,150	282,650	258,150
	Land area	Acre	19.8	14.3	14.3
Central London	Fair value of land for initiation (**)	GBP thousands	-	-	103,600
	Land area	Acre	-	-	0.7

(*) In 2025, the Fenway project was reclassified from land to a project in planning.

(**) In 2024 and 2025, the Dovetail project was classified as a project under construction.

8. Investment property in development

BE has one project in development and construction stages.

Dovetail project:

The Dovetail project (BE's share - 100%) is located in the London City near Liverpool Street Station, where the Elizabeth Line also passes. When completed, the building will have approx. 445 thousand sq.ft. of leasable space over 23 floors, with a typical floor area of approx. 22 thousand sq.ft. The total area of balconies for the tenants' use will be approx. 20 thousand sq.ft., a conference center and common areas are planned on the 13th and 14th floors, and a Sky Pavilion will be built on the 23rd floor with two large covered balconies that include meeting rooms and additional common areas. BE acquired the land and the buildings on it in 2019, and building permits for the new building were received in February 2022. The building was designed with the Net Zero Design approach and is intended to receive the highest sustainability ratings, including BREEAM Outstanding, LEED Platinum, Well Platinum, WiredScore Platinum and Nabers 5*. As of the date of publication of the report, the demolition work has been completed and construction is expected to be completed during 2029. The total investment in the project is expected to be approx. GBP 700 million. The projected annual NOI upon occupancy of the project is expected to be approx. GBP 52 million.

The above and below mentioned regarding the completion date of the construction work, the expected construction costs and the projected annual NOI upon occupancy, are forward-looking statements within the meaning of Section 32A of the Securities Law. The information is based on the BE management's estimates in accordance with the information available to it as of the date of the report and is subject to change due to circumstances beyond BE's control.

BE's investment property and investment property in development

BE's share in properties		Under construction		
		December 31, 2025	December 31, 2024	December 31, 2023
Parameters	Unit of measurement			
Uses - Offices				
London				
Number of properties in development at end of year	Units	1	1	-
Total land area	Sq.ft.	30,492	30,492	-
Total land area	Sq.m.	2,833	2,833	-
Total development area (planned) for rent at end of year	Sq.ft.	444,733	453,093	-
Total development area (planned) for rent at end of year	Sq.m.	41,317	42,094	-
Total costs invested in the period	GBP millions	31	20	-
Total accumulated costs invested as of December 31	GBP millions	174	143	-
Amount at which the properties are presented in BE's financial statements	GBP millions	197	139	-
Construction budget in the following year (estimate)	GBP millions	52	50	-
Total construction budget, incl. land (estimate)	GBP millions	700	690	-
Total estimated construction budget balance (estimate)	GBP millions	520	560	-
Percentage of built-up area with signed rental contracts	%	-	-	-
Expected annual revenue (NOI) from projects to be completed in the following period and for which contracts have been signed for 50% or more of the area	GBP millions	-	-	-

9. Order backlog

Period	Assuming non-exercise of tenant option periods		
	Revenues from fixed components	Number of contracts ending	Area subject to contracts ending
	GBP thousands	Unit	Thousands of sq.m.
Q1/2026	11,537	6	1
Q2/2026	11,520	3	5
Q3/2026	11,258	5	6
Q4/2026	11,195	5	2
Total 2026	45,510	19	13
2027	39,968	22	16
2028	29,875	11	24
2029	21,790	20	10
2030 onward	47,057	16	50
Total	184,200	88	113
Total in NIS thousands	790,218		

The information included in the table above in this section constitutes forward-looking information as defined in Section 32A of the Securities Law, and as such its realization is uncertain and is not solely under BE's control. The information refers to data existing and known to BE as of the date of publication of the report regarding expiry dates of the current rental contracts. The information may change as a result of factors not under BE's control, such as the termination of rental agreements due to abandonment of the rental property, violation of the agreement or due to financial difficulties of tenants that may lead to the violation or discontinuation of the rental agreements.

10. Main Tenants:

33% of BE's revenue for 2025 is from Marks & Spencer ("M&S"), which has a lease for all the space in the Waterside House building until June 2028. The Waterside building has a total area of 237 thousand sq.ft. The building, which was built in the early 2000s, was leased to M&S in 2003 for a period of 25 years. The value of the building in BE's reports as of the end of 2025 is GBP 190 million and there is a loan of GBP 57 million against it, which is due to be repaid in June 2028. During 2025, M&S approached BE with a request to receive a proposal for a new long-term lease agreement, which will be accompanied by the renovation of the building. Concurrently with the negotiations with M&S, BE is working to obtain a new zoning plan for the plot on which the building is located to increase the rights to it to 413 thousand sq.ft. and is promoting an alternative lease plan for M&S, which includes an expansion of the entire building, including renting it to several tenants upon completion of the construction work.

11% of BE's 2025 revenue comes from the London Fire Brigade, which has a lease in the Union Street building until March 2027. The building, located on the city's south bank, next to the Tate Museum, contains 117 thousand sq.ft. of leasable space. BE is negotiating with several potential tenants. The building's value in BE's 2025 reports is GBP 66 million, with a GBP 32 million loan against it due in 2027.

11. Management and Operating of BE's Properties:

BE's properties are managed and maintained through a number of outside property management companies. All of the management companies work on the basis of fixed payments, collected in full from the tenants in the form of management fees (with the exception of vacant spaces, or in cases in which the management fees are limited by the contract). Property management services include, among other things, building management, security services, cleaning, maintenance and repairs, handling tenants' requests for work and preparation and monitoring of budgets for operation/service fees. In addition, the external management companies deal with the issue of invoices for rental fees and management fees as well as collection and payment to suppliers.

12. Properties with Development Potential:

All of BE's properties have some betterment or development potential, including construction, expansion and increasing rights as well as repositioning. The scope and degree of development and the uses permitted in each development project, are subject to regulation and the policy of the relevant local authority where the property is located. Before purchasing the property, and as part of due diligence, BE identifies and tests the main policy rules of the relevant local authority, to the extent that they pertain to new ventures and types of use. In many cases, BE's properties are located in central operating complexes of the relevant local authority in which there are ventures intended for the development of employment, which generally receive support and encouragement.

In view of the BE management's expectation of a significant expansion of business activity, BE is working to promote plans to significantly increase building rights for development projects in the coming decade, which are expected to increase the existing portfolio by 1.7 million sq.ft. (for a total of 3.2 million sq.ft.). As of the date of publication of the report, planning approval for approx. 1.7 million sq.ft. were received (an addition of approx. 1.2 million sq.ft. relative to the building rights currently in place). As of the date of the report, BE had received approval for a local city building plan for the Dovetail, Telephone House, The Fenway and Milton Road East properties. As of the date of the report, no such approval has yet been received for the rest of the properties in development.

13. Marketing:

Most of BE's properties are rented in full, on a long-term basis, and therefore the marketing of vacant spaces (or spaces that will be vacant in the future) is generally done for each property separately. As a rule, the marketing of space involves the appointment of an

agent or agents who use various marketing methods in order to attract the interest of potential renters, including online marketing, event production and monitoring the requirements in the relevant location. In certain cases, BE will renovate empty spaces before they are offered for marketing, in order to attract potential tenants and/or to secure higher rental prices. In view of the low percentage of vacant space in BE's existing property portfolio and the various agents with whom the BE staff has worked, there is no risk of significant increases in marketing costs, with the exception of expenses associated with leasing of the Dovetail project.

14. Competition:

BE invests mainly in property used for offices and laboratories in the life sciences sector in Greater London (including Oxford and Cambridge). These areas include cities surrounding London, where a significant portion of the population working in London reside and travel to and from it on a daily basis (such as Oxford, Cambridge, Reading, Brighton, etc.). This geographic area constitutes approx. 1/3 of the entire UK's GDP and has a population of approx. 10 million people.

BE is interested in improving its investments by (among other things) actively managing its rentals, securing building permits, renovating properties and developing and initiating. This market combines a broad variety of activities, covering a broad geographic region and attracting local and international capital, and is characterized by a high level of competition. The competitors are varied - from local niche companies to major public companies, and local private real estate funds foreign private and foreign investors. Identifying specific competitors is of little value, as competition changes dramatically according to the property's location, the property's use, the profile of the tenants, possible business plans, etc.

15. Human Capital:

As of the date of this report, BE has 27 employees and management personnel, as follows:

Department	Number of staff members
Management	5
Investment, development and property management	8
Finance and activity	7
Marketing	1
Support	6

The terms of employment of employees and members of management are as accepted in the market, and include, among other things, termination of employment subject to prior notice and a long-term compensation plan, through Class C shares of BE Midco Limited, which is held directly by BE.

For additional information, see the description of the long-term remuneration plan in the description of the terms of remuneration of BE managers in Regulation 21 in the Additional Information on the Corporation chapter. For information regarding the terms of employment of the BE Managers, please see Regulation 21 of the Additional Information chapter.

16. Improvements in Rental Properties and Suppliers:

Maintenance and repair work for BE properties are generally commissioned by the relevant external property manager, and are paid for from the management fees (which are paid by the tenants). All of these jobs, as well as significant renovation or development work carried out by BE, are performed by external contractors, in accordance with a formal construction agreement according to which the contractor is responsible for supplying the work, the subcontractors, the raw materials and is responsible for adhering to schedules and to the quality of construction.

BE is exposed to changes in construction prices, which themselves are affected by changes in the prices of raw materials, work equipment and construction work in general (and the demand for contractors and subcontractors). In addition, each of the above factors can have an effect on the projects' timetables and delivery dates.

These risks are carefully managed by provisions for increases in construction costs, conservative pricing of project costs as well as carefully planning timetables and performing due diligence and screening tests before each contractor is appointed.

17. BE's forecast for 2026:

The following is BE's forecast for its main business results for 2026. The forecast is based on the properties existing as of the date of the report and the assumption that no material changes will occur in the business environment in which the BE Group operates.

	2026 forecast	2025 actual
	GBP	GBP
NOI (GBP MILLIONS)	41	42
FFO - MANAGEMENT APPROACH (GBP MILLIONS) ²⁸	19	20

The information relating to the BE forecast for 2026 is forward-looking information, as defined in section 32A of the Securities Law, 1968 and is based on the BE management's budget, as approved by the BE Board of Directors. Forward-looking information is any forecast, assessment, estimate or other information regarding a future event or matter whose realization is uncertain and not under the sole control of BE and the Company, as there is no certainty that the many variables that make up the budget will materialize as planned.

²⁸ Regarding the FFO according to the Israel Securities Authority approach, please see the Board of Directors' Report.

18. BE's business strategy

As stated above, BE is engaged in investments in office buildings and research laboratories for rent in the Central London, Cambridge and Oxford areas of the UK, including the management and maintenance of the properties under its ownership and also the purchase, initiation and development of rental properties in those areas.

During the coming year, BE will focus on execution of the "Dovetail" project in London, including finding tenants for pre-letting and obtaining financing to accompany the construction; continuing negotiations with Marks & Spencer to sign a new long-term lease agreement; for the projects in Cambridge - advancing planning and identifying pre-letting opportunities.

The information featured in this section above constitutes forward-looking information as defined in Section 32A of the Securities Law. BE has no control regarding new business offers and initiatives that it may be offered to join. Therefore, no certainty exists that BE's expected development over the coming year will be realized, and it also depends, among other things, on the macroeconomic situation in the regions where BE operates.

19. Corporate Governance in BE and in the BE Group

In this regard, please see Note 6d(5) and 6d(6) to the financial statements.

20. Financing

BE has one loan due to be repaid in 2026 in the amount of GBP 50 million for Telephone House. BE is negotiating with the existing lender for a new loan.

For additional information, please see Note 12e to the financial statements.

E. Energix

1. General Information regarding Energix

Energix is a public company whose securities are traded on the Tel Aviv Stock Exchange Ltd., and is a directly-controlled subsidiary of the Company.

Energix engages, itself and through subsidiaries and partnerships under its full control in the initiation, planning, development, financing, construction, management and operation of facilities for the generation and storage of clean electricity from renewable energy sources (photovoltaic systems and wind farms) and the sale of electricity produced in these facilities, with the intention of holding them for the long term. As of the date of the report, Energix has operations in Israel, the United States, Poland and Lithuania.

As of December 31, 2025, the Company's rate of holdings in Energix was 50.03%, and close to the date of publication of the report, it was 49.49%.

As part of Energix's total activity in Israel, the United States, Poland and Lithuania, the total capacity²⁹ of its systems amounts to approx. 1.7 GW and 0.5 GWh (storage) in commercially operated projects, approx. 1.9 GW and 1.2 GWh (storage) in projects in development or pre-construction, and approx. 0.9 GW and 1.5 GWh (storage) in projects in advanced initiation. In addition, Energix has photovoltaic and wind energy projects in initiation with a capacity of approx. 5.8 GW and storage projects in initiation with a capacity of approx. 11.6 GWh. As of the reporting date, Energix owns facilities connected to the electricity grid and systems under construction and development at a depreciated cost of NIS 10.4 billion.

The total annual revenue expected in 2026 from the sale of electricity and green certificates³⁰ from all the facilities connected to the electricity grid as of the reporting date plus facilities expected to be connected to the electricity grid during 2026, and including tax partner revenues, is approx. NIS 1.28-1.37 billion³¹ (Energix's share).

The information on projected annual income constitutes forward-looking information as defined in Section 32A of the Securities Law, and based on Energix's systems in commercial operation, Energix's estimates in relation to the date of commercial operation of its systems which, as of the date of publication of the report, are in development and advanced initiation. Actual revenue may be different and is dependent on factors beyond the control of Energix and the Company, such as generation amounts, actual electricity prices and exchange rates.

Energix receives management services from the Company according to a management agreement signed between the parties. For additional information regarding the management agreement, please see Note 6e(5) to the financial statements.

²⁹ The Company's project backlog includes a project that the Company acquired in Lithuania that combines a wind farm, photovoltaics with a capacity of up to 470 MWp and 320 MWh of storage. As of the date of approval of the report, the parties are nearing completion of the transaction and the transfer of ownership of the project to Energix.

³⁰ Green Certificates (RECs - Renewable Energy Certificates) are given to producers of renewable energy for each 1 MWh generated. The value of the certificates varies according to the regulatory framework and market conditions in the relevant country.

³¹ The Company's revenue from projects, including other income and the Company's income from the transfer of tax benefits to tax partners or from their sale.

2. Area of activity

The information in the following tables regarding Energix's projects in commercial operation, under construction, initiation and development, includes forward-looking information (as the term is defined in Section 32 of the Securities Law) regarding Energix's estimates regarding expected revenues, expected results for a full year of operation (revenues, gross profit and net cash flows), expected construction costs, expected operation dates and expected installed capacity.

The information is based on Energix's estimates as of the date of the report and is expected to differ due to factors beyond its control, such as: weather, regulation, electricity prices and the demand for electricity.

A. **Energix's projects in commercial operation:** The following are projects that have been completed and the electricity generated therein is fed into the relevant electricity grid, as of the date of the report:

Country	Technology	Capacity (MW)	Gross construction cost	ITC tax benefit amount	Net construction cost	Project financing facility	Project results for the 12-month period ended December 31, 2025 (NIS millions)			Projected results for a full year of operations (NIS millions)		
							Revenue	Gross profit	Net cash flow after debt service / payment of US tax partner share / payment of US tax partner share	Revenue	Gross profit	Net cash flow after debt service / payment of US tax partner share / payment of US tax partner share
Israel (9,1)	Photovoltaic	417 MWp	1,507	-	1,507	1,410	169	130	31	185-195	138-146	36-42
Israel (10)	Photovoltaic with combined storage	111 MW Includes 411 MWh storage	678	-	678	491	39	31	17	68-74	55-61	23-25
Poland (2,3,10)	Wind	301 MW	1,579	-	1,579	1,556	345	270	101	353-373	282-298	131-141
Poland (5,3)	Photovoltaic	43 MWp	97	-	97	-	7	6	6	12-13	10-11	10-11
Poland (5,3)	Storage	56 MWh storage	56	-	56	-	1	1	1	14-18	10-14	10-14
USA - E1 and E2 backlogs (2,4,6,7)	Photovoltaic	224 MWp	892	322	569	312	62	50	16	53-59	39-45	12-18
USA - E3 backlog (4,7)	Photovoltaic	412 MWp	2,488	1,081	1,407	1,086	116	92	4	114-124	89-97	17-23
USA - E4 backlog (4,7,8)	Photovoltaic	148 MWp	806	497	308	282	20	15	3	42-46	34-38	10-12
Total projects in commercial operation		1.7 GW + 0.5 GWh storage	8,103	1,900	6,201	5,137	759	595	179	841-902	657-710	249-286

- 1) Energix is entitled to receive approx. 100% of the expected free cash flow from the above projects.
- 2) Revenue and gross profit figures do not include the payment of the US tax partner share, which is included in the net cash flow figures. Distributions to the tax partner during the reporting period amounted to approx. NIS 41 million.
- 3) As of the date of approval of the report, a solar project in Poland (30 MWp) is awaiting receipt of a permanent production license. Accordingly, the project expenses during the testing period were capitalized to the system's cost. In addition, a solar project (30 MWp) and a storage project (56 MWh) commenced operation, as part of a testing period, in the second and third quarters of 2025, and therefore the actual results for them in 2025 are not for a full year of operation.
- 4) The agreement with the US tax partner (for further details, please see Note 13 to the annual financial statements) determines, among other things, the cash distribution rate between Energix and the tax partner for a period of approx. 5 years, after which 95% of the cash flow is expected to be used by Energix. In the above table, Energix's share of the net cash flow is presented net after payment of the tax partner's share.
- 5) The source of revenue from projects is a fixed price or market price. A "fixed price" revenue source may include - a fixed price under PPA agreements (including agreements to sell electricity at a market-adjusted price with a minimum price guarantee mechanism), Feed in Tariff, a fixed price under a tender, price-fixing agreements, revenue from availability and market regulation at a fixed price. "Market price" includes - revenue from the sale of electricity at spot prices and revenue from the sale of unhedged green certificates.
- 6) In the Virginia 2 projects, the tax partner's commitment is for 5 out of 6 projects. In the sixth project, Energix is utilizing the tax benefits in the amount of approx. USD 10 million for its own use.
- 7) The **gross construction cost** is the cost to third parties, including financing expenses during the construction period and tax payments for entrepreneurial and development profits. The **net construction cost** is the gross construction cost, net of the tax partner's investment for the tax benefit (ITC).
- 8) The E4 backlog projects were operated during the reporting period, and the results for 2025 are not for a full year of operation.
- 9) The 87 MWp extra-high voltage Julis project commenced commercial operation in the third quarter of 2025 and the results for 2025 are not for a full year of operation. As of the date of approval of the report, Energix is working to plan and construct a storage facility that will be integrated into this project with a capacity of approx. 401 MWh, which will enable the conversion of the entire project to market regulation instead of the first competitive procedure published by the Extra-High Voltage Electricity Authority.
- 10) **The connected projects in Israel include a combined solar and storage project with a capacity of 30 MWp and 62 MWh of storage, which as of the date of approval of the report was in the process of being connected to the electricity grid.** Financial data is based on an exchange rate of NIS 3.08 per USD 1 and an exchange rate of NIS 0.87 per PLN 1.
Capacity data: Wind - in MW; PV - in MWp; Storage - in MWh.

B. **Energix's projects in development or pre-construction:** The following are Energix's projects that are in development or that the actual start of construction is expected in the near future:

Country	Project	Technology	Capacity (MW)	Gross construction cost	ITC tax benefit amount	Net construction cost	Project financing facility / US tax partner investment	Projected commercial operation date	Cost invested as of the date of the report	Projected project results for first full year of operation		
										Revenue	Gross profit	Net cash flow after debt service / US tax partner payment
Israel	ARAN (3,1)	Wind	104 MW	650-750	-	650-750	Up to 650	12 months after resumption of work	540	93-101	77-83	30-34
	Mishor Rotem	Photovoltaic with combined storage	14 MWp including 60 MWh storage	55-65	-	55-65	Not yet determined	Q2/2027	1	6-8	5-7	5-7
	Berekhya	Storage	50 MWh storage	30-35	-	30-35	Not yet determined	Q4/2026	0	4-5	3-4	3-4
Poland	PV projects in development in Poland (8,5)	Photovoltaic	230 MWp	460-500	-	460-500	Not yet determined	During 2027	20	71-75	55-59	55-59
	Nowe Czarnowo 2 (8,5)	Storage	71 MWh storage	30-50	-	30-50	Not yet determined	Q2/2026	2	16-20	14-18	14-18
	Storage projects in development in Poland	Storage	680 MWh storage	410-450	-	410-450	Not yet determined	During 2027	0	110-120	86-90	86-90
Lithuania	Jonava wind project (8)	Wind	140 MW	840-880	-	840-880	Up to 520	Q2/2027	0	110-120	90-100	35-45
	Jonava PV project (8)	Photovoltaic	330 MW	600-640	-	600-640	Up to 359	Q2/2027	-	80-90	65-75	25-35
	Jonava storage project (8)	Storage	320 MWh storage	180-220	-	180-220	Not yet determined	Q2/2027	-	50-60	40-48	40-48
USA	E4 project backlog in development (2,4,6,8)	Photovoltaic	62 MWp	380-410	235-255	145-155	Up to 125	Q3/2026	313	18-22	15-19	3-4
	E5 project backlog (2,4,6,8,9,10)	Photovoltaic	422 MWp	2,400-2,500	1,510-1,570	890-930	Up to 907	During 2026	1,321	130-140	105-115	15-25
	E6 project backlog (2,4,6,8,9)	Photovoltaic	573 MWp	3,480-3,580	1,930-1,990	1,550-1,590	Not yet determined	During 2026-2027	116	200-220	160-180	160-180
Total projects in development and pre-construction			1.9 GW + 1.2 GWh storage	9,515 - 10,080	3,675 - 3,815	5,840 - 6,265	-		2,313	888 - 981	715 - 798	471 - 549

- 1) Energix is entitled to receive approx. 100% of the expected free cash flow from the above projects.
- 2) Revenue and gross profit figures do not include the payment of the US tax partner share, which is included in the net cash flow figures.
- 3) Energix's share in the project is 80.5%. The realization of the facility under the financing agreement is conditional on the resumption of construction work on the project and receipt of approval from the lenders. In addition, according to the set of agreements signed between Energix and ARAN and the revenue expectations, Energix's share of the cash flow is 100%, until full repayment of the liabilities to Energix. After full repayment of the liabilities to Energix, the free cash flow will be distributed to the owners according to their shares.
- 4) The agreement with the US tax partner determined, among other things, the cash distribution rate between Energix and the tax partner for a period of approx. 5 years, after which 95% of the cash flow is expected to be used by Energix. In the above table, Energix's share of the net cash flow is presented net after payment of the tax partner's expected share.
- 5) The source of revenue from projects is a fixed price or market price. A "fixed price" revenue source may include - a fixed price under PPA agreements (including agreements to sell electricity at a market-adjusted price with a minimum price guarantee mechanism), Feed in Tariff, a fixed price under a tender, price-fixing agreements, revenue from availability and market regulation at a fixed price. "Market price" includes - revenue from the sale of electricity at spot prices and expected revenue from the sale of unhedged green certificates. For additional information, please see Appendix A.
- 6) The **gross construction cost** is the cost to third parties, including financing expenses during the construction period and tax payments for entrepreneurial and development profits. The **net construction cost** is the gross construction cost, net of the tax partner's investment for the tax benefit (ITC).
- 7) Capacity data: Wind - in MW; PV - in MWp; Storage - in MWh.
- 8) Financial data is based on an exchange rate of NIS 3.08 per USD 1 and an exchange rate of NIS 0.87 per PLN 1.
- 9) E5 and E6 backlog figures are based on the assumption that the tax partner's investment is at a rate of 40%-50%.
- 10) The E5 backlog includes a project with a capacity of approx. 25 MWp that was connected to the electricity grid close to the reporting date.
- 11) Energix's estimates of the financing amounts indicated in the above table are based on the non-recourse project financing rates, which are customary in Energix's operating markets - Poland and Israel - PV 80%-85%, wind 75%-85% and stand-alone storage 60%-75%. In the United States - the total project financing rate may reach approx. 85% (including the tax partner investment and back leverage) of the costs at the project company level.
- 12) Energix's assessment of the expected results from these projects is based on signed electricity sales agreements or Energix's estimates of the electricity price range expected for the projects as part of electricity sales agreements to be signed in the future.
- 13) The terms of the financing facility in the Jonava project are in accordance with the memorandum of understanding signed during the reporting period with a consortium of banks.
- 14) The cost invested as of the date of the report is before deducting the tax partner's investment in respect of the tax benefit (ITC) that has not yet been received as of the date of approval of the report.
- 15) Energix's project backlog in Lithuania includes a project it acquired that integrates wind farms, photovoltaics, and storage with a capacity of up to 470 MWp and an additional 320 MWh. As of the date of approval of the report, the parties are nearing completion of the transaction and the transfer of ownership of the project to Energix.

- C. **The following are advanced initiation projects:** Advanced initiation projects are the backlog of the Energix's projects (1) that have land rights, an approved statutory plan and an electricity connection survey, or (2) that it estimates can be financially closed or pre-construction within the next 12 months, or (3) initiation projects that have won a guaranteed tariff.

Country	Project	Technology	Capacity (MW)	Projected commercial operation date	Status	Gross construction cost	ITC tax benefit amount	Net construction cost	Cost invested as of the date of the report	Expected revenues for the first full year of operation
										0
Israel	Additional storage at the Yasif project (1)	Storage	401 MWh storage	Q2/2027	In planning procedures	195-215	-	195-215	-	26-34
Poland	Wind projects in advanced initiation in Poland (1)	Wind	122 MW	During 2026	In planning procedures	720-780	-	720-780	6	140-150
USA	Projects in advanced initiation in the United States (2,5)	Photovoltaic with combined storage	772 MWp including 1.104 MWh storage	During 2027	In planning procedures	6,320-6,520	3,470-3,630	2,850-2,890	372	370-410
Total in advanced initiation			0.9 GW + 1.5 GWh storage			7,235 - 7,515		3,765 - 3,885	377	536 - 594

- 1) All projects in the above table are fully owned by Energix.
- 2) Energix's assessment of the expected results from these projects is based on signed electricity sales agreements or Energix's estimates of the electricity price range expected for the projects as part of electricity sales agreements to be signed in the future.
- 3) Based on the assumption that the tax partner's investment is at a rate of 40%-50% in accordance with the IRA law.
- 4) Energix's estimates of the financing amounts indicated in the above table are based on the non-recourse project financing rates, which are customary in Energix's operating markets - Poland and Israel - PV 80%-85%, wind 75%-85% and stand-alone storage 60%-75%. In the United States - the total project financing rate may reach approx. 85% (including the tax partner investment and back leverage) of the costs at the project company level.
- 5) The source of revenue from projects is a fixed price or market price. A "fixed price" revenue source may include - a fixed price under PPA agreements (including agreements to sell electricity at a market-adjusted price with a minimum price guarantee mechanism), Feed in Tariff, a fixed price under a tender, price-fixing agreements, revenue from availability and market regulation at a fixed price. "Market price" includes - revenue from the sale of electricity at spot prices and expected revenue from the sale of unhedged green certificates.
- 6) The gross construction cost is the cost to third parties, including financing expenses during the construction period and tax payments for entrepreneurial and development profits. The net construction cost is the gross construction cost, net of the tax partner's investment for the tax benefit (ITC).
- 7) The cost invested as of the reporting date is mainly for panels purchased and attributed to projects in advanced initiation.
- 8) Capacity data: Wind - in MW; PV - in MWp; Storage - in MWh.
- 9) Financial data is based on an exchange rate of NIS 3.08 per USD 1 and an exchange rate of NIS 0.87 per PLN 1.

- D. **Projects in initiation:** Projects in initiation are the project backlog held by Energix in various stages of development that may mature into construction projects, for which Energix has rights to the land and is working to obtain the permits and approvals required for their construction:

Country	Technology	Capacity (MW) (1)
Israel	Photovoltaic (including with combined storage)	120 MWp
	Storage	1,410 MWh
USA	Photovoltaic	3,050 MWp
	Storage	4,690 MWh
Poland	Wind	2,100 MW
	Photovoltaic	520 MWp
	Storage	5,480 MWh
Total photovoltaic and wind projects in initiation		5,790
Total storage projects in initiation		11,580

1) Capacity data: Wind - in MW; PV - in MWp; Storage - in MWh.

The information presented in Sections b-d above in relation to projects in development or pre-construction, projects in initiation and in advanced initiation includes forward-looking information as defined in Section 32A of the Securities Law. Such information is based on knowledge available to the Energix management as of the date of approval of the report, including but not limited to the electricity prices known as of the date of approval of the report. The information includes Energix's assessments or intentions as of the date of the report. It should be noted that the actual results relating to the information may differ significantly from the estimated or implied results of all or part of this information. This is, among other things, due to the influence of business-economic variables and regulators, as well as the general risk factors that characterize Energix's operations, and therefore their realization is uncertain.

2.1 General environment and impact of external factors - Energix

General³²

In the context of the global effort to deal with the climate crisis and the need to reduce greenhouse gas emissions, many countries, including the countries in which Energix operates, have adopted national goals promoting electricity generation from renewable energies. In order to realize these goals, various regulatory arrangements and support mechanisms are being developed and implemented, designed to encourage the initiation, development and operation of renewable energy powered electricity-generation facilities. At the same time, in recent years there has been a continuous and significant increase in the demand for electricity, due, among other things, to the expansion of data center activity as part of the AI and computing technology revolution. Data center activity is characterized by continuous electricity consumption on a significant scale, increasing the demand for stable generation of electricity from renewable energy sources³³. In this context, alongside

³² Information sources in this chapter:

Renewable 2024 Analysis and forecast to 2030 – IEA

<https://www.bnef.com/capacity> - Bnef

Renewable 2024 Analysis and forecast to 2030 - IEA

Bnef- new energy outlook 2024

<https://www.there100.org/our-work/news/re100-members-now-consume-more-electricity-year-france>

<https://www.bnef.com/themes/somu1dt0g1kw00>

Morgan Stanley – Powering the AI.

Bnef- Solar Supply Chain Index, January 2025

https://www.federalreserve.gov/newsevents/pressreleases/monetary20241107a.htm?utm_source=chatgpt.com

<https://www.boj.org.il/>

<https://www.boj.org.il/publications/regularpublications/staff-forecast>

Morgan Stanley - Election Implication 6/11/2024

<https://www.trade.gov/commerce-preliminary-countervailing-duty-investigation-crystalline-photovoltaic-cells-cambodia>

³³ IEA (2024/2025), Electricity 2024/2025 Analysis and Forecast to 2026/2030

the continued development of renewable energy sources and storage systems, in recent years there has been renewed interest in civil nuclear energy as a complementary solution for a stable electricity supply with low carbon emissions. This trend is reflected, among other things, in technology companies entering into long-term power purchase agreements to restart existing nuclear facilities or to develop small modular reactors (SMRs), which are designed to provide a continuous electricity supply that matches the high and stable consumption profile of data centers³⁴. However, Energix estimates that massive electricity production from nuclear facilities is only expected to mature in a few years. These trends, combined with a decline in the prices of equipment used to build facilities for generating electricity from renewable energy, have strengthened the economic viability of electricity generation from renewable energy relative to conventional energy sources based on fossil fuels, and have accordingly contributed to the expansion of demand for electricity from renewable energy sources.

In 2025, the growth trend continued and a significant acceleration was recorded in the growth rate of electricity generation from renewable energy with an estimated global capacity addition of approx. 750-840 GW during the year³⁵, continuing from 2024, during which global capacity was added to the extent of approx. 585 GW. According to forecasts, a further addition of approx. 800-900 GW is expected in 2026, a figure indicating the renewable energy sector's continuing growth trend on a global scale³⁶. According to IEA data, of this total, the expected increase by the end of the decade, approx. 80% is expected to come from photovoltaic installations and approx. 81% of the global addition in 2025 will be attributed to photovoltaic installations³⁷. This field benefits from reduced costs, short construction times, and broad application flexibility, and it is expected to continue to lead the renewable energy market in the coming years.³⁸

In order to meet the climate goals and to reach zero emissions by 2050, the required investment is expected to be tens of trillions of USD in the coming decade, divided between supply-side investments (such as electricity grids, generation infrastructure, advanced energy solutions and more) and demand-side investments (such as electrification of transportation, public transportation, heavy industry, electric vehicles, and more).

Giant international corporations such as Apple, Meta, Google, Microsoft and others have established, as part of their corporate governance, 100% clean energy consumption targets (net zero) by 2030. As part of the RE100 initiative, which is one of the world's leading initiatives for companies to transition to full renewable energy consumption, over 440 international corporations have been included as of the date of the report³⁹.

Accordingly, the amount of electricity sales agreements signed with corporations (PPAs) has been on a steady growth trend over the past decade. These agreements allow companies to purchase electricity from renewable energy sources at fixed prices over the long term. This trend is expected to intensify in view of companies' goals to reach net zero and with of the growing demand for electricity from the increased use of data centers, including in view of the AI revolution⁴⁰. The penetration rate of renewable energy sources and the expected increase in installed capacity as described above strengthen the economic viability in this area and have created a real need to integrate energy storage facilities that contribute to the stability and capacity of the electricity grid and moderate hourly price volatility.

The following are several key macroeconomic events that have an impact on Energix's operations:

Global electricity supply and demand trends - The demand for electricity in global markets continues to grow rapidly in the face of limited supply, with green electricity expected to provide most of the increase in electricity demand in the short term. To a significant extent, the increase in demand is attributed to the accelerated expansion of data centers by large technology companies⁴¹, in the context of the AI revolution and the setting of long-term green electricity procurement goals. These trends support an increase in electricity and green certificate prices and, as a result, also in the prices of power purchase agreements (PPA) in the Company's operating markets, especially in the United States, while these trends are also evident in Europe and in other markets around the world⁴², and are expected to continue until at least the end of the decade.⁴³

Prices of equipment used by Energix in the construction of projects - The downward trend that began in 2024 in the prices of equipment used by Energix in the construction of photovoltaic projects continued for most of 2025, so that panel prices reached a low cost of approx. USD 0.07-0.09 per watt in most global markets. Due to a change in production policy from China and the removal of export tax benefits, equipment prices increased by approx. 9% in the fourth quarter of 2025. The impact of US tariffs on equipment imports maintains higher prices. In the storage sector, overall storage system costs have decreased significantly compared to previous years, but lithium prices have recovered at the end of 2025. In the wind sector, wind turbine prices have remained stable, with minor impacts from raw material prices and logistics costs. The downward trend in equipment prices in 2024-2025, together with a renewed increase in electricity prices, could contribute to the expected profitability of future projects.

³⁴ World Nuclear Association (2025/26), "Nuclear Power in the Post-AI Era"

³⁵ <https://www.iea.org/reports/renewables-2025>

³⁶ <https://www.iea.org/reports/renewables-2025>

³⁷ <https://www.reuters.com/sustainability/climate-energy/record-renewables-capacity-falls-short-global-target-ren21-says-2025-06-24/>

³⁸ <https://www.reuters.com/sustainability/climate-energy/record-renewables-capacity-falls-short-global-target-ren21-says-2025-06-24/>

³⁹ <https://www.ecohz.com/standards-and-initiatives/re100>

⁴⁰ <https://www.ecohz.com/standards-and-initiatives/re100>

⁴¹ <https://www.bnef.com/themes/somu1dt0g1kw00>

⁴² IEA, Poland – Energy Policy Review; European Commission

⁴³ Goldman Sacks - AI, data centers and the coming US power demand surge

Foreign exchange rates - In 2025, the NIS strengthened significantly against the USD and strengthened more moderately against the Polish PLN. Energix has a natural hedge against the USD and PLN exchange rates as its revenues, expenses and investments in each territory are in the local currency. Energix hedges the equity invested in each territory through financial instruments including forward transactions and cross-currency swap transactions (CCS), so that the impact of changes in exchange rates is not material.

Interest rate and inflation environment - During 2025, the moderation trend in global inflation continued. Most developed economies moved to a more moderate inflation environment as a result of prolonged monetary tightening, a decline in energy prices relative to past peaks, stabilization of supply chains and a slowdown in the global growth rate. Inflation decreased in Energix's three operating territories. The interest rate environment was characterized by the maintaining of a restrictive policy in most developed countries, and moderate interest rate reductions were recorded towards the end of the year.

Israel:

Iron Swords War - 2025 was characterized by the continuation of the multi-arena war, which culminated in Operation Am Kalavi against Iran. As of the date of the report, the fighting in Gaza had ended, but the impact of the end of the War is not yet apparent in the economic projections for 2026, which is also expected to be an election year in Israel. The macroeconomic implications of the War are expected to continue throughout 2026, as are the implications of Operation Roaring Lion, which began in early March and whose results have not yet been determined. However, with regard to Energix's activities, bearing in mind that it is an essential supplier and that Energix views the continuity of the economy's business activity as a national mission, Energix continued its ongoing activities in Israel, including the continued initiation, planning and development, all under the necessary restrictions and instructions from the Home Front Command. It should be noted that during 2025 and as of the date of approval of the report, all of Energix's facilities in commercial operation in Israel are generating electricity as usual and the War had no material impact on Energix.

United States:

1. Changing government policy and the adoption of the One Big Beautiful Bill - During the reporting period, a trend towards tightening federal policy regarding energy and trade was evident in the United States. Some of the incentives provided by the IRA were reduced, along with a substantial tightening of licensing requirements and the imposition of tariffs and additional restrictions on the import of solar panels and batteries (which, as of the date of approval of the report, were subject to a US court proceeding). In response to these changes, the International Energy Agency (IEA) revised downward its growth forecasts for the US renewable energy market for the coming years, although it still expects a significant addition of approx. 250 GW in combined capacity by 2030. During the reporting period, the comprehensive federal law known as the "One Big Beautiful Bill" (OB BB) was adopted, which includes, among other things, a legislative change regarding the federal ITC tax benefit system, relevant to Energix's operations in the United States. In August 2025, new regulations were published that updated the term "begin construction" and determined that there would be no change in the application of ITC tax benefits with respect to projects whose construction begins by September 2, 2025 (Safe Harbor protection) or reach commercial operation by the end of 2027. Based on measures Energix has taken and/or is preparing to take to apply Safe Harbor protection to projects it will construct in accordance with the OB BB Act and the new regulations, and in view of projects for which Safe Harbor already exists, Energix estimates that the above regulations will not have a material impact on its future operations in the United States and on its business plans until the end of 2030 for the establishment of an aggregate capacity of 5 GWp.

2. Rising demand for electricity and expectations of rising electricity prices - The demand for electricity in 2025 broke records as part of an upward trend that began in 2024 with increased demand in the data center sector as a result of the AI revolution, alongside an increase in residential, commercial and industrial electricity demand. In 2025, a clear trend of rising prices in the US electricity markets is evident, among other things, in the context of the increase in electricity demand as mentioned above. Market estimates indicate that grid-loaded districts, including PJM, are expected to raise electricity prices by approx. 30% by the end of the decade, mainly due to increased demand and rising grid and transmission infrastructure costs.

3. Transmission and financing constraints - The high interest rate environment in the United States in 2025 has led to a significant increase in the financing costs of renewable energy projects. At the same time, the continued emergence of grid connection delays and electricity infrastructure limitations continue to serve as a major barrier to the deployment of new production, with increasing operational risk and reduced flow certainty in existing and future projects. Regulatory reforms to shorten connection times and streamline processes, including the implementation of more stringent models for screening and reviewing projects by regional grid operators, such as PJM, are being promoted and are in the implementation stages, and their implications are expected to be realized in stages in the coming years.

Poland and Lithuania:

1. Initiatives promoting the electricity sector:

Poland: The electricity sector in Poland is undergoing a change that is reflected in the promotion of various government initiatives, such as investments in the development of transmission infrastructure, accelerated integration of renewable energies, including by promoting tenders and increasing the volume of tenders available for storage solutions. As part of these initiatives, the Polish government, through the National Fund for Environmental Protection and Water Management (NFOŚiGW), has invested in a grant assistance program for storage facilities in Poland in the amount of PLN 4 billion (approx. USD 1 billion) to support the construction of electricity storage facilities and related infrastructure, with the aim of improving the stability and reliability of the national electricity grid.

Lithuania: The Lithuanian electricity sector is in a significantly accelerated process of investments in energy storage infrastructure, as part of a broad government effort to ensure stability, reliability and flexibility of the national electricity grid. The government, through the Environmental Project Management Agency (EPMA), is implementing a support framework of approx. EUR 180 million, approved by the European Union, to strengthen electricity storage capabilities in large-scale facilities and to improve grid balancing capacity. The framework includes grants of up to 30% of project costs, with facilities with a capacity of at least 15 MW used mainly for balancing and frequency control services. The plan aims to expand Lithuania's storage capacity to approx. 4 GWh by 2028, thereby improving grid stability, supporting increased absorption of renewable energy, and reducing dependence on electricity imports or high-cost generation sources. These initiatives reflect Lithuania's commitment to building an advanced, stable electricity infrastructure adapted to the needs of the developing economy.⁴⁴

Energix's assessments regarding the possible implications of the above geopolitical situation on Energix's operations constitute forward-looking information as defined in the Securities Law.

The renewable energy market in Israel⁴⁵

For several years, the State of Israel has joined a number of other countries around the world that are transitioning to electricity generation using renewable energy. This trend has begun have an impact, with the increase in capacity from renewable energies in recent years amounting to an average of approx. 20% each year.

According to Electricity Authority (the "**Authority**") data, in 2024 an additional capacity of approx. 1 GW was connected to the electricity grid, and as of the end of 2024, the total installed capacity of renewable energies in Israel was approx. 7 GW, with approx. 85% of it, approx. 6.23 GWh generated in photovoltaic installations⁴⁶. At the same time, electricity consumption rates in the Israeli market have been on a consistent upward trend over the past few decades, with demand increasing by approx. 4.4% in 2024 compared to 2023.

In February 2025, the Ministry of Energy published a roadmap for zero emissions by 2050, indicating a future mix in which solar energy will constitute 45-64% of Israel's energy mix. Annual consumption is also expected to increase at least threefold by 2050, reaching approx. 220 TWh per year, emphasizing the need to expand storage capacity, both alongside solar projects and as stand-alone systems.

According to Government Decision No. 465⁴⁷, the target for electricity generation from renewable energies is 30% in 2035 (approx. 16 GW). As of the date of approval of the report, the rate of consumption from renewable energies is approx. 14.6%. On January 19, 2026, the Electricity Authority published a hearing in preparation for a recommendation to the Minister to determine policy principles regarding renewable energy targets for 2035. During the hearing, the Authority stated that it estimated that the 30% production target for 2030 would be achieved with a delay of two years, and recommended increasing the target to 35% by 2035, while in its opinion it is also possible to reach 40% but under significant land constraints.

Electricity production from renewable energy in Israel is still regulated primarily through a series of decisions, which are updated from time to time in accordance with policy updates from the Ministry of Energy and the government, the main purpose of which is to encourage and improve the electricity market. At the same time, we are in the midst of a trend of change towards a transition to a competitive electricity market. Following the reform and regulation of the wholesale market structure, the method of engaging for the sale of electricity has changed and is currently determined according to the connection voltage of the generation facility: With respect to facilities connected to the system at extra-high voltage, the engagement for the sale of electricity is made with a designated government company, Noga - Electricity System Management Ltd. (hereinafter - "**Noga**"), which operates as the system manager and as the entity that operates the wholesale market. On the other hand, facilities connected to the high-voltage distribution network, generally continue to engage with the Israel Electric Corporation Ltd. (hereinafter - the "**IEC**"), which holds the distribution license and is responsible for operating this network. As an additional

⁴⁴ <https://www.ess-news.com/2025/10/09/lithuania-responds-to-overwhelming-interest-with-new-e45-million-energy-storage-call>

⁴⁵ Sources in this chapter:

Electricity Sector Status Report, 2023.

BDO internal presentation - Electricity market forecast.

https://www.gov.il/he/departments/policies/dec465_2020

Report on the State of the Electricity Sector for 2021, published by the Electricity Authority, July 2022.

⁴⁶ From the Electricity Authority's new BI system.

⁴⁷ https://www.gov.il/he/departments/policies/dec465_2020

layer⁴⁸, in 2022, it was decided to fully open the supply segment to competition, and starting in 2024, the supply segment was opened to full competition.

Within this framework, virtual suppliers were added, the possibility of associating generation facilities with suppliers was expanded, and it was also possible for the first time to associate household consumers with suppliers, even without a smart meter. These steps expand competition in the electricity market and enable every consumer to purchase green electricity.

With regard to planning and construction aspects, the Planning Administration has adopted several dedicated outline plans regarding renewable energies, including for the establishment of photovoltaic installations and wind turbines, and has approved additional national outline plans for regulating photovoltaic installations, and in November 2023, a chapter on energy storage facilities was approved in the national outline plan⁴⁹. These plans regulate, each in its own field, the planning and approval procedures for facilities that generate electricity from wind energy, photovoltaics, and storage facilities. Amendment 24 to National Outline Plan 1 is currently being promoted, which deals with the addition of a chapter that will regulate the construction of agrovoltaic installations in order to encourage electricity generation from renewable energies and to meet government targets.

Opposite the trends that support the continued development of the renewable energy market in Israel, there are factors that have a negative impact on the sector, including infrastructure limitations in terms of absorption capacity into the electricity grid, opposition from environmental entities and authorities to the integration of renewable energy projects, bureaucracy, and regulatory difficulties.

The renewable energy market in Israel⁵⁰

Poland is the largest economy in the CEE (Central and Eastern Europe) countries that were formerly part of the "Eastern Bloc" and its renewable energy market is one of the main markets in the European Union. The Polish economy has experienced 20 years of continuous growth, driven by exports, private consumption and investments⁵¹. In 2025, Poland joined the G20 International Forum⁵². Electricity generation in Poland still relies mainly on fossil fuels (mainly coal), and it is considered one of the "polluting" countries in Europe⁵³. As part of an agreement between the Polish government and the country's coal miners' organization from 2021, it was agreed that the last mine will close in 2049⁵⁴. Despite the above, in practice there is a noticeable acceleration in the process of closing coal mines, which may lead to changes in the established timetables.

The electricity market in Poland is a developed market and includes four main local electricity grid administrators (owners of the distribution network in the areas of electricity-generation) that are controlled by the Polish government, and an electricity exchange, in which many other players operate. During 2025, the renewable energy market in Poland continued to grow at a rapid pace, with the installed capacity of photovoltaic installations in Poland at the end of 2025 amounting to approx. 24.4 GW and wind installations at approx. 10.5 GW⁵⁵.

In February 2021, Poland approved the Energy Policy Plan until 2040, which determined that the share of electricity generation in coal-based facilities would decrease from 78% in 2017 to less than 56% by 2030 ("2030 targets"). In order to meet the 2030 targets and promote the transition from coal-based energy to renewable energies, Poland is expected to receive several tranches of an aid package estimated at approx. EUR 76 billion. Currently, the establishment of facilities for electricity generation from renewable energy with government support is carried out in the framework of tariff tenders. Some of the targets set in the Energy Policy Plan for 2021 have already been achieved, and in accordance with the policy, the installed capacity of photovoltaic facilities was estimated at approx. 7 GW by 2030, and approx. 16 GW by 2040⁵⁶. As of the end of 2025, the actual installed capacity in Poland reached over 24 GW⁵⁷.

2022 was a turning point in the development of the electricity storage market in Poland when, for the first time, electricity storage projects won capacity agreements in a tender, following a regulatory change that restricts polluting technologies from participating in the capacity tender. This trend continued and increased in 2023, when the percentage of storage in the capacity tender accounted for approx. 24% of the total winning capacity (compared to approx. 3% or 150 MW in 2022). During 2024, the storage sector continued to grow significantly, when in December 2024 an capacity tender for supply in 2029 was held, giving the market further momentum. In 2025, the first storage facilities in the market were connected and operating commercially alongside additional projects that are in the construction and preparation stages for implementation, with Energix's storage project in Poland constituting the first Stand Alone storage project to be connected to the

48 Please see the Electricity Authority's decision dated August 5, 2020. Decision 58604. Principles for opening the supply segment in the electricity sector to suppliers and the Electricity Authority's decision dated August 30, 2022. Decision 63704. Market model for generation and storage facilities connected or integrated into the distribution grid

49 <https://www.gov.il/he/departments/policies/dec1049-2023>

50 Sources in this chapter:

Poland - Economic Review 2022 by the Ministry of Economy and Industry

<https://www.iea.org/reports/poland-2022/executive-summary>

<https://www.trade.gov/country-commercial-guides/poland-energy-sector>

<https://energy.instrat.pl/en/electrical-system/generation-capacity-are/>

51 Poland - Economic Review 2022 by the Ministry of Economy and Industry

52 <https://www.gov.pl/web/primeminister/poland-joins-the-trillionaires-club-a-historic-entry-into-the-worlds-top-20-economies>

53 <https://www.iea.org/reports/poland-2022/executive-summary>

54 <https://www.trade.gov/country-commercial-guides/poland-energy-sector>

55 <https://energy.instrat.pl/en/electrical-system/generation-capacity-are/>

56 Energy Policy for Poland

57 <https://energy.instrat.pl/en/electrical-system/generation-capacity-are/>

electricity grid in Poland. At the same time, during the year, there was progress on additional projects in the sector towards financial closure and construction stages, which supports the consolidation of the storage sector as a central component of the electricity sector in Poland.

During 2025, there were changes in the energy market in Poland, mainly related to the expansion of the capacity of electricity connections to the grid from electricity generation facilities and distribution system operators, including from renewable energy.

The renewable energy market in Lithuania

Lithuania is a member of the European Union, has an open economy and a liberal energy market integrated into the regional electricity system of the Baltic Sea countries and the European Union. The permanent closure of the state-owned nuclear power plant (NPP) in 2009 led to a substantial change in the structure of Lithuania's electricity sector, moving from a considerable reliance on domestic electricity production to an increased reliance on electricity imports.

After the outbreak of the Russia-Ukraine war in February 2022, Lithuania took regulatory measures aimed at reducing its energy dependence on Russia. These measures included the cessation of natural gas and electricity imports from Russia during 2022, leading to Lithuania's complete disconnection from the Russian electricity system in February 2025⁵⁸. The decline in energy imports from Russia was mitigated by increasing domestic electricity production, mainly from renewable energy sources, and expanding energy trade with European partners, including Latvia, Estonia, Poland, and the Scandinavian countries.

Lithuania has set a goal to transform from being a significant electricity importer to a net exporter by 2050, relying entirely on renewable energy sources without carbon emissions⁵⁹. Accordingly, Lithuania has invested significant resources in developing strategic infrastructure, including preparations for the synchronization of the international electricity grid. Completion of the connection to the European electricity system (CESA) at the beginning of 2025 allowed the Baltic states to disconnect from the Russia-dominated electricity system (BRELL) while strengthening Lithuania's energy independence. Despite these achievements, the Lithuanian energy economy is still significantly dependent on fossil fuel imports, mainly in the transportation sector, and a significant portion of electricity consumption continues to be based on electricity imports⁶⁰.

Since 2009, Lithuania has expanded the use of regional electricity grid links, including NordBalt with Sweden and LitPol Link with Poland, which enable operational flexibility, balance between generation and consumption, and exploitation of commercial opportunities in regional markets.

In this context, the renewable energy market in Lithuania is in a phase of significant expansion of electricity generation using renewable energy technologies, primarily solar and wind, both on an industrial scale and among independent consumers (prosumers), as well as with a clear government policy to gradually reduce dependence on electricity imports.

As of the end of 2025, Lithuania's installed generation capacity amounted to approx. 8 GW, with renewable energy sources making up the bulk of the mix: approx. 2.9 GW solar, of which approx. 0.7 GW from utility-scale solar projects and approx. 2.5 GW from wind⁶¹. Electricity generation for 2025 was approx. 7.4 TWh, with wind and solar energy together contributing approx. 60-62% of domestic generation, alongside complementary contributions from hydropower, biomass and other renewable energy sources⁶².

In accordance with the National Energy Independence Strategy approved by the Lithuanian Parliament in June 2024, Lithuania has set an ambitious target of 55% of total energy consumption coming from renewable energy sources by 2030, and gradually progressing to meet the target of 100% by 2050. One of the key targets for 2030 includes the exploitation of a potential of approx. 5.9 GW (wind), approx. 4.1 GW (solar), and approx. 1.1 GWh (storage). Completion of international energy infrastructure projects, the attraction of large-scale energy consumers, including for data centers, and green energy developments are expected to significantly increase Lithuania's renewable energy potential over the coming years.

The Renewable Energy Market in the United States⁶³

The United States is one of the world leaders in the generation of electricity from renewable energies, and is ranked as the second country in the world after China⁶⁴, with the highest installed capacity of renewable energy facilities, which constitutes a third of the total production capacity in the US⁶⁵. The renewable energy market in the United States is growing rapidly in general, and the photovoltaic market in utility scale facilities in particular. After a record year in 2024, when a total capacity of approx. 48 GW was added from renewable energy projects,

58 National Strategy for Energy Independence, 2024

59 <https://iea.blob.core.windows.net/assets/0f37fbcd-856d-4fde-8f2b-4db10d9bfd2a/Lithuania2025.pdf>

60 <https://www.iea.org/reports/lithuania-2025/executive-summary>

61 <https://www.litgrid.eu/index.php/power-system/power-system-information/generation-capacity/546>

62 <https://www.litgrid.eu/index.php/power-system/power-system-information/national-electricity-demand-and-generation/3523>

63 Sources in this chapter:

<https://www.bnef.com/shorts/sqvt5t0afb400?context=recommendations>

<https://www.eia.gov/outlooks/sto/report/BTL/2023/02-genmix/article.php>

<https://energy.virginia.gov/renewable-energy/ClosureCarbon.shtml>

64 <https://iea.blob.core.windows.net/assets/76ad6eac-2aa6-4c55-9a55-b8dc0dba9f9e/Renewables2025.pdf>

65 <https://www.windtech-international.com/industry-news/wind-and-solar-dominate-new-us-generating-capacity-in-2025>

a total capacity of approx. 58 GW was added in 2025, led by large-scale solar installations with a capacity of approx. 33 GW, wind installations with a capacity of approx. 7.7 GW and storage installations with a capacity of approx. 18.2 GW. The trend is expected to continue in 2026, with a projected addition of approx. 69 GW from renewable energy projects, led by solar installations with a capacity of approx. 37 GW, wind installations with a capacity of approx. 20 GW, and storage installations with a capacity of approx. 13 GW. Solar and wind power account for over 22% of US electricity generation capacity⁶⁶, supported by significant policy incentives and private investment, while growth in energy storage is strengthening grid reliability and accelerating the transition to a renewable energy mix.

The growth in renewable energy is driven by two main trends:

Regulatory trend - The global "green energy revolution" supertrend has led more and more US states to adopt policies that support renewable energy in recent years. Production targets are set mainly at the state level and vary from state to state, with Virginia, California and New York setting ambitious goals of 100% renewable energy by 2050.

At the federal level, on August 16, 2022, the Inflation Reduction Act (IRA), as amended by the US OBBB legislation and regulations thereunder during 2025 (the "IRA Act"), entered into effect, which regulates, the granting of long-term economic incentives to promote climate and energy programs.

As of the date of approval of the report, the IRA law determines the tax incentives available for a wide range of renewable energy sources and allows solar energy producers to choose between a benefit track from the investment cost (Investment Tax Credit) and a benefit track from production income (Production Tax Credit)⁶⁷.

The following are the main tax benefits in effect as of the date of approval of the report in relation to renewable energy:

The tax benefit is 30%-50% of the investment cost recognized for tax purposes (instead of 6%) conditional on compliance with wage and training requirements in relation to 30% and up to 10% additional tax benefit for each of the use of locally manufactured equipment and the construction of facilities in areas that have been pre-defined as eligible for the benefit and are within the scope of an Energy Community. In accordance with the provisions of the OBBB Law and the update of the Safe Harbor guidelines regarding the validity of the beginning of construction work, the above tax benefit will apply to projects whose construction will be completed and connected to the electricity grid by December 31, 2027 (instead of 2033) and/or which have reached the beginning of construction (in accordance with the wording of the regulations relevant for this purpose) by July 2026, and will reach commercial operation no later than December 31, 2030. With regard to storage projects, projects that meet the existing requirements for tax benefits will be able to receive 100% of the tax benefits (ITC) until the end of 2033. The tax benefits will then be gradually reduced to 75% in 2034, 50% by the end of 2035 and will end from the beginning of 2036.

In recent years, the corporate sector in the United States, led by technology giants (Google, Meta, Amazon, etc.), has begun to set internal goals and deadlines for the transition to the use of 100% renewable energy sources as part of their corporate governance goals. These moves have led to a significant increase in demand for green electricity and a fundamental change in the customer mix of electricity supply companies in the United States⁶⁸. In addition, the significant increase in the consumption of digital information, which became even more important due to the AI revolution, is leading to substantial growth in the demand for electricity in general and green electricity in particular, which has not been seen in three decades. According to forecasts, the growth rate of the demand for electricity in the United States, which has been zero for three decades, is expected to average annually over approx. 3% by the end of the decade, reflecting a total growth of approx. ⁶⁹128 GW.

The combination of these trends is creating a high demand for green electricity, which is and will be generated by the Company in the projects it establishes, and supports high electricity price levels in the coming years⁷⁰. It should be noted that in recent years, the excess demand described above has resulted in a lack of sufficient capacity in the electricity grids, which has led to a significant extension of the grid connection procedures, with processes that previously took approx. two years now taking between 3 and 4 years. In addition, the ability of developers to obtain connection agreements at reasonable costs and schedules has significantly decreased. In order to deal with the excess demand, the FERC published a decision in July 2023 aimed at accelerating the grid connection processes⁷¹.

As of the date of approval of the report, the transmission grid in all states where Energix operates is managed by the grid operator, PJM. PJM serves as the operator of the largest electricity transmission system in the United States, covering 13 states, including Kentucky, Ohio, Pennsylvania, Virginia and West Virginia, where the Company's operations are concentrated, and serves over 65 million residents. PJM oversees the operation of more than 150 thousand km of transmission lines and the sale of electricity is conducted in accordance with the price bids of electricity producers.⁷² The PJM grid is supervised and receives its authority from the FERC and collects payment for capacity, transmission, electricity and related services required for the operation of the electricity systems. PJM is dealing with significant challenges

66 FERC "Energy Infrastructure Update" report (April 2025).

67 Which was only available to wind energy producers prior to the IRA legislation.

68 BNEF- Power-Hungry Data Centers Keep Clean Energy Momentum Going

69 Grid strategies - Five-Year Load Growth Up Five-Fold to 128 Gigawatts

70 <https://www.eia.gov/todayinenergy/detail.php?id=64384>

71 <https://www.ferc.gov/media/order-no-2023>

72 2026-planning-period-parameters-for-base-residual-auction

as a result of electricity grid infrastructure limitations, which constitute a significant bottleneck for connecting renewable energy projects to the grid⁷³.

The electricity market may receive additional support, given the desire to develop and integrate new technologies for storage and grid balancing, and also due to the decrease in the costs of establishing electricity-generation facilities based on renewable energies. Storage is considered a developing field in the United States. According to estimates, as of the end of 2025, the installed capacity of storage facilities in the US amounts to approx. 111 GWh. The storage sector in the United States is expected to gain considerable momentum in the coming years, against the backdrop of the growth in renewable energy facilities and supportive regulation, and according to estimates, it is expected to grow to a total capacity of approx. 450 GWh by 2030⁷⁴.

For additional information regarding the relevant regulations for Energix's operations in the United States, please see Section 2.2.4.

2.2 Description of Energix's business in the reporting period by area of activity

Energix's business development in the reporting period and subsequent to the balance sheet date:

During the reporting period and until the date of approval of the report, Energix increased its backlog of photovoltaic and storage projects, in various stages of initiation, as follows:

	Total capacity	
	Photovoltaic	Storage
Projects that began commercial operation and/or completed construction during the reporting period	115 MW	268 MWh
Projects in development or pre-construction as of the date of the report	1.9 GW	1.2 GWh
Projects in advanced initiation as of the date of the report	0.9 GW	1.5 GWh
Projects in initiation as of the date of the report	5.8 GW	11.6 GWh

During the reporting period, Energix's revenues from the sale of electricity, from the creation of green certificates and other revenues attributable to the period decreased by approx. 15% as a result of: (1) a decrease in the price of electricity and green certificates in Poland (including in view of the expiration of price-fixing transactions in Poland that were executed at significantly higher price levels in 2022-2024); (2) low output in Poland due to weak wind conditions and low output in the United States; and (3) the impact of foreign exchange (the strengthening of the NIS). Accordingly, the EBITDA fell by 27% and the net profit fell by 18%.⁷⁵

Project financing: During the reporting period and up to the date of approval of the report, Energix entered into project financing transactions (including bridging loans for the tax partner investment) totaling approx. NIS 2.4 billion in Israel and in the United States. The financing transactions are used by Energix to finance the projects' construction and/or to repay capital that it provided in excess, which it will use to establish additional projects.

Diversifying credit sources and reducing financing costs: During the reporting period, Energix completed a raising of funds of over NIS 1.5 billion as part of its activities to diversify corporate credit sources and reduce its ongoing financing costs. In this regard, Energix raised a total of approx. NIS 505 million through the expansion of Series A bonds. In addition, during the reporting period, Energix signed long-term facilities for equipment financing in the amount of approx. USD 275 million and a facility to finance the construction of storage projects in Poland, in the amount of up to PLN 100 million.

2.2.1 Photovoltaics

2.2.2 General

2.2.2.1 Electricity generation using photovoltaic technology

Photovoltaic energy is electrical energy derived from sunlight, generated by absorbing radiation through panels with photovoltaic cells made of semiconductor materials. When sunlight energy is absorbed by the panels, it releases electrons that generate an electric current. The main components of photovoltaic systems are photovoltaic panels consisting of solar modules; a fixed or tracking structure; a current converter which converts the electricity generated from direct current (DC) to alternating current (AC); a connection point to the electricity grid and electricity meter.

The photovoltaic capacity is affected, among other things, by the intensity of sunlight, with strong light producing a strong electric current and measured in kilowatt-peak/megawatt-peak (KWp/MWp) units representing the solar panel capacity ("**installed capacity**") or

⁷³ <https://www.energy.gov/documents/doe-order-no-202-26-06-pjm>

<https://www.ferc.gov/news-events/news/e-1-commissioner-changs-concurrence-pjm-co-location>

⁷⁴ <https://seia.org/news/seia-announces-target-of-700-gwh-of-u-s-energy-storage-by-2030/>

⁷⁵ The above is net of an impairment loss of NIS 36 million (approx. NIS 28 million, net of tax) for the ARAN project in the second quarter. The results for 2025 include tax partner revenue in respect of previous periods in the amount of approx. USD 20 million.

kilowatt/megawatt (KW/MW) representing the converter capacity. Energix initiates the construction and operation of photovoltaic projects in Israel, Poland, and the United States.

2.2.2.2 Integration of storage technology in photovoltaic facilities

Storage combined with photovoltaic energy refers to the ability to store the electricity generated by photovoltaic panels by converting it into various types of energy (chemical, thermal, mechanical, etc.) and converting it back to electricity when needed. After examining several storage technologies, Energix decided to focus on storage using LFP lithium-ion batteries. In these facilities, Energix stores the electricity produced by photovoltaic panels in megawatt-hour (MWh) terms with the aim of releasing it to the grid in a controlled manner and at the request of the system administrator or supplier in accordance with the needs of the electricity market. In a storage facility combined with photovoltaic energy, it is possible to significantly increase the load ratio of the panels compared to the size of the connection, i.e. to install significantly more photovoltaic panels on the same connection size, thereby making use of a relatively small connection size and making optimal use of the electricity grid resources. Alternatively, and especially in facilities where there are restrictions on the feed into the Israel Electric Company's grid, storage facilities enable the feeding of electricity in hours when the facility is not generating. In such facilities, the ratio between panel capacity and connection size remains similar to that of a regular facility.

2.2.2.3 Strategic collaboration with First Solar and with SMA

As part of the business model of Energix's operations, Energix is working on strategic collaborations with its main equipment suppliers. In this context, Energix has a strategic collaboration with First Solar, a world leader in photovoltaic panel manufacture, and with SMA AG, a leading German inverter manufacturer. For additional information, please see Note 8(e) to the financial statements.

2.2.3 Energix's photovoltaic activity in Israel

At the end of 2024, the installed capacity of photovoltaic facilities in Israel was 6 GW, a capacity that is expected to increase 2.8 times by 2030 to approx. 17 GW⁷⁶. According to the Electricity Authority's estimates, approx. 38% of the installed capacity required to meet government targets for 2025 and approx. 42% of the potential installed capacity to meet 2030⁷⁷ targets are found in ground-mounted photovoltaic facilities and therefore, most of the renewable energy potential in Israel lies in photovoltaic facilities⁷⁸.

2.2.3.1 Photovoltaic regulations in Israel:

In recent years, the electricity sector in Israel has been undergoing processes for the promotion of competition and the expansion of the reliance on renewable energy sources, which is reflected in regulatory changes.

⁷⁶ Draft roadmap for renewable energies in 2030.

⁷⁷ According to Government Resolution 465 regarding the promotion of renewable energy in the electricity sector, the target for the generation of electricity from renewable energies will be 30% of the total electricity generation in 2030 and 20% as an intermediate target for 2025.

⁷⁸ Matan Shahak, Renewable Energy in Israel - Background and Issues for Discussion - Update, Knesset Research and Information Center, December 7, 2021.

The following table summarizes tariff regulations in the photovoltaic market in Israel:

Regulation	Period	Main characteristics	Rate	Engagement period	Energix's capacity
Tariff quota regulation	Until 2016	Fixed rate according to quota - The electric company must engage with the facility that meets the conditions	Fixed according to quota and varies from quota to quota	20 years from the date of commercial operation	41 MWp in commercial operation
Competitive procedure regulation	Starting in 2017	Tenders for the construction of facilities at various voltages Win according to the offered price and requested capacity "Uniform second price method" Obligation to commence operations within 21 months of the win	Uniform tariff according to the results of the tender	Approx. 23 years (usually)	87 MWp in extra-high voltage Most of the projects under this regulation were transferred to market regulation.
Market regulation or "market model"	Starting in 2024	Direct sale to private suppliers or to the system administrator No need for a preliminary procedure or a dedicated tariff. Possibility to transfer existing facilities from other regulations	According to an agreement with the supplier (higher than the winning rate in the competitive procedure)	According to an agreement with the supplier	111 MWp and storage capacity of 411 MWh in commercial operation
Wholesale market principles in the transmission grid	Starting March 2022	Sale of electricity to the system administrator (Noga) Rate according to half-hourly market prices. No preliminary procedure required	Varies according to half-hourly market prices	Not specified	No associated facilities

For additional information regarding Energix's commercially operating PV systems, please see Note 7 to the financial statements.

Sale of availability certificates: During 2025, the Electricity Authority established a regulation for the sale of availability certificates to renewable energy producers and storage facilities that connect to the extra-high voltage. As part of the regulation, a renewable energy electricity producer that combines a photovoltaic facility with a storage facility can sell availability certificates to virtual suppliers. Using the availability certificates, those suppliers can negotiate with the system administrator and avoid purchasing electricity at a normative cost, which imposes an additional cost on them during peak hours.

Revenue from the sale of green certificates: In addition to revenue from the sale of electricity, as of the date of approval of the report, electricity generated from renewable energy entitles the project to green certificates (IREC - International Renewable Energy Certificates) that meet international standards regarding the issuing and use of green certificates and their sale to commercial companies that use these certificates as a means of purchasing green electricity.

In the reporting period and as of the date of approval of the report, Energix issued green certificates for electricity generated in some of its facilities for the purpose of selling them to third parties.

Construction and operation of photovoltaic projects in Israel:

Approvals and permits for project construction

Energix's development and construction projects are subject to the Planning and Building Law and regulations thereunder and require, among other things, approval of a statutory plan by the relevant planning institutions. In addition, Energix is required to regulate its rights to the land, and obtain approvals from various entities such as local authorities, the Electricity Authority, the Israel Electric Company and government ministries. A business license is required for an electricity generation facility over 8 MW. Energix, as an operation and construction contractor, may also be exposed to legislative and regulatory aspects. It should be noted that the construction and operation work is actually carried out by subcontractors.

Construction and operation work and Energix's activity in the vertically integrated (One Stop Shop) model

In Israel, as in other territories, Energix operates in a vertically integrated model that ensures the professionalism and optimization of Energix's entire value chain in relation to the projects it owns, from the initiation, construction and commercial operation stages, thereby maximizing the return on them. In this framework, Energix has an independent and high-quality initiation system in Israel with expertise in initiation, planning, licensing, financing, construction and operation of projects. The photovoltaic construction and operation activity includes engineering and procurement systems that reflect Energix's expertise and promote collaborations with subcontractors and leading suppliers.

2.2.3.2. Information regarding the project system in Israel*

	Connected projects		Projects in development / pre-construction	Projects in initiation
	Photovoltaic	Photovoltaic projects with combined storage	Photovoltaic projects with combined storage	Photovoltaic with combined storage
Capacity (MW)	417 ⁽²⁾	111 MW Includes 411 MWh storage	14 MWp Includes 60 MWh storage	120 MWp
Construction cost (NIS millions)	1,507	678	50-80	
Revenue (annual, NIS millions)	185-195	68-74	10-13	
Gross profit (annual, NIS millions)	138-146	55-61	8-11	

*The information in the table above is forward-looking information (see Section 2 above).

2.2.4 Energix's photovoltaic activity in the United States

General⁷⁹

The renewable energy market in the United States is growing rapidly in general, and the photovoltaic market in utility scale facilities in particular. In 2024, a record year in terms of installations, approx. 40 GW of solar installations were connected to the US electricity grid, a growth of over 45% compared to 2023. In 2025, alongside the growing demand for electricity generated from renewable energy sources, the rate of connections slowed and the capacity of connections decreased to approx. 33 GW of solar installations⁸⁰. This is, among other things, due to significant regulatory changes (the OBBB Law and the regulations enacted thereunder), and prolonged delays in connections to the electricity grid⁸¹.

The photovoltaic sector in the United States is based on a sophisticated market for the sale of electricity and green certificates (Renewable Energy Credits - RECs) and, in some cases, in some regions of the United States, revenues for availability and additional services. In addition, developers in the photovoltaic sector are eligible for a federal tax credit (ITC) in significant amounts, conditional on meeting the threshold conditions for the benefit.

⁷⁹ Sources:

<https://www.bnef.com/shorts/sqvtn5t0afb400?context=recommendations>

<https://www.eia.gov/outlooks/steo/report/BTL/2023/02-genmix/article.php>

As of the date of approval of the report, most of the Company's activity in the United States is not carried out through tenders.

⁸⁰ IEA's Renewables 2025 Report, please see Footnote 61 above.

⁸¹ IEA's Renewables 2025 Report, please see Footnote 61 above.

Sources of revenue from photovoltaic activity in the United States:

1. Electricity sales - The US electricity sales market allows great flexibility in the sale of electricity, and electricity producers can sell electricity directly to consumers or to financial institutions that serve as intermediaries in the sale of electricity. Most electricity sales transactions are carried out with local electric companies, but in recent years, the trend of moving to direct agreements is growing with consumers and other players, most often giant companies such as Apple, Google, Meta and Microsoft, who have committed to consuming 100% electricity produced from renewable energy. The electricity generated is sold directly from the facility or by way of a virtual agreement and accounting with the grid administrator / local electric company. Most engagements are for periods of 5-20 years:

(1) **Electricity sales to local electric companies:**

- a. Carried out through a dedicated agreement or competitive tender published by the local electric company, at a fixed price for a long term.
- b. The electric company selects among the bidders according to price and project quality parameters (location, stage of initiation) and bidder quality (experience, financial strength).
- c. The engagement constitutes an actual sale of the electricity generated by the facility to the electric company.

(2) **Electricity sales to consumers/price hedging transactions** - Carried out in both a competitive tender and as direct transactions, mainly for periods of 12, 15 or 20 years. The sale can be physical (the electricity is transferred directly to the consumer) or virtual (an external transaction to hedge the price of electricity and green certificates). In a virtual transaction, the electricity generated is fed into the grid and the settlement is through the local grid administrator. The sale may be based on all the electricity as generated or on a predetermined annual generation quantity by the parties according to the expected estimate (Shape).

2. Revenue from the sale of green certificates (RECs) - Given to electricity producers from renewable energy for each MWh generated. Many US states have adopted renewable energy consumption targets and have set fines for failure to meet targets. Electricity suppliers are required to generate or purchase electricity from renewable sources, or alternatively to purchase green certificates. The value of the certificates varies according to the regulatory framework and market conditions in the relevant state. Large technology companies that are not required by law purchase these certificates to meet the renewable energy consumption targets they have set for themselves. Sale of the certificates can be part of an electricity sales agreement or a separate dedicated agreement.

3. Additional sources of revenue - In some cases, depending on the state and the electricity grid, additional revenue can be obtained from photovoltaic electricity-generation facilities in respect of a commitment made by the developer regarding the system capacity and in respect of additional grid services. It should be noted that the significant increase in the demand for electricity in the US market reinforces the need for electricity grid administrators to make investments and increase grid redundancy, and there is a trend of a significant increase in capacity prices paid to developers, especially in 2024-2025.

4. Federal tax benefit - Renewable energy developers who meet certain conditions defined in the law are entitled to an investment tax credit (ITC) of 30% to 50% of qualifying project costs (instead of 6%, calculation of the costs from which the benefit is derived is according to the terms determined in legislation) ("**Tax Benefit**"). The tax benefit can be utilized in one of the following three ways:

- (i) Independently, against the profits of the corporation that owns the project.
- (ii) Through an engagement with a local partner, who has a federal tax liability in the United States ("**Tax Partner**"). The tax partner usually provides up to 50% of the investment cost for the facility's construction at the stage of the facility's connection to the grid in exchange for most of the tax benefits to which the project is entitled, mainly the ITC, as well as payment of 10%-30% of the project's cash flow over a period that is usually 5-7 years, reflecting a return on the tax partner's investment at rates agreed upon between the parties, estimated at 7-10% as of the date of approval of the report. The developers are responsible for injecting the balance of the investment cost for the construction of the facility (including by way of financing) and are entitled to the balance of tax benefits and the balance of the project's cash flow. Upon the repayment of the tax partner's investment plus an agreed consideration (by way of the ITC tax benefits, its share of losses for tax purposes and payment of its share of the cash flow), the tax partner's share in profits and cash flow decreases to 5%, and on that date the developers have the right to acquire the tax partner's rights in the project at market conditions.
- (iii) Through a sale of the right to the tax credit, instead of the need for a tax partner (Tax Credit Transferability).
With the addition of the right to sell the ITC tax credit, there is a trend among many players who previously entered into transactions as tax partners to purchase tax credits. This is in view of the increasing supply of projects eligible for tax credits due to the accelerated growth in the sector. Transactions of this type are generally characterized by a reduction in the consideration to which the developers are entitled against the sale of the rights embodied in the ITC tax credit relative to tax partner investment transactions without a sale. For additional information regarding the IRA legislation and the ITC tax credit, please see Section 2.1 above.

Approvals and permits for initiating and developing the project:

The grid connection procedure is carried out with the local electric company and, in extra-high-voltage projects, also with the regional electricity grid administrator. Receipt of statutory permits is required at the state and county levels, with requirements differing between states. In Virginia, where Energix operates, the distribution grid is mainly controlled by Dominion Energy and Appalachian Power Company, and the transmission grid is managed by PJM. The electric companies manage the grid connection process and require payment for the connection work. Solar projects in the United States require permits at the county level (for land zoning), at the state level (environmental and cultural aspects) and building and electrical permits to begin construction.

Approvals and permits required for construction work and operation

Since the company has adopted an A to Z (vertically integrated) operating model, the construction and operation services for facilities in the United States are provided by an American subsidiary, wholly owned by the Company. For this purpose, the subsidiary must comply with local regulations that apply to contractor work, including licensing appropriate to the type of work, environmental aspects, aspects related to the employment of workers, and occupational safety laws.

PJM grid connection procedure reform – Due to a long queue in the PJM grid for connection surveys, a reform was adopted that changes the method from "first come, first served" to "first ready, first served". In this context, applications were not allowed to be submitted in 2023-2025, and additional costs were imposed on connection applicants along with requirements for proving feasibility. The reform includes "decision points" that require guarantees and proof of control over the land. At the same time, PJM created a "fast track" for projects in the queue whose grid upgrades cost less than USD 5 million. The reform was approved on November 29, 2022 by the FERC and entered into effect in early 2023. Energix estimates that despite possible delays in the short and medium term, in the long term the waiting time for future projects will be significantly shortened.

PJM extra-high voltage grid activity and management of price gap exposure (Day Ahead/Real-Time and Basis)

In the PJM network, electricity prices vary at different points depending on generation, consumption and demand. PJM determines costs based on electricity load and energy loss in voltage lines, which affect the final price. In electricity sales agreements, when there is a gap between the agreed upon connection point and the actual connection point, price gaps may arise. In addition, a developer may be exposed to price gaps if it does not meet the expected generation transmitted to the grid administrator.

Information regarding Energix's operations in the United States

During the reporting period, Energix's significant growth trend continued in its US operations, as it was significantly positively impacted by the accelerated momentum in the renewable energy market. Most of Energix's US operations are focused in the states of Virginia and Pennsylvania, while in the reporting period Energix established an infrastructure for expanding its operations to neighboring states, such as Kentucky, South Carolina and West Virginia, all of which are in the transmission grid managed by PJM.

Energix estimates that its US operations based on the PJM grid, its activities to preserve the ITC tax benefits, and the strategic collaborations it has created with leading market players significantly strengthen the economic viability of its operations in the United States, and provide a platform for expanding its operations into other areas and the MISO grid to accelerate Energix's growth and its main growth engine.

Information regarding the projects in the United States*

Information regarding the main data on Energix's projects in commercial operation, in development and pre-construction, in advanced initiation and in initiation:

	Connected projects			Projects in development / pre-construction			Projects in advanced initiation	Projects in initiation
	Virginia 1+2 projects	Virginia 3 projects and Pennsylvania	Virginia 4 projects and Pennsylvania	E4 project backlog	E5 project backlog	E6 project backlog	Projects in advanced initiation	Photovoltaic and storage
Capacity (MWp)	224	412	148	62	422	573	772 Including 1,104 MWh	3,050 MWp 4,690 MWh
Construction cost** (NIS millions)	569 ⁽¹⁾	1,407 ⁽¹⁾	308 ⁽¹⁾	145-155 ⁽¹⁾	890-930 ⁽²⁾	1,550-1,590 ⁽²⁾		
Revenue** (annual, NIS millions)	53-59	114-124	42-46	18-22 ⁽²⁾	130-140 ⁽²⁾	200-220 ⁽²⁾		
Gross profit** (annual, NIS millions)	39-45 ⁽¹⁾	89-97	34-38	15-19 ⁽³⁾	105-115 ⁽²⁾	160-180 ⁽²⁾		

(1) Cost to third parties, including financing expenses during the construction period, tax payments for entrepreneurial and development profits, net of the tax partner's investment for the tax benefit (ITC).

