BOARD OF DIRECTORS' REPORT

ISRAELCANADA

Israel Canada (T.R) Ltd.

Report of the Board of Directors

for the year ended on

December 31, 2025

This document is an English translation of the Hebrew version of the company's financial statements and the management discussion and analysis for the Year Ended on December 31, 2025, that was published on March 24, 2026 (the "**reports**" or "**Hebrew Version**"). The Hebrew version of the reports is the binding version and the only version having legal effect. The English translation has been created for the purpose of convenience only and has no binding force. The approval of the company's board of directors was given to the Hebrew version only and no such approval has been given to the English translation. In the event of any discrepancy between the Hebrew Version and this translation, the Hebrew Version shall prevail.

A. Summary of financial findings for the Reporting Period:

- The total sales of apartments, land, and the introduction of partners to the Company and affiliated companies from the beginning of 2025 until the date of publication of the Report amounted to a total of approximately NIS 3 billion (including affiliated company - ICR), compared to approximately NIS 4.2 billion in the corresponding period last year[1].
- Below is a summary of apartment and office sales data in the Company's main projects up to the date of publication of the Report:
  - In the Rainbow Project, Tel Aviv, the Company sold 276 apartments for a total consideration of approximately NIS 2.4 billion*.
  - In the Vertical City Project - an associate sold approximately 28.3 thousand sq.m. of offices, for a total consideration of approximately NIS 903 million**.
  - In the Midtown Jerusalem Project - the Company sold approximately 274 apartments for a total consideration of approximately NIS 1.2 billion*, and approximately 4 thousand sq.m. of offices for a total consideration of approximately NIS 119 million**.
  - In the Lev Bavli Project, Tel Aviv – the associate sold 19 apartments for a total consideration of approximately NIS 101 million*.
  - In the People Project, Kremenitzky, the Company sold 91 apartments for a total consideration of approximately NIS 369 million*.
  - In the Beit HaNa'ara Project, the Company sold 12 apartments for a total consideration of approximately NIS 61 million*.
  - In the SHE Project, the Company sold 5 apartments for a total consideration of approximately NIS 109 million*.
  - In the Dubnov Project, the Company sold 15 apartments for a total consideration of approximately NIS 181 million**.

  (*) Including VAT and including registration forms.

  (**) Including VAT.

Below is a summary of main actions carried out by the Company in 2025:

- On January 23, 2025, the Company executed a private placement of Company shares to institutional entities for a total consideration of approximately NIS 125 million. On January 25, 2026, after the balance sheet date, the Company executed an additional private placement of shares to an institutional entity for a total consideration of approximately NIS 180 million.
- On April 3, 2025, the hotel company completed the acquisition of Brown Hotels operations for a total of approximately NIS 131 million plus VAT as required by law. Upon completion of the transaction, and together with existing operations, the hotel company held approximately 3,800 hotel rooms in ownership, lease, and management in Israel and Greece. As of the date of publication of the Reports, the hotel company holds approximately 4,384 hotel rooms.
- On April 20, 2025, the Company, together with Check Point Software Technologies Ltd., won a tender for the establishment of a mixed-use project for residential, employment, and commerce (People Project) for a total of NIS 818 million (Company's share: approximately NIS 318 million). On July 2, 2025, the conditions precedent were fulfilled and the purchase consideration was paid in full. For further details, see Note 15y to the Company's consolidated financial statements.

[1] For the sale of apartments and offices, including registration forms, the amount includes VAT.

- Four&Five Project, Ramat HaSharon - On July 24, 2025, the Company received the minutes of the Subcommittee for Appeals of the National Planning and Building Council (the "**Committee**") according to which the appeal submitted was rejected. Accordingly, the new Ramat HaSharon plan was published for validation in the official records. On October 22, 2025, the Local Planning and Building Committee of Ramat HaSharon filed an administrative petition with the Court against the Committee's decision, and a hearing on the petition was set for March 29, 2026. For further details, see Note 15D to the Company's consolidated financial statements.
- Midtown Jerusalem - In February 2025, a building permit was received for the two residential towers and an agreement was signed with Tidhar Construction Ltd. for the execution of main contractor works, and in April 2025 a building permit was received for the office tower and the mixed-use tower. On July 30, 2025, a financing agreement for the project was signed. For further details, see Note 15M to the Company's consolidated financial statements.
- On September 9, 2025, Maalot S&P announced the retention of the rating at ilA- for the expansion of Series H Bonds.
- On September 11, 2025, a full building permit was received for Stage A of the Vertical City Project.
- On September 25, 2025, the sale transaction of the French Hill Project by ICR was completed for a total of approximately NIS 300 million, and ICR recorded a profit of approximately NIS 130 million before tax. For further details, see Note 8B(4) and (6) to the consolidated financial statements.
- On September 30, 2025, a full building permit was received for the Rainbow Project. For further details, see Note 15N to the Company's consolidated financial statements. On December 31, 2025, an agreement was signed with Ashtrom Group Ltd. for the execution of main contractor works.
- On November 10, 2025, the merger transaction between Israel Canada Hotels and DNA Group was completed and the merged company began trading on the stock exchange. For further details, see Note 15K6 to the Company's consolidated financial statements. For details regarding the accounting impact of the transaction, see below.
- On February 18, 2026, after the balance sheet date, the Company entered into a statutory merger agreement with the Akro Group Ltd., whereby, subject to the fulfillment of conditions precedent, Akro will merge into and with the Company, such that all of Akro's assets and liabilities will be transferred to the Company as-is.
- The net profit for the year ended on December 31, 2025 amounted to approximately **0.7** million NIS compared to a net profit of approximately **232** million NIS in the corresponding period last year.
- The Company ended 2025 with net profit attributable to the shareholders of approximately NIS 28.8 million. The profit is after deduction of listing expenses for trading in the amount of NIS 54 million recorded in respect of the merger transaction of the hotel company with DNA, in accordance with accepted accounting rules. It should be noted that the above expense is non-cash and has no effect on the Company's equity.
- The Company's total balance sheet as of December 31, 2025 amounted to approximately NIS **12.6** billion, compared to approximately NIS **11** billion as of December 31, 2024.
- The Company's equity (including non-controlling interests) as of December 31, 2025 amounted to approximately NIS **3.7** billion, compared to approximately NIS **3.5** billion as of December 31, 2024.
- The equity attributable to the Company's shareholders as of December 31, 2025 amounted to approximately NIS **2.7** billion compared to approximately NIS **2.5** billion as of December 31, 2024.
- The Company's equity ratio (including non-controlling interests) to the Company's consolidated balance sheet as of December 31, 2025 is approximately **29.6%** compared to approximately **31.6%** as of December 31, 2024.
- The Company's equity ratio without non-controlling interests to the Company's consolidated balance sheet as of December 31, 2025 is approximately **21%** compared to approximately **22.7%** as of December 31, 2024.

Sold apartments and offices during the period in the Group's projects:

Project	During the year ended on December 31, 2025		Data from the beginning of the Project until December 31, 2025		
	Apartments sold	Financial scope inc. VAT in NIS thousands	Marketing rate	Apartments sold	Financial scope inc. VAT in NIS thousands
Rainbow, Tel Aviv	59	544,626	59%	270	2,352,172
Midtown Jerusalem	48	325,063	37%	258	1,134,549
Lev Bavli, Tel Aviv	13	78,670	12%	17	90,066
SHE, Herzl Yehuda Halevy	4	86,600	4%	4	86,600
Dubnov, Tel Aviv	11	122,300	8%	11	122,300
People, Tel Aviv(2)	65	265,621	22%	65	265,621
Beit HaNa'ara, Hod HaSharon	7	27,180	7%	7	27,180
Ahad Ha'am, Tel Aviv	5	40,054	99%	68	361,863
Pastoral, Jerusalem	46	178,837	43%	124	441,473
North Park, Stage A, Ramat Hasharon	10	52,210	71%	391	1,959,730
North Park, Stage B (Eve), Ramat Hasharon(1)	33	179,828	38%	152	831,064
Histadrut (Air), Givatayim	8	37,671	71%	154	755,726
HaMesila, Herzliya	-	-	89%	24	171,535
Ocean Park II, Netanya	-	-	97%	58	235,913
HaGefen, Herzliya (Stage B)	-	-	98%	94	369,591
Bat Yam (Yam), Sokolov	3	23,630	99%	163	492,365
Idmit (Jasmin), Givatayim	12	50,807	16%	12	50,807
Tel HaShomer (Serenity), Ramat Gan	13	54,978	39%	13	54,978
Total apartments	337	**2,068,075**		**1,885**	**9,803,533**

Project	During the year ended on December 31, 2025		Data from the beginning of the Project until December 31, 2025		
	Sq.m sold	Financial scope Inc. VAT in NIS thousands	Marketing rate	Sq.m sold	Financial scope, inc. VAT in NIS thousands
Midtown Jerusalem Office	**1,681**	**51,579**	**9%**	**4,052**	**119,062**
Vertical City, Ramat Gan	**1,718**	**50,392**	**35%**	**26,559**	**849,637**
Total offices	**3,399**	**101,971**		**30,611**	**968,699**

(1) In the North Park Project Stage B (EVE) - of 152 apartments sold, 1 registration form in the amount of approximately NIS 8,500 thousand including VAT. (2) In the People Project, Tel Aviv - of 65 apartments sold, 1 registration form in the amount of approximately NIS 3,000 thousand including VAT.

From the end of the period until shortly before the date of publication of the financial statements, the Company sold 95 apartments for a total of approximately NIS 531 million including VAT and 1,782 sq.m. of offices for a total of approximately NIS 54 million including VAT(*).

From January 1, 2025 until shortly before the date of publication of the financial statements, the Company sold 432 apartments, including registration forms, for a total of approximately NIS 2,600 million including VAT and approximately 5,181 sq.m. of offices for a total of approximately NIS 156 million including VAT.

(*) Of these, 73 signed contracts, 6 registration forms in the People Project in the amount of approximately NIS 25 million including VAT, 1 registration form in the Midtown Jerusalem Project in the amount of approximately NIS 3 million including VAT, 2 registration forms in the Rainbow Project in the amount of approximately NIS 23 million including VAT, and 13 registration forms in other projects of the Company in the amount of approximately NIS 96 million including VAT.

The Company's sales during 2025 until the date of publication of the Report also included the sale of several unique luxury apartments such as: Rainbow - 2 apartments for a total of approximately NIS 85 million (approximately NIS 51 million and approximately NIS 34 million). SHE – 2 apartments for a total of approximately NIS 62 million (approximately NIS 32 million and NIS 30 million). Dubnov – one apartment for a total of approximately NIS 38 million. Midtown Jerusalem- one apartment for a total of approximately NIS 44 million.

For further details regarding the marketing process, see Section 8.1.10 in the Description of the Corporation's Business Report attached to this Periodic Report.

B. Board of Directors' Explanation of the State of the Corporation's Business

B.1. Financial Situation

The total assets of the Company as of December 31, 2025 amount to approximately NIS 12,641 million compared to a total of approximately NIS 10,956 million as of December 31, 2024. The increase in the total assets of the Company as of December 31, 2025 is explained below:

	As of December 31, 2025 NIS thousands	As of December 31, 2024 NIS thousands	Explanations of material changes occurring compared to Dec. 31, 2024
Current assets			
Cash and cash equivalents	145,162	410,276	See Section B.4. Liquidity below.
Restricted cash and deposits in escrow accounts	73,399	566,068	The decrease in the balance derives from receipts from buyers in escrow accounts in the Rainbow and Midtown Jerusalem Projects, which repaid bank loans and were also used to pay the betterment levy in the Midtown Jerusalem Project.
Financial assets at fair value	91,321	129,192	The decrease in the balance is mainly due to a decrease in the fair value of the shares of Norstar Inc. ("Norstar"), on the other hand, from an increase due to the merger of the hotel company with DNA. For more information, see Note 15(k)6 to the Company's consolidated financial statements.
Receivables for the sale of real estate inventory	52,872	14,878(*)	The increase in the balance derives mainly from sales of land units in the Herzliya Northern Quarter Project and in the Four&Five Ramat HaSharon Project.
Assets for contracts with customers	40,362	4,402(*)	The increase in the balance is mainly due to the sale of housing units in the Rainbow Project.
Accounts receivable	129,603	126,481	The increase in the balance is mainly due to advance expenses for insurance in the SHE Project.
Income tax receivable	3,100	5,920	---
Other accounts receivable for hotels	90,768	41,233	The increase in balance is mainly from the acquisition of the Brown activity. For further details, see Note 15(k)4 of the Company's consolidated financial statements.
Real estate inventory	437,494	320,758	The increase in the balance is mainly due to the purchase of land in the northern district of Herzliya in the amount of approximately NIS 146 million. For more information, see Note 15(w) to the Company's consolidated financial statements.
Inventory of buildings under planning and construction	3,070,561	2,625,023	The increase in the balance derives mainly from investments in the Midtown Jerusalem Project in the amount of approximately NIS 355 million and from investments in the Rainbow Project in the amount of approximately NIS 160 million.
Advances on account of real estate inventory	26,461	47,780	The decrease in the balance stems from the completion of the purchase of land in the Northern Quarter Project, on the other hand, the payment of advances for the purchase of land in Kadima Zoran, as detailed in Note 15(a) to the Company's consolidated financial statements.
Total current assets	**4,161,103**	**4,292,011**	
Non-current assets			
Investments and loans in investees accounted for using the equity method, net	1,511,250	1,305,859	The increase in the balance is mainly due to an increase in investment in the Vertical City Project.
Long-term real estate inventory	1,491,464	1,145,810	The increase in the balance is mainly due to the acquisition of the People Project (Kremenitzky complex). For further details, see Note

	As of December 31, 2025 NIS thousands	As of December 31, 2024 NIS thousands	Explanations of material changes occurring compared to Dec. 31, 2024
Current assets			
			15(y) of the Company's consolidated financial statements.
Real estate for investment	3,285,094	2,893,000	The increase in the balance is mainly due to investments made in the Midtown Jerusalem Project in the amount of approximately NIS 155 million, an increase in value in the Dubnov Project in the amount of approximately NIS 35 million, and an increase in value in the Sde Dov Offices Project in the amount of approximately NIS 34 million.
Advances on account of investment real estate	21,206	13,486	---
Fixed assets	877,432	807,495	The increase in the balance derives mainly from investments in hotels in the Hotel Company, and as a result of the acquisition of the Brown activity. For further details, see Note 15(k)4 to the Company's consolidated financial statements.
Advances on account of fixed assets	-	1,382	---
Cash and deposits restricted for long-term use	9,549	5,266	---
Right of use asset	1,080,037	425,912	The increase in the balance derives mainly as a result of the acquisition of the Brown activity. For further details, see Note 15(k)4 to the Company's consolidated financial statements.
Accounts receivable	9,585	7,066	---
Deferred tax assets	36,483	31,771	---
Other investments and assets	17,081	14,090	---
Goodwill and intangible assets	140,671	13,152	The increase in the balance derives mainly from goodwill as a result of the acquisition of the Brown activity. For further details, see Note 4p to the Company's consolidated financial statements.
Total non-current assets	**8,479,852**	**6,664,289**	
Total assets	**12,640,955**	**10,956,300**	

	As of December 31, 2025 NIS thousands	As of December 31, 2024 NIS thousands	Explanations of material changes occurring compared to Dec. 31, 2024
Current liabilities			
Credit from bank corporations and current maturities on long-term loans	3,451,761	2,866,946	The increase is mainly due to sorting loans for the Beit HaNa'ara Project and the Lapid Project to short term.
Current maturities of bonds	292,150	269,101	---
Current maturities of lease liability	45,921	21,060	The increase in the balance derives mainly as a result of the acquisition of the Brown activity. For further details, see Note 15(k)4 to the Company's consolidated financial statements.
Suppliers and service providers	61,196	36,345	The increase in the balance derives mainly as a result of the acquisition of the Brown activity and an increase in the hotel activity. For further details, see Note 15(k)4 to the Company's consolidated financial statements.
Accounts payable	340,231	163,244	The increase in the balance is mainly due to the recording of a

			provision for levies.
Current tax liability	2,170	17,515	---
Liabilities for contracts with customers	656,492	421,240	The increase in the balance is mainly due to payments made by buyers in the Midtown Jerusalem and Rainbow Projects. In both projects, the Company began recognizing revenue according to the rate of progress in accordance with international financial reporting standard IFRS15.
Liability for provision of construction services	1,140	4,360	---
Loans from others	3,567	2,502	---
Total current liabilities	**4,854,628**	**3,802,313**	
Non-current liabilities			
Long-term loans from banks	1,640,721	2,001,362	The decrease is mainly due to sorting loans for the Beit HaNa'ara Project and the Lapid Project to short term. On the other hand, from taking a loan for the acquisition of the People Project.
Loans from others and other liabilities	15,564	10,175	---
Bonds	1,137,987	1,055,667	The increase in the balance is mainly due to the expansion of Series H Bonds. For more information, see Note 13(b)3 to the Company's consolidated financial statements. On the other hand is the payment of bonds on account of the Series G principle during the period.
Lease liability	1,055,408	442,578	The increase in the balance derives mainly from the acquisition of the Brown activity. For further details, see Note 15(k)4 to the Company's consolidated financial statements.
Deferred tax liabilities	175,392	169,335	---
Long-term construction service liability	-	855	---
Other non-current liabilities	17,385	11,627	The increase in the balance derives mainly as a result of the acquisition of the Brown activity. For further details, see Note 15(k)4 to the Company's consolidated financial statements.
Total non-current liabilities	**4,042,457**	**3,691,599**	
Total equity (including non-controlling interest)	3,743,870	3,462,388	The increase in the balance is mainly due to the issuance of shares in the amount of approximately NIS 124 million. For more information see Note 16 to the Company's consolidated financial statements, and from the recording of a capital reserve with the non-controlling interest as a result of the merger of the hotel company with DNA. For more information see Note 15(k)6 to the Company's consolidated financial statements.
Total liabilities and equity	**12,640,955**	**10,956,300**	

(*) Reclassified

Equity

The total equity of the Company, attributed to the Company's shareholders, as of December 31, 2025 and as of December 31, 2024 amounted to approximately NIS 2,689 million and approximately NIS 2,486 million, respectively.

Working Capital

As of December 31, 2025, the Company has negative working capital in the consolidated report in the amount of approximately NIS 693 million compared to positive working capital in the amount of approximately NIS 490 million as of December 31, 2024. The decrease in working capital results from a decrease in current assets alongside an increase in current liabilities as detailed above. In the solo report, the Company has positive working capital, see Section B.6 of this Report.

B.2. Operating Results

	For the year ended on December 31		Explanations of the material changes that occurred compared to the year ended on December 31, 2024
	2025	2024	
Revenue from sale of residential apartment and office	214,123	61,115	Revenues in the period stem from initial revenue recognition in the Rainbow Project in the amount of approximately NIS 119 million, depending on the pace of progress in the Project, from revenues in the Midtown Jerusalem Project in the amount of approximately NIS 57 million for the residences and approximately NIS 2 million for the offices, depending on the pace of progress in the Project, and from sales in the Ahad Ha'am Project in the amount of approximately NIS 35 million. Revenues in the corresponding period last year stem from sales in the Ahad Ha'am Project in the amount of approximately NIS 61 million.
Revenue from sale of real estate inventory	132,743	11,679	The increase in revenues compared to the corresponding period last year derives mainly from revenues from the sale of land units in the Northern Quarter Project in Herzliya in the amount of approximately NIS 100 million, and the sale of offices in the Four&Five Ramat Hasharon Project in the amount of approximately NIS 20 million.
Income from rental and management of investment real estate	86,065	80,215	---
Revenue from lease of real estate inventory	24,892	25,344	---
Income from management fees	4,511	1,645	The revenues in the period derive mainly from management fee income in the Atlit Blue Project.
Revenue from operation and management of hotels	389,809	291,017	The increase in revenues derives mainly from the acquisition of the Brown hotels activity. For further details, see Note 15(k)4 to the Company's consolidated financial statements.
Marketing and brokerage revenue	14,929	25,714	---
Revenue from provision of construction services	4,076	4,886	---
Increase in fair value of investment real estate	156,087	66,371	The increase in this section is mainly due to: (1) an increase in value in the Dubnov Project (Employment) in the amount of approximately NIS 35 million as a result of planning progress and an initial update of the value for the Project; (2) an increase in value in the amount of approximately NIS 34 million in the Sde Dov Offices Project as a result of planning progress and an initial update of the value for the Project; (3) an increase in value in the amount of approximately NIS 39 million in the Kfar Shmaryahu Project, mainly as a result of the completion of renovation works in the Asset. On the other hand, the increase for the period ended on December 31, 2024 is attributable to: (1) an increase in value in the Beit Eurocom Project in the amount of approximately NIS 23 million following a recommendation of the Local Committee to deposit, subject to conditions, a plan for the enhancement of building rights; and (2) an increase in value in the amount of approximately NIS 20 million in Midtown Tel Aviv, mainly from an increase in rental income of the Asset due to a change in the tenant mix.
Company's share in profit of investments accounted for using the equity method, net of tax	106,256	200,760	The decrease derives mainly from revenues from the ICR, Vertical City, and Morgal companies, which were higher in the corresponding period last year.
Other income	5,860	5,490	---
Total income	**1,139,351**	**774,236**	
Cost of sale of residential apartments and offices	172,200	45,335	Mainly stems from the Rainbow, Midtown Jerusalem and Ahad Ha'am Projects (which received Form 4 and was populated) in accordance with the pace of progress of the projects throughout the periods.

	For the year ended on December 31		Explanations of the material changes that occurred compared to the year ended on December 31, 2024
	2025	**2024**	
Cost of sale of real estate inventory	64,715	7,848	The cost of sale of real estate inventory in the period derives mainly from the sale of land units attributed to the Herzliya Northern Quarter Project.
Cost of rent	45,091	42,961	---
Cost of operation and management of hotels	402,354	257,682	The main increase derives from the acquisition of the Brown activity. For further details, see Note 15(k)4 to the Company's consolidated financial statements, and the departure of evacuees from the hotels.
Decrease in fair value of investment property	51,410	38,963	---
Expenses from provision of construction services	4,076	4,886	---
Management and general expenses	64,931	59,821	---
Marketing and sale expenses	69,860	38,661	The main increase derives from marketing and branding of the Company's projects, mainly in the Rainbow Project.
Company's share in loss of investments accounted for using the equity method, net of tax	29,978	17,827	---
Other expenses	180	-	---
Total expenses and costs	**904,795**	**513,984**	
Operating profit	**234,556**	**260,252**	
Listing for sale expenses	(53,909)	-	Expenses in the period arise as a result of the merger of the hotel company with DNA. For more information, see Note 15(k)6 to the Company's consolidated financial statements. As stated in this Report above, it is clarified that expenses for listing for trade are accounting - notional and do not involve cash payments.
Changes in financial assets measured at fair value through profit or loss	(61,436)	36,911	Derives mainly from a decline in the fair value of Norstar Inc. shares ("**Norstar**").
Financing income	96,550	54,114	The increase compared to the same period last year is mainly due to interest income for loans to associates in accordance with IFRS 9 standard and interest for deposits.
Financing expenses	(208,555)	(133,280)	The main increase compared to the corresponding period last year stems from financing costs for leasing, mainly as a result of the acquisition of Brown's operations, for more information see Note 15(k)4 to the Company's consolidated financial statements, and from recording financing expenses for the Midtown Jerusalem Project in profit and loss from the date of receipt of a building permit in accordance with the provisions of IFRS 15.
Profit before income tax	**7,206**	**217,997**	
Income tax	(6,497)	13,681	The main increase is due to deferred taxes.
Profit for the period	**709**	**231,678**	
Exchange rate differences from translation of foreign operations	(8,103)	(6,072)	---
Changes in the fair value of a financial liability designated at fair value through profit or loss attributable to changes in credit risk,	943	-	

	For the year ended on December 31		Explanations of the material changes that occurred compared to the year ended on December 31, 2024
	2025	**2024**	
net of tax			
Changes in financial assets through other comprehensive income	(10,063)	-	---
Gain on revaluation of fixed assets, net of tax	9,103	135,539	---
Total comprehensive profit (loss)	**(7,411)**	**361,145**	

B.3. Security Situation

For details regarding the impact of the security situation on the Company's operations, see Note 31 in the Company's consolidated financial statements.

B.4. Liquidity

The Company's cash and cash equivalents balance as of December 31, 2025 amounted to approximately NIS 145 million compared to approximately NIS 410 million as of December 31, 2024, a decrease of approximately NIS 265 million in the cash balance as detailed below:

Section	As of December 31 (In NIS thousands)			Explanation
	2025	**2024**	**2023**	
Net cash (used for) arising from current activities before activity with land assets and liabilities	(87,943)	366,340	(81,690)	The main changes in cash flows from operating activities derive from purchases and investments in land inventory totaling approximately NIS 573 million, mainly due to winning the Kremenitzky tender (the People Project) and the purchase of the land of the Northern Quarter in Herzliya, an increase in inventory of land and buildings for sale in the amount of approximately NIS 247 million, and from profits of companies accounted for using the equity method (including finance income, net), net of tax, totaling approximately NIS 155 million. These were offset by an increase in advances received for the sale of real estate inventory and buildings under planning and construction totaling approximately NIS 235 million, amortization and depreciation of fixed assets and right of use assets totaling approximately NIS 91 million, and other expenses in the amount of approximately NIS 54 million for the merger of the Hotel Company with DNA.
Net cash used in continuing operations	(660,952)	(88,419)	(169,147)	
Net cash arising from (used for) ongoing investment activity	49,987	(1,042,427)	278,477	The main changes in cash flows were mainly attributable to a change in restricted cash and deposits totaling approximately NIS 488 million, offset by purchases and investments in investment property, net, totaling approximately NIS 245 million; consolidation of the Brown activity totaling approximately NIS 56 million; and purchases and investments in fixed assets totaling approximately NIS 62 million.
Net cash deriving from (used in) ongoing financing activities	347,119	1,341,255	(113,480)	The main changes in cash flows were mainly attributable to receipt of long-term bank loans totaling approximately NIS 784 million; expansion of Series H Bonds totaling approximately NIS 356 million; the issuance of shares, net, totaling approximately NIS 124 million and receipt of credit from bank corporations in the amount of approximately NIS 108 million. These were offset by repayment of long-term loans totaling approximately NIS 801 million; repayment of bonds totaling approximately NIS 251 million; and dividend payments totaling approximately NIS 25 million.
Change in cash and cash equivalents	(265,114)	209,887	(4,162)	---
Balance of cash and cash equivalents at beginning of year	410,276	200,389	204,551	
Balance of cash and cash equivalents at end of year	145,162	410,276	200,389	

B.5. Sources of Financing

The main sources of financing of the corporation:

1. Bonds (Series G) of the Company, see Section E below.

2. Bonds (Series H) of the Company, see Section E below.

3. Loans that the Company takes from time to time for the purpose of projects and/or land and/or assets, including in the Rainbow Tel Aviv project, Midtown Tel Aviv, Midtown Jerusalem, and Vertical City.

4. The average balance of short-term credit of the Company, including credit from banking corporations, loans from others, current maturities of bonds, and current maturities of long-term loans, amounted to approximately NIS 3.4 billion.

5. The average balance of long-term liabilities, including credit from banks, loans from others, and bonds, amounted to approximately NIS 3 billion.

6. The average balance of liabilities to suppliers amounted to approximately NIS 49 million.

7. Expansion of Series H Bonds in a total amount of approximately NIS 367 million as detailed in Note 13b3 to the Company's financial statements as of December 31, 2025.

8. Issuance of shares in a total amount of approximately NIS 125 million as detailed in Note 16d to the Company's financial statements as of December 31, 2025.

9. Issuance of shares in a total amount of approximately NIS 180 million as detailed in Note 32g to the Company's financial statements as of December 31, 2025.

For further details, see Section 15.1 of the Report describing the business of the corporation.

B.6. Disclosure According to Section 10(b)(14) of the Regulations on Periodic and Immediate Reports, 5730-1970

According to Article 10(b)14 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (hereinafter: the "**Reporting Regulations**") regarding disclosure of the projected cash flow for financing the repayment of the corporation's liabilities, a reporting corporation whose debentures issued were held by the public on the date of publication of the financial report and for which there are warning signs in its financial data as detailed in the said Article, must publish a breakdown of its liabilities and the financial sources from which it expects to repay these liabilities (hereinafter: "**Projected Cash Flow Report**") during the two years following the date of publication of the financial report.

It should be emphasized that according to the guidance of the Israel Securities Authority pursuant to Section 36A(b) of the Securities Law, 5728-1968 regarding the required disclosure in the Projected Cash Flow Report, the sources and uses included in the projected cash flow report are based on the consolidated financial information of the Company as well as the separate (solo) financial information as defined in Article 9c of the Reporting Regulations.

Below are details regarding the working capital and ongoing cash flow from operating activities

		Consolidated Financial Statements as of December 31, 2025 (NIS millions)	**Separate Financial Information (solo) as of December 31, 2025 (NIS millions)**
Working capital	**Working capital**	(693)	17
	Working capital for a period of 12 months	(98)	17
Ongoing negative cash flow from operating activities		Yes	Yes

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<u>Below are details regarding the working capital for a period of 12 months in the consolidated financial statements of the Company as of December 31, 2025</u>

	Amount included in the financial statements as of 31 December 2025 (NIS millions)	Adjustments (for a 12-month period) (NIS millions)	Total (NIS millions)
Current assets	4,161	(1,870)	2,291
Current liabilities	4,854	(2,465)	2,389
Surplus current assets over current liabilities	(693)	595	(98)

As of December 31, 2025, the Company has a negative ongoing cash flow from operating activities in the consolidated financial statements and in the separate (solo) financial information report, and a deficit in working capital and in working capital for a period of 12 months in the consolidated financial statements of the Company.

It should be noted that the negative cash flow from operating activities in the consolidated financial statements of the Company results mainly from the payment of levies in the amount of approximately NIS 200 million in the Midtown Jerusalem Project, from the purchase of land in the People Project in the amount of approximately NIS 318 million, and from the purchase of land in the Northern Quarter Herzliya in the amount of approximately NIS 108 million (for further details, see Note 15m, 15y, and 15w to the consolidated financial statements of the Company, respectively). In addition, negative working capital and negative working capital for a period of 12 months result from the transfer of loans from long-term to short-term against pledged assets. The Company estimates that it will be able to refinance the long-term loans and/or enter into financing arrangements in development projects.

Nevertheless, the Board of Directors of the Company determined that the negative ongoing cash flow from operating activities in the consolidated financial statements and in the solo report and the deficit in working capital and the deficit in working capital for a period of 12 months in the consolidated financial statements of the Company, as stated above, do not indicate a liquidity problem in the corporation and therefore a warning sign as defined in Article 10(b)(14) of the Reporting Regulations does not exist, for the reasons detailed below: the Company has a cash balance, cash equivalents, and liquid financial assets as of the date of publication of the Report of approximately NIS 284 million, the Company has positive working capital and positive working capital for a period of 12 months in the solo financial report, and in light of the review by the Company's management of the projected cash flow of the Company. The main assumptions of the cash flow are detailed below:

- The Company has signed financing agreements in the Midtown Jerusalem Project and in the Rainbow Project.
- With respect to the Vertical City Project – the project company entered into a credit framework agreement and voucher arrangement. In the Company's estimation, in the next two years no additional equity injection will be required in the Vertical City Project and the activity in the project will be financed from the project company's own sources (including from buyers' proceeds) and/or from external financing to be obtained by the project company.
- The Company estimates that in projects with financing arrangements (including projects with voucher arrangements), buyers' proceeds will be used to pay principal and interest and to construct the project.
- The Company estimates the signing of a voucher arrangement or financing agreement in the "SHE" Project during the second quarter of 2026.
- Renewal of existing bank credits maturing at customary financing rates for pledged assets:
  A. Income-producing asset – financing at an LTV of approximately 70%.
  B. Real estate assets – financing at an LTV of up to 60%.

- The net bond principal balance of the Company as of December 31, 2025 will increase by approximately NIS 140 million in the next two years.
- Sale of land (Four&Five / Herzliya Northern Quarter) and/or bringing in partners and/or allocation in investee companies in an average scope of approximately NIS 120 million per year.
- Dividend distribution – in amounts similar to the distribution amounts in the past two years.
- Financing the cash component in the Akro transaction (approximately NIS 1.24 billion) – the Company intends to finance the cash component through its own cash sources and/or external financing and/or realization of assets and/or raising capital and/or debt.

In light of all the above, and taking into account the sales plan reviewed by the Board of Directors in the various projects of the Company and the realizations since the beginning of 2025, the sales pace in the Company's projects, the Company's ability to raise capital and/or debt in the capital market (the existing bonds are rated ilA- and a shelf prospectus is in effect), raising bank debt against assets with an accepted LTV ratio, and entering into financing arrangements in projects promoted by the Company, the Board of Directors of the Company determined (although there is no certainty) that the warning signs detailed above do not indicate a liquidity problem and therefore no warning sign exists in the Company.

The above regarding the assumptions of the Board of Directors of the Company constitutes forward-looking information, as defined in the Securities Law, 5728-1968, subject to the provisions of the forward-looking information paragraph included in Section 6.3.3.9 of the Description of the Corporation's Business Report attached in Part A of this Periodic Report, to the risk factors of the Company as detailed in Section 21 of the Description of the Corporation's Business Report attached in Part A of this Periodic Report, and the assessments of the Board of Directors may change including due to the security situation as stated in this report above and the increase in interest rates and inflation, even materially.

B.7. Discussion of Risk Factors

As of the date of publication of the Report, the Consumer Price Index increased by approximately 2.3% in 2025, following an increase of approximately 3.2% in 2024 and an increase of 3% in 2023.

In light of the increase in the inflationary environment, the Bank of Israel raised the interest rate in order to curb price increases, and the prime interest rate rose from 1.6% and from 4.75% (at the end of 2021 and the end of 2022, respectively) to 6.25% at the end of 2023. In January 2024, in light of the decrease in the inflationary environment and the desire of the Bank of Isael to stabilize the markets and reduce uncertainty alongside price stability and support for economic activity, the Bank of Israel lowered the interest rate to 6%. In November 2025, the Bank of Israel reduced the interest rate by 0.25%, and in January 2026, the Bank of Israel reduced the interest rate by an additional 0.25%, so that the prime rate as of the date of publication of the Report stands at 5.5%. According to the announcement of the Bank of Israel, the reduction of the interest rate is based on a moderated inflation environment and a high level of activity in the construction sector, and the annual pace of housing starts continued to rise. The continuation of the trend of lowering the interest rate will be determined according to the continued convergence of inflation to its target, continued stability in the financial markets, economic activity, and fiscal policy. The Bank of Israel also noted that forecasters expect a certain increase in inflation at the end of the year, and thereafter it will decrease and stabilize around the center of the target. However, according to the announcement of the Bank of Israel dated March 11, 2026, it was reported that the geopolitical environment created following Operation "Lion's Roar" tilts the risks to economic activity downward, at least in the short term, and requires careful management of the budgetary framework. The operation is still ongoing and the level of uncertainty in global markets has soared, among other things due to volatility in energy prices and developments in the international arena. The revised deficit target approved by the government for 2026 is expected to lead to a further increase in the debt ratio, continuing its rise in the years 2023-2025, and it may reach approximately 70% of GDP in 2026.