(2) Projected results for first full year of operation. The project's results are presented fully consolidated (100%).

(3) Financial data is based on an exchange rate of NIS 3.08 per USD 1.

*The information in the table above is forward-looking information (see Section 2 above).

** Based on Energix estimates, by weighting the data known to Energix as of the date of approval of the report as a result of electricity generation at the relevant facilities.

2.2.5 Energix's photovoltaic activity in Poland ⁸²

General

In recent years, the photovoltaic energy market in Poland has been experiencing accelerated growth, with the energy supply from photovoltaic sources increasing from approx. 17 GW as of the end of 2023⁸³ to approx. 21 GW as of the end of 2024⁸⁴, and to approx. 24.5 GW as of the end of 2025⁸⁵. This significant growth is expected to continue in the coming years. As part of the growth trend, in 2025, compared to 2016, the capacity of solar projects throughout Poland and the electricity they generated increased from 24.5 MW to 187 MW⁸⁶. During 2025, the frequency of negative prices, which occurs during peak production at photovoltaic facilities, increased, which may slow the growth rate in the coming years. However, this trend is expected to gradually level off due to the accelerated implementation of energy storage solutions in Poland that help to stabilize the grid and improve load management.

Sources of revenue from photovoltaic activity in Poland:

Energix's activity in Poland is based on a combination of project development within the tender regulation framework and the sale of electricity to the free market in accordance with the regulatory model in Poland, while striving to maximize revenues and take advantage of the growth potential inherent in this market. Projects subject to the tender regulation are required to meet threshold conditions in order to be eligible to participate in the tender and win it. Under the terms of the tender, each of the facilities that will win in the tender and will be established will be eligible, upon commercial operation, for a guaranteed index-linked tariff for 15 years relative to the electricity output submitted to the tender. The remaining output will be sold on the free market.

Information regarding Energix's operations in Poland

Given the potential inherent in the photovoltaic market in Poland and the feasibility of establishing photovoltaic projects while utilizing Energix's existing infrastructure, combined with the knowledge, professionalism, infrastructure and operational system that Energix has established in Poland, during the reporting period Energix has worked and continues to work to develop and promote photovoltaic projects in Poland. After completing the connection of its first photovoltaic facility in Poland in 2023, Energix established an additional facility with a capacity of approx. 30 MWp in 2025.

The following is Energix's PV activity in Poland*:

	Connected projects	Projects in development and pre-construction	Projects in initiation
	Photovoltaic	Photovoltaic	Photovoltaic
Capacity (MWp)	43	230	520 MWp
Construction cost (NIS millions) (2)	97	460-500	
Revenue (annual, NIS millions) (1) (2)	12-13	71-75 ⁽¹⁾	
Gross profit (annual, NIS millions) (2)	10-11	55-59 ⁽¹⁾	

*The information in the table above is forward-looking information (see Section 2 above).

(1) Projected results for a full year of operations.

(2) Financial data is based on an exchange rate of NIS 0.87 per PLN 1.

2.2.6 Energix's photovoltaic activity in Lithuania

General

In recent years, the photovoltaic energy market in Lithuania has been significantly accelerating and has become one of the most dynamic markets in the Baltic region. The annual installation rate increased from approx. 536 MW in 2023, to approx. 870 MW in 2024 and to a peak of approx. 1 GW in 2025, so that the total installed capacity reached approx. 2.9 GW at the end of 2025, and as of February 2026 the total installed capacity reached approx. 3.12 GW. This significant growth is expected to continue in the coming years, with the government's target for installed capacity in 2030 at approx. 4.1 GW, a target that requires continued acceleration in the pace of development and grid connections, and is expected to support the creation of a significant backlog of projects for entrepreneurs.

Sources of revenue from photovoltaic activity in Lithuania

According to the regulatory and commercial framework in effect in Lithuania and subject to its updates from time to time, sources of income from photovoltaic operations may include the sale of electricity in the competitive market and various commercial engagements, including sales to institutional entities, participation in relevant trading mechanisms and the provision of services supporting the operation of the electricity grid. Photovoltaic facilities in Lithuania may sell directly to consumers in various models used in the local market, all subject to

⁸² Sources:

<https://energy.instrat.pl/en/electrical-system/generation-capacity-are>

⁸³ <https://energy.instrat.pl/en/electrical-system/generation-capacity-are/>

⁸⁴ <https://energy.instrat.pl/en/electrical-system/generation-capacity-are/>

⁸⁵ <https://energy.instrat.pl/en/electrical-system/generation-capacity-are/>

⁸⁶ <https://energy.instrat.pl/en/electrical-system/generation-capacity-are/>

the regulations, rules and incentive mechanisms in effect at the time of the facilities' commercial operation. Market trends also indicate that combining photovoltaic installations with complementary technologies, such as wind generation or storage, may improve the operational flexibility and economic viability of the projects. Energix will periodically review the accepted operating models and select the appropriate revenue frameworks, in accordance with regulatory developments and market conditions in Lithuania.

Information regarding Energix's operations in Lithuania

In the reporting period, Energix entered into a transaction for the acquisition of a first project in Lithuania with a total capacity of up to 470 MW (approx. 330 MW photovoltaic and 140 MWh wind), as well as up to 320 MWh storage. As of the date of approval of the report, the parties are nearing completion of the transaction and the transfer of ownership of the project to Energix. In addition, Energix is exploring additional investment options in photovoltaic projects with the aim of expanding its backlog of activity and strengthening its presence in the local market.

The following is information on Energix's assessments regarding the expected results of the Jonava* PV project.

	Projects in development and pre-construction
Capacity (MWp)	330 MW
Construction cost (NIS millions)	600-640
Revenue (annual, NIS millions) (1)	80-90
Gross profit (annual, NIS millions)	65-75

*The information in the table above is forward-looking information (see Section 2 above).

(1) Projected results for a full year of operations.

(2) Financial data is based on an exchange rate of NIS 0.87 per PLN 1.

2.2.1 Wind energy⁸⁷

General

The wind energy sector is the world's second largest sector for the generation of electricity from renewable energies, with a global cumulative installed capacity of over approx. 1,138 GW.

In recent years, the global wind market has grown at an average annual rate of over 60 GW, with global installations in 2024 reaching 124 GW, and according to the BNEF forecast, installations in 2025 are expected to reach approx. 150 GW, with approx. half of the growth expected in China. In addition, the average annual growth rate is expected to be approx. 12% by 2035, reaching an installed capacity of approx. 3,000 GW. It should be noted that despite a global increase in initiatives to establish offshore wind energy facilities, most of the growth noted above is expected to come from onshore facilities. This increase is a result of technological innovations that have made it possible to reduce electricity generation costs from wind energy, and growth in investments in wind energy around the world and extensive government support programs. However, while many countries are trying to accelerate wind energy development by easing licensing requirements and improving grid access, the sector is more complex than other technologies. In addition, the prices of new wind turbines remain relatively high due to supply chain bottlenecks, although the cost of operation and maintenance services is not expected to increase. Turbine manufacturers are continuously working to increase turbine efficiency so that the turbines will generate more electricity for a given wind regime. Improving efficiency and increasing the size of turbines improve the viability of projects and enable the development of wind farms even at sites with moderate wind speeds or in areas where the level of government incentives is low.

Energix's wind activity in Israel⁸⁸

In Israel, a number of areas are identified where there is potential for the utilization of wind energy, but the establishment of wind farms at these sites is subject to conditions and limitations derived from security considerations, environmental protection aspects and planning aspects. In view of this, the establishment of wind farms in Israel is limited by many barriers, and the sector is relatively limited in scope.

Electricity consumption in Israel is on a continuous rise, with data from the Electricity Authority showing that at the end of 2024 the installed capacity in renewable energies was 7 GW, of which most of the capacity is in photovoltaic facilities and, among other things, wind facilities, with the estimate having been that by the end of 2025 wind farms would be operating in Israel with a capacity of 347 MW.

By June 30, 2024, wind projects over 50 MW were regulated within the framework of the Feed-in Tariff regulation, which covers 730 MW. Starting in 2023, the Electricity Authority's decision entered into effect, enabling the construction of wind facilities under market regulation

⁸⁷ Bnef - 2H 2024 Global Wind Outlook

⁸⁸ Sources in this section:

From the Electricity Authority's new BI system.

Electricity Sector Status Report, 2024.

https://www.gov.il/BlobFolder/rfp/shimar/he/Files_Shimuah_shinar.pdf,

<https://www.gov.il/he/pages/67703>, <https://www.gov.il/he/pages/68701>, <https://www.gov.il/he/pages/69603>

and the sale of electricity to private sector entities at the SMP rate, and starting in 2024 also to virtual suppliers.

In March 2023, the Electricity Authority extended the validity of the rate as part of the Feed-in Tariff regulation in order to facilitate the financing of wind farms by giving connection applicants the option of choosing whether to establish them under the tariff regulation or the market regulation.

Against the backdrop of the Iron Swords War, starting in 2023, the Authority publishes decisions regarding extensions of schedules in various regulations due to the War, under which the schedules for the construction of wind farms under the Feed-in Tariff regulation that were in effect at that time were also extended. Energix does not hold projects for the construction of wind farms as under the market regulation.

Sources of revenue from photovoltaic activity in Israel:

(a) **Feed-in Tariff regulation** - Energix has a project for a wind farm with a capacity of approx. 104 MW in the northern Golan Heights, the ARAN project, which is being established under the tariff regulation. Under this framework, the IEC must purchase the electricity generated at a guaranteed, CPI-linked rate for 20 years. The project is subject to conditions and limitations stemming from security, environmental and technological considerations.

(b) **Market regulation** - As of the date of approval of the report, new projects for electricity generation from wind energy are regulated under the market regulation, which offers developers two options for selling electricity: one, electricity sales agreements to the IEC at the SMP rate and the other, sales to virtual suppliers (an option that entered into effect in early 2024). Energix does not hold projects for the construction of wind farms as under the market regulation.

ARAN project:

Energix has all the permits and approvals required for the ARAN project, a 104 MW wind farm in the Golan Heights. For information on the ARAN project, please see Note 8b to the financial statements.

2.2.2.2 Energix's wind energy activity in Poland⁸⁹

The installed capacity of the wind farms in Poland is expected to reach 19 GW by 2030 and 30 GW by 2040. Starting in 2016, there was a relative slowdown in the development of the wind energy sector due to regulatory restrictions that did not allow the development and initiation of new wind farms, so that between 2016 and 2025, the total installed capacity of wind farms in Poland increased by 76%, from approx. 6 GW to approx. 10.5 GW. Energix estimates that the adoption of the reliefs included in the Distance Law during 2025 may lead to an increase in wind energy development activity in Poland in the coming years.

Wind energy regulations and arrangements in Poland:

In order to meet the 2030 targets, in recent years Poland has adopted two strategic plans: Poland's Energy Policy for 2030 (NECP) and Poland's Energy Policy for 2040 (NEP2040). Alongside these plans, the Polish energy market is regulated through the Polish Energy Law of 1997, and the Polish Renewable Energy Law of 2015 (RES Act) as updated from time to time, and under regulations and directives issued thereunder.

According to the provisions of the above law, the regulation that will apply to wind farms is divided into two - one, the **"Green Certificate Regulation"**, based on the sale of the electricity generated by the wind farms and in addition, eligibility for green certificates which applies to all wind farms whose construction was completed by June 30, 2016; and the other, the **"Tariff Tender Regulation"** which guarantees, subject to winning the tender, a fixed tariff for 15 years, in relation to a certain volume of production, which applies to all wind farms whose construction is subsequently completed. In addition, in the Polish market trading is carried out in non-statutory green certificates (GOOs), which is an additional source of income.

Green Certificate regulation:

A wind farm that is subject to the green certificate regulation is entitled to revenues from the sale of electricity generated by the wind farm and revenues from the sale of Green Certificates. The green certificates constitute an additional revenue component for a period of 15 years from the date of commencement of electricity-generation at the wind farm. The price of Green Certificates is not fixed and changes according to supply and demand.

In addition, under the Polish Renewable Energy Act, electricity consumers are required to meet an annual rate of purchase of electricity produced from renewable energy sources, an obligation that can also be met by purchasing a minimum rate of green certificates. A producer who fails to meet this obligation will be forced to pay a fixed annual fine.

In 2025, the green electricity rate that producers of "black electricity" were required to purchase was 8.5%, and as a result, the price of green certificates fell to its lowest point. In August 2025, it was decided to set the quota rate for 2026-2028 at a rate of 9%. It should be noted that such a decision may be changed by the regulator, depending on the considerations and priorities of the Polish government with regard to

89 Projekt Krajowego Planu w dziedzinie Energii i Klimatu do 2030 r. – wersja do konsultacji publicznych z 10.2024 r. - Ministerstwo Klimatu i Środowiska - Portal Gov.pl

the encouragement of the renewable energy sector.

As of the date of approval of the report, Energix has a wind farm for the generation of electricity from wind energy under the green certificate regulation with a capacity of 119 MW.

For additional information regarding the price of the green certificates as of the date of approval of the report, see Note 7d to the financial statements.

Tariff tender regulation:

The regulation that supports the establishment of facilities whose construction was completed after June 30, 2016 is the tariff tender regulation, under which the electricity generated at the wind farm can be sold to the local electricity marketer (who owns the distribution network at the electricity-generation location) or at the local electricity exchange, in direct agreements with electric companies that trade and supply electricity in Poland and also to other electricity traders who sell electricity to the end consumers. The establishment of a wind farm that is subject to this regulation is conditional on meeting threshold conditions for the eligibility to participate in the arrangement, including a building permit and connection to the grid, and winning the tariff tender procedure (where the participants who applied with the lowest tariffs will win, until the quota is completed). A project for the construction of a wind farm that has won such a tariff tender will be entitled to a guaranteed rate, index-linked, for 15 years in relation to electricity output at an electricity-generation capacity to which it committed in its bid in the tender throughout the eligibility period. Any remaining electricity generated may be sold on the free market. The eligibility period will begin no later than 33 months from the date of the tender win (with the possibility of extending the period up to 51 months from the date of the win), and a project that feeds electricity into the grid or submits an application for the tender rate on this date will benefit from the possibility of payment according to the market price, if it is higher than the tender rate, during the period between the first date on which electricity was fed into the grid and the final date of 33 months from the date of the tender win. During this period, all electricity output generated by the project can be sold on the free market. A winning project must supply at least 85% of the output to which it has committed, and failure to comply may incur financial penalties that will be calculated based on the tender price multiplied by the amount of lacking capacity.

In addition, the developer whose project wins may update, on a one-time basis, the distribution of farm outputs throughout the eligibility period, as well as the start date of the period, provided that the construction period does not exceed 33 months from the date of the win, or up to 51 months depending on receipt of approval to extend the period.

Based on the amendment to the Polish Renewable Energy Act of June 2018, as amended, the Polish legislature began issuing tariff tenders for the establishment of facilities for electricity-generation from renewable energies, including new wind farms.

In addition, it is possible to establish wind farms not under regulation, with full market exposure.

As of the date of approval of the report, Energix has a wind farm for electricity generation from wind energy under the tariff tender regulation with a total capacity of 181 MW.

The following is information regarding Energix's wind system in Poland:

During the reporting period, Energix worked to expand its project backlog by initiating them at various stages, through the acquisition of projects and/or self-initiating (Greenfield).

The following is information regarding Energix's wind system in Poland*:

	Connected projects	Projects in advanced initiation	Projects in initiation
	Wind	Wind projects in advanced initiation in Poland	Wind
Capacity (MW)	301	122	2,100
Construction cost (NIS millions) (2)	1,579	720-780	
Revenue (annual, NIS millions) (1) (2)	353-373	140-150 ⁽¹⁾	
Gross profit (annual, NIS millions) (2)	282-298 ⁽²⁾		

(1) Projected results for first full year of operation.

(2) Financial data is based on an exchange rate of NIS 0.87 per PLN 1.

*The information in the table above is forward-looking information (see Section 2 above).

2.2.2.3 Energix's wind energy activity in Lithuania

General

The wind energy market in Lithuania has developed gradually since the 2000s and has accelerated significantly in the last decade. By the end of 2025, Lithuania had a total installed wind capacity of approx. 2.5 GW, with a capacity of approx. 730 MW added during 2025. Electricity generation from wind energy in Lithuania increased significantly between 2020 and 2025, with generation increasing from approx. 1.5 TWh in 2022 to approx. 3.8 TWh in 2025. In 2024, wind energy provided approx. 40% of local electricity generation, and in 2025, together with solar generation, it reached approx. 70%, an increase that supports the reduction of dependence on electricity imports and fossil fuels. The government's target for 2030 is a capacity of approx. 5.9 GW, which requires continued acceleration in project development and grid connection, and is expected to create a significant backlog of opportunities for entrepreneurs in the market.

Sources of revenue from wind activity in Lithuania

According to the regulatory and commercial framework in effect in Lithuania and subject to updates from time to time, revenue sources from wind operations may include the sale of electricity in the competitive market and various commercial engagements, including sales to institutional entities, participation in relevant trading mechanisms and the provision of services supporting the operation of the electricity grid. Wind facilities in Lithuania may sell directly to consumers in various models used in the local market, all subject to the regulations, rules and incentive mechanisms in effect at the time of the facilities' commercial operation. Market trends also indicate that combining wind installations with complementary technologies, such as solar generation or storage, may improve the operational flexibility and economic viability of the projects. Energix will periodically review the accepted operating models and select the appropriate revenue frameworks, in accordance with regulatory developments and market conditions in Lithuania.

Information regarding Energix's operations in Lithuania

The following is information regarding the Jonava wind project in Lithuania*:

	Projects in development and pre-construction
	Wind
Capacity (MW)	140 MW
Construction cost (2) (NIS millions)	840-880
Revenue (1) (2) (annual, NIS millions)	110-120
Gross profit (2) (annual, NIS millions)	90-100

(*) Based on the Energix's assessments. This is forward-looking information (see Section 2 above) (1) Projected results for a full year of operations. (2) Financial data is based on an exchange rate of NIS 3.67 per PLN 1.

2.2.2 Electricity storage

General

Electricity storage activity has existed for a long time, but in recent years the need for it and its use have increased significantly due to its importance for optimal utilization of renewable energy sources and their efficient integration into the transmission grid.

Energy storage facilities are an essential complementary component for the development and integration of electricity from renewable energy sources into the electricity system. Storage facilities enable the diversion of energy, i.e. storage during times of high production or low demand, and the flow of stored electricity into the electricity grid during times of high demand. In this way, storage facilities contribute to the optimized utilization of generation and supply. In addition, storage facilities help maintain the stability of the electricity grid, including voltage and frequency stabilization, through rapid response capability and a change in status between electricity charging and discharging. Storage facilities may also improve the utilization of the existing transmission infrastructure and reduce loads, and also serve as a backup source during peak demand and extreme events, thereby reducing the need to operate expensive and polluting conventional generation facilities designed for short and volatile operation.

The continued growth in electricity generation from renewable energies creates new challenges for electricity grid managers around the world, including the need to respond to sudden changes in electricity generation due to generation fluctuations, rapid increases in the residual load between daytime and evening hours, grid congestion at specific times, and to provide a response to changing demand peaks. Battery storage addresses these challenges by making it possible to schedule the time when electricity is fed into the grid. In this technology, a battery installed near the solar field is charged by the electricity generated in the facility, while in Stand Alone technology, the storage facilities are connected directly to the electricity grid without connection to a photovoltaic facility. In that way, during the day, electricity produced directly by the solar panels is fed into the national electricity grid, and at night, according to an electricity load plan determined in coordination with the system administrator, electricity stored in the battery may be fed into the grid or for self-consumption.

According to estimates, the global energy storage market is expected to grow by approx. 6.9 TWh by 2035, a forecast that reflects an average annual growth rate of approx. 23%.

2025 was another record year for growth in the global storage market, despite regulatory uncertainty in the United States and changes in tariff policy. Total global installations in 2025 are approx. 106 GW and 315 GWh, representing an increase of approx. 22.7% in installations compared to 2024. Although the rate of market growth is expected to moderate in 2026, partly due to new regulations during the Trump administration that restrict the use of Chinese components in the United States, global installations are expected to exceed 100 GW in 2026 as well. In the long term, the energy storage market is expected to continue to expand rapidly, with a compound annual growth rate (CAGR) of approx. 23% through 2035. Key growth engines in the sector include the integration of renewable energy generation into the grid, along with grid stabilization services required for dealing with an electricity grid characterized by a high proportion of electricity from renewable energy sources and increasing consumption loads (including loads originating from the supply of electricity to data centers and the AI revolution).

Lithium Iron Phosphate (LFP) batteries are expected to be the leading technology for storage solutions, as the downward trend in global lithium prices in recent years contributes to the economic viability and accelerated rate of installation of storage solutions.

Energix's storage activity

During the reporting period, Energix continued to establish its storage activities through the construction and connection to the grid of photovoltaic projects with combined storage systems in Israel and, for the first time, the grid connection of a stand alone storage project in Poland, as well as by increasing its backlog of projects in initiation in all of its operating territories. In addition, Energix continued to expand its technological knowledge base, analyze key trends and deepen regulatory knowledge in all of its operating territories. On the technological level, Energix continues to focus on the storage of electricity using lithium-ion batteries, mainly in view of the extensive experience existing worldwide and the cost-benefit ratio in relation to alternatives. Energix continues to work to expand and establish the storage system in all of its operating territories.

Israel:

Sources of revenue from photovoltaic activity in Israel:

(a) As of the date of approval of the report, the possible revenues from adding electricity storage to existing photovoltaic projects are as follows: (1) The photovoltaic facility remains in the existing regulation to which it is associated, and the storage facility is established within the framework of market regulation or; (2) The storage facility and the photovoltaic facility will be regulated through the market model, with the photovoltaic facility leaving its existing regulation for this purpose.

(b) As of the date of approval of the report, the electricity from a Stand Alone storage facility can be sold within the framework of the market regulation model, i.e., the sale of electricity from the storage facility to a private supplier at a capacity and price agreed in advance.

Information regarding Energix's storage activity in Israel

Energix is working to promote the construction of storage facilities that will be added to its photovoltaic facilities, with the decision on the revenue model being made close to the connection of the facility, depending on the commercial and regulatory conditions that will apply at that time.

Information regarding Energix's storage activity in the United States

- (i) Because the renewable energy market in the United States is an open market, there are several possible models for generating income from storage operations in the United States such as an availability (capacity) model, buying and selling in the electricity market (arbitrage) and frequency regulation services. Energix has accumulated 4.5 GWh of projects in initiation, which it is developing, while examining a number of possible revenue models.
- (ii) According to Energix's estimates, as of the date of the report there is economic and regulatory feasibility for promoting the establishment of storage projects in the states where Energix operates in the United States, and it estimates that in the coming years there may be an increase in the amount of facilities that will be connected to the grid. However, it should be emphasized that the storage market in these states is still in its infancy, and is subject to regulatory changes, market conditions and grid connection restrictions. At the same time, macroeconomic trends in the United States, including the accelerated growth of the Data Center sector, the increase in demand for electricity and grid load management solutions, are expected to support the continued accelerated development of the storage market. In order to prepare for the possibility of such growth, Energix is working to increase the number of storage projects that are in advanced stages of initiation, and is also examining the conversion of existing solar installations to integrated storage facilities that may, depending on the circumstances and grid conditions, enable a more efficient and faster connection process to the grid compared to stand alone storage projects.
- (iii) Energix is working to secure a supply chain for batteries manufactured in the United States, with the aim of reducing exposure to costs arising from import duties and increasing the chance of meeting the conditions that qualify for the relevant tax benefits. In view of the expected demand for locally produced batteries, Energix is examining and promoting long-term agreements and collaborations with leading manufacturers in this area.

Information regarding Energix's storage activity in Poland

- (i) General - As part of the gradual transition of the electricity market in Poland to the generation of electricity from renewable energies, in particular wind and solar energy, which are characterized by volatility and dependence on weather conditions, there is a growing need for flexible solutions for balancing the electricity system, including energy storage facilities. There are several possible models for generating income from storage activities, including the Capacity model, as detailed below; buying and selling in the electricity market (Arbitrage) - a source of income resulting from the exploitation of price gaps in the wholesale market when storage facilities are charging electricity at low electricity prices and discharging electricity into the grid at peak levels; providing frequency regulation services - Storage facilities help maintain the stability of the electricity frequency in the grid and benefit from payment for their availability and the energy they provide in real time with a rapid response to changes.

The availability model enables additional revenue in exchange for a commitment of system availability for the generation of electricity to the local electricity company. Availability tenders organized by the system administrator are divided into future auctions (T+5) and supplementary auctions (T+1). Upon winning the availability tender, the developer signs an agreement for a period of up to 17 years, which begins in the fifth year from the date of the win. The price set is uniform in the "Dutch Auction" method, meaning that you start with an initial price that is set in advance and the price closes when the requested quantity is equal to the offered quantity. The closing price is in PLN per KW (index-linked) per year and is given for the availability to supply electricity when called by the system administrator. The penalty for failure to provide electricity on the call date is limited to twice the tender closing price in the year in which the electricity was not supplied.

As of the date of the report, Energix has won an availability tender (T+5) for the electricity to be generated in Energix's first storage project that has reached commercial operation, for supply starting in 2029 for 17 years in the amount of approx. 9 MW, and in additional availability contracts for Q1/2026, and Q4/2026 in the total amount of approx. 13 MW. This project is the first storage project of its kind to be built in Poland and won the "Project of the Year" category from the Polish Energy Storage Association. Energix is currently in the advanced stages of construction of Energix's second stand alone storage project in Poland, which is expected to address significant volatility issues in the Polish electricity grid. In addition, Energix won another availability tender (T+5) for Energix's second storage project in Poland, for supply starting in 2030 for 17 years, in the amount of approx. 2 MW. Energix is considering participating in additional availability tenders, and is continuing the process of purchasing equipment for the storage projects, including an engagement with one of the world's leading storage battery manufacturers.

Information regarding Energix's storage activity in Lithuania

As of the date of the report, the balancing capabilities of the Lithuanian electricity system are mainly based on an existing pumped storage station, but additional flexible sources are expected to enter. In 2023, the installation of a total capacity of approx. 200 MW of storage was completed with the purpose of providing balancing services to the electricity grid. At the same time, storage projects with significant capacities are being developed in Lithuania and are expected to be connected to the grid in the coming years. Lithuania has set a target of reaching an aggregate storage capacity of approx. 1.5 GW by 2030, and expects an increase to approx. 4 GW by 2050, including a reliance on government support programs and grants designed to accelerate market development⁹⁰.

Information regarding Energix's storage system*:

	Connected projects		Projects in development / pre-construction			Projects In advanced initiation	Projects in Initiation		
	Poland	Israel	Israel	Poland	Lithuania	Israel	Israel	United States	Poland
Technology	Storage	Photovoltaic projects with combined storage	Photovoltaic projects with combined storage	Storage	Storage	Storage	Storage	Storage	Storage
Capacity	56 MWh	111 MW 411 MWh	14 MW 110 MWh	751 MWh	320 MWh	401 MWh	1,410 MWh	4,690 MWh	5,480 MWh
Construction cost** (NIS millions)	56	678	85-100	440-500	180-220	195-215			
Revenue** (annual, NIS millions) (2)	14-18	68-74	9-12	126-140	50-60	26-34			
Gross profit** (annual, NIS millions)(2)	10-14	55-61	7-10	100-108	40-48				

(1) All photovoltaic projects combined with storage are also included in the photovoltaic project system in Israel.

(2) Projected results for a full year of operations.

*The information in the above table is forward-looking information (please see Section 2 above).

** Based on Energix estimates, by weighting the data known as of the date of approval of the report as a result of electricity generation at the relevant facilities.

3. Suppliers and raw materials for the area of activity

Energix usually engages in advance with the suppliers of the main equipment for the projects it builds (and with respect to photovoltaic panels, even for a longer period than for other equipment) and is therefore not exposed, for the most part, to disruptions in the supply chain. In addition, the equipment suppliers with which Energix engages in all of the territories where it operates are leading companies with whom

⁹⁰ <https://www.iea.org/reports/lithuania-2025/executive-summary>

Energix has a strategic or long-standing relationship, and therefore Energix's exposure to delays in the supply chain is low. Energix monitors regulatory changes in import tariff issues to the United States and manages its US supplier network taking this into consideration.

Raw materials and suppliers - photovoltaic

The photovoltaic systems consist of PV panels, converters, transformers, a steel structure that holds the panels, trackers, cables, connectors, electrical panels and electricity rooms. In addition, Energix has a number of machines used to wash the panels in Israel using water. In addition, Energix's system in Neot Hovav and at four of its sites in the United States also includes substations.

Energix insists on calling and purchasing components for its photovoltaic systems from leading suppliers around the world, with extensive accumulated photovoltaic experience and reputation, with an emphasis on a strategic partnership Energix has established with the panel manufacturer First Solar and in a strategic cooperation signed with the inverter manufacturer SMA during the reporting period. However, Energix estimates that due to the large number of companies in the world that manufacture components for the photovoltaic systems that have similar technical capability to the suppliers from which Energix purchases the components, the Company has no dependence on one supplier or another. For information regarding Energix's engagement with First Solar for the purchase of solar panels and with the inverter manufacturer SMA.

Photovoltaic product warranty - For photovoltaic panels: According to most of Energix's engagement agreements with the suppliers of photovoltaic panels purchased by Energix, it receives a 12.5 year product warranty in addition to a performance warranty of up to 30.5 years, which begins with a 98% performance warranty in the first year, and decreases linearly at a rate of 0.3% per year. In total, after 30.5 years, the performance warranty is 89%. For the additional raw materials (inverters, trackers and voltage transformers, Energix is granted a warranty and the option to purchase additional warranty periods.

Raw materials and suppliers - wind energy

The wind farm that Energix is establishing consists mainly of wind turbines, which are supplied and assembled on site by the turbine manufacturer that supplies all the turbine parts: anchor bolts, steel columns, gearbox, a generator for electricity generation and three carbon-fiber-reinforced fiberglass blades. The rest of the work on the wind farm is carried out by BOP contractors: access roads for the transport of the turbine parts, work surfaces for cranes that lift the turbine, a concrete foundation base for the turbine, an electric collection grid for electricity transmission, earthwork to restore the condition to its original state, electricity rooms for the electrical connection between the turbines and for counting the generation. Given the nature of BOP work, it can be performed by a large number of local contractors with appropriate contracting classification and prior experience. Among the largest turbine manufacturers in the world are companies such as Siemens - Gamesa (Germany/Spain), GE (U.S.), Vestas (Denmark), Nordex (Germany) and Enercon (Germany) and they have similar technical capabilities. Therefore, Energix estimates that it will not be dependent on one supplier or another, with respect to the BOP work and with respect to the supply and maintenance of the turbines.

Product warranty - As part of the engagements with the turbine manufacturer in relation to all of Energix's wind farms in Poland and in Israel in commercial operation and in development (as of the date of approval of the report), the turbine manufacturer undertook to provide operation and maintenance services for 20-25 years, under which the turbine manufacturer is responsible for proper operation of the turbines and replacement of defective components at his expense and to a minimum level of availability (which the manufacturer must meet or be charged a fine).

Raw materials and suppliers - storage

A battery storage system includes batteries, which are usually installed inside a container, a converter, management systems, a transformer and a high voltage panel. Generally, the system components can be purchased directly from the storage or inverter manufacturers or through an integrator that provides a comprehensive solution according to Energix's requirements. Usually, the warranty given on the system components and battery performance (degradation and efficiency) can be extended for a period of up to 20 years. The equipment suppliers with which Energix worked up to the date of approval of the report are Aviem Systems Ltd. - a company controlled by the Tadiran Group ("Aviem") and LG.

Storage product warranty

Energix's engagement agreement includes a warranty for the system components for the period customary for this type of component, a warranty for the system's performance for an extendable period, and maintenance services for a period that can also be extended up to a total period of 23 years. The warranty provided takes into account the system's degradation, and is derived from the warranties of its various components. In addition, there is a commitment by the supplier to the availability of agreed spare parts to ensure the system's proper operation.

Main suppliers

In 2025, Energix made purchases from suppliers whose purchases accounted for more than 5% of the total amounts added to Energix's fixed assets for that year. The supplier from whom purchases accounted for more than 5% is the panel supplier First Solar (36%).

4. Breakdown of revenues and product profitability

The following is a breakdown of Energix's revenues in each of the years 2024-2025:

	For the year ended December 31			
	2025		2024	
	NIS thousands	%	NIS thousands	%
Israel	211,589	27.8%	204,775	22.8%
Poland	352,441	46.2%	519,937	57.9%
USA	198,142	26.0%	172,916	19.3%
Total	762,172	100%	897,628	100%

5. Trade receivables

Revenue from third parties in Israel

1. Essential service provider - IEC:

As of the date of the report, Energix's main customer in Israel is the IEC (the essential service provider), which, in accordance with the terms of the relevant regulation, engages with designated corporations owned by Energix in long-term agreements (between 20-23 years, depending on the terms of the regulation). The engagement with the IEC is made in accordance with the rates set by the Electricity Authority under the previous regulation, and starting in 2017, the engagement is made at the rate set in the relevant tender. In view of the status of the IEC and the government's support for its obligations and the electricity market as a whole, Energix does not believe that the above-mentioned dependence may materially affect its activities.

Energix's revenues from the IEC in the reporting period amounted to approx. NIS 118 million, which constitutes approx. 15% of Energix's total revenues in general and 56% of total revenues in Israel in particular.

2. Green certificates:

In the reporting period, Energix had negligible revenues from the sale of green certificates to which it is entitled for the generation of electricity from renewable energy (IRECs).

Sale of electricity and green certificates in Poland

A. General:

Since the electricity market in Poland is a developed market in terms of customers, the electricity in Poland can be sold to various entities active in the electricity sector and traders in electricity (electricity marketers, brokers and other entities).

B. Customers with whom the engagement amount exceeds 10% of total revenues:

During the reporting period, Energix sold to Axpo Polska sp. z o.o ("**Axpo**"), a subsidiary of a leading Swiss company that trades electricity and operates in Poland, all of the physical ("black") electricity it generates in all 5 wind farms owned by Energix in Poland.

According to the electricity sales agreements with Axpo, the electricity will be sold according to the electricity price on the local electricity exchange or according to a fixed price that will be determined as part of a price fixing transaction between the parties, as Energix chooses, less adjustments stipulated in the agreement, including adjustments in respect of the electricity production profile of the wind farm (depending on, among other things, the capacity and actual production hours). In addition, Energix may enter into financial transactions for the fixing of electricity prices and/or transactions that are the opposite of these transactions, in relation to the capacity to which Energix is obligated, regardless of actual generation. In addition, Energix sells the green certificates allocated to it under the previous regulation and/or by virtue of entitlement to green certificates for the generation of electricity from renewable energy (Goos) as part of electricity sales agreements with a local broker, at market prices and/or within the framework of financial price-fixing transactions in relation to capacity and periods agreed upon between the parties. For information regarding electricity price-fixing transactions, please see Note 7d to the financial statements.

Energix's revenues from Axpo in the reporting period amounted to approx. NIS 339 million, representing approx. 45% of Energix's total revenues in its consolidated statements.

Sale of electricity and green certificates in the United States

Since the US electricity market is a sophisticated market in terms of customers, electricity in the United States can be sold to various entities active in the electricity sector and to electricity traders, including by splitting the sale of electricity into physical electricity sales and financial hedging transactions (electricity companies, brokers and other entities). In addition, the sale of green certificates is possible either as part of an electricity sales agreement or in a separate dedicated agreement. In the reporting period, the amount of revenues from Energix's operations in the United States is 26% of Energix's total revenues in its consolidated statements. After the sale of electricity to the local electric company, a price adjustment is made in accordance with the price hedging agreements signed with the final consumers. As of the date of approval of the report, Energix considers the final consumer with whom the hedging agreement

was signed to be a customer, since all price risk applies to him. As of the date of the report, there is no customer to whom electricity sales exceed 10%. In addition to requirements, it should be noted that electricity sales to the local electric company in the reporting period amounted to approx. NIS 99 million, which constitutes approx. 13% of Energix's consolidated revenues and 50% of total revenues in the United States. For information regarding a long-term strategic cooperation with Google with a capacity of at least 1.5 GW, please see Note 8d to the financial statements.

6. Marketing and distribution

Israel - As of the date of approval of the report, Energix's photovoltaic, wind and storage activities in Israel do not require marketing and distribution to electricity consumers, as Energix's main customer is the essential service provider, which is required by local regulations to enter into long-term agreements with Energix. In addition, the opening of the supply segment and regulation of the open market, in which Energix has engaged with Electra Power and/or is engaging with private supplier(s) who will purchase the electricity from Energix's facilities, does not require a marketing or distribution system.

Poland - Regarding Energix's wind energy activity in Poland, Energix does not need marketing or distribution as in the reporting period and as of the date of approval of the report, Energix sells the electricity generated at the wind farm in commercial operation to a local electricity trader. Also, with regard to the sale of green certificates assigned to Energix's wind farms in Poland, these are sold as in trading on the stock exchange or alternatively, in off-exchange transactions (including in future transactions).

United States - Regarding Energix's operations in the United States, Energix does not need marketing or distribution, since the electricity from Energix's facilities is sold to the local electric companies to which the facilities are connected in accordance with local regulation, and at the same time, Energix is working to create agreements for the sale of electricity and/or for fixing the price of electricity as well as for the sale of green certificates. This type of transaction is in great demand in the market and Energix has developed an extensive and well-established network of relationships with the leading players in the field that enables it to make such engagements while maximizing the return to Energix.

7. Competition

As of the date of the report and the date of approval of the report, Energix's main activity is focused on the United States and Poland. In the United States, Energix's market share is relatively insignificant and there are many competitors, most of whom are private companies and also giant companies such as NEXTERA and AES. Also in Poland, Energix estimates that its market share is not significant (less than 5%), with the market being relatively dispersed and competition being with private, local and international entrepreneurs. The largest companies in the sector are companies owned by the Polish government such as: PGE Polska Grupa Energetyczna S.A. (PGE), Tauron and ENEA.

Competition in the photovoltaic sector - Energix estimates that as of the date of the report, 7-12 relevant competitors are operating in the market for photovoltaic facilities at high voltage and extra-high voltage in Israel. In relation to the photovoltaic facilities at extra-high voltage connected to the transmission grid, there are fewer competitors due to the high barriers to entry and Energix estimates that it has about five main competitors. Regarding the facilities at high and extra-high voltage, there is a trend of increasing the market share of players with significant equity.

The photovoltaic market in the United States consists of several submarkets, depending on the location of the project on the grid, the method of connection to the grid (high or extra-high voltage), and the state in which the project is located. The US market, with its sub-markets, is saturated with manufacturers and consumers, and therefore there is competition regarding long-term agreements for the sale and purchase of electricity. For the reporting period and as of the date of approval of the report, Energix estimates that its share in the photovoltaic sector in the United States is minimal or insignificant.

The photovoltaic market in Poland is a growing and highly competitive market that includes many players, including local developers and large corporations. As of the date of the report, dealing with the significant challenges in the market, including a lack of capacity for connecting to the transmission and distribution system and reducing generation in periods of high generation in the operational stage, requires extensive experience and knowledge. Energix estimates that given its experience in the field, it has a strong foundation for dealing with competition from other players in the Polish market.

The integration of storage technology in photovoltaic facilities increases the level of complexity of the project and entry barriers into the sector, however, in view of Energix's extensive experience, as well as its specialization in complex projects of various types, Energix estimates that it has an advantage in this area.

Competition in the wind energy sector - In this area of activity, there is less competition due to the need for significant investments in the projects' development stages and due to the high barriers to their construction. To the best of Energix's knowledge, there are currently several companies operating in the Israeli wind market that compete with it or that have the ability to compete with it in Israel.

In the wind market in Poland there are dozens of local and international players competing directly with Energix.

In the reporting period and as of the date of approval of the report, Energix estimates that its share of the wind energy market in Israel and Poland is not significant.

Competition in the storage sector - As of the reporting period, Energix estimates that the competitors operating in the storage sector combined with renewable energy, as well as in the stand-alone storage sector, are the same competitors operating in the photovoltaic installations market.

8. Seasonality

Naturally, solar radiation and wind speed in various seasons influences the output of photo-voltaic systems or wind farms. In the photovoltaic sector, in the spring and summer months, when solar radiation levels are high, the photo-voltaic systems' output increases. In the autumn and winter months, when solar radiation levels are relatively low, the systems' output declines. In the wind energy sector, electricity generation is subject to changes in the wind regime in the different seasons, according to the specific region in which the turbines are located and to the variation in wind regimes from year to year. Based on wind measurements made in the area of Energix's wind farms in Poland, the forecast is that the fall and winter months (fourth and first quarters), which are characterized by strong winds, will be the months in which the wind farm's output increases. It should be clarified that the weather conditions that will actually exist in a certain period may have a material impact on the ability of Energix's facilities to generate electricity, whether in the photo-voltaic sector and whether in the wind energy sector. In addition, the seasons may have an effect on electricity prices in countries where electricity prices are determined by supply and demand. To the extent that Energix has exposure to electricity prices in these countries, such as Poland and the United States, changes in electricity prices may affect the amount of its revenues.

In view of Energix's sensitivity to seasonality and weather, the impact of climate change and extreme weather events may have implications for Energix's operations and its electricity generation capacity (for better or worse) and for Energix's ability to estimate its actual electricity generation expectations.

9. Human capital

As of the date of approval of the report, Energix has a total of 295 employees (compared to 267 last year); 97 employees in the United States, 64 employees in Israel, 90 employees in Poland and 44 employees at the corporate headquarters.

Energix operates in a headquarters-territories structure in which each territory operates independently as a subsidiary under the corporate headquarters, which provides management services, professional services and support for the territories' operations. In the reporting period and as of the date of approval of the report, Energix continues to expand its workforce to support the expected massive operations and is working to recruit additional employees in all territories.

All employees have sufficient training to fulfill their roles. Employment agreements include the employee's terms of employment, social benefits, vacation, sick leave, convalescence, advance notice for termination of employment, confidentiality obligation, etc. For the most part, Energix's liabilities for severance pay are covered by provisions for executive insurance policies and by a reserve for severance pay. In addition, Energix has employee equity compensation plans and annual bonuses (in cash or as equity compensation) based on the employee's performance during the relevant year and Energix's business results.

In addition, Energix's headquarters in Israel receives management and support services from Alony-Hetz, through its employees, in various areas, including strategic guidance, business policy, business development, assistance in raising capital and financing, accounting and legal aspects and the appointment of Alony-Hetz employees as directors in the company (hereinafter - the "Management Services"). The management services and the consideration for them are regulated in the management agreement with Alony-Hetz. For information regarding the management agreement, please see Note 6(e)(5) to the financial statements.

10. Financing

Regarding Energix's financing arrangements, please see Notes 11(l), 11(n) and 12(d) to the financial statements.

11. Material agreements

For information regarding a strategic cooperation agreement with Google, please see Note 8(d) to the financial statements.

12. Energix's forecast for 2026

Energix estimates that it will end 2026 with connected projects with a capacity of 2.3 GW + 0.6 GWh, an increase of approx. 35% compared to the end of 2025, which are expected to generate revenues in the range of approx. NIS 1.28-1.37 billion for a full year of operation (these revenues include revenues from the tax partner).

Energix's work plan targets for the end of 2027 include a backlog of projects in commercial operation with a capacity of 4 GW (solar and wind) and 2 GWh of storage. Energix estimates that the expected revenue from these projects will amount to approx. NIS 2.5 billion for a full year of operation. The total construction cost of the project backlog is expected to be approx. NIS 21 billion, of which NIS 3.0 billion is equity that has already been fully invested by Energix in its existing facilities. The remaining amount required to establish the projects is expected to be received from financing transactions relevant to its activities and the investment of tax partner funds as is customary in this area.

The information regarding Energix's forecast for 2026 and its work plan targets for 2027 constitute forward-looking information as defined in Section 32A of the Securities Law, 1968. Energix's estimates as of the date of publication of the report are based on the information known to it on that date, which may change as a result of the influence of regulatory and/or economic factors, as well as general risk factors that characterize Energix's activities, and whose realization in accordance with Energix's expectations is uncertain.

13. Energix's business strategy

Energix has set itself the goal of becoming a global green electricity producer, taking an active and leading role in the green energy revolution.

Close to the date of approval of the report, Energix adopted a long-term strategic plan, adapting and focusing its goals and targets for the coming years (the "Strategic Plan"). The Strategic Plan is a direct continuation of Energix's long-term strategic plans in previous years, through which Energix will work to maximize its existing assets and capabilities, while leveraging its comparative advantage, including to prepare for its entry into the field of providing a comprehensive energy solution for data centers. In addition, Energix intends to invest in innovation and establish a center for the development of technologies related to its area of activity. All of this is intended to ensure Energix's continued growth and maintain its position as a leading company in its field, in the territories in which it operates.

The following are the principles of the strategic plan:

- 1) Maximizing Energix's existing assets and capabilities, while leveraging its comparative advantage:
 - **USA - Expansion and intensifying Energix's activities:** Energix intends to continue to intensify its activities in the PJM electricity grid, while expanding its activities to the nearby MISO electricity grid, which are characterized by the potential for developing renewable energy projects and in the increasing demand for electricity, due, among other things, to their proximity to data center locations.
 - **Europe - Expansion of Energix's activities to additional countries through a Hub model under the Polish operations:** Continued realization of Energix's potential in Poland and realizing its connection agreements into connected projects as a key growth engine. At the same time, expanding its operations in Lithuania and making Energix a significant energy player in the country, while also examining the possibility of expanding its base of operations to include storage in Germany, and/or additional strategic markets in Europe bordering Poland.
 - **Israel** - Realizing the potential of Energix's existing assets in Israel (including examining the integration of storage into existing facilities) and focusing on large and/or strategic projects with unique value.
- 2) Energy solution for the data center market: Leveraging Energix's assets (including connection agreements, land resources in strategic locations and substations under its ownership), for the purpose of integrating and expanding the activity system to provide a comprehensive energy solution for data centers.

F. Main investments in the income-generating property segment

F1 - AH Boston

The Company (55%) and Oxford Properties (45%) jointly control the rights in three property companies in the Boston metropolitan area, with a total leasable area of 890 thousand sq.ft.

As of the end of 2025, the total aggregate asset value of the three buildings is USD 490 million (approx. NIS 1.6 billion) while the total equity of the three buildings is USD 148 million (approx. NIS 0.5 billion).

Two of the properties (125 Summer and 25 First St. (Davenport)) are leased at a weighted rate of 94% and have an average lease term of 4.8 years. The weighted discount rate for these two buildings was 8.7% at the end of 2025. The 25 First St. building is leased to a single tenant until June 2027, which is also the maturity date of the USD 102 million loan taken at the time of the building's acquisition. The Company and its partner are working to find new tenants and are also exploring alternatives to change the building's designation from offices to other uses.

In addition, the Company and its partner own the 745 Atlantic building, which is intended for lease to scientific companies for research purposes. As of the end of 2025, no space in the building had yet been leased, except for the commercial floor.

During 2025, impairments were recorded in the 745 Atlantic and 25 First St. buildings in the amount of USD 57 million, so that at the end of the year, their value is identical to the total amount of loans taken for them. The impairments were recorded due to speculative construction surpluses of research laboratories in the Boston metropolitan area and due to a high vacancy rate in the East Cambridge office sector.

On the other hand, the value of the 125 Summer building increased by USD 22 million due to its high occupancy rate, long lease terms, quality and tenant ratings, and its status as a Class A+ building in a central location in Boston's CBD.

The following is a forecast of the operating results of the three companies mentioned above (100%) in USD millions.

	2026 forecast	2025 actual
	\$	\$
NOI (USD MILLIONS)	29	25
FFO - MANAGEMENT APPROACH (USD MILLIONS) ⁹¹	9	5

The information relating to the above forecast for 2026 is forward-looking information, as defined in Section 32A of the Securities Law, 1968. Forward-looking information is any forecast, assessment, estimate or other information regarding a future event or matter whose realization is uncertain and not under the sole control of the Company and its partner, as there is no certainty that the many variables that make up the budget will materialize as planned.

F2 - Information on Brockton Capital III

As of December 31, 2025, the Company holds approx. 10% of the Brockton Capital III real estate fund, in which only one investment remains, which is in the company FORA, which is held together with the Blackstone Group. FORA is the largest operator of office workspaces in London.

The funds are presented in the Company's financial statements as securities measured at fair value through profit or loss. The balance of the Company's investment in the funds as of December 31, 2025 amounts to approx. GBP 48 million (NIS 218 million). For additional information, please see Note 5 to the financial statements.

⁹¹ Regarding the FFO according to the Israel Securities Authority approach, please see the Board of Directors' Report.

G. Information regarding the Corporation as a Whole

1. Competition

Due to the nature of the Group's activities in various countries where it operates, it has no specifically identified competitors, and is unable to estimate its market share. Regarding competition in the income-generating property sector in Israel, please see Section 8 in Chapter B, regarding competition in the income-generating property market in Washington D.C., Boston, Massachusetts and Austin, Texas, see Section 13 of Chapter C1. Regarding competition in the income-generating property market in the London metropolitan area, Oxford and Cambridge, please see Section 13 in Chapter D and regarding competition in the renewable energies sector, please see Section 7 in Chapter E.

According to Company estimates, critical success factors in its various areas of activity are as follows:

- A leading professional team with extensive experience in each country where the Group operates.
- Financial strength that enables favorable financing conditions and investments of equity.
- Proper geographic distribution of investments.
- Solutions to the regulatory and economic aspects of each investment.
- Locating business opportunities in Israel and abroad, with the ability to respond quickly.
- Ability to carry out international tax planning.

Main entry and exit barriers in the areas of activity:

Entry barriers:

- The need for financial strength and access to financing sources.
- Knowledge and experience in income-generating property, green energy and finance.
- Access to business opportunities in the field.
- Familiarity with leading local entities in the various markets involved in development.

Exit barriers:

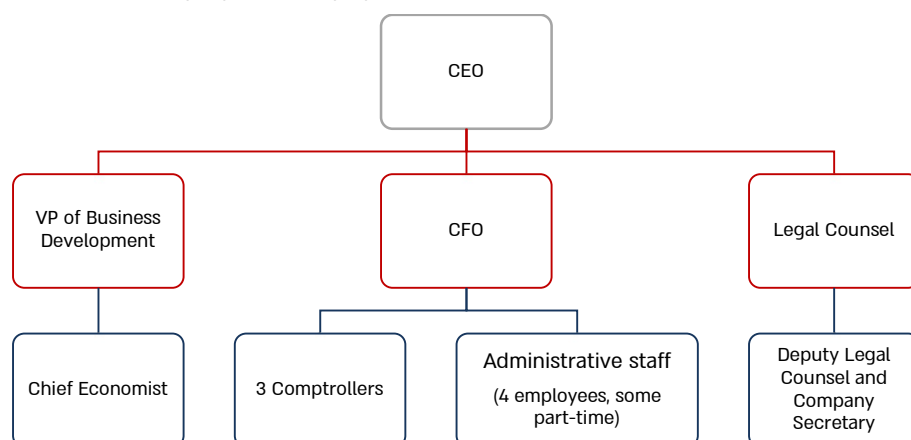
- The exit from the areas of activity is not flexible and realization of investments can take a long time.
- Early settlement of financing facilities for the purchase of assets may impose heavy withdrawal penalties.
- Financial covenants of subsidiaries in respect of loans and bonds that include conditions regarding the Company being a controlling shareholder.

2. Fixed assets

The Group's fixed assets consist mainly of the area of the Company's offices, the area of Amot's offices and Energix's offices. The depreciated cost of the fixed assets as of December 31, 2025 and 2024 is NIS 134 million and NIS 120 million. For Energix's electricity-generating facilities, please see Chapter E above.

3. Human capital

As of December 31, 2025, the Company has 13 employees and officers, as follows:



3.1 General

The Company's employees and officers are employed through personal agreements (directly or in relation to some of the officers through a company under their ownership). The Company's full liability for severance pay is covered by contributions to executive insurance policies / pension funds and by a reserve for severance pay. During the reporting period, there were no material changes in the Company's human capital.

The Company has no significant dependence on any of the officers and/or employees.

The Group companies in Israel conduct seminars for their employees on various topics, including: administrative enforcement (regarding securities law), code of ethics, prevention of sexual harassment, road safety, occupational safety and more. In addition, the Group companies encourage their employees to take part in supplementary education and professional seminars.

The Group has a director training procedure in which the Company holds seminars for directors and officers and encourages directors serving in the Group's companies in Israel (i.e., the Company, Amot and Energix) to participate in fully funded seminars, conferences and training courses.

3.2 Remuneration plans for Company officers and employees

For information regarding the Company's remuneration policy for the years 2025-2027 and regarding the equity compensation framework plan for the Company's officers and employees, please see Note 17e(1) to the financial statements.

3.3 Officers and senior management

For information regarding the remuneration of officers and senior management employees, including the Company CEO and Chairman of the Company's Board of Directors, please see Note 19 to the financial statements and Regulation 21 in the Additional Information on the Corporation chapter.

Regarding the terms of office of the eight highest remunerated among the senior officers in the Company and/or in companies under its control in 2025, please see Regulation 21 of the report on Additional Information on the Corporation.

4. Working capital

For information regarding the Group's balance of cash and unutilized credit facilities, see Section 2.4.1 of the Board of Directors' Report.

5. Financing

5.1 General

The Company finances its activities from its equity, from amounts it has raised at various times in public offerings and/or private placements of bonds and capital, from bank credit. The Company estimates that during the coming year, it will raise debt for the recycling of existing debt and/or for financing its current operations (including for investments), according to the decisions of the Company's Board of Directors and/or the Company's management from time to time.

Since the Group operates in a number of geographic areas, the Group usually takes credit to finance part of its investment in each country in the relevant currency in which the investment was made. In the reporting period, the Group took credit in the following currencies: NIS, USD, GBP and PLN. In cases where the loans were taken in a currency other than the investment currency or at a variable interest rate, the Group sometimes enters into hedging transactions in order to set the exchange rates and/or the interest rate.

For the terms of the bonds issued by the Group, please see Note 11 to the financial statements and Appendix E to the Board of Directors' Report.

For the terms of material loans the Group has received from banking corporations and others, their repayment dates and their balances as of December 31, 2025, please see Note 12 to the financial statements.

For additional information regarding the Group's credit facilities and their terms as of December 31, 2025, please see Note 12 to the financial statements.

Regarding liens and collateral provided to guarantee the Group's loans and bonds, please see Note 14 to the financial statements.

Regarding the balance of unencumbered assets of the Group and the Company (expanded solo), please see Section 2.4.2 of the Board of Directors' Report.

Regarding guarantees provided by the Group, please see Note 14 to the financial statements.

5.2 Reportable substantial credit⁹²

5.2.1 The Company's reportable credit

As of December 31, 2025, the Company's bonds (Series I, J, K, L, M, O, P and Q) constitute reportable credit as defined in Legal Position 104-15 dated October 30, 2011 as updated on March 19, 2017, February 2, 2023 and January 14, 2024 of the Israel Securities Authority ("**reportable credit**"). For information regarding the Company's bonds, please see Appendix E to the Board of Directors' Report - Information regarding Bonds Issued by the Company and Note 11(b-i) to the financial statements.

⁹² The aforesaid disclosure is in respect of credit taken by the Company, the balance of which in the consolidated financial statements constitutes 5% or more of the Corporation's total assets and also constitutes 10% or more of the Company's total credit. In addition, the aforesaid disclosure is in respect of credit taken by a subsidiary of the Company, the balance of which in the consolidated financial statements constitutes 5% or more of the Corporation's total assets and also constitutes 10% or more of the total credit of the subsidiaries (Amot, Energix and BE) (hereinafter - "**reportable credit**"), as well as credit that is not reportable credit by itself, but due to the existence of a cross-default provision in other credits, the lender of the other credits will have grounds for immediate repayment in other credits due to the breach of the non-reportable credit, the cumulative amount of which exceeds the above cumulative threshold. It should be noted that in the event of the activation of cross-default provisions existing in the Company's bonds, bonds in a total financial amount of approx. NIS 6.2 billion may become payable immediately as of December 31, 2025.

5.2.2 Financial covenants for the Company bonds - expanded solo⁹³

The following are the main financial covenants regarding the Company's bonds (Series I, J, K, L, M, O, P and Q):

Financial ratio		Covenant	Value as of December 31, 2025
Net financial debt to value of holdings ⁹⁴	%	Less than 80	48.2%
Net financial debt to FFO ⁹⁵	Unit	Less than 25	11.5
Minimum equity (Series I, J, K, L, M, O, P and Q) ⁹⁶	NIS billions	More than 2.2	5.6

5.2.3 Credit of subsidiaries that constitutes reportable credit

As of December 31, 2025, Amot's tradable bond series (D, E, F, G, H, I, and J) constitute reportable credit, as well as a bank loan in the amount of approx. NIS 576 million constitute reportable credit due to a material cross-breach condition (as defined in the reportable credit position). For information regarding Amot's tradable bonds, please see Note 11(t) to the financial statements. For information regarding the above loan, please see Note 12c.

⁹³ Calculation of financial covenants for the Company's bonds, was carried out in accordance with the disclosure of the Securities Authority, in the "Concentrated findings on the subject of compliance with financial covenants towards the holders of tradable bonds report" published by the Securities Authority in September 2019.

⁹⁴ "Value of holdings" - as defined in the deed of trust. In order for there to be grounds for early repayment, the breach of the financial ratio must exist for four consecutive quarters.

⁹⁵ In order for there to be grounds for early repayment, the breach of the financial ratio must exist for two consecutive years.

⁹⁶ In order for there to be grounds for early repayment, the breach of the financial ratio must exist for four consecutive quarters. For Series I and J - the minimum equity is NIS 1.8 billion, for Series K and L - the minimum equity is NIS 2.1 billion and for Series M, O, P and Q - the minimum equity is NIS 2.2 billion. The covenant presented in the table is the most severe of the series due to the cross-default provision that exists in the series.

5.2.4 Financial covenants in connection with Amot's bonds

Amot's bonds include conditions for their immediate repayment in the event of certain events which include, among other things, the following events:

Amot's bond series D, E, F, G, H, I, and J:

Covenant	Ratio as of the date of the report	Compliance status as of the date of the report
Amot's equity is higher than an amount equal to NIS 1 to 2.8 billion (depending on the bond series)	9.9	In compliance
The net financial debt ratio (less the value of investment property in development) to annual standardized NOI exceeds 14 for two consecutive quarters; (Net financial debt: Amot's aggregate debt to banking corporations, to other financial institutions and to holders of all types of bonds, less cash and cash equivalents, deposits, monetary funds, tradable securities, all according to their value in Amot's Consolidated Balance Sheet).	5.5	In compliance
The bond rating is BBB- for two consecutive quarters;	Aa2/stable	In compliance
Equity plus net deferred tax liability may not be less than 22.5% of the total balance sheet net of cash and cash equivalents and net of tradable securities for two consecutive quarters.	55%	In compliance
The value of the Amot's unencumbered assets may not be less, for two consecutive quarters, than NIS 1 billion, or 125% of the balance of bonds from the relevant series, whichever is higher. (not applicable to Series I and J)	The value of Amot's unencumbered assets is approx. NIS 20.9 billion, which is higher than the covenant.	In compliance
A demand for the immediate payment, that has not been withdrawn, of a material loan ⁹⁷ or of a bond traded on the TASE.	There is no such requirement.	In compliance
Provisions regarding restrictions on the distribution of dividends under certain conditions	Such circumstances did not exist.	In compliance

For information regarding other generally accepted events that if they occur will result in the immediate redemption of the bonds, please see Note 11 to the financial statements.

5.2.5 Changes in credit from the date of the financial statements to close to the date of the report

Regarding the signing of a credit facility agreement in the amount of NIS 200 million from a bank in Israel, please see Note 12b to the financial statements.

5.2.6 Credit rating

The total repayment capacity if the Company (issuer) and the Company's bonds ⁹⁸ are rated by Midroog Ltd. (hereinafter: "**Midroog**") at an Aa3 credit rating with a stable outlook and by Maalot Israel Rating Company Ltd.⁹⁹ (hereinafter: "**Maalot**") at a rating of ILAA with a stable outlook.

In the past three years, there have been no changes in the rating of the Company and its bonds from the two rating companies, except for a change in the outlook (from stable to negative and back to stable).

For additional information, see Appendix E to the Board of Directors' Report.

⁹⁷ Material loan: a bond series that is not traded on a stock exchange or a material loan or debt whose remaining liability value or balance, as the case may be, on the date of their immediate repayment, constitutes 10% or more of Amot's total financial liabilities based on its most recent reviewed and/or audited consolidated financial statements, as the case may be, published by Amot shortly before that date or NIS 200 million linked to the known CPI on the date of signing the trust deed, whichever is greater.

⁹⁸ Bond Series I, J, L, M, O, P and Q.

⁹⁹ Bond Series I, J, K, L, M, O, P and Q.

Factors that may impair the rating

1. A sustained increase in the leverage ratio.
2. A significant decrease in the Company's liquidity.
3. An adverse change in the stability of the Company's dividend receipts and erosion of the coverage ratios.
4. A significant decrease in the performance of subsidiaries or a downgrade in their rating, which would affect the credit quality of the Company's investment portfolio.

Bonds of investees

Amot's bonds (Series D, F, G, H, I and J) are rated Aa2/Stable by Midroog Ltd. ("**Midroog**"), and are rated AA/Stable by Maalot the Israel Securities Rating Company Ltd. ("**Maalot**").

Energix's bonds (Series A and B) are rated A2.il/Stable by Midroog and Ail(P)/Stable by Maalot.

5.2.7 Derivative transactions in foreign currency

Managing exposure to foreign currency - the Company has a policy of hedging the currency exposure in respect of its investments, according to which the Company is exposed to various currencies, including the NIS, according to the ratio of investments, however, the Company management will have the authority to increase or decrease exposure in each and every currency. The Company uses derivative instruments in order to comply with the stated policy.

Energix is exposed to changes in the value of its investment and in its results in respect of its operations in Poland and the United States due to changes in the exchange rate of the Polish PLN and the USD (respectively) against the NIS. Such changes in the exchange rate directly affect Energix's capital and its results. Energix has adopted a hedging policy according to which it will act to hedge its net investment in projects in Poland and in the United States, so that the unhedged portion of the capital will not exceed 20%, in relation to a single currency.

For information regarding forward transactions in foreign currency conducted by the Group in order to implement the stated policy, please see Note 23 to the financial statements.

6. Taxation

6.1 Summary of tax laws applying to the Corporation

The Company and its Israeli subsidiaries are subject to the provisions of the Income Tax Ordinance (New Version), 1961.

In the years 2022-2025, the corporate tax rate and the capital gains rate in Israel amounted to 23%.

Regarding tax assessments of Group companies, please see Note 21d to the financial statements.

6.2 Tax laws applying to the Group's overseas activities

6.2.1 Taxation of the investment in Carr -

Carr chose to be defined as an REIT for tax purposes in accordance with Sections 856 through 860 of the US Income Tax Code of 1986, and its amendments ("the Law"). As a result, it is required to distribute at least 90% of its taxable income to its shareholders. Therefore, the federal tax liability in respect of the taxable income is transferred to its shareholders.

The Company records tax reserves in its books (according to its share in Carr) in respect of property revaluations carried out by Carr.

An American partnership, wholly owned by the Company (directly and indirectly) (hereinafter, in this section: "AH Carr") holds 89.58% of the rights to profits in Carr Properties Holdings (in this section - "Carr").

AH Carr is a transparent partnership for tax purposes in the United States, and therefore AH Carr's revenues from Carr are attributed to the AH Carr partners according to the relative share of each partner (approx. 43.5% - the Company (hereinafter - the "Israeli Partner") and 56.5% - an American entity wholly owned by the Company (hereinafter - the "Foreign Partner")).

Since the Israeli partner is not classified as a US resident, its share of AH Carr's dividend revenues that were distributed by Carr is liable for federal income tax according to the classification of the revenue distributed by Carr as follows:

- Regarding dividends deriving from Carr revenues from non-capital gains activity - withholding tax will be deducted in the United States at a rate of 30%;
- Regarding dividends deriving from capital gains - withholding tax will be deducted in the United States at a rate of 21% and branch tax at a rate of 12.5% in certain cases.
- As long as the corporate tax rate in Israel is lower than the withholding tax deduction in the United States, the Israeli partner will not have to complete the payment of taxes in Israel.

The Israeli partner's share in AH Carr's revenues from the sale of Carr's shares (directly and/or indirectly), which according to United States law are classified as capital gains, are not liable for capital gains tax in the United States.¹⁰⁰ In accordance with Israeli internal law, the Company will be liable for tax in Israel in respect of the profits at the corporate tax rate.

¹⁰⁰ As long as Carr is a "Domestically Controlled REIT" for five consecutive years close to the date of the sale.

The foreign partner is a legal entity incorporated in the United States that chose to be taxed in the United States. The foreign partner's share in dividends to be distributed by Carr to AH Carr and its share in AH Carr's revenues from the sale of Carr shares, less financing expenses (Subject to the US Financing Thin Limit and other restrictions), will be considered taxable income in the United States and will be liable for tax at 21%.

A Domestic Control REIT (hereinafter - "DCR") is a REIT that is controlled, directly or indirectly, by domestic investors (US investors). For this purpose, a US C-Corp (and other types of legal entities) were considered a US investor until April 2024.

On April 24, 2024, the US Treasury Department and the Internal Revenue Service (IRS) issued final regulations regarding the definition of a DCR. The new regulations implement a "look-through" approach to determining domestic control, with shares held by a look-through entity being considered held by the shareholders of that entity for the purpose of domestic control tests. The new regulations include 10-year transition rules for existing REIT structures. The transition provisions allow existing REITs to maintain their "domestic control" status for up to 10 years, subject to certain conditions being met. The transition period will end on April 24, 2034 or on the date the REIT fails to meet any of the required conditions, whichever is earlier.

On October 20, 2025, the IRS published proposed regulations that eliminate the look-through rules. Under the proposed regulations, domestic DCRs will be considered US owners for determining CORP status and this will apply retroactively from April 25, 2025.

To the extent that Carr will be a DCR, the Israeli partner's share in AH Carr's revenues from the sale of Carr's shares (directly or indirectly), which are classified in the United States as capital gains, are not liable for capital gains tax in the United States. In accordance with Israeli internal law, the Company will be liable for tax in Israel in respect of the profits at the corporate tax rate. Insofar as Carr does not comply with the DCR provisions, the Israeli partner will be taxed in the United States on the capital gains and Israel will have only a residual tax right.

The Company will be liable for tax in Israel at the corporate tax rate for the foreign partner's profits originating from dividends. Against the tax liability in Israel, a tax credit will be given for the tax paid by the foreign partner in the United States.

According to the Company's position, receipts classified by US tax laws as return on capital will be debited by the Company when selling Carr shares.

6.2.2 Taxation of the investment in BE

As of December 31, 2025, the Company holds, through wholly-owned Israeli companies, 84.9% of the share capital of Brockton Everlast (hereinafter - "BE").

Starting March 2020, BE chose to be defined as an REIT for tax purposes in the UK. As a result, BE is required to distribute at least 90% of its taxable income from current activity to its shareholders for tax purposes. Therefore, the tax liability for the distributed current taxable income is transferred to its shareholders. The withholding tax deduction for this distribution is 15%.

In accordance with the REIT principles in the UK, BE is not required to distribute a dividend stemming from capital gains from the sale of real estate assets, and therefore, BE and/or its shareholders will not be taxed on those profits, as long as they are not distributed as a dividend. As of the date of the report, the Company holds approx. 84.9% of the rights in BE and therefore controls the date of distribution of the dividends. In view of the Company management's decision that BE will not distribute dividends stemming from capital gains in the foreseeable future, the Company does not record tax reserves in its financial statements in respect of its share in the revaluation gains of BE's assets.

The Company's holdings in BE are through Israeli companies wholly-owned by the Company (hereinafter: "BEI"). The Israeli companies (BEI) will be liable for tax in Israel in respect of the dividends at the corporate tax rate, while receiving a credit for the tax deducted abroad for the dividend (15%).

Upon the realization of BE, the Israeli companies (BEI) will be liable for capital gains tax at corporate tax rates.

6.2.3 Taxation of the investment in Boston

The Company holds, through wholly-owned Israeli companies (hereinafter: **"the Israeli Companies"**), three wholly-owned partnerships incorporated in the United States (hereinafter: **"the American Partnerships"**), each of which holds a REIT with a real estate property in Boston (hereinafter: **"the REIT"**). The Company records tax reserves in its books (according to its share in the Boston properties) in respect of property revaluations of the properties recorded in the books.

Since the Israeli companies are not classified as US residents, the dividend revenues paid to them by the American Partnerships (and which originate in dividends distributed to the American Partnerships by the REIT from activity that is not capital gains) - a 30% withholding tax deduction will apply¹⁰¹.

According to internal Israeli law, the Israeli companies will be liable for tax in Israel in respect of the dividends at the corporate tax rate, while receiving a credit for the tax they paid in the United States. As long as the Israeli corporate tax rate is lower than the withholding tax deduction in the United States, the Israeli companies will not have to complete the payment of taxes in Israel.

The Israeli companies' share in the revenues of the American Partnerships from the sale of the REIT's shares (directly and/or indirectly) will be liable for capital gains tax in the United States at a rate of 21%. According to Israeli internal law, the Israeli companies will be liable for tax in Israel in respect of the profits as stated at the corporate tax rate, while receiving a credit for the tax paid in the United States.

According to the Company's position, receipts classified by US tax laws as return of capital will be debited by the Company when selling REIT shares. Undistributed retained earnings of consolidated companies overseas

6.3 Tax laws regarding renewable energy

Energix's activity in Israel

According to the Income Tax Regulations (Depreciation), 1941, a 7% depreciation rate was determined for electricity-generating facilities using solar energy, making use of photovoltaic technology and are connected to the electricity grid as of January 1, 2016. At the same time, Energix received approval from the Tax Authority according to which, subject to certain conditions, Energix and its subsidiary companies and partnerships in Israel are defined as an industrial plant, according to the Encouragement of Industry Law (Taxes), 1969. Accordingly, Energix and its subsidiaries and partnerships in Israel depreciate their photovoltaic systems according to accelerated depreciation rates applicable to industrial plants.

Energix's activity in Poland

A tax rate of 19% applies to Energix's activity in Poland. Interest that will be received by Energix from Poland will be subject to withholding tax in Poland at a rate of 5% (subject to certain conditions).

Energix's activity in the United States

The federal tax liability in the United States is 21% and the state tax rate is 5% (in the states in which Energix operates). Dividends received by Energix from the United States will be subject to withholding tax at a rate of 12.5%, subject to certain conditions and a rate of 17.5% on interest payments.

Energix is entitled, under provisions of the US tax law, to a tax benefit in respect of photovoltaic projects it is building and operating in the United States in the form of an investment tax credit (ITC).

1. In August 2022, the Inflation Reduction Act of 2022 entered into effect, which regulates, among other things, the granting of long-term economic incentives to promote climate and energy programs with an investment of approx. USD 400 billion, including in Energix's areas of activity, as an update to the set of incentives that were previously in effect. The plan includes, among other things, extending eligibility for ITC tax benefits for an additional 10 years at a rate of 30%, the possibility of increasing the ITC tax benefit by an additional rate of up to 20% of the total construction costs for renewable energy projects that meet the criteria as set out in the law, and also the possibility of trading the right to the tax benefit, eliminating the need for a tax partner (Tax Credit Transferability).

2. Update on US government guidelines regarding the tax credit for the use of domestic equipment: On May 16, 2024, the US government published clarifications regarding the method of calculating eligibility for an additional tax credit (ITC) for the use of domestic equipment, pending the publication of binding regulations. The clarifications include new guidelines (Safe Harbor) for calculating the percentage of local equipment for a project in an easy manner and without relying on direct cost data from manufacturers. The Company estimates that the guidelines do not change its assessments regarding the eligibility of its projects in the United States for the additional tax benefit. It should be clarified that as of the date of approval of the report, the binding regulations regarding the method of proving eligibility for the additional ITC tax benefit for the use of domestic content have not yet been published.

In addition, regarding the rate of depreciation of electricity generation systems using photovoltaic technology, for US tax purposes, Energix is entitled, according to its choice, to depreciation over 12 years or to accelerated depreciation over one year (Bonus Depreciation) or over 5 years, with respect to most of the system costs.

¹⁰¹ Some of the American Partnerships are entitled to a deduction for interest expenses and general expenses accumulated in the American Partnerships (Subject to the US Financing Thin Limit).

Real estate taxation

Real estate taxation - as a rule, Energix's activity does not involve the purchase and sale of real estate properties, but instead it enters into engagements for the rental of real estate for periods of up to 24 years and 11 months in Israel, up to 30 years in Poland and up to 40 years in the United States, for the purpose of operating electricity-generation facilities. Energix may be exposed to claims from tax authorities and/or local committees for the payment of various fees, surcharges and taxes. In addition, there is real estate taxation in Poland based on the cost of stationary parts in projects, mainly turbine and column bases.

6.4 Pillar Two

On December 31, 2025, the Minimum Corporate Tax on Multinational Groups Law (2025) (hereinafter the "Law") was approved in Israel and published in the Official Gazette, implementing the Qualified Domestic Minimum Top-up Tax (QDMTT) mechanism, as part of the application of the Pillar Two principles in Israel, which were announced by the OECD in 2021. The principles establish a minimum global tax rate of 15% on entities that are part of a multinational group of entities with a consolidated turnover exceeding EUR 750 million in two of the 4 years preceding the tax year for which the test is being performed. The application of the law had no impact on the financial statements for 2025, and is not expected to have an impact in 2026-2027.

6.5 Main reasons for the difference between tax rates applicable to the Group and the effective tax rates

Please see Note 21 to the financial statements.

6.6 Accumulated losses for tax purposes

Please see Note 21g to the financial statements.

7. Environmental Risks and their Management

7.1 Amot - Environmental Risks and their Management

1. Amot, as owner and/or lessee and/or entrepreneur and/or manager of real estate properties, may be found liable by law for breaches of law, including under real estate law, planning and building law, environmental law, business licensing law, occupational safety law, competition law and tort law, in the event that a breach took place with regard to real estate in its possession and/or real estate it leases.
2. Amot is required to comply with planning and building laws and regulations for the approval of plans, issuing of building permits and for the construction work. Significant tightening of regulations could materially affect Amot's business results and increase its expenses.
3. It should be noted that in recent years there has been a significant increase in environmental quality activity in Israel and around the world, which is reflected, among other things, in supervision and enforcement by government bodies and in the activities of environmental organizations. This trend is expected to continue in the coming years. Amot invests significant resources in ensuring its compliance with the provisions of applicable environmental laws and works to prevent and minimize environmental risks that may arise from its activities and the activities of its tenants. Amot's policy is to comply with the provisions and requirements of the law, including environmental laws, as well as the requirements of the various supervisory entities. For that purpose, Amot enlists the help of professional environmental consultants who assist and accompany it both in the construction processes of projects under development and in the management of its existing properties. As part of its corporate responsibility program, Amot also acts voluntarily, and beyond legal requirements, with respect to various aspects related to environmental quality.
4. Energy efficiency, green building and the LEED standard - Amot carries out a set of actions to mitigate greenhouse gas emissions and implements environmental protection management standards, including the implementation of strict construction standards such as LEED and BREEM for environmental protection management, and currently operates in all of its development projects in accordance with this policy. Amot also works to promote environmental quality aspects through energy efficiency projects and the use of renewable energy at sites under its ownership, both in existing properties and in projects in development.
5. Implementation of advanced technologies and environmental innovation in the construction and operation of assets - Amot recognizes the importance of reducing the impact from its activities on the environment and therefore it operates, promotes and introduces advanced construction technologies to Israel as well as environmental innovation in construction and operation, which is reflected in technological systems that enable, among other things, thermal and acoustic insulation in buildings, maximum natural light entering the structure without direct radiation, recycling of air conditioner condensation water and reusing it for irrigation systems and filling toilet tanks, recycling of irrigation water and storing surface runoff for irrigation purposes, encouraging the use of recycled materials, installing advanced systems for treating fresh air, and more.
6. Amot recognizes the critical importance of identifying, assessing and managing material environmental and climate risks, if any, as part of its overall risk management process. In direct continuation of Amot's activity in this area to date and as part of the Israeli business sector's response to the climate crisis and the growing need to develop a sophisticated management interface for managing environmental and climate risks, Amot has decided to formulate an internal, cross-organizational enforcement plan for environmental and climate risk management through Amot's legal advisors, who have expertise in environmental law, and with the assistance of environmental consultants. The plan is designed to ensure that Amot's activities are carried out in accordance with the requirements of environmental regulation and to reduce exposure to environmental risks.
7. Amot leases space at its properties for the installation and operation of various infrastructures: to cellular companies - for the installation

of cellular antennas and/or tiny transmitters, and to other companies - rooftop areas for the installation and operation of photovoltaic systems for electricity generation. According to the agreements signed with these companies, the leasing companies have the responsibility for obtaining the permits required by law for the construction and operation of the facilities. In addition, the companies undertake to comply with the safety provisions under any law and are responsible for bearing the liability imposed on them by law and indemnifying Amot for any damage caused as a result of their activity in the leased area, except for damage caused as a result of an act or omission of Amot. In addition, the companies are required to insure, among other things, their legal liability for harm and/or damage that may be caused to third parties due to their activity in the rental property, with the insurance expanded to compensate Amot and the management companies.

8. Amot's environmental risk management policy is conducted within the framework of its general risk management policy and focuses on actions to minimize possible negative effects on its activities. Risk management is carried out mainly by Amot's management through ongoing monitoring of regulatory developments related to the Amot Group's activities, including regarding environmental risks. In view of the fact that most of Amot's properties are rented to office and/or commercial businesses, (which are not in the food and/or industrial sectors), Amot's management does not expect substantial exposure for the Group in terms of environmental issues for these properties.

7.2 Carr - Environmental Risks and their Management

Carr's environmental risk management policy is managed in accordance with the manner in which its general risk management policy is managed, while focusing on actions minimizing any damage to Carr's activity. Risk management is carried out mainly by Carr's management through ongoing monitoring of regulatory developments related to Carr's activity, including regarding environmental risks. In view of the fact that most of Carr's properties are rented to commercial businesses and/or offices (which are not in the food and/or industrial sectors), Carr's management does not expect substantial exposure for the Group in terms of environmental issues to the extent that such matters relate to these properties. Carr is insured with an insurance policy that provides coverage for environmental issues. In addition, in all of its lease agreements, Carr requires its tenants to repair environmental defects that have arisen as a result of their actions/omissions.