Impact of Changes in the Interest Rate:

As of the Report Date, most of the Company's bank loans presented in the Company's consolidated financial statements bear variable interest at the prime rate plus a certain margin. Therefore, the increase in the prime interest rate had a direct impact on the Company's financing expenses in the various projects and a negative impact on the profitability of the projects. For further details regarding the impact of the interest rate increase, see Note 26 in the Company's annual financial statements as of December 31, 2025.

As of December 31, 2025, the Company is exposed to risk due to changes in the market interest rate (prime) arising from loans the Company received from banking corporations in the amount of approximately NIS 4.3 billion, which bear variable interest. As of November 24, 2025, as stated, there was a decrease of 0.25% in the Bank of Israel interest rate, and in January 2026, the Bank of Israel reduced the interest rate by an additional 0.25%, so that the prime rate as of the date of publication of the Report stands at 5.5%. If there is a change in trend that leads to an increase in the interest rate, such a change may cause the following negative effects: (A) an increase in financing costs and a decrease in the Company's profitability (to the extent that sale prices do not rise accordingly); (B) harm to the ability and feasibility of raising new debt and deterioration in the credit terms taken by the Group companies; (C) a further increase in mortgage interest rates and, as a result, a decrease in demand in the real estate market; (D) harm to the ability of the Company's customers to meet their obligations to the Company; (E) an increase in the capitalization rates on which asset valuations are based, and as a result, a change in the fair value of investment property held by the Company. For further details, see also Note 26F to the Company's annual financial statements for 2025 included in this Periodic Report.

Impact of Rising Inflation:

The projects are usually carried out through engagement with main contractors for all the work required to establish the project (Turn-Key). The agreements with the main contractors are usually lump-sum agreements and are linked to the Construction Input Index. Therefore, an increase in the Construction Input Index (an increase of approximately 5% in 2025, approximately 2.9% during 2024, and approximately 2.0% in 2023) has an impact on the costs of establishing the projects. During 2025, there was a sharp increase in the Construction Input Index due to a correction in the measurement methods of the Central Bureau of Statistics. However, in most sale agreements, the engagement with apartment buyers regarding part of the consideration is also linked to the said index (partial linkage according to Amendment No. 9 to the Sale (Apartments) Law, 5782-2022), and therefore the Company's exposure to changes in the index is reduced. In addition, as of the Report Date, the Company has a balance of loans linked to the Consumer Price Index, and these loans finance yielding assets whose Lease Fees income is also linked to the Consumer Price Index, and therefore, at this stage, the Company does not have material exposure in this regard.

Housing Market[2]

During 2024, the real estate market showed an awakening that was also supported by sales campaigns in the form of broad payment spreads (20-80/10-90), contractor loans, and exemption from linkage to indices.

A comparison of transaction prices carried out in December 2025-January 2026 versus transaction prices carried out in November-December 2025 found that apartment prices decreased by 0.1%.

In the central region and specifically in Tel Aviv, price changes in December 2025 through January 2026 compared to November through December 2025 were (0.6%-) and (0.7%) respectively.

[2] The data detailed in this paragraph below were taken from press releases of the Central Bureau of Statistics: "Change in Apartment Market Prices" published on March 15, 2026.

The beginning of 2026 was characterized by a certain slowdown in sales. Nevertheless, the Company sold approximately 95 residential units from the beginning of the year until the date of publication of the Report (including registration forms) for a total amount of approximately NIS 531 million.

For the Company's sales data in the various projects, see the table in Section A above.

It should be noted that as of the date of signing the Report, the Company's assessments as stated in this section above constitute forward-looking information, as defined in the Securities Law, 5728-1968, based on the assessments of the Company's management and its understanding of the factors affecting its business activity, as well as the Company's assessments regarding factors that are not under its control, as of the date of signing the Report.

C. Corporate Governance Aspects

C.1 Donations

The Company does not have a policy regarding donations. The total donations in 2025 amounted to approximately NIS 1.2 million, of which approximately NIS 0.9 million was donated to the Friends of Tel Aviv Medical Center Association, an entity not related to the Company and/or its controlling shareholders and/or any of its officers. In addition, the Company initiates volunteer activities by its employees in various places.

C.2 Disclosure regarding Internal Auditor

Name:	**CPA Haim Halfon**
Date of commencement of service:	July 1, 2017
Compliance with the law:	The internal auditor meets the provisions of Section 146(b) of the Companies Law, 5759-1999 and the provisions of Section 3(a) and Section 8 of the Internal Audit Law, 5752-1992.
Holdings of securities of the corporation	The internal auditor, according to his notice, does not hold securities of the Company or an entity related to the Company, as this term is defined in the Fourth Schedule to the Reporting Regulations.
Business / material relationships with the Company:	The internal auditor has no material business relationships or other material relationships with the Company or with a body related to the Company, as defined in the Fourth Schedule to the Reporting Regulations. The internal auditor provides the internal audit services as an external service provider. The internal auditor is not an interested party in the Company, is not an officer of the Company, and is not a relative of any of these. The internal auditor does not hold a position outside the Company that creates or may create a conflict of interest with his role as internal auditor in the Company, and his only role in the Company is as the Company's internal auditor. To the best of the Company's knowledge, the internal auditor is a CPA by profession and a partner at the Amit Halfon Accounting Firm.
Appointment of the internal auditor:	The appointment of the internal auditor was approved by the Audit Committee and the Board of Directors on June 22, 2017, after several candidates were reviewed, in light of his qualifications and scope of experience.

Internal auditor's firm:	The internal auditor has been a certified public accountant since 1991, a partner at the Amit, Halfon, CPA firm since 1993, and holds a bachelor's degree in economics and accounting from the Hebrew University and a master's degree in business administration from the Hebrew University.
The organizational supervisor over the Auditor:	The organizational supervisor of the auditor is the chairman of the Company's Board of Directors.
Reference to investee corporations:	The internal auditor's review also included an examination of the issues in investee companies, as applicable.
Scope of the transaction:	The internal audit budget for 2026 is up to approximately 950 hours (for 2025 approximately 850 hours). To the best of the Company's management's knowledge, the scope and nature of the internal auditor's work plan are reasonable under the circumstances and are sufficient to implement the internal audit objectives. The audit plan, discussions, and recommendations also relate to the Company's holding companies.
Professional standards:	According to the internal auditor's statement, he conducted the audit in accordance with the provisions of the Internal Audit Law and the professional standards of the Institute of Internal Auditors in Israel. The generally accepted professional standards according to which the internal audit process in the Company is conducted include attribute standards such as: independence and objectivity, proficiency and due professional care, authority and responsibility, and performance standards such as: audit planning, execution of the audit, reporting of results, and follow-up on the correction of deficiencies. In the opinion of the Board of Directors, the internal auditor meets the requirements set forth in the above standards, taking into account the internal auditor's professionalism, his skills, his familiarity with the Company, and the manner in which he conducts, submits, and presents the findings of the audits conducted by him.
Access to information:	The internal auditor was given free access, as stated in Section 9 of the Internal Audit Law, 5752-1992, constant and unhindered freedom of action to all of the Company's information systems, including access to the Company's financial data.
Report of the internal auditor:	The Audit Committee met to discuss the auditor's reports on March 21, 2025, December 15, 2025, and March 17, 2026.
Remuneration:	The internal auditor's fees for 2025 were approximately NIS 234 thousand and amounted to approximately 850 hours (in 2024, the fees were approximately NIS 275 thousand and amounted to approximately 1,000 hours). In the opinion of the Company's Board of Directors, the remuneration is reasonable and in its estimation will not influence the judgment of the internal auditor when auditing the Company.

C.3 Disclosure regarding Auditor

Company name	Auditor	2025	2024
		Annual fees (in NIS thousands)	Annual fees (in NIS thousands)

Company name	Auditor	2025 Annual fees (in NIS thousands)	2024 Annual fees (in NIS thousands)
Israel Canada (T.R) Ltd. including fees paid by the partnerships and associates.	Brightman Almagor Zohar & Co., Certified Public Accountants (Deloitte)	2,010, of which 1,860 for audit services (including shelf prospectus), ongoing taxation support, tax reports and ISOX	1,755, of which 1,670 for audit services (including shelf prospectus), ongoing taxation support, tax reports and ISOX
	Kost Forer Gabbay and Kasierer - CPAs (EY).	155	164
Israel Canada Hotels Ltd.	Kost Forer Gabbay and Kasierer - CPAs (EY).	1,843	944

The audit fees of the Company's auditors for 2025 were approved by the Company's Board of Directors according to the recommendations of the Audit Committee, which examined the scope of the auditor's work and his fees. The determination of the auditor's fees was set according to the size of the Company, the scope of work hours required in the Reporting year, and the complexity of the required audit, as well as according to the guiding principle that the fee is the market rate for companies of the Company's type.

For details regarding directors with accounting and financial expertise and independent directors, see the Corporate Governance Questionnaire.

D. Disclosure Provisions regarding the Corporation's Financial Reporting

D.1 Material Events after the Reporting Period

See Note 32 in the Company's financial statements attached in Part C of this Periodic Report.

D.2 Use of Critical Estimates

See Note 27 in the Company's financial statements attached in Part C of this Periodic Report.

D.3 Details regarding material valuations in accordance with Article 8B(i) of the Reporting Regulations (data in NIS thousands)

Identification of the valuation topic	Timing of the valuation	Company share	Value near valuation date (NIS thousands)	Value under valuation (In NIS thousands)	Identity of appraiser and characteristics	Is the appraiser independent?	Is there an indemnification agreement?	Valuation model	The assumptions under which the appraiser carried out the valuation
Vertical City	December 31, 2025	55.9%	1,201,336	1,315,260	Dani Treshanski, real estate appraiser since 1992, Itsik Raphael, real estate appraiser since 2023, and Roi Allouk, real estate appraiser since 2016	No	Yes	Comparison approach	Employment: NIS 8,000 per sqm; for additional rights to employment: NIS 6,250 per sqm. Residential: NIS 23,000 per sqm constructed. Retail: NIS 20,000 per sqm for ground floors and NIS 14,000 per sqm for upper floors. Rental housing (free market): NIS 10,650 per sqm; rental housing (regulated): NIS 8,520 per sqm; student dorms (free market): NIS 9,800 per sqm; student dorms (regulated): NIS 7,200 per sqm. The value includes the VAT component relating to rental housing.

E. Dedicated Disclosure to Bondholders

E.1. Data regarding the Company's bonds as of December 31, 2025[3]:

	Bonds (Series G)	Bonds (Series H)
Is the series material (as the term is defined in Article 10(b)(13)(a) of the Report Regulations)	Yes	Yes
Issuance date	January 2021 April 2021 August 2021 January 2022	June 2024 December 2024 May 2025 September 2025
Denominated value on the issuance date	NIS 200,000,000 nominal value (January 2021) NIS 206,754,000 nominal value (April 2021) NIS 277,143,000 nominal value (August 2021) NIS 154,521,000 nominal value (January 2022)	NIS 228,962,000 nominal value (June 2024) NIS 300,000,000 nominal value (December 2024) NIS 200,000,000 nominal value (May 2025) NIS 147,214,000 nominal value (September 2025)
Denominated value as of December 31, 2025	NIS 586,892,600 (a total of approximately NIS 44,576,937, held by a wholly owned subsidiary of the Company)	NIS 876,176,000
Amount of interest accrued	---	---
Balance in financial statements as of December 31, 2025	NIS 585,157,174 (equal to the total balance, less NIS 42,019,671, held by a wholly owned subsidiary of the Company)	NIS 886,999,439
Stock Exchange value as of December 31, 2025	NIS 584,141,052	NIS 927,870,384
Interest type and rate	Fixed annual interest in the rate of 3.95%	Fixed annual interest in the rate of 6.95%
Additional payment liability as of December 31, 2025	None	None
Principal payment dates	The principal of the Bonds (Series G) is to be repaid in three (3) annual installments on June 30 of each of the years 2025 through 2027, such that the first installment shall constitute 30% of the total nominal value of the Bonds (Series G), and each of the second and third installments shall constitute 35% of the total nominal value of the Bonds (Series G), with the first principal payment to be made on June 30, 2025 and the final principal payment to be made on June 30, 2027.	The principal of the Bonds (Series H) is to be repaid in four (4) annual installments on June 30 of each of the years 2028 through 2031 in equal portions, such that on each payment date 25% of the total nominal value of the Bonds (Series H) shall be paid, with the first principal payment to be made on June 30, 2028 and the final principal payment to be made on June 30, 2031.
Payment and interest dates	Interest is paid in semi-annual installments on June 30 and December 31 of each calendar year from 2021 to 2026 and on June 30, 2027 (inclusive).	Interest is paid in equal semi-annual installments, on December 31, 2024 and on each June 30 and December 31 in each of the years 2025 to 2030, with the last interest payment on June 30, 2031.
Linkage basis (principal and interest)	No linkage.	No linkage.
Are they convertible?	No	No
The Company's right for early redemption or forced conversion	Yes, in accordance with Section 9 of the deed of trust for the Bonds (Series G).	Yes, in accordance with Section 9 of the deed of trust for the Bonds (Series H).
Rating company	S&P Maalot, rating of -ilA On May 20, 2024, the Company received an initial rating of ilA- with a positive outlook from Maalot S&P, as well as a rating of ilA- for the Company's bonds that were in circulation, including Series G of the Company.	S&P Maalot, rating of -ilA On May 20, 2024, the Company received an initial rating of ilA- with a positive outlook from Maalot S&P, as well as a rating of ilA- for the Company's bonds that were in circulation, including Series G of the Company. On June 23, 2024, the Company received an initial rating of ilA- from Maalot S&P for the Company's Series H Bonds. On December 4, 2024, Maalot S&P announced a rating of ilA- for the expansion issuance of Series H, and on May 6, 2025, Maalot S&P announced a rating of ilA- for the further expansion issuance of Series H. On June 9, 2025, the Company received an initial ilA-

[3] It should be noted that on June 30, 2025, the Company made a final repayment of the Bonds (Series F) in circulation.

	Bonds (Series G)	Bonds (Series H)
		rating with a positive outlook from S&P Maalot, and on September 9, 2025, S&P Maalot announced an ilA- rating for the Series H expansion issuance.
Was a guarantee provided for payment of the Company's liability under the trust deed?	No	No
Compliance with the conditions and obligations under the trust deed	As of December 31, 2025, and as of the publication date of this Report, to the best of the Company's knowledge, the Company complied with all material covenants and obligations under the trust deeds for Bonds (Series G) and Bonds (Series H). To the best of the Company's knowledge, no conditions existed that would trigger immediate repayment. For further details regarding compliance with financial covenants toward holders of Bonds (Series G) and (Series H), see below.	
Was the Company required by the trustee to perform various actions, including convening meetings of bondholders	No. However, on March 16, 2026, the trustee of the two series of the Company's bonds published an immediate report to the holders of the bonds from both series, according to which, if any of them objects to the merger of Acro Group Ltd. into and with the Company, such holder is required to deliver a written notice to the trustee (including details of the reasons for the objection), no later than March 25, 2026. For additional details about the merger transaction, see Section 1.3.1 of the Description of the Corporation's Business Report.	
Details of trustee	Reznik Paz Nevo Trusts Ltd., 14 Yad Harutzim St., Tel Aviv, Tel.: 03-6389200, Fax: 03-6389222 Contact: Adv. Michal Avtalion-Rishoni, Email: michal@rpn.co.il	Reznik Paz Nevo Trusts Ltd., 14 Yad Harutzim St., Tel Aviv, Tel.: 03-6389200, Fax: 03-6389222 Contact: Adv. Michal Avtalion-Rishoni, Email: michal@rpn.co.il
Liens	None	None
Limitation in connection with the creation of additional pledges or in connection with its authorities to issue additional bonds	The Company has undertaken not to create a floating charge on all of its assets in favor of any third party to secure any debt or obligation, without the prior consent of the Bondholders (Series G), by special resolution. For additional details, see Section 6 of the trust deed (Series G).	The Company has undertaken not to create a floating charge on all of its assets in favor of any third party to secure any debt or obligation, without the prior consent of the Bondholders (Series H), by special resolution. For additional details, see Section 6 of the trust deed for the Bonds (Series G).

Series	**Borrowing corporation (loan provision date)**	**Original principal amount (NIS thousands)**	**Principal balance as of December 31, 2025 (NIS thousands)**	**Financial liabilities**	**Manner of calculation of financial covenants and their results as of December 31, 2025, according to Company reviewed financial statements**
Bonds (Series G)	The Company (January 2021)	586,893	586,893 (equal to the total balance, less NIS 44,577, held by a wholly owned subsidiary of the Company)	• Equity to balance sheet ratio will not fall below 37.5%. • Company equity will not be less than NIS 475 million. Interest rate borne by the Bonds will be adjusted for a deviation in one or more of the financial benchmarks described below: Equity to solo balance sheet ratio of at least 42%. Company equity will not be less than NIS 500 million. **"Equity" means the equity as presented in the Company's separate (solo) financial statements (audited or reviewed, as applicable), plus shareholder loans that are subordinated to the Bonds (Series G), equity instruments invested after the issuance of the bonds, and less intangible assets (such as goodwill, copyrights, patents, trademarks, and trade names). "Balance Sheet" means the Company's balance sheet as presented in the separate (solo) financial information of the Company (audited or reviewed, as the case may be).**	Equity as defined above: approximately NIS 2,689 million. Solo balance sheet as defined above: approximately NIS 4,306 million. Therefore, the ratio is approximately 62.4%
Bonds (Series H)	The Company (June 2024)	876,176	876,176	• Equity to solo balance sheet ratio of at least 37.5%. • Company equity will not be less than NIS 1.2 billion. • Ratio between consolidated equity and the consolidated balance sheet according to the Company's consolidated financial statements will not be less than 15%. Interest rate borne by the Bonds will be adjusted for a deviation in one or more of the financial benchmarks described below: Equity to solo balance sheet ratio of at least 42%. Company equity will not be less than NIS 1.25 billion. Consolidated capital to balance sheet ratio will not fall below 17%. "Equity" means the equity as presented in the Company's separate (solo) financial statements (audited or reviewed, as applicable), plus shareholder loans that are subordinated. "Subordinated Shareholder Loans" means: shareholder loans (principal only) that were provided up to the relevant testing date and whose terms (principal and interest) stipulate that they are subordinated to the Bonds (Series H), including that their maturity date is after the final maturity date of the Bonds, and that in the event of the Company's liquidation they will be repaid (principal and interest) only after full repayment of the Bonds; and also equity notes that were provided after the issuance of the Bonds, which are subordinated to the Bonds (Series H), including that their maturity date is after the final maturity date of the Bonds, and that in the event of the Company's liquidation they will be repaid (principal and interest) only after full repayment of the Bonds. "Balance Sheet" means the Company's balance sheet as presented in the separate (solo) financial information of the Company (audited or reviewed, as the case may be). "Consolidated Equity" means the equity, including non-controlling rights, as presented in the Company's consolidated financial statements (audited or reviewed, as applicable), plus Subordinated	Equity as defined above: approximately NIS 2,689 million. Solo balance sheet as defined above: approximately NIS 4,306 million. Therefore, the ratio is approximately 62.4% Consolidated equity (including non-controlling interests) as defined above: approximately NIS 3,744 million. Consolidated balance sheet as defined above: approximately NIS 11,747 million. Therefore, the ratio is approximately 31.8%

Series	**Borrowing corporation (loan provision date)**	**Original principal amount (NIS thousands)**	**Principal balance as of December 31, 2025 (NIS thousands)**	**Financial liabilities**	**Manner of calculation of financial covenants and their results as of December 31, 2025, according to Company reviewed financial statements**
				Shareholder Loans (as defined above). "Consolidated Balance Sheet" means: the Company's balance sheet as presented in the Company's consolidated financial statements (audited or reviewed, as applicable), net of cash and cash equivalents that are not restricted for use, deposits and investments classified as current assets that are not restricted for use, and marketable securities that are current assets and not restricted for use, and net of advances from apartment buyers, liabilities for providing construction services, liabilities relating to a consideration arrangement, and liabilities under contracts with customers, as such terms are defined in generally accepted accounting principles.	

Date of signing the Report:

March 23, 2026

___________________________________ ________________________________

Asaf Touchmair, Chairman of the Board **Barak Rosen, CEO and Director**

ISRAEL CANADA

FINANCIAL STATEMENTS
DECEMBER 31, 2025

Israel Canada (T.R) Ltd.

Consolidated Financial Statements as of December 31, 2025

Israel Canada (T.R) Ltd.

Consolidated Financial Statements as of December 31, 2025

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Independent Auditors' Report to the Shareholders of
Israel Canada (T.R) Ltd.

Regarding Audit of Internal Control Components on Financial Reporting Pursuant to Section 9B(c) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970

We have audited the internal control components over financial reporting of Israel Canada (T.R) Ltd. and subsidiaries (hereinafter, jointly: the "**Company**") as of December 31, 2025. These control components were determined as explained in the following paragraph. The Board of Directors and management of the Company are responsible for maintaining effective internal control over financial reporting and for their assessment of the effectiveness of the internal control components over financial reporting attached to the periodic report as of the above date. Our responsibility is to express an opinion on the internal control components over financial reporting of the Company based on our audit.

The internal control components on financial reporting that were audited were determined in accordance with Auditing Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel "Audit of Internal Control Components over Financial Reporting" (hereinafter: "**Auditing Standard (Israel) 911**"). These components are: (1) Entity-level controls, including controls over the editing and closing process of financial reporting and general information systems controls; (2) Controls over the real estate inventory process; (3) Controls over the investment property process; (4) Controls over the revenue process; (5) Controls over the investments and loans process (hereinafter, jointly: the "**Audited Control Components**").

We conducted our audit in accordance with Auditing Standard (Israel) 911. According to this standard, we are required to plan and perform the audit to identify the Audited Control Components and to obtain reasonable assurance as to whether these control components were maintained effectively in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, identifying the Audited Control Components, assessing the risk that there is a material weakness in the Audited Control Components, as well as examining and evaluating the effectiveness of the design and operation of those control components based on the assessed risk. Our audit, with respect to those control components, also included performing such other procedures as we considered necessary under the circumstances. Our audit related only to the Audited Control Components, as distinct from internal control over all material processes in connection with financial reporting, and therefore our opinion relates only to the Audited Control Components. In addition, our audit did not relate to the mutual effects between the Audited Control Components and those that are not audited and, therefore, our opinion does not take such possible effects into account. We believe that our audit provides a reasonable basis for our opinion in the context described above.

Due to inherent limitations, internal control over financial reporting in general, and its components in particular, may not prevent or detect misstatement. Also, drawing conclusions about the future based on any current assessment of effectiveness is subject to the risk that controls may become inadequate because of changes in circumstances or that the degree of compliance with policies or procedures may deteriorate.

In our opinion, based on our audit, the Company maintained, in all material respects, the Audited Control Components effectively as of December 31, 2025.

We have also audited, in accordance with generally accepted auditing standards in Israel, the consolidated financial statements of the Company as of December 31, 2025 and for the year then ended, and our report dated March 23, 2026 included an unmodified opinion on those financial statements based on our audit and the reports of other independent auditors.

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

Tel Aviv, March 23, 2026

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Independent Auditors’ Report to the Shareholders of Israel - Canada (T.R) Ltd.

Opinion

We have audited the consolidated financial statements of Israel Canada (T.R) Ltd. (hereinafter: the “**Company**”) which include the consolidated statement of financial position as of December 31, 2025, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

We did not audit the financial statements of subsidiaries whose assets included in the consolidated statement of financial position constitute approximately 17.93% of the total consolidated assets as of December 31, 2025, and whose revenues included in the consolidated statement of profit or loss and other comprehensive income constitute approximately 34.21% of the total consolidated revenues for the year then ended. In addition, we did not audit the financial statements of certain companies accounted for by the equity method, whose investment therein as of December 31, 2025 amounted to approximately NIS 344,355 thousand, and the share in their results for the year then ended amounted to a profit of approximately NIS 28,428 thousand. The financial statements of those companies were audited by other independent auditors whose reports were furnished to us, and our opinion, insofar as it relates to amounts included for those companies, is based on the reports of the other independent auditors.

In our opinion, based on our audit and the reports of the other independent auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position as of December 31, 2025 and the consolidated financial results and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and the provisions of the Securities Regulations (Annual Financial Statements), 5770-2010.

Basis for Opinion

We conducted our audit in accordance with generally accepted auditing standards in Israel, including standards established in the Accountants’ Regulations (Manner of Auditor’s Performance), 5733-1973. Our responsibilities under those standards are described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of this report. We are independent of the Company and its consolidated companies in accordance with the requirements of the law applicable in Israel regarding independence and prevention of conflicts of interest of the auditor in Israel. In addition, we have fulfilled our other ethical responsibilities in accordance with the Accountants Law, 5715-1955, and regulations promulgated thereunder. We believe that the audit evidence we have obtained, including the reports of the other independent auditors, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters described below are the matters that were communicated, or were required to be communicated, to the Company’s Board of Directors and which, in our professional judgment, were of most significance in the audit of the consolidated financial statements for the current period. These matters include, among others, any matter that: (1) relates, or may relate, to material items or disclosures in the consolidated financial statements and (2) our judgment regarding it was particularly challenging, subjective, or complex. These matters were addressed as part of our audit and in forming our opinion on the consolidated financial statements as a whole, and the communication of these matters below does not change our opinion on the consolidated financial statements as a whole and we do not provide a separate opinion on these matters or on the items or disclosures to which they relate.

Fair Value of Investment Property

As stated in Notes 2J, 4C(3), and 9 to the consolidated financial statements as of December 31, 2025, the Company and companies accounted for by the equity method have investment property assets presented at their fair value as of that date in accordance with the accounting policy described in Note 2. The fair value of all investment property assets of the Company and its consolidated companies as of December 31, 2025 amounts to NIS 3,285 million, and that of the companies accounted for by the equity method amounts to NIS 1,230 million (the Company’s share). In 2025, an increase in the fair value of investment property assets of the Company and its consolidated companies in the amount of NIS 105 million was recognized, as well as an increase in the fair value of investment property assets of the companies accounted for by the equity method in the amount of NIS 85 million (the Company’s share).

As detailed in Note 2 J to the consolidated financial statements, the determination of the fair value of investment property is a significant estimate, involving uncertainties and based on valuations, which include estimates, some of which are subjective, taking into account the circumstances and the best information as of December 31, 2025, and which were prepared by external real estate appraisers. These estimates mainly include the most appropriate capitalization rate, comparable transactions in similar assets, estimated value per built square meter, the projected net operating income (NOI) of the assets, and the market prices for relevant comparable units, and in determining the fair value of land for which the Company has not yet commenced construction, the location of the land, comparable transactions of similar land while examining the need to make required adjustments to these basic assumptions, as well as determining the overall fair value estimate of the Group's investment property, including the selection of the most appropriate appraisal approach, are the result of the exercise of subjective judgment in an environment of uncertainty, at times particularly significant, and therefore changes in the aforementioned estimates may lead to changes in the fair value of the investment property, at times materially, and therefore may also affect the financial position of the Company as of December 31, 2025 and its operating results for that year, as detailed in Note 9.

We have determined, based on our professional judgment, that the management estimates and assumptions used to measure the fair value of the investment property, with emphasis on the reasonableness of the capitalization rates used in its estimation, are a key matter in the audit. Auditing the fair value of investment property requires the auditor's judgment in order to examine how management substantiated the appropriateness of the assumptions and estimates used in measuring the fair value of the investment property.

Audit procedures performed in response to the key audit matter

In response to the uncertainties involved in determining the fair value of the Group's investment property, we mainly performed the following procedures, with emphasis on examining the reasonableness of the capitalization rates determined in the asset valuation assessments:

(1) Understanding the internal control environment regarding the determination of the fair value of the investment property and auditing the effectiveness of the internal controls relevant to determining their fair value;

(2) Examination and analysis of fair value representations, mainly valuation assessments, prepared by the Company through external appraisers on its behalf, based on samples involving quantitative and qualitative considerations;

(3) Assessment of the experience, competence, and independence of the appraiser on behalf of the Company;

(4) Examination of valuation assessments, selected on a sampling basis, and the basic assumptions applied in these valuation assessments, with emphasis on examining capitalization rates, projected NOI, comparable transactions, value per built square meter, and the appraisal approach adopted;

(5) Review of valuation assessments, on a sampling basis, by expert appraisers on our behalf;

(6) Ongoing communication with the appraisers on behalf of the Company;

(7) Involvement of the senior staff of the engagement team, and holding consultations;

(8) Assessment of the adequacy of the disclosures related to the valuation methods and estimates used by the appraiser.

Fair value of fixed assets measured according to the revaluation model

As stated in Notes 2(i), 4(C)(4), and 10 to the consolidated financial statements as of December 31, 2025, the Company has fixed assets, including hotels measured under the revaluation model, presented at their fair value as of that date in accordance with the accounting policy described in Note 2. Of the total fixed assets of the Company as of December 31, 2025 in the amount of NIS 871 million, a balance in the amount of NIS 622 million is presented in accordance with the revaluation model. We did not audit a consolidated company whose assets include hotel assets under the revaluation model in the amount of NIS 510 million as of December 31, 2025. The financial statements of that company were audited by other auditors whose reports were submitted to us, and our opinion, insofar as it relates to the amounts included for that company, is based on the reports of the other auditors.

As detailed in Note 2(i) to the consolidated financial statements, the determination of the fair value of hotel buildings in fixed assets is a material estimate, involving uncertainties and based on valuation assessments performed by an external appraiser independent of the Company, which include assumptions, some of which are subjective, taking into account the circumstances and the best information as of December 31, 2025, and which were performed with the assistance of external real estate appraisers. The value estimate is based on market data and comparable transactions in assets similar in location, nature, risk level, and profitability derived from the asset. The process of determining the fair value of hotel buildings is the result of the exercise of subjective judgment in an environment of uncertainty, at times particularly significant, and therefore changes in the aforementioned basic assumptions may lead to changes in the fair value of the hotels, at times materially, and therefore may also affect the financial position of the Company as of December 31, 2025 and the total comprehensive income for that year, as detailed in Note 10.

We have determined, based on our professional judgment, that the management estimates and assumptions used to measure the fair value of the hotels, with emphasis on the reasonableness of the capitalization rates and projected operating profit used in its estimation, are a key matter in the audit. Auditing the fair value of the hotels requires the auditor's judgment in order to examine how management substantiated the appropriateness of the assumptions and estimates used in measuring the fair value of the fixed assets.

Audit procedures performed in response to the key audit matter

In response to the uncertainties involved in determining the fair value of the Group's hotels, we and the auditors of the consolidated company mainly performed the following procedures, with emphasis on examining the reasonableness of the capitalization rates and projected operating profit determined in the asset valuation assessments:

(1) Understanding the control environment regarding the determination of the fair value of the hotels;

(2) Examination and analysis of fair value representations, mainly valuation assessments, prepared by the Group through external appraisers on its behalf, based on samples involving quantitative and qualitative considerations;

(3) Examination of the basic assumptions applied in the valuation assessments, selected on a sampling basis, with emphasis on examining capitalization rates, projected operating profit, comparable transactions, and the appraisal approach adopted;

(4) Assessment of the experience, competence, and independence of the appraiser on behalf of the Company;

(5) Review of valuation assessments, on a sampling basis, by an expert appraiser on behalf of other auditors;

(6) Ongoing communication with the appraisers on behalf of the Group;

(7) Involvement of the senior staff of the engagement team, and holding consultations;

(8) Assessment of the adequacy of the disclosures related to the valuation methods and estimates used by the appraiser.

Estimate of the expected forecasted costs for determining the percentage of completion

As stated in Notes 2(o) and 4(C)(2) to the consolidated financial statements as of December 31, 2025, a material part of the Company's revenues derives from the sale of residential apartments and offices, which create performance obligations that are fulfilled over time and are recognized during their construction period according to the percentage of completion method. In 2025, the Company recognized revenues from the sale of residential apartments and offices in the amount of NIS 214 million, from which the Company derived a gross profit in the amount of NIS 42 million.

The estimate of the percentage of completion is determined based on the ratio between the total costs incurred by the end of the reporting period for the project and the total expected costs required to complete the project (hereinafter: "**Estimate of Costs to Completion**"), except for costs that do not reflect the stage of progress in the percentage of completion.

The Company's management performs a reassessment of the Estimate of Costs to Completion for the purpose of calculating the percentage of completion at each reporting date, which is used in determining the revenues from the sale of apartments and the costs of their construction. The estimate involves uncertainties and is based on the judgment and assumptions, some of which are subjective, of the Company's management.

Changes in management's assessment of the estimate of the expected costs required to complete the project may lead to changes, at times significant, in the total expected costs and as a result to changes in the percentage of completion and in the amounts of revenues and costs recognized in the statement of profit or loss from the sale of apartments, as well as the timing of their recognition and the gross profit of the Company.

Due to the above, and in particular since the percentage of completion and the estimate of the expected costs to complete the project is a critical estimate, involving uncertainties and based on assumptions, some of which are subjective, we have determined, based on our professional judgment, that the percentage of completion, with emphasis on the estimate of costs to completion, is a key matter in the audit.

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Audit procedures performed in response to the key audit matter

In response to the uncertainties involved in the estimate of costs to completion for the purpose of calculating the percentage of completion used in determining revenues from the sale of apartments and the costs of their construction, we mainly performed the following procedures, on a sampling basis, with emphasis on examining the reasonableness of the estimate of costs to completion, which was used in determining the percentage of completion of the projects:

(1) Understanding the internal control environment, mainly regarding the preparation of budgets for projects, examining the updates and the budgetary control applied to them;

(2) Audit regarding the planning, implementation, and effectiveness of the internal controls over financial reporting, with emphasis on key controls relating to the estimate of costs to completion and calculation of the percentage of completion;

(3) Receipt of budgetary control reports for projects in progress, which were selected on a sampling basis, while examining the changes in the costs required to execute the project and the percentage of completion;

(4) Examination of the proper application of the basic assumptions used in calculating the estimate of costs to completion;

(5) Examination of supporting documentation and substantiating documents, on a sampling basis, in connection with the reasonableness of the data used by the Company's management for the purpose of estimating the forecasted costs required to complete the project and determining the percentage of completion.

Duties of the Board of Directors and Management for the Consolidated Financial Statements

The Board of Directors and Management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and the provisions of the Securities Regulations (Annual Financial Statements), 5770-2010; and they are also responsible for the internal control necessary in accordance with the determination of the Board of Directors and Management in order to enable the preparation of consolidated financial statements without a material misstatement, whether due to fraud or error.

In the preparation of the consolidated financial statements, the Board of Directors and Management are responsible for assessing the Company's ability to continue operating as a going concern, while providing disclosure, as required, regarding matters related to the going concern, while applying the going concern assumption, unless the Board of Directors and Management intend to liquidate or cease the operations of the Company, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, it could reasonably be expected that they would influence the economic decisions of users taken on the basis of these consolidated financial statements.