7.3 BE - Environmental Risks and their Management

Most of BE's assets are rented to commercial businesses (meaning, not in the food and/or industrial sectors) and therefore, BE does not expect substantial exposure in terms of environmental issues with regard to its properties. BE performs environmental tests, as part of due diligence performed in preparation for purchasing a property. All findings are examined carefully so that appropriate measures can be taken to remove or reduce the identified risk, including, readiness to carry out land restoration operations as part of new development work. Taking into account the nature of the properties purchased by BE to date (and the type of properties that are likely to be purchased in the future), the risk of any exposure to environmental risks is estimated as being low. To the best of BE's knowledge, BE is not currently carrying out any actions that caused or may cause environmental damage.

7.4 Energix - Environmental Risks and their Management

1. Environmental risks:

As of the reporting date and the date of approval of the report and subject to that stated below, Energix knows of no environmental risks that have or are expected to have a material impact on Energix, or on legal provisions regarding environmental risks that have material implications for Energix and its activity. In general, Energix operates in the electricity generation sector from renewable energy and, except for the provisions of the law and environmental regulations applicable to it as a company that establishes and operates electricity generation facilities, Energix is of the opinion that its activities do not have a material negative impact on the environment.

Since Energix's activities are distributed across three territories, while climate risks have a limited regional impact, Energix does not consider climate risks to be a real or immediate risk that could have a material impact on its activities. However, a climate event that occurs in the Banie region in Poland, where Energix's Banie 1, 2, 3 and 4 wind farms are located, which would materially affect the project operations, may materially affect Energix's revenues for a defined temporary period until the climate damage is repaired, if the damage is not repaired within a period of 1.5 months. It should be clarified that Energix estimates that exposure to this type of event is extremely low.

Legal provisions relevant to Energix's activities

During the period of commercial operation and the projects development, Energix is required to monitor and track environmental impacts in the vicinity of its projects, and to take preventative or corrective action in the event of any negative impact on the environment. Energix acts in accordance with all relevant laws to reduce environmental risk and to the best of its knowledge, it is in compliance with all environmental regulations required for the receipt of permits for the establishment and operation of facilities.

In Israel, as of the date of the report, Energix performs environmental inspections and surveys on demand in accordance with the requirements applicable to the projects. During 2025, Energix carried out a systematic process in which periodic external and internal inspections were performed in accordance with the city building plans applicable to the projects.

In the United States, Energix conducts several environmental surveys for each of its future projects, in accordance with the regulations and laws applicable to the project (federal, state or local). The surveys examine all laws and regulations that may apply to Energix, and their impact on the construction of a specific project. In general, Energix is subject to federal and state environmental protection laws in all

aspects of project development, construction and operation. At the state level, each state has an agency responsible for supervising and enforcing compliance with federal and state environmental protection laws. Environmental standards are a central factor in the design, development, construction and operation of Energix's sites. A wide range of environmental considerations are taken into account in the project planning, both in terms of planning and in connection with the projects' construction schedules, their estimated cost and their ongoing maintenance following the completion of construction.

In Poland, Energix is subject to environmental laws and directives of the European Parliament and the Council of the European Union. Accordingly, Energix is required to make environmental decisions before the construction and operation of wind facilities, among other things, in order to avoid causing environmental damage and to implement effective preventive measures for the future. In addition, Energix takes into account environmental restrictions aimed at protecting animals in the environment of its operations in its project construction schedules.

In Lithuania, Energix must act in accordance with national and EU legislation regarding environmental protection. Therefore, it may be necessary to carry out environmental impact assessment procedures and obtain a permit from the competent environmental authority confirming that the planned activities are permissible, even before obtaining a construction permit or development permit required for the projects' connection to the electricity grid. As part of the impact assessment, the potential impacts of the projects on environmental components are examined in depth, and mitigation or compensation measures are identified in cases where the impacts may be significant. In addition, Energix takes its project construction schedules into account while complying with environmental restrictions aimed at protecting animals and ecosystems in the operating environment.

The total costs invested by Energix in monitoring and addressing environmental risks during 2025 amounted to approx. NIS 12 million, and the total costs expected to be invested in 2026 are approx. NIS 20.1 million. It should be emphasized that Energix's investment is within the framework of its ongoing activities and as required for the construction of infrastructure projects.

2. Environmental risk management policy

Energix's environmental risk management policy is part of its general risk management policy, and focuses on activities that reduce to a minimum any possible adverse effects on the Group's activity. Risk management is mainly conducted by the Energix CEO through ongoing monitoring of regulatory developments related to Energix's operations, including with regard to environmental risks. As part of the Energix's general risk management, the Energix Board of Directors has decided that the Energix CEO will report regularly to the Energix Chairman of the Board regarding the degree of existing exposure. As part of Energix's environmental risk management activities, it is expected to complete a climate risk survey in the first quarter of 2026 to map the value chain against the degree of possible exposure to both physical risks resulting from climatic and geographical changes (including increasing temperature, extreme natural events, rising sea level, etc.) and transition risks resulting from potential changes in Energix's business environment as a result of the global transition to a low-carbon economy. Energix has completed an initial mapping of climate risks in the territories of its operations, while developing a dedicated management tool for monitoring the operating sites. Energix intends to formulate a customized work plan based on the mapping findings, the risk level and the relevant scenarios for each project.

7.5 General - Environmental Risks and their Management

7.5.1 As of the date of this report, the Group is not a party to a significant legal or administrative proceeding related to the environment to which the Company or any of its officers is a party, and as of the date of this report, no amounts were ruled or provisions recognized in the financial statements and no other environmental costs apply to the Group. Furthermore, according to the Group's assessments, as of the date of the report, no event or issue related to the Group's activity that has caused or is expected to cause environmental harm for which it had or is expected to have a material impact on the Group.

7.5.2 As stated above, the environmental risk management of the investees is managed by each investee and focuses on actions to minimize possible negative effects on the activities of that company. Risk management is mainly conducted by each investee's management, while regularly monitoring regulatory developments related to its activity, including with regard to environmental risks.

For additional information regarding the management of environmental risks and environmental impacts on the Group's activities, please see Section 3 of the Board of Directors' Report.

8. Restrictions and supervision of the Company's activity

8.1 Regarding restrictions and supervision applicable to the Group's activities in environmental aspects, please see Section 7 above.

8.2. The Company as such is subject to the Companies Law, 1999, and the regulations thereunder. Furthermore, as the Company is a public company (as are Amot and Energix), it is subject to the Securities Law, 1968, and the regulations thereunder.

8.3. **The Group's real estate activity in Israel and abroad** is subject to the laws applicable to the location of the assets, including real estate law, property taxation, municipal taxation, business licensing, planning and building law, accessibility laws for people with disabilities, environmental laws, labor laws and their enforcement in connection with the employment of security and cleaning service contractors, privacy protection and information security laws, occupational safety laws, etc.

8.4. The Group's activity in the renewable energy sector in Israel is subject to legislation relevant to the Electricity Sector through the Electricity Sector Law, 1996 (hereinafter, in this subsection - the "**Law**"), the Electricity Law, 1954, the regulations and rules issued thereunder, as well as Electricity Authority decisions regarding the criteria, tariffs and licensing, and decisions of the Government of Israel and the Ministry of Energy and Infrastructures on policy issues. The law establishes a principle according to which it is not possible to carry out any activity in the electricity sector (i.e. generation, system management, transmission, storage, distribution, supply or trade in electricity) without

obtaining a license to carry out that activity, except for several exceptions defined in the law or in the rules thereunder. According to the law, the authority to issue electricity generation licenses is the Electricity Authority (with the approval of the Minister of Energy for facilities with a capacity exceeding 100 MW). Furthermore, the development and construction of renewable energy projects, similar to other infrastructure projects, is carried out in accordance with the provisions of the Planning and Building Law, 1965 and the regulations thereunder, in particular with regard to building licensing, permit applications, calculation of areas and percentages of construction in plans and permits. Therefore, the construction activity of the projects is subject to complex approval processes for a statutory plan (City Building Plan and/or National Infrastructure Plan) in the relevant planning and construction institutions (such as district committees, the National Planning and Building Council and/or the National Infrastructure Committee), in accordance with the stages and guidelines in the Planning and Building Law and its regulations. In addition, for the purpose of its operations, Energix is required to arrange its rights to the land on which it establishes its facilities, with facilities located on land belonging to the state requiring approval from the Israel Land Authority. Accordingly, its operations are affected by the land laws applicable at the location where its facilities are constructed, including the Israel Lands Law, the Ottoman Lands Law, the Defense Regulations, etc.

As part of Energix's operations in the United States, Poland and Lithuania, Energix is subject to the corresponding local regulation. Also, in each country where Energix operates, including, but not limited to, environmental legislation, competition and building laws, real estate laws and relevant legislation regarding renewable energy. For additional information, please see Section 7.4(2) above.

In the United States - Wholesale electricity prices in the United States are regulated at the federal level by the Federal Energy Regulatory Commission, an independent regulatory agency whose commissioners are appointed by the US President and confirmed by the Senate. The Commission operates under federal legislation (including the Federal Power Act, the Public Utility Holding Company Act of 2005, and the Public Utility Regulatory Policies Act of 1978). Under its authority, it may authorize energy producers to sell wholesale electricity at rates based on market conditions and regulate wholesale markets to ensure the fairness of their rates.

The project companies connected to the electricity grid are subject to the regulation of the North American Electric Reliability Corporation (NERC) - a federal body responsible for the physical and cyber security of the national electricity transmission grid and large electricity producers. The NERC determines and enforces mandatory cybersecurity standards, conducts inspections for their implementation and may impose fines on entities that do not comply with the standards.

For information regarding the various regulations applicable to Energix's power generation facilities, please see Note 7 to the financial statements.

8.5 Occupational safety - The Group's companies operating in Israel are subject to occupational safety laws, including the laws applicable to the performance of initiation and operating work, including all orders and all regulations issued thereunder, including the Occupational Safety Ordinance [New Version], 1970 (the "**Safety Ordinance**") and the regulations and orders published thereunder.

In addition, and in accordance with the update of the Occupational Safety Regulations (Construction Work), the requirements applicable in connection with the performance of construction or engineering construction work have been tightened and expanded, including in aspects defining the positions and responsibilities at the site, effective October 16, 2026, including in connection with the entrepreneur and not only the operating contractor.

The Company and its investees are included in both the list of centralized entities and the list of significant real corporations according to the Law for the Promotion of Competition and Reduction of Concentration, 2013 (in this section - the "**Concentration Law**"). Possible implications of the inclusion of group companies in the above lists are as follows:

- Restrictions may be imposed on the amount of the investment therein by certain significant financial entities.
- Energix, defined as a centralized entity for essential infrastructure, may encounter difficulties when requesting a production license for the construction and operation of a power plant for the generation of electricity with a capacity exceeding 175 MW connected to the electricity grid¹⁰². It should be noted that as of the date of publication of the report, Energix does not have and is not developing a project that exceeds this threshold.

As the Company has no control core, the companies directly held by the Company (which are a reporting corporation) are considered "first tier" companies, as this term is defined in the law.

9. Material agreements

With the exception of agreements in the Group's normal course of business, any of the following agreements (which are in effect) as well as agreements signed by the Group and are binding or were binding for the Group during the reporting period or thereafter can be considered material agreements, as follows:

Regarding the Company's management agreement with Mr. Nathan Hetz, the Company CEO and director, please see Note 19a to the financial statements.

¹⁰² According to the Concentration Law, when allocating a right, including a license for an area of activity defined as a vital infrastructure, the grantor of the right must take industry competition considerations into account, prior to allocating the rights / granting the license, while consulting with the Antitrust Commissioner. Furthermore, when allocating such a right to a centralized element, the grantor of the rights must consider centralization throughout the economy while consulting with the Committee for the Reduction of Centralization, in the manner detailed in the law.

Regarding the shareholders' agreement between the Company and Menora and the BE Managers in connection with the investment in BE, see Note 6d to the financial statements.

For agreements regarding the indemnification of the Company's officers, in relation to their activities in the Company, in subsidiaries and in companies in which the Company has holdings, see Note 19d to the financial statements. (2) For indemnification arrangements for officers in Amot, Energix, BE and Carr, see Note 19d to the financial statements.

10. Legal proceedings

Please see Notes 16a and 16b to the financial statements.

11. Goals and Business Strategies

The Company usually makes long-term investments in the areas of income-generating property and in renewable energy through investments in companies in which the Company has a material influence. As a result of its business approach, the Group intends to continue focusing on developing its existing investments, locating new investments and realizing mature investments.

The Group companies invest cumulatively in hundreds of income-generating properties, including projects in initiation, with a broad variety of tenants that creates a regular, steady and long-term cash flow. The Group also invests in energy projects that generate a long-term cash flow.

The Group has a conservative financial management policy reflected in financial flexibility resulting from maintaining a high level of unencumbered assets, long-term durations of financial liabilities, ensuring that credit facilities are maintained and that leverage is reasonable.

The following are the Company's main business development goals for the coming year:

- Amot - Completion of the process of establishing the "Amot 2040" strategic plan and implementation of a work plan derived from the new strategy to be adopted.
- Energix - Implementation of the strategic plan approved at the beginning of 2026.
- Carr - Expansion of development activity with an emphasis on rental housing and Trophy-level offices.
- BE - Continued construction of the Dovetail tower, including pre-leasing activity, advancing the Waterside Building improvement track, and preparations to begin construction of the first stage of the Fenway project in Cambridge in 2027.

The information in this section is forward-looking information. Naturally, there is no certainty that the Group companies will be able to achieve the business development goals in 2026, since the realization of the goals depends on many factors that are not under their control.

12. Projected developments in the coming year

The Group will act in the coming year to achieve its business goals as stated in Section 12 above.

13. Financial information regarding geographic regions

For financial information regarding geographic regions in which the Group operates, please see Note 22 to the financial statements.

14. Discussion of Risk Factors

Please see Section 4 of the Board of Directors' Report.

March 17, 2026

Names and positions of signatories:

Aviram Wertheim, Chairman of the Board of Directors

Nathan Hetz, CEO

Alony-Hetz Properties and
Investments Ltd.



BOARD OF DIRECTORS' REPORT ON THE STATE OF CORPORATE AFFAIRS

ALONY HETZ PROPERTIES & INVESTMENTS LTD

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Ramat Gan, March 17, 2026

Board of Directors' Report on the State of Corporate Affairs for the Year ended December 31, 2025

The Board of Directors of Alony-Hetz Properties and Investments Ltd. (hereinafter - the **"Company"**) is pleased to present the Company's Board of Directors' Report for the year ended December 31, 2025 (hereinafter - the **"Reporting Period"**).

1. Concise description of the Group

The Company and its consolidated companies (hereinafter - the **"Group"**) have two areas of activity:

1. **Main area of activity** - long-term investments in income-generating property companies in Israel and in western countries. As of the date of publication of this report, the Group operates mainly in the following markets: Israel, the United States, and the UK.
2. **Second area of activity** - investment in renewable energies. The Group has income-generating investments in the photovoltaic energy and wind energy sectors, as well as in the development and initiation of electricity generating and storage facilities in Israel, the United States and Poland.

1.1 The Group's main investments in income-generating property as of December 31, 2025:

Activity in Israel

Holdings at a rate of 50.03% in Amot Investments Ltd. (hereinafter - **"Amot"**), a publicly traded income-generating property company whose securities are listed on the Tel Aviv Stock Exchange Ltd. (the "TASE"). For additional information, please see the report on the Description of the Corporation's Business, Chapter B.

Activity in the United States

- Holdings at a rate of 89.14%¹ in the capital of Carr Properties (hereinafter - **"Carr"**). An American partnership that holds an income-generating property company, all of whose properties are located in the United States in the Washington D.C. area and in Boston. For additional information, please see the report on the Description of the Corporation's Business, Chapter C1.

Activity in the UK

- Holdings of 85% in Brockton Everlast Inc. Limited (hereinafter - **"BE"**), a private company engaged in the purchase, development and betterment, construction, management and maintenance of income-generating property in the London, Cambridge and Oxford metropolitan areas in the UK. For additional information, please see the report on the Description of the Corporation's Business, Chapter D.

Main investments in the income-generating property segment

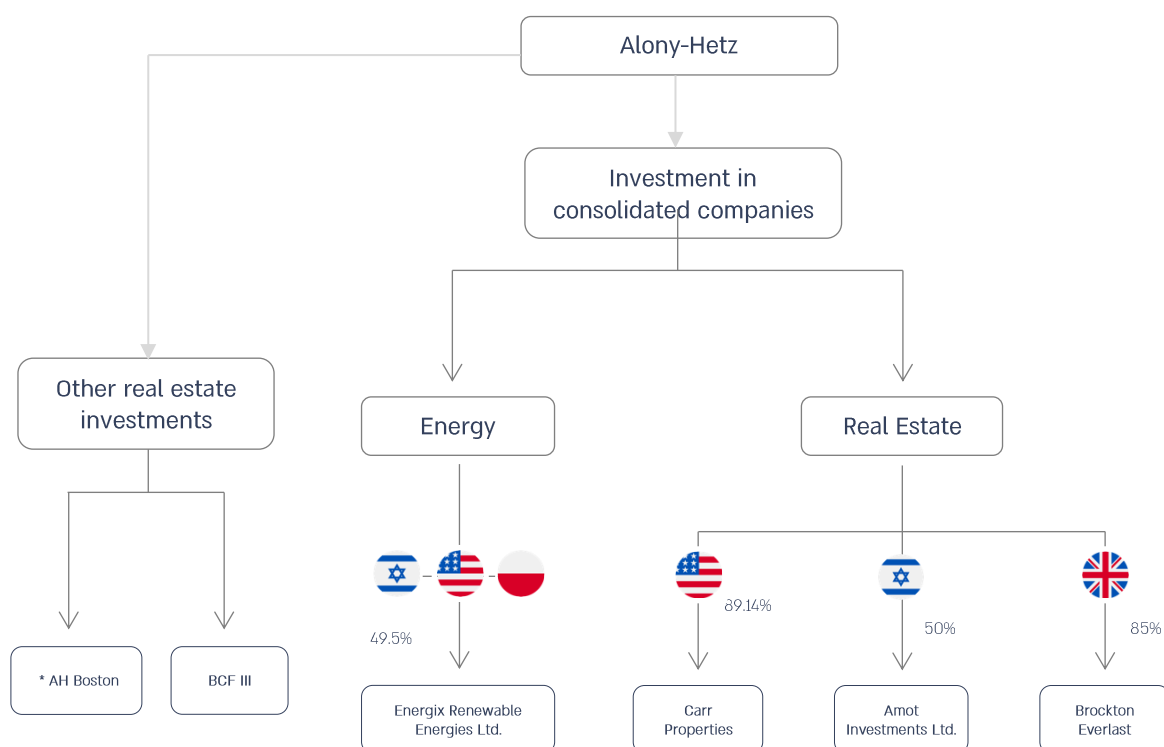
- Holdings at a rate of 55% of the equity rights and 50% of the control in three property companies in the Boston metropolitan area. Two of the properties are in the Boston CBD and one is in East Cambridge – for further details, please see report on the Description of the Corporation's Business, Chapter F.
- Holdings in a British income-generating real estate fund of the Brockton Group - please see the report on the Description of the Corporation's Business, Chapter F.

1.2 The Group's investments in the renewable energy field as of December 31, 2025:

Holdings of 49.52% in Energix Renewable Energies Ltd. (hereinafter - **"Energix"**), a public company whose securities are listed for trading on the stock exchange. Energix engages in the planning, development, financing, construction, management and operation of facilities for the generation and storage of clean electricity from renewable energy sources (photovoltaic systems and wind farms). As of the date of the report, Energix has operations in Israel, the United States, Poland and Lithuania. For additional information, please see the report on the Description of the Corporation's Business, Chapter E.

¹ Holdings of 89.14% in the rights in Carr Properties Holding LP, an American partner that holds (through indirect holdings at a rate of 89.80%) a partnership with income-generating property holdings in the Washington, D.C. metropolitan area, Boston, and Austin, Texas.

1.3 The following are the Group's main holdings close to the date of publication of the report:



* Joint holdings with Oxford Properties in three property companies that own office and laboratory buildings in Boston. The Company and Oxford Properties have a joint control agreement.

1.4 Stock Market Indices

The Company's shares are traded on the TASE. The main stock market indices to which the Company's securities belong are: TA-90, TA-125, TEREAL, TA-Investment Properties in Israel, Tel-Div, the various TelBond indices, TA 125 - Fossil-Fuel-Free Climate index and the Tel Aviv - Maala index.

1.5 Main events from the beginning of 2025 to the date of publication of the report

During 2025, the Company operated in each of the Group's main areas of activity as follows:

Income-generating property

Amot continued its entrepreneurial activity and, among other things, it is in advanced stages of construction of the ToHa2 building in Tel Aviv and is working to approve plans that will enable it to continue its entrepreneurial activity in order to improve its portfolio and expand its activity in the logistics sector.

The Group completed a process for the acquisition of full control of Carr, while expanding its activity in both the traditional office sector and the residential rental sector, while restructuring its financing sources.

In BE, the project initiation procedures advanced to the next stage with the start of construction of the Dovetail building and the receipt of significant planning approvals in the Cambridge Science Park.

In the renewable energy sector, Energix continued to significantly expand its project backlog, both in terms of capacity and geographical distribution, with increasing activity in the United States, Poland and Lithuania, while raising adequate financing sources.

The Company raised significant capital and debt and continued to invest in its investee companies, with an emphasis on maintaining financial flexibility.

The following lists the main events from the beginning of 2025 to the date of publication of the report in the Group's material companies:

Alony-Hetz (the Company expanded solo)	- Investment of NIS 1.2 billion in investees. - Control gained in Carr with the completion of the transaction redeeming JPM's holdings in Carr. For information, please see Note 6g to the financial statements. - Debt raising for a total (net) consideration of approx. NIS 770 million, through the expansion of bonds (Series M) and the initial issuance of the bonds (Series P) and (Series Q). Capital issuance for a consideration of NIS 351 million following the exercise of options (Series 16) and non-tradable options.
Amot Investments	- Debt raising through the expansion of bonds (Series J) for a total net consideration of approx. NIS 665 million. - Capital raising for an immediate net consideration of approx. NIS 505 million and a future consideration (assuming full exercise of the options) of approx. NIS 290 million.
Carr Properties	- Completion of the transaction redeeming JPM's holdings in exchange for the transfer of full ownership of 3 properties to JPM. - Engagement in a new loan agreement for the One Congress building in the amount of USD 650 million, replacing a construction financing loan in the amount of USD 570 million. - Engagement in a loan agreement in the amount of USD 278 million against a lien on three Carr properties. - Initiated construction of rental housing totaling 872 apartments over the next few years.
Brockton Everlast	- Start of construction of the Dovetail building in the City of London (the project is in the excavation and reinforcement stage). - Approval of a zoning plan for the establishment of a science park in the Cambridge Science Park on a total rental area of 720 thousand sq ft. - Engagement in loan recycling agreements in the total amount of GBP 239 million.
Energix Renewable Energies	- Increased backlog of photovoltaic, wind and storage projects (connected, under installation and in various initiation stages) to a total capacity of 10.3 GW + 14.8 GWh. - Engagement in financing transactions in an aggregate amount of approx. NIS 4.8 billion in the United States, Poland, Lithuania and Israel. - Debt raising through the expansion of bonds (Series A) for a total net consideration of approx. NIS 505 million. - Capital raising for an immediate amount of approx. NIS 425 million and a future amount (assuming full exercise of the options) of approx. NIS 507 million.

1.6 Summary of the main data - the Group

Main financial results - Consolidated Statement	Unit	2025	2024	2023	% change ²
Revenue from rental fees and management of investment property	NIS thousands	1,668,831	1,389,184	1,324,063	20.1
Fair value adjustments of investment property	NIS thousands	385,136	607,208	(926,169)	(36.6)
Group share in the losses of associates, net	NIS thousands	(40,461)	(540,178)	(1,703,997)	(92.5)
Revenue from sale of electricity and green certificates	NIS thousands	755,665	856,210	680,713	(11.7)
Net profit (loss) for the year	NIS thousands	545,152	249,206	(2,151,838)	118.8
Net profit (loss) for the year attributed to Company shareholders	NIS thousands	7,439	(346,199)	(2,392,409)	(102.1)
Comprehensive loss for the year attributed to Company shareholders	NIS thousands	(22,136)	(443,351)	(2,425,233)	(95.0)
Total balance sheet	NIS thousands	47,327,456	40,047,643	38,731,166	18.2
Equity (including non-controlling interests)	NIS thousands	13,089,187	11,632,526	11,064,123	12.5
Financial debt (bank credit and bonds) ³	NIS thousands	27,810,470	22,419,722	22,793,284	24.0
Net financial debt ⁴	NIS thousands	25,721,420	20,895,396	20,595,607	23.1
Ratio of net financial debt to total balance sheet ⁵	%	56.9	54.2	56.4	5.0
Main Financial Results – Expanded Solo⁶					
Total balance sheet	NIS thousands	11,845,001	11,329,550	11,647,376	4.5
Equity attributed to Company shareholders	NIS thousands	5,608,853	5,413,576	5,002,057	3.6
Financial debt (bank credit and bonds) ⁴	NIS thousands	6,089,326	5,825,236	6,774,485	4.5
Net financial debt ⁵	NIS thousands	5,714,654	5,183,474	5,749,598	10.2
Ratio of net financial debt to total balance sheet ⁶	%	49.8	48.5	54.1	2.7
Cash flow from the Company's financing activities per share	NIS thousands	475,921	454,912	466,035	4.6
Earnings per share data					
Earnings (loss) per share - basic	NIS	0.03	(1.81)	(13.31)	(101.7)
Comprehensive loss per share - basic	NIS	(0.1)	(2.32)	(13.49)	(95)
Cash flow from the Company's financing activities per share	NIS	2.1	2.38	2.59	(11.8)
Current dividend per share⁷	NIS	0.96	0.72	1.28	33.3
NAV per share	NIS	24.81	25.18	27.83	(1.5)
NNAV per share ⁸	NIS	29.02	29.65	32.78	(2.1)
Price per share at end of period	NIS	39.20	30.40	30.24	28.9

2. 2025 compared to 2024.

3. Financial debt also includes assets/liabilities of derivative transactions carried out by the Group.

4. Financial debt presented net of cash balances. The Company's financial debt (expanded solo) as of December 31, 2025 is the financial debt less cash balances. For information regarding the adjusted leverage rate, please see Section 2.4.3 below.

5. Net financial debt as a percent of total balance sheet, less cash balances. The Company's net financial debt (expanded solo) as of December 31, 2025 is the financial debt less cash balances. For information regarding the adjusted leverage rate, please see Section 2.4.3 below.

6. In the expanded solo balance sheet, the investment in Amot, Energix and BE is presented on an equity basis instead of the consolidation of their statements with the Company's statements (the remaining investments are presented unchanged in the statement presented in accordance with IFRS principles).

7. The above dividend amount does not include an additional dividend that was paid in 2023 for the years 2025 and 2024. The dividend was in the amount of NIS 0.24 per share and NIS 18 per share, respectively.

8. When calculating the NNAV per share, the Company's tax reserves (expanded solo) were neutralized, as was the Company's share in the tax reserves of investees.

1.7 Summary of the main data - Investees

	Unit	2025	2024	2023	% change ⁹
Investment in Israel – Amot Investments Ltd. (50.03% rate of holdings)¹⁰					
Number of income-generating properties	Unit	111	112	114	
Value of investment property (not including property in self-development)	NIS thousands	17,726,465	17,294,792	16,730,765	2.5
Weighted discount rate derived from investment property	%	6.33	6.42	6.3	
Occupancy rate at end of period	%	93.3	92.3	93.4	
Value of investment property in self-development	NIS thousands	3,781,206	3,316,001	2,757,003	14.0
Ratio of net financial debt to total balance sheet	%	42.6	44.0	44.0	
NOI ¹¹	NIS thousands	1,059,707	1,042,713	1,004,406	1.6
FFO ¹² per share	NIS	1,667	1,746	1,680	(4.5)
NAV per share	NIS	19.96	19.44	18.78	2.7
Price per share at end of period	NIS	25.00	20.64	20.00	21.1
Investment in the United States – Carr Properties (rate of holdings – 89.14%)¹³					
Number of income-generating properties	Unit	7 ¹⁴	12	14	
Value of investment property (not including property in self-development)	USD thousands	1,648,639	1,976,408	1,707,449	(16.6)
Rental rate	%	92.6	89.4	90.50	
Number of properties under construction and in planning	Unit	3	2	2	
Value of self-developed properties	USD thousands	64,769	48,406	739,887	33.8
Ratio of net financial debt to total balance sheet ¹⁵	%	61.9	63.7	57.7	
NOI ^{16, 11}	USD thousands	136,852	151,879	163,785	(9.9)
FFO ^{16, 12}	USD thousands	56,962	63,491	69,539	(10.3)
Investment in the UK – Brockton Everlast Inc. Limited (rate of holdings – 85%)					
Number of income-generating properties	Unit	11	10	10	
Value of investment property	GBP thousands	701,400	690,500	699,800	1.6
Occupancy rate at end of period	%	94.8	97.3	98.3	
Value of land for initiation and property in development	GBP thousands	492,250	421,450	361,750	16.8
Ratio of financial debt to total balance sheet	%	29.1	29.0	36.4	
NOI ¹¹	GBP thousands	41,892	42,730	41,315	(2.0)
FFO ¹²	GBP thousands	20,061	12,375	15,229	62.1
Investment in renewable energy – Energix Renewable Energies Ltd. (rate of holdings – 49.5%)					
Installed capacity from connected photovoltaic systems (MWp) – Energix's share	Unit	1,411	1,029	978	37.1
Installed capacity from connected wind systems (MW) – Energix's share	Unit	301	301.2	301.2	-
Balance of connected electricity-generating facilities – according to book value	NIS thousands	6,578,233	5,674,033	5,216,739	15.9
Price per share at end of period	NIS	16	12.5	13.36	28.6

9. 2025 compared to 2024.

10. The main figures for Amot are from the Amot's expanded consolidated financial statements published in Amot's Board of Directors' Report (hereinafter: "Amot's Pro Forma Reports"). Amot's Pro Forma Reports are Amot's reports presented according to IFRS principles, with the exception of the implementation of IFRS 11 "Joint Arrangements", which came into effect on January 1, 2013. In Amot's Pro Forma Reports, the investments in investees, presented based on the equity method in Amot's Financial Statements, are neutralized and presented according to the relative consolidation method, similar to their treatment prior to IFRS 11 entering into effect.

11. Net operating income.

12. Funds from operations.

13. The financial data presented above includes Carr's economic share in its assets and liabilities and those of all its investees, including of companies that are not consolidated in its financial statements prepared in accordance with IFRS principles.

14. For information regarding an office building purchased after the balance sheet date, please see Note 6g to the financial statements.

15. Carr's financial debt ratio as of the end of 2023 does not include liabilities for which liabilities exceed asset value (which are on a non-recourse basis).

16. Including NOI from the management of properties.

2. Board of Directors' Explanations regarding the State of Corporate Affairs

2.1 The business environment

For information regarding the general environment in which the Group operates, please see Section 6 of Chapter A of the report on the Description of the Corporation's Business.

2.2 Statement of Financial Position

Statement of Financial Position Item	December 31, 2025 NIS millions	December 31, 2024 NIS millions	Notes and explanations
Cash and cash equivalents	2,089	1,524	For the Statement of Cash Flows, please see Section 2.6 below.
Investment property (including investment property held for sale)	31,004	25,006	The increase is mainly due to the first-time consolidation of Carr during the third quarter of 2025 in the amount of NIS 5.2 billion, from an investment in properties in development by Amot, Carr and BE in the amount of approx. NIS 0.8 billion. There was also an increase stemming from the fair value adjustment of the investment property of Amot, Carr and BE in the amount of approx. NIS 0.4 billion. This increase was offset by realizations and exchange rate differences due to the appreciation of the NIS against the USD and the GBP. For additional information regarding the Group's investment property - please see Note 4 to the financial statements.
Investments in companies accounted for according to the equity method and securities measured at fair value through profit and loss	1,206	2,303	The following are the main changes in investments: - A decrease of NIS 1.3 billion from the notional realization of Carr due to its first-time consolidation and an increase of NIS 0.4 billion from the first-time consolidation of Carr's associates. - Recording of equity losses and losses from the capital reserve from translation differences in the United States (Carr and AH Boston) in the amount of NIS 0.2 billion. For additional information regarding changes in the balance of the investment in securities measured at fair value through profit and loss and investments in companies accounted for according to the equity method, please see Notes 5 and 6 to the financial statements, respectively. In addition, please see Section 2.3 below.
Electricity-generating facilities - connected and in development	11,053	9,943	Most of the growth in electricity-generating facilities stems from Energix's project investment and initiation in Israel and the US. For information regarding electricity-generating facilities, see Notes 7 and 8 to the financial statements.
Other assets	1,975	1,272	
Total assets	47,327	40,048	
Loans and bonds	27,800	22,082	The main changes are as follows: - Raising of bonds and receipt of loans in the amount of NIS 1.9 billion. - Repayment of bonds and long-term loans in the amount of NIS 1.1 billion.
Other liabilities	6,438	6,333	
Total liabilities	34,238	28,415	
Equity attributed to shareholders	5,609	5,414	For additional information regarding the main changes in equity attributed to shareholders, please see Section 2.7.2 below.
Non-controlling interests	7,480	6,219	
Total equity	13,089	11,633	
Total liabilities and equity	47,327	40,048	

2.3 Investments

2.3.1 The following are the Company's investments (expanded solo) as of December 31, 2025

	Currency	Number of shares	Balance in NIS thousands	Adjusted value in NIS thousands	Adjusted value measurement basis
Amot	NIS	246,849,572	4,908,339	6,178,538 ¹⁷	Stock market value - tradable
Energix	NIS	285,984,236	1,241,004	4,606,178 ¹⁸	Stock market value - tradable
Carr	USD	-	1,674,128	1,674,128	Equity method
AH Boston	USD	-	281,762	281,762	Equity method
Brockton Everlast	GBP	-	3,030,754	3,030,754	Equity method
Brockton Funds	GBP	-	195,838	195,838	Equity method
Other ¹⁹			377,497	377,497	
Total			11,709,322	16,344,695	

2.3.2 Investments and realizations in the reporting period

In the reporting period, the Company invested (realized investments) in its investees, as follows:

	2025 NIS millions
Investments:	
Amot	150
Carr	417
Brockton Everlast	212
AH Boston	77 ²⁰
Energix	163
	1,019
Investment in Carr - DRIP	156
Total	1,175

¹⁷ Including options held by the Company in Amot.

¹⁸ Including options held by the Company in Energix.

¹⁹ Mainly including cash and cash equivalents in the amount of NIS 375 million.

²⁰ From the beginning of 2026 to the date of publication of the report, the Company invested an additional amount of NIS 6 million.

2.3.3 FFO data for consolidated companies in the real estate sector

A. Amot's FFO

FFO - Amot Investments Ltd.			
NIS thousands			
	2025	2024	2023
Profit for the year	781,833	919,002	682,607
Adjustments:			
Profit from change in fair value of investment property	(347,387)	(570,485)	(254,637)
Acquisition costs recognized in profit and loss	14,930	23,053	3,300
Current and deferred tax effects of the above adjustments	100,375	154,578	88,263
FFO - according to the Authority's approach	549,751	526,148	519,533
Management's approach, additional adjustments:			
Depreciation and amortizations	9,108	2,850	3,664
Share-based payment	3,023	8,324	6,757
Linkage difference expenses on the debt principal	196,242	285,863	272,559
Tax expenses and financing for previous years in respect of the assessment agreement	45,564	-	(12,776)
FFO - according to the Management's approach	803,688	823,185	787,737
Alony-Hetz's share in FFO - according to the Authority's approach, in NIS thousands	277,873	268,752	278,127
Alony-Hetz's share in FFO - according to the Management's approach, in NIS thousands	406,226	420,476	422,778

Carr's FFO

	FFO - Carr		
	USD thousands		
	2025	2024	2023
Loss for the year	47,877	(145,080)	(757,718)
Adjustments:			
Loss (profit) from change in fair value of investment property	(22,864)	129,392	573,670
Depreciation and amortizations	4,154	6,433	5,890
Current and deferred tax effects of the above adjustments	333	1,921	(35)
Adjustments as detailed above in respect of associates	35,468	74,725	273,924
FFO - according to the Authority's approach	64,968	67,391	95,731
Attributed to non-controlling interests	(7,388)	1,643	468
Adjustments stemming from the non-controlling interests' share in FFO	(618)	(6,576)	(26,660)
FFO - according to the Authority's approach attributed to Company shareholders	56,962	62,458	69,539
FFO - according to the Management's approach	56,962	62,458	69,539
The following is a breakdown of the FFO according to the Management's approach:			
NOI	132,610	137,168	153,481
Administrative and general expenses	(14,012)	(7,843)	(9,271)
Financing expenses	(61,636)	(66,867)	(74,671)
FFO - according to the Management's approach	56,962	62,458	69,539
Alony-Hetz's share in FFO - according to the Authority's approach, in NIS thousands	120,538	110,216	120,792
Alony-Hetz's share in FFO - according to the Management's approach, in NIS thousands	120,538	110,216	120,792

B. BE's FFO

	FFO - BE		
	GBP thousands		
	2025	2024	2023
Loss for the year	23,859	(26,942)	(256,311)
Adjustments:			
Loss (profit) from change in fair value of investment property	(9,969)	(11,940)	251,569
Loss or reversal of an impairment loss according to IAS 36 (including impairment of an investment measured according to the equity method) or profit from a purchase at a bargain price	(864)	42,800	10,769
Loss (profit) from changes in fair value or sale of financial instruments	5,526	4,480	7,557
Current and deferred tax effects of the above adjustments	-	1,495	(384)
FFO - according to the Authority's approach, in GBP thousands	18,552	9,893	13,200
Management's approach, additional adjustments:			
Depreciation and amortizations	709	527	370
Share-based payment	800	2,314	2,088
Adjustment of tax expenses or income resulting from all of the above adjustments	-	(359)	(429)
FFO - according to the Management's approach, in GBP thousands	20,061	12,375	15,229
The following is a breakdown of FFO according to the Management's approach:			
NOI	41,892	42,730	40,639
Administrative and general expenses	(9,362)	(12,816)	(12,460)
Financing expenses	(12,469)	(20,006)	(17,005)
Management fee revenue from Brockton Funds	-	2,467	4,055
FFO - according to the Management's approach, in GBP thousands	20,061	12,375	15,229
Alony-Hetz's share in FFO - according to the Authority's approach, in NIS thousands	71,890	39,208	50,142
Alony-Hetz's share in FFO - according to the Management's approach, in NIS thousands	77,739	49,032	58,041

2.3.4 Project EBITDA data from renewable energy production activities

For the year ended December 31 (unaudited)			
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Accounting EBITDA	455,298	625,934	479,541
Lease expenses (IFRS 16)	(32,288)	(30,396)	(20,185)
Other revenue/expenses, including initiation expenses	37,395	10,046	16,881
Salary and related expenses	73,671	71,289	46,254
Administrative and HQ expenses	62,547	63,801	45,310
Total project EBITDA	596,623	740,674	567,801

2.3.5 Dividend receipts

The following are the dividends received from the Company's main investments (expanded solo) in 2025 and the projected receipts of dividends for 2026:

	2025 actual	2026 forecast	Additional
	NIS millions	NIS millions	information in the financial statements
Amot	319	323	Note 6c(3)
BE	43	43	Note 6d(3)
Energix	110	114	Note 6e(3)
AH Boston	32	31	
Total cash dividend	505	512	
²¹ Carr – Dividend reinvestment plan	156	123	
Total dividend	661	635	

The dividend receipt forecast for 2026 is calculated in accordance with the declared dividend distribution policy of each of the companies mentioned above, and is based on the Company's existing investment portfolio as of the date of publication of this report.

The above table does not include dividends and returns on investments from the Brockton Fund, which may be received upon realization of its properties.

The information on dividend receipts for 2026 constitutes forward-looking information in accordance with Section 32A of the Securities Law, 1968, in view of the fact that there is no certainty that the authorized bodies of the investees will actually approve the dividend distributions, and this is at their sole discretion.

2.3.6 Management fee receipts

The following are the management fees received by the Company (expanded solo) in 2025 and the projected receipts of management fees for 2026:

	2025 actual	2026 forecast	Additional
	NIS millions	NIS millions	information in the financial statements
Amot	11	11	Note 6c(4)
Energix	11	11	Note 6e(5)
Total	22	22	

2.4 Liquidity and financing sources

2.4.1 Cash and credit facilities

As of December 31, 2025, the Group has cash balances in the amount of approx. NIS 2 billion (of which the Company's expanded solo balance is approx. NIS 0.4 billion).

In addition, as of December 31, 2025, the Group has unutilized lines of credit in the amount of approx. NIS 2.7 billion (of which the Company's expanded solo lines of credit - NIS 700 million).

2.4.2 Unencumbered assets

As of December 31, 2025, the Company's assets (expanded solo) are not encumbered. The balance of the Company's assets (expanded solo) (not including cash and other current assets) is in the amount of NIS 11.3 billion (a market value of NIS 15.9 billion).

2.4.3 Financial debt

As of December 31, 2025, the Group's net financial debt amounted to NIS 25.7 billion, constituting 56.9% of the Group's total assets, compared to a net financial debt of NIS 20.8 billion, which constituted 54.2% of the Group's assets as of December 31, 2024.

As of December 31, 2025, the Company's (expanded solo) net financial debt amounted to NIS 5.7 billion, constituting 49.8% of the Group's total assets (expanded solo), compared to net financial debt of NIS 5.2 billion, constituting 48.5% of the Company's assets (expanded solo), as of December 31, 2024.

For information regarding the Company's material financing agreements and material credit facilities and the material investee companies, please see Note 12 to the financial statements. For information regarding the bonds of the Company, Amot and Energix, please see Note 11 to the financial statements. As of December 31, 2025 and close to publication of the report, no reason has arisen for the Group's loans and bonds to be made immediately repayable. For information regarding the Group's reportable substantial credit, please see Chapter G in the report on the Description of the Corporation's Business.

²¹ As part of the Company's choice to participate in Carr's DRIP program, the dividend amount to which the Company is entitled in Carr remains after its receipt and reinvestment.

2.4.4 Raising capital

During the reporting period, the Company (expanded solo) carried out the following:

- 10,251,122 options (Series 16) were exercised for 10,251,122 of the Company's ordinary shares for a total consideration of NIS 325 million.
- 813,522 non-tradable options, which were issued to directors, officers and employees, were exercised for NIS 813,522 of the Company's ordinary shares for a total consideration of NIS 26 million.

2.4.5 Working capital deficit

The working capital deficit as of December 31, 2025 amounted to a total of NIS 1.2 billion in the consolidated financial statements. As of December 31, 2025, the Group has a high balance of unutilized long-term credit facilities and a high balance of unencumbered assets. In view of this, the Company's Board of Directors believes that the existence of a working capital deficit does not indicate a liquidity problem.

2.5 Operating results

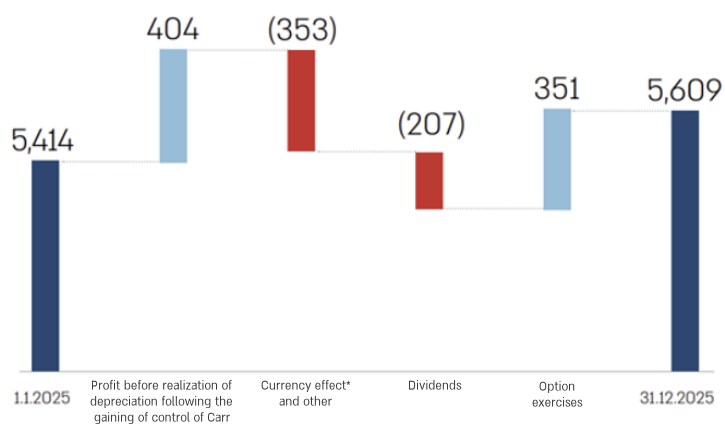
In the reporting period, the Group recorded a net profit of approx. NIS 545 million, compared to a net loss of approx. NIS 249 million in the corresponding period last year. The portion attributed to the Company's shareholders amounted to a profit of NIS 7 million in the reporting period, compared to a loss attributed to the Company's shareholders of NIS 346 million in the corresponding period last year.

This profit in the period is after the reclassification of reserves to profit and loss following the reclassification of approx. NIS 396 million from the "Realization of the translation difference reserve and other reserves due to the gaining of control in Carr" in the Statement of Income for the third quarter of 2025 (from the Company's equity items). The recognition of the above loss has no impact on the Company's equity balance.

In the reporting period, the Group recorded comprehensive income of approx. NIS 344 million, compared to a comprehensive loss of approx. NIS 118 million in the corresponding period last year. The part attributed to the Company's shareholders amounted to a loss of NIS 22 million in the reporting period, compared to a loss attributed to the Company's shareholders of NIS 443 million in the corresponding period last year.

Analysis of movements in equity attributed to Company shareholders in 2025:

Development of equity - majority share in 2025 / NIS millions



For an explanation of the operating results in the reporting period, please see Sections 2.5.1 and 2.5.2 below.

2.5.1 The following table provides a summary of operating results (in NIS thousands)

	2025	2024	2023	Q4/2025	Q3/2025	Q2/2025	Q1/2025
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Revenue and profits							
Revenue from rental fees and management of investment property	1,668,831	1,389,184	1,324,063	488,640	477,896	353,161	349,134
Fair value adjustments of investment property	385,136	607,208	(926,169)	71,845	18,201	287,865	7,225
Group share in the profits (losses) of associates, net	(40,461)	(540,178)	(1,703,997)	(97,960)	4,923	(550)	53,126
Net profits (losses) from investments in securities measured at fair value through profit and loss	(10,376)	(227,508)	(17,299)	(2,063)	(730)	2,591	(10,174)
Profit (loss) from decrease in rate of holding, from acquisition and realization of associates	116,596	23	449	(172)	116,846	(6)	(72)
Revenues from sale of electricity and green certificates	755,665	856,210	680,713	192,754	197,759	195,859	169,293
Other revenues (expenses), net	4,372	26,010	1,199	2,987	983	(176)	578
	2,879,763	2,110,949	(641,041)	656,031	815,878	838,744	569,110
Costs and expenses							
Cost of investment property rental and operation	280,555	180,460	168,894	92,714	89,881	49,171	48,789
Initiation, maintenance and operation costs of electricity-generating facilities	167,944	121,400	110,801	43,546	46,088	37,111	41,199
Depreciation and amortizations	306,617	228,141	159,963	68,437	69,105	108,768	60,307
Administrative and general	298,628	266,809	201,798	84,942	83,263	69,407	61,017
Financing expenses, net	1,041,864	987,298	791,525	202,018	361,139	283,300	195,406
	2,095,608	1,784,108	1,432,981	491,657	649,476	547,757	406,718
Profit (loss) before taxes on income	784,155	326,841	(2,074,022)	164,374	166,402	290,987	162,392
Income tax expenses (income)	(157,448)	77,635	77,816	(8,651)	(145,590)	(643)	(2,564)
Profit (loss) before the effect of the realization of reserves due to the first-time consolidation of Carr	941,603	249,206	(2,151,838)	173,025	311,992	291,630	164,956
Realization of translation difference reserve and other reserves due to the first-time consolidation of Carr	(396,451)	-	-	-	(396,451)	-	-
Net profit (loss) for the period	545,152	249,206	(2,151,838)	173,025	(84,459)	291,630	164,956
Allocation of net profit (loss) for the period:							
Share of Company shareholders	7,439	(346,199)	(2,392,409)	20,958	(214,824)	134,332	66,974
Share of non-controlling interests	537,713	595,405	240,571	152,068	130,365	157,298	97,982
	545,152	249,206	(2,151,838)	173,025	(84,459)	291,630	164,956

Comparison of 2025 operating results and 2024 operating results

Revenue from rental fees and management of investment property – amounted to NIS 1,669 million in the reporting period, compared to NIS 1,389 million in the corresponding period last year, an increase of NIS 280 million (approx. 20%).

Most of the increase of NIS 260 million is due to the first-time consolidation of Carr starting in the third quarter. In addition, the increase stems from revenue from Amot properties (approx. NIS 25 million) due to additional revenue from properties whose construction has been completed, and due to additional revenue from identical properties (among other things as a result of occupancy, price increases, and the increase in the CPI). On the other hand, there was a decrease of NIS 9 million in revenue from BE properties, mainly due to the appreciation of the NIS against the GBP.

Summary of data regarding property value adjustments in the Group -

The Company's consolidated companies:

Amot - Revaluation profits of NIS 331 million in 2025 compared to NIS 547 million in 2024.

BE - Revaluation profits of GBP 10 million in 2025 compared to GBP 12 million in 2024.

Carr - Impairment losses of USD 8 million in 2025 compared to USD 202 million in 2024.

An associate of the Company:

AH Boston - In 2025, AH Boston recorded a USD 35 million impairment loss compared to a USD 143 million impairment loss in 2024.

Fair value adjustments of investment property

In 2025, this item included investment property revaluations of Amot, BE and Carr, from the date of its first-time consolidation during the third quarter, compared to 2024, which included the results of Amot and BE.

Group share in of earnings of associates, net

In 2025, this item included equity income of Amot's associates, equity losses of AH Boston and equity income of Carr, until the date of its first-time consolidation during the third quarter, and from that date, the operating results of Carr's associates were also included, compared to 2024, which included equity income of Amot's associates and equity losses of AH Boston and Carr.

Net profit (loss) relating to investments in securities measured at fair value through profit and loss - The loss in the reporting period and in the corresponding period last year stems from the fair value adjustment of securities measured at fair value through profit or loss (mainly the Brockton funds). In 2024, the Group recorded a loss of approx. GBP 12 million (NIS 58 million) from the write-off of its entire investment in one of the Brockton Funds, as well as a loss of approx. GBP 34 million (NIS 159 million) from the write-off of the balance of a loan given to one of the Brockton Funds. The losses were recorded to "Net losses from investments in securities measured at fair value through profit and loss". The write-off was made in view of the Group's assessment that the rate and proceeds of sales of luxury apartments in the project held by the Fund are not sufficient to recover the Group's share in the project.

Revenues from the sale of electricity and green certificates - Revenues from the sale of electricity and green certificates in the reporting period amounted to NIS 756 million compared to NIS 856 million in the corresponding period last year, a decrease of NIS 100 million. The decrease is mainly due to a decrease in revenue from the sale of electricity in Poland and in the United States in the amount of approx. NIS 74 million due to low yields. A decrease in effective electricity prices and green certificate prices in Poland with an offsetting effect of disposable income in the United States of NIS 78 million and an increase of NIS 69 million from the connection of projects in the United States, Poland and Israel, a decrease of NIS 18 million, and strengthening of the NIS against the USD and PLN.

Financing expenses - Financing expenses in the reporting period amounted to NIS 1,041 million compared to NIS 987 million in the corresponding period last year, an increase of NIS 54 million. Part of the increase in the financing expenses is due to the consolidation of Carr starting in the third quarter of 2025 (NIS 100 million), which was offset from a decrease of NIS 50 million in lower index expenses during 2025.

Tax expenses - In the reporting period, the Company did not create deferred tax assets due to the fact that they are not expected to be utilized in the near future.

2.5.2 The following is information regarding the Group's comprehensive income (in NIS thousands):

	2025	2024	2023	Q4/25	Q3/25	Q2/25	Q1/25
Profit (loss) before the effect of the realization of reserves due to the first-time consolidation of Carr	941,603	249,206	(2,151,838)	173,025	311,992	291,630	164,956
Realization of reserves in Carr (2)	(396,451)	-	-	-	(396,451)	-	-
Total net profit (loss)	545,152	249,206	(2,151,838)	173,025	(84,459)	291,630	164,956
Profit (loss) from investment in Carr (1)	(180,578)	(21,344)	(65,028)	(66,648)	(36,562)	(88,883)	11,515
Realization of reserves in Carr (2)	396,451	-	-	-	396,451	-	-
Profit (loss) from investment in AH Boston (1)	(29,507)	(2,443)	(23,673)	(6,144)	(4,269)	(21,873)	2,779
Profit (loss) from investment in BE (1)	(198,473)	(52,143)	71,939	(96,662)	(105,633)	(121,426)	125,248
Profit (loss) from investment in Energix and others (3)	(193,295)	(57,840)	69,090	(35,566)	(60,537)	(156,570)	59,378
Tax effects	3,895	2,582	1,760	406	(83)	3,372	200
Other comprehensive income (loss) for the period	(201,507)	(131,188)	54,088	(204,614)	189,367	(385,380)	199,120
Total comprehensive income (loss) for the period	343,645	118,018	(2,097,750)	(31,589)	104,908	(93,750)	364,076
Allocation of comprehensive income (loss) for the period:							
Share of Company shareholders	(22,136)	(443,351)	(2,425,233)	(121,809)	39,032	(148,834)	209,475
Share of non-controlling interests	365,781	561,369	327,483	90,220	65,876	55,084	154,601
	343,645	118,018	(2,097,750)	(31,589)	104,908	(93,750)	364,076

- (1) Profit (loss) from investment in respect of foreign currency - The profit (loss) represents the increase (decrease) in the Company's investments due to changes in the NIS against the investment currencies in the reporting periods presented above. This profit (loss) is presented net of the effect of forward transactions, cross-currency swap transactions or options transactions, designated as hedges for investments. In 2025, the NIS appreciated by a rate of 12.6% against the USD and by 6.13% against the GBP. In 2024, the NIS depreciated by 0.5% against the USD and appreciated by 1% against the GBP.
- (2) Due to the gaining of control, and the first-time consolidation of Carr's statements as stated, and in accordance with the requirements of IFRS 3, the Company's holding in Carr was measured at fair value on the date of gaining control. Following the above, the translation difference reserve from foreign operations and cash flow hedge funds for exposure to variable interest to profit or loss accumulated in the Company's statements in relation to the investment in Carr, at a negative amount of approx. NIS 396 million, were reclassified to "Realization of the translation difference reserve and other reserves due to the gaining of control in Carr" in the Statement of Income for the third quarter of 2025 (from the Company's equity items). The recognition of the above loss has no impact on the Company's equity balance.
- (3) The loss in the reporting period is mainly due to the effect of exchange rates (net of hedging) at Energix due to the appreciation of the NIS against the USD, which was offset by electricity price fixing transactions in the United States.

2.6 Cash flows

	2025	2024	2023
	NIS millions		
Total cash provided by operating activities	948	1,064	1,121
<u>Cash flows used in investing activities</u>			
Investment in investment property and fixed assets	(1,240)	(864)	(656)
Proceeds from the realization of investment property, net	187	334	-
Investment in electricity-generating systems	(2,434)	(1,429)	(2,279)
Investment in Boston properties	(77)	(124)	(51)
Acquisition of Carr	(186)	-	-
Proceeds from repaid hedging transactions	6	(388)	(549)
Investment in Brockton Funds, net	-	(69)	-
Repayment (provision) of loans, net	(3)	(24)	(61)
Net decrease (increase) in deposits (including encumbered deposits) and realization of tradable securities	(43)	636	(187)
Other	(24)	-	-
Total cash used in investing activities	(3,814)	(1,929)	(3,783)
<u>Cash flows provided by financing activities</u>			
Receipt of loans (long-term loans and utilization of short-term bank credit)	3,840	2,056	3,386
Proceeds from the issuance of bonds	1,924	555	1,972
Repayment of liabilities (long-term loans, bonds and repayment of short-term credit)	(2,463)	(2,827)	(1,801)
Capital raised by the Company	351	1,004	-
Proceeds from the issue of shares and options to non-controlling interests	696	92	220
Acquisition of shares from non-controlling interests	-	(59)	(24)
Payment of dividends to Company shareholders and to non-controlling interests in consolidated companies	(645)	(611)	(695)
Total cash provided by financing activities	3,703	210	3,099
Total increase in cash balances in the period	837	(655)	437
<u>Other influences</u>	(97)	5	36
Cash and cash equivalents and designated deposit balance at end of period	2,291	1,552	2,201
Less designated deposit	(202)	(28)	(3)
Cash and cash equivalents at end of period	2,089	1,524	2,198

2.7 Equity

2.7.1 Equity per share

	As of December 31 2025	As of December 31 2024
	NIS millions	NIS millions
Equity	13,089	11,633
Less non-controlling interests	(7,480)	(6,219)
Equity attributed to Company shareholders	5,609	5,414
NAV per share	24.81	25.18
NNAV per share	29.02	29.65

2.7.2 Explanation of changes in equity

During the reporting period, the capital attributed to the Company's shareholders increased by NIS 200 million. The main changes are as follows:

- A profit attributed to Company shareholders in the amount of NIS 7 million – please see additional information in Section 2.5.2 above.
- Other comprehensive loss attributable to Company shareholders in the amount of NIS 22 million – please see additional information in Section 2.5.3 above.
- A reduction in capital due to dividends paid in the amount of NIS 207 million.
- Issuance of shares and options in the amount of NIS 351 million.
- Profit from capital reserve for changes in holding in the amount of NIS 69 million.

2.7.3 Effects of exchange rate changes on the Company's equity

Composition of the excess assets over liabilities based on the Company's statements (expanded solo) by currency as of December 31, 2025 (in NIS millions):

As of December 31, 2025	Assets	Liabilities	Assets, net	%
USD	1,972	(930)	1,042	19%
GBP	3,228	(1,456)	1,772	32%
Other	-	(2)	(2)	0%
Excess assets over liabilities in foreign currency	5,200	(2,388)	2,812	50%
Excess assets over liabilities in NIS	6,645	(3,848)	2,797	50%
Equity as of December 31, 2025	11,845	(6,236)	5,609	100%

The Company's exposure to foreign currency as of the date of this report is approx. NIS 2.4 billion (net exposure of approx. USD 291 million and approx. GBP 340 million).

2.7.4 Dividends²²

In March 2026, the Company's Board of Directors adopted a resolution regarding the dividend policy for 2026, according to which the Company intends to pay a dividend during 2026 in a total amount of NIS 1.00 per share, to be paid in 4 quarterly installments of NIS 0.25 each quarter (subject to a specific resolution of the Board of Directors at the end of each quarter, taking business considerations into account and in accordance with the provisions of any law).

For information regarding dividends distributed by the Company in 2025, please see Note 17d to the financial statements.

2.8 Remuneration of senior employees

On December 31, 2024, the General Meeting approved a remuneration policy for Company officers for the years 2025 - 2027 in effect from January 1, 2025 (hereinafter - the **"remuneration policy"**).

The Audit and Remuneration Committee and the Board of Directors at their meetings of March 10, 2026 and March 17, 2026, respectively, discussed and determined the annual bonus for the VPs in respect of 2025 according to the remuneration policy, and the economic value of the capital bonus to be granted to each of the VPs in 2026. The Audit and Remuneration Committee and the Board of Directors examined, with respect to each VP separately, all the criteria determined in the remuneration policy, and stated, among other things, that:

- (a) The bonuses offered are for the benefit of the Company in the long term.
- (b) The total remuneration of each one of the VPs, including the remuneration of the VP of Business Development and the CFO, including the variable components, according to Regulation 21 of the Securities Regulations (Periodic and Immediate Reports), is in accordance with the remuneration policy and constitutes a fair consideration for the contribution of each VP to the Company's operations and its results.
- (c) They do not believe that the bonuses detailed above will have an effect on employment relationships in the Company.

Remuneration of the Company CEO -

On October 6, 2021, the General Meeting approved a management agreement with a company owned by Mr. Nathan Hetz, the Company CEO, in accordance with the old remuneration policy, for a period of three years effective January 1, 2022. On November 18, 2024, the Company's Board of Directors decided to extend the management agreement with the Company's CEO for an additional 3 years, until December 31, 2027. For additional information, please see Note 19a to the financial statements and an immediate report published by the Company on November 19, 2024 (Ref: 2024-01-616687). For the financial statements and an immediate report published by the Company on November 19, 2024 (Ref: 2024-01-616687).

Remuneration of the Chairman of the Company's Board of Directors -

On December 31, 2024, the General Meeting approved a management agreement with the Chairman of the Board of Directors effective January 1, 2025, and for as long as he serves as Chairman of the Company's Board of Directors. For additional information, please see Note 19b to the financial statements.

Remuneration of officers -

Regarding the terms of office and employment of the senior executives in the Company and/or in companies under its control (of which 3 are officers of the Company itself), please see Regulation 21 in the Additional Information on the Corporation. Regarding the granting of options to officers and employees of the Company, see Note 17e to the financial statements. Regarding the granting of options to directors, please see Note 19c(2) to the financial statements.

²² The Company's bonds include certain restrictions on dividend distribution, in the following cases:

The Company will declare a distribution in an amount exceeding the permitted amount at a time when the Company's equity, including as a result of the distribution, will be lower than an amount in NIS equal to NIS 2.6 billion.

The term "permitted amount" means FFO plus profit from the sale of assets and minus dividends that have been declared, all from the beginning of the calendar year in aggregate. It should be clarified that to the extent that the Company has not distributed the full permitted amount in a particular calendar year, the balance of that amount will be carried forward to subsequent years.

The term "profit from the sale of assets" means the excess of the proceeds (if any), in excess of the historical cost of the assets that have been sold.

The term "distribution" as defined in the Companies Law, as well as the purchase of shares of the Company by the Company and/or a company wholly owned by the Company.

The Company will declare a distribution that would result in the reduction of equity below NIS 2.2 billion.

A distribution by the Company would result in a breach of one or more of the Company's material liabilities according to the Company's trust deeds and bonds.

3. Sustainability and social responsibility - Environmental risk management, environmental responsibility and the environmental impact on the group's activities (ESG)

In June 2023, the Company published its first ESG Report²³ ("**First ESG Report**"), which reviewed the Group's extensive activities, in the territories in which it operates, in relation to environment, society and corporate governance, in 2021 and 2022.

In the first ESG Report, the Company presented its activities based on the recognition that proper management of environmental risks may yield a business advantage from which it, will benefit, as well as its employees and customers, and increase the trust of the community.

In 2025, the Group continued to work to integrate environmental considerations into the business and management decision-making system of the Group companies.

The Group intends to continue to operate, out of a commitment to environmental and social responsibility, while integrating environmental considerations and environmental risk management into the business and managerial decision-making system of the Group companies, in order to benefit the environment, society and community in which the Group operates.

Corporate governance -

The Group conducts itself in accordance with procedures and high standards of corporate governance, strict ethical standards in the business conduct and supports a high level of transparency. Among the Group's core values: fair business conduct, managers' responsibility for their employees, maintaining individual confidentiality and privacy, safeguarding employees' rights and family values.

The Company has an ethical code that presents the above core values, and its policy on social, environmental and community issues, which is published on the Company's website.

It should be noted that as of December 31, 2025, and as of the date of publication of this report, 5 of the 9 directors who serve on the Company's Board of Directors are independent directors (including three external directors).

Social responsibility -

The Group considers itself as an integral part of the community in which it operates and with this in mind, the Group supports many charities, which share its values, such as: reducing inequality, helping and promoting young people, organizations and initiatives related to health and child education and more. The following are several examples of the Group's activities in this area:

- **Contribution to the community** - During 2025, the Group in Israel made contributions in the amount of approx. NIS 6.5 million.
- **Volunteering** - The Group companies encourage their employees to contribute to the community by volunteering and initiate organized volunteering days for employees who are interested. The Group's employees volunteer, among other things, in the education of Beduin youth, in agriculture, protection of agricultural fields, preparation of food packages, the Israel Police and more.
- **Environmental development** - The group works to develop ancillary facilities in its various projects for the benefit of its customers and the public, such as: open and shaded gardens (by building tall buildings and clearing the land resource for the public), ornamental pools, green roofs, some of which are open to the general public, conference halls, restaurants and cafes.
- **Capital remuneration** - The Company considers the great importance of its employees identifying with its goals and accordingly, the Company employees enjoy capital remuneration. Each year, the Company allocates, without consideration, non-tradable options that can be exercised for the Company's shares, from a long-term perspective.

²³ For the first ESG Report, please see the following link: [nlt ESG](#).

4. Discussion of market risks

4.1 Description of market risk to which the Group is exposed:

The Group's business results and the value of its properties are affected by the following risk factors:

- For information regarding the possible impact of the economic environment and geopolitical events on the Company's activities, please see Section 6 - "General Environment and Influence of External Factors - General" in Chapter A of the report on the Description of the Corporation's Business.
- The Group's revenue from income-generating property is affected, among other things, by the growth rate in the territories in which the Group operates, which is expressed in demand for income-generating property and, as a result, affects rental prices and the value of income-generating property.
- Amot, Carr and BE operate in the income-generating property market in Israel, the US and in the UK (respectively) and are exposed to risks including: economic slowdown, decline in demand for rental space (including implications of a transition to a hybrid work model), decrease in rental prices, excess speculative construction, an increase in the cost of raising capital, an impairment of the strength of major tenants and an increase in the prices of construction inputs, including delays in the supply chain to projects in development.
- The Company's operations in Israel are exposed to changes in inflation rates in Israel, as some of the Company's and Amot's financial liabilities (loans and bonds) and Amot's income from rent and management fees are linked to the CPI. On the one hand, an increase in inflation will cause an increase in financing expenses and in liabilities. On the other hand, at the same time, an increase in revenue and a possible positive revaluation of the Company's assets will be recorded, which may reduce the negative impact on results. In addition, changes in the CPI have an impact on current tax expenses: an increase in the CPI increases financing expenses and reduces tax provisions, and vice versa.
- The volatility of the stock market in which the shares of some of the Group's companies are traded (the TASE) may have an effect on the ability to realize them and on their future value, if and when the Group seeks to realize these investments as well as on the financial covenants related to the value of collateral connected with the loans taken by the Group.
- The Group is dependent on the capital market and the banking system from which it raises capital and debt. The Group's activity in the capital market is subject to fluctuations due to the influence of macroeconomic factors in Israel and abroad and regulatory changes on which the Group has no influence. These fluctuations affect the rates of securities traded on the stock exchange, the amount of the credit sources provided by the banking system and the extent of the public's activity in the capital market. These fluctuations may affect the Group and the options it will have at its disposal for raising the financing sources that will be needed to continue its operations.
Decreases in share prices and/or in the value of income-generating property may, among other things, have an adverse affect on the compliance with financial ratios, lead to an increase in financing prices, difficulty in obtaining financing sources and difficulty in the recycling of existing loans.
- The Company has CPH-linked NIS financing sources (mainly bonds). As a result, the Group is exposed to changes in the CPI. As of December 31, 2025, the Company's net exposure (expanded solo) to the CPI amounted to NIS 1.2 billion (excess liabilities over assets). Because the Company considers its investment in Amot, and part of its investment in Energix (the CPI-linked part), as CPI-linked investments from an economic perspective (for the long term), the Company has excess assets over CPI-linked liabilities in the amount of NIS 3.9 billion as of December 31, 2025.
- The Group is exposed to changes in the short-term and long-term interest rates in the markets in which it operates, which have an impact on the Group's financing expenses, on the Company's and Group companies' liabilities, including loans, derivative transactions and the value of investment property. An increase in financing costs could harm the economic viability for the establishment of projects in initiation (mainly through Energix) and jeopardize their very establishment.
- The Group has investments and sources of financing denominated in foreign currency. Therefore, the Group is exposed to changes in the exchange rates of these currencies against the NIS.
- The Group, through Energix, is exposed to the risk of a decrease in the price of electricity and green certificates and/or a decrease in the demand for them, and is exposed to fluctuation in electricity prices on the Polish Electricity Exchange and electricity prices in the US until the date of engagement in an electricity sales agreement.
- The Group's revenues from the sale of electricity and the construction schedules for projects in this area exposed to changes that may occur in the Israeli, American, Polish and Lithuanian regulatory environments, among other things, regarding tariffs set for the sale of electricity, to the various conditions Energix must meet in order to receive the licenses, permits and approvals for the construction of renewable energy facilities, the regulatory conditions in Poland, changes in the Polish Renewable Energy Law and changes in the American tax regime, such as a reduction in the tax benefits granted to photovoltaic facilities that integrate storage technology and to storage facilities.
- The Group's revenue from the sale of electricity are significantly affected by weather conditions. At wind farms, revenues are affected by the strength and amount of the wind and photovoltaic systems are affected by the intensity of solar radiation (radiation level and hours of radiation), temperature conditions and other climatic parameters. In addition, extreme weather conditions can also lead to delays in project construction or in extreme cases, to the temporary shutdown of electricity-generation systems. In addition, weather conditions may also have an impact on electricity prices, and accordingly on Energix's revenues in markets where there is market exposure to electricity prices.

- The Group's revenue from the sale of electricity is affected by a tax incentive scheme that enables a benefit that reduces the construction cost of projects and is provided at the time of connection to the electricity grid. The loss of tax benefits in a significant amount may result in a breach of contract with a tax partner and an obligation to compensate the partner with the tax liability. Such loss of benefits may impair Energix's cash flow of energy and the return it actually receives.

4.2 The extent of the impact of market risks on the Group's business activity:

	Degree of risk factor's impact on the company's activity	
	High	Moderate
Macro-economic risk factors:		
Interest risks	X	
Changes in exchange rates	X	
Lack of growth	X	
Changes in the value of tradable securities	X	
Regulatory changes in banking, capital markets and taxation	X	
Changes in credit provision policy	X	
Change in employment rate	X	
Changes in inflation rates		X
Industry risk factors:		
Change in the demand for rental space	X	
Changes in rental prices	X	
Excess speculative construction	X	
Increase in capital and debt raising cost	X	
Financial strength of tenants		X
Failure to obtain licenses, quotas, planning approvals, and building permits		X
Lack of available land		X
Increase in construction input costs, delays in the supply chain for projects in initiation		X
Changes in electricity prices and in the price of green certificates in target countries		X
Changes in the regulatory environment in which Energix operates		X
Compliance with the conditions required for receiving tax benefits in the US		X
Market risk		
Cyber risks (please see Section 4.3 below)		X
Weather conditions, seasonality and climate change		X
Geopolitical risks including security risks		X
Environmental risks (please see ESG Report published by the Company)		X

For information regarding interest, inflation and currency exposure risks, see Note 23 to the financial statements.

4.3 Cyber risk

The Company has various information systems for which it estimates that the amount of damage that could be caused to it as a result of a cyber attack is not high. Nevertheless, from time to time the Company is assisted by information security consultants, and implements tools and systems aimed at protecting against cyber threats, loss of information, the risk of information hijacking and destruction by malicious parties, and works to back up information and the ability to recover quickly in the event of a cyber event.

During the reporting period, the Company continued to strengthen the resilience of its information security system in order to reduce the risk of hostile elements infiltrating its internal information systems and computer network. At the same time, it should be clarified that there can be no certainty regarding the Company's ability to completely prevent cyber events.

The Company's cyber risk management policy is managed by the Information Systems Manager, reporting to the Company's VP Finance. As part of the Company's cyber risk management policy, the Company periodically conducts a comprehensive cyber risk survey, on the basis of which a plan is built to reduce exposures, procedures are updated, and additional protection tools are implemented as needed. The Company conducts ongoing activities to raise employee awareness of the latest cyber risks. It should be noted that the Company does not have any officers and/or board members with cyber expertise.

During 2025 and until the date of the report, no cyber incident occurred and no high-risk cyber problems or high-impact cyber issues were found in the Company's operations.

The Group companies -

Income-generating property - The Group companies operating in the income-generating property sector have various databases that contain both confidential and personal information in relation to their customers. They also use computer systems for the ongoing management and operation of the properties. Failure and/or an information security event in relation to the systems used by the Group companies and in which such information is stored, may affect their ongoing activities, their customers, the provision of the services provided by them and their reputation. However, the Group estimates that the extent of the damage that may be caused to it by a cyber attack is not high.

Renewable energy - Energix, a renewable energy company, has operational systems (OT) and organizational information systems (IT). Any damage to Energix's OT systems may expose it to delays and disruptions in the supply of electricity generated at its facilities and/or cause damage to the information in its possession and/or damage its reputation. Energix has procedures for dealing with cyber risks, including an incident response procedure that includes a first-responder team.

Each of the Group companies works according to policy and procedures to secure the information accumulated in their systems and, for that purpose, is assisted by information security consultants, who operate in accordance with instructions and under the supervision of the relevant company's Information Systems Manager. The Group companies work to implement technological and organizational measures, including work procedures, to secure information from unauthorized discovery and/or use and/or loss of information, including dealing with cyber attacks and recovery in the event of an attack. However, there is no certainty regarding the Group companies' ability to completely prevent cyber attacks.

During 2025 and until the date of the report, no cyber incidents occurred in the Group companies and no high-risk or high-impact cyber issues were found in the Group companies.²⁴

The risks mentioned in Section 4 above are the risks that, according to the Company management's estimates, may have a specific impact on the Company due to the nature and scope of its activities. It should be noted that other risks that are not necessarily specific to a company of this type may have an influence on the Company, including risks of war, hostilities, regulation risks, changes in fiscal policy, economic crises and geopolitical crises in countries in which the Group operates.

²⁴ With the exception of 3 low-risk cyber events that occurred during 2025, which had no business impact on Energix.

5. Corporate governance aspects

5.1 The Company Board of Directors; Board members with accounting and financial expertise

As of the date of publication of this report, the Company's Board of Directors has 9 directors: The Company's Board of Directors determined that considering the international activities of the Group, and the Company as a holding company, it is desirable that at least four Company directors have accounting and financial expertise ("the **minimum number**"). This was determined in view of the Company's managerial and financial complexity, its diverse areas of activity and the markets in which it operates, the amounts of its financial assets and liabilities, and the need to maintain adequate control over financial reporting and internal audit procedures. In the opinion of the Board of Directors, the minimum number constitutes an additional layer that strengthens the fulfillment of its duties and responsibilities under the law.

As of December 31, 2025 and as of the date of publication of this report, 8 of the members of the Board of Directors have accounting and financial expertise – Mr. Aviram Wertheim, Mr. Nathan Hetz, Prof. Zvi Eckstein, Mr. Ilan Gifman, Dr. Samer Haj-Yehia, Ms. Batsheva Moshe, Ms. Roni Patishi-Chillim and Mr. Shlomi Shuv.

For information regarding the qualifications, education and experience of the above directors, based on which the Company considers them to have accounting and financial expertise, please see Regulation 26 of the Additional Information Chapter on the Corporation.

During 2025, 7 meetings of the Company's Board of Directors were held, with the average attendance of members of the Board of Directors at 98%, as follows:

Name of Director	Attendance rate at Board meetings	Attendance rate at Audit Committee meetings	Attendance rate at Financial Statements Review Committee meetings	Attendance rate at Remuneration Committee meetings
Aviram Wertheim	100%	N/R	N/R	N/R
Nathan Hetz	100%	N/R	N/R	N/R
Zvi Eckstein	86%	100%	100%	100%
Rony Patishi-Chillim	100%	100%	100%	100%
Shlomi Shuv	100%	100%	100%	100%
Adva Sharvit	100%	N/R	N/R	N/R
Ilan Gifman	100%	N/R	100%	N/R
Batsheva Moshe	100%	N/R	N/R	N/R
Samer Haj-Yehia	100%	100%	N/R	100%

During the reporting year, the Company's Board of Directors held a discussion on the management of the corporation's business by the CEO and his subordinate officers, without their presence.

5.2 Independent Directors²⁵

As of the date of publication of this report, the Company has not adopted the provision in the First Addendum to the Companies Law regarding the rate of independent directors, according to which, among other things, a publicly-owned company that does not have a controlling shareholder or the holder of a controlling block may establish instructions in its articles of association stating that a majority of the members of its Board of Directors must be independent directors.

In this regard, **"independent director"** means a director who meets qualification requirements for the appointment of an independent director set in Section 240 (b) through (f) of the Companies Law, who has been approved by the Audit Committee, and who has not served as a Company director for over nine consecutive years, and in this regard a gap in their service of no longer than two years will not be seen as ending the continuity of their service.

5 members of the Board of Directors (3 of which are external directors) are independent directors.

5.3 The Company's accountant - for information regarding the Company's accountant, please see Appendix D.

5.4 The Company's internal auditor - for information regarding the Company's internal auditor, please see Appendix C.

5.5 Internal enforcement plan

In May 2012 for the first time, the Company adopted an internal enforcement plan regarding securities, which was updated from time to time and most recently in August 2024, following a compliance survey. The Company's enforcement plan was prepared and is updated and implemented in accordance with the criteria for an effective enforcement plan, which were published by the Securities Authority on August 15, 2011.

5.6 Charitable Donations

According to the Company's policy on donations, each of the Group's public companies²⁶ (the Company, Amot Investments Ltd. and Energix Renewable Energies Ltd.) will contribute between 0.3% and up to 0.6% of its FFO (or another similar measure it has published) to the community, mainly for activities involving support, education and assistance to youth in need.

As part of this policy, during 2025 the Group contributed a total of approx. NIS 6.5 million to non-profits and organizations with the aforementioned goals (2024: NIS 5.4 million; 2023: NIS 8 million).

To the best of the Company's knowledge, and according to a review conducted, the relationships between entities to whom the amount of contributions in 2025 exceeded NIS 50 thousand, and the Company and/or a Director and/or the CEO, are as follows:

1. During 2025, the Group donated NIS 100 thousand to the Hetz Vamatara Association. The Hetz Vamatara Association is an association founded by the daughters of Mr. Nathan Hetz, a Company director and CEO, in which Ms. Adva Sharvit, a Company director, serves as CEO on a volunteer basis. The Association operates a bicycle riding center for at-risk children and youths.
2. The Lasova Association, to which the Company has donated for over 20 years, in order to maintain three youth homes (Hetz-Kadima)²⁷, and the Society for the Advancement of Education in Tel Aviv-Yafo²⁸, both of which sent groups of at-risk youths to activities at the Hetz Vamatara Association for a payment of 35% of the cost of the activity.
3. During 2025, the Group donated NIS 180 thousand to the Ofanim Association. Ms. Batsheva Moshe serves on the association's executive committee as a volunteer.

5.7 Communication with analysts, journalists and capital market professionals

The Company's management has adopted principles for regulating its communication with analysts, capital market professionals and journalists (**"contact persons"**), recognizing the importance of providing relevant information on the one hand and complying with the provisions of the law on the other. The following is a summary of these principles, which are an integral part of the Company's administrative enforcement plan:

- Communication with contact persons will only be held through an officer appointed by the Company (**"the representative"**).
- The representative will not communicate with contact persons during the dark periods.
- In this regard, "dark periods" mean the periods of darkness resulting from the forming of draft financial statements by the Company, i.e. a period of 30 calendar days before an annual report and 20 calendar days before a periodic report.
- Non-public information that is not required to be reported by law and/or information that has not yet been reported on the basis of a lawful delay of information that is required to be reported - there will be no discussion with contact persons.

25. In the reporting year, an examination was conducted with the external directors and the independent directors, and they were found to be in compliance with the provisions of Section 240(b) and (f) of the Companies Law regarding the absence of affiliation and that they comply with the conditions required for serving as an external/independent director, as relevant.

26 Subject to the donation policy of these companies, as it may be from time to time.

27 The Company donated NIS 480 thousand to the Lasova Association in 2025.

28. The Group donated NIS 260 thousand in 2025 to the Society for the Advancement of Education in Tel Aviv-Yafo.

6. Events subsequent to the balance sheet date

Regarding events subsequent to the balance sheet date, see Note 26 to the financial statements.