In an audit conducted, including reliance on other auditors, in accordance with generally accepted auditing standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and Management.
- Conclude on the appropriateness of the Board of Directors and Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. This includes verifying that the accounting policies applied in the financial statements audited by other auditors are consistent with those adopted by the Company, that the reporting standards under which the financial statements audited by other auditors were prepared are consistent with the mandatory laws and guidelines applicable to the Company, and that all data required for consolidation have been properly reflected in the consolidated financial statements.

We communicate with the Board of Directors and Management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In addition, we provide the Board of Directors and Management with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where relevant, related safeguards that have been applied to eliminate identified threats to our independence.

From the matters communicated with the Board of Directors and Management, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

We have also, in accordance with Auditing Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel regarding "Audit of Internal Control Components over Financial Reporting," audited the internal control components over financial reporting of the Company as of December 31, 2025, and our report dated March 23, 2026 included an unqualified opinion on the effective existence of those components.

The engagement partner responsible for the audit on which this independent auditor's report is based is Amitai Webber.

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

Tel Aviv, March 23, 2026

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Israel Canada (T.R) Ltd.
Consolidated Statements of Financial Position

	Note	As of December 31 2025 NIS thousands	As of December 31 2024 NIS thousands
Current assets			
Cash and cash equivalents	5a	145,162	410,276
Restricted cash and deposits in escrow accounts	5b	73,399	566,068
Financial assets at fair value		91,321	129,192
Receivables for the sale of real estate inventory	6c	52,872	14,878(*)
Assets for contracts with customers	6c	40,362	4,402(*)
Accounts receivable	6a	129,603	126,481
Income tax receivable		3,100	5,920
Other accounts receivable for hotels	6b	90,768	41,233
Real estate inventory	7a	437,494	320,758
Inventory of buildings under planning and construction	7a	3,070,561	2,625,023
Advances on account of real estate inventory	7a	26,461	47,780
Total current assets		4,161,103	4,292,011
Non-current assets			
Investments and loans in investees accounted for using the equity method, net	8a	1,511,250	1,305,859
Long-term real estate inventory	7a	1,491,464	1,145,810
Real estate for investment	9	3,285,094	2,893,000
Advances on account of investment property		21,206	13,486
Fixed assets	10	877,432	807,495
Advances on account of fixed assets		-	1,382
Cash and deposits restricted for long-term use	5b	9,549	5,266
Right of use asset	17	1,080,037	425,912
Accounts receivable	6a	9,585	7,066
Deferred tax assets	14a	36,483	31,771
Other investments and assets		17,081	14,090(*)
Goodwill and intangible assets	15(k)4	140,671	13,152 (*)
Total non-current assets		8,479,852	6,664,289
Total assets		12,640,955	10,956,300

(*) Reclassified

The notes attached to the consolidated financial statements form an integral part thereof.

Israel Canada (T.R) Ltd.
Consolidated Statements of Financial Position
(Cont.)

		As of December 31	
		2025	2024
	Note	NIS thousands	NIS thousands
Current liabilities			
Credit from bank corporations and current maturities on long-term loans	12	3,451,761	2,866,946
Current maturities of bonds	13	292,150	269,101
Current maturities of lease liability		45,921	21,060
Suppliers and service providers		61,196	36,345
Accounts payable	11	340,231	163,244
Current tax liability	14	2,170	17,515
Liability for contracts with customers		656,492	421,240
Liability for provision of construction services		1,140	4,360
Loans from others	12	3,567	2,502
Total current liabilities		4,854,628	3,802,313
Non-current liabilities			
Long-term loans from banks	12	1,640,721	2,001,362
Loans from others and other liabilities	12	15,564	10,175
Bonds	13	1,137,987	1,055,667
Lease liability		1,055,408	442,578
Deferred tax liabilities	14a	175,392	169,335
Long-term construction service liability		-	855
Other non-current liabilities		17,385	11,627
Total non-current liabilities		4,042,457	3,691,599
Capital attributed to the Company's shareholders	16		
Share capital		3,309	3,226
Premium on shares		1,234,875	1,110,527
Reserve for activities between a corporation and its controlling shareholder		30,491	30,491
Surplus		1,338,332	1,334,498
Capital reserve from foreign currency translation differences		(77,835)	(71,544)
Revaluation fund		101,757	94,385
Other capital funds		58,326	(15,588)
Total capital attributed to the Company's shareholders		2,689,255	2,485,995
Non-controlling interests		1,054,615	976,393
Total capital		3,743,870	3,462,388
Total liabilities and equity		12,640,955	10,956,300

March 23, 2026			
Date of Approval of the Financial Statements	**Asaf Touchmair** **Chairman of the Board**	**Barak Rosen** **CEO and Director**	**Nir Bodaga Bar** **CFO**

The notes attached to the consolidated financial statements form an integral part thereof.

Israel Canada (T.R) Ltd.
Consolidated Statements of Comprehensive Income

	Note	For the year ended on December 31 2025 NIS thousands	2024 NIS thousands	2023 NIS thousands
Income:				
Income from sale of residential apartments and offices		214,123	61,115	85,170
Income from sale of real estate inventory	19a	132,743	11,679	29,812
Income from rental and management of investment property	9b	86,065	80,215	71,822
Income from lease of real estate inventory		24,892	25,344	22,705
Income from management fees		4,511	1,645	3,099
Income from operation and management of hotels	19b	389,809	291,017	309,908
Income from marketing and brokerage		14,929	25,714	20,754
Income from provision of construction services		4,076	4,886	4,149
Increase in fair value of investment property	9	156,087	66,371	86,892
Company's share in profit of investments accounted for using the equity method, net of tax	8	106,256	200,760	76,291
Other income		5,860	5,490	152
Total Income		1,139,351	774,236	710,754
Expenses and costs:				
Cost of sale of residential apartments and offices		172,200	45,335	56,409
Cost of sale of real estate inventory		64,715	7,848	9,311
Cost of rent		45,091	42,961	37,885
Cost of operation and management of hotels	20	402,354	257,682	277,745
Decrease in fair value of investment property	9	51,410	38,963	23,502
Expenses from provision of construction services		4,076	4,886	4,149
Management and general expenses	21	64,931	59,821	45,938
Marketing and sale expenses	22	69,860	38,661	34,025
Company's share in loss of investments accounted for using the equity method, net of tax	8	29,978	17,827	41,443
Other expenses		180	-	2,185
Total expenses and costs		904,795	513,984	532,592
Operating profit		234,556	260,252	178,162
Listing for sale expenses	15(k)6	(53,909)	-	-
Changes in financial assets measured at fair value through profit or loss	15(r)	(61,436)	36,911	(152,595)
Financing income	23	96,550	54,114	61,719
Financing expenses	24	(208,555)	(133,280)	(111,059)
Profit (loss) before income tax		7,206	217,997	(23,773)
Income tax	14c, d	(6,497)	13,681	(2,420)
Profit (loss) for the year		709	231,678	(26,193)
Other comprehensive income (loss) - Amounts that will be classified in the future in the profit or loss statement:				
Exchange differences on translating foreign operations		(8,103)	(6,072)	9,261
Other comprehensive income (loss) – amounts that will not be reclassified to profit or loss in the future				
Profit on revaluation of fixed assets, net of tax		9,103	135,539	-
Changes in financial assets through other comprehensive income		(10,063)	-	-
Changes in the fair value of a financial liability designated at fair value through profit or loss attributable to changes in credit risk, net of tax		943	-	(856)
Total comprehensive income (loss)		(7,411)	361,145	(17,788)

The notes attached to the consolidated financial statements form an integral part thereof.

Israel Canada (T.R) Ltd.

Consolidated Statements of Comprehensive Income

(Cont.)

	Note	For the year ended on December 31 2025 NIS thousands	2024 NIS thousands	2023 NIS thousands
Profit (loss) for the year attributed to:				
Company shareholders		28,834	206,373	(55,738)
Non-controlling interests		(28,125)	25,305	29,545
		709	231,678	(26,193)
Total comprehensive profit (loss) attributed to:				
Company shareholders		25,253	296,006	(49,006)
Non-controlling interests		(32,664)	65,139	31,218
		(7,411)	361,145	(17,788)
Net profit (loss) per share attributed to the Company's shareholders (in NIS):				
Net basic and diluted profit (loss) per share	25	0.0873	0.6398	(0.1826)
Weighted average number of shares used in the earnings per share calculation		330,326	322,566	305,266

The notes attached to the consolidated financial statements form an integral part thereof.

Israel Canada (T.R) Ltd.

Consolidated Statements of Changes to Equity

	For the year ended on December 31, 2025									
	Share capital	Premium on shares	Reserve for activities between a corporation and its controlling shareholder	Revaluation fund	Other capital reserves	Capital reserve from exchange differences on translating foreign operations	Retained earnings	Total attributed to the parent company's shareholders	Non-controlling interests	Total capital
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Balance as of January 1, 2025	3,226	1,110,527	30,491	94,385	(15,588)	(71,544)	1,334,498	2,485,995	976,393	3,462,388
Profit (loss) for the year	-	-	-	-	-	-	28,834	28,834	(28,125)	709
Capital reserve for translation differences	-	-	-	-	-	(6,291)	-	(6,291)	(1,812)	(8,103)
Changes in the fair value of a financial liability designated at fair value through profit or loss attributable to changes in credit risk, net of tax	-	-	-	-	943	-	-	943	-	943
Changes in financial assets through other comprehensive income	-	-	-	-	(5,605)	-	-	(5,605)	(4,458)	(10,063)
Profit on revaluation of fixed assets, net of tax	-	-	-	7,372	-	-	-	7,372	1,731	9,103
Total comprehensive profit (loss) for the year				**7,372**	**(4,662)**	**(6,291)**	**28,834**	**25,253**	**(32,664)**	**(7,411)**
Dividend paid	-	-	-	-	-	-	(25,000)	(25,000)	-	(25,000)
Capital investments of holders of non-controlling interests	-	-	-		-	-		-	12,072	12,072
Issue of shares	83	124,348	-	-	-	-	-	124,431	-	124,431
Transactions with holders of non-controlling interests	-	-	-	-	78,576	-	-	78,576	114,092	192,668
Distributions for non-controlling interests	-	-	-	-	-	-	-	-	(15,278)	(15,278)
Balance as of December 31, 2025	3,309	1,234,875	30,491	101,757	58,326	(77,835)	1,338,332	2,689,255	1,054,615	3,743,870

The notes attached to the consolidated financial statements form an integral part thereof.

Israel Canada (T.R) Ltd.

Consolidated Statements of Changes to Equity

(Cont.)

	For the year ended on December 31, 2024									
	Share capital	Premium on shares	Reserve for activities between a corporation and its controlling shareholder	Revaluation fund	Other capital reserves	Capital reserve from exchange differences on translating foreign operations	Retained earnings	Total attributed to the parent company's shareholders	Non-controlling interests	Total capital
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Balance as of January 1, 2024	3,226	1,110,527	30,491	-	(1,427)	(66,792)	1,153,125	2,229,150	826,608	3,055,758
Profit for the year	-	-	-	-	-	-	206,373	206,373	25,305	231,678
Exchange rate losses from translation of foreign operations	-	-	-	-	-	(4,752)	-	(4,752)	(1,320)	(6,072)
Profit on revaluation of fixed assets, net of tax	-	-	-	94,385	-	-	-	94,385	41,154	135,539
Total comprehensive profit (loss) for the year	-	-	-	94,385	-	(4,752)	206,373	296,006	65,139	361,145
Dividend paid	-	-	-	-	-	-	(25,000)	(25,000)	-	(25,000)
Transactions with holders of non-controlling interests	-	-	-	-	(14,161)	-	-	(14,161)	(1,722)	(15,883)
Capital investments of holders of non-controlling interests	-	-	-	-	-	-	-	-	92,254	92,254
Distributions for non-controlling interests	-	-	-	-	-	-	-	-	(5,886)	(5,886)
Balance as of December 31, 2024	3,226	1,110,527	30,491	94,385	(15,588)	(71,544)	1,334,498	2,485,995	976,393	3,462,388

The notes attached to the consolidated financial statements form an integral part thereof.

Israel Canada (T.R) Ltd.

Consolidated Statements of Changes to Equity

(Cont.)

	For the year ended on December 31, 2023								
	Share capital	Premium on shares	Reserve for activities between a corporation and its controlling shareholder	Other capital reserves	Capital reserve from exchange differences on translating foreign operations	Retained earnings	Total attributed to the parent company's shareholders	Non-controlling interests	Total capital
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Balance as of January 1, 2023	3,026	941,186	30,491	1,606	(74,306)	1,233,863	2,135,866	826,125	2,961,991
Profit (loss) for the year	-	-	-	-	-	(55,738)	(55,738)	29,545	(26,193)
Exchange rate profits (losses) on translation of foreign operations	-	-	-	-	7,514	-	7,514	1,747	9,261
Changes in fair value of a financial liability, net of tax	-	-	-	(782)	-	-	(782)	(74)	(856)
Total comprehensive profit (loss) for the year	-	-	-	(782)	7,514	(55,738)	(49,006)	31,218	(17,788)
Dividend paid	-	-	-	-	-	(25,000)	(25,000)	-	(25,000)
Issue of shares	200	169,341	-	-	-	-	169,541	-	169,541
Transactions with holders of non-controlling interests	-	-	-	(2,252)	-	-	(2,252)	867	(1,385)
Capital investments of holders of non-controlling interests	-	-	-	-	-	-	-	4,065	4,065
Distributions for non-controlling interests	-	-	-	-	-	-	-	(35,667)	(35,667)
Balance as of December 31, 2023	3,226	1,110,527	30,491	(1,427)	(66,792)	1,153,125	2,229,150	826,608	3,055,758

The notes attached to the consolidated financial statements form an integral part thereof.

Israel Canada (T.R) Ltd.

Consolidated Statements of Cash Flows

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Cash flows from current activities			
Net cash used for current activities (Appendix A)	(660,952)	(88,419)	(169,147)
Cash flows from investment activities			
Provision of loans to companies accounted for using the equity method, net of tax	(39,524)	(66,787)	(105,958)
Repayment of loans from companies accounted for using the equity method, net of tax	23,791	73,494	101,202
Acquisitions and investments in investment property (including investment property under construction), net	(245,076)	(402,200)	(182,058)
Business combination - see Appendix C	(55,700)	-	-
First consolidation of a subsidiary - see Note D	(33,450)	-	-
Advances on account of investment property	(21,159)	(22,730)	(9,559)
Sale (purchase) of financial assets at fair value through profit and loss, net	(465)	2,608	492,706
Acquisitions and investments of fixed assets	(61,816)	(59,964)	(71,377)
Investment in right of use asset	(5,000)	-	-
Acquisition of other assets	-	(652)	(1,847)
Change in cash and deposits in use in escrow accounts	488,386	(566,196)	55,368
Net cash deriving from (used in) investing activities	49,987	(1,042,427)	278,477
Cash flows from financing activities			
Credit from banks, net	108,230	222,903	71,956
Receipt of long-term loan from banks	784,834	895,355	286,600
Repayment of long-term loan from banks	(801,293)	(244,473)	(467,629)
Repayment of bonds and buyback	(250,952)	(88,464)	(86,306)
Issuance of bonds	356,133	533,933	-
Issuance of shares, net	124,431	-	169,541
Merger of subsidiary - see Appendix E	69,692	-	-
Receipt of loan from others	-	435	5,896
Repayment of loan from others	(2,083)	(672)	(21,203)
Repayment of lease liabilities	(27,631)	(23,247)	(14,348)
Distributions for non-controlling interests	(15,278)	(5,886)	(35,667)
Transactions with holders of non-controlling interests	21,876	(15,883)	(1,385)
Dividend paid	(25,000)	(25,000)	(25,000)
Capital investments of holders of non-controlling interests	4,160	92,254	4,065
Net cash deriving from (used in) financing activity	347,119	1,341,255	(113,480)
Foreign exchange differences on cash and cash equivalents balances	(1,268)	(522)	(12)
Increase (decrease) in cash and cash equivalents	(265,114)	209,887	(4,162)
Balance of cash and cash equivalents at beginning of year	410,276	200,389	204,551
Balance of cash and cash equivalents at end of year	145,162	410,276	200,389

The notes attached to the consolidated financial statements form an integral part thereof.

Israel Canada (T.R) Ltd.

Consolidated Statements of Cash Flows

(Cont.)

Appendix A - Net cash (used for) arising from current activities:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Net profit (loss)	709	231,678	(26,193)
Adjustments to profit or loss sections:			
Profits of companies and entities accounted for based on the equity method (including financing income, net), net of tax	(155,250)	(212,998)	(79,076)
Increase in the fair value of investment property, net	(104,677)	(27,408)	(63,390)
Loss (profit) from fair value adjustment of financial instruments at fair value through profit or loss, net	61,436	(36,911)	152,595
Revaluation of bonds	188	3,089	(102)
Revaluation of loan from bank corporations	52,701	45,116	19,956
Depreciation of fixed assets and lease assets	91,328	66,496	45,284
Revaluation of loan from others	214	537	1,146
Other expenses	53,909	-	-
Deferred taxes, net	6,080	(15,937)	22,671
	5,929	(178,016)	99,084
Changes in sections of assets and liabilities:			
Increase (decrease) in advances for the sale of real estate inventory and inventory of buildings in planning and construction	235,252	379,760	(3,995)
(Increase) decrease in accounts receivable	(42,055)	(44,692)	9,434
Decrease (increase) in balance of income tax receivables	2,820	12,618	(8,348)
Decrease (increase) in receivables for sale of land and apartments under construction	(73,954)	42,801	(3,979)
Increase (decrease) in suppliers and service providers	9,558	8,042	(22,369)
Increase (decrease) in other payables and liabilities for current taxes	20,762	110,819	(26,458)
(Increase) decrease in inventory of real estate and buildings for sale due to sales (before purchase and investment in land)	(246,964)	(196,670)(*)	(98,866)(*)
	(94,581)	312,678	(154,581)
Net cash (used for) arising from current activities (before purchase and investment of land)	(87,943)	366,340	(81,690)
Acquisitions and investments in land (including financing costs capitalized)	(573,009)	(454,759)(*)	(87,457)(*)
Net cash used for current activities	(660,952)	(88,419)	(169,147)

(*) Reclassified

The notes attached to the consolidated financial statements form an integral part thereof.

Israel Canada (T.R) Ltd.

Consolidated Statements of Cash Flows

(Cont.)

Appendix B - Additional information on cash flow from current operations:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Cash paid during the period for:			
Interest	341,471	277,509	268,176
Income tax	29,151	39,135	15,833
Cash received during the period for:			
Interest	4,389	6,228	4,084
Income tax	2,421	21,927	7,367

Appendix C - Business Combination:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Cash paid during the period for:			
Accounts receivable	(3,875)	-	-
Right of use asset	(561,024)	-	-
Fixed assets, net	(7,220)	-	-
Goodwill and intangible assets	(150,331)	-	-
Loans from banks and financial corporations	74,000	-	-
Loans from others and other liabilities	7,949	-	-
Lease liabilities	573,389	-	-
Accounts payable	1,326	-	-
Deferred taxes	6,019	-	-
Non-controlling interests	4,067	-	-
	(55,700)	-	-

See Note 15(k)4.

Appendix D - First Consolidation of Subsidiaries:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Cash paid during the period for:			
Working capital (excluding cash and cash equivalents), net	19,861	-	-
Right of use asset	(90,790)	-	-
Fixed assets	(28,352)	-	-
Loans from others	9,009	-	-
Lease liabilities	52,977	-	-
Non-controlling interests	3,845	-	-
	(33,450)	-	-

The notes attached to the consolidated financial statements form an integral part thereof.

Israel Canada (T.R) Ltd.

Consolidated Statements of Cash Flows

(Cont.)

Appendix E - Merger of Subsidiary:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Cash paid during the period for:			
Working capital (excluding cash and cash equivalents), net	1,616	-	-
Financial assets at fair value	(36,168)	-	-
Investment in associates	(15,448)	-	-
Deferred taxes	2,808	-	-
Other expenses	(53,909)	-	-
Reserve fund from transactions with non-controlling interests	63,342	-	-
Non-controlling interests	107,451	-	-
	69,692	-	-

See Note 15(k).

The notes attached to the consolidated financial statements form an integral part thereof.

Note 1 - General

a. Israel Canada (T.R) Ltd. (hereinafter: the "**Company**") was incorporated in Israel and the registered office of the Company is located in Herzliya Pituach. The Company is controlled by Barak Rosen and Asaf Touchmair.

The Company is engaged, itself and through subsidiaries, in identifying and executing investments in the real estate sector and in particular in initiating and constructing projects in Israel, in initiating and managing purchasing groups in Israel, selling land in Israel, investing in and holding income-producing real estate, investing in innovation corporations with a connection to the real estate sector, and investing and operating in the hotel sector, mainly in Israel. For information regarding the Company's operating segments, see Note 28.

b. The Company's securities are listed for trading on the Tel Aviv Stock Exchange.

For additional information regarding the Company's bonds, see Note 13.

c. For the impact of the security situation on the Company, see Note 31.

Note 2 - Principal Accounting Policies

a. Statement regarding the application of International Financial Reporting Standards (IFRS® Accounting Standards) and the format of the preparation of the financial statements:

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and interpretations issued by the International Accounting Standards Board (IASB®). The principal accounting policies detailed below have been applied consistently to all reporting periods presented in these consolidated financial statements.

The financial statements are prepared in accordance with the Securities Regulations (Annual Financial Statements), 5770-2010 (hereinafter: the "**Financial Statements Regulations**").

Operating cycle period and presentation of the Statement of Financial Position:

The Group has two operating cycles. With respect to contracting development works, the operating cycle is three to five years and may extend up to seven years, depending on the size and scope of the project. With respect to other activities, the operating cycle is one year. Accordingly, when the operating cycle period exceeds one year, the assets and liabilities related to that activity are classified in the Statement of Financial Position as current assets and liabilities according to the operating cycle. Items not specifically identified with a particular line of business, such as bonds, are classified according to a 12-month operating cycle.

The Group's policy is to reclassify land inventory from non-current assets to current assets when it is highly probable that permits will be obtained within 12 months from the end of the reporting period.

b. Format of analysis of expenses recognized in profit or loss:

The Company's expenses in the statement of profit or loss and other comprehensive income are presented based on the nature of the expense. In the Group's assessment, in light of the Group's organizational structure, classifying expenses in this manner provides more reliable and relevant information.

Note 2 - Principal Accounting Policies (continued):

c. Foreign currency:

(1) Functional currency and presentation currency:

The financial statements of each of the Group's companies are prepared in the currency of the primary economic environment in which it operates (hereinafter: the "**Functional Currency**"). For the purpose of consolidating the financial statements, the results and financial position of each of the Group's companies are translated into NIS, which is the functional currency of the Company. For exchange rates and changes therein during the periods presented, see Section U below.

(2) Transactions not in the functional currency:

In preparing the financial statements of each of the Group's companies, transactions that were conducted in currencies different from the functional currency of that company (hereinafter: "**Foreign Currency**") are recorded at the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currency are translated at the exchange rates prevailing at that date; non-monetary items measured at fair value denominated in foreign currency are translated at the exchange rates at the date when the fair value was determined; Non-monetary items measured in terms of historical cost are translated at the exchange rates in effect on the date of the transaction relating to the non-monetary item.

(3) Method of recording exchange differences:

Exchange differences are recognized in profit and loss in the period in which they arise, except in the following cases:

- Exchange differences relating to assets under construction for sale are included in the cost of those assets where they constitute an adjustment to the interest costs on foreign currency credit (regarding the Group's accounting policy on capitalization of credit costs, see Section K).
- Exchange differences in respect of monetary items receivable or payable from foreign operations, the settlement of which is neither planned nor likely to occur and therefore form part of the net investment in the foreign operation, are recognized in other comprehensive income under the item "exchange differences on translation of foreign operations".

(4) Translation of financial statements of investee companies whose functional currency is different from NIS:

For the purpose of presenting the consolidated financial statements, the assets and liabilities of foreign operations are presented according to the exchange rates in effect at the end of the reporting period. Income and expense items are translated at the average exchange rates during the reporting period, unless there was significant volatility in the exchange rates during the period. In such a case, the translation of these items is made at the exchange rates on the date of the transactions, and the related translation differences are recognized in other comprehensive income under "exchange differences on translation of foreign operations".

d. Cash and cash equivalents:

Cash and cash equivalents include cash available for immediate realization, deposits available for immediate withdrawal, as well as time deposits for which there is no restriction on their use and whose maturity date, at the time of investment, does not exceed three months.

e. Cash and cash equivalents restricted in use:

Cash that is restricted in use by the Group due to credit agreements, or whose use is restricted for projects only within project escrow accounts and from which the Company cannot actually make withdrawals without obtaining the bank's approval. In addition, deposits for which there is a restriction on their use and deposits whose maturity date at the time of investment exceeds a period of three months are classified under the item cash restricted in use. The classification between current assets and non-current assets is determined according to the duration of the deposit/restriction period and taking into account the relevant operating cycle.

Note 2 - Principal Accounting Policy (continued):

f. Consolidated financial statements:

(1) General:

The consolidated financial statements of the Group include the financial statements of the Company and of entities controlled by the Company, directly or indirectly. An investing entity controls an investee entity when it is exposed, or has rights, to variable returns arising from its holding in the investee, and when it has the ability to affect those returns through the exercise of power over the investee.

The results of operations of subsidiaries acquired or realized during the reporting period are included in the consolidated profit and loss statements of the Company from the date control is obtained or until the date control ceases, as the case may be.

(2) Non-controlling interests:

The portion of non-controlling interests in the net assets of consolidated subsidiaries is presented separately within the Group's equity. Non-controlling interests include the amount of such rights at the date of business combination (see below) as well as their share of changes in the equity of the consolidated company after the date of business combination.

In cases where the Company has contractual arrangements that include "waterfall" mechanisms for profit distribution, meaning the profit distribution rate is carried out according to rates different from the holding rate in the equity rights (Members) in the subsidiaries (in light of the accumulated return on equity investments), the Company applies the "hypothetical liquidation at book value" method.

According to this method, the share of the Company and of the non-controlling interest holders in the results of the subsidiary is determined on the assumption that at the end of the reporting period, the subsidiary would sell or distribute its assets and settle its liabilities according to their book value, taking into account distributions and additional investments made by the other equity holders.

(3) Business combinations:

The acquisition of activities and consolidated companies constituting a business is measured using the acquisition method. The cost of the business combination is measured as the aggregate fair value (at the exchange date) of assets given, liabilities incurred, equity instruments issued by the Group in exchange for obtaining control in the acquiree, the fair value of the Group's holdings in the acquiree prior to the business combination, as well as the incremental value arising from the replacement of share-based payment arrangements attributed to the cost of the business combination.

Transaction costs directly related to the business combination are charged to profit or loss as incurred.

The identifiable assets and liabilities of the acquired business, which meet the recognition criteria under IFRS 3 (Revised) "Business Combinations," are recognized at their fair value at the acquisition date, except for certain types of assets, which are measured according to the provisions of the relevant standards.

Goodwill arising from a business combination is measured as the excess of the acquisition cost over the Company's share in the net fair value of the identifiable assets, liabilities, and contingent liabilities of the consolidated company recognized at the acquisition date. This will be added in companies that do not allocate a portion of the goodwill to non-controlling interests. Non-controlling interests in the acquiree are measured for the first time at the business combination date.

Note 2 - Principal Accounting Policy (continued):

g. Joint arrangements:

A "joint arrangement" is a contractual agreement whereby the Group and other parties undertake an economic activity subject to joint control. Joint control exists when the contractual arrangement includes a requirement that decisions regarding the financial and operating strategy of the arrangement are made with the unanimous consent of the parties that jointly control the joint arrangement.

There are two types of joint arrangements. The type of arrangement depends on the rights and obligations of the parties to the arrangement:

A "joint venture" is a joint arrangement in which the parties have rights to the net assets attributable to the arrangement.

In joint arrangements constituting a joint venture, the Group recognizes the joint venture as an investment and accounts for it using the equity method. For the equity method, see accounting policy Note 2.H below.

The Company holds 55.9% of Vertical City Ltd., which is accounted for using the equity method in light of the fact that the agreement with the partner grants both the partner and the Company joint control over decisions regarding the relevant activities that affect the returns of the Company. For further details, see Note 8.B(4)G.

A "joint operation" is a joint arrangement in which the parties have rights to the assets, and obligations regarding the liabilities, attributable to the arrangement in relation to the assets and liabilities of the joint operation, including assets held and liabilities incurred jointly. The balance sheet includes the Group's proportionate share in the assets and liabilities of the joint operation. The profit and loss statement includes the Group's proportionate share in the income and expenses of the joint operation, including income generated and expenses incurred jointly.

Transactions between Group companies and joint operations held by the Company are recognized only to the extent of the other parties' share in the joint operation.

h. Investments in companies accounted for using the equity method (associates and joint ventures):

An associate is an entity in which the Group has significant influence, and which is not a subsidiary or a joint arrangement.

The results, assets, and liabilities of associates and joint ventures are included in these financial statements using the equity method. Under the equity method, investments in associates and joint ventures are included in the consolidated statement of financial position at cost adjusted for changes occurring after acquisition in the Group's share in the net assets, including capital reserves, less impairment, if any, in the value of the associate or joint venture.

Note 2 - Principal Accounting Policy (continued):

i. Fixed assets:

(1) General:

Items of fixed assets of the Group are presented in the Statement of Financial Position at cost less accumulated depreciation, except for the hotel group owned by it (the land component under a lease agreement), as detailed below, and less accumulated impairment losses. The cost includes the purchase cost of the asset as well as costs that can be directly attributed to bringing the asset to the location and condition necessary for its intended operation by management.

Items of fixed assets in the hotel group owned by it (the land component under a lease agreement) are presented in the Statement of Financial Position at revalued amounts. The revalued amounts represent the fair value of those assets at the date of revaluation, determined based on market-based evidence through a valuation performed by qualified appraisers, less accumulated depreciation thereafter.

Revaluations are performed regularly enough so that the carrying amount of those assets does not differ materially from the amount that would be determined based on fair value at the end of the reporting period. An increase in the carrying amount of items of fixed assets as a result of revaluation is credited to other comprehensive income, except for an increase recognized in profit or loss up to the amount of any decrease as a result of revaluation of those assets previously recognized in profit or loss. A decrease in the carrying amount of items of fixed assets above as a result of the revaluation is first attributed to other comprehensive income until the elimination of the relevant capital reserve, and the remaining decrease, if any, is recognized in profit or loss. When a revalued asset is sold or retired from use, the remaining surplus of the revaluation reserve relating to that asset is transferred directly to retained earnings or the revaluation reserve of a revalued asset is transferred directly to retained earnings during the use of the asset by the entity, in the amount of the difference between the depreciation expenses based on the carrying amount of the revalued asset and the depreciation expenses based on its original cost.

(2) Depreciation of fixed assets:

Depreciation of fixed assets is performed separately for each component of a depreciable fixed asset item with a significant cost relative to the total cost of the item. Depreciation is performed systematically according to the straight-line method over the expected useful lives of the components of the item from the date the asset is ready for its intended use, taking into account the expected residual value at the end of the useful lives. The cost of fixed asset items includes the initial estimate of the costs of dismantling and removing the asset and restoring the site on which the asset is located.

The useful lives and depreciation rates used in calculating depreciation are as follows:

	Useful life	Depreciation rates
Buildings (including hotels and right of use assets)	66.7 years	1%-4%
Office furniture and equipment	6-17 years	6% - 15%
Installations and leasehold improvements	According to the lease period	According to the lease period
Computers and software	3 years	33%

Note 2 - Principal Accounting Policies (continued):

j. Fixed assets (continued):

(2) Depreciation of fixed assets (continued):

Residual values, depreciation method, and useful lives of the asset are reviewed by the Company's management at the end of each financial year. Changes are treated as changes in estimate on a "prospective" basis.

Profit or loss arising from the sale or retirement of a fixed asset item is determined by the difference between the proceeds from its sale and its carrying amount at the date of sale or retirement, and is attributed to profit or loss.

(3) Subsequent costs:

The cost of replacing part of a fixed asset item, which can be reliably estimated, is recognized as an increase in the carrying amount at the date of its occurrence, if it is expected that the future economic benefits attributable to the item will flow to the entity. Ongoing maintenance costs are attributed to profit or loss at the date of their occurrence.

k. Investment property:

Investment property is property (land or building – or part of a building – or both) held by the Group for the purpose of generating lease fees or for capital appreciation, or both, and not for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business. Such investment property also includes investment property assets that are in the process of construction and development.

The Group's investment property includes land owned or held under a capitalized lease from the Israel Land Authority. Investment property is initially recognized at cost and in subsequent reporting periods, investment property is measured at its fair value. Profits or losses arising from changes in the fair value of investment property, including those resulting from changes in exchange rates, are included in profit or loss in the period in which they arise under the item "Increase in fair value of investment property" or under the item "Decrease in fair value of investment property".

Investment property under development intended for future use as investment property is also measured at fair value as stated above, provided that the fair value can be reliably measured. The cost basis of investment property under development includes the cost of the land plus directly attributable credit costs used to finance the construction, and additional direct planning and development costs.

Direct costs for the realization of investment property are attributed to profit or loss at the date the asset is sold and are offset from the profit on realization.

Upon the transfer of property, which was classified as investment property, to inventory, the deemed cost of the investment property is its fair value at the date of the change in use.

l. Credit costs:

Credit costs that can be directly attributed to the acquisition, construction, or production of qualifying assets whose preparation for their intended use (including investment property measured at fair value) or for their sale requires a significant period of time, are capitalized to the cost of those assets until the date on which these assets are substantially ready for their intended use or sale.

Credit costs arising from non-specific credit are partially capitalized to qualifying assets by attributing a capitalization rate to outflows for the assets. The capitalization rate is the weighted average of the appropriate credit costs for the Company's credit existing during the period, excluding specific credit. In the field of development real estate in Israel, the Group ceases to capitalize credit costs to inventory at the date on which unconditional sales can be made, which constitutes the date on which all activities required for the sale have been substantially completed.

All other credit costs are recognized in profit or loss at the date of their occurrence.

The Group ceases to capitalize credit costs to inventory at the date on which unconditional sales can be made, which constitutes the date on which all activities required for the sale have been substantially completed.

Note 2 - Principal Accounting Policies (continued):

m. Inventory of land, buildings, and apartments for sale:

Inventory of land, buildings, and apartments for sale includes land and buildings constructed by the Group for sale in the ordinary course of business. The cost of inventory of land, buildings, and apartments for sale includes the direct costs of acquiring the land (including purchase taxes), materials, subcontractor work, and credit costs that must be capitalized as stated in Note 2.k. Commissions for Sale Law guarantees are considered part of the inventory cost (including commissions for such facilities).

Inventory of land, buildings, and apartments for residential purposes is measured at the lower of cost and net realizable value. In subsequent periods, for apartments that have been sold, inventory of apartments for residential purposes is attributed to cost of sales according to the percentage of completion.

The Group attributes the costs to each sales contract separately in order to reflect the pricing of contract costs against the customer as described below: land costs (including fees, levies, and financing for land) as well as other joint construction costs that cannot be identified with a specific apartment, are attributed to each contract according to the sale price of the apartment relative to the total sales to be derived from the entire building.

Net realizable value represents the estimate of the sale price in the ordinary course of business less the estimate of the costs to completion, the estimate of the costs required to execute the sale, and the estimate of the specific financing costs for the project that have not yet been attributed to the statement of profit or loss.

The Group classifies inventory of land from non-current assets to current assets when it is expected that a permit for excavation and shoring and/or a building permit will be obtained within 12 months from the end of the reporting period.

The Group allocates costs in mixed-use assets according to fair value ratios.

n. Financial assets:

(1) General:

Investments in financial assets are initially recognized at their fair value, plus transaction costs, except for those financial assets measured at fair value through profit or loss, which are initially recognized at their fair value.

(2) Classification of financial assets:

Debt instruments are measured at amortized cost when both of the following conditions are met:

- The Group's business model is to hold the assets in order to collect contractual cash flows, and
- The contractual terms of the asset specify exact dates on which the contractual cash flows are to be received, which represent payments of principal and interest only.

All other financial assets are measured at fair value through profit or loss.

(3) Financial assets measured at amortized cost and the effective interest method:

Amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initial amount and the amount at maturity, adjusted for any loss allowance.

The effective interest method is a method used to calculate the amortized cost of a debt instrument and to allocate and recognize interest income in profit or loss over the relevant period. Interest income is calculated using the effective interest method.

Note 2 - Principal Accounting Policies (continued):

n. Financial assets (continued):

(4) Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. Any profit or loss arising from changes in fair value is recognized in profit or loss in the period in which the change occurred. The net profit or loss recognized in profit or loss includes any dividend or interest accrued on the financial asset.

Interest income arising from debt instruments measured at fair value through profit or loss is included under the finance income item.

o. Financial liabilities and equity instruments issued by the Group:

(1) Classification as a financial liability or as an equity instrument:

Liabilities and equity instruments issued by the Group are classified as financial liabilities or as an equity instrument according to the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(2) Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of directly attributable issuance costs.

In transactions in which rights that do not confer control transfer their investments to a partnership controlled by the Company, the date of their repayment is subject to the sole discretion of the General Partner and are classified as rights that do not confer control.

(3) Financial liabilities:

Financial liabilities at amortized cost:

Financial liabilities that are not measured at fair value through profit or loss are initially recognized at fair value less transaction costs. After the initial recognition date, these financial liabilities are measured at amortized cost while [sic].

p. Revenue recognition:

Revenue is measured at the fair value of the consideration received or the consideration the Group is entitled to receive for revenue from the sale of goods or from the provision of services in the course of ordinary business. Revenue is presented net of estimates for discounts and the like. Sales that include credit terms, which include a financing component, are presented at their present value, which is calculated based on the interest rate that discounts the stated sale price to the cash sale price of the goods or services.

(1) Revenue from brokerage and marketing fees:

Revenue from real estate brokerage and marketing is recognized according to the eligibility conditions for receiving the revenue in accordance with the brokerage or marketing agreements in the transaction. Revenue is recognized when the Company fulfills a performance obligation by transferring the promised services to the customer. Revenue is recognized over time during the reporting period in which the brokerage and marketing services were provided.

Note 2 - Main Accounting Policy (continued):

p. Revenue recognition (continued):

(2) Revenue from management fees:

The Group is entitled to revenue from management fees of purchasing groups in accordance with management agreements with the Members of the purchasing groups, which define, among other things, the distribution of the management fee consideration according to defined milestones as the project progresses. Revenue from management fees of the purchasing groups is recognized at the earliest upon the occurrence of the milestones in accordance with the management agreement. Upon the occurrence of a milestone and the completion of the performance obligation, which entitles the Group to management fees in a specific project, the Group examines the proportion of management fees that can be recognized according to the total investment and expenses incurred to date in managing the purchasing group relative to the estimated total investment and expenses required to manage the purchasing group until the completion of the project as a whole.

(3) Revenue from dividend:

Revenue from dividend in respect of investments is recognized at the date on which the right to receive the dividend is established.

(4) Revenue from lease fees:

Revenue from lease fees is recognized on a straight-line basis over the lease term. A fixed increase in lease fees over the contract period is recognized as revenue according to the straight-line method over the lease term.

(5) Revenue recognition from sale of inventory of land:

The Group recognizes revenue from the sale of inventory of land when control over the land passes to the customer.

For the discretion exercised by the Company regarding revenue recognition, see Note 4B.

(6) Revenue recognition from sale of apartments:

The Group operates in the field of real estate in the initiation, construction, and sale of residential apartments in Israel. At the time of entering into a contract with a customer, and according to its terms, the Group identifies the residential units as performance obligations.

The Group has concluded, based on the provisions of the law and the relevant regulation for the field of real estate development in Israel, and in accordance with legal opinions received, that within the framework of contracts with its customers, no asset with an alternative use is created for the Group, and it also has a right to enforceable payment for the performance completed up to that date. Therefore, the Group recognizes revenue from these contracts over time, according to the rate of contract performance.

Determination of transaction prices:

The Group is required to determine the transaction price separately for each contract with a customer. In exercising this discretion, the Group estimates the effect of any variable consideration in the contract, taking into account discounts, penalties, variations, claims, the existence of a significant financing component in the contract, as well as non-cash consideration.

In determining the effect of the variable consideration, the Group usually uses the “most likely amount” method specified in the standard, according to which the transaction price is determined considering the single amount that is most likely within the range of possible consideration amounts in the contract. The Group recognizes revenue from a significant financing component as other revenue.

Note 2 - Main Accounting Policy (continued):

p. Revenue recognition (continued):

(6) Revenue recognition from sale of apartments (continued):

Measurement of progress of performance:

The Company applies the input method for the purpose of measuring progress when the performance obligation is satisfied over time. The Company believes that the use of the input method (incurred costs), according to which revenue is recognized based on the inputs invested by the Company to fulfill the performance obligation, most appropriately represents the revenue actually generated. For the purpose of applying the input method, the Company will estimate the cost required to complete the project in order to determine the amount of revenue to be recognized. These estimates include the costs of providing infrastructure (such as materials, labor hours, equipment, etc.), potential claims by contractors as assessed by the project consultant, as well as the cost of fulfilling other contractual performance obligations to customers. In addition, the Company will not include in the measurement of the "completion rate" costs that do not reflect progress in performance, such as land cost, fees and levies, and credit costs.

Revenue recognition for contracts signed after progress in performance:

In cases where the Company begins to perform actions in connection with an expected contract before a binding contract is signed with the customer, or before the contract reaches a stage where revenue can be recognized according to the revenue recognition model of the standard, upon signing the contract, the Company will recognize revenue on a cumulative basis ("Catch Up"), reflecting the performance obligation(s) that have been partially or fully completed as of the contract signing date.

Warranty:

For the purpose of assessing whether a warranty provides the customer with a separate service, the Group examines, among other things, the following characteristics: whether the customer has the option to purchase the warranty separately; whether the warranty is required by law; the length of the warranty coverage period; and the nature of the actions the Group undertakes to perform.

Within the framework of contracts in the field of real estate development, the Group provides warranty services to customers in accordance with the contract, the provisions of the law, or industry practice. When the warranty services are provided solely to ensure the quality of the work and compliance with the specification agreed between the parties, they do not constitute an additional service provided to the customer. Therefore, in these situations, the Group does not identify the warranty as a separate performance obligation but treats it in accordance with the provisions of IAS 37 and recognizes a provision for warranty based on an estimate of the cost of the said services. The provision for warranty is recognized even when the contractor is obligated towards the Company to provide the warranty services to the Company's customers.

Contract asset and contract liability:

A contract asset (receivables) is recognized when the Group has a right to consideration for goods or services that the Group has transferred to the customer when this right is conditional on something other than the passage of time, for example, on the Group's future performance. Contract assets are classified to the receivables item when the rights thereto become unconditional.

A contract liability (advances) is recognized when the Group is obligated to transfer goods or services to the customer for which it has received consideration from the customer (or the amount has become due).

An asset and a liability in respect of the same contract are presented net in the Statement of Financial Position. However, a contract asset and a contract liability arising from different contracts are presented gross in the Statement of Financial Position.

(7) Revenue from operation and management of hotel:

Revenue from operation and provision of hotel services is recognized in the reporting period in which the services were provided, as the customer simultaneously receives and consumes the benefits provided by the Group.

In addition, the Group is entitled to revenue from management fees in accordance with management agreements for ongoing management and consulting services in the field of hotels and tourism.

Note 2 - Main Accounting Policy (continued):

q. Revenue recognition (continued):

(8) Recognition of revenue on a gross or net basis:

In transactions in which the Group acts as an agent or intermediary without bearing the risks and rewards derived from the transaction, the Group's revenue from the transactions is presented on a net basis. Revenue from transactions in which the Group is the principal obligor and bears the risks and rewards derived from the transaction is presented on a gross basis.

The Group estimates that in transactions for the provision of management services in real estate, it controls before the service is transferred to the customer, and therefore revenue from the sale of management services is presented on a gross basis. The Group has determined that it controls the services since it is the principal responsible for fulfilling the promise to provide the service and has discretion in determining the price to the end customer.

r. Leases:

The Group treats a contract as a lease contract when, according to the terms of the contract, the right to control an identified asset is transferred for a period of time in exchange for consideration.

The Group as Lessee:

For transactions in which the Group is a Lessee, it recognizes at the commencement date of the lease a right-of-use asset against a lease liability, except for lease transactions for a period of up to 12 months and lease transactions in which the underlying asset is of low value, in which the Group has chosen to recognize the lease payments as an expense in profit or loss on a straight-line basis over the lease term. In measuring the lease liability, the Group has chosen to apply the relief provided in IFRS 16 and has not separated lease components from non-lease components such as management services, maintenance services, etc., included in the same transaction.

At the commencement date, the lease liability includes all lease payments (these payments do not include variable lease fees) that have not yet been paid, discounted at the interest rate implicit in the lease when it can be readily determined or at the Group's incremental interest rate.

The right-of-use asset at the commencement date is recognized at the amount of the lease liability plus lease fees paid at or before the commencement date and plus transaction costs incurred.

The right-of-use asset is measured using the cost model and is depreciated over its useful life, or the lease term, whichever is shorter.

Below are data regarding the number of depreciation years of relevant right-of-use assets by groups of right-of-use assets:

	Number of years	Mainly
Buildings and real estate	11-24	20 years

Variable lease fees that are not linked to an index or interest rate (for example, lease fees determined as a % of turnover or output), are not included in the measurement of the lease liability and right-of-use asset. These lease fees are included as an expense in selling, general and administrative expenses at the time of their incurrence in the statement of profit or loss and other comprehensive income.

When there are indications of impairment, the Company examines impairment of the right-of-use asset in accordance with the provisions of IAS 36.

Lease fees linked to an index

At the commencement date, the Group uses the index rate existing at the commencement date for the purpose of calculating future lease fees. In transactions in which the Group is a Lessee, changes in the amount of future lease fees as a result of a change in the index are discounted (without changing the discount rate applied to the lease liability) to the balance of the right-of-use asset and are recorded as an adjustment to the balance of the lease liability, only when there is a change in cash flows resulting from a change in the index (that is, at the date the adjustment to the lease fees becomes effective).

Note 2 - Main Accounting Policy (continued):

s. Leases (continued):

The Group as Lessee (continued):

Variable lease fees

Variable lease fees that are based on performance or use and are not linked to an index or interest rate are recognized as an expense in transactions in which the Group is a Lessee and as income in transactions in which the Group is a Lessor, at the time of their incurrence.

Options to extend and cancel the lease term

The non-cancellable lease term also includes periods covered by an option to extend the lease when it is reasonably certain that the extension option will be exercised, and also periods covered by an option to cancel the lease when it is reasonably certain that the cancellation option will not be exercised.

In the event of a change in the expectation of exercising the extension option or not exercising the cancellation option, the Group remeasures the balance of the lease liability according to the updated lease term, at the updated discount rate on the date of the change in expectation, with the total change being charged to the balance of the right-of-use asset up to its write-off and beyond that to profit or loss.

Lease modifications

When a modification is made to the lease terms that does not decrease the scope of the lease and is not accounted for as a separate lease transaction, the Group remeasures the balance of the lease liability according to the modified lease terms, at the updated discount rate on the date of the modification, and charges the total change in the balance of the lease liability to the balance of the right-of-use asset.

When a modification is made to the lease terms that results in a decrease in the scope of the lease, the Group recognizes a profit or loss arising from the partial or full derecognition of the balance of the right-of-use asset and the lease liability. Thereafter, the Group remeasures the balance of the lease liability according to the modified lease terms, at the updated discount rate at the date of the modification, and charges the total change in the balance of the lease liability to the balance of the right-of-use asset.

t. Provisions:

Provisions are recognized when the Group has a legal or constructive obligation as a result of a past event, for which it is expected that an outflow of economic resources that can be reliably estimated will be required to settle the obligation.

The amount recognized as a provision reflects management's best estimate of the amount required to settle the present obligation at the reporting date, taking into account the risks and uncertainties associated with the obligation. When the provision is measured using expected cash flows to settle the obligation, the carrying amount of the provision is the present value of the expected cash flows. Changes in the time value are charged to profit or loss.

When all or part of the amount required to settle the present obligation is expected to be reimbursed by a third party, the Group recognizes an asset for the reimbursement, up to the amount of the provision recognized, only when it is virtually certain that the reimbursement will be received and it can be reliably measured.

Note 2 - Main Accounting Policy (continued):

u. Taxes on income:

(1) General:

Income tax expenses (income) include the total current taxes, as well as the total change in deferred tax balances, except for deferred taxes arising from transactions charged directly to equity.

(2) Current taxes:

Current tax expenses are calculated based on the taxable income of the Company and consolidated companies during the reporting period. Taxable income differs from profit before income taxes, due to the inclusion or exclusion of items of income and expenses that are taxable or deductible in different reporting periods, or that are not taxable or deductible. Assets and liabilities for current taxes are calculated based on the tax rates and tax laws that have been enacted or substantively enacted by the date of the Statement of Financial Position.

(3) Deferred taxes:

Group companies create deferred taxes for temporary differences between the tax value of assets and liabilities and their value in the financial statements. Deferred tax balances (asset or liability) are calculated according to the tax rates expected at the time of their realization, based on the tax rates and tax laws that have been enacted or substantively enacted by the date of the Statement of Financial Position. Deferred tax liabilities are generally recognized for all temporary differences between the tax value of assets and liabilities and their value in the financial statements. Deferred tax assets are recognized for all deductible temporary differences up to the amount that is expected to be available as taxable income against which the deductible temporary difference can be utilized.

In calculating deferred taxes, taxes that would apply in the event of realization of investments in investee companies are not taken into account, since the Group intends to hold and develop the investments. Likewise, deferred taxes on the distribution of profits in these companies are not taken into account, since the dividends are not taxable or since there is a decision not to distribute taxable dividends in the foreseeable future.

Deferred tax assets and liabilities are presented net when the entity has a legally enforceable right to offset current tax assets against current tax liabilities, and when they relate to income taxes imposed by the same tax authority, and the Group intends to settle current tax assets and liabilities on a net basis.

Deferred taxes for temporary differences relating to investment property are determined based on the tax rate expected at the reversal of the temporary difference, under the assumption that this reversal will be made by way of sale of the asset.

v. Employee benefits:

Short-term employee benefits:

Short-term employee benefits are benefits that are expected to be settled in full before 12 months after the end of the year in which the qualifying service was rendered by the employee.

Short-term employee benefits in the Group include the Group’s obligation for salaries, vacation days, sick leave, recuperation, and employer contributions to National Insurance. These benefits are charged to profit or loss at the time of their incurrence. The benefits are measured on a non-discounted basis that the Company expects to pay. The difference between the amount of short-term benefits to which the employee is entitled and the amount paid for them is recognized as an asset or liability.

Note 2 - Main Accounting Policy (continued):

w. Classification interest, dividends, and taxes paid or received in the statement of cash flows:

The Group classifies cash flows for interest and dividends received by it, as well as cash flows for interest paid, as cash flows that were used in or derived from operating activities. Cash flows for interest payments that are capitalized on qualifying assets are classified consistently with other outflows paid for those assets. Dividends paid by the Group are classified as cash flows from financing activities.

Cash flows for income taxes are generally classified as cash flows used for operating activities, except for those that can be readily identified with cash flows used for investing or financing activities.

x. Exchange rates and indexation basis:

Balances in foreign currency, or linked thereto, are included in the financial statements at the representative exchange rates published by the Bank of Israel and valid at the end of the reporting period.

	Representative exchange rate of			Known consumer	Known construction
	Dollar	Euro	Rubel	price index	inputs index
	(NIS to USD 1)	(NIS to EUR 1)	(NIS to RUB 1)	Points	Points
Date of the Financial Statements:					
As of December 31, 2025	3.190	3.7455	0.04	111.3	140.2
As of December 31, 2024	3.647	3.7964	0.03	108.4	133.6
As of December 31, 2023	3.627	4.0116	0.04	105	129.8
Change rates:	%	%	%	%	%
For year ended on:					
December 31, 2025	(12.53)	(1.34)	33.3	2.67	4.94
December 31, 2024	0.55	(5.36)	(25)	3.24	2.93
December 31, 2023	3	6.89	(16.67)	(2.68)	1.96

Note 3 - New Financial Reporting Standards, Published Interpretations, and Amendments to Standards

a. New standards, new interpretations and amendments to standards affecting the current period and/or prior reporting periods:

- **Amendment IAS 21 "The Effects of Changes in Foreign Exchange Rates" (regarding lack of exchangeability)**

  The amendment provides that exchangeability exists when a currency can be exchanged for another currency and the entity can receive the other currency through a market mechanism or exchange that creates enforceable rights and obligations within a reasonable timeframe (an administrative delay does not impair the ability to exchange).

  If the entity can obtain no more than an insignificant amount of the other currency at the measurement date for a specified purpose, the exchangeability of the currency does not exist. It should be noted that the assessment of whether exchangeability exists depends on the entity's ability to obtain the other currency and not on its intention or decision to do so.

  Additionally, the amendment stipulates that when exchangeability does not exist, an entity is required to estimate the spot exchange rate at the measurement date in order to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under the economic conditions prevailing at that point in time.

  The amendment does not specify how an entity should estimate the spot exchange rate in order to meet this objective, but notes that the entity may use an observed exchange rate without adjustments (such as the first subsequent exchange rate at which the exchange can be made) or another estimation technique that includes adjustments as necessary to meet the objective.

  In addition, the amendment stipulates that when exchangeability does not exist and an entity estimates the spot exchange rate, disclosure is required to enable users of the entity's financial statements to understand how the currency that does not meet the exchangeability criterion affects, or is expected to affect, its financial performance, financial position, and cash flows.

  The amendment will be applied to annual reporting periods beginning on January 1, 2025 or thereafter without restatement of comparative information.

  The amendment had no material effect on the financial statements.

b. Standards, interpretations and amendments to standards that have been published and are not yet effective, and have not been early adopted by the Group, which are expected or may have an effect on future periods:

- **Amendment to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" (regarding the sale or transfer of assets between an investor and an associate or a joint venture):**

  The amendment stipulates that upon the sale/transfer of assets constituting a "business" to an associate or a joint venture, or upon loss of control in a subsidiary that constitutes a "business" while retaining joint control/significant influence therein, the full profit or loss arising from the transaction, including for the loss of control, should be recognized. In contrast, upon the sale/transfer of assets that do not constitute a "business" to an associate or a joint venture, or upon loss of control in a subsidiary that does not constitute a "business" while retaining joint control/significant influence therein, profit or loss should be recognized only to the extent of the other investors' interests in that associate or joint venture. No effective date for the implementation of the amendment has been set. Early adoption is permitted.

Note 3 - New Financial Reporting Standards, Published Interpretations, and Amendments to Standards (continued):

b. Standards, interpretations, and amendments to standards that have been published and are not yet effective, and have not been early adopted by the Group, which are expected or may have an effect on future periods (continued):

- **International Financial Reporting Standard IFRS 18 "Presentation and Disclosure in Financial Statements" (IFRS 18):**

  On April 9, 2024, IFRS 18 was published, which replaces International Accounting Standard 1 "Presentation of Financial Statements" (IAS 1). The purpose of the standard is to improve the way information is communicated by entities to users of their financial statements.

  The main changes in the standard focus on the following areas:

  1. Structure of the statement of profit or loss – presentation of defined subtotals and categorization in the statement of profit or loss.
  2. Requirements regarding the improvement of aggregation and disaggregation of information in the financial statements and in the notes.
  3. Presentation of information regarding performance measures defined by management ("MPM") that are not based on accounting standards (NON-GAAP) in the notes to the financial statements.

  Additionally, upon implementation of IFRS 18, amendments to other IFRS standards will come into effect, including, among others, International Accounting Standard 7 "Statement of Cash Flows," which are intended to improve comparability between entities. The changes mainly include: use of an operating profit subtotal as a single starting point in applying the indirect method for reporting cash flows from operating activities, as well as the elimination of alternatives for selecting accounting policies regarding the presentation of interest and dividends. Accordingly, except in certain cases, interest and dividends received will be included within cash flows from investing activities, while interest paid and dividends paid will be included within financing activities.

  The standard will come into effect for annual reporting periods beginning on January 1, 2027 or thereafter. The standard is applied retrospectively, with specific transition provisions. Early adoption is permitted, but according to the decision of the Israel Securities Authority, early adoption will be permitted only from the period beginning on January 1, 2025 (financial statements for the first quarter of 2025).

  The Company is examining the impact of IFRS 18, including the impact of amendments to other IFRS standards as a result of its implementation, on the financial statements.

- **Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" (regarding classification and measurement of financial instruments and the addition of disclosure requirements):**

  Main points of the amendments to IFRS 9:

  1. Addition of an option to derecognize a financial liability that has been settled through transfer in an electronic payment system prior to settlement date, provided the following criteria are met:
     - The entity does not have the practical ability to withdraw, stop, or cancel the payment instruction;
     - The entity does not have the practical ability to access the cash that will be used for settlement as a result of the payment instruction; and
     - The settlement risk associated with the electronic payment system is not significant.

     An entity that chooses this option is required to apply it to all liabilities settled in the same electronic payment system.
  2. Addition of implementation guidance and examples for assessing whether the contractual cash flows of a financial asset are solely payments of principal and interest on the principal amount outstanding for the purpose of classifying the financial asset.
  3. The amendment clarifies that a financial asset has characteristics of a non-recourse asset if the entity's ultimate right to receive cash flows is contractually limited to cash flows generated from specified assets.
  4. The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions.

Note 3 - New Financial Reporting Standards, Published Interpretations, and Amendments to Standards (continued):

b. Standards, interpretations, and amendments to standards that have been published and are not yet effective, and have not been early adopted by the Group, which are expected or may have an effect on future periods (continued):

- **Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" (regarding classification and measurement of financial instruments and the addition of disclosure requirements) (continued):**

Main points of the amendments to IFRS 7:

1. Update of disclosure requirements regarding investments in equity instruments designated at fair value through other comprehensive income.
2. Addition of disclosure requirements regarding contractual terms that may change the timing or amount of the contractual cash flows of financial instruments upon the occurrence (or non-occurrence) of a contingent event (for example, achieving greenhouse gas emission reduction targets) that does not directly relate to changes in the risks and costs of basic loan agreements (such as the time value of money or credit risk).

The amendments will come into effect for annual reporting periods beginning on January 1, 2026 or thereafter. Early application is permitted provided that all amendments are applied simultaneously or only the amendments relating to the classification of financial assets are applied.

An entity is required to apply the amendments retrospectively. The entity is not required to restate prior periods at the date of initial application but may do so if, and only if, it can be done without the use of hindsight.

Note 4 - Judgments in the Application of Accounting Policy and Key Sources of Estimation Uncertainty

a. General:

In the application of the Group's accounting policy, as described in Note 2 above, the Company's management, in certain cases, is required to exercise significant accounting judgment regarding estimates and assumptions relating to the carrying amounts of assets and liabilities that are not necessarily available from other sources. It is clarified that actual results may differ from these estimates.

The estimates and the assumptions underlying them are reviewed by management on an ongoing basis. Changes in accounting estimates are recognized only in the period in which the change in estimate is made if the change affects only that period, or are recognized in the period of the change and future periods if the change affects both the current and future periods.

b. Judgments in the application of accounting policy:

The following refers to critical judgments, other than those involving estimates, made by management in the process of applying the Group's accounting policy, which have the most significant effect on the amounts recognized in the financial statements.

Revenue recognition:

Transfer of control in the sale of land:

Revenue recognition from the sale of rights in land includes the exercise of judgment regarding the determination that the Company has transferred control over the land.

This determination is based mainly on the following parameters:

- The Company does not guarantee the purchaser of the land any return of investment or any yield on the land.
- The Company does not guarantee the purchaser the achievement of a change of designation in the zoning plan of the land (i.e., the sale of the land is on an as is basis).
- The Company can specifically identify the rights sold to each customer.

Note 4 - Judgments in the Application of Accounting Policy and Key Sources of Estimation Uncertainty (continued):

b. Judgments in the application of accounting policy (continued):

Revenue recognition (continued):

Transfer of control in sale of land (continued):

- The purchaser cannot cancel the sale agreement and return the rights in the land to the Company after the fulfillment of the conditions precedent to the agreement.
- The Company does not control decision-making in the managing entities after the transfer of control in the land.
- The purchasers of the land have the ability to replace the Company in providing services for the enhancement of the land after its sale.

During the reporting period, the Group recognized revenues from the sale of real estate inventory in the amount of approximately NIS 133 million attributed to the sale of rights in land. (In 2024 - the Group recognized revenues from the sale of real estate inventory in the amount of approximately NIS 12 million attributed to the sale of rights in land).

c. Key sources of estimation uncertainty:

(1) Impairment test of real estate inventory balances:

Inventory is measured at the lower of cost or net realizable value. Net realizable value is determined according to the Company's assessment as well as according to external expert opinions, in some cases using valuations, which include forecasts and estimates regarding the expected proceeds from the sale of the inventory in the project and the construction costs required to bring the inventory to a saleable state, less financing (as detailed in Note 2B).

The book value as of December 31, 2025 of the balances of real estate inventory for the short term and long term as of the end of the reporting period amounted to approximately NIS 5 billion.

(2) Expected costs under contract - the Group estimates the progress of execution using a method based on the inputs invested, to measure the progress of execution, according to the estimate of the total costs required to complete the performance obligation for the purpose of estimating the completion rate used to determine the amount of revenue to be recognized in each period. The estimate involves uncertainties and is based on judgment and assumptions, some of which are subjective, of the Group's Management. Management is of the opinion that the use of this method most appropriately represents the manner of transfer of control to the customer.

(3) Fair value of investment property:

As stated in Note 2J, the Group's investment property is presented at its fair value, with changes in its fair value recognized in profit or loss as income or as expenses.

For the purpose of determining the fair value of investment property, the Company's management mainly relies on valuations performed once a year by independent external real estate appraisers with the required knowledge, experience, and expertise. The Company's management customarily determines the fair value according to accepted valuation methods for real estate assets, such as discounted cash flow and comparison of sale prices of similar assets and the Group's assets in the nearby area. When the discounted cash flow method is used, the discount rate applied to the expected net cash flows from the asset has a significant impact on its fair value.

In determining the fair value, among other things and as relevant, the location and physical condition of the asset, the quality and financial strength of the tenants, lease periods, lease prices for similar assets, required adjustments to existing lease prices, the actual and projected occupancy rate of the asset are taken into account. A change in the value of any of these components, or all of them, can significantly affect the fair value of the asset as estimated by the Company's management.

Note 4 - Judgments in the Application of Accounting Policy and Key Sources of Estimation Uncertainty (continued):

c. Key sources of estimation uncertainty (continued):

(3) Fair value of investment property (continued):

In determining the fair value of investment property under construction, among other things and as relevant, the duration of the project's construction, the amount of lease fees, the additional cost required for its construction until its regular operation, as well as the developer's profit rate and the required capitalization rate are taken into account. In determining the fair value of land on which the Company has not yet commenced construction, among other things, the location of the land and comparison transactions of similar land (and sometimes in the asset itself) are taken into account, with necessary adjustments. A change in the assumptions used in measuring the investment property may result in a change in the fair value.

The Group strives to determine an objective fair value as much as possible, however, the process of estimating the fair value of investment property also includes subjective elements, originating, among other things, from the past experience of the Company's management and its understanding of what is expected to occur in the investment property market at the time the fair value estimate is determined. In light of this, and in light of the above in the previous paragraph, determining the fair value of the Group's investment property requires judgment. Changes in the assumptions used to determine the fair value can materially affect the financial position and results of operations of the Group.

The book value of investment property assets measured at fair value as of December 31, 2025 amounts to approximately NIS 3,285 million (in 2024 approximately NIS 2,893 million), while that of the companies accounted for using the equity method amounts to approximately NIS 1,230 million (the Company's share). In 2025, a net increase in the fair value of the Company's investment property assets was recognized in the amount of approximately NIS 105 million, and a net increase in the fair value of the investment property assets of the companies accounted for using the equity method was recognized in the amount of approximately NIS 85 million (the Company's share).

For further details regarding the assumptions used by the Group in estimating the fair value of investment property assets, see Note 9C.

(4) Revaluation Model of Fixed Assets:

Hotels are measured and presented in the Statement of Financial Position, using the revaluation model. The revalued amounts represent their fair value at the date of the revaluation, determined based on market-based evidence through a valuation performed by qualified appraisers, less accumulated depreciation thereafter and less accumulated impairment losses thereafter. In determining the fair value, among other things and as relevant, discount rates of cash flows, estimated expected net operating profit (mainly affected by the expected annual rate of revenue growth per room and occupancy rates as well as the level of operating expenses of the hotel) are taken into account. In addition, in determining the value, an estimate for capital investments in the hotel was taken into account. A change in the value of any of these components and/or assumptions, or all of them, may significantly affect the fair value of the hotel as estimated by the Company's management, as stated. These valuations are usually supported by a review of comparison transactions for indication purposes. Revaluations are performed regularly enough so that the book value of the hotels does not differ materially from the value that would have been determined for them at fair value at the end of each reporting period.

The Group acts to determine an objective fair value as much as possible, however, the process of estimating the fair value of the hotel also includes subjective elements, originating, among other things, from the understanding of the Company's management of what is expected to occur in the hotel market at the time the fair value estimate is determined. In light of this, and in light of the above, determining the fair value of the Group's hotels requires judgment. Changes in the assumptions used to determine the fair value may materially affect the financial position and results of operations of the Group.

Note 5 - Cash and Cash Equivalents

a. Composition:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Cash and cash equivalents	58,153	46,653
Cash values - shorts term deposits (1)	87,009	363,623
	145,162	410,276

(1) Average annual interest rate for short-term deposits of the Company is approximately prime minus 1.6%.

b. Restricted cash and deposits in escrow accounts:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Short term:		
For Rainbow Project (1), see Note 12b(1)	26,573	287,189
For Midtown Jerusalem Project (1), see Note 12b(2)	34,422	278,284
For sale of apartment inventory in Israel, see Note 15e	12,404	595
	73,399	566,068
Long term:		
For liability to hotel asset lessor	4,197	-
For liability to loan provider	5,352	5,266
	9,549	5,266

(1) Within the framework of financing agreements, projects signed with financial institutions, cash received in projects for the construction of apartment inventory under the Sale Law (Apartments) Guarantee Law and thus restricted (according to the conditions set in the financing agreement) for use for the construction of the projects and/or repayment of specific bank credit in the projects.