7. Special Disclosure for Bondholders

For information regarding bonds issued by the Company and regarding the rating reports, please see Appendix E below.

The Company's Board of Directors would like to thank the holders of Company securities for the confidence they have shown in the Company.

Nathan Hetz

Director and CEO

Aviram Wertheim

Chairman of the Board
of Directors

Appendices to the Board of Directors' Report on the State of Corporate Affairs

Appendix A – Financial Information, Expanded Solo

Appendix B – Balance Sheet of Linkage Bases for Monetary Balances

Appendix C – Information regarding the Company's Internal Auditor

Appendix D – Information regarding the Company's Accountant

Appendix E – Information regarding Bonds Issued by the Company

Appendix F – Information regarding a material asset, in accordance with the proposed amendment to the Securities Regulations to establish "Disclosure Guidance regarding Investment Property Activities" from December 2023.

Appendix G – Separate Financial Statement of the Corporation in accordance with Regulation 9C and Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970

Appendix H – FFO Adjusted to the Company's Liabilities

Appendix A – Financial Information, Expanded Solo

1. Financial Statements – Expanded Solo

The Company's expanded solo financial statements are the Company's condensed financial statements presented in accordance with IFRS principles, except for the investments in Amot, Energix, Carr and in Brockton Everlast, which are presented on an equity basis instead of consolidating their financial statements with those of the Company (all other investments are presented unchanged from the statements presented in accordance with IFRS principles). These Statements do not constitute separate financial statements as defined in International Accounting Standard IAS 27, and are not part of the information whose publishing is required in accordance with the securities laws. Nevertheless, the Company's management believes that analysts, investors, shareholders and bondholders may obtain valuable information from the presentation of this data.

1.1 Condensed expanded solo balance sheet (NIS thousands):

	As of December 31 2025 NIS thousands	As of December 31 2024 NIS thousands
Current assets		
Cash and cash equivalents	374,672	641,761
Other accounts receivable	89,232	38,533
Total current assets	463,904	680,294
Non-current assets		
Securities measured at fair value through profit and loss	195,843	218,459
Investments in investees	11,138,807	10,415,263
Miscellaneous	46,447	15,534
Total non-current assets	11,381,097	10,649,256
Total assets	11,845,001	11,329,550
Current liabilities		
Short-term credit and current maturities of long-term liabilities	363,689	378,454
Other accounts payable	187,311	295,661
Total current liabilities	551,000	674,115
Non-current liabilities		
Bonds and long-term loans	5,660,513	5,180,764
Deferred taxes	-	11,541
Miscellaneous	24,635	49,554
Total non-current liabilities	5,685,148	5,241,859
Equity	5,608,853	5,413,576
Total liabilities and equity	11,845,001	11,329,550

1.2 Condensed Expanded Solo Statements of Income (NIS thousands):

	2025	2024	2023
Revenue			
Group share in the profits (losses) of investees, net	588,958	(13,211)	(2,163,614)
Profit from acquisition of Carr and change in rate of holding	116,596	23	449
Losses relating to investments in long-term securities held for sale	(14,299)	(11,443)	(10,289)
Other revenues, net	22,380	22,296	21,136
	713,635	(2,335)	(2,152,318)
Expenses			
Administrative and general	39,067	39,136	32,138
Financing expenses, net	254,467	271,169	230,861
	293,534	310,305	262,999
Profit (loss) before the effect of the realization of reserves due to the first-time consolidation of Carr	420,101	(312,640)	(2,415,317)
Income tax expenses (income)	16,206	33,559	(22,908)
Net profit (loss) for the period	403,895	(346,199)	(2,392,409)
Realization of translation difference reserve and other reserves due to the first-time consolidation of Carr			
	(396,451)	-	-
Net profit (loss) for the period	7,443	(346,199)	(2,392,409)

	2025	2024	2023
Group share in the profits (losses) of investees, net			
Group share in Amot's equity income	394,708	468,064	371,116
Group share in Energix's equity income	125,340	169,761	130,138
Group share in Carr's equity profits (losses)	44,002	(263,716)	(1,383,740)
Group share in AH Boston's equity losses	(67,188)	(277,752)	(284,180)
Group share in the profits (losses) of Brockton	93,425	(104,164)	(993,819)
Other	(1,329)	(5,404)	(3,129)
Total profits (losses) of investees (*)	588,958	(13,211)	(2,163,614)
(*) Including investment property revaluations	88,675	(328,403)	(2,613,171)

1.3 Cash flow from the Company's operating activities - expanded solo (NIS thousands):

	2025	2024	2023
Revenue from dividends (*)	660,953	674,861	671,229
Management fees - investees	22,377	22,351	21,136
Financing expenses, net	(164,599)	(188,800)	(175,439)
Administrative and general	(33,177)	(32,863)	(31,914)
Current taxes	(9,633)	(20,637)	(18,977)
Total cash flow from the Company's operating activities	475,921	454,912	466,035
Cash flow from the Company's financing activities per share	2.21	2.38	2.59

(*) Including a DRIP plan in Carr in the amount of NIS 156 million, NIS 118 million and NIS 117 million for the years 2025, 2024 and 2023, respectively. For information regarding dividend income, please see Section 2.3.9 above.

3. The Company's liabilities (expanded solo) maturing after December 31, 2025:

	Bonds	Bank loans	Total	
	NIS thousands	NIS thousands	NIS thousands	%
Current maturities	355,919	7,770	363,689	6
Second year	355,919	-	355,919	6
Third year	994,079	-	994,079	16
Fourth year	994,079	-	994,079	16
Fifth year	717,118	-	717,118	12
Sixth year onward	2,825,700	-	2,825,700	45
Total repayments	6,242,814	7,770	6,250,584	100
Miscellaneous			(81,564)	
Balance of liabilities related to financial derivative transactions			(79,694)	
Total financial debt (taking into account the value of financial derivative transactions)			6,089,326	

For information regarding the Company's total financial debt (expanded solo) as of December 31, 2025, please see Section 2.4.3 above.

Appendix B – Balance Sheet of Linkage Bases for Monetary Balances

As of December 31, 2025, in NIS thousands	In NIS Unlinked NIS	In NIS CPI-Linked	In USD USA	In GBP	Other	Total	Adjustments - Non-monetary items	Total
Current assets								
Cash and cash equivalents	364,652	-	9,275	714	31	374,672	-	374,672
Other accounts receivable	70,299	-	178	-	-	70,477	18,755	89,232
Total current assets	434,951	-	9,453	714	31	445,149	18,755	463,904
Non-current assets								
Securities measured at fair value through profit and loss	4	-	-	195,839	-	195,843	-	195,843
Investments in associates	-	-	-	-	-	-	11,138,807	11,138,807
Miscellaneous	44,995	-	-	-	-	44,995	1,452	46,447
Total non-current assets	44,999	-	-	195,839	-	240,838	11,140,259	11,381,097
Total assets	479,950	-	9,453	196,553	31	685,987	11,159,014	11,845,001
Current liabilities								
Short-term credit and current maturities of long-term liabilities	363,689	-	-	-	-	363,689	-	363,689
Other payables	136,252	36,502	-	-	-	172,754	14,557	187,311
Total current liabilities	499,941	36,502	-	-	-	536,443	14,557	551,000
Non-current liabilities								
Bonds and long-term loans	4,470,415	1,190,098	-	-	-	5,660,513	-	5,660,513
Deferred tax liabilities	-	-	-	-	-	-	-	-
Miscellaneous	23,674	-	798	-	-	24,472	163	24,635
Total non-current liabilities	4,494,089	1,190,098	798	-	-	5,684,985	163	5,685,148
Total liabilities	4,994,030	1,226,600	798	-	-	6,221,428	14,720	6,236,148
Excess assets over liabilities (liabilities over assets)	(4,514,080)	(1,226,600)	8,655	196,553	31	(5,535,441)	11,144,294	5,608,853
Financial derivatives	2,136,586	250,000	(929,333)	(1,457,253)	-	-	-	-
Excess financial assets over financial liabilities (financial liabilities over financial assets)	(2,377,494)	(976,600)	(920,678)	(1,260,700)	31	(5,535,441)	11,144,294	5,608,853
Distribution of non-monetary assets (liabilities), net - by linkage basis	1,242,852	4,908,339	1,962,592	3,032,616	(2,105)	11,144,294	(11,144,294)	-
Excess assets over liabilities (liabilities over assets)	(1,134,642)	3,931,739	1,041,914	1,771,916	(2,074)	5,608,853	-	5,608,853

Appendix C – Information regarding the Company's Internal Auditor

Auditor's name: Yisrael Gewirtz of Fahn Kanne Control Management Ltd.

Start of term in office: May 23, 2017.

Appointment: The appointment of the current internal auditor (who is an internal auditor from the same firm as the Company's previous internal auditor) was approved by the Audit Committee at its May 16, 2017 meeting and by the Company's Board of Directors at its May 23, 2017 meeting. The firm of Fahn Kanne Control Management Ltd. was selected (at the August 18, 2010 meeting of the Board of Directors) from a number of candidates whose candidacy was examined by the Audit Committee, while assigning a great deal of significance to the fact that Fahn Kanne Control Management Ltd. is a reputable and experienced company with a large number of employees with expertise in internal audits.

Auditor's qualifications: The Auditor has a degree in Accounting and Economics from Bar Ilan University and certification in Risk Management Assurance (CRMA). The Auditor is a CPA and a CIA (Certified Internal Auditor).

The auditor provides internal auditor services as an external entity through Fahn Kanne Control Management Ltd. The above company, which is a subsidiary of Fahn Kanne & Co. (Grant Thornton Israel), is a company engaged in control and auditing services for over 30 years, which employs approx. 100 dedicated employees: accountants, internal auditors (CIA), information systems auditors (CISA) and embezzlement auditors (CFE).

Scope of employment: In 2025, the internal auditor invested 310 hours in the audit work he carried out in the Company. The internal auditor serves as the internal auditor at the consolidated company Energix – Renewable Energies Ltd., where he is directed by the Energix Audit Committee, while Amot Investments Ltd. has a separate internal auditor directed by the Amot Investments Ltd. Audit Committee.

Audit plan and audit reports submitted and discussed in the reporting period:

In recent years, the internal auditor's audit plan is an annual plan, and is derived from a multi-year plan.

The annual audit plan is approved by the Audit Committee after discussion of the Auditor's proposal. The annual planning of audit tasks, setting of priorities and audit frequency are affected by the following factors:

The exposure to risk of activities and operations, the probability of the existence of managerial and administrative deficiencies, findings from previous audits, subjects in which audits are required by administrating bodies, legally mandated subjects, according to internal or external procedural directives and the need for maintaining recurring cycles.

The work plan is received and approved by the Audit Committee at the end of each year for the following year or at the beginning of each year for the current year.

On November 16, 2022, the Audit Committee approved a multi-year work plan for the years 2023-2026, subject to a new risk survey (which was carried out). At its meeting on November 23, 2025, the Audit Committee approved the work plan for 2026 (within the framework of the three-year work plan), which includes the following topics: (a) Making further investments in investees in 2024-2025; (b) Financing and cash flow; (c) Bank accounts and current investments; (d) Information systems - backups, restorations, disaster recovery and business continuity.

The internal auditor may not deviate from the work plan determined, at his sole discretion.

In the period from January 1, 2025 until the publication of this report, the following internal auditor reports were submitted in writing to the Company and the Audit Committee and discussed:

Subject of the report	Date of submission in writing to the Company	Date of discussion in Audit Committee	Work hours dedicated	The report refers to the Company's activity / the report refers to the activity of investees outside of Israel
Employee options (capital remuneration)	May 2025	May 14, 2025	70	The Company's activity in Israel
General procurement	June 2025	July 29, 2025	80	The Company's activity in Israel
Control over public investees - Amot	October 2025	November 23, 2025	70	The Company's activity in Israel
Information systems - information and cyber security	August 2025	November 23, 2025	90	The Company's activity in Israel

Significant corporate holdings – the audit plan addresses the management of the Company's holdings in corporations that constitute significant holdings controlled by the Company. It should be noted that the consolidated subsidiaries, Amot Investments Ltd. and Energix Renewable Energy Ltd., have an independent internal audit system. Nevertheless, the Company's audit system also examines the adequacy of the audit systems in these companies.

Professional standards – The internal auditor is in compliance with all conditions determined in Section 3(a) of the Internal Audit Law, 1992 (**"the Audit Law"**). The internal auditor, according to his statement, conducts the internal audit in accordance with accepted professional standards, as stated in Section 4(b) of the Audit Law. The Auditor is complies with Section 146(b) of the Companies Law, 1999 and Section 8 of the Audit Law.

The Auditor's organizational supervisor – The Company's CEO.

The scope, nature and continuity of the internal auditor's activity and work plan – To the best of the Company Board of Directors' knowledge, the nature and continuity of the Auditor's activities and work plan are reasonable under the circumstances and are able to achieve the goals of the Company's audit.

Free access for the internal auditor – The internal auditor is provided free access as stated in Section 9 of the Audit Law, 1992, which includes constant and direct access to the Company's information systems, including financial data.

Remuneration - The Auditor's fees for 2025 amounted to approx. NIS 78 thousand. Remuneration for the audit work is according to the internal auditor's working hour budget. There are no concerns that the remuneration detailed above, which derives from the auditor's actual work hour budget, may influence the application of the auditor's professional judgment.

Appendix D – Information regarding the Company's Accountant

The following are the fees for the Company's auditing accountants and for its significant consolidated companies:

Company name	Accountants		2025	2025	2024	2024
			Audit and tax services	Other services	Audit and tax services	Other services
Alony-Hetz Properties and Investments Ltd.	Brightman Almagor Zohar & Co.	NIS thousands	730	15	650	119
Amot Investments (Ltd.)	Brightman Almagor Zohar & Co.	NIS thousands	763	260	763	77
Eilot Companies Group (*)	Ziv Haft Accountants	NIS thousands	714	192	673	115
Energix Renewable Energies Ltd.	Brightman Almagor Zohar & Co.	NIS thousands	975	535	850	365
Energix Renewable Energies Ltd.	Deloitte Poland	EUR thousands	175	-	180	-
Energix Renewable Energies Ltd.	Deloitte USA	USD thousands	303	225	310	-
Brockton Everlast Inc.	Deloitte UK	GBP thousands	385	15	362	9
Carr Properties Holdings	Pwc USA	USD thousands	500	150	-	-

At the beginning of 2025, the Financial Statements Review Committee examined the planned scope of work of the Company's auditing accountant and his proposed wage for 2025, taking the Company's size and the complexity of its statements into consideration. The Company's Board of Directors approved the wage of the Company's auditing accountant for auditing activity in 2025. The Financial Statements Examination Committee was satisfied, immediately prior to the Company Board of Directors' approval of the 2025 Periodic Report, that the extent of the work of the auditing accountant and his wage in the reporting year are sufficient for performing auditing and reviewing work appropriate for the financial statements in the reporting year.

Appendix E - Information regarding Bonds Issued by the Company

The following are details regarding the Company's bonds as of December 31, 2025 (in NIS thousands)²⁹

	NIS thousands	Bonds (Series I)	Bonds (Series J)	Bonds (Series K)	Bonds (Series L)	Bonds (Series M)	Bonds (Series O)	Bonds (Series P)	Bonds (Series Q)
1	Initial issuance date	December 1, 2015	December 1, 2015	August 11, 2019	August 11, 2019	September 12, 2022	September 12, 2022	September 21, 2025	September 21, 2025
2	Par value on issuance date	275,000	275,000	200,932	400,730	290,176	248,542	102,352	196,170
3	Par value as of December 31, 2025	311,728	400,109	160,746	2,054,943	1,861,029	1,050,480	102,352	196,170
4	Par value linked to December 31, 2025	N/R	N/R	N/R	N/R	N/R	1,155,733	102,352	N/R
5	Value in the financial statements as of December 31, 2025 (at amortized cost)	313,646	401,039	159,555	1,963,776	1,783,126	1,088,786	101,312	194,356
6	Stock exchange value as of December 31, 2025	320,239	406,631	154,766	1,965,553	1,967,480	1,163,932	110,694	209,215
7	Accrued interest as of December 31, 2025	10,062	2,290	3,585	41,519	77,074	24,804	1,042	3,094
8	Interest rate / Fixed annual margin	3.85%	2.24% above Bank of Israel interest rate, as it will be from time to time	2.66%	2.41%	4.94%	2.56%	3.68%	5.70%
9	Materiality of the series ³⁰	Yes	Yes	No	Yes	Yes	Yes	No	No
10	Principal payment dates (from the initial issuance date)	8 annual payments: the four (4) first payments of 10% of the principal each will be paid on February 28 of each of the years 2020-2023; and four (4) payments of 15% of the principal, each, will be repaid on February 28 of each of the years 2024-2027.	Four (4) annual payment of 25% of the principal, to be paid on February 28 of each of the years 2024-2027.	6 annual payments, in cash or in Company shares, according to the Company's absolute discretion - please see Section 13 of bonds, in the following years and at the following rates: (1) 10% of the PV principal of the bonds (Series K) in each of the years 2022 and 2023; (2) 25% of the PV principal of the bonds (Series K) in each of the years 2028 and 2029, and (3) 15% of the PV	6 annual payments in the following years and at the following rates: (1) 10% of the PV principal of the bonds (Series K) in each of the years 2022 and 2023; (2) 25% of the PV principal of the bonds (Series K) in each of the years 2028 and 2029, and (3) 15% of the PV principal of the bonds (Series K) in each of the years 2030 and 2031;	10 equal payments at a rate of 10% each payment on February 28 of each of the years 2028 to 2037, inclusive.	10 equal payments at a rate of 10% each payment on February 28 of each of the years 2028 to 2037, inclusive.	9 annual payments: Seven (7) payments at a rate of 10% each on February 28 of each of the years 2032 to 2038; and Two (2) payments at a rate of 15% each on February 28 of each of the years 2039 to 2040.	9 annual payments: Seven (7) payments at a rate of 10% each on February 28 of each of the years 2032 to 2038; and Two (2) payments at a rate of 15% each on February 28 of each of the years 2039 to 2040.

29. Not including bonds issued by Amot Investments Ltd. and Energix Renewable Energies Ltd.

30. The bond series is material if the amount of the Company liabilities according to it as of the end of the reporting period constitutes 5% or more of the Company's total liabilities as presented in the data stated.

	NIS thousands	Bonds (Series I)	Bonds (Series J)	Bonds (Series K)	Bonds (Series L)	Bonds (Series M)	Bonds (Series O)	Bonds (Series P)	Bonds (Series Q)
				principal of the bonds (Series K) in each of the years 2030 and 2031;					
11	Principal payment dates	February 28 of each of the years 2016-2027 (inclusive).	Four payments per year, on February 28, May 31, August 31 and November 30 of each of the years 2016-2027 (inclusive)	February 28 of each of the years 2020-2031 (inclusive) The interest will be paid either in cash from February 22, 2022 or in Company shares, at the absolute discretion of the Company (please see Section 13 below).	February 28 of each of the years 2020-2031 (inclusive)	February 28 of each of the years 2023-2037 (inclusive)	February 28 of each of the years 2023-2037 (inclusive)	February 28 of each of the years 2026-2040 (inclusive)	February 28 of each of the years 2026-2040 (inclusive)
12	Linkage base (principal and interest)	Unlinked	Unlinked	Unlinked	Unlinked	Unlinked	CPI for July 2022	CPI for August 2025	Unlinked
13	Conversion right	None	None	As of February 28, 2022, the Company may, at its absolute and exclusive discretion, pay the principal and/or the interest, with its shares, all as detailed in Section 7 of the Bond.	None	None	None	None	None
14	Main conversion conditions	N/R	N/R	The Company's absolute discretion	N/R	N/R	N/R	N/R	N/R
15	Guarantee for payment of the liability	None	None	None	None	None	None	None	None
16	Early redemption	In the event of a decision by the TASE's Board of Directors to terminate trading due to a decline in the value of the series, in accordance with TASE guidelines, as well as at the Company's initiative upon the occurrence of certain events	(1) In the event of a decision by the TASE's Board of Directors to terminate trading due to a decline in the value of the series, in accordance with TASE guidelines; or (2) at the Company's initiative upon the occurrence of certain events that constitute grounds for immediate repayment; or (3) according to a	In the event of a decision by the TASE's Board of Directors to terminate trading due to a decline in the value of public holdings in the series as specified in section 6.1 of the deed of trust, in accordance with the stock exchange's instructions, as well as at the Company's	In the event of a decision by the TASE's Board of Directors to terminate trading due to a decline in the value of public holdings in the series as specified in section 6.1 of the deed of trust, in accordance with the stock exchange's instructions, as well as at the Company's	In the event of a decision by the TASE's Board of Directors to terminate trading due to a decline in the value of public holdings in the series as specified in section 6.1 of the deed of trust, in accordance with the stock exchange's instructions, as well as at the Company's	In the event of a decision by the TASE's Board of Directors to terminate trading due to a decline in the value of public holdings in the series as specified in section 6.1 of the deed of trust, in accordance with the stock exchange's instructions, as well as at the Company's	In the event of a decision by the TASE's Board of Directors to terminate trading due to a decline in the value of public holdings in the series as specified in section 6.1 of the deed of trust, in accordance with the stock exchange's instructions, as well as at the Company's	In the event of a decision by the TASE's Board of Directors to terminate trading due to a decline in the value of public holdings in the series as specified in section 6.1 of the deed of trust, in accordance with the stock exchange's instructions, as well as at the Company's

	NIS thousands	Bonds (Series I)	Bonds (Series J)	Bonds (Series K)	Bonds (Series L)	Bonds (Series M)	Bonds (Series O)	Bonds (Series P)	Bonds (Series Q)
		that constitute grounds for immediate repayment, as detailed in Section 6.2 of the deed of trust.	decision by the Company's Board of Directors, as detailed in Section 6.2 of the deed of trust.	initiative, the occurrence of certain event constitutes grounds for immediate repayment as specified in Section 6.2 of the deed of trust.	initiative, the occurrence of certain event constitutes grounds for immediate repayment as specified in Section 6.2 of the deed of trust.	initiative, the occurrence of certain event constitutes grounds for immediate repayment as specified in Section 6.2 of the deed of trust.	initiative, the occurrence of certain event constitutes grounds for immediate repayment as specified in Section 6.2 of the deed of trust.	initiative, the occurrence of certain event constitutes grounds for immediate repayment as specified in Section 6.2 of the deed of trust.	initiative, the occurrence of certain event constitutes grounds for immediate repayment as specified in Section 6.2 of the deed of trust.
17	Liens in favor of bondholders	None ³⁸	None ³⁷	None ³⁶	None ³⁵	None ³⁴	None ³³	None ³²	None ³¹
18	Limitations on the creation of additional liens	The Company will not create floating liens on all of its assets (negative pledge), unless it contacts the trustee in writing prior to creating the lien and inform him about it and create, along with the creation of the lien for the third party, a floating lien on the same level, pari passu, in favor of the	The Company will not create floating liens on all of its assets (negative pledge), unless it contacts the trustee in writing prior to creating the lien and inform him about it and create, along with the creation of the lien for the third party, a floating lien on the same level, pari passu, in favor of the bondholders (Series J).	The Company will not create floating liens on all of its assets (negative pledge), unless it contacts the trustee in writing prior to creating the lien and inform him about it and create, along with the creation of the lien for the third party, a floating lien on the same level, pari passu, in favor of the bondholders (Series K).	The Company will not create floating liens on all of its assets (negative pledge), unless it contacts the trustee in writing prior to creating the lien and inform him about it and create, along with the creation of the lien for the third party, a floating lien on the same level, pari passu, in favor of the bondholders (Series L).	The Company will not create floating liens on all of its assets and all of its existing and future rights (negative pledge), unless it contacts the trustee in writing prior to creating the lien and inform him about it and create, along with the creation of the lien for the third party, a floating lien on the same level, pari passu, in favor of the bondholders (Series M).	The Company will not create floating liens on all of its assets and all of its existing and future rights (negative pledge), unless it contacts the trustee in writing prior to creating the lien and inform him about it and create, along with the creation of the lien for the third party, a floating lien on the same level, pari passu, in favor of the bondholders (Series O).	The Company will not create floating liens on all of its assets and all of its existing and future rights (negative pledge), unless it contacts the trustee in writing prior to creating the lien and inform him about it and create, along with the creation of the lien for the third party, a floating lien on the same level, pari passu, in favor of the bondholders (Series P).	The Company will not create floating liens on all of its assets and all of its existing and future rights (negative pledge), unless it contacts the trustee in writing prior to creating the lien and inform him about it and create, along with the creation of the lien for the third party, a floating lien on the same level, pari passu, in favor of the bondholders (Series Q).

31. The Company may, under certain circumstances, provide liens in favor of the bondholders (Series Q) instead of complying with certain stipulations, as long as the grounds for immediate repayment have materialized according to the above circumstances. Reference is hereby made to Section 5.4 of the deed of trust.

32. The Company may, under certain circumstances, provide liens in favor of the bondholders (Series Q) instead of complying with certain stipulations, as long as the grounds for immediate repayment have materialized according to the above circumstances. Reference is hereby made to Section 5.4 of the deed of trust.

33. The Company may, under certain circumstances, provide liens in favor of the bondholders (Series O) instead of complying with certain stipulations, as long as the grounds for immediate repayment have materialized according to the above circumstances. Reference is hereby made to Section 5.4 of the deed of trust.

34. The Company may, under certain circumstances, provide liens in favor of the bondholders (Series P) instead of complying with certain stipulations, as long as the grounds for immediate repayment have materialized according to the above circumstances. Reference is hereby made to Section 5.4 of the deed of trust.

35. The Company may, under certain circumstances, provide liens in favor of the bondholders (Series L) instead of complying with certain stipulations, as long as the grounds for immediate repayment have materialized according to the above circumstances. Reference is hereby made to Section 5.4 of the deed of trust.

36. The Company may, under certain circumstances, provide liens in favor of the bondholders (Series K) instead of complying with certain stipulations, as long as the grounds for immediate repayment have materialized according to the above circumstances. Reference is hereby made to Section 5.4 of the deed of trust.

37. The Company may, under certain circumstances, provide liens in favor of the bondholders (Series J) instead of complying with certain stipulations, as long as the grounds for immediate repayment have materialized according to the above circumstances. Reference is hereby made to Section 5.4 of the deed of trust.

38. The Company may, under certain circumstances, provide liens in favor of the bondholders (Series I) instead of complying with certain stipulations, as long as the grounds for immediate repayment have materialized according to the above circumstances. Reference is hereby made to Section 5.4 of the deed of trust.

	NIS thousands	Bonds (Series I)	Bonds (Series J)	Bonds (Series K)	Bonds (Series L)	Bonds (Series M)	Bonds (Series O)	Bonds (Series P)	Bonds (Series Q)
		bondholders (Series I).							
19	Limitations regarding the authority to issue additional bonds	None	None	None	None	None	None	None	None
20	Lien validity period	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R
21	Bond conditions for changing, releasing, replacing or canceling a lien	In this regard, please see Section 5.4 of the deed of trust	In this regard, please see Section 5.4 of the deed of trust	In this regard, please see Section 5.4 of the deed of trust	In this regard, please see Section 5.4 of the deed of trust	In this regard, please see Section 5.4 of the deed of trust	In this regard, please see Section 5.4 of the deed of trust	In this regard, please see Section 5.4 of the deed of trust	In this regard, please see Section 5.4 of the deed of trust
22	Changes in the bond conditions regarding liens during the reporting period	No changes occurred	No changes occurred	No changes occurred	No changes occurred	No changes occurred	No changes occurred	No changes occurred	No changes occurred
23	The manner in which the changes were approved	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R
24	Did the Company, during and at the end of the reporting year, comply with all the conditions and obligations according to the deed of trust	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
25	Have the conditions for the immediate repayment of the bonds or the realization of the guarantees been met	No	No	No	No	No	No	No	No
26	Description of the breach (if any)	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R
27	Was the Company was required to take various actions by the trustee	No	No	No	No	No	No	No	No
28	Name of Trust Company Name of Series Supervisor Address Telephone	Reznik Paz Nevo Trusts Ltd. Michal Avatlion, Attorney at Law 14 Yad Harutzim St., Tel Aviv. 03-6389200	Reznik Paz Nevo Trusts Ltd. Michal Avatlion, Attorney at Law 14 Yad Harutzim St., Tel Aviv. 03-6389200	Reznik Paz Nevo Trusts Ltd. Michal Avatlion, Attorney at Law 14 Yad Harutzim St., Tel Aviv. 03-6389200	Reznik Paz Nevo Trusts Ltd. Michal Avatlion, Attorney at Law 14 Yad Harutzim St., Tel Aviv. 03-6389200	Reznik Paz Nevo Trusts Ltd. Michal Avatlion, Attorney at Law 14 Yad Harutzim St., Tel Aviv. 03-6389200	Reznik Paz Nevo Trusts Ltd. Michal Avatlion, Attorney at Law 14 Yad Harutzim St., Tel Aviv. 03-6389200	Reznik Paz Nevo Trusts Ltd. Michal Avatlion, Attorney at Law 14 Yad Harutzim St., Tel Aviv. 03-6389200	Reznik Paz Nevo Trusts Ltd. Michal Avatlion, Attorney at Law 14 Yad Harutzim St., Tel Aviv. 03-6389200
29	Holders' meetings	On July 19, 2017, a holders' meeting was held to approve the trustee's term of service.	On July 19, 2017, a holders' meeting was held to approve the trustee's term of service.	On July 14, 2021, a holders' meeting was held to approve the trustee's term of service.	On July 14, 2021, a holders' meeting was held to approve the trustee's term of service.	On July 10, 2024, a holders' meeting was held to approve the trustee's term of service.	On July 10, 2024, a holders' meeting was held to approve the trustee's term of service.	A holders' meeting has not yet been held.	A holders' meeting has not yet been held.
30	Rating								
	Rating Agency	Maalot	Maalot	Maalot	Maalot	Maalot	Maalot	Maalot	Maalot
	Rating on the issuance date	AA- Stable Outlook	AA- Stable Outlook	AA- Stable Outlook	AA- Stable Outlook	AA- Stable Outlook	AA- Stable Outlook	AA- Stable Outlook	AA- Stable Outlook

NIS thousands	Bonds (Series I)	Bonds (Series J)	Bonds (Series K)	Bonds (Series L)	Bonds (Series M)	Bonds (Series O)	Bonds (Series P)	Bonds (Series Q)
Rating as of December 31, 2025 ³⁹	AA- Stable Outlook	AA- Stable Outlook	AA- Stable Outlook	AA- Stable Outlook	AA- Stable Outlook	AA- Stable Outlook	AA- Stable Outlook	AA- Stable Outlook
Rating Agency	Midroog	Midroog		Midroog	Midroog	Midroog	Midroog	Midroog
Rating on the issuance date	Aa3 Stable Outlook	Aa3 Stable Outlook	-	Aa3 Stable Outlook	Aa3 Stable Outlook	Aa3 Stable Outlook	Aa3 Stable Outlook	Aa3 Stable Outlook
Rating as of December 31, 2025 ⁴⁰	Aa3 Stable Outlook	Aa3 Stable Outlook	-	Aa3 Stable Outlook	Aa3 Stable Outlook	Aa3 Stable Outlook	Aa3 Stable Outlook	Aa3 Stable Outlook

Up-to-date rating reports⁴¹

- For a current Midroog Ltd. rating report, please see the immediate report published by the Company on May 6, 2025 (Ref: 2025-01-031642), a rating report dated June 16, 2025 (Ref: 2025-01-042937), a rating report dated June 18, 2025 (Ref: 2025-01-043315), a rating report dated September 8, 2025 (Ref: 2025-15-067798) and a rating report dated September 18, 2025 (Ref: 2025-15-070411).
- For a current rating report of Maalot, the Israel Securities Rating Company Ltd., please see the immediate report dated April 8, 2025 (Ref: 2025-01-026195), a rating report dated June 17, 2025 (Ref: 2025-01-042981), a rating report dated June 18, 2025 (Ref: 2025-01-043314), a rating report dated September 8, 2025 (Ref: 2025-15-067736) and a rating report dated September 18, 2025 (Ref: 2025-15-070465).

39. In January 2012, Maalot announced the ratification of its iIA rating with a stable outlook for the Company's bonds in circulation and for the raising of debt through a new bond series. In January 2013, Maalot announced that it was raising the Company's rating to A+ with a stable outlook. In October 2014, Maalot ratified its iIA+ rating for the bond series in circulation and raised the outlook from stable to positive. In December 2014, Maalot confirmed its rating of iIA+ with a positive outlook for the bond series in circulation. In May 2015, Maalot announced that it was raising the Company's rating to iIAA- with a stable outlook. In November 2015, Maalot determined its rating of iIAA- with a stable outlook for the issue of new bonds (Series I and Series J). In July 2019, Maalot determined its rating of iIAA- with a stable outlook for the issue of new bonds (Series K and Series L). In September 2022, Maalot determined its rating of iIAA- with a stable outlook for the issue of new bonds (Series M), (Series N) and (Series O). In April 2024, Maalot informed the Company of an update to the rating outlook to negative. In April 2025, Maalot informed the Company of an update to the rating outlook from negative to stable. In September 2025, Maalot determined its rating of iIAA- with a stable outlook for the issue of new bonds (Series P and Series Q).

40. In January 2012, Midroog announced the ratification of its A1 rating with a stable outlook for the Company's bonds in circulation and for the raising of debt through a new bond series. In January 2014, Midroog announced that it was ratifying the rating of iIA for the Company and for the bond series in circulation, and raising the outlook from stable to positive. In December 2014, Midroog announced that it would be raising the rating of these bonds in circulation from A1 with a positive outlook to Aa3 with a stable outlook. In November 2015, Midroog determined its rating of iIAa3 with a stable outlook for the issue of new bonds (Series I and Series J). In July 2019, Midroog determined its rating of iIAa3 with a stable outlook for the issue of new bonds (Series L). In September 2022, Midroog determined its rating of iIAa3 with a stable outlook for the issue of new bonds (Series M), (Series N) and (Series O). In April 2024, Midroog informed the Company of an update to the rating outlook from stable to negative. In addition, Midroog assigned the Company an issuer rating of Aa3.il with a negative rating outlook. In May 2025, Midroog informed the Company of an update to the rating outlook from negative to stable. In September 2025, Midroog determined its rating of Aa3.il with a stable outlook for the issue of new bonds (Series P and Series Q).

41. The detailed information in the above immediate reports was included in this report by way of reference.

Appendix F – Material Assets⁴²

The following is information regarding a material property - the Dovetail Building, an investment property in development:

Parameters	December 31, 2025
Subject of the valuation	Investment property
Property name	Dovetail Building
Property location	Houndsditch, London, EC3
Holding structure in the property	BE holds 100% indirectly in the property
Property acquisition date	March 2019
Identity of valuer	John Barham - Cushman & Wakefield
Type of valuer	Cushman & Wakefield – Mr. John Barham, Certified Valuer since 1989, registered as a Valuer on behalf of RICS (Royal Institute of Certified Reviewers). Mr. Barham has specialized in valuations of income-generating properties in central London since 2000. He serves as Team Head of Income-Generating Property Valuation in Central London at C&W. The team is regularly responsible for property valuations amounting to approx. GBP 100 billion in central London. Mr. Barham is a signatory to reports for British Land (for the Broadgate and Canada Water properties), Kings Cross properties for the borrowers, the Salesforce Tower property (for the borrowers), and the Nuveen Central London Property Fund.
Independent valuer?	Independent - External valuer as defined by the RICS
Indemnity agreement?	No
Validity date of the valuation (the date to which the appraisal refers)	December 31, 2025
Valuation model	Extraction method
Main Use	Offices

	2025	2024 ⁴³
Cumulative cost at end of year (including land) in GBP millions	169	138
Fair value at end of year in GBP millions	194	135
Book value at end of year in NIS millions	831	620
Revaluation gains in GBP millions	17	14
Completion rate as of the end of the year	5%-10%	Non-material

The following is a summary of additional key data regarding the valuation:

Parameters	2025	2024
Balance of estimated construction budget (not including the land cost)	GBP 520 million	GBP 530 million
Expected NOI upon full occupancy	GBP 47 million	GBP 45 million
Rent free months	24-36	24-36
Discount rate	5%	5%
Entrepreneurial profit rate over cost	15%	15%
Rental area	440 sq ft	462 sq ft
Rate of property areas for which binding leases were signed at end of year	-	-
Main use	Offices	Offices
Date of project start	2024	2024
Date of project end	2029	2029

42. In accordance with the proposed amendment to the Securities Regulations to establish "Disclosure Guidance regarding Investment Property Activities" from December 2023.

43. The property was classified as property in development as of December 31, 2024, and therefore the disclosure regarding a material property in development was provided as of this date.

Appendix F – Material Assets⁴⁴

The following is information regarding a material asset - One Congress, an income-generating property (the above information relates to 100% of the project. Carr's share in the property as of September 30, 2025 is 75%.

Parameters	December 31, 2025
Subject of the valuation	Income-generating property
Property name	One Congress
Carr's share in the property	75%
Property location	1 Congress St. Boston, MA 02114
Size (leasable sq ft)	1,008,122
Main use	Offices
Identity of appraiser⁴⁵	Caitlin Bevis - Breakpoint Advisors
About the appraiser	Ms. Caitlin Bevis (MAI) is the Managing Partner of Breakpoint Advisors, a real estate appraisal and consulting firm whose main clients are institutional clients. Ms. Bevis is a member of the Appraisal Institute and holds an appraisal license in various states. Ms. Bevis specializes in the appraisal of most types of real estate throughout the United States. Ms. Bevis focuses mainly on the appraisal of offices located in CBD and suburban areas as well as industrial, commercial and residential properties. Ms. Bevis also teaches and coaches students and colleagues at the Steers Center for Global Real Estate at Georgetown University's School of Business. Previously, she served as a property manager for a portfolio of medical offices. Prior to founding Breakpoint, Ms. Bevis held management positions at Capright Appraisals as the Boston Branch Manager, and before that as an appraiser at Walden Merling. Ms. Bevis holds a Master of Arts degree from the University of Chicago and has over 23 years of experience in commercial real estate.
Independence of appraiser	The appraiser is independent.
Indemnity agreement?	There is indemnity on the part of Carr, except in cases of negligence or misconduct on the part of the appraiser. The specific wording does not include negligence or misconduct of Breakpoint.
Valuation date	December 31, 2025
Valuation model	Income approach (DCF)
Fair value shortly before the valuation date (fair value as of September 30, 2025) (100% of the asset) (USD millions)	998.9
Fair value shortly as of the valuation date (December 31, 2025) (100% of the asset) (USD millions)	1,020.6
Revaluation gains in the fourth quarter of 2025 (100% of the asset) (USD millions)	6.3
Revaluation gains in 2025 (100% of the asset) (USD millions)	27
Discount rate	6.5%
Exit rate	7.5%
Annual inflation rate for market rental fees	Years 1-2 – 0% Year 3 – 2% Year 4 onwards – 3%
Inflation rate for expenses	Year 2 onwards – 3%
Probability of renewal	65%
Marketing period for tenant replacement	12 months
The first months exempt from rent	10 months (for a 10-year rental period)

⁴⁴ In accordance with the proposed amendment to the Securities Regulations to establish "Disclosure Guidance regarding Investment Property Activities" from December 2023.

Appendix G – Separate Financial Statement of the Corporation in accordance with Regulation 9C and Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970

The Company chose not to attach a separate financial statement in accordance with Regulation 9C and Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) 1970, since, according to its judgement, the separate financial statement does not add material information to the information contained in the annual financial statements and/or the quarterly financial statements of the Corporation that were presented in accordance with Regulation 9 and Regulation 38, as the case may be.

Appendix H – FFO for Financial Liabilities and Trust Deed Purposes

The FFO is an index commonly-used in the United States and in Europe to provide additional information on the results of the operations of real estate companies, providing an appropriate basis for comparisons between income-generating property companies. The FFO reflects net income, with the neutralization of profits (or losses) from the sale of properties and/or from property revaluations, depreciation and amortization and deferred taxes. This index presents the Company's cash generating capability from regular and ongoing activities in the reporting period.

In the calculation of the FFO in the income-generating property activity (in the investees mentioned below), exchange rate differences and linkage difference expenses in respect of CPI-linked bonds and loans were not included because, in the opinion of the investees' managements, those expenses do not reflect cash flow from regular ongoing activities (hereinafter – **"FFO according to the Management Approach"**).

According to the position of the Securities Authority, FFO data according to the Securities Authority's approach has been added, in addition to the FFO according to the management's approach. The FFO according to the Securities Authority's approach includes, among other things, the exchange rate differences and the linkage difference expenses for index-linked bonds and loans (hereinafter – **"FFO according to the Securities Authority's approach"**).

For information regarding the FFO of the investees Amot, Carr, BE and AH Boston, please see Section 2.3.3 above.

It should be noted that throughout this periodic report (of which this Board of Directors' Report forms a part), whenever the "FFO" is mentioned, it refers to the FFO according to management's approach unless expressly stated otherwise.

The Company has committed, in the trust deeds of its bond series and in credit agreements with financing entities, to financial covenants based on the calculation of FFO as stipulated in the trust deeds and in the aforementioned credit facility agreements. The following is the calculation of the FFO for the purpose of examining compliance with the criteria to which the Company has committed in the trust deeds for the Company's bonds (Series I, J, K, L, M, O, P and Q) and the credit facility agreements in which the Company has engaged (please see Section 5.2.2 of the report on the Description of the Corporation's Business), and within the framework of its remuneration policy. It should be emphasized that the FFO presented below is not according to the Securities Authority approach to calculating FFO, as published by the Authority on January 16, 2025.

	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Company shareholders' share in net income (loss) for the period	7,439	(346,199)	(2,392,409)
Adjustments to profit and loss:			
Fair value adjustments of investment property	(385,136)	(607,208)	926,169
Company share in property revaluations and other non-FFO items in investees	161,864	702,641	1,892,409
Profit from Carr's conceptual realization and gain of control	(116,502)	-	-
Realization of capital reserves due to the gaining of control in Carr	396,451	-	-
Net losses (profits) from investments in securities measured at fair value through profit or loss	10,376	231,945	17,299
Others (mainly depreciation and amortizations) (*)	379,008	208,458	168,145
Non-FFO financing expenses (mainly linkage differences and exchange rate differences)	331,642	354,889	317,157
Non-FFO deferred taxes and current taxes, net	(258,909)	(15,835)	(3,800)
Share of non-controlling interests in the above adjustments to FFO	(29,579)	7,557	(324,468)
Real FFO - according to the Management's approach	496,654	536,225	600,053
The sources of the FFO are as follows:			
Revenue			
Investment property NOI	1,388,272	1,208,724	1,152,065
NOI from the sale of electricity (**)	628,369	693,658	560,965
Group's share in Carr's FFO, not including property revaluations	57,764	110,216	120,792
Group's share in AH Boston's FFO, not including property revaluations	8,916	29,899	40,351
Group's share in FFO of associates in Amot and in Brockton Everlast	54,723	22,348	27,269
Other revenue	4,464	30,498	1,199
Total revenue	2,142,508	2,095,343	1,902,641
Expenses			
Real financing, net	(710,222)	(632,409)	(474,368)
Administrative and general	(266,879)	(245,391)	(181,565)
Current taxes	(101,461)	(93,470)	(81,616)
Share of non-controlling interests attributed to operating activities	(567,289)	(587,848)	(565,039)
Total expenses	(1,645,851)	(1,559,118)	(1,302,588)
Real FFO - according to the Management's approach	496,657	536,225	600,053



CONSOLIDATED FINANCIAL STATEMENTS

ALONY HETZ PROPERTIES & INVESTMENTS LTD

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Alony-Hetz Properties and Investments Ltd. | Consolidated Statements of Financial Position

		As of December 31	As of December 31
		2025	2024
	Note	NIS thousands	NIS thousands
Assets			
<u>Current assets</u>			
Cash and cash equivalents	3a	2,089,050	1,524,326
Deposits and designated deposit	3d	414,970	30,940
Trade receivables		122,523	115,629
Current tax assets, net	20	89,268	29,777
Other receivables	3c	526,004	302,817
Total current assets		3,241,815	2,003,489
<u>Non-current assets</u>			
Investment property	4	24,988,174	19,846,080
Investment property in development and land rights	4	6,016,638	5,160,484
Long-term investments			
Securities measured at fair value through profit and loss	5	195,843	218,459
Investment in companies accounted for according to the equity method	6	1,010,517	2,084,985
Deferred tax assets	21	276,150	233,675
Electricity-generating facilities			
Connected electricity-generating facilities	7	6,578,233	5,674,033
Right-of-use asset	7	637,507	617,966
Electricity-generating facilities in development	8	3,816,543	3,620,530
Restricted deposits	9	20,821	30,005
Fixed assets, net		133,641	120,407
Other assets		411,574	437,530
Total non-current assets		44,085,641	38,044,154
Total assets		47,327,456	40,047,643

The attached notes constitute an integral part of the Consolidated Financial Statements.

Alony-Hetz Properties and Investments Ltd. | Consolidated Statements of Financial Position

		As of December 31	
		2025	2024
	Note	NIS thousands	NIS thousands
Liabilities and equity			
<u>Current liabilities</u>			
Short term credit and current maturities of long term loans	10a	1,363,250	850,251
Current maturities of bonds	11	1,129,704	1,048,061
Current maturities of lease liabilities	2n	41,215	35,808
Current tax liabilities, net	21	126,881	133,592
Other payables	10b	1,450,663	1,644,680
Deferred revenue in respect of agreement with the tax partner	13	321,040	228,112
Financial liability in respect of agreement with the tax partner	13	35,213	47,095
Total current liabilities		4,467,966	3,987,599
<u>Non-current liabilities</u>			
Bonds	11	15,287,203	14,192,726
Loans from banking corporations and financial institutions	12	10,020,434	5,991,375
Lease liability	2n	706,958	676,820
Deferred tax liabilities	20	2,153,270	2,038,435
Provisions	16	16,483	16,483
Other liabilities	15	812,132	865,665
Deferred revenue in respect of agreement with the tax partner	13	659,326	549,025
Financial liability in respect of agreement with the tax partner	13	114,497	96,989
Total non-current liabilities		29,770,303	24,427,518
<u>Equity</u>			
Equity attributed to Company shareholders	17	5,608,853	5,413,576
Non-controlling interests		7,480,334	6,218,950
Total equity		13,089,187	11,632,526
Total liabilities and equity		47,327,456	40,047,643

The attached notes constitute an integral part of the Consolidated Financial Statements.

On behalf of the Board of Directors:

Aviram Wertheim _____ Chairman of the Board of Directors

Nathan Hetz _____ Member of the Board of Directors and CEO

Oren Frenkel _____ Chief Financial Officer

March 17, 2026

Alony-Hetz Properties and Investments Ltd. | Consolidated Statements of Income

		For the year ended December 31	For the year ended December 31	For the year ended December 31
		2025	2024	2023
	Note	NIS thousands	NIS thousands	NIS thousands
Revenues and profits				
Revenue from rental fees and management of investment property	17a	1,668,831	1,389,184	1,324,063
Fair value adjustments of investment property	17b	385,136	607,208	(926,169)
Group share in the losses of associates, net	6f	(40,461)	(540,178)	(1,703,997)
Net losses from investments in securities measured at fair value through profit and loss		(10,376)	(227,508)	(17,299)
Revenues from sale of electricity and green certificates		755,665	856,210	680,713
Profit from gain of control in Carr		116,502	-	-
Other revenues, net		4,466	26,033	1,648
		2,879,763	2,110,949	(641,041)
Costs and expenses				
Cost of investment property rental and operation	17c	280,555	180,460	168,894
Initiation, maintenance and operation costs of electricity-generating facilities		167,944	121,400	110,801
Depreciation and amortizations		306,617	228,141	159,963
Administrative and general	18d	298,628	266,809	201,798
Realization of translation difference reserve and other reserves due to the gain of control in Carr	6b	396,451	-	-
Financing income	18f	(79,219)	(92,140)	(96,590)
Financing expenses	18e	1,121,083	1,079,438	888,115
		2,492,059	1,784,108	1,432,981
Profit before taxes on income		387,704	326,841	(2,074,022)
Income tax expenses (income)	21	(157,448)	77,635	77,816
Net profit for the period		545,152	249,206	(2,151,838)
Company shareholders				
Non-controlling interests		537,713	595,405	240,571
		545,152	249,206	(2,151,838)
Net earnings (loss) per share attributed to Company shareholders (in NIS)				
Basic	20	0.03	(1.81)	(13.31)
Fully diluted		0.03	(1.81)	(14.15)
Weighted average of share capital used in calculation of earnings per share (thousands of shares)				
Basic		215,593	191,054	179,722
Fully diluted		215,773	191,054	179,722

The attached notes constitute an integral part of the Consolidated Financial Statements.

Alony-Hetz Properties and Investments Ltd. | Consolidated Statements of Comprehensive Income

	For the year ended December 31	For the year ended December 31	For the year ended December 31
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Net profit for the period	545,152	249,206	(2,151,838)
<u>Other comprehensive income (loss)</u>			
Amounts to be classified in the future to profit or loss, net of tax			
Profit (loss) from the translation of financial statements for foreign activities	(872,859)	(23,218)	719,644
Profit (loss) from exchange rate differences in respect of credit and derivatives designated for the hedging of investments in companies that constitute foreign activity, net of tax	321,205	(65,473)	(664,736)
Profit (loss) from exchange rate differences and changes in fair value of instruments used for cash flow hedging, net of tax	(41,103)	(26,849)	17,805
Company's share in other comprehensive income of associates, net of tax	(5,201)	(15,648)	(18,625)
Realization of capital reserves due to the acquisition of Carr (1)	396,451	-	-
Other comprehensive income (loss) for the period, net of tax	(201,507)	(131,188)	54,088
Total comprehensive income (loss) for the period	343,645	118,018	(2,097,750)
Distribution of comprehensive earnings (loss) for the period			
Company shareholders	(22,136)	(443,351)	(2,425,233)
Non-controlling interests	365,781	561,369	327,483
	343,645	118,018	(2,097,750)

- (1) The amount consists of the realization of a reserve for the translation of financial statements of foreign operations in the amount of approx. NIS 103 million, the realization of a cash flow hedging reserve in the amount of approx. NIS 46 million and the realization of a reserve for exchange rate differences in respect of derivatives designated for hedging in the amount of NIS 247 million.

The attached notes constitute an integral part of the Consolidated Financial Statements.

Alony-Hetz Properties and Investments Ltd. | Consolidated Statements of Changes in Equity for the Year ended December 31, 2025 (NIS thousands)

	Share capital	Share premium	Receipts on account of options	Capital reserve from translation of financial statements for foreign activity	Capital reserve for employee options and other capital reserves	Company shares held by the Group	Retained earnings	Total attributed to Company shareholders	Non-controlling interests	Total equity
Balance as of January 1, 2025	233,107	3,751,981	27,626	(636,807)	387,117	(589)	1,651,141	5,413,576	6,218,950	11,632,526
Total comprehensive income for the period	-	-	-	(43,542)	13,967	-	7,439	(22,136)	365,781	343,645
Dividend paid to Company shareholders	-	-	-	-	-	-	(207,161)	(207,161)	-	(207,161)
Dividends paid to non-controlling interests in consolidated companies	-	-	-	-	-	-	-	-	(438,296)	(438,296)
Entry into consolidation	-	-	-	-	-	-	-	-	691,379	691,379
Exercise of employee options	814	28,676	-	-	(3,488)	-	-	26,002	-	26,002
Exercise of Series 16 options	10,251	342,629	(27,626)	-	-	-	-	325,254	-	325,254
Expiry of employee options	-	3,698	-	-	4,285	-	-	7,983	(7,983)	-
Allocation of benefit in respect of options to employees and officers	-	-	-	-	3,950	-	-	3,950	24,026	27,976
Exercise of employee options in consolidated companies	-	-	-	-	14,828	-	-	14,828	33,386	48,214
Issuance of capital in consolidated companies	-	-	-	-	46,557	-	-	46,557	593,091	639,648
Balance as of December 31, 2025	244,172	4,126,984	-	(680,349)	467,216	(589)	1,451,419	5,608,853	7,480,334	13,089,187

The attached notes constitute an integral part of the Consolidated Financial Statements.

Alony-Hetz Properties and Investments Ltd. | Consolidated Statements of Changes in Equity for the Year ended December 31, 2024 (NIS thousands)

	Share capital	Share premium	Receipts on account of options	Capital reserve from translation of financial statements for foreign activity	Capital reserve for employee options and other capital reserves	Company shares held by the Group	Retained earnings	Total attributed to Company shareholders	Non-controlling interests	Total equity
Balance as of January 1, 2024	197,796	2,807,638	-	(569,499)	431,219	(589)	2,135,492	5,002,057	6,062,066	11,064,123
Total comprehensive income (loss) for the period	-	-	-	(67,308)	(29,844)	-	(346,199)	(443,351)	561,369	118,018
Dividend paid to Company shareholders	-	-	-	-	-	-	(138,152)	(138,152)	-	(138,152)
Dividends paid to non-controlling interests in consolidated companies	-	-	-	-	-	-	-	-	(472,563)	(472,563)
Issuance of shares and options	35,311	940,875	27,626	-	-	-	-	1,003,812	-	1,003,812
Expiry of employee options	-	3,468	-	-	(3,468)	-	-	-	-	-
Allocation of benefit in respect of options to employees and officers	-	-	-	-	4,323	-	-	4,323	31,038	35,361
Issuance of capital in consolidated companies	-	-	-	-	1,436	-	-	1,436	94,113	95,549
Acquisition of shares from non-controlling interests in a consolidated company	-	-	-	-	(16,549)	-	-	(16,549)	(57,073)	(73,622)
Balance as of December 31, 2024	233,107	3,751,981	27,626	(636,807)	387,117	(589)	1,651,141	5,413,576	6,218,950	11,632,526

The attached notes constitute an integral part of the Consolidated Financial Statements.

Alony-Hetz Properties and Investments Ltd. | Consolidated Statements of Changes in Equity for the Year ended December 31, 2023 (NIS thousands)

	Share capital	Share premium	Capital reserve from translation of financial statements for foreign activity	Capital reserve for employee options and other capital reserves	Company shares held by the Group	Retained earnings	Total attributed to Company shareholders	Non-controlling interests	Total equity
Balance as of January 1, 2023	197,796	2,795,162	(551,365)	478,680	(589)	4,790,295	7,709,979	5,881,441	13,591,420
Total comprehensive income (loss) for the period	-	-	(18,134)	(14,690)	-	(2,392,409)	(2,425,233)	327,483	(2,097,750)
Dividend paid to Company shareholders	-	-	-	-	-	(262,394)	(262,394)	-	(262,394)
Dividends paid to non-controlling interests in consolidated companies	-	-	-	-	-	-	-	(432,386)	(432,386)
Expiry of employee options	-	12,476	-	(5,711)	-	-	6,765	(6,765)	-
Allocation of benefit in respect of options to employees and officers	-	-	-	4,148	-	-	4,148	35,534	39,682
Issuance of capital in consolidated companies	-	-	-	1,521	-	-	1,521	63,329	64,850
Sale of shares to non-controlling interests in a consolidated company	-	-	-	(2,928)	-	-	(2,928)	222,918	219,990
Acquisition of shares from non-controlling interests in a consolidated company	-	-	-	(29,801)	-	-	(29,801)	(29,488)	(59,289)
Balance as of December 31, 2023	197,796	2,807,638	(569,499)	431,219	(589)	2,135,492	5,002,057	6,062,066	11,064,123

The attached notes constitute an integral part of the Consolidated Financial Statements.

Alony-Hetz Properties and Investments Ltd. | Consolidated Statements of Cash Flows

	For the year ended December 31	For the year ended December 31	For the year ended December 31
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Cash flows - Operating activities			
Net profit (loss) for the period	545,152	249,206	(2,151,838)
Net expenses not entailing cash flows (Appendix A)	941,391	1,051,783	3,147,558
	1,486,543	1,300,989	995,720
Changes in working capital (Appendix B)	(538,509)	(236,656)	124,977
Net cash provided by operating activities	948,034	1,064,333	1,120,697
Cash flows - Investing activities			
Investment in fixed assets and investment property (including investment property in development)	(1,240,312)	(864,383)	(655,762)
Proceeds from the realization of investment property, net of tax	186,669	333,570	-
Investment in electricity-generating systems	(2,434,335)	(1,428,938)	(2,279,175)
Investment in associates	(76,630)	(124,240)	(51,213)
Decrease (increase) in pledged deposit and restricted cash	(42,843)	636,054	(587,164)
Repayment of loans provided to associates, net	2,401	4,000	3,950
Provision of loans to others	(5,141)	(28,167)	(65,254)
Decrease in deposits and tradable securities, net	-	-	400,000
Cash from forward transactions and options designated for hedging	6,018	(388,117)	(549,292)
Net investment in investment property funds	-	(68,598)	-
Acquisition of consolidated companies (Appendix E)	(185,664)	-	-
Miscellaneous	(24,293)	-	353
Net cash used in investing activities	(3,814,130)	(1,928,819)	(3,783,557)
Cash flows - Financing activities			
Proceeds from the Group's issuance of bonds, net	1,924,353	555,078	1,972,385
Repayment of bonds	(1,107,956)	(1,299,833)	(1,299,986)
Receipt of long-term loans, net of capital raising expenses paid	3,352,203	2,055,653	2,503,494
Repayment of long-term loans	(1,356,270)	(978,682)	(501,831)
Proceeds from the issuance of shares and options	351,256	1,003,812	-
Proceeds from the issuance of shares and options to non-controlling interests in consolidated companies	696,344	92,154	41,457
Sale of shares to non-controlling interests in consolidated companies, net	-	-	219,990
Acquisition of shares and options from non-controlling interests in consolidated companies, net	-	(58,961)	(24,243)
Increase (decrease) in short-term credit and in utilized long-term credit facilities from banks	488,323	(548,551)	882,905
Dividend paid to Company shareholders	(207,161)	(138,152)	(262,394)
Dividends paid to non-controlling interests in consolidated companies	(438,296)	(472,563)	(432,386)
Net cash provided by financing activities	3,702,796	209,955	3,099,391
Increase (decrease) in cash and cash equivalents	836,700	(654,531)	436,531
Cash and cash equivalents at beginning of period	1,524,326	2,197,677	1,694,701
Designated deposit at beginning of period	27,931	3,627	34,435
Effect of exchange rates on foreign currency cash balances	(97,745)	5,484	35,637
Cash and cash equivalents at end of period	2,291,212	1,552,257	2,201,304
Less - Designated deposit at end of period	202,162	27,931	3,627
Total cash and cash equivalents	2,089,050	1,524,326	2,197,677

Alony-Hetz Properties and Investments Ltd. | Appendices to the Consolidated Statements of Cash Flows

	For the year ended December 31 2025 NIS thousands	For the year ended December 31 2024 NIS thousands	For the year ended December 31 2023 NIS thousands
Adjustments required to present cash flows from operating activities			
a. Expenses (income) not entailing cash flows			
Fair value adjustment of investment property and profit from its sale	(385,138)	(607,209)	926,169
Loss (profit) from gain of control in Carr and from changes in rate of holding	280,031	(23)	(449)
Differences from adjustments, interest and discounting in respect of long-term liabilities and cash balances	441,078	474,223	324,327
Loss (profit) from fair value adjustment of financial assets at fair value through profit and loss	33,645	222,102	(719)
Company's share in results of associates, net of dividends and capital reductions received	94,854	569,073	1,733,948
Deferred taxes, net	81,878	170,419	(46,511)
Depreciation and amortizations	308,403	200,666	165,273
Allocation of benefit in respect of share-based payment	34,994	24,222	34,069
Miscellaneous, net	7,979	(1,690)	11,451
	897,724	1,051,783	3,147,558
b. Changes in asset and liability items (changes in working capital)			
Decrease (increase) in trade receivables and in other receivables	(37,926)	(49,116)	(2,754)
Decrease (increase) in current tax assets, net	(319)	(5,839)	30,103
Increase (decrease) in payables and credit balances	20,544	(26,432)	(10,169)
Increase (decrease) in current tax liabilities, net	(467,811)	(156,805)	110,149
Sale (purchase) of CAP options	(9,330)	1,536	(2,352)
	(494,842)	(236,656)	124,977
c. Non-cash activity			
Increase in provision for evacuation and rehabilitation against systems under construction	15,130	18,796	64,055
Investment of non-controlling interests	-	-	20,820
Exercise of employee options against receivables	5,189	12,353	10,189
Investment in electricity-generating systems against supplier credit and payables	379,399	855,213	440,014
Realization of investment property against receivables	1,000	8,250	-
Increase in right-of-use asset against lease liabilities	105,626	134,076	123,421
Investment in property and fixed assets against other payables and credit balances	35,232	61,761	24,882
Accounts payable in respect of capital issuance	1,253	-	-

Alony-Hetz Properties and Investments Ltd. | Appendices to the Consolidated Statements of Cash Flows (continued)

	For the year ended December 31	For the year ended December 31	For the year ended December 31
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
d. Additional information			
Interest paid	764,543	593,261	559,420
Interest received	67,941	83,458	54,977
Taxes paid (*)	279,232	89,588	74,297
Taxes received	17,736	11,739	14,696
Dividends and capital reductions received	54,451	21,017	27,459

(*) The taxes paid in 2024 and 2025 include appreciation tax due to realization of properties.

e. Company consolidated for the first time - Asset and liability amounts recognized on the date of gaining control

Working capital	90,638	-	-
Investment property and investment property in development	5,159,604	-	-
Investments in companies accounted for according to the equity method and other assets	452,002	-	-
Loans from banking corporations and financial institutions and other liabilities	(3,433,417)	-	-
Non-controlling interests	(691,378)	-	-
Realization of investment in associate	(1,391,786)	-	-
Net cash	185,663	-	-

(*) The taxes paid in 2024 and 2025 include appreciation tax due to realization of properties.

The attached notes constitute an integral part of the Consolidated Financial Statements.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 1 – General

A. General description of the Company and its activity

The Company was incorporated in Israel, its shares were listed for trading on the Tel Aviv Stock Exchange Ltd. (the TASE) in January 1993 and its registered office is located in Ramat Gan. The Group, as defined in Section (d) below, focuses on long-term investments in income-generating property in Israel and abroad (in Western countries). In addition, the Group has investments in renewable energy. As of December 31, 2025, the Group has the following material investments:

- **Amot** – Holdings of 50.03% in Amot Investments Ltd. (hereinafter: “**Amot**”), a public company whose securities are traded on the Tel Aviv Stock Exchange Ltd., which has extensive income-generating property in Israel. For additional information, please see Note 6c.
- **Carr** – Holdings of 89.14% in the rights of **Carr Properties Holdings LP** (hereinafter - “**Carr Holdings**”). **Carr Holdings** is an American partnership that holds a company that has income-generating property in the Washington DC metropolitan area, in Boston and in Austin, Texas, USA. For additional information, please see Note 6g.
- **BE** – Holdings of 85% in the rights in **Brockton Everlast Inc. Limited** (hereinafter - “**BE**”), a private company engaged in the acquisition, development, betterment, construction, management and maintenance of income-generating property in the London, Cambridge and Oxford metropolitan areas in the UK. For additional information, please see Note 6d.
- **In addition, the Group has non-material holdings in the income-generating property sector, as follows:**
 - Holdings of 55% in the ownership and 50% in the control in three property companies in the Boston metropolitan area, of which two are in the Boston CBD¹ and one is in East Cambridge, USA. For additional information, please see Note 6h.
 - Holdings in a UK real estate fund of the Brockton Group. For additional information, please see Note 5 to the financial statements.
- **Energix** – Holdings of 49.52% in the share capital of **Energix – Renewable Energies Ltd.** (hereinafter - “**Energix**”), a public company whose securities are listed for trading on the Tel Aviv Stock Exchange Ltd. Energix engages in the initiation, development, financing, construction, management and operation of facilities for the generation and storage of electricity from renewable energy sources (photovoltaic systems and wind farms) and the sale of electricity generated in these facilities, with the intention of holding them for the long term. As of the date of the report, Energix has operations in Israel, the United States, Poland and Lithuania. For additional information regarding Energix, please see Note 6e below.

B. Fair value adjustments of investment property

Disclosure regarding the majority shareholders' share in property revaluations recorded in investees:

The Company's share in property revaluations recorded in investees in the reporting period amounted to a net profit of approx. NIS 89 million (before the effect of tax) according to the following composition:

- The Company's share in revaluation gains recorded by Amot (including revaluations recorded in Amot's associates) amounted to a total of NIS 167 million, out of revaluation gains recorded by Amot in a total amount of approx. NIS 331 million.
- The Company's share in revaluation gains recorded by BE amounted to NIS 39 million, out of revaluation gains recorded by BE in a total amount of NIS 46 million.
- The Company's share in Carr's revaluation losses recorded in the Company in aggregate both according to the equity method until the date of acquisition of control in the third quarter and in the consolidation amounted to USD 14 million.
- The Company's share in revaluation losses recorded in Boston, which is measured according to the equity method amounted to a total of NIS 65 million, out of revaluation losses totaling NIS 119 million.

For additional information regarding gains (losses) from the revaluation of investment property in Amot, BE and Carr, please see Note 18b. For information regarding losses from the revaluation of investment property in companies accounted for according to the equity method (Carr and the Boston companies), please see Notes 6g(5) and 6h(2), respectively.

¹ Central Business District.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 1 – General (continued)

C. Definitions

The Company Alony-Hetz Properties and Investments Ltd. and/or legal entities wholly owned by it directly and indirectly.

Expanded Solo Alony-Hetz Properties and Investments Ltd. together with legal entities wholly owned by it directly and indirectly.

The Group The Company and its consolidated companies (as defined below). Information regarding the investments in the Group's material companies is provided in Note 6.

Consolidated Companies Companies in which the Company has control (as defined in IFRS 10), directly or indirectly, whose financial statements are fully consolidated with the Company's financial statements.

Associates Companies in which the Company has significant influence, as defined in IAS 28.

Investees Consolidated companies, companies consolidated in proportionate consolidation and associates.

Joint Arrangements Companies held by several entities who have a contractual arrangement for joint control.

Related Parties As defined in IAS 24.

Interested Parties As defined in the Securities Law, 1968, and its regulations.

CPI The Consumer Price Index, as published by the Central Bureau of Statistics.

Forward-looking Information As defined in Section 32A of the Securities Law, 1968.

NOI Net Operating Income - Profit from the leasing and operation of properties.

KW/KWp Peak kilowatt units used to measure the installed capacity for the generation of electricity by photo-voltaic systems and wind turbines.

MWp/MW 1,000 peak kilowatt units used to measure the installed capacity for the generation of electricity by photo-voltaic systems and wind turbines.

D. Operation "Roaring Lion"

After the reporting period, on February 28, 2026, Operation Roaring Lion, a joint military operation by the United States and Israel attacking Iran, began. Iran responded by launching hundreds of ballistic missiles and drones towards Israel and the Persian Gulf states. The attacks killed and injured Israeli civilians and caused extensive damage to property. At the same time, the IDF began military activity against Hezbollah in Lebanon.

Due to the Operation, a special state of emergency was declared on the home front, which included the closure of Israeli airspace, a ban on gatherings, the temporary closure and/or shortening of operating hours of various businesses (at a certain point, an easing of these restrictions was announced), as well as the massive mobilization of reservists, which led to a partial reduction in economic activity.

The Company estimates that the longer the Operation lasts and/or escalates, the more its consequences could have significant negative effects on the Israeli economy and even on the global economy due to rising energy prices, inflation, and the price of money.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 2 – Significant Accounting Policies

A. Statement regarding the implementation of International Financial Reporting Accounting Standards (IFRS):

The Group's consolidated financial statements have been compiled in accordance with International Financial Reporting Accounting Standards (hereinafter - **"IFRS"**) and interpretations thereof published by the International Accounting Standards Board (IASB). The main accounting policies detailed below have been applied consistently to all reporting periods presented in the consolidated financial statements. The financial statements have been prepared in accordance with the Securities Regulations (Annual Financial Statements), 2010 (hereinafter - **"Financial Statement Regulations"**).

B. Format for the presentation of the Statement of Financial Position; the operating cycle period

The Group presents assets and liabilities in the Statement of Financial Position divided into current and non-current items. The Group's operating cycle does not exceed 12 months.

C. Joint arrangements and associates

A "joint arrangement" is a contractual agreement whereby the Group and other parties carry out an economic activity that is subject to joint control. Joint control exists when the contractual arrangement includes a requirement that decisions concerning the financial and operational strategy of the transaction be made by unanimous consent of the parties that jointly control the joint venture. There are two types of joint arrangements:

1. **A "joint venture" is a joint arrangement in which the parties have rights to the net assets attributed to the arrangement.** The Group recognizes the joint venture as an investment and accounts for it according to the equity method (the equity method is a method in which the Company's share of the net assets is presented in the Statement of Financial Position under the "Investment" item and in the Statement of Income under the "Company's share in profits of investees" item).
2. **A "joint operation" is a joint arrangement whereby the parties have rights to the assets, and obligations for the liabilities attributed to the arrangement.** The Group recognizes its relative share of the joint operation's assets and liabilities in the Group's Statement of Financial Position, including assets held and liabilities created jointly. The Statement of Income includes the Group's relative share of the revenues and expenses of the joint operation, including revenues generated and expenses incurred jointly.

Investments in associates and joint ventures

The results, assets and liabilities of joint ventures and associates are included in these financial statements according to the equity method. According to the equity method, investments in joint ventures and associates are included in the Consolidated Statement of Financial Position at cost adjusted for changes occurring subsequent to the acquisition of the Group's share of the net assets, including capital reserves.

The accounting policies for investment property held by joint arrangements and the Group's associates (including the Boston companies) and the method of determining the fair value of the investment property held by them are similar to those described in Section (g) and in Note 4c below.

D. Statement of Income; Statement of Cash Flows

Statement of Income presentation - The Group's activity and the nature of its revenues and expenses permit, in the opinion of the Company's Management, the presentation of Statement of Income items according to the single-step method, since this presentation format is compatible with the Company's nature as an investment and holding company.

Statement of Cash Flows - Interest paid and received by the Group is classified in the statement of cash flows as part of operating activities, with the exception of credit costs which are capitalized to a qualifying asset in which the investment in it and its construction is classified as investment activity; the cash flows resulting from income taxes and indirect taxes are classified under operating activities, unless they can be specifically identified with investment or financing activities; dividends paid are included in financing activities; dividends received from investees and other companies, including distribution by way of capital reductions recognized as income in its financial statements, are included in operating activities.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 2 – Significant Accounting Policies (continued)

E. Functional and presentation currency

Functional and presentation currency - The financial statements of each Group company are prepared in the currency of the main economic environment in which it operates (hereinafter - "**Functional Currency**"). The Company's Consolidated Financial Statements are presented in NIS (hereinafter - "**Presentation Currency**").

Translation of transactions and balances not in the functional currency - Transactions carried out in a currency other than the functional currency of each Group corporation (hereinafter - "**foreign currency**") are translated into the functional currency for inclusion in the financial statements of that corporation, at exchange rates in effect on the date of each transaction. Statement of financial position items originating in or denominated in foreign currency are translated as follows: monetary items denominated in foreign currency are translated according to exchange rates in effect on each statement of financial position date; non-monetary items included at fair value denominated in foreign currency are translated according to exchange rates in effect on the date the fair value was determined; non-monetary items measured at cost are translated according to the exchange rates in effect on the date the transaction was carried out for the non-monetary item.

Recording of exchange rate differences - Exchange rate differences are, as a rule, recorded to the Statement of Income in the period in which they arose, with the exception of the following cases, in which exchange rate differences are recorded directly to comprehensive income: exchange rate differences for loans and forward transactions on foreign currency that were designated for hedging investments in foreign activity, net (please see Section (m)).

Translation of financial statements of investees whose functional currency is different from NIS - For the presentation of Consolidated Financial Statements, the financial statements of foreign activities whose functional currency is different from NIS are translated to NIS in the following manner: assets and liabilities are translated to NIS according to exchange rates in effect as of the date of the statement of financial position; revenue and expense items are translated to NIS according to the average exchange rates in the reporting period, unless significant fluctuations have occurred in the exchange rates during the reporting period. Translation differences are recorded to the "Capital reserve from translation of financial statements for foreign activities" item and are recognized in other comprehensive income. These translation differences are classified in full to profit or loss on the date of realization of the entire foreign activity in respect of which the translation differences were created (including conceptual realization due to the acquisition of control) and when partial realization of foreign operations involves the loss of control or in a transition from an investment accounted for according to the equity method to a financial asset. In a partial realization of a subsidiary that includes foreign activity that does not involve loss of control, a relative share of the cumulative amount of exchange rate differences recognized in other comprehensive income is re-attributed to non-controlling interests in that foreign activity.

F. Cash and cash equivalents; Deposits and tradable securities

Cash and cash equivalents include cash that can be redeemed immediately, bank deposits that can be withdrawn immediately, as well as fixed-term deposits, which have no limit on use and whose maturity date, at the time of investment, does not exceed three months. This item also includes investments in monetary funds and certificates of deposit in Israel.

Deposits for which limitations exist on their use or for which the repayment period upon investment is greater than three months and no greater than one year are classified under deposits and tradable securities under current assets.

Deposits whose use is restricted for a period exceeding one year are classified as "pledged deposits" in non-current assets.

G. Investment property, investment property in development and land rights

Investment property is real estate (land or building - or part of a building - or both) held by the Group for the purpose of producing rental fees or for increasing capital value, or both, and not for administrative use or for sale in the ordinary course of business (hereinafter - "**Investment Property**"). The Group's investment property, including owned or leased buildings and land (mainly leased from the Israel Lands Administration).

Investment Property is initially recognized at its purchase cost, which includes direct transaction costs such as purchase tax, professional consultant fees for legal and economic services. In addition, in accordance with IFRS 13, the Company allocates transaction costs created when purchasing new assets to the Statement of Income (recorded to the fair value adjustment of investment property). In periods following initial recognition, investment property is measured at fair value. Profits or losses resulting from changes in the fair value of investment property are included in the Statement of Income in the period in which they arise, and are presented under "fair value adjustments of investment property". In order to determine the fair value of investment property, the Group's management relies mainly on valuations performed by independent external real estate assessors with the required knowledge, experience and expertise and on the experience of the Group's management.

Investment property in development and land rights - Investment property in development designated for future use as investment property is also measured at fair value, as noted above. For the manner of determining the fair value of investment property, please see Note 4c below.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 2 – Significant Accounting Policies (continued)

H. Fixed assets and connected electricity-generating facilities

Fixed assets, photovoltaic facilities and wind turbines for electricity generation are measured at cost net of accumulated depreciation and impairment losses.

The cost includes payments that can be directly attributed to the asset's purchase. The cost of assets developed independently includes the cost of materials and direct labor costs, credit costs capitalized to qualifying assets, as well as any additional costs that may be directly attributed to bringing the asset to the location and condition necessary for it to operate in the manner intended by management. When significant parts of fixed assets have different lifespans, they are treated as separate items (significant components) of the fixed asset.

The depreciation of fixed assets is carried out separately for each component of a depreciable fixed asset item with a cost that is significant relative to the total cost of the item. Depreciation is carried out systematically (as detailed below) over the useful life of the item's components, from the date on which the asset is ready for its designated use, taking into account the expected residual value at the end of the useful life, as relevant.

The useful life and depreciation rates used in calculating the depreciation are as follows:

	Useful Life	Depreciation %	Depreciation Method
Electricity generating systems - wind energy	30 years	-3.33	Straight line
Electricity generating systems - photovoltaic energy (*)	Mainly 20-40 years	-2.5 - 5	Straight line
Inverters	7-20 years	-5 - 14	Straight line

(*) A significant residual value is calculated for these electricity generating systems, as relevant. In addition, the periodic addition of storage capacity of the photovoltaic systems with combined storage is reduced over shorter periods in accordance with the dates of periodic investments.

I. Leases

The Group usually leases land for the installation and operation of photovoltaic systems and wind farms. At the start of the lease, the Group recognizes a right-of-use asset against a lease liability, at the present value of the future lease payments over the lease term, which is determined based on the non-cancellable lease term together with periods covered by options to extend the lease, if it is reasonably certain that the lessee will exercise them.

A **right-of-use asset** is measured according to the cost model and depreciated in a straight line over the lease term. The cost of the right-of-use asset at the start of the lease is determined by the amount of the initial measurement of the lease liability, any lease payments made on or before the start of the lease, and initial direct costs. Subsequently, a right-of-use asset is measured at cost net of accumulated depreciation and impairment losses.

The asset's depreciation is recorded as a depreciation expense and starts from the date of the start of the lease, which is the date of going on the land for the project's construction. The useful life of the Group's leased assets is 20-23 years in Israel, 30 years in Poland and 35 years in the United States.

Lease liability - The lease payments included in the measurement of the lease liability consist of fixed payments and variable CPI-linked lease payments.

The lease liability is initially measured on the date of the start of the lease at the present value of the lease payments that are not paid at the start of the lease, discounted using the lessee's incremental discounting interest rate. In subsequent periods, the lease liability is measured at amortized cost using the effective interest method.

Variable lease payments that are not dependent on the CPI or an exchange rate, for example, lease payments as a percentage of the revenue from the sale of electricity at Energix are not included in the measurement of the lease liability and the right-of-use asset. These lease payments are recognized as an expense in the Statement of Income during the period in which the event or condition that activated these payments occurred.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 2 – Significant Accounting Policies (continued)

J. Financial assets

Investments in financial assets are initially presented at fair value plus transaction costs, except for investments in financial assets classified in the category of fair value through profit and loss, which are presented at fair value. The Group's financial assets are classified as "Financial assets at fair value through profit and loss" or as "Financial assets measured at amortized cost".

The Group measures investments in equity instruments at fair value through profit and loss. Profits or losses resulting from changes in fair value, including those due to changes in exchange rates, are recorded to the Statement of Income in the period in which the change occurred. Interest income and dividends originating from these assets are classified under the same item in the Statement of Income. Regarding the manner of determining fair value, please see subsection q(2).

Trade receivables, deposits and debt instruments are measured at amortized cost (using the effective interest method).

K. Financial liabilities

Non-derivative financial liabilities are classified as financial liabilities at amortized cost, and include short-term credit, payables and credit balances, bonds and loans from banking corporations and others. These financial liabilities are initially recognized at fair value after deducting transaction costs. In periods following the initial measurement, financial liabilities are measured, to the extent that such measurement results are material, on an amortized cost basis, with financing costs generally recognized in the Statement of Income based on the effective interest method. Regarding the treatment of CPI-linked financial liabilities, please see Section (q).

L. CPI-linked financial assets and liabilities

The Group has CPI-linked financial assets and liabilities that are measured at amortized cost. For these assets and liabilities, financing income or costs are recorded according to the effective interest rate, to which linkage differences are added based on actual changes in the CPI up to the date of each Statement of Financial Position, so that CPI-linked balances are presented according to the last known index on the date of the Statement of Financial Position (the CPI for the month preceding the date of the Statement of Financial Position in each period), or according to the CPI in lieu of the last month of the reporting period, according to the terms and conditions of the transaction.