Note 6 - Receivables and Debit Balances

a. Receivables and debit balances:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Current assets:		
Expenses in advance	49,206	43,196(*)
Asset for costs of obtaining a contract	35,751	27,538(*)
Income receivable for marketing	16,787	18,488(*)
Loans and partner balances	2,136	5,965
Institutes	7,999	7,063
Income received from rental fees	4,015	5,310
Open debts	3,811	96
Income received from parking lot management	2,165	1,427(*)
Revenue received for project management fees	1,642	1,642
Loan for the manager in the Blue Atlit project	1,098	5,459
Current maturities of tenant loans	895	968
Deposits/money in trust	784	3,332
Provision for doubtful debts:	(116)	(116)
Other accounts receivable	3,430	6,113(*)
	129,603	126,481

(*) reclassified

Non-current assets:		
Revenues receivable from the sale of real estate inventory	5,840	-
Income received from rental fees	2,037	3,100
Loans for tenants	1,689	2,857
Long term deposits	-	859
Other	19	250
	9,585	7,066

b. Receivables and debit balances for hotels:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Current assets:		
Receivables and customers for operating and managing hotels (including credit cards)	70,104	34,787
Expenses in advance	12,780	2,407
Institutes	3,990	1,151
Other accounts receivable	2,279	2,473
Food and drink inventory	1,615	415
	90,768	41,233

Note 6 - Receivables and Debit Balances (continued):

c. Receivables from sale of real estate inventory and apartments under construction:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
For real estate inventory:		
Northern Quarter Project - see Note 15(w)	30,039	-
In the Ramat Hasharon Office Project - See Note 15d	18,002	8,286
In the Hod Hasharon West Project	1,601	2,550
Orange Trail Project	1,334	1,826
Harakevet Project - see Note 15(l)	1,130	1,096
Uptown Project - see Note 15(c)	395	389
Other	371	731
	52,872	14,878
Inventory of buildings under construction:		
Asset for a contract with customers in the Rainbow Project - see Note 15(q)	25,350	-
Asset for a contract with customers in the Ahad Ha'am Project - see Note 15(e)	7,638	4,402
Asset for a contract with customers in the Midtown Jerusalem Project - see Note 15(m)	7,374	-
	40,362	4,402

Note 7 - Real Estate Inventory, Buildings in Planning and Construction, and Advances on Account of Real Estate Inventory

a. Composition:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Inventory of real estate and buildings under planning and construction, short term:		
(1) Inventory of projects under planning and construction:		
Rainbow Project - see Note 15(q)	1,658,069	1,598,959
Midtown Jerusalem Project - see Note 15(m)	920,545	610,450
SHE Project - see Note 15(h)	421,454	390,456
Beit HaNa'ara Project, Hod HaSharon - see also Note 15(p)	67,753	-
Ahad Ha'am Project - see also Note 15(e)	2,740	25,158
(2) Land inventory:		
Northern Quarter Project - see also Note 15(w)	94,473	-
Business Lounge Project, Netanya - see also Note 15(j)	92,792	91,541
Sunset Project	77,599	72,972
Hatzuk Hatsfoni Project	63,480	63,509
Turquoise Project	49,931	42,069
Uptown Project - see also Note 15(c)	25,527	25,527
Ramat HaSharon Project - see also Note 15(d)	17,225	8,206
Orange Trail Project	4,686	4,552
Atlit Project	2,309	2,308
Hod Hasharon West Project	1,918	2,128
Other	7,554	7,946
	3,508,055	2,945,781

Note 7 - Real Estate Inventory, Buildings in Planning and Construction, and Advances on Account of Real Estate Inventory (continued):

a. Composition (continued):

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Real estate inventory, long-term:		
(3) Land inventory:		
Dubnov Project - see also Note 15(v)	387,677	361,375
Beit HaNa'ara Project, Hod HaSharon - see also Note 15(p)	384,897	424,746
People Project - see also Note 15(y)	333,928	-
Lapid Project - see also Note 15(g)	323,755	306,150
Emek Bracha Project - see Note 15(t)	61,207	53,539
	1,491,464	1,145,810
Financing costs capitalized for the land inventory (aggregate):		
(4) Land inventory:		
Rainbow Project	307,169	223,068
Beit HaNa'ara Project, Hod HaSharon	90,972	63,944
Lapid Project	79,356	61,856
SHE Project	76,290	57,558
Midtown Jerusalem Project	71,364	62,208
Dubnov Project	26,767	6,423
People Project	9,208	-
Emek Bracha Project	7,903	5,536
Ahad Ha'am Project	-	2,639
	669,029	483,232
(5) Advances on account of real estate inventory:		
Current assets:		
Advances on account of Northern Quarter Project inventory	-	47,780
Advances on account of Kadima Zoren Project inventory	26,461	-
	26,461	47,780

b. Additional Information:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Carrying amount of inventory pledged as collateral for a liability	4,751,321	3,852,010

Note 7 - Real Estate Inventory, Buildings in Planning and Construction, and Advances on Account of Real Estate Inventory (continued):

c. Assets expected to be realized after more than 12 months:

Below is information regarding assets expected to be realized more than 12 months after the end of the reporting period and which are classified within the Group's current assets:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Real estate inventory	1,869,962	1,598,958

Note 8 - Investments and Loans in Investee Companies, net

a. Consolidated companies - details of the consolidated companies held by the Company:

Subsidiary name		Country of incorporation	Area of activity	Rate of holdings in equity rights in a consolidated company	
				As of December 31	
				2025	2024
				%	%
Pangaea Israel (T.R.) Ltd.	(1)	Israel	Real estate in Israel	100	100
Hazlachat Hasharon Ltd.	(2)	Israel	Real estate in Israel	100	100
Plantograd Ltd.		Israel	Real estate in Russia	89	89
Uptown Glilot Complex, Limited Partnership	(3)	Israel	Real estate in Israel	64	64
Canada Israel Orange Trail, Limited Partnership	(4)	Israel	Real estate in Israel	80	80
Israel-Canada (T.R.) Lapid Ltd.	(5)	Israel	Real estate in Israel	60.1	60.1
Israel Canada Sunset, Limited Partnership	(6)	Israel	Real estate in Israel	100	100
Israel-Canada (T.R.) Holdings in Netanya Ltd.	(7)	Israel	Real estate in Israel	75	75
BWB Madaph 83 Ltd.		Israel	Real estate in Israel	100	100
Israel Canada Hotels Ltd.	(8)	Israel	Hotel	55.7	68.5
G.S. Madaph 14 Ltd.	(9)	Israel	Real estate in Israel	95	95
Israel Canada in the City, Limited Partnership (SHE Project)	(10)	Israel	Real estate in Israel	81	81
Israel Canada Urban Renewal Ltd.	(11)	Israel	Real estate in Israel	100	100
Midtown Jerusalem (Israel Canada) Ltd.	(12)	Israel	Real estate in Israel	74	74
Israel Canada Beit HaNa'ara Ltd.	(13)	Israel	Real estate in Israel	100	100
Israel Canada Sde Dov Ltd.	(14)	Israel	Real estate in Israel	100	100
Israel Canada Assisted Living Ltd.	(15)	Israel	Assisted living in Israel	100	100
Partnership for the Development of Young Ramat Hasharon, Limited Partnership	(16)	Israel	Real estate in Israel	81	81
Dubnov Tower Residential, Limited Partnership	(17)	Israel	Real estate in Israel	80	80
People Project Israel Canada, Limited Partnership	(18)	Israel	Real estate in Israel	100	-
G.S. Madaph 13 Ltd.		Israel	Real estate in Israel	100	100
Israel Canada Beit Mars Ltd.			Real estate in Israel	96	96
Pangaea Real Estate Bonds (2009), Limited Partnership		Israel	Investing in real estate companies	100	100
W Prime		Israel	Real estate in Israel	100	100
Abelie Holding Limited		Cyprus	Real estate in Poland	100	100

Note 8 - Investments and Loans in Investee Companies, net (continued):

a. Consolidated Companies - Details of the consolidated companies held by the Company (continued):

(1) Pangaea Israel Ltd. holds the companies detailed below:

(a) Israel - Canada Migdal Tzomet Arim Ltd. - (50.1%) - Holds the Migdal Tzomet Arim Project.

(b) Israel - Canada (T.R.) Beit America Ltd. (97.3%) - Holds 36% of the share capital of Rem Canada Beit America Ltd.

(c) Herzliya Pituach Al Hayam Limited Partnership (92%) - Holds 50% of the partnership rights in A.K.M Da Vinci in Kanarit.

(d) Israel - Canada in the City Limited Partnership (50%) - Holds the Bank Leumi building (hereinafter: the "**SHE Project**"). For the remaining holdings see Section 8 A (10).

(e) Live TLV Ltd. (100%).

(f) Aviv BaEliphelet Ltd. (50%) - Holds 100% of the share capital of Ahuzat Semel Ltd.

(g) G.Z Shelf 15 Ltd. (95%) - Held the office rights in the HaRakevet Project in Tel Aviv.

(h) G.Z Shelf 18 Ltd. (95%) – Held the commercial and hotel rights in the HaRakevet Project in Tel Aviv.

(i) Israel Canada Holdings in Midtown (2018) Ltd. (100%) - Holds 25% of the share capital of Midtown Ltd. (Midtown Tel Aviv Project).

(j) Israel Canada Holdings in Midtown Ltd. (70%) - Holds 37.5% of the share capital of Midtown Ltd. (Midtown Tel Aviv Project).

(k) Israel Canada Holdings (T.R.) in Midtown (2011) Ltd. (80%) holds 37.5% of the share capital of Midtown Ltd. (Midtown Tel Aviv Project).

(l) B.V.B Shelf 56 Ltd. (100%) holds approximately 24% of the Sea Tower (Microsoft) Project.

(m) Midtown Jerusalem (Israel Canada) Ltd. is held at a holding rate of approximately 37%, and together with the direct holdings of the Company, the Company holds approximately 74% (indirectly).

(n) Israel - Canada Bursa Triangle Complex Ltd. (100%) - Holds approximately 55.9% of the share capital of Vertical City Ltd., which holds the rights to the Vertical Project, which is accounted for using the equity method.

(o) Pangaea Israel (T.R.) Emek HaBracha Project Ltd. (100%) holds 63% of the share capital of Israel - Canada Emek HaBracha (2022) Ltd.

(p) Pangaea Sde Dov Offices Ltd. (100%) holds 100% of the rights in Lot 306, Sde Dov.

(q) Dubnov Tower Employment Limited Partnership holds 25% of the Dubnov Tower Employment and Residential joint arrangement, and together with the direct holdings of the Company in the Dubnov Tower Employment and Residential joint arrangement, the Company holds approximately 80% of the Dubnov Project.

Note 8 - Investments and Loans in Investee Companies, Net (continued):

a. Consolidated Companies - Details of the consolidated companies held by the Company (continued):

(2) Hatzlachat HaSharon Ltd. holds the following companies:

(a) Kachol Hof Atlit Ltd. (100%) whose main activity is the construction of the Kachol Atlit Project.

(b) Israel - Canada (T.R.) 13 Echad Ha'am Ltd. (95%) holds the Echad Ha'am Project.

(3) Uptown Glilot Complex Partnership (64%) holds land in the Pi Glilot complex and also holds 27.3% of the share capital of Pinat Glilot Ltd.

(4) Canada Israel Partnership for the Orange Path (80%) holds real estate in Hod HaSharon.

(5) Israel - Canada (T.R.) Lapid Ltd. (60.1%) holds real estate in the Lapid complex in Tel Aviv.

(6) Israel - Canada Sunset Partnership (100%) holds the Sunset Project in northwest Tel Aviv.

(7) Israel Canada Holdings (T.R.) in Netanya Ltd. (75%), holds 80% of the share capital of Israel - Canada Business Village Ltd., which holds real estate in Netanya.

(8) Israel Canada Hotels Ltd. (55.7%) holds 100% of Israel Canada Hotels (2019) Ltd.

Israel Canada Hotels (2019) Ltd. holds 100% of the following companies:

(a) Israel Canada Hotels Eilat Ltd., which operates the Soleil Eilat Hotel.

(b) Israel Canada Hotels Kinneret Ltd. - operates the Galei Kinneret Tiberias Hotel.

(c) Gonen Holiday Village Ltd. - operates the Gonen Holiday Village Hotel.

(d) Israel Canada Hotels Holdings Ltd. (formerly: "Pride Dead Sea Ltd.") operates the Pride Dead Sea Hotel, the Port and Blue Hotel, the Levontin Hotel, and the Shalom Hotel, which also holds 57% of Israel Canada Partnership 3 General, which operates the Machane Yehuda Hotel, the Brut Hotel, and the Lighthouse Hotel (80 rooms).

(e) Tamres Tourism Ltd. - operates the West Ashdod and West Tel Aviv Hotels.

(f) A.R.N. Hotels Ltd. - operates the Lake House Hotel in Tiberias.

(g) L.A.L. HaHar HaAdom Eilat Ltd.

(h) Fly 42 Eilat Ltd. operates the Isla Brown Eilat Hotel.

(i) Israel Canada Hotels Universal, Limited Partnership holds 100% of ICH Europe Ltd. (a Cypriot company), which holds 100% of the following companies: Bedafil Limited, Eastmed Capital Property 3 S.A, ICH Greece SA. ICH Greece SA holds 100% of the following companies: Theatrou 3-5-7 Properties IKE, Anargyron 31 EPE, Paros Argo SA, Paros Lefkes, Sambation Theatrou, Single Member PC.

In addition, ICH Europe Ltd. holds 57% of ICH BROWN SA and together with the holdings of Israel Canada Leisure Ltd., the Company holds 100% (indirectly) of the following companies: Beach House Corinthia S.M.S.A, Brown and Blue Hotel S.A, BHE Greece Single Member PC, Brown Hotels Europe S.M.P.C, Brown Museum Hotel S.A.

Note 8 - Investments and Loans in Investee Companies, Net (continued):

a. Consolidated Companies - Details of the consolidated companies held by the Company (continued):

(j) Israel Canada Hotels Holdings Ltd. holds 45.6% of the following companies and together with the holdings of Israel Canada Leisure Ltd., the Company holds 80% (indirectly) of I.C.H. Hotels Limited Partnership, which includes the Beach House, Bobo, Villa Brown in the Colony, Villa Brown Jerusalem, Villa Brown Tel Aviv, Brown JLM, and Lighthouse (144 rooms) hotels. The partnership also holds 50% of Brown Levi Natbag Boutique Hotels Ltd.

(k) Israel Canada Hotels Holdings Ltd. holds 57% of the following companies and together with the holdings of Israel Canada Leisure Ltd., the Company holds 100% (indirectly) of Canada Hotels 3 General (General Partnership), which includes the Brut, Machane Yehuda, and Lighthouse (80 rooms) hotels.

(l) Israel Canada Hotels Holdings Ltd. holds 74% of Nofei Gonen Agricultural Cooperative Society Ltd.

(9) G.Z Shelf 14 Ltd. (95%) - Held the residential rights in the HaRakevet Project in Tel Aviv.

(10) Israel Canada in the City Partnership is held by the Company at a holding rate of 31%, and together with the holdings of the subsidiary Pangaea Israel (T.R.) Ltd. in the Israel Canada in the City Partnership, the Company holds 81% (indirectly).

(11) Israel Canada Urban Renewal Ltd. holds 50% of Lev Bavli Ltd.

(12) Midtown Jerusalem (Israel Canada) is held by the Company at a holding rate of approximately 37%, and together with the holdings of the subsidiary Pangaea Israel (T.R.) Ltd. in Midtown Jerusalem Ltd., the Company holds approximately 74% (indirectly).

(13) Israel Canada Beit HaNa'ara Ltd. holds 50% of the real estate in the complex known as the Beit HaNa'ara complex in Hod HaSharon.

(14) Israel Canada Sde Dov Ltd. (100%) - Holds the rights to the Rainbow Project.

(15) Israel Canada Assisted Living Ltd. - Holds 80% of Israel Canada HaBayit BaKfar Shmaryahu Ltd., which holds an assisted living facility in Kfar Shmaryahu.

(16) Young Ramat HaSharon Development Partnership (81%) holds real estate in Ramat HaSharon. See also Note 14(E)4.

(17) Dubnov Tower Residential Limited Partnership holds 75% of the Dubnov Tower Employment and Residential joint arrangement, and together with the holdings of the subsidiary Pangaea Israel (T.R.) Ltd. in the Dubnov Tower Employment and Residential joint arrangement, the Company holds approximately 80% (indirectly).

(18) People Israel Canada Project, Limited Partnership (100%) - Holds lease rights on Kremenitzky Street in Tel Aviv-Yafo (hereinafter: the "**People Project**").

Note 8 - Investments and Loans in Investee Companies, Net (continued):

b. Joint arrangements:

(1) Investment in associates:

(a) Details of the Group's associates (which are not joint arrangements):

Name of associate	Country of incorporation	Holding rate of capital rights	
		As of December 31	
		2025	2024
		%	%
Pinat Glilot Ltd.	Israel	27.4	27.4
A.K.A. Beit Mars Ltd.:	Israel	40	40
Vertical City Ltd.	Israel	55.9	55.9
Ben Yehuda 87 Boutique Hotels (Deborah) Ltd.	Israel	50	-
Beammed Ltd.	Israel	43	-
Brown Levi Ben Gurion Airport Boutique Hotels Ltd.	Israel	30	-
Galei Kineret Yachts Ltd.	Israel	40	-
Carel Residential Management Ltd.	Israel	50	-
Carel Avraam Asset Management Ltd.	Israel	50	-

(b) Information regarding the associates:

Name of associate	Note	Measurement base	Scope of investment in joint transaction in consolidated report	
			As of December 31	
			2025	2024
			NIS thousands	NIS thousands
Pinat Glilot Ltd.	8b(4)(a)	Balance sheet value	64,192	62,342
A.K.A. Beit Mars Ltd.:	8b(4)(h)	Balance sheet value	114,403	96,359
Vertical City Ltd.	8b(4)(g)	Balance sheet value	571,275	474,475
Ben Yehuda 87 Boutique Hotels (Deborah) Ltd.	15(k)	Balance sheet value	8,666	-
Beammed Ltd.	15(k)	Balance sheet value	15,744	-
Brown Levi Ben Gurion Airport Boutique Hotels Ltd.	15(k)	Balance sheet value	15,063	-
Galei Kineret Yachts Ltd.	15(k)	Balance sheet value	204	-
Carel Residential Management Ltd.	15(k)	Balance sheet value	1,632	-
Carel Avraam Asset Management Ltd.	15(k)	Balance sheet value	-	-

Note 8 - Investments and Loans in Investee Companies, Net (continued):

b. Joint arrangements (continued):

(1) Investment in associates (continued):

(c) Balances of loans granted to associates:

Name of associate	Loan amounts provided for associate	
	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Pinat Glilot (1)	97,057	82,043
A.K.A. Beit Mars Ltd. (2)	121,854	96,978
Vertical City Ltd. (3)	326,781	265,921

(1) In accordance with the provisions of International Standard IFRS, loans are measured at fair value at an annual interest rate of 9.04% (in 2024 – 10.16%).

(2) In accordance with the provisions of International Standard IFRS, loans are measured at fair value at an annual interest rate of between 6.6%-7.12% (in 2024 - 7.35%-7.57%).

(3) In accordance with the provisions of International Standard IFRS, loans are measured at fair value at an annual interest rate of approximately 8.02% (in 2024 – 10.43%).

(d) Details regarding guarantees provided to investee companies:

Name of associate	Amounts of guarantees provided for associates	
	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Pinat Glilot	57,615	57,615
Vertical City Ltd.	766,311	442,394
A.K.A. Beit Mars Ltd.	216,491	220,635
Ben Yehuda 87 Boutique Hotels (Deborah) Ltd.	750	-

Note 8 – Investments and loans in investee companies, net (continued):

b. Joint arrangements (continued):

(2) Joint ventures:

(a) Details of the Group's joint ventures:

Name of joint venture	Note	Country of incorporation	Holding rate of capital rights	
			As of December 31	
			2025	2024
			%	%
Not directly held:				
A.C.M. Da Vinci in Kanarit Limited Partnership	8b(4)(c)	Israel	50	50
Morgal Investments Limited	8b(4)(d)	Cyprus	-	50
Morgal Investments LLC	8b(4)(d)	Russia	44.5	44.5
Rem Canada Beit America Ltd.	8b(4)(e)	Israel	36	36
Israel Canada Rem Projects Ltd.	8b(4)(f)	Israel	50	50
Lev Bavli Ltd.	8b(4)(b)	Israel	50	50
Aviv in Elifelet Ltd.		Israel	50	50

(b) Information regarding the joint ventures:

Balances of investments and loans included in the Group's consolidated financial statements:

Name of joint venture	Measurement base	Scope of investment in joint transaction in consolidated report	
		As of December 31	
		2025	2024
		NIS thousands	NIS thousands
A.C.M. Da Vinci in Kanarit Limited Partnership	Balance sheet value	96,882	91,953
Morgal Investments LLC	Balance sheet value	139,597	136,029
Rem Canada Beit America Ltd.	Balance sheet value	50,479	34,741
Israel Canada Rem Projects Ltd.	Balance sheet value	372,308	333,514
Aviv in Elifelet Ltd.	Balance sheet value	3,878	3,834
Lev Bavli Ltd.	Balance sheet value	44,578	59,100
Going Dutch Ltd.	Balance sheet value	12,345	13,578

Note 8 – Investments and loans in investee companies, net (continued):

b. Joint arrangements (continued):

(2) Joint ventures (continued):

(c) Balances of loans provided to joint ventures held directly by the Company:

Name of joint venture	Amounts of loans and/or capital notes provided for joint transaction	
	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Morgal Investments LLC	17,008	16,732
Rem Canada Beit America Ltd.	14,909	12,362
Israel Canada Rem Projects Ltd.	87,765	79,750
Lev Bavli Ltd.	43,220	59,100
Aviv in Elifelet Ltd.	1,610	1,596

		Weighted annual interest rates		
		As of December 31	As of December 31	
		2025	2025	2024
		%	NIS thousands	NIS thousands
Balances in foreign currency or linked thereto	(1)	9	17,008	16,732
Linked to the consumer price index		4	-	10,807
Unlinked	(2)	Interest 3j	55,094	-
Unlinked	(3)	-	87,765	81,305

(1) The Company measures the ruble loan to Morgal Company at fair value in accordance with the provisions of International Standard IFRS 9. According to an economic analysis performed by an external appraiser, the annual interest rate for the loan for a period of seven years is approximately 19.37% (in 2024 – 24.72%).

(2) In accordance with the provisions of International Standard IFRS, loans are measured at fair value at an annual interest rate of approximately 13.13%.

(3) In accordance with the provisions of International Standard IFRS, loans are measured at fair value at an annual interest rate of approximately 8.81% (in 2024 approximately 7.92%).

Note 8 – Investments and loans in investee companies, net (continued):

b. Joint arrangements (continued):

(2) Joint ventures (continued):

(d) Details regarding guarantees provided to joint ventures held directly by the Company:

Name of joint venture	Amounts of guarantees provided for joint transactions As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Israel Canada Rem Projects Ltd.	124,925	145,925
A.C.M. Da Vinci in Kanarit Limited Partnership	139,004	141,569

Note 8 – Investments and loans in investee companies, net (continued):

b. Joint arrangements (continued):

(2) Joint ventures (continued):

(e) Summary financial information regarding a material joint venture for the Company (continued):

1) Morgal Investments LLC:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Current assets	24,376	25,198
Non-current assets	269,753	237,306
Current liabilities	(33,041)	(26,626)
Non-current liabilities	(80,157)	(50,984)
Capital attributed to the Company's shareholders	(180,931)	(184,894)
Company's share of equity, net	80,514	92,447
Loans and other adjustments	59,083	43,582
Carrying amount of the investment in the joint transaction	139,597	136,029

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Income	47	98,556	61,824
Gross profit	47	98,556	38,651
Operating profit (loss)	(6,683)	101,852	(23,610)
Profit (loss) after tax	(13,413)	33,048	(35,253)
Profit (loss) belonging to the Company's shareholders	(13,413)	33,048	(35,253)
Company's share in profit (loss)	(5,969)	16,524	(17,626)

Note 8 – Investments and loans in investee companies, net (continued):

b. Joint arrangements (continued):

(2) Joint ventures (continued):

(e) Summary financial information regarding a material joint venture for the Company (continued):

2) Vertical City Ltd.:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Current assets	810,174	726,612
Non-current assets	1,321,117	1,021,636
Current liabilities	(1,034,242)	(800,674)
Non-current liabilities	(636,489)	(565,528)
Capital attributed to the Company's shareholders	(460,560)	(382,046)
Company's share of equity, net	257,453	213,564
Loans and other adjustments	313,822	260,911
Carrying amount of the investment in the joint transaction	571,275	474,475

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Income	-	-	-
Gross profit	-	-	-
Operating loss	(289)	(165)	(398)
Profit (loss) after tax	78,514	146,738	(41,807)
Profit (loss) belonging to the shareholders	78,514	146,738	(41,807)
The Company's share in the profit (loss)	43,889	82,027	(30,937)

Note 8 – Investments and loans in investee companies, net (continued):

b. Joint arrangements (continued):

(2) Joint ventures (continued):

(e) Summary financial information regarding a material joint venture for the Company (continued):

3) Israel Canada Rem Projects Ltd. (ICR):

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Current assets	3,056,186	2,277,062(*)
Non-current assets	372,982	1,052,420(*)
Current liabilities	(2,675,132)	(2,411,718)
Non-current liabilities	(114,112)	(374,720)(*)
Capital	(515,223)	(433,324)
Company's share of equity, net	257,612	216,662
Loans and other adjustments	114,696	116,852
Carrying amount of the investment in the joint transaction	372,308	333,514

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Income	1,000,107	805,162(*)	1,616,783
Gross profit	246,132	134,605(*)	198,463
Operating profit (loss)	196,943	111,236(*)	(155,268)(*)
Profit after tax	95,124	35,234	86,310
Profit belonging to the Company's shareholders	80,407	37,513	86,310
Company's share in the profit	40,203	18,757	43,155

(*) Reclassified

Note 8 – Investments and loans in investee companies, net (continued):

b. Joint arrangements (continued):

(3) Joint activities:

Details of the Group's joint activities:

Name of joint activity	Country of incorporation	Holding rate of capital rights	
		As of December 31	
		2025	2024
		%	%
Sea Tower joint transaction	Israel	24	24
Joint transactions in Herzliya	Israel	23.6-33	23.6-33

(4) Additional details:

(a) Investee company – Pinat Glilot:

As of the Report Date, a limited partnership (hereinafter: "**Uptown**") held by the Company at a rate of 64%, holds approximately 27.3% of the shares of Pinat Glilot Ltd. (hereinafter: "**Pinat Glilot**"), which held shares in Pi Glilot Oil Terminals Ltd. (hereinafter: "**Pi Glilot**"). On May 3, 2020, upon the liquidation of Pi Glilot, the lease rights in the land at the Pi Glilot complex were transferred to the shareholders. At that time, Pi Glilot paid betterment levies to the Ramat HaSharon Municipality in the amount of approximately NIS 120 million (Pinat Glilot's share is NIS 48 million). Pinat Glilot paid purchase tax in the amount of approximately NIS 23 million and received municipal approval for the transfer of rights in the real estate to the shareholders. In addition, the shareholders transferred to a trustee an amount of approximately NIS 66 million pro rata (Pinat Glilot's share is approximately NIS 26 million) to secure their relative share in the exposure amount to the existing obligation in Pi Glilot, in accordance with the liquidator's determination and fulfillment of their obligations under the agreement.

As of the Report Date, Pinat Glilot holds approximately 65 dunams in the real estate of Pi Glilot (the partnership's indirect share: approximately 17 dunams).

National Master Plan 3007 was prepared by the National Planning and Building Committee for the change of land designation to residential, public open space, employment, commerce, special housing, and the like. According to the plan documents, the plan includes approximately 18,500 housing units (including sheltered housing and rental apartments) as well as approximately 1.1 million square meters for employment, public areas, park, and additional areas. The plan was deposited for public objections on December 30, 2025.

Concurrently, Pinat Glilot took a loan from a banking corporation to finance the payments detailed above. The credit facility granted is in the amount of NIS 210 million, which was fully utilized, and its final repayment date was June 2023. The loan repayment date was extended and set for June 1, 2026. The loan bears interest at Prime + 1%. As part of the loan arrangement, Pinat Glilot is required to deposit in a closed cash deposit each period an amount equal to the annual interest amount payable in the current year. The Company is a guarantor for the repayment of the credit facility in accordance with Uptown's holding rate in Pinat Glilot, namely 27.34% as detailed above.

Note 8 – Investments and loans in investee companies, net (continued):

b. Joint arrangements (continued):

(4) Additional details (continued):

(b) Associate – Lev Bavli Ltd.:

On February 1, 2021, the Company (through a wholly owned subsidiary of the Company) together with a subsidiary controlled by B.S.R. Engineering and Development Ltd. (hereinafter, jointly: the "**Purchasers**") entered into an agreement to purchase 100% of the issued and paid-up share capital (the Company's share 50%) of Lev Bavli Ltd. (hereinafter: the "**Bavli Project Company**" or "**Lev Bavli**"), which signed with tenants for an urban renewal transaction under National Outline Plan 38/2 licensing track in a complex located in the Bavli neighborhood in Tel Aviv (a complex located in Block 6101, part of Parcel 301, at 2-6 HaKnesset HaGedola, 3-13 Tosefta, 28-36 Bavli Streets in the Bavli neighborhood in Tel Aviv).

The Bavli Project Company signed a partnership agreement between the Purchasers and Hachsharat HaYishuv, which signed National Outline Plan 30/2 agreements with apartment owners on 1-5 Yerushalmi Street in the complex, for the establishment of a joint project in the complex between the above streets, by contracting with a single contractor for the entire project and obtaining joint financing for its construction or for the construction of part thereof (hereinafter: the "**Project**").

As consideration for the purchased shares, the Purchasers undertook to pay Urban Real Estate Y.D. Ltd. (hereinafter: "**Urban Real Estate**") the amount of NIS 8 million and also to bear the repayment of a shareholder loan provided by Urban Real Estate to Lev Bavli for the payment of expenses, in an amount not to exceed an additional NIS 5 million, plus VAT as applicable.

An agreement was signed between Lev Bavli and Urban Real Estate whereby Urban Real Estate will provide management and development services to Lev Bavli for which Urban Real Estate will be entitled to total consideration of approximately NIS 80 million.

Within the framework of the agreement, the Purchasers acquired 49% of the purchased shares and the acquisition of an additional 51% of the purchased shares was subject to a condition precedent. On January 24, 2024, the Purchasers completed payment of the full consideration for the purchase of the issued and paid-up share capital of the Bavli Project Company, and simultaneously the remaining 51% of the issued and paid-up share capital of the Bavli Project Company was transferred to them. In addition, the Bavli Project Company paid Urban Real Estate the full consideration for the management services that Urban Real Estate undertook to provide to the Bavli Project Company. For the purpose of the above, the Purchasers jointly obtained credit from an Israeli bank in the amount of NIS 50 million (hereinafter: the "**Credit**"), for which they are jointly and severally liable to the bank.

The Project is an urban renewal project under the National Outline Plan 38/2 licensing track, within which 299 residential units will be built. According to the plan, the total above-ground construction area will amount to approximately 37,200 square meters and approximately 14,500 square meters of underground construction area. The share of the Bavli Project Company in the Project is approximately 82%, and accordingly – the number of residential units to be marketed by the Bavli Project Company: approximately 138.

On December 31, 2024, an agreement was signed with a contractor for the Project and on January 6, 2025, a building permit for the Project was received.

On July 2, 2025, Lev Bavli and Hachsharat HaYishuv entered into an agreement with a local bank and an institutional entity (hereinafter, jointly: the "**Lenders**") for a financing arrangement to provide a financing facility not to exceed approximately NIS 2 billion, including financial credit and a framework for guarantees and Sale Law securities, a framework for guarantees to owners including for the benefit of banks that provided mortgages to owners. According to the financing agreement, the financial credit facility will not exceed a total amount of approximately NIS 288 million and will be used to finance the costs of establishing the Project.

The credit utilized under the credit facility will be repaid upon completion of the Project, namely on March 31, 2030.

The credit facility will bear annual interest at the rate of Prime + 0.4% as well as customary fees for loans of this type.

Note 8 – Investments and loans in investee companies, net (continued):

b. Joint arrangements (continued):

(4) Additional details (continued):

(b) Investee company – Lev Bavli Ltd. (continued):

For the purpose of securing repayment of the loan, liens agreed with the Lenders were registered in favor of the Lenders. In addition, the Purchasers, as partners, provided the Lenders with a guarantee to secure the repayment of the credit facility, limited to the amount of NIS 2.65 billion, whereby each of them will be liable for 50% of all debts and obligations to the Lenders.

As of the date of publication of the report, the financing agreement includes conditions precedent for the provision of the construction financing facility, including the provision of equity at a determined rate and advance sales. The Project Company has not yet completed all the conditions precedent.

The Company has begun marketing residential units in the Project and as of the end of 2025, 17 residential units have been marketed under a conditional agreement for a total amount of approximately NIS 90 million NIS including VAT. In accordance with the Company's revenue recognition policy, as detailed in Note 2(o)(6) above, the Company has not yet recognized revenue.

(c) Joint Arrangement – A.K.M. Da Vinci in Kanarit:

The A.K.M. Da Vinci Partnership (hereinafter: "**Da Vinci**") is presented using the equity method. The Partnership is held at a rate of 46% by the Company (indirectly through a subsidiary partnership (hereinafter: the "**Subsidiary Partnership**")), which holds rights to offices and commercial areas in the Da Vinci project, namely approximately 9,000 sqm and approximately 1,200 sqm, respectively, which are used for long-term leasing and are presented in the Partnership's reports under the investment property section. Based on a valuation as of December 31, 2025, Da Vinci recorded an increase in value for the office and commercial rights in the amount of approximately NIS 1.7 million. As of the balance sheet date, the balance of investment property after construction costs during the construction period amounts to approximately NIS 457 million (at 100%). In addition, Da Vinci holds inventory of two apartments.

On March 14, 2023, the Partnership signed a financing agreement, for its rights in the offices and commercial areas as stated, for a total loan amount of approximately NIS 286 million. The loan was used to repay the credit that would exist at the completion date of the project (hereinafter: the "**Replacement Loan**") and the remaining amount was provided to the Partnership as a facility for a period of up to one year. The repayment date of the Replacement Loan amount and any additional amount utilized by the Partnership from the facility amount shall be no later than September 2027. On August 6, 2023, the full Replacement Loan was provided and a distribution was made to the partners, with each partner's share of the distribution amounts being NIS 75 million.

(d) Joint Arrangement – St. Petersburg Project, Russia:

(1) Morgal Investments LLC (hereinafter: "**Morgal**"), a Russian company, held at a rate of 44.5% by the Company, borrowed from the Company and from a third party amounts required to finance the purchase of land in St. Petersburg (as detailed below), in a total amount of approximately USD 110 million, by way of owners' loans, with approximately 65% financed by the third party (hereinafter: the "**Third Party**") and approximately 35% financed by the Company. During November 2024, Morgal repaid owners' loans in the amount of approximately USD 30.8 million according to the order of priority of the loans (the Company's share is approximately NIS 26 million).

The owners' loans are repaid from Morgal's cash surpluses, whereby first the excess financing provided by the Third Party is repaid, and thereafter the balance is repaid in equal parts between the partners. Until December 31, 2020, capitalization of financing costs and exchange rate differences was performed for the loans mentioned above.

During the reporting period, Morgal received a total of approximately USD 2.3 million, which according to the agreements between it and the Purchaser (as defined below), constitutes a supplement to the minimum consideration for the parcels of the second block (paid in quarterly installments via bank letters of credit as described below).

Note 8 - Investments and Loans in Investee Companies, Net (continued):

b. Joint arrangements (continued):

(4) Additional details (continued):

(d) Joint arrangement – St. Petersburg Project, Russia (continued):

(2) The land and planning and construction procedures:

The real estate is located in the Moskovsky District, St. Petersburg, Russia, on an area spanning approximately 2,400 dunams (hereinafter: the "**Land**" and/or the "**Project**" and/or the "**Planetograd Project**," as applicable). As of the end of the reporting period, most of the Land is owned by it, and within the framework of the transaction with the Purchaser described below, ownership of part of the Land was transferred to the Purchaser. At present, Morgal and the Purchaser are working to update the PPT (zoning plan) in consideration of legislative changes and to adapt the building rights accordingly.

However, with respect to the first block and the second block of the Project (hereinafter: the "**First Block**" and/or the "**Second Block**," as applicable), the aforementioned legislative changes did not affect the building rights (with respect to residential building areas and internal commercial areas in the residential complexes), and accordingly, apartments and internal commercial areas totaling approximately 315,000 sqm were built and sold in these blocks.

(3) Infrastructure and public building agreements:

Morgal signed agreements for the supply of water, sewage, and heating infrastructure for the First Block and the Second Block (hereinafter: the "**Infrastructure Agreements**"). The rights and obligations under these agreements were assigned to the Purchaser, and Morgal is not involved in their performance and implementation by the Purchaser.

(4) The framework agreement:

On May 21, 2015, a set of agreements was signed, including a framework agreement and additional agreements (hereinafter: the "**Framework Agreement**"), subject to a condition subsequent, between Morgal and a local third party (above and below: the "**Purchaser**"), whereby the Purchaser will purchase from Morgal the Sale Asset (as defined below), in a staged consideration transaction (hereinafter: the "**Transaction**").

According to the Framework Agreement, for the purposes of the Transaction only, the Land was divided into eight blocks composed of parcels, with each block including parcels for the construction of residential buildings, public buildings, roads, and various infrastructures (hereinafter: the "**Blocks**," the "**Parcels**," the "**Residential Parcels**," the "**Public Building Parcels**" and the "**Infrastructure Parcels**," respectively, and hereinafter together: the "**Sale Asset**"). Each block will be purchased at dates agreed upon between the parties by signing sale agreements, the wording of most of which was agreed between the parties and attached to the Framework Agreement.

(5) Transfer of ownership:

As of the end of the reporting period, ownership of the Residential Parcels and the Public Building Parcels included in the First Block and the Second Block was transferred. It should be noted that most of the parcels in Blocks 3-8 of the Project are leased from time to time to the Purchaser under short-term lease agreements in order to enable the Purchaser to advance planning in these blocks and also for various temporary uses for the purpose of advancing the Project (such as temporary access roads, storage areas, etc.).

Note 8 - Investments and Loans in Investee Companies, Net (continued):

b. Joint arrangements (continued):

(4) Additional details (continued):

(d) Joint arrangement – St. Petersburg Project, Russia (continued):

6) Below are the main details of the Framework Agreement and the additional agreements signed between the parties:

a) Description of the transaction and the consideration therefor:

1. Timetables for signing the sale agreements were set in the Framework Agreement, over a period of 11 years from the date of signing the Framework Agreement, subject to provisions regulating the Purchaser's right to request certain extensions as detailed in the Framework Agreement. These dates were extended in accordance with various postponements agreed between the parties from time to time, according to the actual progress of the Project. In this regard, see below the reference to the amendment to the Framework Agreement.

2. In consideration for the purchase of the Sale Asset, Morgal will be entitled to 16% of the sales proceeds received by the Purchaser from the sale of residential apartments and commercial areas that will be built and sold by it in the Residential Parcels, subject to price adjustment mechanisms as determined between the parties (hereinafter: the "**Consideration**").

b) Payments and securities:

1. The total payments made by the Purchaser in accordance with the Framework Agreement and its appendices as of the end of the reporting period are approximately USD 109 million. This amount includes infrastructure payments as defined above, which were actually paid to the relevant infrastructure companies and not to Morgal, and advance payments that were paid to Morgal and received by the end of the reporting period.

2. In addition, the Purchaser Group signed, at the time of signing the Framework Agreement, a guarantee to secure the Purchaser's obligations towards Morgal up to a total of approximately USD 600 million.

c) Condition subsequent:

The Purchaser has the right to cancel the Framework Agreement (or part thereof) upon the occurrence of circumstances specified therein, which are related, inter alia, to obtaining building permits (hereinafter, above and below: the "**Condition Subsequent**" and the "**Dates for Examining the Fulfillment of the Condition Subsequent**"). If the Purchaser exercises the right to cancel parts of the Framework Agreement or with respect to the entire Framework Agreement, all expenses incurred by the Purchaser in connection with the relevant agreements will be returned to the Purchaser, the Purchaser will be exempt from actually purchasing the parcels to which the above circumstances apply, and, accordingly, the Purchaser's relative share of the advance will be returned. As of the end of the reporting period, an occupancy permit was received for all apartments, parking spaces, and commercial areas built on the parcels of the First Block and the Second Block. Thus, in practice, the above Condition Subsequent in connection with the parcels of the First and Second Blocks has ceased to exist.

7) Legislative changes:

In 2017, legislative procedures were completed in Russia which affected, inter alia, the scope of building rights in the Project (except with respect to the First Block and the Second Block as stated). These changes and later changes in Russian legislation (including regarding the need for approval from the Airports Authority as mentioned below) led the parties to act to update the PPT as well as to update the terms of the Transaction between them, as described below.

Note 8 - Investments and Loans in Investee Companies, Net (continued):

b. Joint arrangements (continued):

(4) Additional details (continued):

(d) Joint arrangement – St. Petersburg Project, Russia (continued):

8) Implications of the war between Russia and Ukraine:

a. During February 2022, a war began between Russia and Ukraine. Against the background of the impact of the state of war, various restrictions imposed in Russia apply regarding business conduct with entities that have a connection to the European Union, including, inter alia, restrictions on the renewal of agreements and the transfer of part of the funds. The Company has acted and is acting to reduce the impact of these restrictions on its activity in the Project.

b. The purchaser continues to honor the agreements between the parties, including ongoing updates.

c. The parties are acting in full cooperation for the purpose of obtaining regulatory approvals that will enable them to return to the routine financial and contractual conduct by which they have operated since 2015, prior to the imposition of the aforementioned restrictions.

d. The sale of all residential units in the Parcels of the Second Block has been completed and the settlement in respect thereof has been finalized. During the reporting period, one apartment and 2 commercial areas were sold.

9) Addendum to the Framework Agreement

In 2023, an amendment to the Framework Agreement was signed between Morgal and the Purchaser, the main points of which are as follows:

a. The parties formulated a new preliminary plan for construction in Blocks 3-8, which takes into account the requirements according to the legislative changes described above (hereinafter: the "**New Preliminary Plan**").

b. The parties agreed that implementation of the New Preliminary Plan requires an update of the PPT as well as obtaining the appropriate approvals from the authorities, including the required approval from the Airports Authority (hereinafter: "**Airport Approval**"). The amendment also sets forth the continued relationship between the parties in the event that the above approvals are not obtained.

c. The process of implementing the New Preliminary Plan is expected to last approximately three years and its outcome is uncertain. Its purpose is to obtain building permits and to continue the sale of apartments in the Project.

d. The parties will examine the possibility of submitting applications for changes of designation/use of the real estate for the purpose of increasing building rights.

10) Legislative Updates 2025:

In continuation of the above regarding planning and construction procedures, legislative changes, the need to obtain regulatory approvals for the Project including Airport Approval, and accordingly, the update of the PPT of the Project and the update of the Transaction with the Purchaser, Morgal was further updated that the required approvals have been obtained and that the relevant local legislation has been approved. The restrictions regarding the building height and the permitted building density in the Project have been updated such that the implementation of the aforementioned updated restrictions and parameters will enable Morgal and the Purchaser to subsequently construct buildings in the Project up to five stories high (instead of 4 stories). The implementation of the updated plan for the Project is still subject to the update of the PPT of the Project, completion of the parcelization procedures resulting therefrom, and obtaining building permits.

Note 8 - Investments and Loans in Investee Companies, Net (continued):

b. Joint arrangements (continued):

(4) Additional details (continued):

(d) Joint transaction - St. Petersburg Project, Russia (continued):

11) Book value:

a. The amount of the investment and the loan as of December 31, 2025, in the Company's books is approximately NIS 139 million.

b. During the reporting period, Morgal conducted an examination of the realizable value of the real estate in Russia through an independent external appraiser and found that it exceeds its book value in the Company as of December 31, 2025.

(e) Joint transaction – Rem Canada Beit America Ltd.:

Rem Canada Beit America Ltd. (hereinafter: the "**Project Company**") is presented using the equity method. The Company holds approximately 36% of the Project Company (indirectly). During 2019, the Project Company entered into an agreement to purchase all ownership rights in a 13-story building above a ground floor used for offices and commerce, known as "Beit America" and located at 35 Shaul Hamelech Street, Tel Aviv, with a current gross built area (above and below ground) of approximately 11,160 sqm, in their as-is condition, free and clear of any third-party rights, for a total consideration of NIS 140 million plus VAT as required by law, which was paid in full.

On May 14, 2025, the local committee of the Tel Aviv Municipality approved for deposit a plan that includes an addition of rights of approximately 16,000 sqm (approximately 4,600 sqm residential and the remainder for employment and commerce areas), as a result of which the Project Company recorded a profit from an increase in the fair value of investment property in the amount of approximately NIS 53 million (the Company's share approximately NIS 19 million).

(f) Joint transaction - Israel Canada Rem Projects Ltd. (ICR):

On February 13, 2020, Israel Canada Rem Projects Ltd. (the "**Purchaser**"), a company held in equal parts by the Company (indirectly) and by Rem Projects (hereinafter: the "**Partner**"), as well as Israel Canada Rem Projects (Special Purpose) Ltd., a private company wholly owned by the Purchaser, entered into a merger agreement with ICR Israel Canada Rem Holdings Ltd. (hereinafter: the "**Merger Agreement**" and "**ICR**," respectively).

On July 14, 2020, the merger transaction was completed for approximately NIS 574 million. It should be noted that as part of the completion of the merger transaction, Mr. Barak Rosen (a controlling shareholder of the Company who serves as a director and CEO of the Company) and Mr. Raz Oded were appointed as joint chairmen of the board of directors of the acquired company (hereinafter: the "**Parties**"). In consideration for this service and additional services, each of the parties or their designee shall be entitled to an amount of approximately NIS 75 thousand per month. In addition, each of the parties or their designee shall be entitled to 2% of the annual net profit of ICR, subject to ICR's cash flow and its ability to meet payments and obligations. It should be noted that Mr. Barak Rosen irrevocably assigned the payment of the fixed and variable Management Fees to the Company.

On August 19, 2024, ICR entered into an investment agreement with Clal Insurance Company Ltd. (hereinafter: the "**Investor**"), pursuant to which, subject to the fulfillment of conditions precedent, ICR will allocate to Clal shares that will constitute 15% of the issued and paid-up share capital of ICR (hereinafter: the "**Allocated Shares**"), in consideration for an investment of approximately NIS 258 million. On September 30, 2024, all the conditions precedent for the transaction were fulfilled and the transaction was completed. In accordance with the investment agreement, the Allocated Shares were allocated to the Investor in consideration for Clal's investment in ICR, and shareholders' agreements were also signed. The investment consideration was also used to repay shareholders' loans provided by the Company to ICR in the amount of approximately NIS 50 million.

Note 8 - Investments and Loans in Investee Companies, Net (continued):

b. Joint arrangements (continued):

(4) Additional details (continued):

(f) Joint transaction - Israel Canada Rem Projects Ltd. (ICR) (continued):

Upon completion of the transaction, the Company (indirectly) holds approximately 42.5% of the issued and paid-up share capital of ICR and of its voting rights (including on a fully diluted basis). In addition, the Company recorded in 2024 net profit of approximately NIS 72.5 million as a result of the impact of the transaction.

The Company and ICR entered into marketing agreements whereby the Company will market to ICR residential units in several projects and in return will be entitled to a commission at a rate of between 1% and 3% of the apartment price before VAT.

According to the criteria for consolidation of an associate, the Company consolidates into these financial statements the financial statements of Israel Canada Rem Projects Ltd.

Below are described material projects in the associate ICR:

1. **ICR - Neve Gan Project (North Park) - Stage A (Parcels 28 to 30):**

On January 26, 2021, ICR won a tender conducted by the Israel Land Authority (hereinafter: the "**Tender**" and "**ILA**," respectively) for the purchase of lease rights in Parcel 29 in the Neve Gan neighborhood in Ramat HaSharon, north of the Tel Baruch neighborhood (hereinafter: the "**Land**"), designated for the construction of 79 residential units in high-density construction as well as approximately 180 sqm of commercial areas. In consideration for the purchase of the rights as aforesaid, ICR paid ILA a total amount of NIS 136 million before VAT plus approximately NIS 15 million for development costs.

On April 22, 2021, ICR entered into an agreement with Tzemach Hamerman Ltd. (hereinafter: "**Tzemach**," and together with ICR hereinafter: the "**Parties**"), which won Parcels 28 and 30 in the aforementioned tender, for the construction of 299 residential units as well as approximately 560 sqm of commercial areas on an area of approximately 9.5 dunams (for a total amount of approximately NIS 563 million including development costs to ILA), in an agreement regarding cooperation and a joint transaction between the parties. As part of the implementation of the agreement, a unification and division was carried out with respect to the aforementioned three Parcels (28-30), so that each of the parties became the owner of 50% of all rights and obligations with respect to each of the Parcels. Tzemach is the contractor executing the Project.

On May 4, 2023, ICR and Tzemach (the "**Borrowers**") entered into a financing agreement, for Parcels 28 and 30, with a banking corporation for the financing of the Project (the "**Banking Corporation**" and the "**Financing Agreement**," as the case may be), pursuant to which the banking corporation provided credit facilities in the following total amounts - facilities for Sale Law (Apartments) guarantees in a total amount not to exceed NIS 1,320 million, which will be repaid no later than November 30, 2026, and cash credit facilities in a total amount of NIS 385 million, for a period of 42 months (starting from July 2023).

In February 2026, after the balance sheet date, an agreement was signed to increase the credit facility to a total of NIS 500 million.

In December 2023, a full building permit was received for Parcels 28+30, and in August 2025, an excavation permit was received for Parcel 29.

As of December 31, 2025, the completion rate of the project in Parcels 28+30 is 68%. In addition, with respect to Parcels 28+30, 264 sale agreements were signed (approximately 88% of the total apartments in the project) for a total consideration of approximately NIS 1,102 million before VAT (the Company's share is approximately NIS 234 million).

It should be noted that the commercial areas in the project are treated as investment property. During the reporting period, ICR recorded a loss from a decrease in value of the commercial areas in the amount of approximately NIS 0.2 million in accordance with a valuation performed.

Note 8 - Investments and loans in investee companies, net (continued):

b. Joint arrangements (continued):

(4) Additional details (continued):

(f) Joint arrangement - Israel Canada Rem Projects Ltd. (ICR) (continued):

2. ICR - Neve Gan Project (North Park) - Stage A (Parcel 27):

On June 30, 2021, ICR, through a wholly owned subsidiary together with Tzemach (hereinafter: the "**Parties**"), won a Tender for the purchase of lease rights in Complex F designated for the construction of 170 residential units as well as 400 sqm of commercial areas (which were classified as investment property) - ICR's share in the complex is 75%.

As of September 19, 2021, the parties paid the full consideration for the purchase of the parcel. For the purpose of financing the purchase, the parties entered into an agreement with a banking corporation for a loan in the amount of approximately NIS 334 million as well as a VAT loan in the amount of approximately NIS 59 million.

On June 11, 2023, the parties entered into a Financing Agreement with a banking corporation for the financing of the project (the "**Banking Corporation**") according to which the Banking Corporation will provide credit facilities in total amounts as follows - facilities for Sale Law (Apartments) guarantees in a total amount not to exceed NIS 807 million and cash credit facilities in a total amount of NIS 325 million which will be repaid no later than March 31, 2027.

In December 2024, a full building permit was received for the project.

As of December 31, 2025, the execution rate of the project is 28%. In addition, 127 sale agreements were signed (approximately 75% of the total apartments in the project) for a total consideration of approximately NIS 569 571 million before VAT (the Company's share is approximately NIS 181 182 [sic] million).

It should be noted that the commercial areas in the project are treated as investment property. During the reporting period, ICR recorded a loss from a decrease in value of the commercial areas in the amount of approximately NIS 0.4 million in accordance with a valuation performed.

3. ICR - North Park – Stage B (Parcels 23-26) - EVE Project:

On June 30, 2021, ICR won a Tender for the purchase of lease rights in Complexes D-E designated for the construction of 401 residential units as well as approximately 520 sqm of commercial areas (which were classified as investment property).

In February 2023, ICR entered into an agreement with a third party (hereinafter: the "**Purchaser**") not related to the Company for the sale of 50% of its rights in the real estate for a total consideration of approximately NIS 510 million.

This is comprised of repayment of a loan in the amount of approximately NIS 465 million, which is half of a loan taken by ICR from the bank for the purchase of the real estate, and approximately NIS 45 million to be paid as follows – (1) an amount of approximately NIS 10 million was paid by the Purchaser upon signing the agreement. (2) NIS 10 million, plus linkage differentials, was paid on May 14, 2023. (3) an amount of approximately NIS 25 million (hereinafter: the "**Balance of the Consideration**"), plus cumulative annual interest at the rate of Prime + 1% (hereinafter: the "**Interest**"), will be paid by the Purchaser, in accordance with the terms set. As of the date of ICR's engagement with the Purchaser (hereinafter: the "**Parties**"), the Parties bear the costs of establishing the project in equal parts (50% each) and as of the date of legal delivery, the Purchaser steps into the shoes of ICR for half of ICR's obligations and rights towards third parties in connection with the real estate and the project.

Note 8 - Investments and loans in investee companies, net (continued):

b. Joint arrangements (continued):

(4) Additional details (continued):

(f) Joint arrangement - Israel Canada Rem Projects Ltd. (ICR) (continued):

3. ICR - North Park – Stage B (Parcels 23-26) - EVE Project (continued):

On May 4, 2023, the date of legal delivery occurred and the transaction was completed. According to the understandings between the Parties, the price update provision in Section (3) above was cancelled. In addition, according to Section (p) of the joint transaction agreement, ICR will refund the third party an amount of NIS 11.5 million for the expenses of the joint transaction. As a result, ICR recorded a loss in the land sales item in a total amount of NIS 36.5 million.

On April 4, 2024, the Parties entered into a Financing Agreement, with respect to Parcels 24-26, with a banking corporation for the financing of the project (the "**Banking Corporation**" and the "**Financing Agreement**," as applicable) according to which the Banking Corporation provided credit facilities in total amounts as follows - facilities for Sale Law (Apartments) guarantees in a total amount not to exceed NIS 865 million, which will be repaid no later than June 30, 2028, and cash credit facilities in a total amount of NIS 780 million, for a period of 50 months (starting from April 2024) (ICR's share in the facilities is 50%). In addition, the repayment date of the loan for Parcel 23 was set for April 30, 2026.

During September 2025, a full permit was received for the buildings in Parcels 24-26.

As of December 31, 2025, the execution rate of the project in Parcels 24-26 is 25.2%, 151 sale agreements were signed for a total consideration of approximately NIS 692 million before VAT (the Company's share is approximately NIS 147 million).

It should be noted that the commercial areas in the project are treated as investment property. During the reporting period, ICR recorded income from revaluation of the commercial areas in the amount of approximately NIS 0.6 million in accordance with a valuation performed.

4. ICR - North Park – Stage C Complexes B-C (Parcels 18-20):

On June 30, 2021, ICR won a Tender of the Israel Land Authority (hereinafter: the "**ILA**") for the purchase of lease rights in Complexes B-C, Parcels 18-20 designated for the construction of 256 residential units as well as approximately 490 sqm of commercial areas (which were classified as investment property) in dense construction located in the Neve Gan neighborhood in Ramat HaSharon north of the Tel Baruch neighborhood.

For the purpose of financing the purchase, ICR entered into an agreement with a banking corporation, with respect to Parcels 18-19 (156 residential units) for a loan in the amount of approximately NIS 267 million. With respect to Parcel 20 (100 residential units), ICR entered into an agreement with a banking corporation for a loan in the amount of approximately NIS 230 million.

On March 30, 2025, a permit for excavation and shoring was received for Parcel 20.

Note 8 - Investments and loans in investee companies, net (continued):

b. Joint arrangements (continued):

(4) Additional details (continued):

(f) Joint arrangement - Israel Canada Rem Projects Ltd. (ICR) (continued):

5. Urban renewal on Bar Kochva St., Neve Israel-Project HaGefen Herzliya:

ICR completed the execution of an urban renewal project on Bar Kochva Street, Neve Israel neighborhood, in Herzliya. The project includes 400 residential units, of which 276 are for marketing and approximately 1,000 sqm of commercial areas which were classified as investment property.

The project was carried out in two stages. In Stage A, 84 tenants were vacated and in their place 264 residential units were built in 6 buildings, of which 180 residential units are for marketing. In Stage B, 40 tenants were vacated and in their place 136 residential units were built, of which 96 residential units are for marketing.

Stage A:

On January 19, 2025, the Company received Form 4 for the project and occupancy of the project was completed. In addition, as of the Report Date, all apartments were sold for a total consideration of approximately NIS 476 million (excluding VAT) (the Company's share is approximately NIS 202 million).

Stage B:

In September 2025, ICR received Form 4 for the project and occupancy of the project was completed. As of December 31, 2025, 94 apartments were sold (approximately 98% of the total apartments for marketing in the project) for a total consideration of approximately NIS 313 million (excluding VAT) (the Company's share is approximately NIS 133 million).

6. French Hill Project:

On September 3, 2019, ICR entered into an agreement with third parties for the purchase of the lease rights of the sellers in real estate with an area of approximately 12 thousand sqm, on Bar Kochva Street in French Hill, Jerusalem, for a total consideration of NIS 100.5 million plus reimbursement of expenses in the amount of approximately NIS 20 million, plus VAT.

On November 25, 2024, ICR entered into an agreement with an unrelated third party (hereinafter: the "**Purchaser**") for the sale of all of ICR's holdings in the project for a total consideration of NIS 300 million plus VAT and recorded a profit of approximately NIS 130 million (the Company's share is approximately NIS 55 million).

On June 11, 2025, the zoning plan promoted for the real estate was approved for validation.

On September 25, 2025, the transaction was completed and the balance of the consideration was received against the delivery of the real estate to the Purchaser.

7. Residential Project in Netanya Parcel 1013 – Ocean 1 Project:

During 2019, ICR entered into transactions in relation to a parcel with an area of approximately 4,540 sq.m. in Netanya (hereinafter: the "**Parcel**") on which it is possible to establish a residential project including 117 residential units (hereinafter: the "**Project**"), of which 67 residential units for marketing. ICR purchased the rights in the land in cash transactions, combination, and construction services.

In 2024, Form 4 was received for the Project and the Project was fully populated. As of December 31, 2025, all the apartments in the Project were sold for a total consideration of approximately NIS 190 million (excluding VAT) (the Company's share is approximately NIS 81 million).

Note 8 - Investments and Loans in Investee Companies, net (continued):

b. Joint arrangements (continued):

(4) Additional details (continued):

(f) Joint transaction - Israel Canada Rem Projects Ltd. (ICR) (continued):

8. Residential Project in Netanya, Lot 1009 – Ocean 2 Project:

On February 6, 2020, ICR entered into a transaction regarding a lot with an area of approximately 4,916 sq.m., adjacent to Avrahams-Ben Gurion-Masada Streets in Netanya (hereinafter: the "**Lot**"), on which it is possible to establish a residential project including 117 housing units (hereinafter: the "**Project**").

ICR entered into an agreement with the holders of all rights in the Lot in a combination and construction services transaction format (hereinafter: the "**Agreement**"), according to which, in consideration for the sale of 62.5% of the rights holders' rights in the Lot, the rights holders as aforesaid shall be entitled to receive from the Company 37.5% of the housing units to be constructed by ICR in the Project, and with respect to up to 22 of the total housing units in the Project, ICR shall provide construction services in accordance with the consideration agreed between the parties. In practice, for 17 housing units ICR shall provide construction services and 39 housing units will be received by the owners in the combination transaction; in addition, it was agreed on a pool apartment, the consideration for which will be divided between ICR and the rights holders. The remaining 60 housing units will be marketed by ICR.

In July 2025, ICR received Form 4 for the Project and as of the date of the report, the Project is in the occupancy stages. In addition, 58 apartments were sold for a total of approximately NIS 202 million (excluding VAT) (the Company's share is approximately NIS 85.9 million).

9. Urban Renewal Project on Histadrut Street in Givatayim- AIR Project:

ICR is carrying out an urban renewal project in the area known as Parcel 159 in Block 6162 in the buildings on Histadrut and HaMa'avak Streets, at the corner of 23 Yordei HaSira and Menorah Streets in Givatayim, currently including 117 residential apartments (hereinafter: the "**Complex**"). According to the district outline plan Giv/431, it is possible to establish on the Complex 3 residential buildings including 333 housing units (of which 216 units for marketing) and a commercial area of approximately 1,000 sq.m. (hereinafter: the "**Project**").

In June 2024, ICR entered into a financing agreement with a banking corporation for the financing of the Project, according to which the banking corporation provided credit facilities in the following total amounts – facilities for guarantees under the Sale Law (Apartments) (to secure the investments of apartment purchasers) 1974 (the "**Sale Law**") in a total amount not to exceed NIS 800 million, facilities for the issuance of landowner guarantees up to a total of NIS 530 million, and cash credit facilities (for use in short-term loans, current accounts, or guarantees not under the Sale Law) in a total amount of NIS 250 million, which shall be repaid no later than June 10, 2029.

In January 2025, a full building permit was received for the Project and as of the date of the report, the Project is under execution.

As of the date of the report on the financial condition, the execution rate of the Project is 9.35%, 154 apartments were sold (approximately 71% of the apartments for marketing) for a total of approximately NIS 646 million before VAT. (the Company's share is approximately NIS 275 million).

10. ICR - Sale of Holdings in Rem HaYarkon Company:

On February 25, 2024, ICR (hereinafter: "**ICR**") entered into an agreement for the sale of all its holdings (50%) in ICR Rem HaYarkon Ltd. (hereinafter: the "**HaYarkon Company**") to the partner in ICR HaYarkon, who is also a related party to ICR. The total consideration in the transaction is approximately NIS 55 million (of which approximately NIS 25 million constitutes repayment of owner loans provided by ICR to the HaYarkon Company). In 2024, ICR recognized a profit of approximately NIS 26 million before tax (the Company's share: approximately NIS 13 million).

Note 8 - Investments and Loans in Investee Companies, Net (continued):

b. Joint arrangements (continued):

(4) Additional details (continued):

(f) Joint transaction - Israel Canada Rem Projects Ltd. (ICR) (continued):

11. HaMesila Project:

On December 27, 2018, ICR entered into an agreement with third parties (the "**Owners**") in a combination transaction format regarding the Owners' rights in real estate with an area of approximately 5,378 sq.m. located at the corner of HaMesila, Nof Shadmot, and Herzliya B Streets in Herzliya (hereinafter: the "**Property**"), for the purpose of establishing a residential project that will include 54 housing units (hereinafter: the "**Project**" and the "**Agreement**"). According to the Agreement, ICR will construct the Project for the Owners in consideration for ownership rights in the Property and in the Project, which will constitute 49.25% of the value of the Project.

In December 2025, Form 4 was received for the Project and ICR began its occupancy. As of December 31, 2025, 24 apartments were sold (approximately 89% of the apartments for marketing in the Project) for a total of approximately NIS 147 million (excluding VAT) (the Company's share is approximately NIS 62 million).

12. Urban Renewal on Idmit Street, Givatayim – Jasmin Project:

ICR is advancing an urban renewal project in the area known as Parcels 600-602 in Block 6156 in the buildings at 13, 15, and 17 Idmit Street in Givatayim, including 42 residential apartments. As part of the Project, the Company promoted a new local plan for unification and division to establish a residential building expected to include 118 housing units. The Complex constitutes one of several complexes approved for validation by the Tel Aviv District Committee.

The implementation of the Project is subject to the fulfillment of several suspensive conditions, including: declaration of the Project as an "urban renewal complex" under the tax track – in December 2019, a preliminary decision was made to declare the Complex as an urban renewal complex under the tax track; approval of a new specific plan – the approval was received; entering into a financing agreement for the construction of the Project – in December 2025, the financing agreement was signed; building permit; and a condition of economic feasibility.

In December 2025, ICR entered into an agreement with a banking corporation (hereinafter: the "**Lender**") according to which the Lender will provide cash credit facilities and guarantees for the purpose of establishing the Idmit Project in a total amount not to exceed approximately NIS 588 million, of which a total of NIS 92 million is a cash credit facility. The expiration date of the facilities and full repayment of the credit is June 30, 2031.

In December 2024, an excavation permit was received for the Project.

As of the date of signing the report on the financial condition, approximately 100% of the rights holders representing all the units have signed. During the reporting period, apartments were allocated to the rights holders in the Project.

In February 2025, ICR began marketing the Project. As of the date of the report on the financial condition, 12 apartments were sold (approximately 16% of the apartments for marketing) for a total of approximately NIS 43 million before VAT (the Company's share is approximately NIS 18 million). The sale contracts in the Project are subject to the completion of suspensive conditions, including, inter alia, receipt of a building permit. The contracts may be canceled if the suspensive conditions are not fulfilled within 24 months from the date of signing the sale contract.

Note 8 - Investments and Loans in Investee Companies, Net (continued):

b. Joint arrangements (continued):

(4) Additional details (continued):

(f) Joint transaction - Israel Canada Rem Projects Ltd. (ICR) (continued):

13. Urban Renewal Project on HaNetka Street in Jerusalem:

ICR is advancing an urban renewal project on HaNetka Street in Jerusalem (hereinafter: the "**Complex**"), in the area known as Parcels 32-35 in Block 30399 in the buildings at 78-84 (even numbers) HaNetka Street in the Kiryat Yovel neighborhood, Jerusalem, currently including 138 residential apartments (hereinafter: the "**Complex**"), within which ICR will construct 4 residential buildings expected to include approximately 425 housing units, of which 287 units for marketing, and a commercial area of approximately 1,000 sq.m. (hereinafter: the "**Project**").

In December 2024, a full building permit was received for the Project.

ICR entered into a financing agreement with a banking corporation for the financing of the Project, according to which the banking corporation provided credit facilities in a total amount not to exceed NIS 897 million, facilities for the issuance of landowner guarantees up to a total of NIS 470 million, and cash credit in a total amount of NIS 305 million, which includes cash credit in a total amount of NIS 305 million, the facility of which coincides with the Sale Law guarantee facility. The facilities shall be repaid no later than November 30, 2030.

During the third quarter of 2024, ICR began marketing the Project. In November 2025, ICR published a notice of evacuation to the tenants. As of the date of the report, 124 apartments were sold (approximately 43% of the apartments for marketing) for a total of approximately NIS 376 million before VAT (the Company's share is approximately NIS 160 million) and the Complex has been fully vacated.

14. Combination Transaction – Tel HaShomer, Ramat Gan – Serenity Project:

In December 2017, ICR entered into a combination transaction with landowners regarding the owners' rights in a real estate asset with an area of approximately 3,037 sq.m. in the Tel HaShomer complex in Ramat Gan, for the purpose of constructing a building including 58 housing units, of which 33 units are to be marketed by ICR. In consideration for the sale of the owners' rights in the real estate, the owners shall be entitled

To receive from the Company 43% of the residential units in the Project with their appurtenances. During the reporting period, apartments were allocated to the Owners in the Project.

In December 2025, ICR entered into an agreement with a banking corporation pursuant to which credit facilities and guarantees would be provided for the purpose of constructing the Project in a total amount not to exceed approximately NIS 202 million, of which a total amount of NIS 37 million is a cash credit facility. The expiration date of the facilities and the repayment of the full credit is June 30, 2029.

In February 2025, ICR began marketing the Project. As of the reporting date on the financial position, 13 apartments (approximately 39% of the apartments for marketing) were sold for a total consideration of approximately NIS 47 million before VAT (the Company's share is approximately NIS 20 million). The sale contracts in the Project are subject to the fulfillment of suspensive conditions, which include, inter alia, obtaining bank financing and obtaining a building permit. The contracts may be canceled if the suspensive conditions are not fulfilled within 12 months from the date of signing the sale contract.

Note 8 - Investments and Loans in Investee Companies, Net (continued):

b. Joint arrangements (continued):

(4) Additional details (continued):

(f) Joint transaction - Israel Canada Rem Projects Ltd. (ICR) (continued):

15. On July 7, 2025, the Israel Securities Authority published Staff Accounting Position 11-6 regarding the accounting treatment of urban renewal transactions (hereinafter: the "**Staff Position**"), following a broad review that examined the accounting treatment applied by real estate development companies to such transactions. The Staff Position reflects the accounting treatment that the staff of the Authority expects reporting corporations to apply with respect to several material issues that arose in the course of the review.

ICR examined the effects of the Authority's Staff Position regarding urban renewal transactions and concluded that the effects of the amendment on the comparative figures are not material to the financial statements, and therefore the amendment was implemented in ICR's statements as a non-material adjustment to the opening balance of retained earnings in 2025. ICR applied the Authority's Staff Position for the first time in the 2025 financial statements. In light of the non-material amendment implemented at ICR, the Company absorbed the amendment in the profit and loss for the year.

(g) Joint transaction - Vertical City Ltd.:

On August 19, 2021, Vertical City Ltd., which was held (indirectly) at a rate of 74% by the Company and 26% by B.S.R. Engineering & Development Ltd. (hereinafter: "**BSR**") (hereinafter: the "**Project Company**") received an official notice that it had won a tender conducted by Dira LeHaskir - the Government Company for Housing and Rental Ltd. together with the Israel Land Authority and Netivei Ayalon Ltd. for the purchase of direct lease rights (without a development agreement) capitalized for a period of 98 years with an option for an additional period of 98 more years for a complex known as the "Bursa Triangle" in Ramat Gan, on a land area of approximately 9,590 sq.m. (the sold part only), designated for the construction of office towers, residences, and commerce with a total scope of approximately 176 thousand gross sq.m. above ground, of which 400 residential units for saturated construction for long-term rental, 350 residential units for student dormitories, buildings and public institutions (hereinafter, jointly: the "**Property**") (it should be noted that the rights in the student dormitories will not be transferred to any public body). The Project Company undertook vis-à-vis Dira LeHaskir to manage the rental system of the residential units and student dormitories to be constructed in the complex, for the entire rental period (20 years).

As consideration for the purchase of the lease rights, the purchasers paid the sellers a total of approximately NIS 937 million plus VAT as required by law (the Company's share is approximately NIS 693 million) and in addition, a total of approximately NIS 11.5 million for development expenses to the Israel Land Authority.

The Project Company operates on the basis of joint understandings that principally regulate the relationship between the Company and BSR in the Project Company, whereby the management of the Project Company is conducted through a joint board of directors, composed of representatives of the Company and a representative of BSR. All decisions in the board of directors of the Company are made by joint decision of directors on behalf of both parties. As part of the understandings, each of the Company and BSR undertook to provide the Project Company with shareholder loans in proportion to their respective holdings in the Project Company at the time of winning the tender, for the financing of the purchase of the Property and the construction of the Project thereon and/or any other payment and guarantees.

In light of the above, the Project Company is presented using the equity method under the section of investment in investee companies accounted for using the equity method.

On November 11, 2021, the purchasers completed payment of the full balance of the consideration. The balance of the consideration was paid from equity and from a bank loan provided to the Project Company (hereinafter: the "**Borrower**"), from a local bank (hereinafter: the "**Bank**"), in the amount of approximately NIS 838 million and in addition, a bridge loan in the amount of NIS 121 million for payment of the VAT amount, the bridge loan was fully repaid. As part of the terms of the loan agreement, the Bank provided a guarantee facility, required according to the terms of the tender, in the amount of approximately NIS 95 million.

Note 8 - Investments and Loans in Investee Companies, Net (continued):

b. Joint arrangements (continued):

(4) Additional details (continued):

(g) Joint transaction - Vertical City Ltd. (continued):

In November 2024, the repayment date of the remaining loan in the amount of approximately NIS 791 million was extended by one additional year until November 2025 at an interest rate of Prime+0.4%.

In addition, the Company agreed that the loan would be subject to the financial covenants detailed in Note 12C. As of December 31, 2025, the Company is in compliance with the financial covenants.

On September 11, 2025, a full building permit was received for Stage A of the Project, which includes the first office tower and a residential tower including 350 student dormitories and 400 apartments for lease, which will be built above 8 podium floors and a public building.

During February 2025, the Project Company signed an agreement with Electra Construction Ltd. (hereinafter: the "**Contractor**") for excavation, shoring, and foundation works. The Contractor is responsible for the construction of a six-level underground parking lot, in a design–build format under the responsibility of the Contractor, for a total consideration of approximately NIS 390 million plus VAT as required by law.

In April 2025, the Contractor began carrying out the construction works.

The Project Company signed combination agreements with the Owners at 1 Taas Street and 3 Taas Street. In addition, the Project Company signed a memorandum of understanding for an urban renewal transaction with the owners at 2 Taas Street in Ramat Gan (whose area borders the "Vertical" Project area). This memorandum of understanding will serve as the basis for a combination agreement that is expected to be signed between the parties. Under the combination agreements, the Owners will vacate the Lot and deliver it to the Project Company, which will construct on the Lot (and additional Property) Stage B of the "Vertical" Project. In consideration for vacating the Lot, the Owners will receive built areas in the Project.