The Group has NIS bonds (Series M of the Company, and Series E, Series G and Series J of Amot), some of which were converted into CPI-linked transactions through hedging transactions. The hedge is a fair value hedge, a conversion between fixed and variable principal and interest flows as a function of changes in the CPI. Changes in the value of financial instruments designated for hedging fair value risk are recognized immediately in profit or loss at the time of changes in the fair value of the hedged item attributed to the hedged risk (the change in the CPI).

M. Derivative financial instruments and hedging accounting

Derivative financial instruments are initially recognized on the date of the engagement, and in each subsequent reporting period, at fair value. Changes in the fair value of derivative financial instruments are generally recognized in profit and loss. The timing of the recognition of the profit and loss of changes in the fair value of derivative financial instruments designated for hedging purposes, where such hedging is effective and meets all conditions for determining hedging ratios, is contingent on the nature and type of hedging, as detailed below.

Hedge accounting - The Group uses various derivative financial instruments to manage its exposure to changes in foreign exchange rates, interest rates and electricity prices. For additional information regarding the financial derivatives held by the Group for cash flow hedges or net investment hedges in foreign activities, please see Note 23.

At the start of the hedge and in subsequent periods, the Group assesses whether the hedge is expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated. In addition, from the start of the hedging relationship and throughout its period, the Group records the extent to which the hedging instrument is effective in offsetting the exposure to changes in fair value or cash flows for the hedged risk on the hedged item.

The hedge is effective when the hedging relationship meets all of the following hedging requirements: there is an economic relationship between the hedged item and the hedging item, the effect of credit risk is not more dominant than the changes in value resulting from this economic relationship, and the hedging ratio of the hedging relationship is the same as the ratio resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge the stated quantity of the hedged item.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 2 – Significant Accounting Policies (continued)

The Group's hedging activity includes the following hedging relationships:

1. Fair value hedging

Changes in the fair value of financial instruments designated for fair value risk hedging, which include changes in the forward rate of the CPI in the case of fair value hedging of unlinked NIS bonds using derivative financial instruments, are recognized in the Statement of Income together with changes in the fair value of the hedged item related to the hedged risk.

2. Hedging of investment in foreign activity, net

Hedging of investments in foreign activity, net through loans taken in the same currency in which the investment was made and through forward and cross currency swap transactions in foreign currency, is treated such that the effective part is recognized in the "Capital Reserve from the Translation of Financial Statements for Foreign Activity" item in the Company's comprehensive income, and the ineffective part is immediately recognized in the Statement of Income.

When a company has several net investments in foreign activity denominated in the same functional currency (for example, USD), the Company hedges the total portfolio of those investments (total exposure to that foreign currency). In order to examine the effectiveness of the hedge and attribute the effective portion of the hedge that is offset from the capital reserve from the translation of financial statements of foreign activities, the Company attributes the hedging transactions of the same foreign currency dynamically among the net investments in foreign activities with the same functional currency according to a proportional share of their book value at the beginning of each quarter, and examines the hedging effectiveness of each net investment at the end of each quarter in accordance with the ratio determined at the beginning of that quarter (prospective examination).

3. Cash flow hedging

In a cash flow hedge, a forecast transaction that is a hedged item (for example, a forecast transaction for the sale of electricity) must be highly predictable and create exposure to changes in cash flows that could ultimately affect profit and loss.

Derivatives are initially recognized at fair value. Attributable transaction costs are recorded to profit and loss as incurred. The Group presents derivatives used to hedge electricity prices in the United States, and to hedge exposure to variable interest, in the Statement of Financial Position, by adjusting the fair value as stated. Subsequent to initial recognition, the derivatives are measured at fair value. Changes in the fair value of derivatives used to hedge cash flows, in respect of the effective hedged portion, are recorded through other comprehensive income directly to the hedging reserve. In respect of the ineffective portion, the changes in fair value are recorded to profit and loss. The amount accumulated in the hedging reserve is reclassified to the Statement of Income in the period in which the hedged cash flows affect the Statement of Income and is presented in the same section in the Statement of Income in which the hedged item is presented (revenue from the sale of electricity or interest expense).

As of the date of the report, the Group applies cash flow hedge accounting in connection with price-fixing transactions for electricity that it will sell in photovoltaic projects in the United States, as well as in connection with variable interest loans, through interest rate caps and/or through variable interest rate swap transactions, as well as through IRS transactions replacing variable interest with fixed interest throughout the term of the loans. For additional information, please see Notes 7 and 8.

For hedging relationships carried out through interest rate cap options on a variable interest rate loan, the time value of the option is not part of the hedging relationship. The time value of the option on the date of initial recognition is recorded to profit and loss on a straight-line basis over the hedge period (the period during which the hedged interest payments are recognized in profit and loss). Changes in fair value attributable to the time value of the option are recorded to a capital reserve.

In addition, in the reporting period, Energix signed two electricity hedging agreements with a capacity of approx. 142 MWp with the global company Google. In these agreements, it was determined that the electricity would be sold in accordance with a mechanism based on market prices with a defined discount subject to a minimum floor price to which Energix is entitled. The difference between the actual price under the electricity sales agreement and the market price on the same date is settled net in cash and the agreements are treated as derivative financial instruments.

Energix has designated the hedging agreements as hedging instruments in cash flow hedge relationships in relation to the risk of a decrease in market electricity prices below the floor prices in the agreement. The effective portion of the hedge (the intrinsic value in terms of spot prices) will be recognized in other comprehensive income and recorded against revenue from the sale of electricity when it arises, while the ineffective portion of the hedge is immediately recognized in profit and loss under financing expenses.

The time value and the difference between the spot and forward prices of electricity are treated as the cost of hedging, so that the changes in the fair value of the hedging instrument resulting from them, to the extent that they relate to the hedged item, are recognized in other comprehensive income and accumulated in a separate capital reserve. The remaining change in fair value resulting from these components (to the extent that it exists) is recognized immediately in profit or loss under financing expenses.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 2 – Significant Accounting Policies (continued)

N. Taxes on Income

Income tax expenses (income) include all current taxes, as well as the total change in deferred tax balances, except for deferred taxes stemming from transactions recorded directly to equity.

1. Tax benefits in US projects and an agreement with a tax partner in their regard

Entrepreneurs who own photovoltaic projects in the United States are entitled, by virtue of US law, to a tax benefit (ITC - Investment Tax Credit) which can be realized against a federal tax liability in the US. If the entrepreneur does not have a tax liability against which to offset the full benefit in a relatively short period of time, it is common for the entrepreneur to enter into an agreement with an entity that has a tax liability to whom he will transfer the tax benefits (all or part), in exchange for the amount that he will invest in the project (hereinafter - the **"tax partner"**). With the entry into effect of the IRA law in 2022, the entrepreneur also has the right to sell the tax benefits instead of the agreement with the tax partner.

Energix entered into several agreements with a tax partner in accordance with the above structure, in exchange for transferring most of the tax benefits for the relevant project to that agreement, mainly a tax credit for the ITC and depreciation expenses for tax purposes on the photovoltaic installations (hereinafter in this paragraph - the **"tax benefits"**), as well as participation in an agreed proportional share of the free cash flow for distribution. The entitlement to participate in a portion of the free cash flow is in effect until the rate of return on the tax partner's investment is reached as set forth in the agreement. After reaching the rate of return, the tax partner's share in the profit and cash flow decreases to a minimum rate as determined in the agreement.

The amounts received from the tax partners are presented as a liability under the "Liability in respect of agreement with the tax partner" item in the Statement of Financial Position. Expected amounts to be paid to the tax partners from the free cash flow available for distribution for their investment in the project constitute a financial liability that is measured at amortized cost according to the effective interest method. The expected tax benefit amounts to be transferred from the project partnerships to the relevant tax partner constitute a non-financial liability that is recorded to profit and loss as tax income on a straight-line basis over a period of 5 years (the period during which Energix is required to meet various conditions in order to be eligible for the tax benefits), except for depreciation benefits, which are recorded to profit and loss throughout the benefit period, usually 12 years.

In projects where Energix has elected not to engage a tax partner, Energix is entitled to receive the full tax credit for the ITC, which can be utilized against its taxable income or it may sell the tax benefit entitlement to third parties. Please see Note 7 below.

2. Deferred taxes

BE, Carr and Boston are defined as REITs for tax purposes in the UK and the US, respectively, and accordingly do not record tax reserves for revaluation gains on real estate assets in their books.

In accordance with the UK REIT rules, BE is not required to distribute a dividend originating from capital gains from the sale of real estate assets and therefore, BE and/or its shareholders will not be liable to tax for such profits, as long as they are not distributed as a dividend. As of the date of the report, the Company holds approx. 84.9% of the rights in BE (please see Note 6d) and therefore, it controls the date of distribution of the dividends. In view of the Company management's decision that BE will not distribute dividends originating in capital gains in the foreseeable future, the Company does not record tax reserves in its financial statements in respect of its share in the revaluation gains of BE's assets.

According to the REIT rules in the United States, Carr and the Boston companies are required to distribute their taxable income for tax purposes, including capital gains from the sale of real estate assets, and accordingly, the Company records tax reserves in its financial statements in respect of its share in revaluation gains and depreciation differences for the assets of Carr and the Boston companies as long as there are taxable differences in respect of their investment property assets.

Amot creates deferred taxes in respect of temporary differences between the value for tax purposes of assets and liabilities and their amounts in the financial statements. Deferred tax balances (asset or liability) are calculated based on the tax rates expected at the time of their realization. One of the Group's material temporary differences stems from the measurement of property at fair value in the financial statements, with its value for tax purposes being CPI-linked amortized cost.

O. Recognition of revenue

The Group has revenues from rental fees and investment property management, which are recognized on a straight line basis in the Statement of Income as they accrue over the rental period. The recognition of revenue for the provision of property management services (maintenance, cleaning, etc.) is on a gross basis since it operates as the primary supplier with respect to these services.

Dividend income is recognized in the Statement of Income on the determining date for dividend eligibility.

Profits (losses) from the realization of investment property and investments in associates are recognized in the Statement of Income on the date of completion of the sale transaction upon transfer of control of the property to the buyer.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 2 – Significant Accounting Policies (continued)

Revenue from electricity sales is recognized in the Statement of Income as accumulated over the production period. Revenues from green certificates are measured according to the market price of the certificates at the end of the month in which they accumulated and recorded against the green certificates inventory. At the time of realization of the certificate, revenues from the sale of green certificates are adjusted based on the actual sale price, except in cases of impairment of the value of the certificates. Impairments and cancellations are recognized in the expense items in the Statement of Income. Regarding green certificates, please see Note 7.

Financing income includes interest income in respect of invested amounts. Interest income is recognized as it accrues.

P. Credit costs

Credit costs attributable to the construction of qualifying assets (investment property in development and electricity-generation facilities in development), the preparation of which for their intended use or sale require a significant time period, are capitalized to the cost of those assets until such time that the assets are mostly ready for their intended use. Exchange rate differences stemming from foreign currency credit are capitalized to the extent that they are considered an adjustment to interest costs.

Credit costs that are not specific to a particular project were calculated as the product of the average interest rate (which also includes a CPI-linked component) by the actual cost of the asset invested. All other credit costs are recognized in profit and loss as incurred.

CPI-linkage differences for specific credit and non-specific credit are capitalized to qualifying assets (for the portion of the investment in the qualifying asset that is financed through CPI-linked credit) according to the actual rate of increase in the CPI from period to period.

Q. Determining fair value

The Group estimates the fair value of financial and non-financial assets and liabilities. Fair value amounts are determined using the following methods:

1. **Non-derivative negotiable financial instruments** - The fair value of non-financial derivatives traded on active markets (mainly shares and other securities) has been calculated according to closing rates as of the balance sheet date quoted on various stock exchanges, multiplied by the amount of issued negotiable financial instruments on that date.
2. **Non-traded financial instruments** - The fair value of financial instruments, including derivatives, that are not traded in an active market (mainly forward and cross currency swap transactions in foreign currency and financial assets at fair value through profit and loss that are not traded) is estimated using generally accepted economic valuation techniques and models based on reasonable assumptions derived from the existing economic conditions at the end of each reporting period. The valuation methods include models for pricing options and the present value of future cash flows discounted at a discount rate that reflects, in the Company management's estimation, the level of risk inherent in the financial instrument.
3. **Investment property - please see Note 4c below.**

R. Main estimates and uncertainties

When preparing the financial statements, the Company's management is required to use estimates, assessments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the change in estimate is made.

The following are the main assumptions made in the financial statements in connection with uncertainty as of the date of the Statement of Financial Position and critical estimates calculated by the Group and for which a material change in the estimates and assumptions may change the value of assets and liabilities in these financial statements and in the next reporting year:

- **Fair value of investment property, investment property in development and land rights** - please see Note 4c below.
- **Fair value of financial instruments** - As described in Note 24, the Company's management exercises discretion in selecting appropriate valuation techniques for financial instruments that do not have a quoted price in an active market. The valuation techniques used by the Company's management are those applied by market participants. The fair value of financial instruments is determined based on the discounted cash flows expected from them, based on assumptions supported by observable market prices and their rates. The fair value estimate of financial instruments that are not listed for trading in an active market includes a number of assumptions that are not supported by observable prices and market rates.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 2 – Significant Accounting Policies (continued)

- **Taxes on income** - The Group operates in several countries that have different tax regimes. The Group recognizes a tax liability according to the tax rates applicable to the Group companies in accordance with the applicable tax laws. In determining the provision for current and deferred taxes, the management makes estimates and assessments, especially regarding transactions for which the tax rates or tax liability are not certain or final. When there is uncertainty, the Company's management usually assesses, based on the opinions of various tax advisors, whether it is more likely than not for that the Group has additional tax exposure, and the best estimate of the additional tax expense to be incurred by the Company. In addition, in cases where the Company's management estimates that additional tax is expected due to its international operations and the fact that it operates in several countries where different tax regimes exist, the Company recognizes a deferred tax liability according to the expected tax rates.

S. Exchange rates and linkage bases

Balances in or linked to foreign currency are included in the financial statements according to the representative rates of exchange published by the Bank of Israel and in effect as of the end of the reporting period.

Balances linked to the Consumer Price Index are presented according to the last known index at the end of the reporting period (the CPI of the month preceding the month of the financial statement date) or according to the Consumer Price Index for the last month of the reporting period (the CPI for the month of the financial statement date), according to the transaction terms.

Below are details of the Consumer Price Index and the exchange rates of the following currencies against the NIS, as well as the increase (decrease) in the Consumer Price Index and changes in the exchange rates of the following currencies against the NIS:

	As of December 31 / for the month of December	As of December 31 / for the month of December	As of December 31 / for the month of December	Change for the period ended December 31	Change for the period ended December 31	Change for the period ended December 31
	2025	2024	2023	2025	2024	2023
				%	%	%
Consumer Price Index						
(2020 base)						
In Israel (in lieu CPI)	117.83	114.80	111.20	2.64	3.24	2.96
In Israel (known CPI)	117.83	115.11	111.30	2.36	3.43	3.35
Exchange rate against the NIS						
USD	3.19	3.65	3.63	(12.60)	0.55	3.13
GBP	4.29	4.57	4.62	(6.13)	(1.08)	8.96
PLN	0.88	0.89	0.92	(06.1)	(3.26)	15.00

T. Newly published financial reporting standards, interpretations and amendments to standards

New standards, new interpretations and amendments to standards that have been published, which are not in effect and have not been adopted early by the Group, that are expected or may have an impact on future periods:

1. International Financial Reporting Standard IFRS 18 - "Presentation and Disclosure in Financial Statements":

On April 9, 2024, IFRS 18 was published, which replaces International Accounting Standard 1 - "Presentation of Financial Statements" ("IAS 1"). The objective of the standard is to improve the way entities communicate information to users of their financial statements.

The standard focuses on the following areas:

- Structure of the Statement of Income - Presentation of specified subtotals and classifications in the Statement of Income.
- Requirements regarding the improvement and disaggregation of information in the financial statements and in the notes.
- Presentation of information regarding management-defined performance measures ("MPMs") that are not based on accounting standards (Non-GAAP) in the notes to the financial statements.

In addition, when IFRS 18 is implemented, amendments to other IFRS standards will enter into effect, including International Accounting Standard 7 - "Statement of Cash Flows" that are intended to improve comparability between entities. The changes mainly include: the use of an operating profit subtotal as a single starting point in the application of the indirect method for reporting cash flows from operating activities and eliminating the alternatives for choosing an accounting policy regarding the presentation of interest and dividends. In view of this, except in certain cases, interest and dividends received will be included in cash flows from investing activities and, on the other hand, interest and dividends paid will be included in financing activities.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 2 – Significant Accounting Policies (continued)

The standard will enter into effect for reporting periods beginning on or after January 1, 2027. The standard will be applied retrospectively, with specific transitional provisions. Early adoption is possible starting from the period beginning on January 1, 2025. The Group is examining the impact of IFRS 18, including the impact on the financial statements of amendments to additional IFRS standards as a result of its application.

2. Amendment to IFRS 9 - "Financial Instruments" and IFRS 7 - "Financial Instruments: Disclosures" (regarding contracts referencing nature-dependent electricity):

In December 2024, an amendment to IFRS 9 and to IFRS 7 was published regarding contracts referencing nature-dependent electricity.

The amendment's main points are as follows:

The provisions of the exemption from the application of IFRS 9 for contracts to purchase or sell non-financial items in accordance with the entity's projected purchase, sale or use requirements (the 'own-use' exemption) have been amended to include the factors that an entity is required to consider when assessing whether contracts for the purchase or sale of electricity from renewable energy sources where the generation of electricity is dependent on nature (such as solar or wind conditions) are within the scope of IFRS 9.

The cash flow hedge accounting provisions in IFRS 9 have been amended to allow an entity that uses a contract for electricity from renewable energy sources that are nature-dependent within the scope of the standard (for example, a contract to sell electricity according to the actual generation profile of a renewable energy facility, settled net in cash) as a hedging instrument in a cash flow hedge relationship (hedging the projected revenue from the sale of electricity generated by that renewable energy facility to which the hedging instrument relates).

To designate as a hedged item a variable amount of electricity generation in a projected electricity sale transaction that is aligned with the variable amount of electricity expected to be supplied by the electricity generation facility to which the hedging instrument relates, since there is a presumption that this projected transaction is highly probable to occur; and

To measure the hedged item using the same assumptions regarding the electricity generation capacity as those used by the hedging instrument, in a way that improves the effectiveness of the hedge.

New disclosure requirements were added to IFRS 7 for contracts referencing nature-dependent electricity with certain characteristics.

The amendment will enter into effect for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The amendment will be applied retrospectively, except for the amendment to the cash flow hedge accounting requirements in IFRS 9. An entity must apply the amendment to the hedge accounting requirements of IFRS 9 prospectively for new hedging relationships designated on or after the date of initial application of the amendment. In addition, on the date of initial application of the amendment, an entity may discontinue hedge accounting relationships in which a contract referencing nature-dependent electricity was designated as a hedging instrument before the date of initial application of the amendment, if that hedging instrument is designated in a new hedging relationship in accordance with the hedge accounting provisions of IFRS 9 after the amendment.

The Company is examining the effects of the amendment on the financial statements.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 3 – Additional Information regarding Current Asset Items

A. Cash and cash equivalents

	As of December 31		As of December 31	
	2025	2025	2024	
	Interest rate	NIS thousands	NIS thousands	
Cash in banking corporations		346,989	560,428	
Short-term deposits in banking corporations	(*)	1,742,061	963,898	
		2,089,050	1,524,326	

(*) The interest rate on short-term deposits in banking corporations in NIS is 3.7% - 4.9%, and in USD 3.2%-4%.

B. Other receivables

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Income receivable - interest, dividends, rental fees and other	69,299	73,427
Institutions	60,830	72,106
Prepaid expenses	34,181	24,598
Joint arrangements	1,446	3,653
Green certificates	21,766	16,656
Derivative financial instruments (please see Note 23)	185,778	67,060
Miscellaneous	152,704	45,317
	526,004	302,817

C. Deposits and designated deposit

	Interest rate	As of December 31	
	As of December 31	2025	2024
	2025	NIS thousands	NIS thousands
Short-term pledged deposits and restricted cash	4.15% - 4.2%	220,624	9,756
Designated cash	3% - 3.75%	194,346	21,184
		414,970	30,940

z Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Investment Property; Investment Property in Development and Land Rights

Position and movement:

	Investment property			Investment property in development and land rights		
	Israel (Amot)	UK (BE)	USA (Carr)	Israel (Amot)	UK (BE)	USA (Carr)
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
January 1, 2024	16,092,875	3,276,470	-	2,672,553	1,677,178	-
Acquisitions	3,200	-	-	287,788	-	-
Disposals	(21,750)	-	-	(158,987)	-	-
Change in exchange rates	-	(33,067)	-	-	(25,618)	-
Transfer of investment property in development to investment property	180,378	-	-	(180,378)	-	-
Other	51,707	24,994	-	395,078	156,935	-
Fair value adjustments, net	338,606	(67,333)	-	211,080	124,855	-
December 31, 2024	16,645,016	3,201,064	-	3,227,134	1,933,350	-
Disposals	-	-	5,066,738	-	-	92,866
Acquisitions	-	106,338	-	225,366	-	89,228
Disposals	(212,860)	-	-	-	-	-
Change in exchange rates	-	(199,036)	(253,950)	-	(139,694)	(6,448)
Transfer of investment property in development to investment property	277,825	-	-	(277,825)	-	-
Miscellaneous	142,259	10,986	88,728	382,676	214,908	-
Fair value adjustments, net	174,768	(62,099)	2,395	161,715	108,357	5,007
December 31, 2025	17,027,010	3,057,253	4,903,911	3,719,066	2,116,921	180,653
Discount rates used in fair value calculations in 2024	5.25% - 7.00%	5.16% - 6.32%	-			
Discount rates used in fair value calculations in 2025	5.25% - 7.00%	5.16% - 6.46%	7.5% - 8.75%			
	-	-	6.5% - 7.0%			

Information regarding property transferred from investment property in development to investment property, please see Note 4b below.

Information regarding revenues from rental fees originating in investment property, please see Note 18a.

Information regarding fair value adjustments of investment property, please see Note 18b.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 4 – Investment Property; Investment Property in Development and Land Rights (continued)

B. Transactions in and subsequent to the reporting year related to investment property, property in development and property in initiation and development:

Amot

Projects under construction, in planning and initiation

ToHa2 (Totzeret Ha'aretz)

Amot and Gav-Yam Land Corporation Ltd. are the joint and equal owners of the land located at the intersection of Totzeret Ha'aretz, Yigal Alon and Derech HaShalom streets in Tel Aviv, on which the ToHa2 tower is being built with an above-ground area of approx. 156 thousand sq.m. (ToHa2) (hereinafter - the "Partners", the "Partnership" and the "ToHa 2 Tower", as the case may be). On June 2024, the partners entered into a lease agreement with Google Israel Ltd. (hereinafter - "Google"). According to the agreement, Google will lease from the partners approx. 60 thousand sq.m. at the envelope level in the upper part of the ToHa 2 Tower, as well as several hundred parking spaces, for a 10-year lease period (with a one-time exit right at the end of 5 years), which will begin in the first quarter of 2027, upon completion of the ToHa 2 Tower construction, in consideration for a total rental fee of approx. NIS 115 million per year, linked to the May 2024 CPI (Amot's share of the above - 50%). As is customary in transactions of this type, in addition to the lease agreement, construction and management agreements were signed, providing mutual guarantees for the fulfillment of the parties' obligations.

As of the date of publication of the report, construction of the ToHa2 tower is progressing and approx. 98% of the skeleton work has been completed in accordance with the planned schedule.

The ToHa2 envelope and systems work are also progressing according to plan and the expected completion of construction and receipt of Form 4 is at the end of 2026.

Land in Tel Aviv - ToHa

Over the past two years, the partnership has completed the acquisition of properties bordering the ToHa complex, with the aim of developing and enhancing building rights in the complex in accordance with the municipal and national outline plans. The acquisitions up to the present date amounts to approx. NIS 785 million (including lot 300/301 and including acquisitions during 2025). Amot's share is 50%. Amot is promoting a City Building Plan that would add approx. 200 thousand sq.m. of employment space and approx. 120 residential units (Amot's share - 50%).

Halehi Complex - The Park

The lot is located in the northern business complex of Bnei Brak, adjacent to the Yarkon Park and the Ramat Hahayal complex and adjacent to the Bnei Brak train station and the Green Line Light Rail station, which will open in the future. Amot, together with Allied Real Estate Ltd., jointly established an office and commercial project, which includes 100 thousand sq.m. of above-ground space. As of the date of publication of the report, the project is in the final stages of completion of the office tower and is being marketed. The commerce floors were delivered to tenants and the parking lots were opened to the public. Rental agreements have been signed for an area of approx. 13 thousand sq.m. (Amot's share of the above - 50%), which are expected to generate annual rent of approx. NIS 22 million (Amot's share of the above - 50%).

In the second quarter of 2025, the commercial part was reclassified from income-generating property in development to income-generating property.

K Complex - Jerusalem

In June 2020, Amot, together with Allied Real Estate Ltd., won a tender for the lease of a plot of land with an area of approx. 4.5 dunams (K Complex) in the "City Gate" complex that will be built at the entrance to Jerusalem. The project has an above ground area amounting to approx. 79 thousand sq.m. according to the City Building Plan in effect and approx. 93 sq.m. above ground area according to the submitted permit, as well as the right to attach 200 parking spaces built in an underground public parking lot adjacent to the complex, in addition to parking existing in the complex (Amot's share - 50%). The project is mixed-use and includes employment and hotels. As of the date of the report, the project is in the process of construction of a parking structure.

Beit Shemesh Logistic Center - upper and lower centers

Amot has an advanced logistics center jointly with Y.D.E. Menivim Ltd. on an area of 50 thousand sq.m. As of the date of publication of the report, contracts have been signed for 75% of the Logistic Center space.

The upper logistics center, with an area of approx. 24 thousand sq.m. (Amot's share - 60%) started generating income in 2024. In view of the aforesaid, in 2024 Amot classified part of the logistic center from property in development to income-generating property.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 4 – Investment Property; Investment Property in Development and Land Rights (continued)

In August 2025, Amot and its logistic center partner signed a lease agreement with a logistics company for approx. 12.5 thousand sq.m. (Amot's Share - 60%). The property was reclassified from income-generating property in development to income-generating property on September 30, 2025.

Amot Denisra – Park Afek

Amot has a joint project with Denisra International Ltd. (Amot's share - 50%) for the construction of a fourth office building above an existing commercial floor in the Amot Park Afek complex in Rosh HaAyn. The entire complex is jointly owned by the parties. The building includes 6 floors above a commercial ground floor with a total area of 9,400 sq.m. The building rights for the construction of the building were obtained under a city building plan promoted by the parties and which took effect in 2020. The investment for the project's construction is approx. NIS 80 million (Amot's share - 50%). As of the date of publication of the report, rental contracts have been signed for 48% of the space in the fourth building. During the second quarter of 2025, Form 4 was received for the structure and the property was reclassified from income-generating property in development to income-generating property.

Beit Amot – Ravad

In December 2025, Amot acquired 50% of the rights in an office building located facing the Ayalon Highway and the Noah Moses Bridge, near the ToHa complex, the Shalom Railway Station and the Red Line Light Rail Station (the Agish - Ravad Building). The rights were purchased from private owners for a total of approx. NIS 130 million (not including transaction costs). The price represents half of the rights of the building built on the plot plus building rights, totaling approx. 12 thousand sq.m. The land is privately owned, and therefore, for the remaining building rights that will result from the city building plan, a betterment levy of approx. 60% of the value of the rights will be paid. A new city building plan is being promoted for the plot, under which the plot will be consolidated and divided with the adjacent land to the east, which is owned by the state, for the construction of two new employment towers directly facing the Ayalon Highway. The future Amot-Ravad Tower will be built on a plot of land in an equal partnership between Amot and Ravad, with an area of approx. 65 thousand sq.m. (Amot's share - 50%). The northern tower will be built by the state and will serve as the new government complex.

Realization of assets

During the reporting period, two income-generating properties were realized for the amount of approx. NIS 212 million. The consideration from the realization of these properties was received in full, with the exception of an immaterial amount.

That stated in Note 4b includes information that constitutes forward-looking information.

C. Determining fair value:

The following table presents the investment properties measured at fair value according to Level 3 (not including investment property in Amot's joint ventures). For definitions of the various levels of the hierarchy, please see Note 24.

Description of valuation technique for investment property measured at fair value as of December 31, 2025:

Amot					
Investments in investment property in Israel	Fair value as of December 31, 2025, in NIS thousands	Valuation technique	Description of unobservable data	Range (weighted average)	Area (sq.m.)
Offices	7,888,432	Discounted cash flow (DCF)	Monthly rental fees per sq.m. Discount rate Occupancy rate	105 5.75%-7.00% 87.30%	397,724
Industrial and logistic parks	5,070,363	Discounted cash flow (DCF)	Monthly rental fees per sq.m. Discount rate Occupancy rate	47 5.25%-7.00% 96.90%	528,276
Commercial centers	2,993,874	Discounted cash flow (DCF)	Monthly rental fees per sq.m. Discount rate Occupancy rate	124 6.25%-7.25% 96.90%	131,711
Supermarkets	842,404	Discounted cash flow (DCF)	Monthly rental fees per sq.m. Discount rate Occupancy rate	121 6.25%-6.75% 100%	35,038
Miscellaneous	231,937	Discounted cash flow (DCF)	Monthly rental fees per sq.m. Discount rate Occupancy rate	66 6.25%-7.00% 100%	20,988
Property in development and land rights	3,719,065	Comparison, costs, discounted cash flow (DCF)	-	-	-

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 4 – Investment Property; Investment Property in Development and Land Rights
(continued)

BE					
Investments in investment property in the UK	Fair value as of December 31, 2025, in NIS thousands	Valuation technique	Description of unobservable data	Range (weighted average)	Area
Offices (*)	3,057,253	Discounted cash flow (DCF)	Monthly rental fees per sq.ft.	GBP 57	1,192,269 sq.ft.
		Extraction method	Discount rate	5.16%-6.46%	
			Occupancy rate	79.1%-100%	
Property in development and land rights	2,116,921	Comparison	Price per acre	GBP 11 million	6.5 acres
		Extraction method	Monthly rental fees per sq.m.	GBP 86	1,411,094 sq.ft.
			Discount rate	5.16%	
Carr					
Investments in investment property in the United States	Fair value as of December 31, 2025, in NIS thousands	Valuation technique	Description of unobservable data	Range (weighted average)	Area
Offices (*)	4,903,911	Discounted cash flow (DCF)	Monthly rental fees per sq.ft.	395\$-1012\$	1,978,374 sq.ft.
			Discount rate	7.5% - 8.75%	
			Exit Cap Rate	6.5% - 7.0%	
			Occupancy rate	65.8%-99%	

(*) One of the above properties includes office space as well as an open commercial center.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 4 – Investment Property; Investment Property in Development and Land Rights (continued)

Description of valuation technique for investment property measured at fair value as of December 31, 2024:

Amot					
Investments in investment property in Israel	Fair value as of December 31, 2024, in NIS thousands	Valuation technique	Description of unobservable data	Range (weighted average)	Area (sq.m.)
Offices	7,954,935	Discounted cash flow (DCF)	Monthly rental fees per sq.m.	104	419,678
			Discount rate	5.75%-7.00%	
			Occupancy rate	82.30%	
Industrial and logistic parks	4,893,999	Discounted cash flow (DCF)	Monthly rental fees per sq.m.	45	513,610
			Discount rate	5.25%-7.00%	
			Occupancy rate	99.00%	
Commercial centers	2,754,585	Discounted cash flow (DCF)	Monthly rental fees per sq.m.	123	125,172
			Discount rate	6.25%-7.25%	
			Occupancy rate	97.10%	
Supermarkets	814,128	Discounted cash flow (DCF)	Monthly rental fees per sq.m.	117	35,038
			Discount rate	6.25%-6.75%	
			Occupancy rate	100%	
Miscellaneous	227,368	Discounted cash flow (DCF)	Monthly rental fees per sq.m.	65	20,988
			Discount rate	6.25%-7.00%	
			Occupancy rate	100%	
Property in development and land rights	3,227,134	Comparison, costs, discounted cash flow (DCF)	-	-	-
BE					
Investments in investment property in the UK	Fair value as of December 31, 2024, in NIS thousands	Valuation technique	Description of unobservable data	Range (weighted average)	Area
Offices (*)	3,201,064	Discounted cash flow (DCF)	Monthly rental fees per sq.ft.	GBP 57	1,101,869 sq.ft.
		Extraction method	Discount rate	5.16%-6.32%	
			Occupancy rate	88.3%-100%	
Land rights	1,933,350	Comparison	Price per acre	GBP 11 million	6.5 acres
		Extraction method	Monthly rental fees per sq.ft.	GBP 78	1,432,976 sq.ft.
			Discount rate	5.16%	

(*) One of the above properties includes office space as well as an open commercial center.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 4 – Investment Property; Investment Property in Development and Land Rights (continued)

Description of valuation processes used to determine fair value

The entities at Amot, BE and Carr responsible for the fair value measurement process for items classified at Level 3 (please see Note 24) is the senior management of each of the above companies.

In order to determine the fair value of investment property, the Group's managements rely mainly on assessments made by independent external real estate appraisers with the required knowledge, experience and expertise.

The managements of Amot, BE and Carr report to the Financial Statements Committee of Amot, BE and Carr, respectively, on the fair value of investment property, and examine the appropriateness of the data and valuation methodology used to determine the fair value.

The valuations of Amot, BE and Carr are examined quarterly and when needed, adjustments are made in order to estimate the fair value in the most precise manner Amot, BE and Carr believe possible.

Fair value is measured based on valuation techniques, such as: the market approach - an approach that uses prices and relevant information created by comparable market transactions, which are then adjusted. Revenue approach - an approach that converts future amounts (for example, future cash flows) to the discounted current amount (DCF). When the discounted cash flow method is used, the interest rate used to discount the expected net cash flows from the asset has a significant impact on its fair value.

In determining fair value, the following, among other things, are taken into account: the discount rates used to discount future cash flows, the length of the rental period, the stability of the tenants, the amount of available space in the property, the lengths of the lease agreements, is the rental above or below market price and the amount of time required to rent out the vacant properties, the implications of investments needed for the development, completion of the project and/or maintenance of existing properties and deduction of uncovered operating costs, etc.

The fair value of investment property in development and land rights is calculated according to one of two methods, as relevant:

- An estimate of the fair value of the land component and building rights (mainly using the comparison approach of similar land while making necessary adjustments) plus the accumulated construction costs and entrepreneurial profit attributed to those costs where relevant.
- An estimate of the expected fair value of the investment property after completion of its construction net of the current value of estimated construction costs expected for its completion and net of development profit, when relevant, taking into account the rate of return adjusted for the relevant risks and characteristics of the investment property.

The process of estimating the fair value of investment property also includes subjective components, among other things, originating in past experience of Group managements and their understanding of future occurrences and developments in the investment property market on the date on which the fair value assessment was determined. In view of this, and in view of the previous paragraphs, determination of the fair value of the Group's investment property requires discretion. Changes in assumptions used to determine fair value can significantly affect the Group's financial condition and operating results.

D. Sensitivity analysis:

The following is a sensitivity analysis of the value of the Amot Group's investment property at a cap rate on the basis of a standardized NOI (including joint arrangements):

Based on an annual adjusted NOI of approx. NIS 1,089 million, any 0.25% change in the cap rate will result in an average change in the fair value of Amot's income-generating property (not including property in development and land rights) of approx. NIS 678 million (net of deferred taxes at a rate of 23% - approx. NIS 522 million) (average change of increase and decrease in the cap rate).

The following is a sensitivity analysis of the value of the BE Group's investment property (including land) at a cap rate:

Any 0.25% change in the cap rate of income-generating properties will result in an average change in the fair value of approx. GBP 48 million (approx. NIS 206 million). Any 0.25% change in the cap rate of property in development and land² will result in an average change in the fair value of approx. GBP 73 million (approx. NIS 313 million).

The following is a sensitivity analysis of the value of the Carr Group's investment property at a cap rate on the basis of a standardized NOI (including associates):

Any 0.25% change in the cap rate of income-generating properties will result in an average change in the fair value of approx. USD 37 million (approx. NIS 118 million).

E. Additional information:

For information on liens, please see Note 14.

² With the exception of land whose fair value is measured using the comparison method according to the price per acre.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 5 – Securities Measured at Fair Value through Profit and Loss

Securities measured at fair value through profit and loss	Exposure currency	As of December 31	
		2025	2024
		NIS thousands	NIS thousands
Brockton Capital Fund III	GBP	195,839	218,454
Other investments in tradable and other securities	NIS	4	5
		195,843	218,459

Brockton Real Estate Investment Funds

As of December 31, 2025, the Group holds approx. 10% of Brockton Capital Fund III.

During 2025, Brockton Capital Fund I, in which the Group held approx. 25% (hereinafter - "**Brockton Fund I**"), was dissolved. For information regarding the loss recorded by the Group in 2024 in respect of its investment in the Brockton Fund I, please see Note 18d.

Note 6 – Investments in Investees

A. Material Group subsidiaries

List of subsidiaries

Name of subsidiary	Section	Main location of activity	Rate of holdings in capital and in voting		Value of holdings at stock market prices		Amount of Investment in Investee (*)	
			As of December 31		As of December 31		As of December 31	
			2025	2024	2025	2024	2025	2024
			%		NIS thousands		NIS thousands	
Amot Investments Ltd.	c	Israel	50.03%	51.05%	6,178,538	4,968,433	4,908,339	4,660,711
Energix Renewable Energies Ltd.	d	Israel	49.52%	50.24%	4,606,179	3,450,762	1,240,705	1,112,324
Carr Properties Holdings LP (**)	f	USA	89.14%	52.35%	-	-	1,674,128	-
Brockton Everlast Limited Inc (***)	e	UK	84.99%	84.90%	-	-	3,030,754	2,989,406

(*) The value of holdings at stock market prices includes the Company's holdings in options of Amot and Energix. The Company's share in the consolidated companies' equity is after adjustments in accordance with IFRS 10, as well as the Company's share in investments in options.

(**) In 2024, Carr was jointly controlled.

(***) Through Brockton Holdings LP, a partnership registered in Guernsey.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 6 – Investments in Investees (continued)

B. Subsidiaries that have non-controlling interests that are material to the Group

The following is condensed financial information from Amot's statements:

The following amounts are before inter-company cancellations:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Rate of non-controlling interests (in equity and voting)	49.97%	48.95%
Current assets	722,871	368,375
Non-current assets	21,312,898	20,526,413
Current liabilities	992,069	909,557
Non-current liabilities	11,192,276	10,820,466
Total assets, net	9,851,424	9,164,765
Book value of Amot's non-controlling interests	4,922,392	4,485,632

	For the year ended December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Revenue from rental fees and management of investment property	1,192,588	1,166,416	1,110,874
Fair value adjustments of investment property, net	338,277	552,072	244,722
Profit	781,833	919,002	682,607
Total comprehensive income	781,833	919,002	682,607
Profit attributed to Amot's non-controlling interests	384,924	449,684	311,478
Net cash flows provided by operating activities	874,538	842,712	789,822
Net cash flows used in investing activities	(540,394)	(389,079)	(190,835)
Net cash flows provided by financing activities	(84,819)	(686,487)	(758,510)
Dividend paid to non-controlling interests	310,853	299,616	295,530

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 6 – Investments in Investees (continued)

The following is condensed financial information from Energix's statements:

The following amounts are before inter-company cancellations:

Rate of non-controlling interests (in equity and voting)

Current assets

Non-current assets

Current liabilities

Non-current liabilities

Total assets, net

Book value of Energix's non-controlling interests

As of December 31	
2025	2024
NIS thousands	NIS thousands
50.48%	49.76%
1,610,222	741,670
11,597,249	10,428,777
2,391,721	2,001,662
8,218,355	6,860,624
2,597,395	2,308,161
1,356,688	1,195,824

Total revenues

Profit

Other comprehensive income (loss)

Total comprehensive income

Profit (loss) attributable to Energix's non-controlling interests

Net cash flows provided by (used in) operating activities

Net cash flows used in investing activities

Net cash flows provided by financing activities

Dividend paid to non-controlling interests

For the year ended December 31		
2025	2024	2023
NIS thousands	NIS thousands	NIS thousands
762,172	897,628	681,906
250,426	338,008	258,068
(193,799)	(57,971)	68,466
56,627	280,037	326,534
125,085	168,246	127,930
129,386	338,174	505,813
(2,469,583)	(944,697)	(3,099,284)
3,085,891	521,446	2,648,166
109,865	163,870	125,017

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 6 – Investments in Investees (continued)

C. Information regarding material consolidated companies - Amot Investments Ltd. (hereinafter - "Amot")

1. Amot's business

Amot is a public company whose securities are traded on the Tel Aviv Stock Exchange Ltd., and is a directly-controlled subsidiary of the Company. Amot deals, directly and indirectly, through corporations under its control, in the rental, management and maintenance of income-generating properties in Israel and in the development of land for its own use for rental properties. The Amot Group owns, directly and indirectly, real estate assets that include offices, commercial centers, supermarkets, central bus stations, industrial and logistics parks and hotels.

2. The Company's holdings in Amot

In July 2025, Amot issued 20,691,400 shares, NIS 1 PV each, and 10,345,700 options (Series 12), which are exercisable for ordinary shares until December 31, 2026 (inclusive) against payment of an exercise price (dividend-adjusted) of NIS 28 (without linkage to any index or currency) per option (hereinafter - the "Issue"). The gross immediate consideration received for the offering amounted to approx. NIS 505 million and the gross future consideration to be received assuming full exercise will amount to approx. NIS 290 million. As part of the tender for classified investors that preceded the offering, the Company purchased 6,130,900 of Amot's ordinary shares and 3,065,450 of Amot's options (Series 12) for a total consideration of approx. NIS 150 million. As of December 31, 2025, the rate of the Company's holdings in Amot was 50.03% and fully diluted, taking into account convertible securities issued by Amot, the rate of holdings was 49.14% (in 2024: 51.1% and 50.45%, respectively, and in 2023: 51.1% and 50.86%, respectively).

Near the publication of the financial statement, the Company's rate of holdings in Amot's share capital is 49.99% (approx. 49.14% fully diluted).

3. Amot's dividend distribution policy

In January 2007, Amot's Board of Directors adopted a dividend policy, according to which during the first quarter of each calendar year, Amot will announce the minimum dividend distribution amount planned for that year. The dividends will be distributed at the end of each quarter (the relative portion), subject to the decision of Amot's Board of Directors, as long as the dividend distribution does not harm Amot's cash flow, and taking into account Amot's future investment plans that may exist from time to time and subject to the law. As part of the above decision, Amot's Board of Directors decided that it would be permitted at any time, taking into account business considerations and the provisions of the law, to change the dividend policy, and to change the dividend amounts distributed or to decide not to distribute them at all. In accordance with this decision, each year Amot declares the minimum dividend to be paid that year.

In accordance with the decisions made by Amot's Board of Directors regarding the years 2023-2025, in 2023 Amot paid its shareholders a current dividend and an additional dividend (for 2022) in an aggregate amount of NIS 612 million (the Company's share - NIS 344 million), in 2024 a current dividend and an additional dividend (for 2023) in an aggregate amount of NIS 617 million (the Company's share - NIS 313 million) and in 2025 a current dividend and an additional dividend (for 2024) in an aggregate amount of NIS 635 million (the Company's share - NIS 319 million).

In February 2026, Amot's Board of Directors stated that in 2026 Amot intends to distribute a minimum annual dividend of NIS 1.08 per share, to be paid in 4 equal quarterly payments in the amount of NIS 0.27 per share, subject to a specific decision of the Board of Directors at the end of each quarter.

In accordance with this policy, in March 2026 Amot will pay a dividend for the first quarter of 2026 in the amount of NIS 0.27 per share (approx. NIS 133 million, the Company's share - approx. NIS 67 million). In addition, in March 2026, Amot will pay an additional dividend for 2025 in the amount of NIS 0.23 per share (NIS 114 million, the Company's share - NIS 57 million).

4. Management fee agreement with Amot

In June 2025, after approval by the Company's Audit Committee and Board of Directors, and approval by the Audit Committee, Board of Directors and General Meeting of Amot, the Company signed a management agreement with Amot for the years 2025-2027 (hereinafter in this section - the "management agreement"). The management agreement amends and extends the previous management agreement that ended on December 31, 2024, effective January 1, 2025. According to the management agreement, the management fees for each of the years will amount to NIS 11 million per year, linked to the CPI for the month of November 2024. To the extent that Amot's annual FFO return according to the management approach is less than 6%, the management fees for that year will be reduced by NIS 600 thousand. As of the date of the report, the annual management fees according to the management agreement amount to NIS 11.2 million.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 6 – Investments in Investees (continued)

The annual management fees were paid in four quarterly payments. It should be clarified that the amount of services provided to Amot is according to Amot's changing needs, from time to time, and with no hourly limit (minimum or maximum). In this context, it should be noted that the Company has committed to make available to Amot all the inputs that will be required for the provision of management services, as required by Amot. If during the period of the management agreement there will be a substantial reduction in the amount of work invested by the Company's officers, at a rate exceeding 25% cumulatively per year of activity (in relation to the estimated amount of work invested by the aforementioned officers for the provision of management services prior to the approval of the management agreement), Amot will have the right to cancel the management agreement. In addition, according to the management agreement, the Company will be entitled to end it at any time with prior written notice of 120 days. In addition, as was the case until now, each party may end it with a prior written notice of 60 days to the other in the event that the Company ceases to have control over Amot.

Regarding Amot's property revaluations, please see Note 18b below.

D. Information regarding material consolidated companies - Brockton Everlast Inc. Limited (hereinafter - "BE")³

1. BE's business

Brockton Everlast Inc. Limited (hereinafter - "BE") is a private company engaged in the acquisition, development, betterment, construction, management and maintenance of income-generating property in the London, Cambridge and Oxford metropolitan areas in the UK.

As of December 31, 2025 and close to the date of publication of the report, the Company indirectly held approx. 85% of the rights in BE. The total fair value of BE's properties as of December 31, 2025 is GBP 1.2 billion (NIS 5.1 billion). Regarding the revaluation of BE's properties, please see Note 18b below.

2. The Company's holdings in BE

From BE's establishment in February 2018 and until the date of publication of the report, the Company has invested GBP 795 million in BE's capital, of which a total of GBP 46 million (approx. NIS 212 million) was invested during 2025.

3. BE's business development

- **Dovetail building** - During the reporting period, BE completed the demolition of the buildings on the site and has begun reinforcement and excavation work for the construction of the Dovetail building in the City of London.
- **Cambridge Science Park** - In the reporting period, a zoning plan was approved on BE's land for the establishment of a science park called The Fenway, which will be built in the center of Cambridge's northern science park (hereinafter - the "**Science Park**"). The Science Park will comprise six buildings with a total leasable area of 720 thousand sq ft, to be constructed in stages over the coming years. BE intends to add a partner to the establishment of the Science Park.
As part of the Science Park development plan, during the reporting period, BE acquired an adjacent 40 thousand sq ft office building for a consideration of approx. GBP 22 million (approx. GBP 24 million, including transaction costs). The building, which is fully leased to a single tenant, includes a car park that is planned to be used as a replacement for the construction of approx. half of the parking spaces required for the Science Park construction

4. BE's dividend distribution and capital reduction policy

BE is defined as a REIT for UK tax purposes and must meet certain conditions which include, among other things, a dividend distribution of at least 90% of its adjusted current taxable income.

In 2023, 2024 and 2025, BE distributed to its shareholders a dividend of GBP 16 million (approx. NIS 70 million), GBP 12 million (approx. NIS 60 million) and GBP 12 million (approx. NIS 51 million), respectively (the Company's share - approx. NIS 59 million, NIS 51 million and NIS 43 million, respectively).

During the second half of 2026, BE is expected to distribute a dividend to its shareholders in the amount of GBP 12 million (approx. NIS 50 million, the Company's share - approx. NIS 43 million).

5. Corporate governance in BE and in the BE Group

In the set of agreements entered into by the Company, BE, BE Managers⁴ and corporations from the Menora Mivtachim Group (hereinafter - "**Menora**"), several provisions were determined regarding the corporate governance at BE, as follows: (a) The BE Board of Directors will consist of 3 Company representatives, one of whom will serve as Chairman of the Board of Directors, and 2 BE Managers representatives. In addition, the Company and Menorah will have the right to appoint an observer on their behalf (with respect to Menorah, the right to appoint an observer is conditional on a minimum holding of 5%).

³ BE is held through Brockton Holdings LP.

⁴ BE Managers - Mr. David Marks, BE CEO, and Mr. Richard Selby, Chief Investment Manager.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 6 – Investments in Investees (continued)

The Company has the right to appoint the observer as a director at any time); (b) As a rule, decisions will be made by a simple majority except for the following decisions: interested party transactions with the Alony-Hetz Group involving a benefit to the Alony-Hetz Group (with the exception of indemnification and insurance of directors), amendment of the employee remuneration plan; a decision to dissolve BE in court proceedings and a decision on a drastic change in business strategy. Additionally, BE has Board committees in which Company representatives will constitute the majority.

6. Limitation on the transferability of rights

In the partnership agreement between the Company, the BE Managers and Menora, several limitations were determined on the transferability of rights in BE, which as of the date of publication of the report, are as follows: (1) The Company has the right to sell or transfer all of its rights in BE to a third party, and to drag along the other rights holders, subject to conditions specified in the partnership agreement; (2) The Company has the right to sell or transfer some or all of its rights in BE to a third party, subject to the granting of a tag along right to the BE Managers and to Menora. In such a case, the BE Managers and Menora will have the right to join the sale, under the same conditions and in equal proportion to the sale of rights by the Company, provided that if Aloni Hetz's holdings fall below 25% following the sale, Menora will have the right to sell all of its holdings as part of that sale; (3) All transfers of rights in BE by the BE Managers will be subject to the Company's right of first refusal, while transfers of rights in BE by Menora will be subject to the Company's right of first offer (ROFO).

7. Non-compete commitment

The Company has made a commitment not to compete with BE's business as long as it holds at least 25% of the capital and as long as Menora holds at least 5% of BE's capital⁵.

E. Information regarding material consolidated companies - Energix Renewable Energies Ltd. (hereinafter - "Energix")

1. Energix's business

Energix is a public company whose securities are traded on the Tel Aviv Stock Exchange Ltd., and is a directly-controlled subsidiary of the Company.

Energix engages in the planning, development, financing, construction, management and operation of facilities for the generation and storage of clean electricity from renewable energy sources (photovoltaic systems and wind farms) and the sale of electricity produced in these facilities, with the intention of holding them for the long term. As of the date of the report, Energix has operations in Israel, the United States, Poland and Lithuania. As of the date of the report, the total capacity of its systems amounts to approx. 1.7 GW and 0.5 GWh (storage) in commercially operating projects, approx. 1.9 GW and 1.2 GWh (storage) in projects in development or pre-construction, and approx. 0.9 GW and 1.5 GWh (storage) in projects in advanced initiation. In addition, Energix has photovoltaic and wind energy projects in initiation with a capacity of approx. 5.6 GW and storage projects in initiation with a capacity of approx. 11.6 GWh⁶.

Regarding financing agreements for the projects, please see Note 12d.

2. The Company's holdings in Energix

In December 2025, Energix issued 25,346,000 of its shares, NIS 1 PV each, and 25,346,000 options (Series 4), which are exercisable for ordinary shares until September 30, 2026 (inclusive) against payment of an exercise price (dividend-adjusted) of NIS 20 (without linkage to any index or currency) per option (hereinafter - the "issue"). The gross immediate consideration received for the offering amounted to approx. NIS 425 million (approx. a net NIS 415 million). The future consideration that Energix will receive, assuming full exercise of the options (Series 4) amounted to approx. NIS 507 million (gross).

As part of the tender for classified investors that preceded the issuance, the Company purchased 9,923,300 of Energix's ordinary shares and 9,923,300 of Energix's options (Series 4) for a total of approx. NIS 166 million.

As of December 31 2025, the rate of the Company's holdings in Energix was 49.52% and fully diluted, taking into account convertible securities issued by Energix, the rate of holdings will be 47.83% (in 2024: 50.24% and 48.63%, respectively, and in 2023: 50.3% and 46.14%, respectively).

⁵ As of December 31, 2025, Menora holds 13.57% of the rights in BE.

⁶ Energix's project backlog includes a project it acquired in Lithuania that combines wind farms, photovoltaics, and storage with a capacity of up to 470 MWp and an additional 320 MWh of storage.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 6 – Investments in Investees (continued)

Close to the publication of the financial statement, the Company's rate of holdings in Energix's share capital is 49.49% (approx. 47.33% fully diluted).

3. Energix's dividend distribution policy

In March 2021, Energix's Board of Directors adopted a dividend policy taking into account the continued growth of Energix and depending on its needs, according to which, close to the approval of its annual reports each year, Energix will announce the amount of the dividend planned for that year. The amount of the annual dividend will be divided into 4 quarterly payments, taking business considerations into account and in accordance with the provisions of any law, the Board of Directors may at any time make adjustments or change the amount of the dividends distributed, or decide not to distribute them at all.

In accordance with the above decision, Energix paid its shareholders in 2023, 2024 and 2025 a current dividend in the aggregate amount of NIS 251 million, NIS 219 million and NIS 220 million, respectively (the Company's share - NIS 127 million, NIS 111 million and NIS 111 million, respectively).

In addition, Energix distributed an additional dividend in the first quarter of 2024 for 2023 in the amount of NIS 0.20 per share (NIS 110 million, the Company's share - NIS 55 million).

In February 2026, Energix's Board of Directors determined that in 2026 Energix intends to distribute an annual dividend of NIS 40 per share to be paid in four quarterly payments of NIS 10 per share, subject to a specific decision by Energix's Board of Directors at the end of each quarter.

In accordance with the above, Energix announced a dividend for the first quarter of 2026 in the amount of NIS 10 per share (approx. NIS 58 million) (the Company's share - approx. NIS 29 million), to be paid in March 2026.

4. Energix's lease agreements for electricity generation facilities

Energix leases land for the installation and operation of photovoltaic systems and leases land for the installation and operation of wind systems. Regarding accounting policy - please see Note 2i. Regarding the lease of rooftops from Amot - please see Note 19f.

5. Management fee agreement with Energix

The Company has a management agreement with Energix for a three-year period ending on June 30, 2026 (hereinafter - the "management agreement"). The management agreement amends and extends the previous management agreement that ended on June 30, 2023, effective July 1, 2023.

According to the management agreement, for the management services, Energix pays the Company a management fee consisting of a fixed payment of NIS 1.325 million per quarter (linked to the CPI)⁷ and a variable payment of 0.045% per quarter (i.e. 0.18% on an annual basis) of the original cost in Energix's books for its electricity-generating facilities, which are actually generating electricity (Energix's share), which were and/or will be added to Energix from July 1, 2020 onwards. In total, the variable payment will not exceed the amount of NIS 5.2 million per year (linked to the CPI⁸). The maximum annual management fee ceiling will be the amount of NIS 10.5 million (linked to the CPI)⁸.

The engagement in the management agreement with Energix was approved by the Audit Committee and the Company's Board of Directors at their meetings in May 2023 and by Energix's General Assembly in July 2023.

Under the management agreement, the Company has undertaken to provide Energix with management services through its employees, including senior officers, on matters specified in the management agreement, in the amount of hours as needed, from time to time, without limitation. The Company has the right to terminate the management agreement at any time, given that it provides Energix with 120 days' prior written notice. Energix has the right to cancel the management agreement in the event of a material reduction in the management services to be provided to it, as specified in the management agreement, subject to the approval of the Energix Audit Committee and Board of Directors.

The management fees paid to the Company for the years 2023, 2024 and 2025 amounted to NIS 10.1, 10.9 and 11.2 million, respectively.

⁷ The base index is the index published on July 15, 2023 for June 2023.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 6 – Investments in Investees (continued)

F. Investments in associates and joint ventures

1. Composition of investments

Name of investee	Section	Accounting treatment	Country of incorporation	Holding rate in investee's capital		Amount of investment in investee	
				As of December 31		As of December 31	
				2025	2024	2025	2024
				%		NIS thousands	
Carr Properties Holdings LP (**)	g		USA	89.14%	52.35% (*)	-	1,302,056
OPG 125 Summer REIT Investor (DE) LLC	h	Jointly controlled entity	USA	55% (*)	55% (*)	263,354	262,936
OPG 745 Atlantic REIT Investor (DE) LLC	h	Jointly controlled entity	USA	55% (*)	55% (*)	(15,950)	(18,538)
Davenport REIT Investor (DE) LLC	h	Jointly controlled entity	USA	55% (*)	55% (*)	34,358	101,983
Amot's joint ventures						419,392	429,863
Associates of Carr Properties Holdings LP						306,543	-
Aviv Venture Capital Fund 2 ("Aviv 2 Fund") and others						2,820	6,685
						1,010,517	2,084,985

(*) Voting rights - 50%.

(**) The investment in Carr was measured using the equity method until the date of acquisition of control. From the third quarter of 2025, Carr is consolidated into the Company's financial statements.

2. Composition of Group share in the profits (losses) of associates, net

Name of investee	Section	Equity gains		
		For the year ended December 31		
		2025	2024	2023
		NIS thousands	NIS thousands	NIS thousands
Carr Properties Holdings LP	g	87,010	(263,716)	(1,383,740)
Associates of Carr Properties Holdings LP from the date of initial consolidation		(72,319)	-	-
OPG 125 Summer REIT Investor (DE) LLC	h	47,547	(78,443)	(145,973)
OPG 745 Atlantic REIT Investor (DE) LLC	h	(75,774)	(109,193)	(74,124)
Davenport REIT Investor (DE) LLC	h	(38,961)	(90,116)	(64,084)
Aviv Venture Capital Fund 2 ("Aviv 2 Fund")		(1,329)	(5,403)	(3,128)
Others (mainly Amot's joint ventures)		13,365	6,693	(32,948)
		(40,461)	(540,178)	(1,703,997)

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 6 – Investments in Investees (continued)

G. The Company's Holdings in Carr

1. General

As of December 31, 2025, Carr Properties Holdings LP (hereinafter - "**Carr Holdings**") is a partnership controlled by the Group. As of the date of publication of the report, Carr Holdings is held directly and indirectly by the Company at a rate of 89.14% and by Clal Insurance at a rate of 10.83%⁸.

Carr Holdings has control (through a corporation under its full control) and holdings of 89.58% in the Carr Properties Partnership (hereinafter - "**Carr**" or "**Carr Properties**").

2. Redemption of JPM's holdings in Carr

In July 2025, Carr completed a transaction redeeming JPM's⁹ holdings in Carr Holdings in exchange for the transfer of full ownership of three Carr properties¹⁰ to JPM, free of any debt (hereinafter - the "**transaction**"). In addition, upon completion of the transaction, the Company invested equity in the amount of USD 100 million in Carr. As a result, the Company's effective holding in Carr rose to 79%¹¹ and it was consolidated for the first time in the Company's financial statements as of September 30, 2025.

As part of the preparations for the transaction, during the reporting period Carr performed the following actions:

A. **Realization of properties** - In April 2025, Carr engaged in agreements for the sale of two properties, as follows:

- i. In May 2025 - The transaction was completed for the sale of the 4500 West-East building for the amount of USD 35 million (NIS 120 million).
- ii. In June 2025 - The transaction was completed for the sale of the 901 K Street building for the amount of USD 84 million (NIS 300 million).

B. Financing

- i. In May 2025, Carr and its partner in the One Congress building entered into a new loan agreement in the amount of USD 650 million. The loan is for a period of 7 years and has a fixed interest rate of 5.8%. The loan was used by Carr and its partner to repay the financing for the building's construction in the amount of USD 570 million, while the balance was used to repay capital to the partnership (Carr's share - USD 60 million).
- ii. In July 2025, Carr received a loan secured by a lien against three properties from a banking corporation in the amount of approx. USD 280 million for a period of 3 years at fixed annual interest of 6.9%.
- iii. Repayment of the full credit facilities granted to Carr.

Following completion of the redemption transaction, the Company has control with a majority on the Board of Directors and in the Board of Directors' committees.

⁸ The balance is held by five individuals.

⁹ An investment fund managed by the Special Situation Property Fund of JP Morgan Chase Bank (heretofore and hereinafter - "JPM"), which was Carr's partner in control until July 2025.

¹⁰ The properties transferred to JPM: 1701 Duke Street, Signal House and 1875 K Street, at a total value of USD 241 million.

¹¹ The holding rate of Clal Insurance Company Ltd. (heretofore and hereinafter - "**Clal**") on the date of completion of the transaction is 17.6%.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 6 – Investments in Investees (continued)

The following is a breakdown of the identifiable assets and the liabilities assumed in the business combination on the date of acquisition of control:

	Book value
	NIS thousands
Working capital	240,435
Investment property ^{12,13}	5,066,738
Investment property and land rights ¹⁴	92,866
Investments in companies accounted for using the equity method	397,064
Other assets	54,940
Total assets	5,852,043
Loans and other liabilities	(3,433,417)
Equity	(1,727,248)
Non-controlling interests	(691,378)
Total liabilities and equity	(5,082,043)

Accounting implications following the transaction

Due to the acquisition of control, and the first-time consolidation of Carr's statements as stated, and in accordance with the requirements of IFRS 3, the Company's holding in Carr was measured at fair value on the date of acquisition of control. Following the above, the translation difference reserve from foreign operations and cash flow hedge funds for exposure to variable interest to profit or loss accumulated in the Company's statements in relation to the investment in Carr, at a negative amount of approx. NIS 396 million, were reclassified to "Realization of the translation difference reserve and other reserves due to the acquisition of control in Carr" in the Statement of Income for the third quarter of 2025 (from the Company's equity items). The recognition of the above loss has no impact on the Company's equity balance. In addition, the Company recognized a gain from the acquisition of control due to the consolidation of Carr in the third quarter in the amount of approx. USD 34 million (approx. NIS 116 million), which was classified as "Gain from acquisition of control in Carr and decrease in the rate of holdings in associates." The opportunity profit stems from the redemption of JPM's holdings in Carr and the Company's investment of USD 100 million in Carr, all for an amount less than approx. 10% of the NAV on that date.

3. Investments in Carr in the reporting periods

The total cost of the Group's cumulative investment in Carr Holdings as of December 31, 2025 amounts to USD 997 million (NIS 3.6 billion). The Company's cumulative investment in Carr Holdings as of December 31, 2024 amounted to USD 872 million (NIS 3.2 billion). During 2025, the Company invested USD 125 million (approx. NIS 417 million), as detailed above.

4. Carr's business

Carr engages in the investment, acquisition and developing of income-generating property for rental purposes, including the management and maintenance of office buildings under its ownership in urban areas in the Washington D.C. metropolitan area, in Boston, Massachusetts and in Austin, Texas in the United States, and initiates and develops income-generating residential rental property in the Washington D.C. metropolitan area.

As of December 31, 2025, Carr fully or partially owns 7 income-generating office buildings with a total rental space of 2.3 million sq.ft. (214 thousand sq.m.) (Carr's share) at a value of USD 1.6 billion (Carr's share). As of December 31, 2025, the occupancy rate is 86.7%.

As of December 31, 2025, Carr fully or partially owns three residential rental projects in initiation with a total area of 780 thousand sq.ft. (Carr's share - 555 thousand sq.ft.) whose value in the financial statements as of December 31, 2025 is USD 115.3 million (Carr's share - USD 66.1 million).

¹² Midtown Center (Washington D.C.) (51%); 1700 NY (Washington D.C.) (100%); The Wilson (Bethesda, MD) (100%); 2311 Wilson (Arlington, VA) (60%); One Congress (Boston, MA) (75%); 200 State (Boston, MA) (100%) and 100 Congress (Austin, TX) (51%).

¹³ The NOI for the first half of the year for the assets remaining after the redemption of JPM's holdings amounted to approx. USD 60 million. Carr's NOI for the third quarter of the year was USD 31 million and the net profit was USD 19.4 million. Carr's NOI for the fourth quarter of the year was USD 29.6 million and the net profit was USD 25.1 million.

¹⁴ 3033 Clarendon Square (100%) and 425 Montgomery (10%).

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 6 – Investments in Investees (continued)

The following are the main transactions carried out by Carr during and after the reporting period:

- **425 Montgomery Street building**

In January 2025, Carr entered into a joint venture agreement with a partner (hereinafter in this subsection - the "**partner**" and the "**joint venture**", as relevant) for the development of a 237-unit rental housing project on land in northern Virginia, on which a property that Carr demolished was located (hereinafter in this section - the "**project**"), according to which Carr holds 10% and the partner holds 90% of the project's ownership rights in the project. As part of the agreement, the partner reimbursed Carr for its share of the costs incurred in the project. In addition, the joint venture entered into a financing agreement for the project's construction, under which a construction loan of USD 84 million was provided, which will be withdrawn in accordance with the progress of the construction work.

- **2121 Virginia Avenue**

In November 2025, Carr purchased a vacant office building in Washington, D.C. for USD 25 million. Carr intends, subject to obtaining zoning approval, to demolish the existing building and construct a 220 thousand sq.ft. residential building in its place that will include 319 rental apartments. The building is located adjacent to the George Washington University campus and the US State Department. The Company invested USD 25 million in Carr for this purpose.

- **3033 Wilson - (Clarendon square) Arlington, North Virginia**

Carr is working to construct a 244 thousand sq.ft. residential building that will include 316 rental apartments. In this context, after the balance sheet date, Carr signed a memorandum of understanding for the introduction of a partner into the building at a rate of 75%.

- **1401 New York Ave.**

After the date of the report, in January 2026, Carr (25%) and an American institutional investor (75%) purchased an office building located at 1401 New York Ave. in Washington, D.C. near the White House. The Class A office building, built in 1982, was completely renovated in 2016 and includes 211 thousand sq.ft. of leasable space. The acquisition cost of the building, which is leased at a 90% occupancy rate for an average 4.6-year lease, is USD 85 million, representing a rate of return of 11.2%, in relation to the existing NOI, on an annual basis.

5. Fair value adjustments of investment property

In the reporting period, Carr recorded a net negative revaluation in its financial statements of USD 14 million (Carr's share). The Group's share of the aforementioned negative revaluation before tax is approx. USD 17 million.

Most of the negative revaluation in the reporting period was due to 100 Congress, a property held by Carr at a rate of 51%, due to a material tenant's announcement of non-renewal of the lease agreement, which resulted in a change in operating assumptions and a decrease in the discount rate.

The following is a sensitivity analysis of the impact of a 0.25% change in the weighted discount rate on the value of Carr's income-generating properties:

An increase (decrease) of 0.25% in the weighted discount rate on the value of Carr's income-generating properties (not including property in development and projects in initiation) will result in a loss (profit) for Carr in a total amount of approx. USD 37 million (the Company's share - USD 33 million).

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 6 – Investments in Investees (continued)

6. Material agreements

As part of the transaction redeeming JPM's holdings in Carr, the articles of incorporation were updated regarding corporate governance in a corporation that is 100% controlled by Carr Holdings (in this section only - "**Carr**") and the rights of the holders of rights in Carr's capital. Among other things, the following provisions were determined (or were carried out):

A. Corporate governance

- Carr's Board of Directors will consist of 5 directors (unless otherwise decided), the majority of whom will be directors appointed by the Company.
- Clal Insurance has the right to appoint one observer to the Carr Board of Directors. In the event that Clal Insurance holds 20% or more of the rights in both Carr Holdings and Carr Properties at any time in the future, Clal will have the right to appoint one director to the Carr Board of Directors.¹⁵
- The required quorum on the Board of Directors is the presence of a majority of the directors, including at least two directors appointed by the Company.
- All decisions under the authority the Board of Directors of Carr and its subsidiaries will require a majority, including the consent of all members of the Board of Directors appointed by the Company who participate in the meeting.
- The Board of Directors has established an Operating Committee consisting of four members - 3 directors on behalf of the Company and Mr. Oliver Carr (Carr's CEO) - and has also established an Audit Committee consisting of at least two directors on behalf of the Company and Oliver Carr. Any decision by any of the committees will require the approval of all representatives appointed by the Company.
- The Chairman of the Board of Directors of Carr and its subsidiaries will be appointed by the Company. One of the directors on behalf of the Company will serve as the Chairman of the Board of Directors of Carr. Currently, Nathan Hetz serves as the Chairman of the Carr Board of Directors, with the Chairman of the Carr Board not having a decisive vote.

B. Provisions regarding the transferability of rights

- The Company will be entitled to transfer its control of Carr to a third party that is an entity with expertise in commercial real estate in the United States that manages properties worth at least USD 2 billion.
- Clal will have the right to tag along (on a pro-rata basis), in cases where the Company sells rights in Carr to a third party, under the same terms as the Company sells such rights.
- The Company will have the right of first refusal to purchase Clal's share in Carr, in the event that Clal wishes to sell its share in Carr to an institutional investor, under the same terms.
- The Company has the right to drag all rights holders in Carr in the sale of the entire partnership, provided that the consideration will be in accordance with the distribution hierarchy of funds in the liquidation and subject to certain price conditions.

C. Provisions regarding non-controlling interests

- A non-controlling interest may transfer his rights in the partnership, with the consent of the Company, as long as any such agreed-upon transfer will be to an institutional investor and will be subject to the Company's right of first refusal.
- Until the date of Carr's issuance, a non-controlling interest in Carr (except Clal) is entitled to require Carr to purchase his rights in Carr from him at a price not less than 97% of the NAV at that time (and in the case of a non-controlling interest who is an employee of Carr or its subsidiaries - at a price not less than the NAV at that time).

¹⁵ As of the date of the report, Clal holds 10.83% in Carr Holdings and 16.9% in Carr Properties.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 6 – Investments in Investees (continued)

H. The Company's holdings in Boston - associates

1. General

As of December 31, 2025, the Company holds approx. 55% of the equity rights and 50% of the controlling rights (through wholly owned corporations), jointly with Oxford, in three companies that collectively hold two office towers and a life science laboratory building in development, (2 in Boston's CBD - the Central Business District - and one in East Cambridge) (hereinafter in this subsection - the **"buildings"**) the total value of which at the end of 2025 is approx. USD 490 million (NIS 1.5 billion) (hereinafter collectively - the **"Boston Partnerships"**).

During the reporting period, the Company invested the amount of approx. USD 22.5 million (approx. NIS 76.6 million) in the Boston Partnerships. The balance of the Group's investment in the Boston Partnerships as of December 31, 2025 amounts to USD 88 million (NIS 282 million).

2. Fair value adjustments of investment property

In 2025, net negative property revaluations were recorded for the Boston Partnerships in the cumulative amount of approx. USD 34.6 million (the Company's share - a negative revaluation of approx. USD 19 million (approx. NIS 65 million)).

The following is a sensitivity analysis of the impact of a 0.25% change in the weighted discount rate on the value of the Boston Partnerships' income-generating properties:

An increase (decrease) of 0.25% in the weighted discount rate will result in a loss (profit) in a total amount of approx. USD 9.6 million (the Company's share - approx. USD 16.8 million).

3. Limitation on the transferability of rights

As part of the series of agreements the Company entered into (hereinafter in this subsection - the **"agreement"**) with Oxford in connection with the Boston Partnerships, several provisions were determined in connection with the limitation on the transferability of rights in the three Boston Partnerships as follows:

- **Right of first offer** - The sale of rights will be by way of selling all rights to a qualified investor, as defined in the agreement, subject to the granting of the right of first offer to the remaining partner, as specified in the agreement, with the exception of a sale or transfer to related parties, which is not subject to the right of first offer.
- **Compelled sale** - The sale of rights to a third party, subject to the granting the right of first offer to the remaining partner, as noted above, will grant the selling party the right to compel the remaining party to sell their rights to the same third party, subject to terms and conditions specified in the agreement.
- **Purchase-Sale** - Each of the partners will have the right to activate a purchase-sale mechanism, through an irrevocable notice to the other partner, as specified in the agreement.

4. Dividend distribution and capital reduction policy

The foreign corporations through which the Group holds buildings (the **"Boston REITs"**) are defined as REITs for US tax law purposes and must meet certain conditions which include, among other things, a dividend distribution of at least 90% of their adjusted taxable income.

In 2025, the Group received dividends and payments in respect of capital reductions from the Boston REITs in the total amount of USD 9.4 million (approx. NIS 32 million). In 2024, the Group received the total amount of USD 7.6 million (approx. NIS 27 million) and in 2023, the Group received the total amount of USD 6.8 million (approx. NIS 25 million).

I. Companies accounted for according to the equity method, whose statements were / were not attached to the Company's financial statements

The Company does not attach to its financial statements the statements of the Aviv Fund, OPG 125 Summer REIT Investor (DE) LLC, OPG 745 Atlantic REIT Investor (DE) LLC, Davenport REIT Investor (DE) LLC, Carr's joint ventures and Amot's joint ventures, and no summarized financial information is provided, partly because the quantitative conditions for the merger were not met and because they are not of significant importance to the Company's business, and partly because the quantitative conditions were not met in the previous year and are not expected to be met in the next reporting year.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 7 – Connected Electricity-generating Facilities, Fixed Assets and a Right-of-use Asset

A. Composition and movement:

	Photovoltaic systems	Wind systems	Total electricity- generating facilities	Right-of-use asset	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Cost					
Balance as of January 1, 2024	4,024,893	1,745,035	5,769,928	578,132	6,348,060
Reclassification of systems in development to connected systems	651,957	2,482	654,439	-	654,439
Linkage differences	-	-	-	14,355	14,355
Effect of changes in exchange rate (*)	12,150	(57,679)	(45,529)	(5,412)	(50,941)
Additions during the year	22,618	2,561	25,179	121,682	146,861
Balance as of December 31, 2024	4,711,618	1,692,399	6,404,017	708,757	7,112,774
Additions during the year	59,974	-	59,974	95,696	155,670
Disposals during the year	-	-	-	(3,845)	(3,845)
Reclassification of systems in development to connected systems	1,520,385	-	1,520,385	-	1,520,385
Effect of changes in exchange rate (*)	(469,855)	(11,721)	(481,576)	(41,317)	(522,893)
Linkage differences	-	-	-	4,979	4,979
Balance as of December 31, 2025	5,822,122	1,680,678	7,502,800	764,270	8,267,070
Accumulated depreciation					
Balance as of January 1, 2024	327,638	225,557	553,195	66,688	619,883
Depreciation expenses	134,062	57,388	191,450	25,098	216,548
Effect of changes in exchange rate (*)	(5,326)	(9,335)	(14,661)	(995)	(15,656)
Balance as of December 31, 2024	456,374	273,610	729,984	90,791	820,775
Depreciation expenses	169,258	58,323	227,581	27,842	255,423
Disposals during the year	-	-	-	(971)	(971)
Impairment	-	-	-	12,130	12,130
Effect of changes in exchange rate (*)	(28,291)	(4,707)	(32,998)	(3,029)	(36,027)
Balance as of December 31, 2025	597,341	327,226	924,567	126,763	1,051,330
Depreciated cost					
Balance as of December 31, 2025	5,224,781	1,353,452	6,578,233	637,507	7,215,740
Balance as of December 31, 2024	4,255,244	1,418,789	5,674,033	617,966	6,291,999

(*) Changes in exchange rates are due mainly to the Group's operations in the United States and in Poland. The change in exchange rates was recorded to a capital reserve in respect of translation differences.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 7 – Connected Electricity-generating Facilities, Fixed Assets and a Right-of-use Asset (continued)

B. Information regarding Energix systems

The following is an overview of the projects included in the section on electricity-generating facilities connected to the electricity grid as of the date of the report:

Electricity-generating projects	Israel	Poland			USA
	Photovoltaic and photovoltaic with combined storage	Wind	Photovoltaic	Storage	Photovoltaic
Installed capacity	497MWp + 300 MWh (1)	301 MW (2)	13 MW (3)	56 MWh (4)	813 MW (5)
% of legal cost	(*)100%	100%	100%	100%	100%
% of accounting results and cash flow	(*) 100%	100%	100%	100%	(**) 100%
Revenue structure	Sale to the system operator at an index-linked fixed rate for a period of 20-23 years from the date of commercial operation, sale in accordance with electricity sales agreements with suppliers, as well as sales to the customer at a fixed index-linked rate, for 23 years from the date of commercial operation	Electricity - Sale on the Electricity Exchange, in price-fixing agreements or in index-linked tender prices. Green certificates - Sale on the exchange or in price-fixing agreements.	Sale in the market (including price-fixing transactions) and/or index-linked tender price	Sale in the market (including price-fixing transactions) and/or index-linked tender price	Electricity - Sale at a fixed price for a period of 12-15 years, or sale to an electric company at market prices with hedging transaction for 6 and 12 years. Green Certificates - Sale at a fixed price for a period of 12-15 years.
Depreciated cost, in NIS millions (***)	1,728	1,354	46	56	3,394
Presented under balance sheet item	Connected electricity generating systems	Connected electricity generating systems	Connected electricity generating systems	Connected electricity generating systems	Connected electricity generating systems
Revenues in 2025 (in NIS millions)	208	330	6	1	171
Revenues in 2024 (in NIS millions)	161	483	-	-	140

(*) Except for a 26% ownership rate of localities that provide land for projects as required under the provisions of the Energy Regulatory Commission, while 100% of the cash flow is transferred to Energix in respect of preferred shareholder loans, and rights to results and accounting cash flow in a backlog of projects with a capacity of 90 MWp at a rate of 97%.

(**) Rate of holdings in results and cash flow, taking into account preferred shareholder loans or preferred shares issued by Energix. The percentage of accounting results and cash flow does not include the tax partner's (non-controlling interest) share of the cash flow. The agreement with the US tax partner determined, among other things, the cash distribution rate between Energix and the tax partner for a period of approx. 5 years, after which 95% of the cash flow is expected to be used by Energix.

(***) The cost includes non-specific credit capitalization in accordance with IAS 23.

- (1) Includes the Neot Hovav projects, competitive procedures 1-4, first competitive procedure for extra-high-voltage systems, photovoltaic projects with combined storage, and rooftop projects.
- (2) Wind farms - Banie1, Banie2, Banie3, Banie4, Sepopol, Ilawa.
- (3) Lubanowo project.
- (4) Nowe Czarnowo 1 project.
- (5) Includes the E1, E2, E3 project backlog, a capacity of approx. 148 MWp from the E4 backlog, and a project with a capacity of approx. 25 MWp from the E5 project backlog.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 7 – Connected Electricity-generating Facilities, Fixed Assets and a Right-of-use Asset (continued)

C. Photovoltaic projects in Israel and in the United States

General

As of the date of the report, Energix's entire photovoltaic activity in Israel¹⁶ and in the United States is under the full ownership of Energix.

Israel - Energix has projects in commercial operation, based on regulations published by the Electricity Authority, according to which projects owned by Energix are entitled to a fixed rate for periods of 20-23 years, CPI-linked, depending on the regulation under which the projects were established (a feed-in tariff quota or a win of a fixed tariff for a quota as part of a competitive tariff procedure ("**Tariff Regulation**")), as well as photovoltaic projects with combined storage in commercial operation and in development in accordance with the market model regulation detailed below.

In accordance with the regulation published by the Electricity Authority for the opening of the electricity market, starting on January 1, 2024, a market model entered into effect in Israel according to which generation and storage facilities connected and/or integrated into the distribution network will be able to associate the production facility they own with a private supplier who will sell the electricity directly to end consumers, through commercial agreements between the project companies and private suppliers, for a period and in exchange for an electricity price to be determined between the parties as part of a commercial agreement.

United States - Energix's activity is based on revenue from the sale of electricity generated in Energix's projects and from the sale of green certificates to which renewable energy projects (RECs) are entitled. Electricity and green certificates can be sold at market prices or as part of long-term contracts, including by way of engagements in price hedging transactions, determining a minimum price or future sale transactions at a fixed price based on a commitment to generation capacity (shape) or based on generation capacity as generated. In addition, additional revenue may be received in exchange for a commitment to system availability for the production of electricity (capacity) towards the local electricity company. In addition, photovoltaic projects in the United States may be eligible for a federal tax credit (ITC - Investment Tax Credit), at a rate of 30%-50% of the total construction costs of those projects, depending on meeting the criteria that were updated during the reporting period under the Inflation Reduction Act of 2022 (instead of 6% if additional criteria are not met). In order to realize the tax benefit, Energix usually enters into agreements with tax partners who, in exchange for investment in the project, benefit, among other things, from the tax benefit. Energix is also entitled to sell the tax benefit to which it is entitled to third parties. For additional information regarding the engagement with a tax partner, please see Note 13 below.

In July, 2025, the comprehensive federal law known as the "One Big Beautiful Bill" (OBBA) entered into effect, which includes, among other things, legislative changes regarding the ITC federal tax benefit system, which is relevant regarding the application of the ITC tax benefit to Energix's operations in the United States. On August 15, 2025, new regulations were published (effective September 2, 2025) in which the definition of the term "start of construction" was updated in relation to projects being built by Energix, which is one of the conditions required for the application of Safe Harbor protection in order to preserve the ITC tax benefit rate as it was in effect prior to the adoption of the OBBA Act. In the amendment, it was determined **that there would be no change in the applicability of the ITC tax benefits with respect to projects whose construction begins by September 2, 2025 (Safe Harbor protection), or with respect to projects that will reach commercial operation by December 31, 2027.** Therefore, in August 2025, before the amendment came into effect, Energix entered into an agreement with First Solar to advance the purchase of panels with a capacity of approx. 500 MWp, which are part of the cooperation agreement between the parties, which are in addition to the Company's existing inventory of panels with a capacity of approx. 500 MWp, with the aim of using them for Safe Harbor protection. For this matter, please see Note 8e below.

Initiation activity, engagement in agreements for the sale of electricity - The backlog of projects owned by Energix is based primarily on projects that are fully developed by Energix (Greenfield) or acquired at various stages of development.

Rights to the land - The projects are mostly located on land leased for periods of up to 25 years (in Israel) or up to 40 years (in the United States), or on Energix-owned land. In this framework, in projects in Israel, in some cases the landowners are offered to take an active part as partners in the project at a variable rate (as owners or holders of rights in the project's available cash flow) while Energix holds the control in the projects.

Financing - In Israel, the projects are usually financed through project financing on a non-recourse basis at a rate of 80% -85% of the total construction cost of the projects (including payments to related parties). For information regarding Energix's financing agreements, please see Note 12d. In the United States, project financing is carried out within the framework of an agreement with tax partners as described above and through back leverage financing and bridging financing until the tax partner invests. For information, please see Note 13.

¹⁶ With the exception of rights held by localities that provided Energix with the land, in accordance with the requirements of the Israel Land Authority.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 7 – Connected Electricity-generating Facilities, Fixed Assets and a Right-of-use Asset (continued)

Construction and operation - The planning, construction and operation of the projects is carried out through a Construction Division and an Operations Division established by Energix in Israel and in the United States, as applicable, which provides services to all of its photovoltaic projects, including with combined storage, and which engages as necessary with suitable subcontractors to carry out the work in the field.

For information regarding projects in development and in advanced initiation, including photovoltaic projects with combined storage in operation and development, please see Note 8 below. For information regarding the eligibility for federal tax benefits and the adoption of a law to promote renewable energies in the United States, please see Note 13.

Additional information regarding material projects in the commercial operation stage

E3 Projects with a total capacity of approx. 412 MWp: This backlog includes 5 photovoltaic facilities with a capacity of approx. 412 MWp in the states of Virginia and Pennsylvania. During the reporting period, Energix exercised its entitlement to additional tax benefits for the use of local equipment for projects that reached commercial operation during 2023 and 2024 in the net amount of approx. USD 54 million.

E4 Portfolio with a total capacity of approx. 210 MWp - In the reporting period, commercial operation has commenced at 4 projects with a capacity of approx. 148 MWh from this backlog. Construction work on another project with a capacity of approx. 62 MWp is underway and on schedule. The electricity in projects with a capacity of 70 MWp will be sold under a dedicated contract for the sale of electricity and green certificates with one of the electric companies in Virginia for a period of 20 years, while the electricity in projects with a capacity of 140 MWp will be sold under electricity sales agreements signed during the reporting period as part of the strategic cooperation, as detailed in Note 8d below.

For information regarding engagements with tax partners, please see Note 13 below.

As of the date of the report, Energix has recognized assets in the amount of NIS 994 million in respect of this project backlog, which were recorded under the "Connected electricity-generating systems" and "Connected electricity-generating facilities in development" items.

D. Wind energy projects in Poland

General - Energix owns five wind farms in Poland in commercial operation with a total capacity of 301 MW - the Banie 1+2 wind farm (106 MW), the Ilawa wind farm (13.2 MW), the Banie 3 wind farm (82 MW), the Sepopol wind farm (44 MW) and the Banie 4 wind farm (56 MW).

Energix's wind activity in Poland is based on various regulations, depending on the date of the projects' development and construction.

The Banie 1+2 wind farms (106 MW) and the Ilawa wind farm (13.2 MW) are subject to the provisions of the regulation that was in effect in Poland until the end of June 2016 (the "**previous regulation**"). According to the terms of the previous regulation, these projects are entitled, in addition to the sale of the electricity produced by them, to receive green certificates, traded on the Green Certificates Exchange, for a period of 15 years from the date of commencement of commercial operation of the wind farm.

In addition, Energix has three wind farms with a capacity of approx. 182 MW, which were established under a regulation based on tariff tenders published by the Polish Electricity Authority, after winning a tender for a guaranteed rate for electricity generation. Under the terms of the tender, each of the wind farms is eligible, upon commercial operation, for a guaranteed index-linked rate for 15 years relative to the electricity output submitted to the tender. The balance will be sold on the free market and/or within the framework of electricity sales agreements and/or financial price fixing transactions.

Rights to the land - In general, the projects are located on areas that are leased for periods of up to 30 years, or on land owned by Energix.

Financing - Energix usually seeks project financing on a non-recourse basis to finance its wind farms in Poland. The financing is provided to SPVs that own the wind farm, at a rate of up to 80% of the total construction cost of the projects. For information regarding Energix's financing agreements, please see Note 12d below.

Construction and operation - The construction and operation of the projects is carried out through a construction and operation system established by Energix in Poland. For the construction of a wind farm in Poland, Energix engages with civil work contractors, and a turbine supplier who is also responsible for the operation of the turbines for 20-25 years.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 7 – Connected Electricity-generating Facilities, Fixed Assets and a Right-of-use Asset (continued)

Additional information regarding projects in the commercial operation stage

The Banie 3 wind farm (82 MW) and the Sepopol wind farm (44 MW) were awarded a guaranteed rate in the amount of PLN 280-310 per 1 MWh. As part of the tender terms, each of the wind farms that won and completed their entry into the tender regulation will be entitled to a guaranteed index-linked rate during their commercial operation, for a period of 15 years from the date of entry into the tender and in relation to electricity output at an average rate of approx. 65% of the electricity generation expectations at the relevant wind farm. The balance will be sold by Energix at market prices, or as part of price fixing transactions, similar to transactions such as in connection with the electricity output of Energix's projects in commercial operation. In February 2024, Energix completed the requirements for entering the tender procedure and in this framework committed to sell electricity at a capacity of 17%-20% of the electricity generation expectations at the two wind farms for the first 5 years and approx. 82%-87% of the generation expectations in the remaining 10 years. If Energix does not meet at least 85% of its commitment in relation to the generation expectations for 3 years in the aggregate, Energix is expected to be subject to penalties.

Banie 4 Project (56 MW) - As of the date of the report, the wind farm has a guaranteed rate in the amount of PLN 320-330 per 1 MWh due to its win in a tariff tender. During the reporting period, Energix decided to enter the tender arrangement owing to its win in the tariff tender. As part of the tender terms, each of the wind farms that won and complete their entry into the tender regulation will be entitled to a guaranteed index-linked rate during their commercial operation for a period of 15 years from the date of entry into the tender and in relation to electricity output at an average rate of approx. 80% of the expected electricity generation at the relevant wind farm. The balance will be sold by Energix at market prices, or as part of price fixing transactions, similar to transactions such as in connection with the electricity output of Energix's projects in commercial operation.

Energix's electricity sales agreements, engagement in price-fixing transactions - According to the electricity sales agreements in which Energix engaged with a local broker, the electricity will be sold according to the electricity price on the local electricity exchange or according to a fixed price that will be determined as part of a price fixing transaction between the parties, as Energix chooses, less adjustments stipulated in the agreement, including adjustments in respect of the electricity production profile of the wind farm (depending on, among other things, the capacity and actual production hours). Energix may also enter into financial transactions for fixing electricity prices in relation to the capacity to which it is committed, regardless of actual production. In addition, Energix sells the green certificates allocated to it under the previous regulation and/or by virtue of entitlement to green certificates for the generation of electricity from renewable energy (Goos) as part of electricity sales agreements with a local broker, at market prices and/or within the framework of financial price-fixing transactions in relation to capacity and periods agreed upon between the parties.

The following are price-fixing transactions under electricity sales agreements executed by Energix:

Year	Percentage of fixed price from wind farm generation capacity	Average Price (*)
2024	72% (**)	670
2025-2031	90% (***)	460-480

(*) Average price in PLN per 1 MWh, before adjustments to the actual production profile.

(**) All of Energix's wind farms that are in commercial operation.

(***) From the annual electricity production volume at the Banie 1+2 wind farms.

E. Wind, photovoltaic and storage projects in Lithuania

In view of the significant potential inherent in the photovoltaic market in Lithuania, and based on the knowledge, infrastructure and capabilities developed in Energix's activities in Poland, Energix has entered into a transaction in the reporting period for the acquisition of a first project in Lithuania with a total capacity of up to 470 MW (approx. 140 MW wind and up to 330 MWp photovoltaic), and also a storage project with a capacity of up to 320 MWh. The project will be acquired for a total consideration of approx. EUR 20.5 million, of which 80% will be paid upon finalization and the remaining 20% upon the commencement of actual construction work. In addition, the sellers will be entitled to receive an agreed share of the grants to actually be received by the project company in accordance with the relevant regulation in Lithuania (if such are received). As of the date of approval of the report, the parties are preparing to complete the transaction and transfer ownership of the project to Energix.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 8 – Electricity-generating Facilities in Development, Pre-construction and in Advanced Initiation

	Cost as of December 31 2025	Cost as of December 31 2024	Note
	NIS thousands	NIS thousands	
Photovoltaic projects in Israel	242,000	642,686	a and 7c
Wind project in Israel - ARAN	505,962	537,382	b
Photovoltaic projects in the United States	1,764,617	1,183,747	c and 7c
Photovoltaic projects in Poland	121,205	45,037	
Other PV and wind projects in initiation in Israel, the US and Poland and inventory	1,182,759	1,211,678	
Total assets, net	3,816,543	3,620,530	

The following is an overview of the projects in development included in the section on electricity-generating facilities in development as of the date of the report:

Electricity-generating projects	Israel		Poland		USA	Others	Total
	Photovoltaic with combined storage	Wind	Photovoltaic	Storage	Photovoltaic	Various projects	
Project	Photovoltaic projects with combined storage	ARAN	PV project in Poland (5)	Nowe Czarnowo 2	E4, E5, E6 project backlog	-	-
Installed capacity	58 MWp + 111 MWh	104 MW	30 MW	71 MWh	1,032 MW	-	-
% of legal cost	100%	(3) 80.5%	100%	100%	100%	-	-
% of accounting results and cash flow (1)	100%	100%	100%	100%	(2) 100%	-	-
Revenue structure	Sale to the customer at a fixed CPI-linked rate, for 23 years from the date of commercial operation	Sale to the system administrator at a fixed CPI-linked rate, for 20 years from the date of commercial operation (4)	Sale in the market (including price-fixing transactions) and/or index-linked tender price	Sale in the market (including price-fixing transactions) and/or index-linked tender price	Electricity - Long-term agreement for sales at a fixed price to an electric company, an end consumer or as part of a strategic agreement at a market-adjusted price with a "floor price" protection mechanism. Green Certificates - Long-term agreement for sales at a fixed price or as part of a strategic agreement at a price agreed upon between the parties in advance.	-	-
Cost as of the date of the report (in NIS millions) (6)	242	506	62	59	1,765	1,182	3,816

- (1) Rate of holdings in results and cash flow, taking into account preferred shareholder loans or preferred shares issued by Energix.
- (2) Rate of holdings in results and cash flow, taking into account preferred shareholder loans or preferred shares issued by Energix. The percentage of accounting results and cash flow does not include the tax partner's (non-controlling interest) share of the cash flow. The agreement with the US tax partner determined, among other things, the cash distribution rate between Energix and the tax partner for a period of approx. 5 years, after which it is expected to make use of 95% of the cash flow. For information, please see Note 13.
- (3) According to the set of agreements signed between Energix and ARAN and the revenue expectations, Energix's share of the cash flow is 100%, until the full repayment of the liabilities to Energix. After the full repayment of the liabilities to Energix, the free cash flow, if such exists, will be distributed to the owners according to their shares.
- (4) As of the date of approval of the report, the rate is approx. NIS 0.33 per 1 KWh.
- (5) In the statement of financial position, the project is classified as electricity-generating facilities in development since, as of the date of the report, the project is awaiting receipt of a permanent production license.
- (6) The cost includes non-specific credit capitalization in accordance with IAS 23.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 8 – Electricity-Generating Facilities in Development, Predevelopment and in Advanced Development (continued)

A. Photovoltaic projects in Israel

As stated in Note 7 above, Energix's entire photovoltaic activity in Israel is wholly owned by Energix (except for rights held by localities that provided Energix with the land, in accordance with the requirements of the Israel Land Authority).

1. Extra-high-voltage project with a capacity of approx. 87 MWp - During the reporting period, the Julis project, a photovoltaic project with a capacity of approx. 87 MWp at extra-high voltage. The project was established as a national infrastructure project entitled to a guaranteed rate, which Energix won (NIS 0.158 per 1 KWp), as part of the first competitive procedure published by the Extra High Voltage Electricity Authority. In July 2023, an agreement was signed for the receipt of financing for the project's construction for a total amount of up to NIS 215 million, under which Energix made withdrawals in the amount of approx. NIS 203 million as of the date of the report and as of the date of approval of the report.

As of the date of the report, Energix has recognized assets in the amount of NIS 363 million in respect of this project, which were recorded under the "Connected electricity-generating facilities" item.

2. The winning projects under Competitive Procedure 2 for the construction of photovoltaic facilities with combined storage capacity (approx. 81 MWp and 349 MWh) - During the reporting period and as of the date of approval of the report, high-voltage photovoltaic projects with a capacity of approx. 28 MWp, combined with storage capacity of 126 MWh, commenced commercial operation. The remaining projects in this backlog commenced commercial operation during 2024. Energix has assigned all projects subject to this regulation to market regulation so that the sale of the electricity generated is sold to the supplier, Electra Power Supergas Ltd., in accordance with long-term electricity sales agreements (in this subsection - the "agreements").

As part of the agreements, the parent companies of the parties provided mutual guarantees to secure the obligations of the project companies under the electricity sales agreements.

As of the date of the report, Energix has recognized assets in the amount of NIS 530 million in respect of these projects, which were recorded under the "Connected electricity-generating facilities in development" item.

Regarding a financing agreement for the projects in the amount of up to NIS 400 million, please see Note 12d below.

B. Wind project in Israel - ARAN, with a capacity of approx. 104 MW

Energix has a project for the establishment of a wind farm in the Golan Heights with a capacity of approx. 104 MW (Energix's share - 100% of the management shares and 80.5% of the shares conferring residual economic rights in the project) (hereinafter - the "**Project Company**" and the "**ARAN Project**", respectively).

The ARAN Project was promoted as a national infrastructure project by the National Infrastructure Committee ("**NIC**") and has the permits and approvals required for its establishment. The project is entitled to a guaranteed rate of NIS 0.29116 per 1 KWh, for a period of 20 years, CPI-linked (with the base index being June 2022). As of the date of publication of the report, the guaranteed rate is approx. NIS 0.33 per 1 KWh.

In 2023, the project began construction work, after Energix entered into agreements for the purchase of the main equipment for the project and with construction contractors. Construction work has been temporarily suspended due to violent opposition from the Druze community to the start of construction work on the project, the Iron Swords War and the lack of availability of the Israeli government, the Israel Police and the security forces. Despite the end of the War and geopolitical changes in Syria, Energix's attempts to resume construction work on the project were met with violent opposition, in violation of the law, from several Druze residents who oppose the project, and as a result, Energix must prepare to resume construction work while providing the necessary security and in coordination with the relevant government ministries and the Israel Police. Energix has completed its assessment and adjustment of the required set of agreements for renewal, and construction work is expected to resume in the coming weeks in coordination with the Israel Police. In Phase A, Energix intends on establishing the 10 turbines farthest from residential areas and adjacent to the border. Energix will subsequently work to construct Phase B to exercise its legal rights. Although Energix intends to construct the project in full in accordance with its rights under the law, Energix sees a higher risk in the construction of the remaining 11 turbines since they are closer to the Druze communities and have a higher potential for opposition. Therefore, as part of its preparation and in order to approve the financial statements for the second quarter of 2025, Energix's Board of Directors decided that the probability of the remaining 11 turbines that constitute Phase B being constructed is less than 50%.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 8 – Electricity-Generating Facilities in Development, Predevelopment and in Advanced Development (continued)

Impairment test of a system in development - In view of the combination of the above events and the change in estimate as stated, during the reporting period Energix performed a value-in-use test of the project to be constructed, which will include 10 turbines out of the 21 turbines originally planned in the project. The value-in-use as of June 30, 2025 was calculated using the Discounted Cash Flow (DCF) method, in which the projected cash flows that will result from the continued use of the project were estimated (hereinafter, in this subsection - the **"valuation"**). The following are the main assumptions on which Energix based its valuation:

- (1) The Weighted Average Cost of Capital (WACC) is estimated at approx. 8.85% before tax;
- (2) Operation of the project for 35 years from the date of commercial operation, which for the valuation was assumed to begin during 2027;
- (3) Revenue in the first 20 years was calculated based on the rate Energix received from the Electricity Authority and in the 15 years following the end of the tariff regulation, according to the market price forecast, plus a projected CPI-linkage of approx. 2.4% per year; In addition, Energix estimates that it will be able to recover part of the project costs recorded in the financial statements mainly through the use of the 11 turbines in its other projects, receipt of VAT refunds, additional cost refunds and canceled contingent liabilities. The total amount that Energix expects to be able to recover with high certainty is approx. NIS 215 million. Some of these costs were refunded to Energix during the reporting period and up to the date of approval of the report.

The total cost recorded in Energix's financial statements for the investment in the ARAN project, before the impairment, including various capitalized costs, is approx. NIS 558 million. In addition, in view of the temporary suspension of construction work, initiation and financing costs of approx. NIS 27 million incurred in 2025 for the project were recorded to profit and loss in Energix's financial statements.

The value-in-use obtained from the valuation is approx. NIS 307 million. Accordingly, it was found that the recoverable amount of the project is lower than the book value of the costs attributable to the project to be constructed, which are approx. NIS 343 million.

In view of the above, Energix recorded an impairment loss for the project in its statements for the second quarter of 2025 in the impairment loss section of Energix's Statement of Income in the amount of approx. NIS 36 million.

Energix has performed an updated review of the project's value-in-use as of December 31, 2025 using the above assumptions, with the exception of an updated WACC (before tax) to 8.7% and a postponed operation date used for the valuation to the second half of 2027. After updating these assumptions, there were no material changes in the project's value-in-use compared to the value-in-use as of June 30, 2025, and therefore the recoverable amount and the impairment amount remained unchanged.

Energix is conducting several civil legal proceedings relating to the ARAN project. Energix estimates that these proceedings will not have a material impact on the advancement of the project and its results.

C. Photovoltaic projects in the United States

- **E5 portfolio with a total capacity of approx. 422 MWp** - Energix has commenced construction work on 5 projects with a total capacity of approx. 422 MWp, which constitute the E5 project backlog. During the reporting period, Energix entered into an agreement for the sale of electricity (Virtual PPA) and green certificates to be issued for the generation of electricity in a project with a capacity of 60 MWp, as part of the framework agreement for Energix's strategic cooperation with Google in the United States, in addition to electricity sales agreements for projects with a capacity of approx. 210 MWp that have already been signed. For additional information regarding the terms and conditions of the framework agreement, please see Section (d) below.

As of the date of the report, Energix has recognized assets in the amount of NIS 1.3 billion in respect of this project backlog, which were recorded in Energix's financial statements under the "Connected electricity-generating systems and systems in development and initiation" item.

- **E6 portfolio with a total capacity of approx. 573 MWp** - In the reporting period and after the date of the report, Energix entered into agreements for the purchase of three photovoltaic projects with a capacity of approx. 290 MWp.
- As of the date of the report, Energix has recognized assets in the amount of NIS 195 million in respect of this project backlog, which were recorded in its financial statements under the "Systems in development and initiation" item.

D. Strategic cooperation with a strategic partner for the sale of electricity, green certificates and a tax partner investment

In May 2024, Energix entered into a framework agreement with the global company Google for a long-term strategic cooperation regarding the sale of electricity, green certificates and a tax partner investment in relation to future Energix projects in the United States that are expected to reach commercial operation from 2025 onwards (hereinafter, in this section - the **"Framework Agreement"** and the **"Strategic Cooperation"**, respectively).

The framework agreement regulates the commercial terms and conditions agreed upon between the parties in relation to each project that Energix, through companies it owns, will provide the strategic cooperation that will meet the threshold conditions set for this purpose in the framework agreement.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 8 – Electricity-Generating Facilities in Development, Predevelopment and in Advanced Development (continued)

The framework agreement will be in effect from the date of its signing until December 31, 2030 or its termination by either party after the start of construction of projects with a capacity of at least 1.5 GWp, whichever is earlier.

As of the date of the report and the date of approval of the report, Energix has electricity sales agreements within the framework of this cooperation for projects in operation, in development and pre-construction with a total capacity of approx. 202 MWp, as well as agreements for a tax partner investment by the strategic partner in the amount of approx. USD 190 million.

The following are the main points of the framework agreement:

- **Electricity sales** - The sale of electricity in relation to each project within the framework of the strategic cooperation will be subject to the signing of a long-term electricity purchase agreement between the parties or their related companies, each for a certain period at a market-adjusted price with a minimum price guarantee mechanism, as stipulated in the framework agreement.
- **Green certificate sales** - The sale of the green certificates allocated for the generation of electricity in each project will be subject to the signing of a long-term sales agreement between the parties or their related companies, each for a certain period and at a price stipulated in the framework agreement, depending on the date of commencement of commercial operation of each project.
- **Tax Partner Investment (ITC)** - The tax partner investment will be provided in relation to each project for which agreements for the sale of electricity and the sale of green certificates have been signed by Google (by itself and/or together with other corporations), in accordance with each project's eligibility for the ITC tax benefit and the terms and conditions generally accepted for transactions of this type.
- **Additional terms and conditions** - The framework agreement and its accompanying agreements include additional provisions that are customary for agreements of this type, including commitments to schedules, representations and warranties, guarantees and mutual remedies for breach of obligations under the agreements.

E. Panel purchases

Engagement with First Solar for the purchase of panels - As part of its ongoing operations, Energix entered into two strategic framework agreements with First Solar for panel purchases, mainly for projects in the United States, as follows:

(1) In January 2022, an agreement was signed for the purchase of panels with a capacity of over 2 GWh for projects in development in 2023-2026 at a cost of hundreds of millions of dollars. During 2024, panels were purchased from the framework agreement, in consideration for approx. USD 179 million, which was paid in 2025;

(2) In July 2023, an additional set of agreements was signed for the purchase of panels with a capacity of approx. 5 GWh for future projects that Energix intends to establish in 2026-2030 at an estimated cost of approx. USD 1.5 billion, with an option to increase or decrease up to 20% per year.

In August 2025, as part of Energix's preparations for the entry into effect of the OBBB Act and its regulations, the purchase of panels with a capacity of approx. 500 MWh was brought forward, joining an existing inventory of approx. 500 MWh, for Safe Harbor protection purposes. The purchase of the panels was financed through equipment loans and Energix's equity.

F. Inverter purchases

Energix's strategic agreements with SMA SOLAR TECHNOLOGY AG ("SMA") for the purchase of inverters for photovoltaic installations and storage facilities - In the reporting period, Energix entered into an agreement, directly and through its wholly-owned subsidiaries, creating a strategic cooperation with SMA, a leading German inverter manufacturer in the world, under which, among other things, it will purchase inverters from SMA with a capacity of at least 1.5 GW for future projects that it intends to establish (through its subsidiaries) during the years 2025-2029. Payment for the inverters will be made according to milestones agreed upon between the parties, starting from the date of placing a binding order for the purchase of inverters for a specific project.

G. Photovoltaic, wind and storage projects in Poland

Receipt of connection permits in Poland with a capacity of approx. 2.4 GW (solar and wind) and approx. 2.1 GWh (storage) - During the reporting period and as of the date of approval of the report, Energix received permits to connect to the electricity grid for projects with a total capacity of approx. 2.4 GW, of which approx. 1.9 GW is for wind facilities, approx. 0.5 GW is for solar and approx. 2.1 GWh is for storage projects for the years 2026-2031. In addition, Energix has submitted additional applications for permits to connect projects to the electricity grid with a capacity of over 2 GW, for which a response has not yet been received from the Polish grid operator.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 8 – Electricity-Generating Facilities in Development, Predevelopment and in Advanced Development (continued)

The information in this Note 8 above, in relation to electricity generation projects in development, predevelopment and in advanced development, regarding the expected amount of electricity generation, the expected amount of green certificates to be issued, the expected dates for their construction and for the commercial operation of the projects and the expected construction cost, are forward-looking information, based on the assessments of the Energix management and for which Energix has no control over its actual existence as described.

Note 9 – Other Long-Term Assets

A. Designated and pledged deposits:

As of the date of the report, the balance of long-term restricted cash is mostly cash that Energix has deposited into reserve funds for debt service as required according to the terms and conditions of the financing agreements in connection with loans taken from financial institutions. For additional information, please see Note 14.

B. Other assets:

Composition:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Derivative financial instruments (please see Note 22)	268,908	240,219
Long-term loans to others	193	8,978
Long-term rental fees receivable	54,469	36,720
Miscellaneous	88,004	151,613
	411,574	437,530

Note 10 – Additional Information regarding Current Liability Items

Composition:

a. Short-term credit and current maturities of long-term loans

	Annual interest as of December 31	As of December 31	
	2025	2025	2024
	%	NIS thousands	NIS thousands
Short-term loans in NIS, non-linked	4.5% - 6.07%	315,486	329,750
Short-term loans in USD	SOFR + (1.5% - 1.8%)	482,778	-
Current maturities of long-term loans	Note 12a	543,486	480,056
Interest component in bond expansion		21,500	40,445
		1,363,250	850,251

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 10 – Additional Information regarding Current Liability Items (continued)

b. Payables and credit balances

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Interest payable	290,552	251,794
Suppliers and service providers	525,024	956,248
Employees and institutions in respect of salaries	74,737	49,233
Institutions	48,279	45,391
Deferred revenue	93,260	80,692
Expenses payable	28,746	21,170
Accounts payable in respect of investment property	62,807	56,012
Derivative financial instruments, designated as hedging instruments (*)	58,330	167,780
Liabilities to partners	916	1,532
Tax partner (**)	180,000	-
Miscellaneous	88,012	14,828
	1,450,663	1,644,680

(*) For additional information, please see Note 23 regarding financial instruments.

(**) Liability to a tax partner that was repaid after the balance sheet date against designated cash.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 11 – Bonds

A. Composition:

		As of December 31			As of December 31		
		2025			2024		
Section		Current maturities	Long-term bonds	Total	Current maturities	Long-term bonds	Total
		NIS	NIS	NIS	NIS	NIS	NIS
		thousands	thousands	thousands	thousands	thousands	thousands
Bonds (Series I)	b.	155,864	157,781	313,645	155,864	316,975	472,839
Bonds (Series J)	c	200,055	200,984	401,039	200,055	402,498	602,553
Bonds (Series K)	d	-	159,555	159,555	-	159,227	159,227
Bonds (Series L)	e	-	1,963,776	1,963,776	-	1,940,205	1,940,205
Bonds (Series M)	f	-	1,793,963	1,793,963	-	1,304,493	1,304,493
Bonds (Series O)	g	-	1,088,786	1,088,786	-	1,057,366	1,057,366
Bonds (Series P)	h	-	101,312	101,312	-	-	-
Bonds (Series Q)	i	-	194,356	194,356	-	-	-
Amot bonds (Series D)	j	162,476	332,575	495,051	158,728	489,440	648,168
Amot bonds (Series E)	j	162,009	-	162,009	190,277	133,280	323,557
Amot bonds (Series F)	j	274,600	2,176,331	2,450,931	268,266	2,385,762	2,654,028
Amot bonds (Series G)	j	-	1,185,056	1,185,056	-	1,145,094	1,145,094
Amot bonds (Series H)	j	-	2,938,195	2,938,195	-	2,847,092	2,847,092
Amot bonds (Series I)	j	-	848,809	848,809	-	827,749	827,749
Amot bonds (Series J)	j	-	932,455	932,455	-	267,864	267,864
Energix bonds (Series A)	l	174,700	660,416	835,116	74,871	372,559	447,430
Energix bonds (Series B)	m	-	552,853	552,853	-	543,122	543,122
		1,129,704	15,287,203	16,416,907	1,048,061	14,192,726	15,240,787

The Company

B. Bonds (Series I)

During 2015-2022, the Company issued 1,541 million PV of bonds (Series I), both through the issuance of bonds and through the expansion of the bond series and through the exercise of bond options (Series 14) for bonds (Series I), for a net amount of NIS 1,651 million (the above includes the consideration for the bonds (Series I), the consideration for the options (Series 14), and the consideration received for the interest accrued for as of the above series expansion dates and net of issue expenses).

The balance of the bonds (Series I) in circulation as of December 31, 2025 was NIS 312 million PV, and as of the date of publication of the financial statements, NIS 156 million PV.

The balance of the bonds (Series I) are repayable in two annual payments (at a rate of 50% of the principal balance, each), in February of each of the years 2026-2027 (inclusive), bearing annual interest at a rate of 3.85% and are unlinked. The total effective interest rate for the bonds (Series I) is 2.83%. The bonds include the following interest update mechanism: the lower the Company's rating below A-, the annual interest rate borne by the outstanding principal balance of the bonds (Series I) will increase by 0.25% for each drop of one "abandoner", but no more than the addition of a single percentage point.

In addition, the Company performed cross currency swap transactions with an financial body in Israel that converted the NIS cash flows of some of the bonds (Series I) with a balance of NIS 153 million to USD cash flows for the life span of the bonds at an annual interest rate (in USD) of 3.69%. These transactions are intended for accounting hedging of net investments in foreign activity. For information, please see Note 23.

The bonds (Series I) include financial covenants and additional generally accepted conditions for their immediate redemption, identical to the financial stipulations and additional terms for bond Series J, K, L, M, O, P and Q. Please see subsection (i) below.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 11 – Bonds (continued)

C. Bonds (Series J)

During 2015-2019, the Company issued 1,399 million par value bonds (Series J), both through the issuance of bonds and through the expansion of the bond series for a net amount of NIS 1,487 million (the above includes the consideration for the bonds (Series J) and the consideration received for the interest accrued for as of the above series expansion dates and net of issue expenses).

The PV balance of the bonds (Series J) as of December 31, 2025 was NIS 400 million PV, and as of the date of publication of the financial statements, NIS 200 million PV.

The balance of the bonds (Series J) are repayable in two annual payments at a rate of 50% of the principal in February of each of the years from 2026-2027 (inclusive), bearing variable annual interest at a margin of 2.24% above the weighted Bank of Israel interest rate for the period. As of December 31, 2025, the total effective interest rate for the bonds (Series J) was 6.53%.

The bonds include the following interest update mechanism: the lower the Company's rating below A-, the annual interest rate borne by the outstanding principal balance of the bonds (Series J) will increase by 0.25% for each drop of one "abandoner", but no more than the addition of a single percentage point.

The bonds (Series J) include financial covenants and additional generally accepted conditions for their immediate redemption, identical to the financial covenants and additional terms for bond Series I, K, L, M, O, P and Q. Please see subsection (i) below.

D. Bonds (Series K)

In August, 2019, the Company issued NIS 201 million PV of bonds (Series K) for a gross consideration of NIS 201 million (before issuance expenses).

The PV balance of the bonds (Series K) as of December 31, 2025 and as of the date of publication of the financial statements was NIS 161 million PV.

The bonds (Series K) are in NIS and are not linked (principal and interest) to any index or currency. The bonds (Series K) will be repaid in four installments (in cash or in Company shares, at the Company's sole discretion) on February 28 of the following years and at the following rates: (1) 31.25% of the PV balance in each of the years 2028 and 2029; (2) 18.75% of the PV balance in each of the years 2030 and 2031. The unpaid principal of the bonds bears fixed annual interest of 2.66% and this will be paid (in cash or in Company shares at the Company's sole discretion) on February 28 of each of the years from 2024 to 2031 (inclusive). The effective interest rate for the bonds (Series K) is 2.89%. As of the date of publication of the reports, the Company has not exercised its aforementioned authority to pay the interest in Company shares instead of in cash.

The bonds (Series K) include financial covenants and additional generally accepted conditions for their immediate redemption, identical to the financial covenants and additional terms for bond Series I, J, L, M, O, P and Q. Please see subsection (i) below.

The bonds (Series K) include mechanisms for updating interest rates if the Company's rating is lower than A- or in the event that the Company fails to comply with the financial covenants in subsection (i) below.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 11 – Bonds (continued)

E. Bonds (Series L)

During 2019-2024, the Company issued NIS 2,103 million PV bonds (Series L) for a total amount of NIS 2,036 million (the above includes the consideration for the bonds (Series L) and the consideration received for the interest accrued for as of the above series expansion dates and net of issue expenses). During 2024, the Company also issued NIS 294 million PV of bonds (Series L) in consideration for NIS 251 million PV (Series I), through an exchange purchase offer.

The PV balance of the bonds (Series L) as of December 31, 2025 and as of the date of publication of the financial statements was NIS 2,055 million PV.

The bonds (Series L) are in NIS and are not linked (principal and interest) to any index or currency. The amortization schedule of the bonds (Series L) is identical to the amortization schedule of the bonds (Series K) above. The unpaid principal of the bonds bears fixed annual interest at a rate of 2.41%. The weighted effective interest rate for the bonds (Series L) is 3.81%.

The bonds (Series L) include financial covenants and additional generally accepted conditions for their immediate redemption, identical to the financial covenants and additional terms for bond Series I, J, K, M, O, P and Q. Please see subsection (i) below.

The bonds (Series L) include mechanisms for updating interest rates if the Company's rating is lower than A- or in the event that the Company fails to comply with financial covenants, as detailed in subsection (i) below.

F. Bonds (Series M)

During 2022-2025, the Company issued NIS 1,397 million PV bonds (Series M) by issuing bonds for a total amount of NIS 1,307 million (the above includes the consideration for the bonds (Series L) and the consideration received for the interest accrued for as of the above series expansion dates and net of issue expenses). During 2024, the Company also issued NIS 464 million PV of bonds (Series M) in consideration for NIS 449 million PV (Series J), through an exchange purchase offer.

The PV balance of the bonds (Series M) as of December 31, 2025 and as of the date of publication of the financial statements was NIS 1,861 million PV.

The bonds (Series M), denominated in NIS and are not linked (principal and interest) to any index or currency, are payable in 10 equal payments at a rate of 10% each payment on February 28 of each of the years 2028 to 2037 (inclusive) and bear a fixed annual interest rate of 4.94%. The interest on the outstanding principal balance of the bonds (Series M) will be paid on February 28 of each of the years 2023 to 2037 (inclusive). The first interest payment will be on February 28, 2023. The weighted effective interest rate for the bonds (Series M) is 5.74%.

The bonds (Series M) include financial covenants and additional generally accepted conditions for their immediate redemption, identical to the financial covenants and additional terms for bond Series I, J, K, L, O, P and Q. Please see subsection (i) below.

The bonds (Series M) include mechanisms for updating interest rates if the Company's rating is lower than A or in the event that the Company fails to comply with financial covenants, as detailed in subsection (i) below.

G. Bonds (Series O)

During 2022-2023, the Company issued NIS 1,050 million PV bonds (Series O) for a total net amount of NIS 1,015 million. The PV balance of the bonds (Series O) as of December 31, 2025 and as of the date of publication of the financial statements was NIS 1,050 million PV.

The bonds (Series O) are denominated in NIS and linked (principal and interest) to the CPI for July 2022 (as published in August 2022). The bonds (Series O) are payable in 10 equal payments at a rate of 10% each payment on February 28 of each of the years 2028 to 2037 (inclusive) and bear a fixed annual interest rate of 2.56%. The weighted effective interest rate for the bonds (Series O) is 3.53%.

The bonds (Series O) include financial covenants and additional generally accepted conditions for their immediate redemption, identical to the financial covenants and additional terms for bond Series I, J, K, L, M, P and Q. Please see subsection (i) below.

The bonds (Series O) include mechanisms for updating interest rates if the Company's rating is lower than A or in the event that the Company fails to comply with financial covenants, as detailed in subsection (i) below.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 11 – Bonds (continued)

H. Bonds (Series P)

In September 2025, the Company issued NIS 102.4 million PV of bonds (Series P) in exchange for their par value by way of an initial public offering through a shelf offering report.

The PV balance of the bonds (Series P) as of December 31, 2025 and as of the date of publication of the financial statements was NIS 102.4 million PV.

The bonds (Series P) are denominated in NIS and linked (principal and interest) to the CPI for August 2025. The bonds (Series P) are payable in nine (9) payments, as follows: (a) 7 payments of 10% of the principal on February 28 of each of the years from 2032 to 2038 (inclusive); and (b) 2 payments of 15% of the principal on February 28 of each of the years from 2039 to 2040 (inclusive).

The bonds (Series P) bear annual fixed interest at a rate of 3.68%. The interest on the outstanding principal balance of the bonds (Series M) will be paid on February 28 of each of the years 2026 to 2040 (inclusive). The first interest payment will be on February 28, 2026. The weighted effective interest rate for the bonds (Series P) is 3.8%.

The bonds (Series P) include financial covenants and additional generally accepted conditions for their immediate redemption, identical to the financial covenants and additional terms for bond Series I, J, K, L, M, O and Q. Please see subsection (i) below.

The bonds (Series P) include mechanisms for updating interest rates if the Company's rating is lower than A or in the event that the Company fails to comply with financial covenants, as detailed in subsection (i) below.

I. Bonds (Series Q)

In September 2025, the Company issued NIS 196.2 million PV of bonds (Series Q) in exchange for their par value by way of an initial public offering through a shelf offering report.

The PV balance of the bonds (Series Q) as of December 31, 2025 and as of the date of publication of the financial statements was NIS 196.2 million PV.

The bonds (Series Q) are denominated in NIS and are not linked (principal and interest) to any index or currency. The bonds (Series Q) are payable in nine (9) payments, as follows: (a) 7 payments of 10% of the principal on February 28 of each of the years from 2032 to 2038 (inclusive); and (b) 2 payments of 15% of the principal on February 28 of each of the years from 2039 to 2040 (inclusive).

The bonds (Series Q) bear annual fixed interest at a rate of 5.7%. The interest on the outstanding principal balance of the bonds (Series M) will be paid on February 28 of each of the years 2026 to 2040 (inclusive). The first interest payment will be on February 28, 2026. The weighted effective interest rate for the bonds (Series Q) is 5.83%.

The bonds (Series Q) include mechanisms for updating interest rates if the Company's rating is lower than A or in the event that the Company fails to comply with financial covenants, as detailed below.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 11 – Bonds (continued)

The bonds (Series Q) include financial stipulations, the main ones of which are detailed below, and failure to comply will constitute grounds for immediate repayment of the bonds¹⁷:

- A. The Company's equity (net of non-controlling interests) according to its Consolidated Financial Statements, may not be less, on the date of the Financial Statements and for four consecutive quarters, than an amount in NIS equal to NIS 2.2 billion¹⁸.
- B. The ratio between the net financial debt and the value of the Company's holdings, based on the expanded solo statements as detailed in the Company's financial statements, may not exceed 0.8 for four consecutive quarters.
- C. The ratio between the Company's net financial debt and the FFO on the Company's expanded solo basis, in accordance with the calculation format as set forth in the trust deed for the bonds (Series Q), will not exceed 25 for two consecutive calendar years.
- D. The Company will declare a distribution that would result in the reduction of equity below NIS 2.2 billion¹⁹.
- E. The Company will declare a distribution in an amount exceeding the permitted amount (as defined in the trust deed) at a time when the Company's equity (net of non-controlling interests), including as a result of the distribution, will be less than an amount in NIS equal to NIS 2.6 billion²⁰.
- F. If the bond rating is lower than the BBB minus rating for two consecutive quarters (with the exception of a technical lowering of the rating, as defined in the trust deed).

Notwithstanding the above, the covenants in subsections (b) and (c) above will not be valid in the event that the Company, if the events mentioned in (b) and (c) above occur by the end of the remedy period for these events, pledges assets with a senior lien in favor of the bondholders and for as long as the lien is in effect.

In addition, the bonds (Series Q) include generally accepted conditions for their immediate repayment²¹ including the following events: (1) there has been a material deterioration in the Company's business compared to its situation at the time of the issuance, and there is real concern that the Company will not be able to repay its debts; (2) structural change and merger; (3) liquidation, bankruptcy and asset realization, stay of proceedings and execution; (4) change in control under certain conditions; (5) trading halt and suspension of trading in bonds; (6) cessation of payments; (7) cross default; (8) failure to publish financial statements; (9) rating cessation; (10) delisting from trade or the Company ceases being a reporting corporation as defined in the Securities Law; (11) distribution of dividends when the equity is lower than a certain threshold, etc.

As of the date of the report, the Company is in compliance with all financial covenants regarding the bonds (Series I), the bonds (Series J), the bonds (Series K), the bonds (Series L), the bonds (Series M), the bonds (Series O), the bonds (Series P) and the bonds (Series Q).

Collateral - The bonds (Series I), the bonds (Series J), the bonds (Series K), the bonds (Series L), the bonds (Series M), the bonds (Series O), the bonds (Series P) and the bonds (Series Q) are not secured by liens.

Within the framework of the bond issues (Series I, Series J, Series K, Series L, Series M, Series O, Series P and Series Q), the Company committed in a negative pledge that it would not create any floating liens on all of its whole property, unless it would create a floating lien of the same level pari passu in favor of the bondholders (Series I, Series J, Series K, Series L, Series M, Series O, Series P and Series Q).

¹⁷ In general, the description of the above financial covenants applies to all of the Company's bonds.

¹⁸ A minimum equity of NIS 1.8 billion was determined for the bonds (Series I) and for the bonds (Series K) and (Series L) a minimum equity of NIS 2.1 billion was determined, but since there is a cross default between the series, the actual minimum equity for all of the series is NIS 2.2 billion.

¹⁹ A minimum equity of NIS 1.8 billion was determined for the bonds (Series I) and (Series J) and for the bonds (Series K) and (Series L) a minimum equity of NIS 2.1 billion was determined for a dividend distribution, but since there is a cross default between the series, the actual minimum equity for all of the series is NIS 2.2 billion.

²⁰ A minimum equity of NIS 2.1 billion was determined for the bonds (Series I) and (Series J) and for the bonds (Series K) and (Series L) a minimum equity of NIS 2.5 billion was determined for a dividend distribution, but since there is a cross default between the series, the actual minimum equity for all of the series is NIS 2.6 billion.

²¹ In general, the conditions for immediate repayment applies to all of the Company's bonds.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Amot

J. The following is information regarding Amot's bond series D, E, F, G, H, I, and J:

Series	Issue period	Par value issued (NIS millions)	Par value as of December 31, 2025 (NIS millions)	Nominal interest	Effective interest	Linkage basis	Principal repayment balance (Payment schedule)	Main notes
D	2014 - 2022	1,754	414	3.2%	2.09%	CPI for June 2014	3 equal payments in the years 2026-2028	
E	2016 - 2018	1,085	163	3.39%	-	Unlinked	Last payment in 2026	As of the date of publication of the report, the series was repaid in full. Amot carried out hedging transactions with financial bodies in Israel, which converted the annual NIS interest rate of 3.39% into a CPI-linked principal and a linked interest rate of 2.125%-2.49%, with a principal amount of NIS 875 million.
F	2019 - 2022	2,363	2,127	1.14%	1.6%	CPI for May 2019	One payment of 10% in 2026 and three variable payments in 2027-2029	
G	2020 - 2023	1,215	1,215	2.44%	-	Unlinked	Four equal payments in the years 2029-2032	Amot converted the annual NIS interest rate to a linked interest rate of 0.09%-1.365%, for most of the series.
H	2021 - 2024	2,587	2,587	0.92%	1.81%	CPI for January 2021	Four equal payments in the years 2029-2032	
I	2024	819	819	3.2%	3.4%	CPI for February 2022	5 equal payments in the years 2033-2037	
J	2024 - 2025	904	904	5.79%	3.4%	Unlinked	5 equal payments in the years 2033-2037	Amot carried out transactions converting the annual NIS interest rate to a CPI-linked interest rate of 3.53% for most of the series.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 11 – Bonds (continued)

K. Financial covenants and conditions for immediate repayment of the Amot bonds

The Amot bonds (Series D), bonds (Series E), bonds (Series F), bonds (Series G), bonds (Series H), bonds (Series I) and bonds (Series J) (hereinafter collectively - the "**Amot bonds**") include conditions, essentially similar, for their immediate repayment in the occurrence of certain events which include, among other things, the following events:

- Change in control under certain conditions;
- Amot's equity is less than NIS 2.8 billion as of the date of the relevant financial statements and for two consecutive quarters²²;
- The net financial debt ratio (net of investment property in development value) to annual standardized NOI exceeds 14 for two consecutive quarters; (Net financial debt: Amot's aggregate debt to banking corporations, to other financial institutions and to holders of all types of bonds, net of cash and cash equivalents, deposits, monetary funds, tradable securities, all according to their value in Amot's Consolidated Statement of Financial Position;
- The bond rating (Series H) is equal or less than BBB- for two consecutive quarters;
- Equity plus net deferred tax liability is less than 22.5% of Amot's total balance sheet net of cash and cash equivalents and net of tradable securities for two consecutive quarters;
- The value of the non-pledged assets is less over the course of two consecutive quarters than: (a) the amount of NIS 1 billion, or (b) 125% of the balance of the bonds (from the relevant series), whichever is higher.
- A demand for the immediate payment, that has not been withdrawn, of a material loan or of bonds traded on the Tel Aviv Securities Exchange.

In addition, the Amot bonds include provisions regarding restrictions on the distribution of dividends under certain conditions;

The Amot bonds also include additional accepted conditions for their immediate repayment including the following events: (1) structural change and merger; (2) liquidation, bankruptcy and asset realization and execution proceedings; (3) trading halt; (4) cross default, etc.

As of the date of the report, Amot is in compliance with all financial covenants.

Collateral - The Amot bonds are not secured by liens.

As part of the issuance of the above bonds, Amot undertook in a negative pledge that it would not create any floating liens on all of its property and all of its existing and future rights in favor of any third party, unless it notifies the trustee in writing prior to creating the lien, and at the same time as creating the lien in favor of the third party it will also create a floating lien of the same degree pari passu in favor of the holders of the same bonds to secure the full debt to them in accordance with the ratio of the debts to the third party and to the bondholders.

Restriction on dividend distribution - The Amot bonds include certain restrictions on the distribution of dividends by Amot in an amount exceeding the permitted amount at a time when Amot's equity, including as a result of the dividend distribution, will be less than NIS 2.4 billion (the "**permitted amount**" is Amot's FFO plus profit from the sale of assets net of dividends declared, all from the beginning of the calendar year in aggregate, with respect to Amot) or in a distribution of dividends by Amot that would result in Amot's equity decreasing below NIS 2.2 billion or that would result in a violation of the financial ratios to which Amot has committed. As of the date of the report, these restrictions do not exist.

²² In Series D - NIS 1 NIS billion; in Series E - NIS 1.2 billion; in Series F - NIS 2 billion; in Series G and H - NIS 2.2 billion and in Series I and J - NIS 2.8 billion.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 11 – Bonds (continued)

Energix

L. Energix Bonds (Series A)

In the years 2019-2025, Energix issued bonds (Series A) in the total amount of NIS 1,219.5 million PV for net proceeds (net of direct commissions and costs in respect of the bonds) of approx. NIS 1,172 million. The bond principal (Series A) will be repaid in 18 (eighteen) equal semi-annual payments, payable on February 1 and August 1 of each of the years 2022 to 2030 (inclusive). The bonds bear annual interest of 2.05% (unlinked), which will be paid in twice annually on February 1 and on August 1 of each of the years from 2020 to 2030 (inclusive). The bonds are not secured by a lien and the principal and interest on the bonds are not linked to any index or currency.

The PV balance of the Energix bonds (Series A) as of December 31, 2025 was NIS 872 million.

Between 2020 and 2025, Energix entered into several cross currency swap contracts with Israeli banking corporations, under which a cumulative cash flow of approx. NIS 815,087 thousand at a fixed annual interest rate of 2.05% (unlinked) was swapped against payment flows of approx. PLN 300,000 thousand and USD 159,000 thousand at fixed interest rates.

The cash exchange dates of the principal and interest in relation to the transactions described above are carried out in accordance with the dates determined in the issuance of bonds (Series A).

Energix accounts for the swap transactions in its financial statements as an accounting hedge to hedge its net investment in foreign operations.

Regarding financial and other covenants of the bonds (Series A), please see Subsection (m) below.M

M. Energix convertible bonds (Series B)

In the years 2020-2021, Energix issued convertible bonds (Series B) in the total amount of NIS 567 million PV. The convertible bonds (Series B) are repayable in one payment on August 1, 2027 and bear a fixed annual interest rate of 0.25% (unlinked). The interest will be paid twice annually from February 1, 2021 to August 1, 2027 (inclusive). The bonds (Series B) are convertible into Energix shares from the date of issue until December 31, 2022, such that every NIS 18 par value of the bonds can be converted into one Energix ordinary share and from January 1, 2023 until July 22, 2027, every NIS 100 par value can be converted into one Energix ordinary share, all subject to the adjustments detailed on the bonds (Series B)). The bonds are not secured by a lien and the principal and interest on the bonds are not linked to any index or currency. As of December 31, 2025, the adjusted conversion price (after adjustments resulting from dividend distributions) is NIS 85.05.

The Energix convertible bonds (Series B) as aforesaid constitute a complex financial instrument, which at the date of issue is separated into a liability component presented in long-term liabilities and a capital component presented within Energix's capital. Energix determined the fair value of the liability component based on the interest rate for similar debt instruments, which do not include a conversion option. This component is treated prospectively at amortized cost according to the effective interest method (at a weighted rate of 1.9%). The balance of the consideration in respect of the convertible bonds was attributed to the conversion option inherent in the bonds. This component was recorded to capital, net of the effect of income taxes, and is not remeasured in subsequent periods. The issue costs were allocated in proportion to the components of the complex financial instrument consistent with the allocation of the consideration.

The PV balance of the Energix bonds (Series B) as of December 31, 2025 was NIS 567 million.

Regarding financial and other covenants of the bonds (Series B), please see Subsection (n) below.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 11 – Bonds (continued)

N. Financial covenants and conditions for immediate repayment of the Energix bonds

The bonds (Series A) and the bonds (Series B) of Energix include similar financial covenants, of which the main ones are detailed below, and the violation of which will constitute grounds for immediate repayment of the bonds:

- The equity may not be less than NIS 360 million (in relation to the bonds (Series A)) and NIS 500 million (in relation to the bonds (Series B)) over a period of two consecutive quarters.
- The ratio of net solo financial debt to net solo balance sheet may not exceed a rate of 80% for a period of four consecutive quarters.
- The ratio of net consolidated financial debt, net of electricity-generating facilities in development, and the adjusted EBITDA may not exceed 18 for a period of four consecutive quarters.

The Energix bonds also include additional accepted conditions for their immediate repayment including the following events: (1) structural change and merger; (2) liquidation, bankruptcy and asset realization and execution proceedings; (3) trading halt; (4) cross default; (5) change in control involving a rating downgrade to a level and period as determined in the trust deeds, etc.

It should be noted that in the trust deeds for the bonds (Series A and Series B) criteria were determined, non-compliance with which will result in compensation in the interest rate, criteria regarding non-distribution of dividends, and a mechanism for adjusting interest in the event of a rating downgrade.

As part of the issuance of the bonds (Series A) and the bonds (Series B), Energix committed in a negative pledge that it would not create any floating liens on its entire assets, unless it creates a floating lien of the same degree in favor of the bondholders pari passu.

As of the reporting date, Energix is in compliance with all financial covenants to which it committed.

As of the reporting date, no event occurred in Energix that gives holders the right to demand immediate payment of the bonds.

O. Liens - Please see Note 14 below.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 12 – Loans from Banking Corporations and Others, Credit Facilities and Financial Covenants

A. Composition, linkage terms and interest rates

	As of December 31, 2025	As of December 31, 2025			As of December 31, 2024		
	Annual interest	Current maturities	Long-term loans	Total	Current maturities	Long- term loans	Total
		NIS thousands	NIS thousands		NIS thousands	NIS thousands	
		%	thousands		thousands	thousands	
Loans from banking corporations in or linked to foreign currency							
In USD - Energix	SOFR + (0.25% - 2.5%)	94,906	2,210,297	2,305,203	56,539	1,424,316	1,480,855
In USD - Carr	See note f below.	5,599	3,230,038	3,235,637	-	-	-
In GBP	See Note e below.	270,095	1,330,875	1,600,970	266,079	1,428,119	1,694,198
In PLN	WIBOR 6M + (1.65%-2.25%)	85,873	1,176,816	1,262,689	88,368	1,219,486	1,307,854
Total in foreign currency		456,473	7,948,026	8,404,499	410,986	4,071,921	4,482,907
In unlinked NIS		2,348	183,930	186,278	-	-	-
CPI-linked (*)	0.6% - 7.1%	84,665	1,888,478	1,973,143	69,070	1,919,454	1,988,524
Total loans from banking corporations		543,486	10,020,434	10,563,920	480,056	5,991,375	6,471,431

The WIBOR rate on the PLN for six months (in annual terms) as of December 31, 2025 was approx. 3.87%.

The SONIA daily rate on the GBP (in annual terms) as of December 31, 2025 was approx. 4.29%.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 12 – Loans from Banking Corporations and Others, Credit Facilities and Financial Covenants

B. The Company's financing agreements

As of December 31, 2025, the Company has four unutilized credit facility agreements totaling NIS 700 million, as follows:

Credit facility	Facility amount in NIS millions	Utilization period	Repayment date
1	200	Until May 18, 2026	By May 18, 2028
2	150	Until September 29, 2026	By September 29, 2028
3	200	Until February 26, 2026	By February 26, 2028
4	150	Until December 24, 2026	By December 24, 2027
Total	700		

The main financial criteria to which the Company has committed under the credit facility agreements are as follows:

- The ratio of equity to balance sheet of at least 30;
- The ratio of dividend income to cash flow interest expenses (on an extended solo basis) in the 12-month period prior to the examination date of at least 1.2;
- The ratio of net financial debt (LTV) to FFO²³ not to exceed 25 for two consecutive years;
- The ratio of the Company's net financial debt (LTV) ratio (on an extended solo basis) to the value of the Company's holdings not to exceed 70% at any time;
- Minimum equity of NIS 1.8 - 2.2 billion;
- Irrevocable undertaking by the Company not to create any general floating lien on all of its assets in favor of a third party.

All the agreements are not secured by liens and include customary covenants regarding changes in control and structure. In addition, the agreements include customary covenants for various cash flow and operational financial ratios in the Group and in investees; "Cross Default"; an undertaking not to carry out a merger/split without obtaining consent; absence of insolvency, liquidation, etc.; non-cessation of business management / change of area of activity and/or sale of most assets; rating above BBB- (minus) and absence of trading suspension.

Extension of a framework agreement with a bank in Israel:

After the balance sheet date, the credit facility in section 3 of the above table, in the amount of NIS 200 million, was extended so that the utilization period will end on March 17, 2027 and the final repayment date will be by March 17, 2029.

As of December 31, 2025, the Company is in compliance with all financial covenants and does not utilize any of the facilities.

C. Amot financing agreements

Loan agreement with a banking institution

In October 2021, Amot signed an agreement with a banking institution according to which the bank provided Amot with a loan in the amount of approx. NIS 500 million, with an average duration of 8.5 years. The loan, which is not guaranteed by any liens, is CPI-linked and bears CPI-linked annual interest at a rate of 0.6%. The loan principal will be repaid by Amot in four equal annual payments during the years 2029 to 2032. Under the loan agreement, Amot undertook to comply with financial covenants similar to the financial covenants determined in Amot's bonds (Series H) traded on the Tel Aviv Stock Exchange. The average duration of the loan and the repayment dates of the principal are similar to those of the Amot bonds (Series H). For additional information regarding Amot's financial covenants, please see Note 11k above.

²³ In this regard, FFO is FFO according to the management approach.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 12 – Loans from Banking Corporations and Others, Credit Facilities and Financial Covenants (continued)

Short-term credit facilities

Lines of credit - Amot has five credit facilities from commercial banks and financial entities in Israel in the amount of NIS 1,080 million.

To utilize these credit facilities, Amot must meet the following conditions:

- The rate of equity from the Company's total balance sheet (net of cash and cash equivalents, net of short-term investments and net of securities related to discontinued activity) on a consolidated basis will not at any time fall below 25%.
- The Company is the controlling shareholder in Amot.
- The ratio of Amot's net financial debt to the CAP will not exceed 70%;
- The ratio of Amot's net financial debt (net of investment property in development) to Amot's NOI will not exceed 10 at any time;

In addition, Amot committed to compliance with various financial covenants, mainly: changes in control of Amot under certain circumstances; Amot's minimum equity of NIS 1.2 billion; various financial cash flow and operational ratios; cross default; Amot's commitment not to create any general floating lien on all of its assets in favor of a third party (with the exception of a floating lien associated with a fixed lien). The agreements include customary grounds for immediate repayment of the credit, such as material legal proceedings (liquidation, receivership, merger, etc.).

As of December 31, 2025, Amot has unutilized credit facilities in the amount of NIS 1,050 million. In addition, Amot is in compliance with all financial covenants.

D. Energix's financing agreements

General

Project financing transactions to which Energix is a party are based on the establishment of a designated corporation - SPV, which holds all the rights and obligations of the financed project(s) and usually has no additional activity beyond the activity subject to the financing. The project financing is mostly provided on a non-recourse basis, according to which the repayment of the financing is guaranteed only by the SPV's assets and the rights therein, except for customary exceptions such as the injection of equity to which the owner in the SPV has committed, a commitment to avoid cost overruns in the projects' construction, and sometimes even several commitments (some of which are limited in amount) that Energix has taken on in relation to that financing in accordance with the commercial agreements between the parties. In addition, where Energix serves as the construction contractor for a project (such as projects in the United States), or to the extent Energix manages the construction activity for a project (such as the construction of a project in the joint venture), Energix may provide guarantees on behalf of the construction and operating contractor, in favor of the designated corporation, as is customary in the sector.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 12 – Loans from Banking Corporations and Others, Credit Facilities and Financial Covenants (continued)

The following table lists Energix's main material loans:

Project name	Virginia 3 + PA1	E5
Lender	Santander CIB	MUFG
Loan/facility amount	Up to PLN 256 million (up to approx. NIS 955 million)	Up to PLN 491 million (up to approx. NIS 1.56 billion): ²⁴ (1) Back leverage loans of up to USD 160 million - short-term loans for the construction period, which will be converted to a long-term loan upon commercial operation of the projects; (2) A bridge loan in the amount of up to USD 321 million until the full tax partner investment is received; and (3) LC facility to secure semi-annual debt service of up to USD 10 million.
Date of engagement in the financing agreement	April 2023	July 2025
Date of provision of financing	April 2024	July - December 2025
Loan balance as of December 31, 2025	NIS 799.7 million	NIS 872.6 million
Loan balance as of December 31, 2024	NIS 953.3 million	-
Repayment schedule	Semi-annual payments	Semi-annual payments
End of loan life	Long-term loans will be repaid for a period of approx. 60 months (5 years from the date of conversion of the construction loans, in October 2029) according to a repayment schedule for a period of 22 years.	(1) The construction loans will be converted into long-term loans relatively upon commercial operation of each project (Substantial Completion). The long-term loans will be repaid in semi-annual payments for a period of approx. 60 months (5 years from the date of the construction period loan conversion), according to a repayment schedule for a period of 20 years. (2) The bridging loans will be finally repaid relatively upon commercial operation of each of the projects, during 2025-2027, the expected date for receipt of the tax partner's full investment (Substantial Completion).
Annual Interest Rate	Semi-annual SOFR plus a margin of 2.0%-2.1%. The base interest rate was hedged according to the debt repayment schedule (up to 22 years) at 75% of the loan amount. The interest rate of the loan after the hedging is in the range of 5%-5.6%.	(1) Loan for the construction period and bridging loans: a margin at a rate ranging from 1.5%-1.8% over the base interest rate (Daily Simple SOFR). (2) Long-term loan: a margin at a rate ranging from 1.7%-2.00% over the SOFR base interest rate, which will increase by 0.125% after 4 years from the date of receipt of the loan. (3) Loans from the LC facility: a margin at a rate ranging from 1.5%-1.8% above the SOFR base rate, with the margin rate increasing by another 0.20% during the period beginning one year from the first conversion date and up to 4 years from the conversion date. After 4 years from the first conversion date, the margin rate will increase by an additional 0.125%. The fixed interest rate (including fees) for the entire above period will be in the range of 5.45%-5.85% (after the additional margin).
Restrictions on payments and distributions to shareholders	Payments subject to free cash flow and compliance with financial covenants and other conditions as is customary in transactions of this type.	Payments subject to free cash flow and compliance with financial covenants and other conditions as is customary in transactions of this type.

²⁴ After the date of the report, Energix has signed a memorandum of understanding with MUFG for additional financing of up to USD 276 million for the construction of a project with a capacity of 152 MWp from the E5 backlog.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 12 – Loans from Banking Corporations and Others, Credit Facilities and Financial Covenants (continued)

Project name	Virginia 3 + PA1	E5
Main financial covenants:⁴		
Minimal amount of reserve funds¹	6 months of debt service, secured by a bank letter of credit	6 months of debt service, secured by a bank letter of credit
Minimum annual ADSCR to debt ratio	-	1:1.2
Collateral	The financing was provided on a non-recourse basis, except for several matters defined as customary in transactions of this type.	Shareholder guarantee in the amount of USD 7 million to ensure the completion of equity by the date of signing of the tax partner investment agreements
Book value of the pledged asset in the project company's books	NIS 1,814.6 million	NIS 1,273.6 million
Type of lien	Fixed senior lien on the rights in the borrower	Accepted liens in project financing transactions for full rights and holdings in projects and in corporations that hold projects until the date of repayment of the construction loans and their conversion to long-term. At that time, the lien will be replaced by a lien on the Company's share in the tax partnership. A shareholder guarantee in the amount of USD 7 million will be provided to ensure the completion of equity if by the date of signing the tax partner investment agreements for the projects, it is apparent that additional equity must be injected.

Notes and explanations

1. Debt Service Reserve Account.
2. ADSCR - Annual Debt Service Cover Ratio - The ratio of the cash flow surplus for debt service for the period of the year preceding the calculation date or the year following the calculation date, and the total principal and interest balance of the loan for that period.
3. DSCR - Debt Service Cover Ratio - The ratio of the cash flow surplus available for debt service for the period of the quarter preceding the calculation date or the quarter following the calculation date, and the total principal and interest balance of the loan for that period.
4. As of the date of the report and the date of approval of the financial statement, Energix (Group) is in compliance with all financial covenants.

The following is additional information regarding Energix's project financing activities in Israel:

1. Financing agreement for projects to build photovoltaic facilities with combined storage capacity (approx. 81 MWp and 349 MWh)

In March 2024, Energix signed an agreement with Bank Leumi Lelsrael Ltd. for the receipt of financing for the project's construction in an initial total amount of up to NIS 400 million. The financing transaction is at accepted terms for project finance transactions and is guaranteed with the full rights in the project and by a lien on all assets of the borrower and the project corporations held by the borrower, including the rights in the borrower and the project corporations, subject to the provisions of the law. The financing is provided on a non-recourse basis, except with respect to specific issues agreed upon between the parties in the financing documents, including aspects relating to a designated risk with respect to the private supplier with whom Energix entered into an agreement and Energix's guarantee to secure the obligations of the construction and operating contractor. In the reporting period, Energix made withdrawals from the financing facility in the amount of approx. NIS 92 million and in total, it withdrew approx. NIS 365 million in aggregate.

The following is information regarding credit facilities for the financing of equipment purchases:

2. In the reporting period, Energix signed for credit facilities for the financing of equipment purchases with banking corporations in Israel for up to USD 275 million, of which approx. USD 218 million was utilized as of the date of the report, mainly for the purchase of panels in the United States. After the date of the report, Energix repaid approx. USD 20 million of the loans. The credit facilities

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

are for periods of one to three years. Against these facilities, Energix has pledged equipment it owns that has not yet been financed through project financing.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 12 – Loans from Banking Corporations and Others, Credit Facilities and Financial Covenants (continued)

E. BE's financing agreements

In order to finance the acquisition of the properties under its ownership, BE took non-recourse²⁵ loans whose balance, as of the date of the report, is a total of approx. GBP 378 million (approx. NIS 1.6 billion). To guarantee the loan, BE pledged the properties in favor of the lender with a senior lien. The following are additional details regarding the loans:

	Loan terms	Interest rate hedging				Main financial covenants		
	Amount in GBP thousands	Interest rate	Repayment date	Hedge amount	Type of transaction	Hedging terms	Maximum LTV ratio	Minimum interest coverage ratio
1.	31,486	SONIA + 2.5%	January 2027	31,486	SWAP	Fixed SONIA of 3.55%-3.96%	45%-48%	2.1
2.	57,862	SONIA + 2%-3%	June 2028	60,399	SWAP	Fixed SONIA of 4%	60%	-
3.	50,000	SONIA + 2.75%	September 2026	50,000	CAP	Maximum SONIA of 5.75%	65%	0.8
4.	45,000	SONIA + 3%	February 2029	45,000	SWAP	Fixed SONIA of 4.03%	65%	11-135
5.	194,000	SONIA + 2.35%	December 2029	59,577	SWAP	Fixed SONIA of 3.55% until January 2027	67.5%	118-122
					CAP	Maximum SONIA of 3.61% from end of January 2027		
					SWAP	Fixed SONIA of 3.06%		
	378,348							

²⁵ Except for the amount of GBP 89.5 million that is guaranteed by BE Midco Limited, a company wholly owned by BE and without recourse to the Company.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements
Note 12 – Loans from Banking Corporations and Others, Credit Facilities and Financial Covenants (continued)
F. Carr's financing agreements

Loan terms			Interest rate hedging		
Amount in USD thousands	Interest rate	Repayment date	Hedge amount	Type of transaction	Hedging terms
644,010	5.78%	June 2032	-	-	-
22,968	4.66%	January 2027	-	-	-
71,404	SOFR + 1.46%	March 2027	75,000	SWAP	Fixed interest of 2.01%
278,301	SOFR + 3.25%	August 2027	45,000	SWAP	Fixed interest of 6.94%
1,016,683					

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 12 – Loans from Banking Corporations and Others, Credit Facilities and Financial Covenants (continued)

As of December 31, 2025, Carr and its investees (including Carr's associates) had loans from banking corporations in the amount of USD 1.2 billion (Carr's share) at a weighted interest rate of 6.11%. All the loans bear fixed interest, after interest rate fixing transactions are taken into account.

1. In May 2025, Carr and its partner in the One Congress building entered into a new loan agreement in the amount of USD 650 million. The loan is for a period of 7 years and has a fixed interest rate of 5.8%. The loan was used by Carr and its partner to repay the financing for the building's construction in the amount of USD 570 million, while the balance was used to repay capital to the partnership (Carr's share - USD 60 million).
2. In July 2025, Carr received a loan secured by a lien against properties from a banking corporation in the amount of approx. USD 280 million for a period of 3 years (until August 2027, with an extension option for an additional year, subject to conditions) at annual interest of 6.9%.
3. During the reporting period, Carr repaid all credit facilities that it had received.
4. For information regarding a loan agreement entered into by Carr subsequent to the date of the report, in connection with the 1401 New York Ave. building, please see Note 6g above.

G. Liens – Please see Note 14.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements**Note 13 – Engagements with a Tax Partner for Project Financing in the United States**

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Short term		
Deferred revenue in respect of agreement with the tax partner	321,040	228,112
Financial liability in respect of agreement with the tax partner	35,213	47,095
Total short term	356,253	275,207
Long term		
Deferred revenue in respect of agreement with the tax partner	659,326	549,025
Financial liability in respect of agreement with the tax partner	114,497	96,989
	773,823	646,014
Total balances with a tax partner	1,130,076	921,221

Engagement with a tax partner

- Between 2019 and 2023, Energix entered into a series of agreements with Morgan Stanley as the tax partner for a project backlog in Virginia and Pennsylvania with a total capacity of 609 MWp. In accordance with the terms and conditions of the agreements, as of the date of this report, Morgan Stanley has invested USD 377 million. The amount invested by Morgan Stanley is presented in the "deferred revenue" and "financial liability for agreement with the tax partner" items, long term and short term, according to the projected settlement dates of the aforementioned liabilities.

The tax partner's investment was carried out against the receipt of certain rights in the above projects²⁶, as is customary in transactions of this type, mainly the Federal Tax Benefit (ITC) and depreciation expenses for tax purposes in respect of the projects, as well as a proportional share of the projects' free cash flow for the period specified in the agreement. In addition, as part of the engagement and as is customary in transactions of this type, Energix provided corporate guarantees to secure Energix's full indemnity obligations.

During the reporting period, Energix exercised its entitlement to additional tax benefits for the use of local equipment for projects that reached commercial operation during 2023 and 2024 in the amount of approx. USD 54 million, net, of which approx. USD 46 million was received in cash from the sale of the ITC tax benefit to a third party and the balance of approx. USD 8 million will be received by way of a future offset of rights due to the tax partner from the project revenue that will be made available to Energix.

In the reporting period, Energix recognized tax revenue from the tax partner for the additional ITC tax benefits on a catch-up basis in the amount of approx. USD 20 million from the date of the projects' commercial operation (in late 2023 and early 2024) and up to the date of the report.

- Tax partner transactions for E4 and E5 backlog projects** - In the reporting period, tax partner investment transactions were signed with financial institutions in relation to projects in the E4 and E5 backlogs:
 - Within the E4 backlog framework**, an investment transaction was signed with a financial institution in relation to projects with a capacity of approx. 70 MWp for a total amount of approx. USD 76 million, which was fully provided during the reporting period. In relation to another project with a capacity of approx. 78 MWp from the E4 portfolio, the tax partner's investment in the amount of approx. USD 101 million was provided under an agreement signed in June 2025, as part of a framework agreement for Energix's strategic cooperation in the United States. The full amount of the tax partner's investment was provided in the reporting period.

During the reporting period, part of the tax benefits in one of the E4 backlog projects were sold to a third party in exchange for approx. USD 56 million, which was transferred, after the balance sheet date, to the tax partner, who had previously provided the full tax partner's investment, including for these tax benefits. The amount received from the sale to the third party was recorded under the "Designated cash" item, and was transferred to the tax partner after the date of the report. In addition, during the reporting period, a bridging loan was taken for a tax partner's investment in the amount of approx. USD 50 million, which was repaid on the date of provision of the balance of the tax partner's investment, in relation to the project with a capacity of approx. 78 MWp.

²⁶ During December 2025, Energix acquired the tax partner's share in the Virginia 1 project for the amount of approx. USD 3.4 million.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 13 – Engagements with a Tax Partner for Project Financing in the United States (continued)

- **Within the E5 backlog framework**, in September 2025, Energix entered into tax partner investment agreements with Morgan Stanley, according to which the tax partner is expected to invest a total of up to USD 275 million in the E5 backlog. The investment amount in relation to the projects reflects a tax benefit (ITC) of 50% for projects with a total capacity of approx. 186 MWp, and 40% in relation to a project with a total capacity of approx. 25 MWp.

As part of the above transactions, the tax partner's investment was carried out against the receipt of certain rights, as is customary in transactions of this type, mainly involving the federal tax benefit (ITC), depreciation expenses in respect of the projects, and a relative share of the projects' free cash flow. In addition, as part of these engagements and as is customary in transactions of this type, Energix provided a corporate guarantee to secure its full indemnity obligations, including for breach of representations or denial of eligibility for federal tax benefits.

Regarding the framework agreement between Energix and a strategic partner for tax partner engagements in projects in development, please see Note 7c.

Note 14 – Liens, Collateral and Guarantees

- A.** The following is a description of the liabilities secured by liens on Group assets or for which the Group has provided some security for their repayment and a description of the assets pledged or provided as collateral as of December 31, 2025:

Pledged asset	Book value of liability	Book value of pledged asset	Type of lien	Comments
Liabilities of consolidated companies:				
NIS thousands				
Energix's liabilities				
A total of NIS 7,338 million in respect of 17 loan facilities, some of which have not yet been fully withdrawn	(1) Lien on all assets of the project companies and Energix's rights in the project companies bearing the loans. (2) Parent company guarantee in the amount of approx. NIS 52 million.	5,213,881	9,313,296	Fixed senior lien
BE's liabilities				
5 loans in the total amount of approx. GBP 378 million	Investment property, including shares in the property companies and the revenues derived from the properties.	1,600,970	3,767,907	Fixed senior lien and floating lien See Note 12e
Carr's liabilities				
	Investment property.	3,235,640	4,992,350	Fixed senior lien

- B.** Guarantees provided by the Group

The following guarantees exist as of December 31, 2025 and 2024:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Guarantees provided by consolidated companies	837,365	647,383

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 15 – Other Long-term Liabilities

Composition:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Deferred revenue and deposits from building tenants and lease fees payable	37,321	30,733
Derivative financial instruments designated as hedge items (please see Note 24)	401,566	476,808
Liability regarding projects in operation and in development (*)	64,675	99,117
Liability for evacuation and rehabilitation	164,102	157,937
Deferred revenue	107,536	89,400
Miscellaneous	36,932	11,670
	812,132	865,665

(*) As of the date of the report, the balance includes a contingent liability for success fees in the amount of approx. NIS 8 million for the acquisition of the rights of the local partner in the joint venture in the United States, and a contingent liability for a project acquisition transaction in the amount of approx. NIS 50 million.

Note 16 – Engagements and Contingent Liabilities

A. Legal and tax proceedings against the Amot Group

As of the date of the report and the date of approval of the financial statements, legal claims, tax proceedings and demands for property tax charges, fees and levies in connection with investment property are pending against some of the Amot Group companies, all in the ordinary course of business in immaterial amounts, and in a total amount of approx. NIS 40 million. In the opinion of the Amot management, based on the position of its legal advisors, the provisions recorded in connection with these proceedings are adequate.

B. Long-term incentive plan settled in cash

Under the **Long Term Incentive Plan (LTIP)** adopted by BE and Carr, the managers and employees of these companies are entitled to bonuses for which, as of the reporting date, the book balance of the provision is immaterial.

C. Engagement with First Solar for the purchase of panels

Regarding an engagement for the purchase of panels, please see Note 8e above.

D. Main liabilities and covenants

Regarding the Group's main liabilities and covenants to banks and others, please see Notes 11 and 12 above.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 17 – Equity

A. Composition of share capital in nominal NIS

	As of December 31, 2025		As of December 31, 2024	
	Registered	Issued and paid-up	Registered	Issued and paid-up
	Thousands of shares		Thousands of shares	
Ordinary shares of NIS 1 PV (*)	500,000	226,183	500,000	215,119

(*) The registered shares are listed and traded on the Tel Aviv Stock Exchange. The number of shares includes dormant shares held by the Company.

B. Developments in share capital

- During the reporting period, the Company issued 11,064,645 ordinary shares of NIS 1 PV following the exercise of approx. 10,251 thousand of the Company's options (Series 16) and approx. 813.5 thousand non-tradable options, for a total consideration of approx. NIS 351 million.
- Subsequent to the date of publication of the report, the Company issued 142,749 ordinary shares of NIS 1 PV following the exercise of approx. 142,749 non-tradable options, for a total consideration of approx. NIS 4.5 million.

The following are developments in the Company's share capital over the past three years:

Date	Details	PV in thousands	Proceeds (gross) in NIS thousands	Share price in NIS
2024	Issuance of capital (*)	13,311	323,455	24.3
2024	Issuance of capital (**)	22,000	684,600	31.1
2025	Exercise of employee options	814	26,002	31.96
2025	Exercise of Series 16 options	10,251	325,254	31.73

(*) As part of the issue, 13,311 thousand shares and 6,655 thousand options (Series 16) exercisable for shares were offered to the public. The share price presented above represents the package price including options issued free of charge.

(**) As part of the issue, 22,000 thousand shares and 3,600 thousand options (Series 16) exercisable for shares were issued. The share price presented above represents the package price including options issued free of charge.

C. Balance of Company shares held by the Company

As of December 31, 2024 and 2025, the Company holds 85 thousand shares of the Company's ordinary shares of NIS 1 PV each, which constitute 0.039% and 0.037% of its issued and paid-up share capital as of those dates, respectively.