On July 28, 2024, the local committee decided to recommend to the district committee the conditional deposit of a plan to increase rights in the Complex to a FAR of 30. The plan was submitted to the district committee and passed the threshold conditions.

During December 2025 and also during January 2026, after the balance sheet date, preparatory discussions were held in the district committee and it was decided to promote a zoning plan for the addition of rights in the Complex in the scope of 33.6 thousand sq.m. for residential use in the free market, 135 thousand sq.m. for employment, 13.4 thousand sq.m. for public buildings, and in total an addition of building rights in the scope of approximately 181.6 thousand sq.m.

In light of the expected addition of building rights, the addition of residential areas for sale in the free market, and the advancement of the plan in the district committee during 2025, the Project Company recorded an increase in value of approximately NIS 114 million (the Company's share is approximately NIS 64 million), the increase in value was mainly due to the value of the building rights less betterment levies, excess costs for the construction of a public building, and appropriate time and risk factors as determined by the external appraiser (in 2024, the local committee decided to recommend to the district committee the conditional deposit of a plan to increase rights in the Complex to a FAR of 30, and the Company recorded an increase in value in the amount of approximately NIS 187 million, which was mainly due to the value of the rights approved for deposit, after deduction of development levies, betterment levies, and appropriate time and risk factors as determined by the external appraiser).

On April 18, 2024, the Company, BSR, and the Project Company entered into an agreement with Clal Insurance Company Ltd. and Clal Pension and Provident Ltd. (hereinafter, jointly: "**Clal**") pursuant to which Clal will invest a total amount of approximately NIS 160 million against the allocation of shares (including the provision of a shareholder loan) (hereinafter: the "**Consideration**") constituting approximately 24.5% of the issued and paid-up share capital of the Project Company, free and clear, which will be paid to the Project Company at the completion date and subject to the fulfillment of the main suspensive conditions:

Note 8 - Investments and Loans in Investee Companies, Net (continued):

b. Joint arrangements (continued):

(4) Additional details (continued):

(g) Joint transaction - Vertical City Ltd. (continued):

1. Receipt of the Bank's approval, which provided financing for the purchase of the land, for entering into the agreement and for the allocation of the shares allocated to Clal.
2. Receipt of the approval of the Competition Commissioner for entering into the agreement.

On June 25, 2024, the suspensive conditions for the Vertical transaction were fulfilled. Accordingly, 24.5% of the issued and paid-up share capital of the Project Company was allocated to Clal and on June 27, 2024, the full Consideration was received.

The transaction was executed at a value similar to the value of the land in the books of the investee company and therefore there is no impact on the financial statements of the Company. Upon completion of the transaction, the Company holds approximately 55.9% of the issued and paid-up share capital of the Project Company and of the voting rights therein.

On November 13, 2025, the Project Company entered into a financing agreement with two local banks (hereinafter: the "**Lenders**"), for the provision of a financial credit facility in a total amount not to exceed approximately NIS 1,290 million (obligo, including financial credit and Sale Law guarantees), until December 31, 2026, at an annual interest rate of Prime+0.2%-0.7%. The financial credit will be used for the purpose of financing the construction works of the Project and the issuance of Sale guarantees to purchasers in the Project. The Company and BSR provided an unlimited continuing guarantee to secure the Company's obligations at a ratio of 74% and 26%, respectively.

On November 26, 2025, a vouchers agreement was signed.

As of the end of 2025, the Company sold approximately 26.5 thousand square meters of offices for a total amount of approximately NIS 850 million including VAT. In accordance with the Group's accounting policy, the Company has not yet recognized revenues from the sale of these contracts.

According to the criteria for consolidation of an investee company, the Company consolidates in these financial statements the financial statements of Vertical City Ltd.

(h) Joint transaction - A.K.A. Beit Mars Ltd.:

On September 2, 2021, A.K.A. Beit Mars Ltd. (hereinafter: the "**Project Company**" or the "**Purchaser**"), which as of December 31, 2025 is held by the Company (the Company's final indirect share 38.4%), Yossi Avrahami Civil Engineering Works Ltd. (24%), Almogim Holdings Ltd. (16%), and Alma Fortress 1 Initiatives 2023 (20%), respectively (hereinafter, jointly: the "**Partners**"), won a tender for the purchase of land with an area of approximately 12.4 dunams at 156, 158, and 160 Herzl Street, Tel Aviv, in its As-Is condition, from the rights holders therein, among whom are, inter alia, Discount Bank Ltd. and Reality Fund, for a total consideration of approximately NIS 685 million plus VAT as required by law and plus linkage differentials (hereinafter: the "**Consideration**").

According to the sale agreement, the Purchaser acquired all the rights and obligations of the Sellers in the real estate, including all that is built thereon and rights and obligations towards existing tenants under third-party lease agreements as well as under a new lease agreement signed between the Purchaser and Discount Bank Ltd. (hereinafter: the "**Bank**") which entered into effect on the Completion Date as detailed below; as well as under a lease agreement with IEC (hereinafter: the "**Asset**").

Note 8 - Investments and Loans in Investee Companies, Net (continued):

b. Joint arrangements (continued):

(4) Additional details (continued):

(h) Joint transaction - A.K.A. Beit Mars Ltd. (continued):

A total of approximately NIS 240 million, plus VAT and linkage differentials as required by law, was paid from equity at the time of signing the sale agreements. The Company's share in the first payment amounted to approximately NIS 120 million plus VAT and linkage differentials, which was paid from its own sources.

On February 28, 2022, the Purchaser completed payment of the full consideration. The purchase was financed by a bank loan in a total amount of NIS 550 million (the Company's share NIS 275 million) and the balance from the Company's own sources pro rata to its holding rate.

The Company provided the financing banks with unlimited guarantees in an amount to secure repayment of the loan according to its relative share in the Project Company.

During April 2025, the term of the financing loan for the land was extended until February 28, 2027.

An agreement was signed between the Partners regulating the management and decision-making in the Project Company. Under the agreement, it was determined that for material decisions in the Company, unanimous consent of the Board of Directors of the Project Company would be required. In light of the foregoing, the Project Company is presented as a joint transaction accounted for using the equity method under the section of investment in investee companies.

On August 24, 2023, the Project Company and its shareholders entered into an allocation agreement with a third party, under which shares constituting 20% of the issued and paid-up share capital of the Project Company would be allocated to the Partner at an asset value of approximately NIS 770 million. On February 25, 2024, the transaction was completed. As a result, the Company's holding rate in the Project decreased to approximately 38% on a final indirect basis.

The Partners intend to establish on the complex a residential and commercial Project as detailed above, subject to approval of a detailed plan under which building permits may be issued (above and hereinafter: the "**Project**"). It should also be noted that with respect to the areas of the real estate designated for residential purposes, the developers intend to market by way of construction of units and their sale, whereas with respect to affordable housing units – the apartments will be leased according to the provisions of the affordable housing units agreement or sold to a third party as a single block.

On February 19, 2026, after the balance sheet date, a City Engineer Forum was held, in which it was recommended to promote a plan under the authority of the local committee, for an area of approximately 61 thousand square meters for residential, employment, and commercial uses, and a hearing was set for March 25, 2026, for the deposit of the plan with the local committee.

According to the Group's accounting policy, the asset is presented under the inventory section in the Project Company.

Note 9 - Investment Property

a. The composition and movement of investment property and investment property under construction measured at fair value:

	For the year ended on December 31, 2025			
	Lands	Buildings for rent	Investment property under construction	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Balance as of January 1, 2025	591,869	1,406,987	894,144	2,893,000
Additions during the year:				
Acquisitions / construction costs including equity financing	59,811	23,645	193,056	276,512
Transition from advances to investment property	13,439	-	-	13,439
Adjustment of fair value	51,472	79,928	(26,723)	104,677
Net exchange differences arising from the translation of financial statements of foreign operations	(2,534)	-	-	(2,534)
Total additions	122,188	103,573	166,333	378,655
Disposals and reclassifications during the year:				
Reclassification of land to investment property under construction	(160,610)	-	160,610	-
Balance as of December 31, 2025	553,447	1,510,560	1,221,087	3,285,094

Note 9 - Investment Property (continued):

a. The composition and movement of investment property and investment property under construction measured at fair value (continued):

	For the year ended on December 31, 2024			
	Lands	Buildings for rent	Investment property under construction	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Balance as of January 1, 2024	434,784	1,296,126	849,158	2,580,068
Additions during the year:				
Acquisitions / construction costs including equity financing	273,363	72,278	68,547	414,188
Transition from advances to investment property	-	2,600	-	2,600
Adjustment of fair value	(27,109)	27,562	26,955	27,408
Transfer from inventory to investment property	-	8,586	-	8,586
Net exchange differences arising from the translation of financial statements of foreign operations	(874)	-	-	(874)
Total additions	245,380	111,026	95,502	451,908
Disposals and reclassifications during the year:				
Transfer from investment property to inventory	-	(165)	(138,811)	(138,976)
Reclassification of land to investment property under construction	(88,295)	-	88,295	-
Balance as of December 31, 2024	591,869	1,406,987	894,144	2,893,000

b. Amounts recognized in profit and loss:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Income from rental and management of investment property	86,065	80,215	71,822
Cost of rent	45,091	42,961	37,885
Appreciation of investment property	156,087	66,371	86,892
Depreciation of investment property	51,410	38,963	23,502

Note 9 - Investment Property (continued):

c. Determination of the fair value of the Group's investment property:

Investment property is presented at fair value as determined in valuations performed by external appraisers who possess recognized professional qualifications and extensive experience regarding the location and type of real estate appraised. The fair value represents the price that would be received in the sale of an asset in an ordinary transaction between market participants at the measurement date. The fair value is determined based on transactions conducted in the market for similar real estate and in a similar location to that owned by the Company during the reporting period, including the second half of 2025, as well as based on an estimate of the expected future cash flows from the assets. In estimating the cash flows, their inherent risk was taken into account.

(1) Tzomet Arim Tower Project - During 2025, the Company recorded an impairment loss in the amount of approximately NIS 10 million resulting from financing costs capitalized to the asset. (In 2024, a value increase in the amount of approximately NIS 23.2 million was recorded, resulting from a recommendation of the local committee for conditional deposit of a plan for rights intensification). The value of the asset as of the balance sheet date is approximately NIS 421 million. See Note 15i.

(2) Midtown Jerusalem Project - At the end of 2025, the Company appraised the asset and recorded an impairment loss in the amount of approximately NIS 14.5 million for the commercial and employment rights, rental housing, and hotels in the Project. The main decrease in value resulted from a change in extension payments to the Israel Land Authority and from financing costs capitalized to the asset. (In 2024, a value increase in the amount of approximately NIS 8.2 million was recorded, mainly due to the value per built square meter for rental residential areas and commercial areas in the Project). The value of the asset as of the balance sheet date is approximately NIS 509 million. See Note 15m.

(3) Sea Tower Microsoft Project - At the end of 2025, the Company appraised the asset according to the income capitalization approach, and the Company recorded a value increase in the amount of approximately NIS 3.5 million. The main increase in value resulted from the linkage of lease fees to the index (in 2024, a value increase in the amount of approximately NIS 9.6 million was recorded). The value of the asset as of the balance sheet date is approximately NIS 318 million. See Note 15f.

(4) Midtown Tel Aviv Commercial - At the end of 2025, the Company appraised the asset according to the income capitalization approach, and the Company recorded a value increase in the amount of approximately NIS 20 million, mainly resulting from an increase in the value of parking and lease fees in the commercial areas due to a change in the tenant mix and new leases. (In 2024, a value increase of approximately NIS 20 million was recorded). The value of the asset as of the balance sheet date amounts to approximately NIS 514 million. See Note 15b.

(5) Land in Herzliya - During the years 2016 - 2025, the Company, together with Partners, purchased portions of lots known as Lots 1002, 4001, 4006, and 4009 in Herzliya. According to the valuation as of the end of 2025, the Company recorded a value increase in the amount of approximately NIS 3.6 million for the lands (in 2024, a value increase in the amount of approximately NIS 1.7 million was recorded) and their balance as of the balance sheet date amounted to approximately NIS 133 million. For further details, see Note 15x.

(6) SHE Project – At the end of 2025, the Company appraised the asset and recorded an impairment loss in the amount of approximately NIS 9 million for the commercial and office rights in the Project, mainly resulting from financing costs capitalized to the asset (in 2024, an impairment loss in the amount of approximately NIS 7.6 million was recorded). The value of the rights as of the balance sheet date amounts to approximately NIS 162.8 million. See Note 15h.

(7) Assisted living project in Kfar Shmaryahu – At the end of 2025, the Company appraised the asset and recorded an increase in value in the amount of approximately NIS 39 million. The increase in value results from the completion of renovation works (the release of the entrepreneurial profit was completed and the forecasted costs for completion of the Project were offset), an increase in marketing areas, and the actual marketing of residential units under conditions better than the forecast in the previous appraisal (in 2024, a decrease in value of approximately NIS 1.2 million was recorded). The value of the asset as of the balance sheet date amounts to approximately NIS 324 million. See Note 15s.

(8) Emek Bracha Project – At the end of 2025, the Company appraised the asset and recorded a decrease in value in the amount of approximately NIS 10 million, mainly as a result of a change in the value per built square meter in the employment areas and due to financing costs capitalized to the asset. (In 2024, a decrease in value in the amount of approximately NIS 5 million was recorded, mainly resulting from financing costs capitalized to the asset). The value of the asset as of the balance sheet date amounts to approximately NIS 105.5 million. See Note 15t.

Note 9 - Investment Property (continued):

c. Determination of the fair value of the Group's investment property (continued):

(9) Dubnov Project – At the end of 2025, the Company appraised the asset and recorded an increase in value in the amount of approximately NIS 35 million for the employment and commercial rights. The main increase results from an update of the value for the first time since the acquisition and an addition due to planning advancement. (In 2024, a decrease in value in the amount of approximately NIS 9 million was recorded, mainly resulting from financing costs and purchase tax capitalized to the asset). The value of the asset as of the balance sheet date amounts to approximately NIS 154.5 million. See Note 15v.

(10) Sde Dov Offices Project Lot 306 – At the end of 2025, the Company appraised the asset and recorded an increase in value in the amount of approximately NIS 34 million, which resulted from an update of the value for the first time since the acquisition and an addition due to planning advancement. (In 2024, a decrease in value in the amount of approximately NIS 10 million was recorded, mainly resulting from financing costs and purchase tax capitalized to the asset). The value of the asset as of the balance sheet date amounts to approximately NIS 173.5 million. See Note 15u.

(11) The Company owns 15 additional projects with a total value of approximately NIS 468 million, for which the Company recorded a net increase in value in a total amount of approximately NIS 4 million.

(12) Regarding the main assumptions used for the fair value of the investment property, see Note 27B.

d. Ownership and leasehold rights:

As of the date of the report, the consolidated company, Hatzlachat HaSharon, holds capitalized leasehold rights from the Israel Land Authority for an area of approximately 73.1 thousand square meters in Tzoran, Kadima. The lease period ends in 2042 with an option for an additional 49 years. The leasehold rights were registered in the name of the Company in the Land Registry. The remaining real estate rights in the Company classified as investment property are ownership rights.

e. Income from future minimum lease fees:

The aggregate amount of future minimum lease fees income based on signed lease agreements in effect as of December 31, 2025 and 2024, which are non-cancellable, is as follows:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Income from rental and management fees based on agreements valid for a period of less than one year	72,610	70,046
Income from rental and management fees based on agreements valid for a period of one year to four years	134,746	160,091
Income from rental and management fees based on agreements valid for a period of over four years	106,148	175,151

Note 10 - Fixed Assets

Composition as of December 31, 2025:

	Tools, vehicles, furniture, equipment and computers	Land, structures and leasehold improvements	Hotels - furniture, equipment and computers	Hotels(**)	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Cost:					
As of January 1, 2025	13,965	29,880	85,367	841,653	970,865
Additions	2,432	335	24,843	61,532	89,142
Entry into consolidation	-	-	4,871	30,700	35,571
Reclassification to right of use asset	-	-	-	(15,000)	(15,000)
Adjustments arising from translation of financial statements	-	-	(184)	(1,056)	(1,240)
Impairment	-	-	(36)	(13,251)	(13,287)
Revaluation of fixed assets under the revaluation model credited to capital reserve	-	-	-	12,171	12,171
As of December 31, 2025	16,397	30,215	114,861	916,749	1,078,222
Accumulated depreciation:					
As of January 1, 2025	10,585	5,352	53,060	94,373	163,370
Additions	1,023	868	10,803	24,726	37,420
As of December 31, 2025	11,608	6,220	63,863	119,099	200,790
Depreciated balance:					
As of December 31, 2025	4,789	23,995	50,998	797,560	877,432
As of December 31, 2024	3,380	24,528	32,307	747,280	807,495
Depreciation rates in %					

(**) This balance includes hotels presented according to the revaluation model (see Note 27) and investments in hotels for which the Company has right-of-use assets.

Composition as of December 31, 2024:

	Tools, vehicles, furniture, equipment and computers	Land, structures and leasehold improvements	Hotels - furniture, equipment and computers	Hotels(**)	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Cost:					
As of January 1, 2024	12,471	28,738	76,793	634,651	752,653
Additions	1,494	1,142	8,574	30,977	42,187
Revaluation of fixed assets under the revaluation model credited to capital reserve	-	-	-	176,025	176,025
As of December 31, 2024	13,965	29,880	85,367	841,653	970,865
Accumulated depreciation:					
As of January 1, 2024	9,476	4,706	43,520	75,916	133,619
Additions	1,109	646	9,540	18,457	29,751
As of December 31, 2024	10,585	5,352	53,060	94,373	163,370
Depreciated balance:					
As of December 31, 2024	3,380	24,528	32,307	747,280	807,495
As of December 31, 2023	2,995	24,032	33,273	558,735	619,035
Depreciation rates in %	6%-33%	0%-25%	7%-33%	1.5%-5.5%	

(**) This balance includes hotels presented according to the revaluation model (see Note 27) and investments in hotels for which the Company has right-of-use assets.

Note 11 - Payables and Credit Balances

Composition:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Liabilities for levies	101,261	1,261
Expenses payable	72,147	32,521
Demand deposits in assisted living facilities	60,028	12,971
Deferred consideration	22,500	-
Income in advance	22,043	20,247
Liabilities to employees and other liabilities for wages	17,677	9,778
Institutes	11,402	57,933
Provision for vacation	7,719	4,584
Provision for bonus to Chairman of the Board of Directors and CEO (1)	6,481	6,490
Loans and partner balances	6,336	4,488
Deposits from tenants	4,686	3,909
Provision for employee bonuses	2,500	2,800
Directors	200	187
Interest payable for bonds	-	78
Affiliated party (1)	55	3
Other	5,196	5,994
	340,231	163,244

(1) Transactions with controlling shareholders – for further details see Note 29.

Note 12 - Credit and Loans from Banking Corporations and Other Credit Providers Including Current Maturities

a. Composition:

		Annual interest rate As of December 31	Current liabilities As of December 31		Non-current liabilities As of December 31		Total As of December 31	
		2025	2025	2024	2025	2024	2025	2024
		%	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Bank loan - Rainbow	b(1)	Prime+0.2%	792,452	1,103,943	-	-	792,452	1,103,943
Bank loan - Midtown Jerusalem Project	b(2)	Prime + 0.7%	896,626	831,396	-	-	896,626	831,396
Loan from corporations in Israel - Israel Canada Hotels		Prime + 0%-1.85%, 4.02-7.25, bond + 2.7	166,952	104,815	448,970	337,569	615,922	442,384
Bank loan - Beit HaNa'ara	b(3)	Prime + 0.25%, prime + 1%	358,837	-	-	355,558	358,837	355,558
Bank loan - Dubnov Project	b(4)	Prime + 0.15%	-	-	356,361	354,178	356,361	354,178
Bank loan - Midtown Tel Aviv Project	b(5)	Index linked + 3.8%-4.09%	13,836	15,242	318,919	329,319	332,755	344,561
Bank loan - SHE Project	b(6)	Prime + 1%	308,599	284,431	-	-	308,599	284,431
Bank loan - Lapid Project	b(7)	Prime + 1%	211,049	-	-	211,245	211,049	211,245
Loan from institutional entities - Sea Tower lien	b(8)	1.29% index-linked, Bank of Israel interest + 1.75%	7,762	14,957	195,929	191,917	203,691	206,874
Bank loan - Kfar Shmaryahu	b(9)	Prime + 1%	133,481	151,547	-	-	133,481	151,547
Bank loan – Tzomet Arim Tower Project	b(10)	Prime + 0.68%	121,388	120,091	-	-	121,388	120,091
Bank loan - Emek Bracha Project	b(11)	Prime + 0.7%	105,315	95,828	-	-	105,315	95,828
Bank loan - Sde Dov Office Project	b(12)	Prime + 0.3%	95,098	-	-	95,114	95,098	95,114
Bank loan - Sunset Project		Prime + 0.5%	-	59,859	59,020	-	59,020	59,859
Bank loans from different projects		Prime + 1.35%	8,125	42,581	2,158	-	10,283	42,581
Bank loans - Da Vinci Offices		Index-linked + 4.22%	40,291	1,624	-	39,448	40,291	41,072
Loans from corporations in Israel - Midtown offices		Index-linked + 3.86%	36,938	1,520	-	36,085	36,938	37,605
Bank loan - land in Herzliya		Prime + 1.5%	50,270	4,833	-	25,062	50,270	29,895
Bank loan - Hahoshlim property		Index-linked + 3.6%	18,293	3,954	-	17,882	18,293	21,836
Bank loan - Elifelet property lien		Prime + 0.5%	20,536	15,373	-	-	20,536	15,373
Bank loan - Ramat Hasharon		Prime + 1.65%	6,033	11,411	-	-	6,033	11,411
Bank loan - Hahoshlim property lien		Prime + 1.1%	705	686	7,278	7,985	7,983	8,671
Bank loan - People Project	b(13)	Prime+0.1%	-	-	252,086	-	252,086	-
Bank loan - Northern Quarter Project	b(14)	Prime + 0.1%-0.5%	59,175	-	-	-	59,175	-
Financing loan - Ahad Ha'am Project		Prime + 0.9%	-	2,855	-	-	-	2,855
Total credit and loans from bank corporations			3,451,761	2,866,946	1,640,721	2,001,362	5,092,482	4,868,308
Loans from others in NIS		Prime + 1%, 4.25-4.43	3,505	2,444	13,865	8,475	17,370	10,919
Loans from others in NIS with no interest			62	58	1,699	1,700	1,761	1,758
Total loans from others			3,567	2,502	15,564	10,175	19,131	12,677

Note 12 - Credit and Loans from Banking Corporations and Other Credit Providers (continued):

b. Additional information:

(1) Bank loan - Rainbow Project, Tel Aviv:

On October 10, 2024, the borrower entered into a financing agreement with two local banks (in equal parts) for the provision of a financing facility not to exceed approximately NIS 3.2 billion, including financial credit (hereinafter: the "**Financial Credit**") and a Sale Law guarantee facility (hereinafter: "**Sale Law Guarantee Credit Facility**"). Pursuant to the financing agreement, the Financial Credit facility shall not exceed a total amount of approximately NIS 1.23 billion (hereinafter: the "**Financial Credit**") and shall be used for the purpose of financing the construction costs of the Project as well as for the repayment of the balance of the land loan.

The credit utilized under the credit facility shall be repaid at the end of 3 months from the date of completion of the Project, i.e., on September 30, 2030.

The credit facility shall bear annual interest at a rate of Prime+0.2%.

To secure repayment of the loan, first-ranking fixed charges agreed with the Bank were registered in favor of the banks. In addition, the Company provided the Bank with unlimited guarantees to secure repayment of the credit facility.

The balance of the loan as of the date of the financial statements is approximately NIS 792 million.

It should be noted that the loan is subject to the Company's compliance with the financial ratios and conditions detailed in Note 12C below.

(2) Bank loan - Midtown Jerusalem Project:

On October 10, 2024, the Borrower entered into an addendum to the financing agreement (hereinafter: the "**Addendum to the Land Financing Agreement**") and into a voucher arrangement as detailed below:

a. Increase of the credit facility by an additional amount of approximately NIS 350 million, so that after the increase of the credit facility as stated, the total credit facility will amount to approximately NIS 1 billion.

b. Postponement of the final repayment date of the credit facility and interest to March 31, 2025.

c. Entry into a voucher arrangement for the purpose of issuing payment vouchers to purchasers, whereby purchasers (residential and offices) in the Project will be provided with bank guarantees under the Sale Law for the proceeds to be deposited into the account via payment vouchers (excluding the VAT component thereof), not as part of construction financing under the Sale Law, up to a maximum amount of NIS 250 million, where all proceeds will be paid via payment vouchers and will be used for partial repayment of the total credit facility.

On March 24, 2025, the Project Company signed with the bank an extension of the loan repayment date to September 30, 2025 (instead of March 31, 2025). In addition, the credit facility increased from NIS 1 billion to NIS 1.125 billion.

On July 30, 2025, the Project Company entered into a financing agreement with a local bank and institutional entities (hereinafter, jointly: the "**Lenders**") for the provision of a financing facility in an amount not to exceed approximately NIS 4.38 billion (obligo, including financial credit and Sale Law guarantees), of which a financial credit facility in a total amount of up to approximately NIS 1.56 billion (hereinafter: the "**Financial Credit**"). The Financial Credit will be used for the repayment of the existing loan provided for the land, as well as for financing the construction of the Project. In addition, a mezzanine loan was provided by the Lenders in an amount not to exceed NIS 130 million, at an interest rate identical to the Financial Credit; all for the purpose of advancing the construction of the entire Project. The Company has not yet entered into the financing agreement as all conditions have not yet been met.

Note 12 - Credit and Loans from Banking Corporations and Other Credit Providers (continued):

b. Additional information (continued):

(2) Bank loan - Midtown Jerusalem Project (continued):

The credit utilized under the credit facilities shall be repaid at the end of 6 months from the date of completion of the Project, which shall occur no later than February 28, 2031 (i.e., no later than August 31, 2031), when the bank guarantees and Sale Law guarantees shall expire according to their terms.

The financial credit facility shall bear annual interest at a rate of Prime+0.7%.

To secure repayment of the loan, first-ranking fixed charges agreed with the Lenders were registered in favor of the Lenders. In addition, the Company provided an unlimited guarantee to secure repayment of the credit facility.

The balance of the loan as of the date of the financial statements is approximately NIS 897 million.

It should be noted that the financing agreement is subject to the Company’s compliance with the financial ratios and conditions detailed in Note 12C below.

(3) Bank loan - Beit HaNa’ara Project, Hod HaSharon:

On June 29, 2021, Israel Canada Beit HaNa’ara Ltd., a wholly owned and controlled subsidiary of the Company (hereinafter: the “**Borrower**” and/or the “**Project Company**”) entered into a loan agreement with a local bank (hereinafter: the “**Bank**”) for the provision of a credit facility for the purpose of financing the acquisition of the real estate and related needs, with a total obligo of up to approximately NIS 598 million (hereinafter: the “**Loan Agreement**” and the “**Loan**,” as applicable) as detailed below: of which an amount of approximately NIS 511 million was used for payment of the consideration for the real estate and was provided to the Borrower, and an additional amount of approximately NIS 87 million was used for payment of VAT for the acquisition of the real estate. The VAT loan was fully repaid on September 22, 2021. The loan bears variable annual interest at a rate of Prime + 0.25%.

On January 24, 2022, the Project Company entered into an agreement for the sale of 50% (in undivided shares) of the land with Yossi Avrahami Civil Engineering Works Ltd. (hereinafter: the “**Partner**”). As a result of the sale transaction, during February 2022, the Company repaid 50% of the balance of the loan.

On February 10, 2022, the Project Company entered with the Bank in an agreement for the provision of an additional credit facility of approximately NIS 74.5 million under identical terms to the financing agreement.

On May 1, 2022, the Company and the Partner received an official notice from the Tel Aviv-Yafo Municipality that they had won an additional tender for the purchase of additional rights in the Property. On August 4, 2022, the Project Company entered into an agreement with the Bank for the provision of a credit facility for the purpose of financing the purchase of the additional Property and related needs in an amount not to exceed approximately NIS 70 million, as detailed below: of which an amount of approximately NIS 57 million was used for the payment of the Consideration for the Property and was provided to the Borrower. The Loan bears a variable annual interest rate at Prime + 1% and will be repaid on June 30, 2026.

To secure the repayment of the Loans, first-ranking fixed charges were registered in favor of the Bank as agreed with the Bank. In addition, the Company provided the Bank with unlimited guarantees in an amount to secure the repayment of the Loan.

As of the date of the financial statements, the total outstanding balance of the Loans is approximately NIS 359 million, which is classified as short-term.

It should be noted that the Loan is subject to the Company’s compliance with the financial ratios and conditions detailed in Note 12C below.

Note 12 - Credit and Loans from Banking Corporations and Other Credit Providers (continued):

b. Additional information (continued):

(4) Bank loan in the Dubnov Project:

On August 22, 2024, two designated partnerships of the Company, each held at a rate of 80% by the Company indirectly, jointly obtained from a local bank a loan in the amount of approximately NIS 354 million under financing terms of Prime + 0.15% for a period of approximately 12 months, with the loan to be renewed at the Company's request under the same terms and to be repaid no later than 36 months from the date it was first provided, as well as a VAT loan in the amount of approximately NIS 75 million under financing terms of an annual interest rate of Prime + 0.15% for a period of approximately 4 months.

The VAT Loan was repaid on October 8, 2024.

As of the date of the financial statements, the outstanding balance of the loan is approximately NIS 356 million, which is classified as long-term.

(5) Bank loan - Midtown Tel Aviv Commercial:

On May 1, 2024, a subsidiary, held at a rate of approximately 81% by the Company (indirectly) (hereinafter: the "**Borrower**"), signed with a local bank a credit facility in a total amount of approximately NIS 260 million, which was repaid in lieu of a loan that existed at that time, to be repaid no later than March 14, 2030. The loan bears a variable annual interest rate of 4.09% linked to the Consumer Price Index. Until full repayment, the Company will repay principal of 4% per year and the remaining balance of the loan will be repaid at the final repayment date of the loan.

On May 6, 2024, the Borrower signed with a local bank a credit facility in the amount of NIS 90 million to be repaid no later than May 6, 2027. The loan bears a variable annual interest rate of 3.8% linked to the Consumer Price Index. The total utilized facility amounts to approximately NIS 90 million as of the date of the statements.

The outstanding balance of the loans as of the date of the statements is approximately NIS 333 million.

The Borrower undertook to comply with the following financial covenants:

- An existing commitment to a net operating income (NOI) of NIS 28 million per year.
- A commitment to a Loan-to-Value ratio not to exceed 70% of the value of the asset (LTV).

As of the date of the financial statements, the Company is in compliance with the above covenants.

To secure the credit received by the Company as detailed above, the Borrower registered a mortgage in favor of the Bank on its rights in investment property, and pledged in favor of the Bank all of its rights to lease fees from the investment property. In addition, the shareholders guaranteed the full amount of the credit, pro rata to their holdings.

(6) Bank loan - SHE Project:

On July 5, 2023, Israel Canada in the City Partnership, a partnership held at a rate of approximately 81% by the Company (indirectly), (hereinafter: the "**Borrower**") entered into an agreement with a local bank (hereinafter: the "**Bank**") for the extension of the existing credit facility in the amount of approximately NIS 275 million and for the provision of an additional facility (hereinafter: the "**Facility Balance**") in the amount of approximately NIS 74 million.

The loan will bear an annual interest rate of Prime + 1% and its repayment date is March 31, 2025.

On March 31, 2025, the Company refinanced the outstanding balance of the loan in the amount of approximately NIS 275 million and signed with the Bank a credit facility in the amount of approximately NIS 350 million under the same terms with no change in the interest terms. The loan was extended until June 30, 2026.

The outstanding balance of the loan as of the Report Date is approximately NIS 309 million.

The Partnership registered a fixed charge on the rights of the Limited Partnership according to the agreements with the Bank, and the Company provided the Bank with unconditional and unlimited guarantees in an amount to secure all of the Partnership's obligations to the Bank.

Note 12 - Credit and Loans from Banking Corporations and Other Credit Providers (continued):

b. Additional information (continued):

(7) Bank loan - Lapid Project:

As of the date of the financial statements, a subsidiary held at a rate of approximately 60.1% by the Company has a loan from the Bank with an outstanding balance of approximately NIS 211 million. The loan bears an annual interest rate of Prime + 1%. The repayment date of the loan is October 2024. To secure the repayment of the loan, first-ranking fixed charges were registered in favor of the Bank as agreed with the Bank. On September 30, 2024, the repayment date of the loan for the Project was extended until September 30, 2026.

(8) Loan from institutional entities - Sea Tower charge:

On October 1, 2020, the Partners in the Project entered into a loan agreement with institutional entities from the Harel Insurance Investments and Financial Services Ltd. group and from the Amitim Old Pension Funds group, organized by the Harel Group, for the provision of a loan to the Partners, non-recourse to the Partners, secured by the Project, in the amount of NIS 830 million for a period of 15 years and with an average duration of approximately 10 years (hereinafter: the "**Loan**") (the subsidiary's share is approximately NIS 200 million). The Loan repaid the Project's bridging Loan in the amount of approximately NIS 652 million. Of the Loan amount, NIS 780 million is linked to the index. The remaining balance of the Loan, in the amount of NIS 50 million, will bear interest at the rate of the Bank of Israel interest rate plus 1.75%.

On December 30, 2020, the Loan amount was provided. As part of receiving the Loan, the Partnership undertook to comply with the following financial covenants:

1. Annual NOI shall not be less than NIS 41.4 million.
2. Historical debt service coverage ratio (the ratio between NOI and principal, interest, and linkage differentials payments for the credit for that period), shall not be less than 1.15.
3. Projected debt service coverage ratio (the ratio between the expected NOI to be received in the coming year and the principal and interest payments for the credit expected to be paid during that period) shall not be less than 1.1.
4. The LTV ratio shall not exceed at any test date:
   a) Until the end of 3 years from the closing date - 85%.
   b) From the end of 3 years from the closing date until the end of 6 years from the closing date - 80%.
   c) From the end of 6 years from the closing date until the end of 9 years from the closing date - 75%.
   d) From the end of 9 years from the closing date until the end of 12 years from the closing date - 70%.
   e) From the end of 13 years from the closing date until full repayment of the credit - 65%.

The financial covenants are tested quarterly. As of December 31, 2025, the Partners are in compliance with the financial covenants.

Note 12 - Credit and Loans from Banking Corporations and Other Credit Providers (continued):

b. Additional information (continued):

(9) Bank loan for the purchase of the house in Kfar Shmaryahu:

A subsidiary, held at a rate of approximately 80% by the Company (indirectly), was granted in 2022 a credit facility with a local bank (hereinafter: the "**Bank**") in the amount of approximately NIS 88 million. On July 6, 2023, an agreement was signed with the Bank to increase the credit facility to approximately NIS 165 million. The loan will bear an annual interest rate of Prime + 1% and its repayment date is July 1, 2025.