D. Dividend paid and dividends declared subsequent to the date of the Statement of Financial Position

In March 2001, the Company's Board of Directors decided to adopt a policy according to which the Company's management will announce, at the beginning of each year, the dividend amount the Company intends to distribute (subject to the law) in that year. The annual dividend amount will be divided into 4 payments to be made at the end of each calendar quarter, and taking into account the Company's operating results according to its latest financial statements, the Board of Directors may make adjustments to the amount distributed. It should be emphasized that the Board of Directors may at any time, taking into account business considerations and in accordance with the provisions of any law, change the amounts to be distributed as dividends or decide not to distribute them at all.

In March 2025, the Company's Board of Directors made a decision regarding the dividend policy for 2025 in the amount of NIS 0.96 per share, which will be paid in four quarterly payments of NIS 0.24 per share each. Accordingly, during 2025, the Company paid its shareholders a dividend in the total amount of approx. NIS 207 million.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements**Note 17 – Equity (continued)**

In March 2026, the Company's Board of Directors adopted a resolution regarding the dividend policy for 2026, according to which the Company intends to pay a dividend during 2026 in a total amount of NIS 1.00 per share, to be paid in 4 quarterly installments of NIS 0.25 per share each (subject to a specific resolution of the Board of Directors at the end of each quarter, taking business considerations into account and in accordance with the provisions of any law).

In accordance with the above, in March 2026, the Company announced a dividend for the first quarter of 2026 in the amount of NIS 0.25 per share (NIS 57 million) to be paid in April 2026.

As of December 31, 2025, the Company has retained earnings (distributable profits) of NIS 1.45 billion.

The following are details of the dividends paid by the Company, from its distributable profits, over the past three years:

Payment date	Declaration date	Dividend per share	NIS thousands
March 30, 2023	December 3, 2023	0.5	89,861
December 6, 2023	May 22, 2023	0.32	57,511
March 9, 2023	August 14, 2023	0.32	57,511
December 14, 2023	November 19, 2023	0.32	57,511
April 3, 2024	March 13, 2024	0.18	32,350
June 10, 2024	May 21, 2024	0.18	32,350
September 12, 2024	August 14, 2024	0.18	34,746
December 17, 2024	November 19, 2024	0.18	38,706
April 9, 2025	March 11, 2025	0.24	51,608
June 17, 2025	May 20, 2025	0.24	51,608
September 16, 2025	August 19, 2025	0.24	51,805
December 14, 2025	November 18, 2025	0.24	52,140
Total		3.14	607,707

E. Share-based payment

The following is information regarding officer and employee remuneration plans in effect as of December 31, 2025:

1. Capital Remuneration Framework Plan

On October 6, 2021, the shareholders' meeting approved a remuneration policy for the Company's officers for the years 2022-2024, which is not fundamentally different from the previous remuneration policy for the years 2019-2021 (hereinafter - the "**remuneration policy for 2022-2024**"). On December 31, 2024, the shareholders' meeting approved a remuneration policy for the Company's officers for the years 2025-2027, which is not fundamentally different from the remuneration policy for the years 2022 - 2024 (hereinafter - the "**remuneration policy for 2025-2027**"). (The remuneration policy for 2022-2024 and the remuneration policy for 2025-2027, will be referred to collectively, hereinafter - the "**remuneration policy**")²⁷.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 17 – Equity (continued)

The Company has a multi-year remuneration framework on a capital basis for Company employees and officers from February 2018, as amended in October 2021 (hereinafter - the "**Framework Plan**"), according to which each year near the publication of the yearly report Company employees and executives would be allocated non-tradable options of a economic value determined from time to time by the relevant Company organs (hereinafter - the "**annual portion**").

The framework plan determines that the vesting period of the options will end at the end of a period determined by the Board of Directors but in any case not more than five years from the date of the Board of Directors' specific decision to a particular beneficiary and will be exercisable from their vesting until a date to be determined by the Board of Directors. The framework plan also determines that the exercise price of the options will be as determined by the Board of Directors from time to time, subject to the remuneration policy as it will be from time to time.

The remuneration policy for 2022-2024 and the remuneration policy for 2025-2027 determine that the exercise price of any option will be the higher of the following: (1) an average of the Company's share price on the stock exchange in the 30 days of trade ending the day before the decision to grant the annual portion; (2) the share price at the end of the day of trading on the stock exchange prior to the Board of Directors' decision to grant the options, plus 4%. The exercise price is nominal adjusted for dividends.

In the remuneration policy, as it was from time to time, and the capital remuneration framework plan, in the last five years, the Company allocated annual portions from the capital remuneration framework plan, as follows:

	Number of recipients	Number of options	Economic value on the grant day, in NIS thousands	Exercise premium per option in NIS (before adjustments)	Vesting period in years	Expiry date
2023	16 (*)	962,621	4,322	35.01	2	June 11, 2026
2024	16 (*)	786,031	4,331	27.43	2	June 11, 2027
2025	19 (**)	635,479	4,258	34.25	2	June 10, 2028
2026	18 (**)	673,988	4,246	37.86	2	June 17, 2029

(*) Including the Chairman of the Board of Directors and 5 directors. For additional information on the remuneration of directors and officers, please see Note 19.

(**) Including the Chairman of the Board of Directors and 7 directors. For additional information on the remuneration of directors and officers, please see Note 19.

2. Parameters used in calculating the benefit inherent in the options

The cost of the total benefit inherent in all the options in effect as of December 31, 2025 (the March 2023, March 2024 and March 2025 plans), based on the fair value on the date of granting, has been estimated at a total of NIS 12.9 million, of which a total of NIS 9.7 million has been recorded to profit and loss as of December 31, 2025. This amount is recorded to profit and loss to the Statement of Income over the vesting periods. The fair value of the options issued as denoted above has been estimated via the application of the Black & Scholes model. The parameters used to apply the model are as follows:

Plan	March 2026	March 2025	March 2024	March 2023
Share price (in NIS)	34.79	31.80	26.38	30.75
Exercise price (in NIS)	37.85	34.25	27.43	35.01
Expected weighted volatility (*)	33.03%	37.22%	34.64%	29.83%
Life span of options (in years)	2	2	2	2
Risk-free interest rate	3.81%	4.15%	3.95%	3.91%
Total benefit (NIS thousands)	4,246	4,258	4,331	4,322
Amortization amount (NIS thousands)				
In 2025	-	1,534	1,939	479
In 2024	-	-	1,869	1,908
In 2023	-	-	-	1,935

(*) The expected volatility is determined based on historical volatility in the price of the Company's share. The lifespan of the average option is determined based on management's forecast regarding the duration of the holding period of options by option receivers taking their position in the Company and the Company's past experience regarding employee departure into consideration.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 17 – Equity (continued)

F. Note 17 – Equity (continued)

3. The following are developments in the options granted to Company employees and officers:

	2025		2024	
	In thousands	NIS	In thousands	NIS
Balance as of January 1	2,002	38.76	1,581	46.19
Grants during the year	635	34.25	786	27.43
Expiry during the year	(287)		(365)	
Exercised during the year	(814)		-	
Balance as of December 31	1,536	29.48	2,002	38.76
Options exercisable as of December 31	168		347	
Expected proceeds from the exercise of option warrants outstanding as of December 31 (in NIS thousands)	45,283		47,263	

Note 18 – Additional Information on Income and Expense Items

A. Revenue from rental fees and management of investment property

	For the year ended December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Rental fees (1)	1,518,767	1,257,615	1,208,529
Property management	150,064	131,569	115,534
	1,668,831	1,389,184	1,324,063

1. **Revenues from future minimum rental fees** - the aggregate amount of future minimum rental fee revenues based on signed irrevocable rental agreements in effect as of December 31, 2025 is as follows:

	As of December 31	As of December 31
	2025	2024
	NIS thousands	NIS thousands
First year	1,491,273	1,070,889
Second year	1,261,764	894,489
Third year	1,032,017	715,335
Fourth year	853,386	511,058
Fifth year	730,436	343,730
Sixth year and thereafter	3,396,004	948,716
	8,764,880	4,484,217

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 18 – Additional Information on Income and Expense Items (continued)

B. Fair value adjustments of investment property

	For the year ended December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Fair value adjustment of Amot properties (1)	351,415	572,740	246,018
Fair value adjustment - amortization of Amot's transaction costs	(14,930)	(23,053)	(3,300)
Fair value adjustment of BE properties (2)	53,506	57,521	(1,168,887)
Fair value adjustment - amortization of BE's transaction costs	(7,248)	-	-
Fair value adjustment of Carr properties (3)	2,393	-	-
	385,136	607,208	(926,169)

- Fair value adjustment of Amot properties** - In 2023-2025, Amot recorded profits from the fair value adjustment of investment property (before the amortization of transaction costs), which was mainly due to an increase in NOI from the properties.
- Fair value adjustment of BE assets** - In 2025 and 2024, BE recorded a gain from the fair value adjustment of investment property in the amount of GBP 10 million (NIS 46 million) and GBP 12 million (NIS 58 million), respectively, which mainly stemmed from the revaluation of properties in development and land resulting from an increase in the expected rent at the end of the construction period.

In 2023, BE recorded a loss of GBP 252 million (NIS 1,169 million) from the fair value adjustment of investment property, which was mainly due to the increase in the discount rate of BE properties.

- The amount is from the initial consolidation date (please see Note 6g above).

C. Cost of investment property rental and operation

	For the year ended December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Property maintenance and management costs	163,862	131,957	118,514
Taxes and fees	53,756	14,007	15,552
Salaries and related expenses	33,254	26,774	25,276
Miscellaneous	29,683	7,722	9,552
	280,555	180,460	168,894

D. Net losses from investments in securities measured at fair value through profit and loss

In 2024, the Group recorded a loss of approx. GBP 12 million (NIS 58 million) from the write-off of its entire investment in the Brockton Fund I, as well as a loss of approx. GBP 34 million (NIS 159 million) from the write-off of the balance of a loan given to the Brockton Fund I. The losses were recorded to "Net losses from investments in securities measured at fair value through profit and loss". The write-off was made in view of the Group's assessment that the pace of sales of luxury apartments in the project held by the Fund and the proceeds from their sales are not sufficient to recover the Group's share in the project. During 2025, the Brockton I Fund was dissolved.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 18 – Additional Information on Income and Expense Items (continued)

E. Administrative and general expenses

	For the year ended December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Salaries and related expenses, management fees and bonuses	142,673	116,829	87,700
Expense in respect of share-based payment	37,327	27,220	29,290
Directors' salaries and related expenses	1,839	1,520	1,162
Professional services	44,006	48,022	34,534
Charitable donations	9,146	10,920	6,442
Miscellaneous	63,637	62,298	42,670
	298,628	266,809	201,798

F. Financing expenses

	For the year ended December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Interest in respect of short-term credit	8,221	5,972	6,561
Interest in respect of long-term bank loans and lease liability	484,621	312,623	230,816
Interest (including discount amortization) in respect of bonds	465,394	438,025	385,899
Total interest expenses	958,236	756,620	623,276
CPI-linkage differences in respect of loans	50,754	59,855	55,092
Linkage differences in respect of bonds	238,382	324,979	296,112
Total credit costs	1,247,372	1,141,454	974,480
Net of credit costs capitalized to systems in development	(192,151)	(92,073)	(106,418)
Net of financing capitalized to self-constructed investment property	(106,586)	(52,934)	(39,648)
	948,635	996,447	828,414
Tax partner financing expenses	44,205	13,982	5,193
Miscellaneous, net	128,243	69,009	54,508
	1,121,083	1,079,438	888,115

G. Financing income

	For the year ended December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Interest on bank deposits, ETFs and monetary funds	50,127	49,398	54,789
Exchange rate differences, net	1,507	12,370	8,121
Interest in respect of loans to associates and others	8,544	22,961	29,135
Profits from transactions in financial derivatives	10,758	5,188	-
Profit from negotiable debentures held for trade	-	1,542	3,722
Miscellaneous, net	8,283	681	823
	79,219	92,140	96,590

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 19 – Transactions with Related Parties and Interested Parties

A. Management agreement with the Company CEO

In December 2021, the Company entered into a management agreement (which replaced a previous agreement from November 2018) with Adva Financial Consulting Ltd. (hereinafter in this subsection: **"Adva"** or the **"management company"**) (a company owned by Mr. Nathan Hetz (the Company CEO, director and shareholder in the Company) and by his wife Mrs. Clara Hetz equally) to receive management services provided by Mr. Nathan Hetz for a three-year period starting January 1, 2022 (the **"management agreement"**). On November 18, 2024, the Company's Board of Directors, in accordance with the recommendation of the Remuneration Committee, approved the extension of the management agreement for an additional 3 years (i.e., until December 31, 2027), without a change in its commercial terms, using the Companies Regulations (Easements in Transactions with Interested Parties), 2000. The main terms and conditions of the management agreement are as follows:

1. **Fixed component** - Monthly management fees of NIS 275 thousand linked to the CPI for December 2018, plus VAT (in any case, the management fees will not be less than this nominal amount). Management fees for December 2025 amounted to a total of NIS 324 thousand.

The management fees will also be paid for periods in which the management company will not provide management services to the Company, as follows: (1) 25 days for Mr. Nathan Hetz's annual vacation period; (2) up to 30 business days per calendar year for Mr. Nathan Hetz's sick days (which can be accumulated up to 90 days).

2. **Annual bonus** - A bonus of NIS 2.4 million, linked to the CPI for December 2018, which will be paid in the following manner and under the following conditions:
 - NIS 1.2 million will be paid each year in which the annual ²⁸FFO yield exceeds 6% (according to the equity²⁹ at the beginning of that year).
 - The balance of the bonus, which is not paid in any annual measurement, will be paid at the end of the 3-year agreement if the average FFO yield during the three-year agreement period exceeds 6%.

In 2025, the Company paid the management company a cash bonus of NIS 1.2 million for 2024 linked to the CPI for December 2018 (NIS 1.4 million), as well as the additional deferred bonus for the years 2022-2024 in the total amount of NIS 3.6 million, linked to the CPI for December 2018 (NIS 4.2 million). In April 2026, the Company will pay the management company a cash bonus of NIS 1.2 million for 2025 linked to the CPI for December 2018 (NIS 1.4 million).

3. Additional conditions:

1. In any event of termination of the agreement (whether due to its expiry or its cancellation by any of the parties), the management company will be entitled to receive what it is owed in accordance with the agreement for 3 additional months from the end of the agreement, including an annual bonus, until the end of the additional 3 months.
2. The Company and/or the management company have the right to cancel the agreement at any time before the end date, with 6 months advance written notice (during which the management agreement will continued to apply and Mr. Nathan Hetz will continue to provide the Company with management services), regarding its desire to end the agreement.
3. The Company will provide Mr. Nathan Hetz with a vehicle and bear its maintenance costs, the cost of the tax for providing the vehicle to Mr. Nathan Hetz will be borne by Mr. Nathan Hetz. The Company will also bear all expenses of Nathan Hetz and/or the management company for Nathan Hetz's activity as Company CEO as is customary in the Company.
4. In accordance with Amendment 20 to the Companies Law, 1999 (hereinafter - **"the Companies Law"**) and the remuneration policy, the agreement includes a provision according to which the management company will repay or receive, as the case may be, amounts it was paid or which were supposed to have been paid under the terms and conditions of the agreement, if the amounts it was paid were paid on the basis of data that turned out to be incorrect and were restated in the Company's statements. The Company will be entitled to deduct the amount of the repayment due to it from any amount it must pay to the management company / Mr. Nathan Hetz. The management company / Mr. Nathan Hetz will not be required to return any funds to the Company paid for periods prior to 3 years from the date of the demand.

²⁸ In this regard, **FFO means the FFO according to the management approach**, which will be published by the Company in the framework of the periodic report for the years 2025-2027 in the format published by the Company in the periodic report for 2023 (the **"2023 format"**), and to the extent that it is not published at all or is published in a different format, in that case the FFO will be calculated by the Company in accordance with the 2023 format.

²⁹ Company capital - Capital net of non-controlling interests as of December 31, 2024, plus capital raising and net of special dividends during the same year, all time-weighted.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 19 – Transactions with Related Parties and Interested Parties (continued)

5. The remuneration policy and agreement also determine that in the event of a change in legislation / material regulation / material change in accounting standards, the financial data in the financial statements that affect the bonus will be calculated in accordance with the legislation/regulation/accounting standards prior to the change³⁰.
6. In return for his service as Company officer, Nathan Hetz shall be entitled to compensation and insurance as these are defined in Mark C of Chapter Three, Part Six of the Companies Law at sums and scopes set from time to time by the Company. The above insurance will provide Nathan Hetz with coverage during his entire term as an officer and for a period of seven years after he ceases to serve as officer. In return for his service as Company officer, Nathan Hetz will be entitled to an exemption as this is defined in Mark C of Chapter Three, Part Six of the Companies Law, as will be customary at the Company from time to time, except in respect of all events and causes that occurred until October 11, 2011.

B. Management agreement with the Chairman of the Company's Board of Directors

In November 2021, the Company entered into an agreement with Orwer Ltd. (hereinafter: **"Orwer"** or **"the management company"**) (a company owned by Mr. Aviram Wertheim (Chairman of the Company's Board of Directors) and his wife, in equal parts) to receive management services by Mr. Aviram Wertheim, as the Chairman of the Company's Board of Directors, in partial position in the amount required to fulfill his duties³¹ for the period starting January 1, 2022 and ending December 31, 2024, as long as Mr. Aviram Wertheim serves as the Chairman of the Company's Board of Directors, as approved by the General Assembly in October 2021 (the **"management agreement"**). On December 31, 2024, the General Meeting approved the Company's engagement in a management agreement with Orwer / Mr. Aviram Wertheim, with no time limit, and as long as Aviram Wertheim serves as Chairman of the Board of Directors, without a material change in the terms compared to the management agreement existing at that time, all subject to the Company's remuneration policy, as it may be from time to time (hereinafter, collectively - the **"management agreement"**).

The following are the main terms of the management agreement, on the basis of which the Company paid Orwer for the management services of the Chairman of the Board of Directors, in 2025:

1. **Fixed component** - Monthly management fees of NIS 60 thousand, plus VAT, linked to the CPI for December 2018, but no less than the above nominal amount. As of December 31 2025, the monthly management fees amounted to NIS 71 thousand.
2. **Annual cash bonus** - (for the years 2025-2027) to be derived from the Company's annual FFO return on the Company's capital³², where the minimum bonus (with a 6% FFO yield) is NIS 430 thousand and the maximum bonus (with an FFO yield of 10% or more) is NIS 720 thousand. When calculating the annual bonus, a negative FFO balance from previous years accumulated during Aviram Wertheim's tenure as Chairman of the Board of Directors will be offset. The FFO means the FFO according to the management approach (in accordance with the remuneration policy) which will be published by the Company in its Board of Directors' Report for the years 2025-2027 in the format published in the periodic report for 2023, and to the extent that it is not published at all or is published in a different format, in that case the FFO will be calculated by the Company in accordance with the 2023 format. The above bonus amounts are linked to the CPI for December 2018 and will not be less than the nominal amounts. The amount of the bonus between floor and ceiling is calculated linearly. The annual bonus, determined according to the FFO yield as stated above, will be increased or decreased according to the Company's rating by the credit rating companies, so the credit rating could lead to a decrease in the bonus even to the canceling of the Chairman's bonus on the one hand (in the event that the rating drops below B- (Maalot rating), B3 (Midroog rating)) or to its increase by up to 10% on the other hand (in the event that the rating exceeds AAA (Maalot rating) or Aa1 (Midroog rating)). In the event that the rating companies' rating is not identical, the calculation will be made according to the average factor of the two rating companies;

In 2025, the Company paid Orwer the amount of NIS 832 thousand for a cash bonus for 2024. In April 2026, the Company will pay NIS 799 thousand for the cash bonus for 2025, in accordance with the bonus formula detailed above.

30 In this regard, the date of change in legislation/regulation/accounting standards will be considered the date of commencement of actual implementation.

31 The position is currently estimated at 50%.

32 Company capital" - The capital, net of non-controlling interests at the beginning of the relevant year, plus capital raising and net of additional dividends during the year, all time-weighted.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 19 – Transactions with Related Parties and Interested Parties (continued)

- 3. Additional conditions** - Orwer is entitled to a retirement grant equal to management fees for 6 additional months from the end of the agreement, including an annual bonus (calculated on a relative basis), until the end of the 6 additional months. According to the agreement, in return for his service as a Company officer, Aviram Wertheim will be entitled to indemnity and insurance as these are defined in Mark C of Chapter Three, Part Six of the Companies Law, at amounts and scope as determined from time to time by the Company. This insurance will cover Aviram Wertheim for the entire period of his service as officer and for a period of seven years after he ceases his service as an officer. In return for his service as Company officer, Aviram Wertheim will be entitled to an exemption as this is defined in Mark C of Chapter Three, Part Six of the Companies Law, as will be customary at the Company from time to time.

Regarding the capital remuneration granted to Mr. Aviram Wertheim in recent years, in accordance with the decision of the General Assembly, please see Note 19c(2) below.

According to Amendment 20 to the Companies Law and the remuneration policy, the agreement includes a provision according to which Orwer will repay or receive, as the case may be, amounts it was paid or which were supposed to have been paid under the terms and conditions of the agreement, if the amounts it was paid were paid on the basis of data that turned out to be incorrect and were restated in the Company's statements. The Company will be entitled to deduct the amount of the repayment due to it from any amount it must pay to Orwer / Mr. Aviram Wertheim. Orwer / Mr. Nathan Hetz will not be required to return any funds to the Company paid for periods prior to 3 years from the date of the demand.

The remuneration policy and agreement also determine that in the event of a change in legislation / material regulation / material change in accounting standards, the financial data in the financial statements that affect the bonus will be calculated in accordance with the legislation/regulation/accounting standards prior to the change³³.

C. Remuneration of directors

1. Remuneration of directors -

On January 11, 2010, the Company's Board of Directors decided, following the approval of the Audit Committee on that day according to the Companies Regulations (Rules regarding Remuneration and Expense Reimbursement of External Directors), 2000 (the "**Remuneration Regulations**") and according to the Companies Regulations (Easements in Transactions with Interested Parties), 2000 (the "**Easements Regulations**"), that as of April 1, 2010, the Company will pay the external directors, and the other directors who are not external directors and who are not employed by the Company, an annual remuneration equal to the maximum amount as detailed in the Second Supplement to the Remuneration Regulations, as will be applicable from time to time, depending on the Company's rating as it will be from time to time. The participation remuneration for attendance at meetings of the Board of Directors and its committees is at the fixed amount as specified in the Third Supplement to the Remuneration Regulations. For attendance at meetings of the Board of Directors and/or Board committees via telecommunications and for participation in the decisions of the Board of Directors and of its committees without actually convening, these directors will be paid a relative portion of the fixed amount as determined in Regulation 5 of the Remuneration Regulations.

The decision by the Company's Board of Directors to compensate Board members, as detailed above, is also compatible with the Company's remuneration policy for the years 2025-2027. As of the date of publication of these financial statements, the maximum annual remuneration is NIS 131 thousand and the fixed participation remuneration is approx. NIS 4 thousand (these amounts are updated from time to time according to the updating mechanism in the Remuneration Regulations).

The total payments made to the Company's external directors and directors (with the exception of Mr. Nathan Hetz and Mr. Aviram Wertheim), for 2024 (6 directors³⁴, not including Mr. Nathan Hetz and Mr. Aviram Wertheim, as stated) amounted to NIS 887 thousand. The total payments to which the external directors and directors of the Company are entitled (with the exception of Mr. Nathan Hetz and Mr. Aviram Wertheim), for 2025 (7 directors, not including Mr. Nathan Hetz and Mr. Aviram Wertheim, as stated) amounted to NIS 1n177 thousand³⁵.

33 In this regard, the date of change in legislation/regulation/accounting standards will be considered the date of commencement of actual implementation.

34 It should be noted that Mr. Ilan Gifman began his service on October 9, 2024, Ms. Batsheva Moshe began her service on November 18, 2024, Mr. Amos Yadlin ended his service on November 22, 2024, and Mr. Samer Haj Yehia began his service on December 31, 2024.

35 Not including the value of option benefits not paid in cash. Please see Note 19c(2).

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 19 – Transactions with Related Parties and Interested Parties (continued)

2. Capital remuneration of directors -

On February 19, 2018, the Company's Board of Directors adopted an options plan in accordance with Section 102 of the Income Tax Ordinance in a capital plan with a trustee (hereinafter - the "**framework plan**"); on October 10, 2021, the framework plan was amended (please see Note 17e(1) above).

At the meetings of the General Assembly on October 6, 2021 and December 31, 2024, a decision was made to approve the granting of options, to the directors (including Adva Sharvit (daughter of Nathan Hetz, a director, CEO and shareholder in the Company) who are not employed by the Company (that is, not including the Company's Chairman of the Board of Directors and the Company's CEO) in accordance with the Company's option plan in effect as determined by the Board of Directors in the years 2022-2024 and from 2025 and thereafter (subject to the Company's remuneration policy, as it will be from time to time), respectively. The value of the options to be granted each year will be an amount equal to one half (50%) of the annual remuneration to which the directors are entitled as member of the Board of Directors (not including remuneration for meeting attendance) for the calendar year ending before granting the options. The exercise price, the vesting period, the exercise dates, the right to exercise options that have yet to be realized in the event of the end of service, and the other terms of the options will be determined in accordance with the remuneration policy in effect on the grant date.

In accordance with the principles of the remuneration policy and the resolutions of the General Assembly mentioned above, in the years 2022-2025, the eligible directors were granted options in accordance with the terms of the framework plan.

In addition, regarding the Chairman of the Company's Board of Directors, Mr. Aviram Wertheim, according to the decision of the authorized Company entities, each year from 2022 to 2025, he was/will be granted a capital bonus through the allocation of non-tradable options at economic value (calculated according to an accepted economic model) in the amount of NIS 360 thousand (linked to the CPI for December 2018, and in any event no less than the above nominal amount).

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 19 – Transactions with Related Parties and Interested Parties (continued)

The following is a list of the options granted or for which a decision has been made to grant them to the directors and the Chairman of the Board of Directors in accordance with the above, in the years 2023-2026:

Date of the decision	Offeree directors (Entitled directors serving on the date of the decision regarding the grant)	Number of Board members	Number of options granted	Option exercise price on allocation date in NIS (Unlinked, subject to adjustments)	The cost of the total benefit included in the options issued to directors based on fair value according to the Black & Scholes Model on the granting date in accordance with guidelines in IFRS 2 - "Share-Based Payment" in NIS
			(Includes 50% of the annual remuneration paid to each of the above directors (not including participation remuneration))		
Board of Directors decision of March 12, 2023	Zvi Eckstein, Amos Yadlin, Mia Likvernik, Shlomi Shuv and Adva Sharvit	5	57,186	35.01	256,770
	Aviram Wertheim	1	86,950	35.01	390,405
Board of Directors decision of March 12, 2024	Zvi Eckstein, Amos Yadlin, Rony Patishi-Chillim, Shlomi Shuv and Adva Sharvit	5	54,505	27.43	300,310
	Aviram Wertheim	1	72,724	27.43	400,709
Board of Directors decision of March 10, 2025	Zvi Eckstein, Ilan Gifman, Samer Haj Yehia, Rony Patishi-Chillim, Batsheva Moshe, Shlomi Shuv and Adva Sharvit	7	64,610	34.25	432,873
	Aviram Wertheim	1	61,915	34.25	414,830
Board of Directors decision of March 17, 2026	Zvi Eckstein, Ilan Gifman, Samer Haj Yehia, Rony Patishi-Chillim, Batsheva Moshe, Shlomi Shuv and Adva Sharvit	7	70,938 (**)	37.86	446,894
	Aviram Wertheim	1	67,336 (**)	37.86	424,214

(**) Options have yet to be allocated.

The options were granted under the terms detailed above and subject to the terms of the applicable framework plan.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 19 – Transactions with Related Parties and Interested Parties (continued)

D. Insurance, indemnity and exemption^{36 37}

Insurance arrangement for directors and officers in the Company, Amot and Energix -

On May 2, 2024, the Company's General Meeting approved the Group umbrella arrangement, which also included, among others, the directors and officers of Amot and Energix (which replaced the previous insurance arrangement), for an unlimited period³⁸ (hereinafter - the "**arrangement**").

The limit of liability for insurance under the Arrangement is up to USD 75 million per case and period, plus legal expense coverage. In addition, the Company, Amot and Energix were given the option, each at its sole discretion, to purchase directors and officers insurance policies in an amount of additional insurance coverage of up to USD 25 million for directors and officers serving in each of the above companies (alone or together with any of the Group companies).

The policies that were / will be purchased (as applicable) under the arrangement will insure the liability of the officers of the Company and the subsidiaries who serve as directors on behalf of the Company in companies that are not subsidiaries. In addition, the policies that were / will be purchased under the Arrangement will also be insured in respect of events that can be insured according to the Streamlining of ISA Enforcement Procedures Law (Legislative Amendments), 2011 (hereinafter - the "**Enforcement Procedures Law**"), according to the Economic Competition Law, 1988 (the "**Competition Law**"), and/or according to any other law regarding officers' insurance in general and/or officers' insurance for administrative enforcement in particular, including and without detracting from the generality of that stated, according to Section 56h of the Securities Law and/or the provisions of Section 50p of the Competition Law.

According to the Arrangement, the Company will maintain the above insurance (according to the format as it will be determined from time to time) for the entire duration of an officer's service as well as for a period of 7 years from the end of service, will renew the policy on the proper date and bear all premium expenses and any associated or related expenses.

The amount of the annual premium and the amount of the deductible³⁹ will be in accordance with the prevailing market conditions on the date of purchase of each insurance policy. The engagement to purchase an insurance policy will be made with an insurance company that is not a related party of the Company or any of the Group companies.

According to the principles determined in the Arrangement, the Company purchases such insurance policies from time to time, with the last two policies it purchased (for the year from July 15, 2024 to July 14, 2025, and for the year from July 15, 2025 to July 14, 2026) having a limit of liability in the amount of USD 65 million per case and per period in addition to legal expense coverage under Section 66 of the Insurance Contract Law, 1981 and at a cost of USD 295 thousand and USD 170 thousand, respectively.

Insurance in Carr: From time to time, Carr purchases a directors', officers' and corporate liability insurance policy for a period of one year (each time). The liability limit purchased in recent years is in the amount of USD 10 million per year, including coverage for legal expenses.

Insurance in BE: From time to time, BE purchases a directors', officers' and corporate liability insurance policy for a period of one year (each time). The liability limit purchased in recent years has been GBP 21 million per year, including separate coverage (of GBP 1 million) for legal expenses.

³⁶ This section applies to all Company officers (including those who are not directors).

³⁷ In return for his service as a Company officer, Mr. Nathan Hetz (CEO and director) and Aviram Wertheim (Chairman of the Company's Board of Directors) will be entitled to indemnity and insurance as these are defined in Mark C of Chapter Three, Part Six of the Companies Law, at amounts and scope as determined from time to time by the Company. The above insurance will provide Nathan Hetz and Aviram Wertheim with coverage during their entire term as officers and for a period of seven years after they serving as officers. Regarding the exemption to which Mr. Nathan Hetz (CEO and Director) and Mr. Aviram Wertheim (Chairman of the Board) are entitled, please see below.

³⁸ The Company's Board of Directors, at its meeting on March 12, 2024 (after approval by the Remuneration Committee), approved the application of the new arrangement also to the Company's CEO (in his capacity as the Company's CEO, distinct from his service as a Company director and Chairman of the Board of Directors of Amot and Energix), under Regulation 1A1 of the Companies Regulations (Easements in Transactions with Interested Parties), 2000 (hereinafter - the "**Easements Regulations**"). Accordingly, as long as the policies purchased under the new arrangement are in accordance with the terms of the Easements Regulations (as will be examined and determined by the Company's active management in accordance with the authorization of the Company's Remuneration Committee and Board of Directors), the approval of the General Meeting is not required for the application of the new arrangement to the Company's CEO.

³⁹ According to the terms of the Arrangement, no deductible will apply to the officers and the Company will bear the deductible in an amount to be agreed with the insurer.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 19 – Transactions with Related Parties and Interested Parties (continued)

Indemnity and exemption:

The Company, Amot and Energix granted letters of indemnity and exemption to their officers, including directors who were also controlling shareholders at the time⁴⁰ ⁴¹or their relatives, including officers serving in subsidiaries. According to the letters of indemnity, the indemnification amount will not exceed 25% of the equity of the Company, Amot or Energix (as applicable) according to the latest financial statements published prior to the payment date. In March 2018, the Audit/Remuneration Committees (as applicable) and the Boards of Directors of Amot and Energix approved changes to the insurance, indemnity (and in Amot, also regarding the exemption) arrangement⁴² for directors and officers. The changes were also approved by the General Assemblies of Amot and Energix of May 2018, and regarding part of the insurance issue (i.e. the umbrella insurance policies for directors and officers throughout the Group), they were also approved by the relevant organs in these companies.

Regarding the Company's existing remuneration arrangement:

On July 12, 2018 the Company's General Assembly approved the replacement of the letter of indemnity that existed at the time in the Company with a new letter of indemnity, granted by the Company to the directors and the other officers, as they may exist from time to time, including replacing the letters of indemnity of the directors and officers at the Company who are controlling shareholders or their relatives, and as they may be from time to time, all relative to the grounds occurring from the General Assembly's approval date (July 12, 2018) and thereafter. It should be clarified that the previous letter of indemnity will continue to apply to grounds that occurred up to the General Assembly's approval date (July 12, 2018).

Regarding the Company's existing exemption arrangement:

On July 12, 2018, the Company's General Assembly approved a new arrangement for the granting of new letters of exemption to Company directors and officers, including Company directors and officers who are controlling shareholders in the Company or their relatives, serving on the date of the General Assembly's approval and as may serve from time to time, as long as the letters of exemption granted by the Company to directors and officers who are not controlling shareholders or their relatives up to the date of the General Assembly approval and which are still in effect, will continue to apply in full, unchanged, regarding all grounds covered thereby that occurred up to the General Assembly approval date and the exemption granted by the Company to directors and officers who were controlling shareholders or their relatives on that date (i.e., Mr. Nathan Hetz and his daughter Adva Sharvit, who serves as a Company director), will continue to apply in full, unchanged, regarding all grounds covered thereby occurring up to October 11, 2011.

The exemption in accordance with the new arrangement will not apply to an action or failure to act of a director and/or officer in connection with a decision or transaction in which the controlling shareholder or any Company officer (including an officer other than one granted the letter of exemption) has any personal interest.

40 Regarding the Company, the continued application of the letters of indemnity for the controlling shareholders and their relatives serving and who may serve from time to time was approved by the General Meeting in its October 6, 2014 meeting for a period of 3 years from October 11, 2014 to October 10, 2017 and in the General Meeting of October 3, 2017 for a 3-year period from October 11, 2017 to October 10, 2020. On the other hand, the continued application of the exemption with respect to directors and officers who are controlling shareholders or their relatives in the same format was not renewed. Regarding a new exemption arrangement, please see below.

Regarding Amot, the continued application of the letters of indemnity to the controlling shareholders and their relatives serving and who may serve from time to time was approved by the General Assembly in its February 16, 2015 meeting for a period of 3 years from November 15, 2014 to November 14, 2017. In its February 16, 2015 meeting, Amot's General Meeting did not approve the exemption for Company directors and officers who are controlling shareholders or related to controlling shareholders in the same format.

On May 2, 2018, Amot's General Assembly approved new letters of indemnity for directors and officers, which replaced the previous letters of indemnity. The General Assembly of May 2, 2018, also approved the granting of new letters of exemption, which will replace the existing letters of exemption from the granting date, in relation to events only from the granting date. The Assembly's approval is in relation to all directors and officers, as they will be from time to time (including directors and officers who are controlling shareholders or their relatives).

41 The continued application of the letters of indemnity to the controlling shareholders and their relatives serving and who may serve from time to time was approved by Energix's General Meeting in its October 4, 2014 meeting for a period of 3 years from April 6, 2014 to April 5, 2017 and in Energix's General Meeting of July 9, 2017 for a 3-year period from April 6, 2017 to April 5, 2020. The continued application of the exemption with respect to directors and officers who are controlling shareholders or their relatives, was not approved in Energix's July 30, 2014 General Assembly. In addition, at Energix's General Assembly of July 9, 2017, the meeting approved the issuing of new letters of exemption to Energix's directors and officers, including directors and officers who are controlling shareholders or their relatives, serving on the date of the meeting's approval and who will serve from time to time (regarding the controlling shareholders, the approval is for 3 years starting from the meeting's approval from July 9, 2017 to July 8, 2020).

42 The exemption in its new format was approved by Energix's General Assembly on July 9, 2017.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 19 – Transactions with Related Parties and Interested Parties (continued)

Indemnity in Carr:

The Articles of Association of Carr and its subsidiaries state that Carr will compensate its directors, officers, employees and representatives, past and present, for any liability imposed on them or an expense they may bear subject to the fact that they have acted in accordance with the law in their positions as directors, officers, employees or representatives, as the case may be, in the broadest manner allowed according to the laws of the State of Delaware.

Indemnity in BE:

In February 2020, the BE Board of Directors approved the granting of letters of indemnity to BE's directors and in any legal entity in which BE is a shareholder (hereinafter, in this subsection - **"Related Entity"**). According to the letter of indemnity, subject to English law, BE undertakes, among other things, to indemnify the director of BE or of an entity related thereto, subject to the foregoing, up to the maximum limit permitted by applicable law, for any liability or expense, as detailed in the indemnity letter, to be imposed due to or in connection with an action he performed in his capacity as a director, officer, employee or agent of BE or of a related entity or of another legal entity where the director serves at any time at the request of BE or a related entity, as of February 6, 2018 or from the date of his appointment as director, the later of the two.

In any case, the amount of indemnity to be paid by BE, to all directors of BE or an entity related thereto, as a group, will not exceed 25% of BE's equity according to BE's current financial statements published before the date of payment under the indemnity letter (in addition to amounts received by the director under an insurance policy or otherwise).

E. Additional information -

For additional information regarding remuneration amounts paid to Company directors for the years 2023-2025, please see Note 18e above.

1. Regarding the management fee agreement with Amot, please see Note 6c.
2. Regarding the management fee agreement with Energix, please see Note 6e.

F. Rental agreements

In December 2015, the Company and Energix entered into rental agreements with Amot (each of the companies separately), as updated from time to time, according to which the Company and Energix rented from Amot during the reporting period, at rental terms customary in Amot in relation to building tenants (**"market terms"**) (as they were at the time of the engagement) and in the normal course of business, offices with an area that at present (after the updates) is approx. 772 sq.m. (the Company) and approx. 1,056 sq.m. (Energix), on the 40th floor of the "Amot Atrium Tower" in Ramat Gan (the **"building"**), as well as parking spaces in the building's parking garage. After a rental period of 5 years, the option given to the Company and Energix to extend the rental period by an additional 5 years was exercised, such that the lease period according to the agreement will end on April 14, 2026.

The Company's annual rental cost, including for management components, amounted to approx. NIS 2 million in 2025 and Energix's amounted to approx. NIS 2.2 million.

In December 2023, Amot entered into an agreement with Energix for the rental of approx. 840 sq.m. (gross) on the 18th floor of the "Amot Holon Campus" as well as parking spaces in the above building's parking lot, for a period of 10 years with the right to exit after 7.5 years (from the date of commencement of the agreement) against payment of an agreed compensation. In November 2024, Energix's engagement was approved with an amendment to the agreement for the rental of additional space, so that in total Energix is renting an area of 1,070 sq.m. at the Amot Holon Campus. The rental is at market conditions. The expected annual revenue to Amot from the above rental agreement and the management component is approx. NIS 1.4 million.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 19 – Transactions with Related Parties and Interested Parties (continued)

G. Negligible transaction

1. The Company's Board of Directors has determined that a negligible transaction would be one meeting the following conditions:

- A. It takes place in the ordinary course of the Company's business;
- B. The transaction takes place under market conditions - the terms of the engagement are terms customary in the relevant market;
- C. The transaction's projected contribution to profit and loss in annual terms (before the tax effect) or its annual financial scope in the event that the transaction is not recorded through the Statement of Income does not exceed 0.125% of the Company's equity according to its audited consolidated financial statements published as of December 31 of the year preceding the date on which the transaction was reported, or 0.5% of the Company's average profit or loss in absolute terms in the three calendar years preceding the date on which the transaction was reported according to the Company's audited consolidated financial statements; whichever is lower, whether in a single engagement or a series of engagements on the same issue over the course of the year; for this purpose, in the event that the Company does not have the full rights and obligations in the transaction, the transaction will be examined according to the Company's relative share in the transaction.
- D. The transaction was approved by the Company's Board of Directors and the controlling shareholder / officer (as relevant) has informed the Company of his interest in the transaction (unless the personal interest is due solely to the presence of personal interest by a **"relative"** as defined in the Companies Law in a non-exceptional transaction).

During 2025 and up to the publication of the report, the Company has not engaged in negligible transactions, as this term is defined above, with an interested party.

H. Benefits to key management personnel of the Company

		For the year ended December 31		
		2025	2024	2023
	Number of Recipients	NIS thousands	NIS thousands	NIS thousands
Management fees and grants	4	14,997	13,712	13,501
Amortization of benefits relating to share-based payments	9-10	2,795	2,577	2,418
Salary of other directors	6-7	1,534	783	1,069
Directors' and officers' insurance	16-18	305	379	421
		19,631	17,451	17,409

I. Additional information on balances with related parties

		As of December 31	
		2025	2024
		NIS thousands	NIS thousands
In current assets			
In other receivables		241	244
In current liabilities			
In payables and credit balances		-	765

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 20 – Earnings per Share

	For the year ended December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Profit used to calculate basic earnings per share from ongoing activity	7,439	(346,199)	(2,392,409)
Adjustments:			
Adjustment of diluted profit from consolidated companies	(1,402)	(599)	(6,679)
Profit used to calculate diluted earnings per share	6,037	(346,798)	(2,399,088)
	Thousands of shares	Thousands of shares	Thousands of shares
Weighted average number of ordinary shares used to calculate basic earnings per share from ongoing activity	215,593	191,054	179,722
Adjustments:			
Options	180	-	-
Weighted average number of ordinary shares used to calculate diluted earnings per share	215,773	191,054	179,722
Weighted average number of securities excluded from the calculation of diluted earnings per share, as their effect was anti-dilutive:			
Options	503	6,870	1,581
	503	6,870	1,581

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 21 – Taxes on Income

A. Composition of tax expenses

	For the year ended December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Current taxes			
Current tax expenses	190,039	137,253	228,973
Taxes in respect of previous years	26,207	(10,256)	(21,667)
Total current taxes	216,246	126,997	207,306
Deferred taxes	34,074	164,472	(60,038)
Tax income from a tax partner	(407,768)	(213,834)	(69,452)
Total tax expenses recognized in the statement	(157,448)	77,635	77,816

B. Tax laws applicable to the Group

The provision for current taxes made by the Company and its subsidiaries in Israel was determined based on the provisions of the Income Tax Ordinance (New Version) 1961.

The provision for current taxes of consolidated companies operating outside of Israel was determined taking into account the tax laws applicable in those countries.

C. Tax rates applicable to the Group

1. Tax rates applicable to companies in Israel:

Starting from January 1, 2018, the income tax rate applicable to the Company and the consolidated companies in Israel is 23%.

On December 31, 2025, the Minimum Corporate Tax on Multinational Groups Law (2025) (hereinafter the "Law") was approved in Israel and published in the Official Gazette, implementing the Qualified Domestic Minimum Top-up Tax (QDMTT) mechanism, as part of the application of the Pillar Two principles in Israel, which were announced by the OECD in 2021. The principles establish a minimum global tax rate of 15% on entities that are part of a multinational group of entities with a consolidated turnover exceeding EUR 750 million in two of the 4 years preceding the tax year for which the test is being performed. The application of the law had no impact on the financial statements for 2025, and is not expected to have an impact in 2026-2027.

2. Tax rates applicable to companies operating outside of Israel:

- Tax rates applicable to companies operating in the United States range mainly between 21% and 30.8%. A dividend distributed by investments in the US (Carr and the Boston Partnerships) originating from operating profits and capital gains will be subject to withholding tax in the US at a rate of 30% and 21%, respectively, and taxed in Israel at the corporate tax rate while receiving a credit for the withholding tax deducted in the United States.
- BE operates as a REIT under applicable UK tax regulations. The tax rate applicable in the UK when distributing a dividend is 15%.
- On December 31, 2024, a Canadian company wholly owned by the Company distributed a dividend to the Company in the amount of approx. CAD 227 million. In 2024, the Company recorded current tax expenses in the amount of approx. NIS 30 million in respect of the distribution.
- The tax rate applicable to Energix's activity in Poland is 19%, and in the United States federal tax is 21% and state tax is 5%.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 21 – Taxes on Income (continued)

D. Tax Assessments

1. The Company has final assessments up to and including 2020.
2. The consolidated companies in Israel and a wholly-owned consolidated corporation in Canada have self-assessments that are considered final up to and including 2020.
3. The wholly-owned consolidated corporations in the United States have self-assessments that are considered final up to and including 2021.
4. In December 2025, Amot signed final tax assessment agreements with the Income Tax Authorities for the years 2020-2023, after which in January 2026, Amot paid taxes in the amount of approx. NIS 47 million (not including interest and linkage in the amount of approx. NIS 14 million). Amot has full provisions. As part of the agreement, Amot's losses were recognized for carrying forward in the amount of approx. NIS 258 million, to be utilized over the years 2024 and thereafter. In December 2024, 10 of Amot's consolidated companies signed final tax assessment agreements with the Income Tax Authority for the years 2019-2022 following which Amot paid taxes in the amount of NIS 2 million (for which Amot had made full provisions). As part of the agreement, Amot's losses were recognized for carrying forward in the amount of approx. NIS 27 million, to be utilized over the coming years.

Amot has been issued final tax assessments up to and including the 2023 tax year, 10 of Amot's consolidated companies have been issued final tax assessments up to and including the 2022 tax year, a consolidated company of Amot was issued final assessments up to and including the 2020 tax year, 15 of Amot's consolidated companies and 8 companies accounted for according to the equity method have been issued tax assessments considered final up to and including the 2020 tax year.

5. Energix has tax assessments considered final up to and including the 2020 tax year. Energix's consolidated companies in Poland have tax assessments considered final up to and including the 2020 tax year. Energix has final income tax payroll withholding assessments up to and including the 2018 tax year. Energix is in the midst of assessment discussions with tax authorities, and it estimates that no provision is required in the financial statements for these discussions.

E. Tax balances presented in the Statement of Financial Position

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Tax balances presented in the Statement of Financial Position		
Current assets (liabilities):		
Current tax assets	89,268	29,777
Current tax liabilities	(126,881)	(133,592)
	(37,613)	(103,815)
Non-current assets (liabilities)*:		
In non-current assets	276,150	233,675
In non-current liabilities	(2,153,270)	(2,038,435)
	(1,877,120)	(1,804,760)

(*) Deferred taxes in respect of depreciation differences, income and expense timing differences, losses for tax purposes and expected capital gains were recorded according to expected tax rates of mainly 23%.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements
Note 21 – Taxes on Income (continued)
F. Composition and movement in deferred taxes

For 2025	As of December 31, 2024	Recorded to profit and loss (*)	Recorded to other comprehensive income	As of December 31, 2025
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Investment property	(1,952,887)	(109,741)	-	(2,062,628)
Electricity-generating facilities	(216,972)	(55,156)	1,801	(270,327)
Associates	(50,352)	34,181	-	(16,171)
Financial assets measured at fair value through profit and loss	(1,148)	-	-	(1,148)
Projects in the United States (*)	204,622	36,487	(28,179)	212,930
Hedging	(6,111)	(2,579)	(17,391)	(26,081)
Losses for tax purposes	141,582	40,246	(2,224)	179,604
Miscellaneous	76,506	35,225	(5,030)	106,701
	(1,804,760)	(21,337)	(51,023)	(1,877,120)

(*) Mainly deferred taxes in connection with electricity-generation projects in the United States, including in connection with a liability in respect of an agreement with the tax partner and in connection with the development and initiation profits for the projects.

For 2024	As of December 31, 2023	Recorded to profit and loss	Recorded to other comprehensive income	As of December 31, 2024
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Investment property	(1,825,911)	(126,976)	-	(1,952,887)
Electricity-generating facilities	(209,480)	4,906	(12,398)	(216,972)
Associates	(61,864)	11,570	(58)	(50,352)
Financial assets measured at fair value through profit and loss	(1,107)	(41)	-	(1,148)
Projects in the United States (*)	209,475	(6,050)	1,197	204,622
Hedging	(23)	2,681	(8,769)	(6,111)
Losses for tax purposes	158,314	(44,301)	27,569	141,582
Miscellaneous	81,765	(4,685)	(574)	76,506
	(1,648,831)	(162,896)	6,967	(1,804,760)

(*) Mainly deferred taxes in connection with electricity-generation projects in the United States, including in connection with a liability in respect of an agreement with the tax partner and in connection with the development and initiation profits for the projects.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 21 – Taxes on Income (continued)

G. Losses for tax purposes carried forward to the coming years

As of December 31, 2025, the Company and its consolidated companies in Israel and abroad (not including companies in the Amot, Energix and BE Group) have tax losses that may be carried forward to the coming years in the amount of NIS 1,746 million. Amot and its consolidated companies have losses for tax purposes that may be carried forward to the coming years in the total amount of approx. NIS 456 million.

Energix has losses for tax purposes that may be carried forward to the coming years in Israel and abroad in the amount of approx. NIS 385 million.

BE has losses for tax purposes that may be carried forward to the coming years in the amount of approx. GBP 72 million.

Carr has losses for tax purposes that may be carried forward to the coming years in the amount of approx. USD 197 million.

H. Amounts for which deferred taxes were not recognized

Amounts for which deferred tax assets were not recognized (in terms of loss - before tax):

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Losses for tax purposes	2,059,702	1,451,238
Deductible temporary differences	2,298,717	2,280,816
	4,358,419	3,732,054

Temporary differences in respect of investments in investees for which deferred tax liabilities were not recognized (in terms of profit, net - before tax):

As of December 31, 2025, the Company had temporary differences in connection with investments in investees in the amount of NIS 316 million for which deferred tax liabilities were not created due to the lack of expected realization of these investments and the decision not to distribute taxable dividends in the foreseeable future. In the event that the profits of investees abroad are distributed in the future as a dividend, they will be taxed at a rate of 23% while receiving a tax credit in respect of the tax deducted at source overseas, or alternatively, corporate tax on the inherent dividend, and receipt of an indirect credit for the tax paid by the distributing company abroad and the tax deducted at source, all in accordance with the conditions specified in Section 126(c) of the Income Tax Ordinance.

I. Taxes on income related to other comprehensive income components:

For the year ended December 31, 2025	Amounts before tax	Tax effect	Amounts net of tax
	NIS thousands	NIS thousands	NIS thousands
Other comprehensive income:			
Profit from the translation of financial statements of companies constituting foreign activities	(770,211)	-	(770,211)
Profit (loss) from exchange rate differences in respect of credit and derivatives designated for the hedging of investments in companies that constitute foreign activity, net of tax	622,731	(54,563)	568,168
Profit from exchange rate differences and changes in fair value of instruments used for cash flow hedging	(34,003)	4,165	(29,838)
Company share in other comprehensive income (loss) of associates	30,374	-	30,374
Total	(151,109)	(50,398)	(201,507)

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 21 – Taxes on Income (continued)

For the year ended December 31, 2024	Amounts before tax	Tax effect	Amounts net of tax
	NIS thousands	NIS thousands	NIS thousands
Other comprehensive income (loss)			
Loss from the translation of financial statements of companies constituting foreign activities	(23,218)	-	(23,218)
Profit (loss) from exchange rate differences in respect of credit and derivatives designated for the hedging of investments in companies that constitute foreign activity, net of tax	(76,218)	10,745	(65,473)
Profit (loss) from exchange rate differences and changes in fair value of instruments used for cash flow hedging	(40,097)	13,248	(26,849)
Company's share in other comprehensive loss of associates	(15,648)	-	(15,648)
Total	(155,181)	23,993	(131,188)

For the year ended December 31, 2023	Amounts before tax	Tax effect	Amounts net of tax
	NIS thousands	NIS thousands	NIS thousands
Other comprehensive income:			
Profit from the translation of financial statements of companies constituting foreign activities	719,644	-	719,644
Profit (loss) from exchange rate differences in respect of credit and derivatives designated for the hedging of investments in companies that constitute foreign activity, net of tax	(727,121)	62,385	(664,736)
Profit from exchange rate differences and changes in fair value of instruments used for cash flow hedging	24,868	(7,063)	17,805
Company share in other comprehensive income (loss) of associates	(22,212)	3,587	(18,625)
Total	(4,821)	58,909	54,088

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 21 – Taxes on Income (continued)

J. Theoretical tax

The difference between the tax amount calculated according to regular tax rates and the amount of provisions for taxes is explained as follows:

	For the year ended December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Profit before taxes on income	387,704	326,841	(2,074,022)
Statutory tax rate	23.00%	23.00%	23.00%
	89,172	75,173	(477,025)
Group share in the profits of associates for which deferred taxes were not recognized	13,873	(302)	8,297
ITC revenues - see Note 7d.	(313,981)	(164,652)	(53,478)
Exempt income, non-deductible expenses, taxable income not recorded in the books and expenses not recorded in the books but recognized for tax purposes	10,231	37,699	11,250
Tax effect in respect of temporary differences for which deferred taxes were not recorded (deferred taxes created against losses carried forward)	98,508	114,664	41,674
Effect of deferred taxes created at tax rate different from the main tax rate	(12,574)	(15,473)	(3,175)
Differences relating to investment property (*)	(57,401)	44,393	556,331
Taxes for previous years and other, net	14,724	(13,867)	15,608
	(246,620)	2,462	554,841
	(157,448)	77,635	77,816
Effective tax rate	(40.61%)	23.75%	(3.75%)

Note 22 – Operating Segments

The Group has two areas of activity: (1) principal areas of activity - long-term investments in income-generating property companies in Israel and in other western countries, which includes its investments in Amot, Carr, and BE; and (2) additional area of activity - investment in renewable energy, which consists of its investment in Energix.

Segment results are measured based on the Company's share in the operating results of each investment as included in the reports reviewed regularly by the chief decision maker and by management.

Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

2 – Operating Segments (continued)

Net revenues and results

	For the year ended December 31, 2025					
	Income-generating property segment				Energy segment	Unattributed results
	Amot	Carr	BE	Others	Energix	
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Share in investees' profits, net	394,708	44,002	93,425	(67,188)	125,341	(1,330)
Profits from investments in securities measured at fair value through						
and loss	-	-	-	(14,299)	-	-
Share in acquisition of control in Carr	-	116,502	-	-	-	-
Revenues, net (*)	11,197	94	-	-	11,179	4
	405,905	160,598	93,425	(81,487)	136,520	(1,326)
Administrative and general	-	-	-	-	-	39,067
Operating expenses, net	-	-	-	-	-	254,467
Expenses, net (*)	-	396,451	-	-	-	-
	-	396,451	-	-	-	293,534
Before tax	405,905	(235,853)	93,425	(81,487)	136,520	(294,860)
Additional information regarding segment results:						
Profits (in the investee's books) including revaluation profits (losses)	1,530,865	599,952	264,303		759,459	
Operating profits (losses) (in the investee's books), before tax (**)	338,277	(47,765)	46,258		-	
Share from the tax partner	-	-	-		407,768	
Net profit (loss) (in the investee's books)	781,835	165,281	109,980		250,238	
Share in net profits (loss)	394,708	44,002	93,425		125,341	

Net revenues/expenses, mainly consisting of revenues/expenses from rental fees and management of investment property and from the activation of electricity-generating assets, net, mainly from realization of reserves due to acquisition of control in Carr.

The segment includes the adjustment of the investment property value as presented in Carr's Consolidated Financial Statements, as well as Carr's share in the adjustments of the value of its associates.

Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

2 – Operating Segments (continued)

Assets and liabilities:

	As of December 31, 2025						
	Income-generating property segment				Segment Energy	Unattributed assets and liabilities	Adjustment
	Amot	Carr	BE	Others	Energix		
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Investment in investees	4,908,339	1,674,128	3,030,754	281,762	1,241,004	2,820	(10,128,200)
Investment in securities measured at fair value through profit and loss	-	-	-	195,838	-	5	-
Other assets	-	-	-	-	-	657,404	45,463
	<u>4,908,339</u>	<u>1,674,128</u>	<u>3,030,754</u>	<u>477,600</u>	<u>1,241,004</u>	<u>660,229</u>	<u>35,335</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,236,148</u>	<u>28,000</u>

Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

2 – Operating Segments (continued)

revenues and results

	For the year ended December 31, 2024						
	Income-generating property segment				Energy segment (***)	Unattributed results	Adjustment
	Amot	Carr	BE	Others	Energix		
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
are in investees' profits, net	468,063	(263,716)	(104,164)	(277,751)	169,762	(5,405)	(526,9
s from investments in securities measured at fair value							
n profit and loss	-	-	-	(11,444)	-	(1)	(216,0
venues, net (*)	11,429	23	(112)	-	10,922	60	2,856,
	479,492	(263,693)	(104,276)	(289,195)	180,684	(5,346)	2,113,2
ative and general	-	-	-	-	-	39,136	227,
g expenses, net	-	-	-	-	-	271,169	716,
enses, net (*)	-	-	-	-	-	-	530,
	-	-	-	-	-	310,305	1,473,8
fore tax	479,492	(263,693)	(104,276)	(289,195)	180,684	(315,651)	639,4
Additional information regarding segment results:							
s (in the investee's books) including revaluation profits	1,718,488	(145,188)	281,868		897,628		
on profits (losses) (in the investee's books), before tax (**)	572,739	(756,866)	57,522		-		
from the tax partner	-	-	-		213,834		
t (loss) (in the investee's books)	919,002	(531,991)	(125,478)		338,008		
share in net profits (loss)	468,063	(263,716)	(104,164)		169,762		

net revenues/expenses, mainly consisting of revenues/expenses from rental fees and management of investment property and from the activation of electricity-generating assets. The segment also includes the adjustment of the investment property value as presented in Carr's Consolidated Financial Statements, as well as Carr's share in the adjustments of the investment property value of its associates.

Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

2 – Operating Segments (continued)

Intangible assets and liabilities:

	As of December 31, 2024						
	Income-generating property segment				Energy segment	Unattributed assets and liabilities	Adjustments
	Amot	Carr	BE	Others	Energix		
	NIS	NIS	NIS	NIS	NIS	NIS	NIS
	thousands	thousands	thousands	thousands	thousands	thousands	thousands
Intangible assets in investees	4,660,711	1,302,056	2,989,406	346,381	1,112,313	4,396	(8,330,211)
Intangible assets in securities measured at fair value through profit and loss	-	-	-	218,454	-	5	-
Intangible assets	-	-	-	-	-	695,828	37,048
	<u>4,660,711</u>	<u>1,302,056</u>	<u>2,989,406</u>	<u>564,835</u>	<u>1,112,313</u>	<u>700,229</u>	<u>28,718,111</u>
Intangible liabilities	-	-	-	-	-	5,915,975	22,499,111

Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

2 – Operating Segments (continued)

nt revenues and results

	For the year ended December 31, 2023					
	Income-generating property segment				Energy segment	Unattributed results
	Amot	Carr	BE	Others	Energix	Adjustment
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
share in investees' profits, net	371,116	(1,383,740)	(993,819)	(284,180)	130,138	(3,128)
ses from investments in securities measured at fair value	-	-	-	(10,275)	-	(14)
gh profit and loss	-	-	-	-	-	-
evenues, net (*)	11,086	449	-	-	10,050	-
	382,202	(1,383,291)	(993,819)	(294,455)	140,188	(3,142)
strative and general	-	-	-	-	-	32,137
ng expenses, net	-	-	-	-	-	230,862
expenses, net (*)	-	-	-	-	-	-
	-	-	-	-	-	262,999
before tax	382,202	(1,383,291)	(993,819)	(294,455)	140,188	(266,141)
Additional information regarding segment results:						
es (in the investee's books) including revaluation profits	1,355,596	(2,328,985)	(953,911)		681,906	
s)	244,722	(3,124,860)	(1,168,887)		-	
ation profits (losses) (in the investee's books), before tax (**)	-	-	-		69,452	
re from the tax partner	682,607	(2,830,161)	(1,192,651)		258,068	
ofit (loss) (in the investee's books)	371,116	(1,383,740)	(993,819)		130,138	
ny share in net profits (loss)						

er net revenues/expenses, mainly consisting of revenues/expenses from rental fees and management of investment property and from the activation of electricity-gener
 e item includes the adjustment of the investment property value as presented in Carr's Consolidated Financial Statements, as well as Carr's share in the adjustments of th
 erty value of its associates.

se amounts do not include revenues from the tax partner in the amount of NIS 69,452 thousand.

Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

2 – Operating Segments (continued)

ic information

	For the year ended December 31, 2025						
	Income- generating property	Income- generating property	Income- generating property	Energy	Energy	Energy	
	Israel	USA	UK	Israel	Poland	USA	Others and unassigned expenses
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
and profits							Total
							NIS thousands
from rental fees and management of rent property	1,190,970	259,817	218,044	-	-	-	-
adjustments of investment property	336,485	2,393	46,258	-	-	-	-
are in profits (losses) of associates, net	13,365	(52,497)	-	-	-	-	(1,329)
s from sale of electricity and green certificates	-	-	-	207,756	350,880	197,029	-
	(357)	117,527	(10,374)	1,119	1,561	1,113	3
	1,540,463	327,240	253,928	208,875	352,441	198,142	(1,326)
and expenses							
investment property rental and operation	165,946	86,804	27,805	-	-	-	-
maintenance and operation costs of ity-generating facilities	-	-	-	56,845	70,904	40,195	-
tion and amortizations	3,016	-	3,235	121,440	65,721	111,715	1,490
	168,962	86,804	31,040	178,285	136,625	151,910	1,490
expenses	-	396,451	-	-	-	-	-
erative and general expenses	67,462	34,398	46,147	16,695	19,648	45,671	68,607
g expenses, net	342,829	99,987	81,060	37,253	48,905	117,968	313,862
fore taxes on income	961,210	(290,400)	95,681	(23,358)	147,263	(117,407)	(385,285)

ome-generating property in the United States - mainly due to an opportunity gain resulting from the first-time consolidation of Carr.

Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

2 – Operating Segments (continued)

ic information

	As of December 31, 2025						
	Income- generating property	Income- generating property	Income- generating property	Energy	Energy	Energy	Others
	Israel	USA (*)	UK	Israel	Poland	USA	
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
ent property (including investment property in ment and land rights)	20,746,075	5,084,564	5,174,173	-	-	-	-
nts in associates	419,392	588,305	-	-	-	-	2,820
ed electricity-generating facilities	-	-	-	1,728,430	1,455,947	3,393,856	-
y-generating facilities in development	-	-	-	896,126	154,225	2,766,192	-
use asset	-	-	-	217,459	132,487	287,561	-
s measured at fair value through profit and loss (**)	-	-	195,843	-	-	-	-
	21,165,467	5,672,869	5,370,016	2,842,015	1,742,659	6,447,609	2,820

alance is in respect of investees in Carr in the amount of NIS 306,543 thousand and for an investment in Boston in the amount of NIS 281,762 thousand.

Investment in securities measured at fair value through profit and loss is presented above despite its inclusion in the financial assets category.

Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

2 – Operating Segments (continued)

Additional information

	For the year ended December 31, 2024						Others and unassigned expenses
	Income-generating property	Income-generating property	Income-generating property	Energy	Energy	Energy	
	Israel	USA	UK	Israel	Poland	USA	
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	
Profits							
rental fees and management of investment property	1,164,838	-	224,346	-	-	-	
statements of investment property	549,686	-	57,522	-	-	-	
profits (losses) of associates, net	14,513	(541,467)	(7,819)	-	-	-	(5,405)
sale of electricity and green certificates	-	-	-	163,357	519,938	172,915	
	(202)	22	(227,509)	3,041	21,526	1,647	
	1,728,835	(541,445)	46,540	166,398	541,464	174,562	(5,405)
Expenses							
ment property rental and operation	158,037	-	22,423	-	-	-	
tenance and operation costs of electricity-generating	-	-	-	48,027	69,798	3,575	
and amortizations	2,845	-	1,948	66,363	63,886	91,581	1,511
	160,882	-	24,371	114,390	133,684	95,156	1,511
and general expenses	50,861	-	66,539	13,686	18,709	48,278	68,731
enses, net	405,168	-	101,296	61,548	71,186	88,106	259,991
Taxes on income	1,111,924	(541,445)	(145,666)	(23,226)	317,885	(56,978)	(335,653)

Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

2 – Operating Segments (continued)

geographic information

	As of December 31, 2024							Total
	Income-generating property	Income-generating property	Income-generating property	Energy	Energy	Energy	Others	
	Israel	USA (*)	UK	Israel	Poland	USA		
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	
Investment property (including investment property in development and land rights)	19,872,150	-	5,134,414	-	-	-	-	25,006,564
Investments in associates	429,863	1,648,437	2,289	-	-	-	4,396	2,080,585
Owned electricity-generating facilities	-	-	-	1,198,164	1,418,789	3,057,080	-	5,674,033
Electricity-generating facilities in development	-	-	-	1,344,218	119,364	2,156,948	-	3,620,530
Lease asset	-	-	-	235,548	130,158	252,260	-	617,966
Assets measured at fair value through profit and loss (**)	-	-	218,459	-	-	-	-	218,459
	20,302,013	1,648,437	5,355,162	2,777,930	1,668,311	5,466,288	4,396	37,222,407

Balance is in respect of an investment in Carr in the amount of NIS 1,302,056 thousand and for an investment in Boston in the amount of NIS 346,381 thousand.

Investment in securities measured at fair value through profit and loss is presented above despite its inclusion in the financial assets category.

2 – Operating Segments (continued)

ic information

	For the year ended December 31, 2023							
	Income- generating property	Income- generating property	Income- generating property	Energy	Energy	Energy	Others and unassigned expenses	Total
	Israel	USA	UK	Israel	Poland	USA		
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Income and profits								
Income from rental fees and management of investment property	1,109,087	-	214,976	-	-	-	-	1,324,063
Income from adjustments of investment property	242,718	-	(1,168,887)	-	-	-	-	(926,169)
Share in profits (losses) of associates, net	24,177	(1,667,921)	(57,125)	-	-	-	(3,128)	(1,703,867)
Income from sale of electricity and green certificates	-	-	-	153,296	479,287	48,130	-	680,713
	(7)	448	(17,284)	1,192	-	-	-	(15,659)
	1,375,975	(1,667,473)	(1,028,320)	154,488	479,287	48,130	(3,128)	(643,971)
Operating expenses								
Investment property rental and operation	143,532	-	25,362	-	-	-	-	168,894
Depreciation, maintenance and operation costs of electricity-generating facilities	-	-	-	32,858	56,943	21,000	-	110,801
Depreciation and amortizations	3,658	-	2,225	53,805	57,742	36,182	6,351	150,063
	147,190	-	27,587	86,663	114,685	57,182	6,351	433,578
Administrative and general expenses	61,386	-	40,332	3,186	28,637	10,768	57,489	202,798
Financing expenses, net	378,626	-	108,447	47,671	20,061	14,238	222,482	793,525
Income before taxes on income	788,773	(1,667,473)	(1,204,686)	16,968	315,904	(34,058)	(289,450)	(2,074,876)

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 23 – Financial Instruments

A. Capital management policy

The Group manages the capital to ensure that the Group's companies will be able to continue to operate as a going concern while maximizing the return for shareholders and optimizing the Company's debt and equity balances.

The Company's capital structure includes debt instruments, cash and cash equivalents and the equity of the Company's majority shareholders. The Company's Board of Directors and the Company's CEO regularly monitor the Company's capital structure. This monitoring includes, among other things, an examination of the cost of capital and an examination of the risks associated with each of the capital components. Based on the Board of Directors' recommendations, the Group manages its capital structure by paying dividends, issuing capital, raising debt and repaying debt.

The Company's bonds (Series I, J, K, L, M, O, P and Q) are rated AA- with a stable rating outlook by Maalot the Israel Securities Rating Company Ltd. (hereinafter - **"Maalot"**). The issuer's rating is the same.

The Company's bonds (Series I, J, L, M, O, P and Q) are rated Aa3 with a stable outlook by Midroog Ltd. (hereinafter - **"Midroog"**). The issuer's rating is the same.

Amot's bonds (Series D, E, F, G, H, I and J) are rated Aa2 with a stable rating outlook by Midroog Ltd., and are rated AA with a stable rating outlook by Maalot, the Israel Securities Rating Company Ltd.

Energix's bonds (Series A and B) are rated A2 with a stable rating outlook by Midroog Ltd. and are rated A with a negative rating outlook by Maalot, the Israeli Securities Rating Company Ltd.

Regarding the main financial covenants related to the bonds, please see Note 11.

Regarding the main financial covenants with banks, please see Note 12.

B. Financial instrument groups

Financial instrument balances by category

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Financial assets		
Cash and cash equivalents	2,089,050	1,524,326
Deposits (including pledged deposits)	435,791	60,945
Loans and receivables	442,044	421,697
Derivative financial instruments	454,686	307,279
Financial assets measured at fair value through profit and loss	195,843	218,459
	3,617,414	2,532,706
Presented under current assets	3,122,222	1,879,811
Presented under non-current assets	495,192	652,895
Financial Liabilities		
Derivative financial instruments	459,896	644,588
Lease liability	748,173	712,628
Financial liability in respect of agreement with the tax partner	149,710	144,084
Contingent liability in respect of success fees	58,484	90,103
Commitment to redeem the non-controlling interest in Carr	67,478	-
Loans, bonds and other financial liabilities at amortized cost	28,997,272	23,475,759
	30,481,013	25,067,162
Presented under current liabilities	3,812,224	3,532,415
Presented under non-current liabilities	26,668,789	21,534,747

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 23 – Financial Instruments (continued)

C. Financial risk management

The Group's activities expose it to risks related to various financial instruments, such as market risk (including currency risk, fair value interest rate risk, cash flow risk for interest rates, and changes in the CPI), liquidity risk and credit risk. The Group's risk management plan focuses on minimizing potential adverse effects on the Group's financial performance. In some cases, the Group uses derivative financial instruments to hedge certain exposures to risks.

Risk management is primarily carried out by the CEO and the CFO through regular monitoring of developments in the relevant markets.

The following is information regarding the risks associated with financial instruments:

1. Credit risk

Credit risk refers to the risk that the opposing party will fail to meet its contractual obligations and cause a financial loss to the Group. The Group's management estimates that the Group's credit risk as of the reporting date is low for the following reasons:

- Cash and cash equivalents, deposits, monetary funds and derivative financial instruments in Israel and abroad are held in institutions which the Company management believes estimates possess a high level of financial strength.
- In Israel, the UK and the United States, the Group has a policy that ensures that the revenues from rental fees and property management are received after contracting with clients who have an appropriate payment history, while providing appropriate collateral to secure future payments. In some of the cases the rental fees are paid in advance.
- Most of the Group's revenues from the sale of electricity in Israel are received from the essential service provider, the Electric Company.
- Most of the Group's revenues from the sale of electricity and green certificates in Poland are received from an international broker. Based on the Group's past experience, payments from the broker are made regularly to the Group. As a rule, the Group works to engage with companies with stable financial strength and low credit risk.
- Electricity and green certificates are sold in the United States to a financially strong local electric company with a high credit rating.

2. Liquidity risk

Liquidity risk management

Liquidity risk refers to the risk that the Group will have difficulty meeting obligations related to its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management is the responsibility of the companies' managements, which manages short-, medium- and long-term financing and liquidity risk management plans according to the needs of the Group companies. The Group manages liquidity risk by maintaining appropriate cash surplus levels, by performing financial projections and by comparing future yields from financial assets and financial liabilities.

The ultimate responsibility for liquidity risk management is that of the Board of Directors, which has established an appropriate work plan for the management of liquidity risk in relation to management requirements regarding short-, medium- and long-term financing and liquidity. The Group manages liquidity risk by managing the available credit facilities (please see Note 12), bank and loan instruments, through continuous supervision of actual and expected cash flows and adjusting the maturity characteristics of financial assets and liabilities. The Group also maintains high accessibility to the capital market and public and private debt.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements**Note 23 – Financial Instruments (continued)****Interest and liquidity risk tables:****Financial liabilities (projected principal and interest) that do not constitute derivative financial instruments:**

The following table presents the flow of financial liabilities (principal and interest) that do not constitute derivative financial instruments, by projected maturity dates:

As of December 31, 2025						
Average stated interest rate	First year	Second year	Third year	Fourth year	Fifth year and thereafter	Total
%	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Utilized NIS credit facilities and short-term NIS loans	5.21	315,486	-	-	-	315,486
Long-term USD loans	5.45	482,788	-	-	-	482,788
NIS Loans - CPI-linked with fixed interest	2.38	130,799	131,125	129,685	270,393	1,762,441
Unlinked fixed-interest NIS loans	7.12	16,013	16,477	16,915	17,436	248,681
GBP loans	6.01	358,852	243,726	222,608	1,082,142	-
USD loans	5.81	401,941	1,633,171	925,019	195,218	4,210,903
PLN loans	6.31	159,811	219,613	162,217	164,888	1,057,974
NIS bonds - unlinked with variable interest	6.49	216,240	203,256	-	-	-
NIS bonds and convertible bonds - unlinked with fixed interest	3.14	511,630	1,074,931	1,219,971	1,190,384	3,136,677
NIS bonds - CPI-linked with fixed interest	2.15	812,944	1,165,726	1,266,709	1,923,412	6,751,660
Others - mainly lease liabilities	6.86	163,343	90,201	89,644	84,241	1,982,473
		3,569,847	4,778,226	4,032,768	4,928,114	19,150,809
						36,459,764

As of December 31, 2024						
Average stated interest rate	First year	Second year	Third year	Fourth year	Fifth year and thereafter	Total
%	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Utilized credit facilities in NIS	6.66	329,749	-	-	-	329,749
NIS Loans - CPI-linked with fixed interest	2.47	107,634	124,856	129,744	128,815	2,009,104
GBP loans	4.73	340,216	1,286,668	80,912	187,555	-
USD loans	5.64	140,334	117,758	127,276	288,289	1,829,999
PLN loans	6.40	191,963	183,434	183,646	182,496	1,323,081
NIS bonds - unlinked with variable interest	6.74	230,347	216,863	203,379	-	-
NIS bonds and convertible bonds - unlinked with fixed interest	2.17	380,102	372,517	931,583	1,028,748	3,272,467
NIS bonds - CPI-linked with fixed interest	2.07	786,605	777,790	1,111,552	1,210,206	7,542,490
Others - mainly lease liabilities	7.04	103,204	164,169	91,657	90,472	1,985,738
		2,610,154	3,244,055	2,859,750	3,116,581	17,962,879
						29,793,419

The above tables include the impact of transactions carried out by the Group that exchange a variable interest rate for a fixed interest rate using hedging instruments (SWAP type and CAP options) - for information, please see Note 12 above.

The above tables do not include cross currency swaps with financial entities in Israel for the conversion of part of the Company's and Energix's bonds into liabilities in USD, GBP and PLN.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 23 – Financial Instruments (continued)

Financial assets:

The Group has several main sources for repayment of its financial liabilities. As of December 31, 2025, the sources include cash and cash equivalents in the amount of NIS 2.1 billion and unutilized lines of credit in the amount of NIS 2.8 billion. The Company also has unencumbered tradable assets in the amount of NIS 10.8 billion.

3. Market risk

Market risk is the risk that a change in market prices such as: price, foreign currency exchange rates, the CPI and interest rates will affect the Group's revenues or the value of its holdings in financial instruments. The purpose of market risk management is to manage and supervise exposure to market risk using accepted parameters.

The following are the groups exposed to market risk:

A. Foreign currency risks

The Group operates internationally and is exposed to currency risk resulting from changes in the exchange rates of various foreign currencies, mainly the USD, the GBP and the PLN. Currency risk stems from transactions denominated in foreign currency and from the existence of financial assets and financial liabilities denominated in foreign currency that is not the Company's functional and reporting currency (NIS).

The Company's practice is to hedge its exposure to foreign currency for investments abroad, as follows:

1. The investment component financed in foreign capital is hedged through credit in the investment currency or through financial derivatives (forward and cross currency swap transactions). Therefore, this component is not exposed to changes in the foreign currency against the NIS.
2. The investment component financed by equity is exposed to the functional currency of the same investment and is therefore exposed to changes in foreign exchange rates against the NIS.

The Company's CEO and CFO routinely monitor the net position of all foreign currency activities and, as necessary, derivative transactions are executed on the same currency. From time to time, the Group has a positive or negative cash flow from the payment of transactions in the above currencies. The currency exposure stemming from the expected net cash flow is mainly managed through currency swap transactions between the various currencies.

Energix routinely hedges its net investments in projects exposed to changes in foreign exchange rates against the NIS, so that no more than 20% of the equity invested in those projects, relative to an individual currency, will be exposed to foreign currency. The net hedge of the investment is executed through derivative transactions.

The following is information regarding the main foreign currency risk hedging agreements:

Hedge of investment in foreign activity:

- Foreign currency risk for investments in foreign activity (for holdings in Carr and in the Boston property companies as an investment in investees), the balance of which, as of December 31, 2025, is USD 613 million, is partially hedged by forward transactions in foreign currency in the amount of USD 47 million and by a cross currency swap transaction in foreign currency in the amount of USD 111 million. The Company also engaged in cylinder options in the amount of USD 134 million.
- Foreign currency risk for investments in foreign activity (for holdings in BE as an investment in an investee), the balance of which, as of December 31, 2025, is GBP 706 million, is partially hedged by forward transactions in foreign currency in the amount of GBP 118 million and by a cross currency swap transaction in foreign currency in the amount of GBP 64 million. The Company also engaged in cylinder options in the amount of GBP 111 million.
- Foreign currency risk in respect of investments in the Brockton Funds (as securities measured at fair value through profit and loss) the balance of which, as of December 31, 2025, is GBP 46 million (the part held directly by the Company) is fully hedged by forward transactions in foreign currency in the amount of GBP 46 million.
- Foreign currency risk for Energix's activity in Poland, the foreign currency exposure balance of which, as of December 31, 2025, is PLN 360 million (before hedging transactions), is partially hedged by forward transactions in foreign currency in the amount of PLN 30 million and by cross currency swap transactions in foreign currency in the amount of PLN 148 million.
- Foreign currency risk for Energix's activity in the United States, the foreign currency exposure balance of which, as of December 31, 2025, is USD 878 million (before hedging transactions), is partially hedged by forward transactions in foreign currency in the amount of USD 432 million and by cross currency swap transactions in foreign currency in the amount of USD 119 million.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 23 – Financial Instruments (continued)

The following table lists the foreign currency swap derivative transactions as of December 31, 2025:

Settlement date	Type of transaction	Sale	Sale currency (Delivery)	Purchase	Purchase currency (Receipt)	Average exchange rate	Fair value	Settlement type
		USD thousands		USD thousands			NIS thousands	
Short-term	Forward	443,850	USD	1,516,940	NIS	3,418	101,800	Gross
Short-term	Forward	20,000	NIS	18,476	PLN	0,924	(738)	Gross
Long-term	Forward	164,336	GBP	727,236	NIS	4,425	24,572	Gross
Long-term	Forward	34,400	USD	118,381	NIS	3,441	9,731	Gross
Short-term	Cylinder transactions	134,150	USD	441,872	NIS	Buying margin PUT 3.1-3.3 and selling CALL 3.4	8,249	Gross
						Buying margin PUT 4.3-4.5 and selling CALL 4.7		
Short-term	Cylinder transactions	111,350	GBP	500,742	NIS		12,987	Gross
Short-term + long-term	CCS	229,856	USD	810,489	NIS	3,526	64,990	Gross
Short-term + long-term	CCS	166,667	PLN	151,050	NIS	0,906	(725)	Gross
Short-term + long-term	CCS	64,000	GBP	282,156	NIS	4,409	3,439	Gross

The following table lists the foreign currency swap derivative transactions as of December 31, 2024:

Settlement date	Type of transaction	Sale	Sale currency (Delivery)	Purchase	Purchase currency (Receipt)	Average exchange rate	Fair value	Settlement type
		USD thousands		USD thousands			NIS thousands	
Short-term	Forward	498,100	USD	1,789,679	NIS	3,593	(18,477)	Gross
Short-term	Forward	195,130	GBP	819,717	NIS	4,201	(68,969)	Gross
Short-term	Forward	30,000	PLN	20,692	NIS	0,690	(5,563)	Gross
Long-term	Forward	93,700	GBP	410,725	NIS	4,383	(6,016)	Gross
Short-term	CALL option	27,000	USD	89,505	NIS	3,315	(8,507)	Gross
Short-term	CALL option	15,637	GBP	69,781	NIS	4,463	(2,768)	Gross
Short-term + long-term	CCS	139,800	USD	472,800	NIS	3,382	(39,222)	Gross
Short-term + long-term	CCS	200,000	PLN	181,260	NIS	0,906	4,799	Gross
Short-term + long-term	CCS	12,200	GBP	51,728	NIS	4,240	(4,431)	Gross

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 23 – Financial Instruments (continued)

Sensitivity analysis of financial instruments to changes in exchange rates

The following table lists sensitivity tests for changes of 10% in the main foreign currency exchange rates against the NIS and their effect on equity (before the tax effect) as of December 31, 2025 and 2024 (before the tax effect). 10% is the rate that is analyzed because the Company's management believes that it represents the reasonably possible change in the exchange rates.

December 31, 2025	Effect on the comprehensive income			
	In USD	In PLN	Other (mainly EUR)	In GBP
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
10% change (+/-)				
Assets				
Cash and cash equivalents	46,391	18,429	73	7,798
Designated cash and pledged deposits	41,958	281	-	321
Financial assets at amortized cost	10,182	5,496	-	6,436
Financial assets measured at fair value through profit and loss	-	-	-	19,584
Derivative financial instruments - in respect of interest rate hedging and in respect of electricity hedging	15,764	2,403	-	878
Liabilities				
Financial liabilities at amortized cost	(676,854)	(121,301)	(703)	(164,994)
Others - Lease liability, for an agreement with the tax partner, for a contingent liability to non-controlling interests in the United States and in respect of a liability for the redemption of the coin-controlling interests in Carr.	(58,216)	(14,734)	-	(7,456)
Derivative financial instruments - in respect of interest rate hedging and in respect of electricity hedging	(20,723)	(1,196)	-	-
	(641,498)	(110,622)	(630)	(137,433)

- **The effect of a change in the exchange rate on foreign currency swap derivative financial instruments (which are not presented in the above table) is as follows:**

An increase (decrease) of 5% and 10% in the USD will reduce (raise) the value of the derivative financial instruments by NIS 125 million and by NIS 248 million, respectively.

An increase (decrease) of 5% and 10% in the GBP will reduce (raise) the value of the derivative financial instruments by NIS 68 million and by NIS 119 million, respectively.

An increase (decrease) of 5% and 10% in the PLN will reduce (raise) the value of the derivative financial instruments by NIS 7 million and by NIS 13 million, respectively.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 23 – Financial Instruments (continued)

December 31, 2024

Effect on the comprehensive income

	In USD	In PLN	Other (mainly EUR)	In GBP
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
10% change (+/-)				
Assets				
Cash and cash equivalents	22,818	14,946	1,488	13,152
Designated cash and pledged deposits	2,793	271	-	-
Financial assets at amortized cost	1,835	6,935	8	6,959
Financial assets measured at fair value through profit and loss	-	-	-	21,845
Derivative financial instruments - in respect of interest rate hedging and in respect of electricity hedging	14,570	6,227	-	4,112
Liabilities				
Financial liabilities at amortized cost	(229,758)	(139,880)	(531)	(177,246)
Others - Lease liability, for an agreement with the tax partner and in respect of a contingent liability to non-controlling interests in the US	(49,528)	(14,185)	-	(7,539)
Derivative financial instruments - in respect of interest rate hedging and in respect of electricity hedging	(20,471)	-	-	-
	(257,741)	(125,686)	965	(138,717)

- **The effect of a change in the exchange rate on foreign currency swap derivative financial instruments (which are not presented in the above table) is as follows:**

An increase (decrease) of 5% and 10% in the USD will reduce (raise) the value of the derivative financial instruments by NIS 121 million and by NIS 243 million, respectively.

An increase (decrease) of 5% and 10% in the GBP will reduce (raise) the value of the derivative financial instruments by NIS 72 million and by NIS 145 million, respectively.

An increase (decrease) of 5% and 10% in the PLN will reduce (raise) the value of the derivative financial instruments by NIS 10 million and by NIS 20 million, respectively.

B. Market risks - Price risk

Exposure to changes in market prices of electricity and green certificates

Energix's operations in Israel are based on fixed rate tenders and on electricity sales to a private supplier. In Israel, Energix is exposed to changes in the electricity generation component. This exposure is moderated by the existence of a minimum electricity price as determined in agreements with the supplier. In Poland and in the United States, Energix is exposed to changes in electricity prices and in green certificates in the market, regarding the generated capacity that is not subject to a fixed rate according to a tender (in projects in Poland) or to sales agreements for electricity and/or green certificates at predetermined prices (in Energix's projects in the US and in Poland). Energix mitigates this exposure by entering into price hedging transactions for various periods. This exposure may affect Energix's revenues, its cash flow, and accordingly also its compliance with various criteria and coverage ratios which it undertook as part of the financing agreements.

As part of the management of such exposure, Energix uses various means:

- Fixing the prices of electricity and green certificates it sells by entering into transactions for the sale, at future dates and at a fixed price, of part of the electricity capacity and green certificates that it is expected to generate. The outputs are sold to the purchasing entity at a fixed price.
- Hedging of electricity prices through swap transactions in which Energix entered into an agreement with a third party (who does not directly purchase the electricity or certificates), to replace the market price with a predetermined price.
- Hedging of electricity prices by entering into agreements with a minimum floor price for electricity to which Energix is entitled.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 23 – Financial Instruments (continued)

For information regarding Energix's engagement in transactions to hedge changes in electricity prices in the United States, please see Note 7b above. Such transactions are treated as an accounting cash flow hedge transaction.

The following table shows the effect of a 10% increase or decrease in relevant electricity prices in the United States on the comprehensive income in respect of derivative financial instruments exposed to electricity price risk in the United States (before the tax effect):

	As of December 31, 2025	
	10% increase	10% decrease
	Comprehensive income (NIS thousands)	
Financial derivatives - SWAP transaction for electricity price hedging in the United States	(119,792)	122,480

C. Market risks - Interest risk

Fair value risk - The Group has investments in financial instruments bearing fixed interest, as well as financial liabilities classified as long-term loans and bonds issued by the Company, Amot and Energix bearing fixed interest. The Group does not have exposure to the risk of a change in the fair value of these financial instruments, which will affect the Company's profit and loss, as these financial instruments are measured at amortized cost.

Cash flow risk - Financial liabilities bearing variable interest rates expose the Group to cash flow risk due to changes in interest rates. As of December 31, 2025, 96% of the long-term financial liabilities (loans and bonds) bear fixed interest (as of December 31, 2024 - 93%), taking into account interest hedging transactions carried out by the Group companies.

The interest rate risk is managed by the Group companies' management by maintaining a mix of fixed- and variable-interest loans as well as by examining engagement in interest-rate swaps.

Interest rate sensitivity analysis

The following table details the effect of an increase of 3% in the SONIA / WIBOR / Bank of Israel interest rate on the profit and loss in respect of financial liabilities exposed to cash flow risk due to a change in interest rate (before the tax effect)⁴³:

	As of December 31, 2025		As of December 31, 2024	
	3% increase		3% increase	
	Book balance	Loss	Book balance	Loss
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
USD loans	281,569	8,447	238,375	7,151
PLN loans	317,612	11,047	327,317	11,047
Variable interest bonds	602,553	18,005	602,553	18,005
Total	1,201,734	37,499	1,168,245	36,203

D. Market risks - Risks due to changes in the CPI

CPI-linked loans expose the Group to cash flow risk due to changes in the CPI that are not accompanied by a corresponding change in the fair value of the financial instruments. As of December 31, 2025, approx. 43% of the long-term financial liabilities (loans and bonds) are CPI-linked (as of December 31, 2024 - approx. 55%), taking into account interest hedging transaction carried out by the Company and Amot exchanging unlinked amounts for amounts that are CPI-linked.

⁴³ After the impact of transactions (SWAP and CAP options) in which the Group entered into an agreement to hedge the exposure to interest rate increases - Please see Note 12 above.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 23 – Financial Instruments (continued)

The effect of a 3% increase in the CPI on profit and loss for financial liabilities exposed to such risk (before the tax effect) is as follows:

	As of December 31, 2025		As of December 31, 2024	
	3% increase		3% increase	
	Book balance	Loss	Book balance	Loss
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
CPI-linked loans	1,973,144	(59,194)	1,988,525	(59,656)
CPI-linked bonds	10,116,772	(303,503)	9,931,721	(297,952)
Total	12,089,916	(362,697)	11,920,246	(357,607)

(*) Including NIS bonds in the amount of approx. NIS 2.4 billion that were converted to CPI-linked bonds through a swap transaction.

E. Collateral - For information on the book value of assets used as collateral for the liabilities listed above, please see Note 14.

D. Expanded Solo information

Financial instrument balances by category

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Financial assets		
Cash and cash equivalents	374,672	641,762
Other receivables	4,910	5,188
Derivative financial instruments	110,562	27,894
Financial assets measured at fair value through profit and loss	195,843	218,459
	685,987	893,303
Presented under current assets	445,149	661,262
Presented under non-current assets	240,838	232,041
Financial Liabilities		
Derivative financial instruments	30,867	180,754
Other payables	166,359	131,673
Bonds	6,024,202	5,559,218
	6,221,428	5,871,645
Presented under current liabilities	536,443	641,467
Presented under non-current liabilities	5,684,985	5,230,178

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 23 – Financial Instruments (continued)

d. Expanded Solo information (continued)

Liquidity risk:

Financial liabilities (projected principal and interest) that do not constitute derivative financial instruments:

The following table presents the flow of financial liabilities (projected principal and interest) that do not constitute derivative financial instruments, by contractual maturity dates:

As of December 31, 2025						
Average stated interest rate	Contractual cash flow	First year	Second year	Third year	Fourth year	Fifth year and thereafter
%	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
NIS bonds - unlinked with variable interest	6.49%	419,496	216,240	203,256	-	-
Unlinked fixed-interest NIS bonds	3.68%	5,641,412	318,502	318,782	1,035,422	1,009,416
Linked fixed-interest NIS bonds	2.65%	1,520,623	31,238	33,353	148,927	145,968
		7,581,531	565,980	555,391	1,184,349	1,155,384
						4,120,427

As of December 31, 2024						
Average stated interest rate	Contractual cash flow	First year	Second year	Third year	Fourth year	Fifth year and thereafter
%	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
NIS bonds - unlinked with variable interest	6.74%	650,590	230,347	216,863	203,379	-
Unlinked fixed-interest NIS bonds	3.44%	4,935,409	294,989	288,939	282,938	949,656
Linked fixed-interest NIS bonds	2.56%	1,374,765	28,904	28,904	28,904	141,812
		6,960,764	554,240	534,706	515,222	1,091,468
						4,265,127

The Company, expanded solo, has several main sources for repayment of its financial liabilities. As of December 31, 2025, the sources include cash and cash equivalents in the amount of NIS 375 million and unutilized credit facilities of NIS 700 million. The Company also has non-pledged tradable assets in the amount of NIS 10.8 billion.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 24 – Fair Value of Financial Instruments

The Group's financial instruments mainly include cash and cash equivalents, deposits, tradable securities, customers, other receivables, long-term investments in tradable securities, short-term credit, other payables and long term financial liabilities (mainly loans and bonds), transactions in derivatives.

A. Financial instruments not presented in the financial statements at fair value:

The following table lists the book value and fair value of financial assets and liabilities presented in the financial statements, not at fair value. Except as presented in the following table, the Group believes that the book value of financial assets and liabilities presented at amortized cost in the financial statements is nearly identical to their fair value:

	As of December 31, 2025		As of December 31, 2024	
	Book value	Fair value	Book value	Fair value
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Financial liabilities				
Long-term loans (including maturities)	10,571,064	10,569,195	6,554,750	6,370,065
Bonds (including maturities)	16,703,671	16,542,234	15,521,427	14,895,755
	27,274,735	27,111,429	22,076,177	21,265,820

- The balance of long-term loans includes variable-interest loans that were converted into fixed-interest loans through SWAP transactions and CAP options on the interest.
- The fair value of long-term loans is determined according to discounted cash flows. Interest rates used for discounting are based on a quote obtained from a financial institution for a loan under similar conditions. Calculation of the fair value of long-term fixed-interest loans is according to Level 2. The fair value of the Group's variable interest loans is approximately equal to their book value, and therefore these loans are not presented in the above note.
- Bonds in the above table include only the liability component of convertible bonds (Series B) issued by Energix. The fair value of the bonds is determined by discounting the expected cash flows according to interest rates of similar debt instruments that do not include a conversion option and is in accordance with Level 2.
- The fair value of the traded bonds, except for Energix's convertible bonds (Series B), is determined based on prices quoted on the stock exchange in Israel and is in accordance with Level 1.

A. Financial instruments presented in the financial statements at fair value:

For the purpose of measuring the fair value of financial instruments, the Group classifies its financial instruments, which are measured in the Statement of Financial Position according to their fair value, to a hierarchy that includes the following three levels:

Level 1: Quoted prices (unadjusted) in active markets for identical financial assets and liabilities.

Level 2: Data that are not the quoted prices included in Level 1, that are observed directly (i.e. prices) or indirectly (data derived from prices) regarding financial assets and liabilities.

Financial derivatives (forward contracts, SWAP and CCS), with the exception of electricity price-fixing SWAP contracts in the United States, which are measured according to Level 3, as detailed below - The fair value of assets and liabilities is determined according to quotes from banking institutions with which the Group has engaged or by an independent appraiser. These quotes are derived from spot rates and interest rate differences between the currencies in the transactions.

Level 3: Data regarding financial assets and liabilities not based on observable market data.

The fair value of other non-negotiable investments is determined according to the present value of future cash flows discounted at a discount rate that reflects the level of risk inherent in the financial instrument.

For the of valuation processes used to determine the fair value of SWAP contracts for electricity price-fixing in the United States, please see subsection 3 below.

Classification of financial instruments measured at fair value is based on the lowest level at which significant data was used to measure the fair value of the entire instrument.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 24 – Fair Value of Financial Instruments (continued)

The Group's financial instruments measured at fair value, by level:

	As of December 31, 2025		
	Level 2	Level 3	Total
	NIS thousands	NIS thousands	NIS thousands
Financial assets at fair value			
<u>Derivatives</u>			
Financial derivatives (swap contract, swapping the NIS principal and interest with USD principal and interest)	73,359	-	73,359
Financial derivatives (swap contract, swapping the NIS principal and interest with GBP principal and interest) designated for hedging	6,906	-	6,906
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	1,462	-	1,462
Financial derivatives (forward contract for foreign currency swap) designated for hedging	147,138	-	147,138
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging (1) (3)	-	97,254	97,254
Financial derivatives (CAP options for hedging the exposure to variable interest)	26,893	-	26,893
Financial derivatives (Swap contract swapping variable interest with fixed interest) designated for hedging	75,841	-	75,841
Financial derivatives (options for hedging the exposure to foreign currency)	21,236	-	21,236
<u>Financial assets measured at fair value through profit and loss</u>			
Real estate investment funds (1)	-	195,843	195,843
	352,835	293,097	645,932
Financial liabilities at fair value			
<u>Derivatives</u>			
Financial derivatives (swap contract, swapping NIS principal and interest with CPI-linked principal and interest) designated for hedging	(204,528)	-	(204,528)
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging (1) (3)	-	(191,497)	(191,497)
Financial derivatives (swap contract, swapping the NIS principal and interest with USD principal and interest) designated for hedging	(8,369)	-	(8,369)
Financial derivatives (swap contract, swapping the NIS principal and interest with GBP principal and interest) designated for hedging	(3,468)	-	(3,468)
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	(2,187)	-	(2,187)
Financial derivatives (swap contract, swapping the NIS principal and interest with CHF principal and interest)	(1,015)	-	(1,015)
Financial derivatives (Swap contract swapping variable interest with fixed interest) designated for hedging	(37,221)	-	(37,221)
Financial derivatives (forward contract for foreign currency swap) designated for hedging	(11,772)	-	(11,772)
Financial derivatives (options for hedging the exposure to foreign currency)	-	-	-
Commitment to redeem the non-controlling interest in Carr	(67,478)	-	(67,478)
<u>Contingent consideration for a transaction carried out by Energix with non-controlling interests in connection with the acquisition of ownership in four photovoltaic projects (1) (2)</u>			
	-	(58,484)	(58,484)
	(336,038)	(249,981)	(586,019)

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 24 – Fair Value of Financial Instruments (continued)

1. Financial instruments at fair value measured according to Level 3:

	For the year ended December 31, 2025
	NIS thousands
Balance as of January 1, 2025	(63,847)
Initial recognition against deferred profit	34,110
Initial recognition against electricity-generation facilities in development	4,876
Amounts recorded to profit and loss in the period	(24,566)
Amounts recorded to other comprehensive income in the period	15,519
Balance as of December 31, 2025	(33,908)

2. Description of valuation processes used to determine the fair value of Brockton Real Estate Investment Funds:

Brockton Fund III:

Investment in the Brockton Fund III is recorded in the Company's books according to the Company's share in the Fund's equity, which approximates the Fund's fair value. The fair value of the Fund's assets is measured based on various valuation methodologies, the common valuation methodologies including:

- Use of an EBITDA multiplier based on multipliers used in fair value assessments in traded companies or in data from the most recent transactions carried out in the market.
- Discounting of cash flows from net rental revenues according to discount rates used for the most recent property transactions.
- For properties in development, a property's fair value is determined by estimating the fair value of the property after its completion, net of the present value of estimated construction costs expected for its completion.

3. Description of valuation processes used to determine fair value of SWAP contract for electricity price-fixing in the United States:

In the fair value measurement of hedging transactions on electricity prices in the United States, the Group uses observable market data as well as estimates and assessments based on unobservable data, such as yield curves and future electricity prices in the US electricity market, as well as the historical standard deviation of electricity prices in the market. These estimates include assumptions regarding future electricity prices for periods in which there are no observable electricity prices in the market, as well as assumptions regarding the discount rates that are used for determining the fair value of these derivatives. Changes in such estimates and assessments may result in material changes in the fair value. These basic assumptions are the result of the exercising of subjective judgment in an environment of uncertainty, sometimes particularly significant, and therefore changes in the basic assumptions may result in changes in the fair value of these derivatives, sometimes materially, and therefore affect the Group's financial position as of December 31, 2025 and its results of operations for that year.

	As of December 31, 2025	As of December 31, 2024
	Range	Range
<u>Main assumptions used in the fair value calculation</u>		
Discount rate	3.36%-4.21%	4.09%-4.47%
Standard deviation	42.04-58.16	41.26-58.30
Future electricity price range	50.68-120.18	23.11-120.09
Fixed price range in agreements (*)	26.25-85.77	26.25-85.77
Lifespan (in years)	1.47-15.3	2.47-16.3

(*) The differences in the range are mainly due to seasonal effects.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 24 – Fair Value of Financial Instruments (continued)

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Financial assets at fair value				
<u>Derivatives</u>				
Financial derivatives (swap contract, swapping the NIS principal and interest with CHF principal and interest)	-	2,954	-	2,954
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	-	6,935	-	6,935
Financial derivatives (swap contract, swapping the NIS principal and interest with USD principal and interest) designated for hedging	-	618	-	618
Financial derivatives (forward contract for foreign currency swap) designated for hedging	-	47,689	-	47,689
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging	-	-	82,076	82,076
Financial derivatives (CAP options for hedging the exposure to variable interest)	-	68,646	-	68,646
Financial derivatives (Swap contract swapping variable interest with fixed interest) designated for hedging	-	98,361	-	98,361
<u>Financial assets measured at fair value through profit and loss</u>				
Tradable securities	5	-	-	5
Real estate investment funds (1)	-	-	218,454	218,454
	5	225,203	300,530	525,738
Financial liabilities at fair value				
<u>Derivatives</u>				
Financial derivatives (swap contract, swapping NIS principal and interest with CPI-linked principal and interest) designated for hedging	-	(234,627)	-	(234,627)
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging	-	-	(197,250)	(197,250)
Financial derivatives (swap contract, swapping the NIS principal and interest with USD principal and interest) designated for hedging	-	(39,764)	-	(39,764)
Financial derivatives (swap contract, swapping the NIS principal and interest with GBP principal and interest) designated for hedging	-	(4,431)	-	(4,431)
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	-	(2,136)	-	(2,136)
Financial derivatives (swap contract, swapping the NIS principal and interest with CHF principal and interest)	-	(1,015)	-	(1,015)
Financial derivatives (Swap contract swapping variable interest with fixed interest) designated for hedging	-	(7,456)	-	(7,456)
Financial derivatives (forward contract for foreign currency swap) designated for hedging	-	(146,633)	-	(146,633)
Financial derivatives (options for hedging the exposure to foreign currency)	-	(11,276)	-	(11,276)
<u>Contingent consideration for a transaction carried out by Energix with non-controlling interests and for the acquisition of assets in the United States</u>	-	-	(90,103)	(90,103)
	-	(447,338)	(287,353)	(734,691)

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 24 – Fair Value of Financial Instruments (continued)

1. Financial instruments at fair value measured according to Level 3:

	For the year ended December 31, 2024
	NIS thousands
Balance as of January 1, 2024	23,745
Net investment in real estate investment funds	67,137
Initial recognition against deferred profit	89,400
Initial recognition against electricity-generation facilities in development	(63,847)
Amounts recorded to profit and loss in the period	(8,857)
Amounts recorded to other comprehensive income in the period	(94,401)
Balance as of December 31, 2024	13,177

The fair value of non-traded financial instruments is estimated using accepted pricing models, such as the present value of future cash flows discounted at discount rates reflecting, according to the Company's management, the level of risk inherent in the financial instrument. The Company relies partially on discount interest rates quoted in an active market as well as on various valuation techniques based, among other things, on interest quotes from financial bodies. The fair value estimate was calculated by estimating future cash flows and determining the discount rate according to rates close to the date of the Statement of Financial Position and based, among other things, on assumptions by the Company's management.

Alony-Hetz Properties and Investments Ltd. | Notes to the Consolidated Financial Statements

Note 25 – Changes in Liabilities due to Financing Activity

	Balance as of December 31, 2024	Cash flows from financing activities	Change in fair value	Exchange rate differences	Other changes	Balance as of December 31, 2025
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Credit from banking corporations and other credit providers	370,195	596,622	-	-	-	966,817
Bonds	15,240,787	816,397	30,099	-	329,624	16,416,907
Loans from banking corporations	6,471,431	1,137,034	13,284	(438,602)	3,380,773	10,563,920
Lease liability	712,628	(43,567)	-	(45,269)	124,382	748,174
Liability for agreement with the tax partner	921,222	707,851	-	(142,186)	(356,811)	1,130,076
Liability in respect of contingent consideration	90,103	-	-	(8,487)	(23,131)	58,485
	23,806,366	3,214,337	43,383	(634,544)	3,454,837	29,884,379

(*) Other changes in respect of loans from banking corporations and lease liabilities include amounts that were added due to the acquisition of control in Carr.

	Balance as of December 31, 2023	Cash flows from financing activities	Change in fair value	Exchange rate differences	Other changes	Balance as of December 31, 2024
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Credit from banking corporations and other credit providers	881,722	(548,551)	-	(23,962)	60,986	370,195
Bonds	15,645,355	(744,755)	(29,603)	-	369,790	15,240,787
Loans from banking corporations	5,604,902	1,073,251	-	(30,206)	(176,516)	6,471,431
Lease liability	593,048	(19,851)	-	(5,573)	145,004	712,628
Liability for agreement with the tax partner	820,407	289,383	-	2,826	(191,394)	921,222
Liability in respect of contingent consideration	82,192	-	(59,954)	305	67,560	90,103
	23,627,626	49,477	(89,557)	(56,610)	275,430	23,806,366

Note 26 – Events Subsequent to the Date of the Statement of Financial Position

- Regarding the Board of Directors' decision on the dividend policy for 2026, and regarding the dividend distribution for the first quarter of 2026, please see Note 17d.
- Regarding the decision of the Company's Board of Directors on capital remuneration for directors, officers and employees in 2026, please see Note 17e.
- Regarding the signing of a new credit facility agreement with a bank in Israel in the amount of NIS 200 million, please see Note 12b.



REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROL

ALONY HETZ PROPERTIES & INVESTMENTS LTD

Annual Report on the Effectiveness of the Internal Control on Financial Reporting and Disclosure according to Regulation 9B(a) of the Securities Regulations (Periodic and Immediate Reports), 1970, for 2025

Management, under the supervision of the Board of Directors of Alony-Hetz Properties and Investments Ltd. (hereinafter: **"the Corporation"**), is responsible for establishing and maintaining adequate internal controls over financial reporting and disclosure in the Corporation.

In this regard, the members of management are:

1. Nathan Hetz, CEO;
2. Moti Barzilay, VP of Business Development;
3. Oren Frenkel, Chief Financial Officer;
4. Hanan Feldmus, Legal Counsel;

Internal control over financial reporting and disclosure includes controls and procedures existing in the Corporation, which have been designed by the CEO and the senior executive in finance or under their supervision, or by those who actually perform these functions, under the supervision of the Corporation's Board of Directors, which are intended to provide reasonable assurance as to the reliability of the financial reporting and preparation of the reports in accordance with the provisions of the law, and to ensure that information the Corporation is required to disclose in its reports according to the provisions of the law has been collected, processed, summarized and reported in a timely manner and according to the format prescribed by law.

Internal control includes, among other things, controls and procedures designed to ensure that information the Corporation is required to disclose has been accumulated and passed on to the Corporation's management, including the CEO and the senior executive in finance or whoever actually performs these functions, in order to allow decisions to be made in a timely manner, taking the disclosure requirement into consideration. Due to its structural limitations, internal control over financial reporting and disclosure is not intended to provide absolute certainty that misrepresentation or omission of information in the statements will be avoided or discovered.

Management, under the supervision of the Board of Directors, conducted an examination and assessment of the internal control over financial reporting and disclosure in the corporation and its effectiveness. The assessment of the effectiveness of the internal control over financial reporting and disclosure conducted by management under the supervision of the Board of Directors was carried out with the implementation of the guidelines published by the Securities Authority in November 2010 in connection with the implementation of the evaluation of the effectiveness of internal control over financial reporting and disclosure by the Board of Directors and management, in accordance with Regulation 9b of the Securities Regulations (Periodic and Immediate Reports), 1970.

Management's assessment of the effectiveness of internal control over financial reporting and disclosure under the supervision of the Board of Directors: A process based on the Corporation's assessment of risks pertaining to the financial reporting and disclosure.

The Corporation's management, under the supervision of the Board of Directors, examined the potential risks of material misstatement in the financial statements, based on its knowledge of the Corporation, its operations, organizational structure and its various processes, and based on its understanding of the Corporation's reporting and disclosure risks. The Corporation's management focused on the financial reporting items and on disclosure items which may be more likely to include a material error. The Corporation's management, under the supervision of the Board of Directors, has also examined the planning and operational effectiveness of the controls and the procedures that adequately address these risks.

The Corporation's assessment of the effectiveness of the internal control was based on the following four components:

1. Organization-level controls;
2. General information system controls;
3. Controls over the processes for closing the accounting period and preparing financial statements and disclosure;
4. Controls in very significant business processes;

- Very significant business process – investments in companies.
- Very significant business process – accounts and debt management.
- Very significant business processes in the subsidiary Amot Investments Ltd. (hereinafter: “**Amot**”): investment property and revenues from rental fees and investment property management.
- Very significant business processes in the subsidiary Energix Renewable Energies Ltd. (hereinafter: “**Energix**”): procurement for projects and revenues from the sale of electricity.
- Very significant business processes in the subsidiary Brockton Everlast Inc. Limited (hereinafter: “**BE**”): investment property and revenues from rental fees of investment property.
- Very significant processes in the subsidiary, which is a material business unit, Carr Properties Holdings LP, were not examined because control over it was achieved during the year.

Evaluation of the general effectiveness, including: Updating of the document “Mapping and Identifying the Accounts and Business Processes” regarding the processes which the Corporation’s management considers to be very significant for the financial reporting and disclosure.

Updating of the processes and controls, examining key controls and examining the effectiveness of controls in the context of internal control components.

Performing a validation (testing) process for the effectiveness of internal control on the financial reporting and disclosure. The management of the subsidiaries, Amot, Energix and BE, independently performed, each in relation to itself, the process of assessing the effectiveness of the internal control over financial reporting and disclosure under the supervision of the Amot, Energix and BE Boards of Directors, respectively. With regard to Amot, Energix and BE, the Corporation’s Board of Directors and management relied on the process of examining and assessing the effectiveness of internal control and the report on the effectiveness of the internal control over the financial reporting and disclosure reported by the Amot management, the Energix management and the BE management, respectively.

In July 2025, Carr completed a transaction redeeming JPM’s holdings in Carr Holdings in exchange for the transfer of full ownership of three Carr properties, and from that date it achieved control and began the initial consolidation of Carr’s financial statements. The Group has a one-year exemption from applying the ISOX procedures to Carr. Therefore, as of December 31, 2025, Carr was not included in the scope of the report on the Effectiveness of Internal Control over Financial Reporting. Carr’s share of consolidated revenues for 2025 is 10.7% and its share of consolidated assets as of December 31, 2025 is 12%.

Based on the management’s assessment of the effectiveness under the supervision of the Board of Directors as described above, and based on the assessment of the effectiveness of the Amot management, the Energix management and the BE management under the supervision of the Amot Board of Directors, the Energix Board of Directors and the BE Board of Directors, respectively, **the Corporation’s Board of Directors and management have concluded that the internal control over the financial reporting and disclosure in the Corporation, as of December 31, 2025, is effective.**

Executive statements:

(a) Statement of the CEO in accordance with Regulation 9B(d)(1) of the Securities Regulations (Periodic and Immediate Reports), 1970

Executive Statement

Statement of the CEO

I, Nathan Hetz, do hereby state that:

1. I have reviewed the periodic reports of Alony-Hetz Properties and Investments Ltd. (hereinafter: **"the Corporation"**) for 2025 (hereinafter: **"the Reports"**);
2. To the best of my knowledge, the statements do not include any misrepresentation of a material fact nor do they lack the representation of a material fact that is necessary so that the representations included therein, in view of the circumstances in which those representations were included, will not be misleading with respect to the reporting period;
3. To the best of my knowledge, the financial statements and the other financial information included in the reports adequately reflect, in all material respects, the financial position, results of operations and cash flows of the Corporation for the dates and periods referred to in the Reports;
4. I have disclosed to the Corporation's independent auditor, the Board of Directors and the Audit and Financial Statements Committees, based on my most up-to-date evaluation of internal control over financial reporting and disclosure;
 - A. All significant deficiencies and weaknesses in the determination or operation of internal controls over financial reporting and disclosure that are reasonably likely to negatively impact the Corporation's ability to collect, process, summarize and report financial information in a manner that would cast doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the law, and –
 - B. Any fraud, whether material or not, involving the CEO or his direct subordinates or other employees who have a significant role in the internal control over financial reporting and disclosure;
5. I, by myself or with others in the Corporation:
 - A. I have established controls and procedures, or have verified the establishment and existence of controls and procedures under my supervision, designed to ensure that material information referring to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, brought to my attention by others in the Corporation and in its consolidated companies, particularly during the preparation period of the reports; and –
 - B. I have established controls and procedures, or have verified the establishment and existence of controls and procedures under my supervision, designed to reasonably assure the reliability of the financial reporting and preparation of financial statements in accordance with provisions of the law, including generally accepted accounting principles;
 - C. I have assessed the effectiveness of internal control over the financial reporting and disclosure, and have presented in this report the conclusions of the Board of Directors and management regarding the effectiveness of internal control as of the reporting date.

The above does not detract from my responsibility or the responsibility of any other person according to the law.

March 17, 2026

Signature, Nathan Hetz, CEO

(b) Statement of the Most Senior Finance Officer in accordance with Regulation 38C(d)(2) of the Securities Regulations (Periodic and Immediate Reports), 1970

Executive Statement

Statement of the Most Senior Finance Officer

I, Oren Frenkel, do hereby state that:

1. I have reviewed the financial statements and other financial information included in the reports of Alony-Hetz Properties and Investments Ltd. (hereinafter: **"the Corporation"**) for 2025 (hereinafter: **"the Statements"**);
2. To the best of my knowledge, the financial statements and other financial information included in the reports do not include any misrepresentation of a material fact and do not lack the representation of a material fact that is necessary in order that the representations included therein, in view of the circumstances in which those representations are included, not be misleading in relation to the reporting period;
3. To the best of my knowledge, the financial statements and the other financial information included in the reports adequately reflect, in all material respects, the financial position, results of operations and cash flows of the Corporation for the dates and periods referred to in the Reports;
4. I have disclosed to the Corporation's independent auditor, the Board of Directors and the Audit and Financial Statements Committees, based on my most up-to-date evaluation of internal control over financial reporting and disclosure;
 - A. All significant deficiencies and material weaknesses in the determination or operation of internal controls over financial reporting and disclosure, as it relates to the financial statements and the other financial information included in the financial statements, that are reasonably likely to negatively impact the Corporation's ability to collect, process, summarize and report financial information in a manner that would cast doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the law; and –
 - B. Any fraud, whether material or not, involving the CEO or his direct subordinates or other employees who have a significant role in the internal control over financial reporting and disclosure;
5. I, by myself or with others in the Corporation:
 - A. I have established controls and procedures, or have verified the establishment and existence of controls and procedures under my supervision, designed to ensure that material information referring to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, to the extent that it is relevant to the financial statements and to other financial information included in the statements, is brought to my attention by others in the Corporation and in its consolidated companies, particularly during the preparation period of the reports; and –
 - B. I have established controls and procedures, or have verified the establishment and existence of controls and procedures under our supervision, designed to reasonably assure the reliability of the financial reporting and preparation of financial statements in accordance with provisions of the law, including generally accepted accounting principles;
 - C. I have assessed the effectiveness of internal control over the financial reporting and disclosure, as it relates to the financial statements and other financial information included in the reports as of the reporting date; my conclusions regarding my assessment have been brought up before the Board of Directors and management, and are integrated into this report.

The above does not detract from my responsibility or the responsibility of any other person according to the law.

March 17, 2026

Signature, Oren Frenkel, Chief Financial Officer;



ADDITIONAL INFORMATION ON THE CORPORATION

ALONY HETZ PROPERTIES & INVESTMENTS LTD

Additional Information on the Corporation

In accordance with the Securities Regulations (Periodic and Immediate Reports), 1970

(Hereinafter - the "Regulations")

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Company name:	Alony-Hetz Properties and Investments Ltd.
Company registration no.:	520038506
Address:	Address: Amot Atrium Tower, 2 Jabotinsky Street, Ramat Gan
Telephone:	03-7521115
Fax:	03-7514730
Email:	office@alony-hetz.com
Website:	www.alony-hetz.com
Balance sheet date:	December 31, 2025
Date of the report:	March 17, 2026
Reporting period:	The year ended December 31, 2025

All data in this report is presented in the presentation currency, as defined in Note 2(e) to the financial statements, unless stated otherwise.

Regulation 10c – Use of Proceeds from Securities with Reference to Proceeds' Designation according to the Prospectus

In the Company's shelf prospectus dated April 17, 2024 (the "**Shelf Prospectus**") and in the previous shelf prospectus, no amount was raised. In the above shelf prospectuses, it was determined that if securities are offered according to the shelf prospectuses, the proceeds received from these offerings will be designated for various purposes, as the Company decides from time to time and/or as specified in the shelf offer report. During 2025, the Company raised debt through shelf offering reports. The consideration received in respect of these issues is intended for the Company's ongoing operations, including the recycling of existing debt and/or investing, according to the decisions of the Company's Board of Directors and/or the Company's management from time to time.

Regulation 11 – Investments in Material Investees as of December 31, 2025

A.

Company name	Number of shares/ participation units	Market Value as of December 31, 2025 NIS thousands	Balance sheet value as of December 31, 2025 NIS thousands	Ownership as of the date of the Statement of Financial Position	Right to appoint directors
Amot Investments Ltd.	246,849,572	6,178,538	4,908,339	50.03%	50.03%
Energix - Renewable Energies Ltd.	285,984,236	4,606,179	1,240,705	49.52%	49.52%
Carr properties Holdings LP	13,211,264	-	1,674,128	89.14%	89.14%
Brockton Everlast Inc.					Regarding the right to appoint directors in BE, see Note 6.d.4 to the financial statements.
	745,044,024	-	3,030,754	84.99%	

- B. Material loans and material capital notes issued (received) by the Company to subsidiaries and associates:
As of December 31, 2025, the Company has capital notes to subsidiaries, wholly-owned by the Company, in the amount of NIS 4,323 million.

Regulation 12 – Changes in Investments in Material Investees in the Reporting Period

Date	Description	Company name	Number of shares/units/options	Cost (proceeds) in NIS thousands
March 2025	Investment in units (*)	Brockton Everlast Inc.	11,955,340	53,107
June 2025	Investment in units (*)	Brockton Everlast Inc.	11,064,540	49,823
July 2025	<u>Investment in shares and options convertible into shares</u>	Amot Investments Ltd.	6,130,900 shares and 3,065,450 options (Series 12)	149,877
July 2025	Investment in units (**)	Carr Properties	2,740,931	335,464
August 2025	Investment in units (*)	Brockton Everlast Inc.	16,688,800	73,217
November 2025	Investment in units (*)	Brockton Everlast Inc.	8,892,550	36,172
November 2025	Investment in units (**)	Carr Properties	582,824	81,691
December 2024	Investment in shares and options convertible into shares	Energix – Renewable Energies Ltd.	9,923,300 Shares and 9,923,300 options (Series 4)	163,200
December 2024 (***)	Investment in units (**)	Carr Properties	1,082,669	154,808

(*) Indirectly, through wholly owned private subsidiaries. The investment is in units of Brockton Holding LP, which owns BE.

(**) Indirectly, through wholly owned private subsidiaries. The investment is in units of Carr Properties Holdings.

(***) The investment was made through the DRIP mechanism - please see Section 2.3.9 of the Board of Directors' Report.

Regulation 13 – Income from Material Investees and the Corporation's Income from them for the Year ended December 31, 2025 (in NIS thousands) (*)

Company name	Net profit (loss) for the period	Other comprehensive income (loss) for the period	Dividend / capital reduction received	Management fees and participation in expenses, net	Interest income (expenses), net
Amot Investments Ltd.	781,833	-	318,652	11,197	-
Energix - Renewable Energies Ltd.	250,426	(193,799)	110,424	11,180	-
Carr properties Holdings LP (***)	165,323	148,002	(**)	546	-
Brockton Everlast Inc.	109,980	(17,114)	43,408	731	-

(*) The data for net income for the period and other comprehensive income include non-controlling interests.

(**) Not including DRIP - Please see Section 2.3.9 of the Board of Directors' Report.

Regulation 20 – Trading on a Stock Exchange - Securities Listed for Trade - Dates and Reasons for Suspension of Trade

- During 2025, 813,522 non-tradable options, which were issued to directors, officers and employees, were exercised for NIS 813,522 of the Company's ordinary shares for a total consideration of NIS 26 million.
- During 2026, 10,251,122 options (Series 16) were exercised for 10,251,122 ordinary shares for a total consideration of NIS 325 million.
- In June 2025, the Company issued to the public and listed for trading approx. NIS 499 million PV of bonds (Series M), following the results of a public offering according to a shelf offering report and in consideration for approx. NIS 482 million.
- In September 2025, the Company issued for the first time to the public and listed for trading approx. NIS 102,352,000 million PV of bonds (Series P) and NIS 196,170,000 million PV of bonds (Series Q), following the results of a public offering according to a shelf offering report for a total gross consideration of NIS 298.6 million.
- There was no suspension of trading during the reporting period, except in respect of the publication of financial statements.

Regulation 21 – Remuneration of Interested Parties and Senior Officers

- a.) The following is a breakdown of the remuneration paid in the reporting year to the six managers of the Group companies and to the two vice presidents of the Company, as recognized in the Company's financial statements for the reporting year. The aforementioned breakdown includes the remuneration of: (a) the five highest-paid senior executives in the Corporation or in a corporation under its control; (b) the three highest-paid senior executives in the Company (in NIS thousands).

Recipient name	Position	Employment percentage	Holdings in Company capital ¹	Remuneration for management fees / salaries ²	Remuneration for annual bonus	Remuneration for deferred bonus	Total remuneration	Benefit in respect of share-based payment	Value of additional benefits	Total
Mr. Nathan Hetz	CEO and Director	Full time	12.09%	3,863	1,415	1,415 ³	6,694	-	174	6,868
Mr. Mr. David Marks	CEO Brockton Everlast Inc.	Full time	-	4,515	-	-	4,515	3,553	50	8,118
Mr. Richard Selby	Chief Investment Manager Brockton Everlast Inc.	Full time	-	4,517	-	-	4,517	3,553	108	8,178
Mr. Asa Levinger	CEO of Energix Renewable Energies Ltd.	Full time	-	1,855	-	-	1,855	3,737	132	5,724
Mr. Shimon Abudraham	CEO, Amot Investments Ltd.	Full time	-	2,681	1,400	-	4,081	1,631	-	5,712
Mr. Oliver Carr III ⁴	Carr CEO	Full time	-	1,702	1,479	-	3,181	814	-	3,995
Mr. Moti Barzilay	VP of Business Development	Full time	-	2,441	1,316	-	3,757	1,171	174	5,102
Mr. Oren Frenkel	CFO	Full time	-	1,831	1,072	-	2,903	878	189	3,970

21.1. Additional information on the terms of employment of senior officers

21.1.1. Background - remuneration policy:

On December 31, 2024, the General Meeting approved a remuneration policy for officers for the years 2025-2027 (hereinafter - the "**Remuneration Policy**"). For additional information regarding the remuneration policy, please refer to the Immediate Report for the convening of the General Meeting published by the Company on November 19, 2024 (Ref: 2024-01-616686) and to the Immediate Report on the Results of the General Meeting published by the Company on December 31, 2024 (Ref: 2024-01-628898) (collectively - the "**2024 Meeting Reports**").

21.1.2. Company CEO.

On October 6, 2021, the General Meeting confirmed terms of engagement between the Company and the Company's CEO for a three-year period starting January 1, 2022. On November 18, 2024, the Board of Directors, in accordance with the recommendation of the Remuneration Committee, approved the extension of the management agreement with the Company's CEO for an additional 3 years (until December 31, 2027). For additional information, please see the 2021 Meeting Reports, the Immediate Report published by the Company on November 19, 2024 (Ref: 2024-01-616687) and Note 18(a) to the financial statements.

¹ Holdings in Company capital as of December 31, 2025 (not including reference to options in circulation of each officer).

² With the exception of David Marks and Richard Selby, who receive remuneration as salaries, the other remunerations recipients receive management fees.

³ The deferred grant will actually be paid in April 2028, if the FFO return according to management's average approach in 2025-2027 exceeds 6%.

⁴ The Carr CEO was actually given a total gross remuneration of NIS 5.4 million (USD 1.6 million). The amounts in the above table were calculated pro rata taking into account the fact that Carr was consolidated during the third quarter.

1. **Other senior officers**

VP of Business Development

The Company has an agreement with Mr. Moti Barzilay dated June 26, 2019 (as amended from time to time), for management services as the Company's VP of Business Development. Under the agreement, each party may terminate the agreement at any time, with written notice of 6 months. According to the agreement, as amended in May 2022, the monthly management fees for April 2022 and thereafter were updated to the amount of NIS 180 thousand, CPI-linked, with the base index being the CPI for February 2022 (the management fees will not be less than the above nominal amount). The monthly management fees for February 2026 amounted to approx. NIS 204 thousand (including linkage differences). In addition, according to the agreement, on the date of approval of the Company's annual financial statements, the Company's Board of Directors (after a discussion in the Remuneration Committee, to the extent it is required by law) will discuss the eligibility of the VP of Business Development for an annual cash bonus and a capital remuneration in the Company's securities, in accordance with the remuneration policy. At their March 2026 meetings, the Remuneration Committee and the Board of Directors decided the following:

- a) Annual cash bonus for the year 2025 in the amount of NIS 1,316 thousand, according to the annual bonus formula in the remuneration policy, including the addition of a discretionary bonus, all in accordance with the remuneration policy.
- b) A capital bonus for 2026 with an economic value of NIS 1,220 thousand, in accordance with the remuneration policy - please see subsection 3 below.

Regarding the officers liability insurance and provision of exemptions and indemnities to the VP of Business Development, see Note 19(d) to the financial statements.

2. **Chief Financial Officer**

The Company has an agreement with Mr. Oren Frenkel dated June 26, 2019 (as amended from time to time), for management services as the Company's CFO. Under the agreement, each party may terminate the agreement at any time, with advanced written notice of 6 months. According to the agreement, as amended in May 2022, the monthly management fees for April 2022 and thereafter were updated to the amount of NIS 135 thousand, CPI-linked, with the base index being the CPI for February 2022 (the management fees will not be less than the above nominal amount). The monthly management fees for February 2026 were approx. NIS 153 thousand (including linkage differences). In addition, according to the agreement, on the date of approval of the Company's annual financial statements, the Company's Board of Directors (after a discussion in the Remuneration Committee, to the extent it is required by law) will discuss the eligibility of the CFO for an annual cash bonus and a capital remuneration in the Company's securities, in accordance with the remuneration policy. At their March 2026 meetings, the Remuneration Committee and the Board of Directors decided the following:

- a) Annual cash bonus for the year 2025 in the amount of NIS 1,072 thousand, according to the annual bonus formula in the remuneration policy, including the addition of a discretionary bonus, all in accordance with the remuneration policy.
- b) A capital bonus for 2026 with an economic value of NIS 915 thousand, in accordance with the remuneration policy - please see subsection 3 below.

Regarding the officers liability insurance and provision of exemptions and indemnities to the CFO, see Note 19(d) to the financial statements.

3. **Capital remuneration for the VP of Business Development and for the CFO**

The following are details on option warrants (non-tradable) exercisable into Company shares, which, according to the remuneration policy, have been allocated to the Company's VP of Business Development and to the CFO and have not yet been exercised as of the date of publication of this report, and options for which a decision was made for their allocation on March 17, 2026, in accordance with the remuneration policy, but have not yet been allocated:

Date of the Board of Directors' decision to grant the options	VP of Business Development - Economic value of the options in NIS thousands on the grant date	VP of Business Development - Number of options	CFO - Economic value of the options in NIS thousands on the grant date	CFO - Number of options	Exercise price as of December 31, 2025 (in NIS)	Expiry date
March 12, 2024	1,160	210,526	1,230	223,231 ⁵	25.7552	June 11, 2027
March 10, 2025	1,200	179,104	900	134,328	33,292	June 10, 2028
March 17, 2026	1,220	193,651	915	145,238	37.86	June 17, 2029

According to the agreements signed with the Company's VP of Business Development and the CFO, they are entitled to a company car and mobile phone. In addition, the agreements with them determine that management fees will also be paid for up to 22 business days (monthly gross) per calendar year, in which the management services are not provided and that failure to provide management services for a period of up to 18 business days per calendar year (which can be accumulated up to a total of 90 days) as a result of illness will not impact the payment of full management fees.

The management agreements with the Company's VP of Business Development and the CFO determine that the officers will repay the company or receive from the company, as applicable, amounts paid or which should be paid to them as a capital bonus or a cash bonus, if the amounts paid to them were paid on the basis of data that turned out to be misrepresented and restated in the Company's financial statements⁶.

4. **Senior executives at Brockton Everlast Inc.**

David Marks (BE CEO) and Richard Selby (Chief Investment Manager) constitute the active senior management team of Brockton Everlast Inc. (hereinafter - **"BE Managers"** and **"BE"**, respectively), and hold 0.94% and 0.5% of BE, respectively, as of December 31, 2025 and as of the date of the report.

The main terms of engagement with the BE managers until the end of 2027 are as follows:

- An annual remuneration for each of the BE managers, including related expenses, of GBP 900,000 in return for their work at BE. BE Managers will be entitled to this salary for absence for annual vacation and for sick leave.
- Under the Long Term Incentive Plan (**"LTIP"**) adopted by BE, BE Managers are entitled to 40% of an amount equal to 12% of future growth in BE's NAV above a threshold of 6% per year for the period beginning on January 1, 2024 and ending on December 31, 2027 (hereinafter - the **"Relevant Period"**). The LTIP includes a maximum bonus cap of GBP 48 million for all BE employees, including BE Managers. The BE managers are committed to investing in BE 50% of the proceeds they receive (net of tax) as part of the LTIP plan, against the allocation of BE shares⁷.
- Under the capital remuneration plan, BE Managers are entitled to receive, between 2022 and 2027, options exercisable for units in BE (hereinafter - the **"Option Grant Period"** and the **"Options"**, as applicable). The options will be granted during the period starting in May 2023 and ending with the approval of BE's financial statements for 2027 (the **"Option Grant Period"**). The terms of the option grant are as follows: Each year, each BE Manager will be granted an amount of options equivalent to GBP 500,000, so that during the option grant period, each BE Manager will be granted an amount of options exercisable for units in BE equivalent to GBP 3,000,000. The calculation of the number of units will be made on the basis of the NAV known on the date of approval of BE's annual financial statements for the relevant year preceding the options grant date (i.e. for the years 2022 up to and including 2027). The options will be exercisable for units in BE in exchange for the amount of GBP 0.01, during a period starting on the date of approval of BE's financial statements for 2027 and ending on December 31, 2032 (hereinafter - the **"Exercise Period"**). In addition, there is a mechanism for adjusting the number of options that have been allocated but not yet exercised in any case of distribution of a dividend to partners in BE. In addition, there is a mechanism for accelerating the exercise of the options on dates prior to the start of the exercise period, subject to certain events including a merger, listing for trading, change in control of Alony-

⁵ Of which, 65,336 options are exercisable immediately.

⁶ The Company will be entitled to deduct the amount of the repayment due to it from any amount it must pay to the Company's VP of Business Development and/or to the VP of Finance, as the case may be. According to the amendment to the management agreements dated February 2025, the VP of Business Development and the CFO will not demand that the Company repay funds paid for periods prior to 3 years from the date of the demand, and that the date and terms of the repayment will be determined by the Company's Board of Directors, taking into account the amount to be repaid.

⁷ The share price will be determined according to the equity per share (IFRS) on the date of the investment, in relation to the relevant period.

- Hetz in BE or cases of termination of employment of any of the BE Managers (in which case the exercise acceleration applies only to that BE Manager).
- d) BE Managers are committed to confidentiality, non-solicitation of employees and non-competition. The agreement with them includes a mechanism determining different results, including expropriation of their holdings in BE, in the event that one of them ceases working at BE on a date before 2027, whether voluntarily or if they violated their commitment to BE.

5. **CEO of Energix Renewable Energies Ltd.**

Mr. Asa Levinger, the Energix CEO, is employed according to an employment agreement signed between him and Energix and which is updated from time to time. In August 2022, the Energix General Meeting approved a remuneration package and the terms of employment of the Energix CEO (following the approval of the Energix Remuneration Committee and Board of Directors). According to the terms of the above remuneration package, the terms of employment of the Energix CEO, in effect for six years starting July 1, 2022, are as follows:

- a) The Energix CEO's (gross) salary is NIS 120 thousand. The monthly salary of the Energix CEO is linked (on a monthly basis) to the last known CPI published as of the date of approval of the Energix General Meeting, as long as it is no less than NIS 120 thousand, plus the related terms, social benefits and company car. His monthly salary cost will amount to a total of NIS 150 thousand ("**Salary Cost**").
- b) The Energix CEO will be entitled to a measurable annual bonus ceiling in a fixed amount of up to 6 months of the salary cost, with the actual amount of remuneration being dependent on performance according to the measurable component of the remuneration plan. It should be clarified that the annual bonus may be paid in cash or as a capital remuneration instead of cash.
- c) The Energix CEO will be entitled to a long-term capital remuneration at a value of NIS 3,000 thousand per year, for 6 years. Accordingly, after the approval of Energix's General Meeting, the Energix CEO was granted options to purchase Energix's ordinary shares with a total value of NIS 18,000 thousand, which will vest for exercise over a period of 4, 5 and 6 years from the date of approval of Energix's Board of Directors. The exercise price will be NIS 17.68, the exercise of the options is in a cashless mechanism and is subject to achieving a target price per share of NIS 21.44, reflecting a price which is twice the share price prior to the approval of the Energix Board of Directors (subject to adjustments and dividend distributions) (the "**long-term capital remuneration**").
- d) It should be noted that the long-term capital remuneration granted to the Energix CEO as part of the remuneration package from 2022 is in addition to and in continuation of the long-term capital remuneration awarded to the Energix CEO as part of the 2019 remuneration package, which includes long-term capital remuneration for three years starting in June 2022, with a total value of NIS 3,375 thousand.
- e) The employment agreement of the Energix CEO expires on July 1, 2028, or earlier, subject to advance notice of 90 days by Energix or 6 months by the Energix CEO. In the event that the employment of the Energix CEO is terminated by Energix (not under circumstances that disqualify him for severance pay), the Energix CEO will be entitled to a 3-month adaptation period, during which he will be entitled to full pay, including the related conditions.
- f) The salary cost of the Energix CEO (employer cost, not including grants and options) in 2025 amounted to approx. NIS 1,987 thousand (in 2024 - approx. 1,942).
- g) In accordance with Energix's remuneration policy, the annual bonus for 2025 for the Energix CEO is NIS 805 thousand.

6. **CEO, Amot Investments Ltd.**

Mr. Shimon Abudraham ("**Mr. Abudraham**"), serves as the Amot CEO on a full-time basis, starting September 1, 2020, in accordance with the employment agreement signed between him and Amot and updated from time to time. In September 2024, Amot's General Meeting approved the terms of office and employment of Mr. Abudraham as the Amot CEO, retroactively from January 1, 2024 for a period of 3 years ending on December 31, 2026 (hereinafter in this subsection - the "**Employment Agreement**"), in accordance with Amot's remuneration policy for this period. The employment agreement will continue and be automatically extended annually, unless otherwise agreed.

The following is a breakdown of Mr. Abudraham's terms of office (all amounts are linked to the CPI for the month of May 2024):

- **Monthly base salary cost** - approx. NIS 217 thousand.⁸

⁸ The actual cost of the employment, including ancillary conditions and mandatory payments, except for immaterial ancillary conditions, which also affect the performance of the work (such as: communication expenses, insurance, membership fees to professional associations, medical examinations, welfare, reimbursement of expenses against receipts) and excluding accounting provisions for updates to provisions and reserves due to salary updates, whether the officer receives a salary slip or works against an invoice.

- **Measurable annual bonus** - a bonus not exceeding NIS 2 million, calculated based on meeting three company targets/indicators (of Amot), as follows:

Target/index	Weight in the bonus	Bonus amount range (the highest amount constitutes a ceiling for each index) NIS thousands	Performance benchmark In percentages	Performance result in relation to 2025 NIS thousands
NOI target - An operational parameter based on meeting the NOI target set in the Company's annual work plan, as approved by the Remuneration Committee and the Board of Directors during the first quarter of each year for which the annual bonus is granted, and whose weight in the bonus will be 45%. In order to calculate compliance with the NOI target, the NOI target will be adjusted to the actual index if the difference between the forecast index (i.e. the index that served as the basis for the annual work plan) and the actual index exceeds 0.5% (whether above or below). In addition, acquisitions or disposals of properties that were not included in the Company's annual work plan targets will not be taken into account in the calculation of compliance with the NOI target.	45%	600-900	90-105	813
FFO target - An operational parameter based on meeting the FFO target set in the Company's annual work plan, as approved by the Remuneration Committee and the Board of Directors during the first quarter of each year for which the annual bonus is granted, and whose weight in the bonus will be 35%. In order to calculate compliance with the FFO target, no interest adjustment will be made in connection with the costs of raising funds and/or deposits, etc., but the FFO target will be adjusted to the actual index if the difference between the forecast index (i.e. the index that served as the basis for the annual work plan) and the actual index exceeds 0.5% (whether above or below). In addition, acquisitions or disposals of properties that were not included in the Company's annual work plan targets will not be taken into account in the calculation of compliance with the FFO target.	35%	400-700	90-105	587
Performance targets - A balance sheet parameter based on meeting the performance targets (including the establishment of properties in initiation and the realization of properties) that were determined in the Company's annual work plan, as will be approved by the Remuneration Committee and the Board of Directors during the first quarter of each year for which the annual bonus is granted.	20%	100-400	90-105	0

In addition, there is a mechanism that enables the granting of a bonus attributed to excess performance in a certain index (in a linear calculation) (hereinafter - the "**additional amount**"), in whole or in part, for a shortfall in performance in another index, provided that the additional amount does not exceed three months of salary costs, and subject to an overall ceiling of NIS 2 million.

Mr. Abudraham may convert the annual cash bonus, in whole or in part, into capital remuneration through the allocation of options, in the value of the annual bonus, in whole or in part, within the framework of the Company's capital remuneration plan.

The total annual bonus approved for Mr. Abudraham for 2025 amounted to NIS 1.4 million.

- **Capital remuneration** - An annual granting of options as part of the capital gains track under Section 102 of the Income Tax Ordinance, in accordance with the terms of the capital remuneration plan existing at Amot, with an economic value of NIS 2 million per year. During 2025 and up to the date of the report, Amot's Board of Directors decided to grant capital remuneration to Mr. Abudraham, as follows:

Date of grant decision	Number of options subject to allocation	Exercise price in NIS (unlinked, subject to adjustments)	Fair value according to Black and Scholes model
February 7, 2024	245,409	19.48	approx. NIS 1 million
August 5, 2024	301,791	15.92	approx. NIS 1 million
February 10, 2025	400,802	22.51	NIS 2 million
February 9, 2026	421,053	25.6	NIS 2 million

Advance notice and retirement conditions - Termination of Mr. Abudraham's employment before the termination date of the agreement is subject to a (mutual) advance notice of 4 months (except in special circumstances). Mr. Abudraham will be entitled to severance pay in accordance with the law.

7. **Carr CEO –**

The Carr CEO, Mr. Oliver Carr (hereinafter - "**the Carr CEO**"), has an agreement with a wholly owned subsidiary of Carr Properties Corporation (hereinafter, in this section - "**Carr**"), dated March 1, 2020 (Carr and its subsidiaries will hereinafter be referred to as - the "**Carr Group**"). The agreement, which expired on December 31, 2025, was amended and extended for an additional 5 years starting January 1, 2026 (hereinafter, in this section only: the "**Agreement**").

According to the agreement, the CEO of Carr is entitled to basic consideration of USD 601 thousand per year⁹ (before social benefits) ("**base salary**"), and to an annual cash bonus for reaching Carr Group targets and personal targets set by the Carr Board of Directors, based on the yearly work plan and operation plan as will be established from time to time by the Carr Board of Directors, while consulting with the CEO of Carr (hereinafter - the "**annual bonus**"). The amount of the annual bonus, which will be adjusted for results and goals as detailed below, will be 100% of the base salary (hereinafter - the "**target bonus**"). The annual bonus that will actually be paid may be higher or lower than the target bonus depending on the results and goals achieved in that year, as approved by the Carr Board of Directors, and subject to a minimum and maximum amount. The annual bonus will be paid on the basis of Carr's audited annual financial statements, approved by Carr's Board of Directors, immediately after Carr's Board of Directors has determined that the targets have been reached but no later than March 15 of the subsequent year.

Carr's Board of Directors decided to grant the CEO an annual bonus of USD 583 thousand in respect of 2025.

According to the agreement, the Carr CEO is subject to non-compete, non-solicitation and confidentiality conditions customary in the U.S.

The Carr CEO serves as a director in Carr Group companies for no additional payment.

According to the agreement, the Carr CEO is entitled to directors' and officers' insurance, to 35 days of paid absence, due to vacation or illness (with certain accrual rights), reimbursement of reasonable expenses incurred on the job and for the promotion of Carr Group business, as is customary in Carr, and participation in senior executive remuneration plans that the Carr Group will adopt from time to time, such as retirement benefits and/or other social benefits, as well as participation in the LTIP capital remuneration plan, as detailed below.

In the event of the initial listing of Carr (or another company in the Carr Group) for trading on the US Stock Exchange, the terms of employment of Carr's CEO will be rediscussed but will not be less than the remuneration terms determined in the agreement.

Long-Term Incentive Plan (hereinafter referred to as the "**LTIP**" or the "**Plan**"): The Carr CEO will be granted rights to an annual capital bonus of USD 1,975,000, half of which is performance-based and the balance is service-based. The Carr CEO has the right to choose promotion units in certain Carr-owned assets as an alternative to up to 50% of the performance-based bonus allocation. Time-based LTIP bonuses will have a vesting period of 3 years (or an other period as determined by Carr's Board of Directors). Performance-based LTIP bonuses will vest based on the increase in Carr's NAV over a 3-year period.

Special bonus - In January 2026, the Carr CEO was granted a special bonus under the LTIP performance-based unit plan, valued at USD 10 million (the "**special bonus** "). The special bonus will vest on December 31, 2030, with the actual exercise amount from the aforementioned framework determined based on a formula based on the increase in Carr's net asset value (NAV) during the preceding five-year period (adjusted for distributions made during that period). On the vesting date, to the extent that the exercise amount of the bonus is positive, the special bonus units that are exercised will be converted into ordinary capital rights in Carr.

Retirement conditions - In the event that the Carr CEO retires during the final year of the agreement term (i.e., during 2030) and it is not renewed, the Carr CEO will be entitled to an additional retirement benefit payment consisting of all unpaid base salary, the proportional performance-based annual bonus, full vesting of service-based LTIP bonuses and the vesting of performance-based LTIP bonuses, as determined based on meeting the relevant performance criteria.

As of the date of the report, Carr's CEO holds, directly and indirectly, 0.429% of Carr's capital rights.

⁹ This amount was updated by a rate of 3% per year, as is customary in the U.S.

21.2. Details of the remuneration granted to interested parties in the Company not listed in Section 1 above, by the Company or by a corporation under its control

21.2.1. Chairman of the Company's Board of Directors

On December 31, 2024, the General Meeting approved the management agreement of the Chairman of the Company's Board of Directors for the period starting on January 1, 2025 and for as long as he serves as Chairman of the Company's Board of Directors, subject to the remuneration policy, as it may be from time to time (the "**New Management Agreement**"). For additional information on the management agreement with the Chairman of the Company's Board of Directors and for the capital remuneration granted to the Chairman of the Board of Directors, please see the 2024 Meeting Reports and Note 19b to the financial statements.

21.2.2. Remuneration of directors

For details regarding the remuneration of directors and capital remuneration of directors, please see Note 19c to the financial statements.

21.2.3. Exemption and indemnity

Regarding letters of exemption and letters of indemnity that were given to the Company's directors and officers, see Note 19d to the financial statements.

21.2.4. Liability insurance for officers

Regarding officers' liability insurance, including directors' liability insurance, see Note 19d to the financial statements.

Regulation 21A – The Company's Controlling Shareholders

The Company does not have a controlling shareholder.

Regulation 22 – Transactions with Controlling Shareholders or Transactions in which Controlling Shareholders have a Personal Interest

As stated in Section 21A above, the Company does not have a controlling shareholder.

Regulation 24 – Shares and other Company Securities Held by Interested Parties and Senior Officers in the Corporation

For information regarding holdings of interested parties and senior officers in shares and other securities of the Company, and in the securities of Amot and Energix dated December 31, 2025, please see the Immediate Reports published by the Company on January 8, 2026 (Refs: 2026-01-003524 and 2026-01-003540) (hereinafter, in this section collectively - the "**Immediate Reports**"). The information in the immediate reports is hereby provided by way of reference.

Regulation 24A – Registered and Issued Capital and Convertible Securities, as of March 17, 2026

	NUMBER OF CONVERTIBLE SHARES/SECURITIES
Registered capital	1,000,000,000 (*)
Issued capital (ordinary shares)	226,326,105
Issued capital held by shareholders who are not the Company or a subsidiary	(**)226,242,692
Issued capital owned by the Company (dormant shares)	85,340
Non-tradable options to employees and officers ¹⁰	1,393,554

(*) Of which 500,000,000 are regular shares and 500,000,000 are preferred shares.

(**) This total does not include 85,340 dormant shares owned by the Company.

Regulation 24B – Shareholders' Registry

For the Company's shareholders' registry, see the immediate report published by the Company on March 1, 2026 (Ref: 2026-01-018698). The information presented in the report is presented here by way of reference.

Regulation 25A – Registered Address

See the beginning of first page of this report for Additional Information Regarding the Corporation (Page 2 above).

10 It should be noted that on March 17, 2026, the Company's Board of Directors approved the allocation of 673,988 option warrants to the Chairman of the Company's Board of Directors, to the directors, officers and employees, which, as of the publication of this periodic report, have not yet been allocated and which have not been taken into account.

- The Corporation's Directors as of the Date of the Report

AVIRAM WERTHEIM CHAIRMAN OF THE BOARD OF DIRECTORS	NATHAN HETZ	ADVA SHARVIT	ZVI ECKSTEIN	SHLOMI SHUV	RONY PATISHI- CHILLIM	ILAN GIFMAN	BATSHEVA MOSHE	
055585277	51673192	33433152	001331206	028951192	027237296	059757013	037101557	
October 25, 1958	October 7, 1952	8/10/1976	9/04/1949	25/09/1971	August 10, 1974	July 7, 1965	July 10, 1985	
8 Hatarbut, Ramat Hasharon	12 Litvinsky, Ramat Gan	1 Simtat HaRimon, Rishpon	22a Hatet-Zayin, Tel Aviv	1 Yafe Nof, Givatayim	2 Nana, Bnei Zion	16 HaZeitim, Givat Shmuel	14/31 HaThiya, Pardes Hanna	
Israeli	Israeli	Israeli	Israeli	Israeli	Israeli	Israeli	Israeli	
No	No	No	Chairman of the Audit and Remuneration Committee and member of the Financial Statement Review Committee	Member of the Audit and Remuneration Committee, Chairman of the Balance Sheet Examination Committee	Member of the Audit and Remuneration Committee and member of the Financial Statement Examination Committee	Member of the Financial Statement Review Committee	No	
No	No	No	Yes - external director	Yes - external director	Yes - independent director	No	Yes - independent director	
Active salaried Chairman of the Board of Directors	Company CEO since January 1, 1993	No	No	No	No	Serves as a director in companies owned by Mr. Aaron Frenkel, an interested party in the Company, and in a private company owned by him that provides services to foreign private companies owned by Mr. Aaron Frenkel.	No	
November 26, 1996	October 28, 1990	August 16, 1998	May 13, 2018	July 12, 2018	May 23, 2023	October 13, 2024	November 18, 2024	

AVIRAM WERTHEIM CHAIRMAN OF THE BOARD OF DIRECTORS	NATHAN HETZ	ADVA SHARVIT	ZVI ECKSTEIN	SHLOMI SHUV	RONY PATISHI- CHILLIM	ILAN GIFMAN	BATSHEVA MOSHE
BA Degree in Business Administration and Accounting - College of Management, Academic Studies, Certified Public Accountant.	BA in Economics and Business Administration, Bar Ilan University, BA in Accounting, Tel Aviv University, Certified Public Accountant.	Ph.D in Neuroscience, Haifa University; MBA in Business Administration, the Hebrew University of Jerusalem; MA in Neuroscience, Haifa University; BSc in Marine Sciences - Marine Biology and Oceanography, Ruppin College.	BA in Economics, Tel Aviv University, PhD in Economics, University of Minnesota	BA in Business Administration with Specialization in Accounting, College of Management Academic Studies MBA in Business Administration, Ben Gurion University	MBA in Business Administration with a specialization in Finance, Boston University; BA in Business Administration and BA in General and Comparative Literature, the Hebrew University of Jerusalem.	BA in Economics and Accounting, Bar-Ilan University MA in Real Estate, Netanya Academic College Certified Public Accountant	BA in Communications and Human Services, Haifa University, MA in Organizational Consulting, Haifa University, Directors Course Certificate from HAMIL - The Israeli Management Center Ltd.
Alony-Hetz Properties and Investments Ltd.	Company CEO from January 1, 1993, Chairman of the Board of Directors of Amot Investments Ltd., Chairman of the Board of Directors of Energix Renewable Energy Ltd., Chairman of the Board of Directors of Carr Properties and Chairman of the Board of Directors of Brockton Everlast.	Chairman of the Hetz Center at the Givat Olga Technoda, CEO of Hetz Umatara NGO and Director the Pitt Foundation Limited Partnership.	Dean and Professor of Economics, Head of the Aharon Institute for Economic Policy at Reichman University.	Head of the Accounting Program and Deputy Dean of the Arison School of Business Administration at Reichman University, Academic Director of Accounting Courses and Academic Advisor for Accounting at the Open University, Owner and CEO of IFRS Consulting Ltd., Head of the Phoenix Institute for Capital Market Research.	Partner at the venture capital fund Israel Cleantech Management Ltd; VP Finance at Adama Agricultural Solutions Ltd. ("Adama") until 2021; Member of the Barry Industries Corporation Ltd. Board of Directors from 2025 to the present; Chairman of the Board of Directors of Gavan Technologies Ltd. from 2024 to the present;	Real Estate Manager at the Frankel Group from 2015 to the present.	Currently - Managing business operations in the Middle East, Eastern Europe and the Nordic countries at the high-tech company Wix; In 2019-2021, member of the Board of Directors of "Poalim in the Community" (a non-profit organization of Bank Hapoalim); in 2019-2020, Strategic Advisor (head of staff) to the Chairman of Bank Hapoalim; in

Additional Information on t

AVIRAM WERTHEIM CHAIRMAN OF THE BOARD OF DIRECTORS	NATHAN HETZ	ADVA SHARVIT	ZVI ECKSTEIN	SHLOMI SHUV	RONY PATISHI- CHILLIM	ILAN GIFMAN	BATSHEVA MOSHE
					Member of the Imagindairy Ltd. Board of Directors from 2024 to the present; Advisory member of the EVA Environmental Viable Application Board of Directors from 2023 to 2024; Member of the NeoMe Investment Club Investment Committee from 2021 to 2024;		2020-2021, member of the Board of Directors of "Poalim Assets" (wholly-owned by Bank Hapoalim); and in 2020-2021, head of the Poalim High-Tech Division at Bank Hapoalim. Chairwoman of the Yozmot Atid Association, member of the Board of Directors of the Ofanim Association, member of the Board of Directors of the Sapir College, member of the Board of Directors of the Or Movement, and member of the Board of Directors of the ICA Philanthropic Foundation.
The Company (Chairman), Amot Investments Ltd., Energix Renewable Energies Ltd., Carr Properties Corporation and director in consolidated companies of the Company, of Carr, in joint Alony-Hetz Properties and	The Company, Amot Investments Ltd. (Chairman), Energix Renewable Energy Ltd. (Chairman), Carr Properties Corporation (Chairman), Brockton Everlast Inc. (Chairman), Director in the Company's consolidated	The Company, Feat Fund Investments - Limited Partnership.	External director in the Company.	External director in the Company, Director at the Israeli Association of Valuers (Non-Profit), external director at Midroog Ltd.	The Company, Barry Industries Corporation Ltd.; Imagindairy Ltd, Chairman of the Gavan Technologies Ltd. Board of Directors,	Golden Star Properties BV; Golden star properties 1 BV; Infinity Metro 3 BV; Golden star properties 4 BV; Golden star properties 5 BV; Gifman Investments Ltd.	Chairwoman of the Yozmot Atid Association, member of the Board of Directors of the Ofanim Association, member of the Board of Directors of the Sapir College, member of the Board of Directors of the Or

AVIRAM WERTHEIM CHAIRMAN OF THE BOARD OF DIRECTORS	NATHAN HETZ	ADVA SHARVIT	ZVI ECKSTEIN	SHLOMI SHUV	RONY PATISHI- CHILLIM	ILAN GIFMAN	BATSHEVA MOSHE
Investments and Oxford Properties companies and in private companies owned by him and by family members.	companies, Energix and Carr, in joint Alony-Hetz Properties and Investments and Oxford Properties companies as well as director in private companies in his possession and in the possession of his family members and in Mind Israel (PBC).						Movement, and member of the Board of Directors of the ICA Philanthropic Foundation.
No	Father of Adva Sharvit	Daughter of Nathan Hetz	No	No	No	No	No
Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
No	No	No	No	No	No	No	No

– Senior Corporate Officers

	MOTI BARZILAY	OREN FRENKEL	HANAN FELDMUS	NAAMA EMMANUEL	MORAN SADEH	YAGEL EMERGY	YISRAEL GEWIRTZ
	022939276	023944176	055080428	039265327	037058443	038185179	033762139
	13/9/1967	24/7/1968	25/1/1958	15/12/1983	6/03/1985	February 9, 1986	19/02/1977
	October 2005	April 2008	March 2007	April 2014	October 2022	November 2024	May 2017
	VP of Business Development	CFO	Legal Counsel	Accountant	Accountant	Comptroller	Internal Auditor
Chairman of the Board	Director at Amot, director at Energix, director at Carr Properties Corporation, director at joint Alony-Hetz Properties and Investments and Oxford Properties companies, director at Brockton Everlast Inc. and director at Company subsidiaries. Member of Brockton Capital Funds steering committees	Director at Energix, director at Brockton Everlast Inc. and director at consolidated companies of the Company and Energix.	None	None	None	None	Internal Auditor at Energix Renewable Energies Ltd.
Family member of the Chairman	No	No	No	No	No	No	No
	MBA, BA in Economics and Accounting, Tel Aviv University. Certified Public Accountant	Master's degree (MST) with a specialization in taxation from the University of California, San Jose. BA in Business Administration and Accounting, College of Management Certified Public Accountant	Attorney, BA of Law, Tel Aviv University.	BA in Accounting, Management and Economics, Tel Aviv University. Certified Public Accountant	MA in Finance for Accountants, the Academic Track of the College of Management. BA in Business Administration with specialization in Accounting, College of Management Academic Studies Certified Public Accountant	BA in Law and Business Administration (Accounting), the College of Management Academic Studies. Certified Public Accountant	BA in Accounting and Economics, Bar Ilan University. Certified Public Accountant. Certification in Risk Management Assurance (CRMA) and Certified Internal Auditor (CIA) from the U.S. Institute of Internal Auditors
Current position	Current position	Current position	Current position Until March 2022, also served as the Company Secretary.	Current position	Comptroller at Energix - Renewable Energies Ltd., Manager of financial reporting at El Al.	Comptroller at an investment fund	Partner in Fahn Kanne Management and Control Ltd.

Additional Information on t

3 – Independent Authorized Signatories

y has no independent authorized signatories.

– The Corporation's Accountant

htman Almagor Zohar & Co., 1 Azrieli Center, Tel Aviv

– Amendment of the Company's Memorandum or Articles of Association

no changes made to the Company's Memorandum or Articles of Association in 2025.

– Recommendations and Decisions of the Board of Directors

meetings on March 10, 2025, May 19, 2025, August 18, 2025 and November 17, 2025, the Company's Board of Directors decided to approve the distributio
l in the amount of NIS 0.24 per share for the first, second, third and fourth quarters (respectively) of 2025, in accordance with the dividend policy for 202
meeting on June 17, 2025, the Company's Board of Directors decided to authorize the Company to raise debt from the public by issuing bonds (Series M) in
00 million PV. For additional information regarding the public offering and its results, please see the Immediate Reports published by the Company on Ju
-043461) and on June 19, 2025 (Ref: 2025-01-043896).

meeting on September 18, 2025, the Company's Board of Directors decided to authorize the Company to raise debt from the public by issuing bonds (Series
NIS 366 million PV. For additional information regarding the public offering and its results, please see the Immediate Reports published by the Compan
(Ref: 2025-01-070525) and on September 21, 2025 (Ref: 2025-01-070848).

company did not engage in transactions with interested parties that are not in accordance with market conditions. For information regarding transactions b
y and its interested parties, please see Note 19 to the financial statements and Regulation 21.

no special general assemblies were held.

– Company Decisions

g Company decisions on the subject of indemnification, exemption and insurance, see Note 19 to the financial statements.

Aviram Wertheim, Chairman of the Board of Directors

Nathan Hetz - Director and CEO



REFERENCE TO THE REPORT ON THE CORPORATION'S LIABILITIES BY REPAYMENT DATES

ALONY HETZ PROPERTIES & INVESTMENTS LTD

Report on the Status of Liabilities by Repayment Dates, as of December 31, 2025

Regarding the status of liabilities by repayment dates as of December 31, 2025, please see the Immediate Report dated March 18, 2026.



AUDITOR'S CONSENT LETTERS

ALONY HETZ PROPERTIES & INVESTMENTS LTD



Date: March 17, 2026

To
The Board of Directors of **Alony Hetz Properties and Investments Ltd. ("the company")**

Re: Consent letter in term of Alony Hetz Properties and Investments Ltd. Shelf Offering from May 2024

We hereby advise you that we agree to the inclusion (including by way of reference) of our statements detailed below in connection with the May 2024 shelf prospectus.

- (1) Auditors' Report dated March 17 2026 regarding the Consolidated Financial Statements of the Company as of December 31, 2025, and for the year then ended.
- (2) Auditors' Report dated March 17, 2026, regarding the Components of Internal Controls over Financial Reporting of the Company as of December 31, 2025.
- (3) Auditors' Report dated March 17, 2026, regarding the proforma financial statements for each of the three years in the period ended December 31, 2025.

Respectfully,

Brightman Almagor Zohar & Co.
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