On February 6, 2025, an amendment to the agreement was signed with the banking corporation whereby the credit facility will be increased to an amount of approximately NIS 187 million. The other terms remained unchanged. On July 24, 2025, an agreement was signed to extend the repayment date until March 31, 2026. For an update regarding events after the Report Date, see Note 32H.

The outstanding balance of the loan as of the Report Date is approximately NIS 133 million.

To secure the repayment of the credit facility, first-ranking fixed charges were registered in favor of the Bank as agreed with the Bank. In addition, the Company provided the Bank with unlimited guarantees in an amount to secure the repayment of the Loans.

(10) Bank loan - Migdal Tzomet Arim Project:

A subsidiary, held at a rate of approximately 51.1% by the Company (indirectly), has a credit facility with a local bank (hereinafter: the "**Bank**") in the amount of approximately NIS 121 million, according to the agreement with the Bank, this credit facility will be renewed from time to time at the request of the subsidiary, provided that the repayment period will occur by no later than January 30, 2025, and it bears a variable annual interest rate at the rate of Prime + 0.68%. The maturity date of the loan for the Project was extended until November 23, 2026.

To secure the repayment of the credit facility, fixed first-ranking liens were registered in favor of the Bank as agreed with the Bank. In addition, the Company provided the Bank with unlimited guarantees in amount to secure the repayment of the loans.

It should be noted that the loan is subject to financial covenants as detailed in Note 12C below.

(11) Bank Loan – Emek Bracha Project, Tel Aviv:

On May 23, 2022, Pangaea Israel (T.R.) Emek Bracha Project Ltd., a company wholly owned (100%) by the Company (indirectly) (hereinafter: the "**Borrower**") entered into an agreement with a local bank (hereinafter: the "**Bank**") for the provision of financing to the Borrower for the purchase of real estate rights in the Project in a total amount not to exceed approximately NIS 29 million. According to the agreement with the Bank, this credit facility shall be renewed from time to time at the request of the subsidiary, provided that its final maturity date shall be no later than May 23, 2025, and it bears a variable annual interest rate at the rate of Prime + 0.5%.

On February 12, 2023, Israel Canada Emek Bracha (2022) Ltd., a company held at a rate of 63% by the Company (indirectly) (hereinafter: the "**Borrower**") entered into an agreement with a local bank (hereinafter: the "**Bank**") for the provision of financing to the Borrower for the purchase of real estate rights in the Project in a total amount not to exceed approximately NIS 65 million. According to the agreement with the Bank, this credit facility shall be renewed from time to time at the request of the subsidiary, provided that its final maturity date shall be no later than May 17, 2025, and it bears a variable annual interest rate at the rate of Prime + 0.95%.

The Company received approval from the Bank to extend the loan maturity date to May 2027 subject to signing an amendment to the loan agreement. In addition, the interest rate on the loans was changed to Prime + 0.7%.

To secure the repayment of the bank financing, fixed first-ranking liens were registered in favor of the Bank as agreed with the Bank. In addition, the Company provided the Bank with unlimited guarantees in amount to secure all obligations and liabilities of the Project Companies to the Bank (guarantee in relation to 100%).

It should be noted that the loan is subject to financial covenants as detailed in Note 12C below.

Note 12 - Credit and Loans from Banking Corporations and Other Credit Providers (continued):

b. Additional information (continued):

(12) Bank loan – Sde Dov Offices Project, Tel Aviv:

On September 24, 2024, Pangaea Sde Dov Offices Partnership, a partnership wholly owned (100%) by the Company, entered into a loan agreement with a local bank (hereinafter: the "**Bank**") (hereinafter: the "**Agreement**") for the provision of a financing facility in the amount of approximately NIS 95 million to the subsidiary for the purpose of purchasing the real estate in the project, payment of VAT, and ancillary needs arising from the purchase of the real estate (hereinafter: the "**Financing**" or the "**Loan**"), under terms the main points of which are detailed below:

a) The credit facility shall be renewed from time to time at the request of the subsidiary, provided that its final maturity date shall be no later than September 24, 2026.

b) A bridge loan in the amount of approximately NIS 22 million for payment of the VAT amount, which was repaid on December 5, 2024.

c) The loan bears a variable annual interest rate at the rate of Prime + 0.3%.

(13) Bank loan – People Project (Kremenitzky Complex):

On July 2, 2025, the project partnership entered into a loan agreement with a local bank (hereinafter: the "**Bank**") for the provision of a financing facility in the amount of approximately NIS 309 million for the purpose of purchasing the real estate in the Project, payment of VAT, and ancillary needs arising from the purchase of the real estate (hereinafter: the "**Loan**"), under terms the main points of which are detailed below:

1. The credit facility shall be renewed from time to time at the request of the project partnership only, provided that its final maturity date shall be no later than July 1, 2027.
2. The Loan included a bridge loan in the amount of approximately NIS 58 million for payment of VAT, which as of the date of the financial statements was fully repaid.
3. The Loan bears a variable annual interest rate at the rate of Prime plus a margin of 0.05%–0.3%.
4. To secure the repayment of the Loan, fixed first-ranking liens were registered in favor of the Bank as agreed with the Bank.

(14) Bank loan – Northern Quarter Project, Herzliya:

On March 20, 2025, the Company entered into a financing agreement with a local bank for the provision of a Credit Facility in the amount of approximately NIS 80 million. The final maturity date of the credit facility, which was fully utilized, is February 20, 2027. According to the agreement with the Bank, the Company shall repay the loan in installments according to the progress of sales.

The outstanding balance of the loan as of the date of the financial statements is approximately NIS 59 million.

Note 12 - Credit and Loans from Banking Corporations and Other Credit Providers (continued):

c. Financial covenants in connection with loans from a local bank:

Below are details regarding the Company's compliance with the financial covenants of its material loans:

	Loan	Borrowing corporation (loan provision date)	Original loan framework amount (NIS thousands)	Principal balance as of December 31, 2025 (NIS thousands)	Financial covenants / commitment to no change of control	Manner of calculation of financial covenants and their results as of December 31, 2025
1.	**Local bank**	**The Company and subsidiaries held at a rate of between 60%-100%**	**Refers to all loans granted by the local bank to Group companies (including the Rainbow Project, Tel Aviv)**	**2,434,081**	A. The Company's consolidated equity, excluding non-controlling interests, shall not, at any time, be less than an amount equal to 17% of the Company's total assets (based on consolidated financial statements). B. The ratio of the Company's equity (excluding non-controlling interests) to the Company's total assets on a standalone (solo) basis shall not be less than 37.5%. C. The Company's consolidated equity, excluding non-controlling interests, shall not, at any time, be less than NIS 1,200 million. D. The Company's consolidated equity excluding non-controlling interests (but including loans granted to the Company that are included in consolidated equity) shall not, at any time, be less than 22% of the Company's total assets (based on consolidated financial statements). E. No change of control shall occur compared to the current situation whereby Asaf Touchmair and Barak Rosen would both cease to be controlling shareholders of the Company. In addition, no other shareholder may hold more than 32% of the Company's shares.	A. The ratio of the Company's equity to the total consolidated balance sheet as of December 31, 2025 is approximately 21%. Compliant. B. The ratio of the Company's equity to the total balance sheet on a solo basis as of December 31, 2025 is approximately 62.4%. Compliant. C. The amount of equity in the consolidated balance sheet as of December 31, 2025 amounts to approximately NIS 2,689 million. Compliant. D. The Company's consolidated equity excluding non-controlling interests (but including loans provided to the Company included in consolidated equity) relative to total balance sheet is approximately 26.5%. Compliant. E. There was no such change.
2.	**Local bank**	**Investee company held at 55.9% which holds the Vertical City Project**	**1,290,000**	**1,016,145**	A. The Company's consolidated equity, excluding non-controlling interests, shall not, at any time, be less than an amount equal to 17% of the Company's total assets (based on consolidated financial statements). B. The ratio of the Company's equity (excluding non-controlling interests) to the Company's total balance sheet separately (solo) shall not be less than 30%. C. The Company's consolidated equity, excluding non-controlling interests, shall not, at any time, be less than NIS 475 million. D. The Company's consolidated equity excluding non-controlling interests (but including loans granted to the Company that are included in consolidated equity) shall not, at any time, be less than 22% of the Company's total assets (based on consolidated financial statements). E. No change of control shall occur compared to the current situation whereby Asaf Touchmair and Barak Rosen would both cease to be controlling shareholders of the Company. In addition, no other shareholder may hold more than 32% of the Company's shares.	A. The ratio of the Company's equity to the total consolidated balance sheet as of December 31, 2025 is approximately 21%. Compliant. B. The ratio of the Company's equity to the total balance sheet on a solo basis as of December 31, 2025 is approximately 62.4%. Compliant. C. The amount of equity in the consolidated balance sheet as of December 31, 2025 amounts to approximately NIS 2,689 million. Compliant. D. The Company's consolidated equity excluding non-controlling interests (but including loans provided to the Company included in consolidated equity) relative to total balance sheet is approximately 26.5%. Compliant. E. A change occurred with Clal Insurance's entry into the Vertical City project, with the bank's consent.
3.	**Local bank**	**A 73% investee company that owns the Midtown Jerusalem Project**	**1,560,000**	**896,626**	No change of control will occur without the Bank's prior written consent. "Control" in this matter as defined in the Securities Law, 5728-1968, including joint ownership with others. Notwithstanding the above, it is agreed that: A decrease in the holdings of Asaf Touchmair and Barak Rosen together in the Company to a rate not less than 32% of the Company's control means, provided they remain controlling shareholders of Israel Canada at all times, shall not constitute a breach and shall not require bank consent. A decrease in the joint holdings of the Company and Pangaea in the project company to a rate not less than 70% of the project company's control means, provided both remain controlling shareholders of the project company at all times, shall not constitute a breach and shall not require bank consent.	Proper

Note 12 - Credit and Loans from Banking Corporations and Other Credit Providers (continued):

d. Amounts expected to be settled after more than 12 months:

Below is information regarding amounts expected to be settled after more than 12 months from the end of the reporting period and which are classified within the Group's current liabilities:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Credit from banks	1,810,636	1,224,034
Advances from customers	656,038	-

e. Changes in liabilities arising from financing activities:

	Balance as of January 1, 2025	Cash flow from financing activities	Business combinations	Other changes	Balance as of December 31, 2025
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Credit from bank corporations and loans, long-term	(4,868,218)	(91,748)	(74,000)	(58,426)	(5,092,482)
Bonds	(1,324,768)	(105,181)	-	(188)	(1,430,137)
Loans from others	(12,677)	2,083	(9,008)	471	(19,131)
Lease liability	(463,638)	27,629	(626,366)	(38,954)	(1,101,329)
	(6,669,301)	(167,217)	(709,374)	(97,097)	(7,643,079)

Note 13 - Bonds

a. Composition:

	Current liabilities		Non-current liabilities		Total	
	As of December 31		As of December 31		As of December 31	
	2025	2024	2025	2024	2025	2024
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Not convertible:						
Bonds (Series F) (B(1))	-	19,632	-	-	-	19,632
Bonds (Series G) (B(2))	292,150	249,469	250,988	521,426	543,138	770,895
Bonds (Series H) (B(3))	-	-	886,999	534,241	886,999	534,241
	292,150	269,101	1,137,987	1,055,667	1,430,137	1,324,768

Note 13 - Bonds (continued):

b. Additional Details:

(1) Series F Bonds:

On May 30, 2019, following a public and institutional tender, the Company raised a total of NIS 196,587,000 nominal value Series F Bonds at an annual interest rate of 4.7%, the effective annual interest rate was 5.13%, which were to be repaid (principal) in 5 annual installments on May 31 of each of the years 2021 through 2025, such that the first and second payments constituted 7.5% each of the total nominal value principal of the Series F Bonds, the third payment constituted 30% of the total nominal value principal of the Series F Bonds, the fourth payment constituted 45% of the total nominal value principal of the Series F Bonds, and the final payment constituted 10% of the total nominal value principal of the Series F Bonds, with the first principal payment made on May 31, 2021, and the final principal payment made on May 29, 2025, thereby the Company's Series F Bonds were fully repaid.

(2) Series G Bonds:

On January 4, 2021, following a public and institutional tender, the Company raised a total of NIS 200,000,000 nominal value Series G Bonds at an annual interest rate of 3.95%, the effective annual interest rate is 4.21%.

On April 19, 2021, following a public and institutional tender, the Company expanded Series G and raised approximately NIS 209.2 million more in consideration for the allocation of 206,754 Series G Bonds, at a unit price of NIS 1,012 and at an effective interest rate of approximately 4.17%.

On August 31, 2021, following a public and institutional tender, the Company expanded Series G and raised approximately NIS 277.4 million more in consideration for the allocation of 277,143 Series G Bonds, at a unit price of NIS 1,001 and at an effective interest rate of approximately 4.33%.

On December 26, 2021, the Company's Board of Directors approved a private placement to classified investors by expanding Series G Bonds and raised approximately NIS 152 million more in consideration for the allocation of 154,521 Series G Bonds, at a unit price of NIS 986 and at an effective interest rate of approximately 4.3%. The proceeds from the offering were received on January 4, 2022.

Series G Bonds will be repaid (principal) in 3 unequal annual installments on June 30 of each of the years 2025 through 2027, such that the first payment will constitute 30% of the total nominal value principal of the Series G Bonds and each of the second and third payments will constitute 35% of the total nominal value principal of the Series G Bonds.

The interest on the outstanding principal balance of the Series G Bonds will be paid twice a year, on the following dates: on June 30 and December 31 of each of the years 2021 through 2026 and on June 30, 2027.

On May 17, 2022, the Company's Board of Directors approved a plan to purchase up to NIS 100 million of the Company's Series G Bonds by the Subsidiary for a period of up to one year, starting from May 25, 2022. The Board of Directors' reasons for implementing the purchase plan were mainly the price at which the Company's Series G Bonds were traded as of the date of the decision, which was attractive and constituted a proper business opportunity for the Company.

On May 24, 2023, the Company's Board of Directors approved a plan to purchase up to NIS 100 million of the Company's Series G Bonds by the Subsidiary for a period of up to one year.

The Board of Directors' reasons for executing the repurchase program were primarily the price at which the Company's bonds (Series F) (hereinafter: the "**Bonds**") are traded as of the date of the decision, which is attractive and constitutes a proper business opportunity for the Company.

Note 13 - Bonds (continued):

b. Additional details (continued):

(2) Series G Bonds:

The purchases will be made, to the extent they are made, subject to the Company's cash flow and liquidity position and to the reduction of its leverage, as well as the creation of capital gains for the Company that will arise from the difference between the liability value of the Bonds and the actual purchase cost. The repurchase of the Bonds in accordance with the repurchase program is not expected to impair the Company's ability to meet its existing and expected obligations as they become due.

The Company has undertaken to comply with the following Financial Covenants:

- Equity to balance sheet ratio Solo shall not be less than 37.5%
- The Company's equity shall not be less than NIS 475 million

In addition, the Company has undertaken not to make a dividend distribution if, as a result of such distribution, the Company's equity falls below NIS 525 million or the Company's solo equity ratio falls below 44%, all according to the data in the Company's most recent solo financial statements, quarterly or annual, published prior to the date of the decision regarding the distribution. It was also determined that the amount of the distribution shall not exceed 50% of the net profit for the period (excluding revaluation profits/losses on assets) of the Company according to its most recent audited annual or quarterly solo financial statements, as applicable.

Furthermore, the Company has undertaken that as long as the Series G Bonds are outstanding (i.e., as long as the Series G Bonds have not been repaid or redeemed in full in any manner, including by way of repurchase and/or early redemption), the Company undertakes not to create a floating charge over all its assets in favor of any third party to secure any debt or obligation, without the prior consent of the holders of the Series G Bonds, by special resolution.

The Deed of Trust stipulates a graduated mechanism for adjusting the interest rate on the Bonds as a result of non-compliance with Financial Covenants, of an equity to balance sheet (solo) ratio not less than 42% and equity not less than NIS 500 million.

The Financial Covenants are tested quarterly. As of the date of the reports, the Company is in compliance with the above Financial Covenants.

As of December 31, 2025, the Subsidiary purchased approximately NIS 45 million nominal value in consideration for approximately NIS 44 million.

(3) Series H Bonds:

On June 26, 2024, the Company raised approximately NIS 228.9 million nominal value Series H Bonds at an annual interest rate of 6.95% in consideration for approximately NIS 226.5 million, the effective annual interest rate being 7.19%.

On December 10, 2024, following a public and investor tender, the Company expanded Series H and raised an additional approximately NIS 320 million in consideration for the allocation of 300 million nominal value Series H Bonds, at a unit price of NIS 1,066.

On May 8, 2025, following a public and institutional tender, the Company expanded Series H and raised an additional approximately NIS 210.8 million in consideration for the allocation of 200 million nominal value Series H Bonds, at a unit price of approximately NIS 1,054.

On September 9, 2025, following a tender to classified investors, the Company expanded Series H and raised an additional approximately NIS 155.7 million in consideration for the allocation of 147.214 million nominal value Series H Bonds, at a unit price of approximately NIS 1,058.

Note 13 - Bonds (continued):

b. Additional details (continued):

(3) Series H Bonds (continued):

The principal of the Bonds will be repaid in four equal annual installments on June 30 of each of the years 2028 through 2031, so that on each date 25% of the total nominal value principal of the Bonds will be paid, with the first principal payment on June 30, 2028 and the last principal payment on June 30, 2031.

Interest is paid in equal semi-annual installments, on December 31, 2024 and on each June 30 and December 31 of each of the years 2025 through 2030, with the last interest payment on June 30, 2031.

The Company has undertaken to comply with the following Financial Covenants:

- Equity to balance sheet ratio solo shall not be less than 37.5%.
- The Company's equity shall not be less than NIS 1.2 billion.
- The ratio between consolidated equity and the consolidated balance sheet according to the Company's consolidated financial statements shall not be less than 15%.

The interest rate borne by the Bonds will be adjusted for deviation from one or more of the Financial Covenants described below:

- Equity to balance sheet ratio solo shall not be less than 42%.
- The Company's equity shall not be less than NIS 1.25 billion.
- Consolidated equity to balance sheet ratio shall not be less than 17%.

The Financial Covenants are tested quarterly. As of the date of the reports, the Company is in compliance with the above Financial Covenants.

c. Rating:

On May 20, 2024, the Company received an initial rating of ilA- with a positive outlook from Maalot S&P for the Company and for the Company's Series F and Series G Bonds, and on June 23, 2024, Maalot S&P announced a rating of ilA- for the issuance of a new series (Series H) as detailed above.

On June 9, 2025, the Company received a rating of ilA- with a positive outlook from Maalot S&P.

On September 9, 2025, Maalot S&P announced the retention of the ilA- rating, also for the additional expansion issuance of Series H.

Note 14 - Income Taxes

a. Deferred Tax Balances:

	Balance as of January 1 2025	Recognized in profit and loss	Recognized in other comprehensive income	Balance as of December 31, 2025
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Temporary provisions:				
Real estate for investment	(207,743)	(26,098)	354	(233,488)
Real estate inventory	(23,459)	16,826	-	(6,633)
Financial assets at fair value through profit and loss	7,448	13,848	-	21,296
Fixed assets	(40,781)	-	(2,420)	(43,202)
Loans provided to companies under equity method	26,761	-	(3,740)	23,021
Other	(2,265)	(10,297)	-	(12,562)
Unused tax losses	102,475	10,184	-	112,659
	(137,564)	4,458	(5,807)	(138,909)

	Balance as of January 1, 2024	Reclassifications	Recognized in profit and loss	Recognized in other comprehensive income	Other	Balance as of December 31, 2024
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Temporary provisions:						
Real estate for investment	(204,175)	11,011	(14,699)	120	-	(207,743)
Real estate inventory	(27,573)	(11,011)	15,125	-	-	(23,459)
Financial assets at fair value through profit and loss	15,125	-	(7,677)	-	-	7,448
Fixed assets	-	-	(295)	(40,486)	-	(40,781)
Loans provided to companies under equity method	-	-	-	-	26,761	26,761
Other	11	-	(2,276)	-	-	(2,265)
Unused tax losses	77,619	-	24,856	-	-	102,475
	(138,993)	-	15,034	(40,366)	26,761	(137,564)

Deferred taxes are presented in the Statement of Financial Position as follows:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Deferred tax assets	36,483	31,771
Deferred tax liabilities	(175,392)	(169,335)
	(138,909)	(137,564)

b. Temporary differences in respect of investments in investee companies for which no deferred tax liability was recognized:

The Group did not recognize deferred tax liabilities in respect of investee companies since the Group intends to hold and develop the investments, and since dividends between companies in Israel are not subject to tax.

Note 14 - Income Taxes (continued):

c. Income (Expense) taxes on income recognized in profit and loss:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Current taxes:			
Current tax expenses (income)	2,918	4,608	(24,946)
Taxes for previous years	8,037	(3,255)	4,685
Total current taxes	10,955	1,353	(20,261)
Deferred taxes:			
Deferred tax expenses (income) for creation and reversal of temporary provisions	(4,458)	(15,034)	22,681
Total deferred taxes	(4,458)	(15,034)	22,681
Total tax expenses	6,497	(13,681)	2,420

d. Reconciliation of income (expense) taxes to profit (loss):

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Total profit (loss) before taxes on income and before equity profit	(69,072)	35,063	(58,621)
Statutory tax rate	23%	23%	23%
Tax expenses based on statutory tax rate	(15,887)	8,064	(13,483)
Tax addition (savings) for:			
Non-deductible expenses and exempt income, net	13,160	-	-
Creation of deferred tax for the first time and losses, and benefits for tax purposes for which deferred taxes were not recognized	(9,319)	(4,373)	(2,476)
Current losses for which deferred tax was not recognized	15,489	(13,255)	2,834
Profits for which no tax provision was created	65	6	2,168
Measurement differences of assets and liabilities for tax purposes	3,987	(4,939)	(4,296)
Tax expenses for the Company's share of profits of partnerships accounted for using the equity method	(3,918)	965	10,838
Tax expenses for rights that do not confer control in partnerships that are transparent for tax purposes	(2,747)	386	195
Other	(2,370)	2,720	1,955
Adjustments made during the year for current taxes from previous years	8,037	(3,255)	4,685
Total income tax as presented in profit and loss	6,497	(13,681)	2,420

Note 14 - Income Taxes (continued):

e. Additional information:

(1) Tax aspects in Israel:

The corporate tax rate applicable to the Company is 23%.

(2) Tax aspects in Poland:

The corporate tax rate in Poland is approximately 19%.

(3) Tax aspects in Russia:

The corporate tax rate is 20%; in certain regions of Russia, a reduced corporate tax rate of 15.5% may be enjoyed.

(4) Application for Approval to Transfer Shares in the Subsidiary Hatzlachat HaSharon:

On February 21, 2024, the Company submitted to the Tax Authority an application for prior approval for the transfer of rights of the Ramat HaSharon Youth Development Partnership from the subsidiary Hatzlachat HaSharon to the Company, all subject to Section 104c and the provisions of Part E2 of the Income Tax Ordinance. On March 20, 2025, the Company received approval from the tax authorities.

(5) Income Tax Assessment in the HaRakevet Project:

The Company has final tax assessments up to and including the 2020 tax year.

On December 5, 2023, income tax assessments were issued to the subsidiaries that held the HaRakevet Project, for the 2022 tax year, on the issue of non-recognition of the full amount of initiation and management expenses paid to the Company.

The subsidiaries dispute the determinations of the assessing officer and believe that they have good arguments against them and that they intend to assert all their rights as reflected in the objections submitted.

In the opinion of the Company and its professional advisors, the subsidiaries' arguments are sound.

Note 15 - Transactions

a. Operating lease of investment property and Kadima Tzoran Project:

On November 16, 2006, Hatzlachat HaSharon Ltd. (a wholly owned and controlled subsidiary, hereinafter: the "**Subsidiary**") signed an agreement under which it acquired capitalized lease rights in a parcel of land located in the Kadima-Tzoran area under an operating lease agreement from the Israel Land Authority. As stated in Note 2J, the Group treated these rights as investment property presented, in accordance with the Company's accounting policy, at fair value.

During the years 2007-2013, the Subsidiary entered into a series of agreements with numerous third parties for the sale of portions of the land.

The balance of investment property as of December 31, 2024 includes a balance of approximately NIS 19 million in respect of the Subsidiary's lease rights in the Kadima Tzoran Complex, reflecting, as stated above, rights to approximately 73.1 thousand square meters.

On January 6, 2025, the Subsidiary, together with a third-party partner who is not a related party to the Company (hereinafter: the "**Partner**") (the Subsidiary's share in the transaction – 50%), entered into an agreement to purchase approximately 162 additional unspecified dunams of land in consideration for approximately NIS 73 million plus VAT as required by law. The purchase is subject to the fulfillment of several suspensive conditions which as of the balance sheet date have not yet been fulfilled.

As of December 31, 2025, the Company paid an advance in the amount of approximately NIS 26 million and the purchase tax.

On December 21, 2025, an agreement was signed for the transfer of part of the Partner's rights to the Subsidiary, so that thereafter the Subsidiary will hold two thirds of the area sold, in consideration for approximately NIS 12,150 thousand.

On January 19, 2026, after the balance sheet date, the acquisition of the rights was completed and the Company signed with a local bank an agreement for the provision of a credit facility in the amount of approximately NIS 24 million, which will be re-extended from time to time and will be repaid no later than January 20, 2031.

b. The Midtown Tel Aviv Project:

Over the years, the Company, through Subsidiaries, acquired in several transactions approximately 81% of the shares of Midtown Ltd. (hereinafter: "**Midtown**") (indirectly). Midtown acquired a lot with an area of 13.6 dunams located near the Azrieli Center in Tel Aviv and established on it a project including a residential tower with 338 apartments and an office tower with a total area of approximately 75 thousand sq.m. and commercial areas with a total area of approximately 17 thousand sq.m. (gross), and until the end of 2022 Midtown sold and delivered all the office and apartment areas in the project. As of today, Midtown owns approximately 16,192 sq.m. of commercial space (gross) and a parking lot with approximately 632 parking spaces.

As of the date of the Report, all the assets owned by Midtown are leased under free lease agreements to third parties.

c. The Uptown Project:

During 2015, a limited partnership (hereinafter: "**Uptown**"), held by the Company at a rate of 64% and by third parties at a rate of 36%, acquired rights in real estate located in the Pi Glilot Complex in Ramat Hasharon with an area of approximately 34 dunams (hereinafter, jointly: "**Paz Real Estate**"), including all building rights in Paz Real Estate (to the extent there are any), including all rights (to the extent there are any) under the existing lease agreements of the Seller regarding said real estate, in consideration for approximately NIS 131 million.

Paz Real Estate also includes approximately 9 dunams which are not included within the boundaries of the plan being promoted for the real estate.

As of December 31, 2025, the Company marketed approximately 23.6 dunams out of the land for a total amount of approximately NIS 218 million.

Note 15 - Commitments (continued):

d. The New Ramat Hasharon Project:

A limited partnership (hereinafter: the "**Limited Partnership**") held indirectly by the Company at a rate of 81% acquired in 2015 all the leasehold rights in the real estate known as Lot 130 in Block 6547, with an area of approximately 64,839 sq.m., located in Ramat Hasharon (hereinafter: the "**Complex**"), including the buildings thereon, in consideration for approximately NIS 160 million plus VAT, the consideration included the cost of the land in the amount of approximately NIS 135 million as well as improvement fees to the Israel Land Authority.

Promotion of the project planning procedures:

In November 2022, the Tel Aviv District Planning and Building Committee decided on the conditional deposit of the Morasha employment area plan in Ramat Hasharon, for the establishment of a Complex that will combine residential, commercial, and employment uses and public buildings (hereinafter: the "**Plan**").

The Plan will allow the establishment of a project with a total above-ground area of approximately 206 thousand sq.m., above basements with an area of approximately 90 thousand sq.m. According to the Plan, it will be permitted to establish areas for commercial and employment uses in the scope of approximately 150 thousand sq.m. in 4 towers of up to 20 floors each, which will be connected at the lower floors where the commercial uses will be allocated. In addition, 10 residential buildings of 9 floors each will be constructed, containing 600 small residential units (of which 120 will be allocated for rental apartments). According to the Plan, an area will be allocated for the establishment of a school, and additional public areas for the local residents, as well as an area of approximately 7.5 dunams for a transportation terminal and urban storage uses.

On February 29, 2024, the District Committee decided to approve the Plan, in respect of which an appeal was filed by the Ramat Hasharon Municipality, and a hearing on the matter was held in July 2024. On July 24, 2025, the Company received the protocol of the Subcommittee for Appeals of the National Council for Planning and Building (the "Committee"), according to which the appeal filed was denied. Accordingly, the New Ramat Hasharon Plan was published for validation in the Official Gazette.

On October 22, 2025, the Ramat Hasharon Municipality filed a petition with the Court and a hearing on the petition was set for March 29, 2026.

On January 4, 2026, after the balance sheet date, the Company signed an agreement to purchase the rights of one of the partners, who held 1.25% in the Limited Partnership, in consideration for approximately NIS 2 million. As of the date of publication of this Report, the consideration has been paid in full.

Marketing of the residential rights in the Project:

In light of the decision of the District Committee in November 2022, the Company re-examined the timing of revenue recognition from the residential rights sold and recognized revenue from the sale of 588 rights in residential land units against the full deduction of the inventory cost relating to the Ramat Hasharon Project in its financial statements. It should be noted that the examination of the timing of revenue recognition and the accounting treatment adopted by the Company was after discussions held with the Staff of the Israel Securities Authority in the matter and after the Staff of the Israel Securities Authority notified the Company that it would not intervene in the accounting treatment adopted by the Company.

For any future sale of rights in the project after December 31, 2022, the full revenue therefrom will be recognized in the financial statements, without any cost of sales therefor.

Marketing of the office rights in the Project:

Since March 2018, the Company began marketing the office areas that will be in the real estate.

As of December 31, 2025, the Company marketed approximately 182 land units reflecting a right to offices of approximately 250 sq.m. (hereinafter: "**Generation A**"), and the Company also marketed approximately 87 land units reflecting a right to offices of approximately 129 sq.m. (hereinafter: "**Generation B**").

Co-ownership agreements:

Within the framework of the sale agreements (both for rights in residential land and for rights in office land), the parties also enter into a co-ownership agreement and a management agreement, according to which, subject to approval of the proposed change of designation, the managing company, which will be a corporation from the Company's group, will be entitled to management fees from all the purchasers, who will act to build on the real estate in the format of a purchasing group. According to the co-ownership agreements, the Company (including through a corporation on its behalf), subject to receipt of a building permit (if received), will be entitled to management fees of NIS 40 thousand plus VAT for each average residential land unit sold, for each Generation A and Generation B land unit.

Note 15 - Commitments (continued):

d. The New Ramat Hasharon Project (continued):

According to the provisions of the co-ownership agreement, if sufficient rights for residential units are not granted to each of the purchasers, conversion mechanisms have been established from residential rights to employment rights from the Partnership's employment rights. As of the date of the Report, an examination of the use of such conversion mechanisms has not yet been conducted.

e. The Ahad Ha'am Project, Tel Aviv:

On September 16, 2015, Hatzlachat HaSharon Ltd. (a wholly owned and controlled subsidiary of the Company, hereinafter: the "**Subsidiary**") through a company held by it (75%) and by various partners (25%) (hereinafter, respectively: the "**Project Company**" and the "**Partners**") entered into an agreement with a third party for the purchase of all leasehold rights in Lot 38 in Block 6920 (13 Ahad Ha'am Street) in Tel Aviv with an area of approximately 1,470 sq.m. in consideration for a total of approximately NIS 77 million, plus VAT. The consideration was financed from a shareholder loan of the Project Company and bank credit. In addition, during the years 2018-2020, the Subsidiary increased its holdings in the Project Company and purchased from Partners in the Project Company 20% (cumulative) of the company's shares, and as of the balance sheet date, the Subsidiary holds 95% of the share capital of the Project Company.

On August 30, 2020, a full building permit was received for the Project and construction began on the Project, which includes a residential building of 5 floors including 69 residential units above a commercial floor. On August 14, 2024, Form 4 was received for the Project. By the end of 2024, the Company completed the process of delivering the apartments.

As of December 31, 2025, 68 residential units (out of 69 units) were marketed for a total of approximately NIS 358 million including VAT.

According to the Company's revenue recognition policy, as detailed in Note 2(15)(6) above, the Company recorded in 2025 and 2024 revenues from the sale of residential apartments in the amount of approximately NIS 35 million and approximately NIS 61 million, respectively.

f. The Sea Tower Project:

General:

On May 6, 2016, a wholly owned and controlled subsidiary of the Company (indirectly) (hereinafter: the "**Subsidiary**") (30%), Acro S.A.A.S. Projects Limited Partnership (hereinafter: "**Acro**") (30%), Tidhar Investment Limited Partnership (hereinafter: "**Tidhar**") (30%), and another third party (hereinafter: the "**Partner**") (10%) acquired the ownership rights in Lots 4003 and 4005 in Herzliya Pituach and simultaneously entered into a memorandum of principles regulating the cooperation between them as holders of rights in the land for the purpose of regulating the relations between them, planning, operation, and management of the Project (hereinafter: "**Joint Transaction 1**").

Engagement with an additional partner:

During March 2018, Joint Transaction 1 entered into an agreement with additional third parties (hereinafter: the "**Hof HaTchelet Group**") who are the holders of all rights in Lot 4004, whereby Joint Transaction 1 and the Hof HaTchelet Group (hereinafter, jointly: the "**New Joint Transaction**") shall consolidate Lots 4003, 4004, and 4005 into one unified lot in which they shall be joint owners in undivided shares according to the holding ratio set forth below, and they shall jointly establish the Project and jointly lease the asset to Microsoft, as detailed below. The relative share of the parties in the New Joint Transaction and in the lot shall be according to their relative share in the unified lot as follows: the share of each of the Subsidiary, Acro, and Tidhar shall be approximately 24% of the unified lot, the share of the Partner shall be approximately 8% of the unified lot, and the share of the Hof HaTchelet Group shall be approximately 20% of the unified lot.

Engagement of the Partners with Microsoft Israel Research and Development:

On December 11, 2016, the parties won a tender for the establishment of a campus for Microsoft Israel (hereinafter: "**Microsoft**") in the asset. On November 30, 2017, a lease agreement was signed, which constitutes a binding agreement, whereby as of July 1, 2020, Microsoft shall lease from the Partners offices with an area of approximately 44 thousand gross square meters, plus 875 parking spaces and storage areas in the Sea Tower Project (which shall bear the name "Microsoft") for a cumulative period of up to approximately 21 years and for a total annual consideration of approximately NIS 65 million, linked to the Index.

Note 15 - Engagements (continued):

f. Sea Tower Project (continued):

On December 21, 2020, the New Joint Transaction and Microsoft signed an addendum to the lease agreement, whereby Microsoft shall lease additional areas in the leased premises with an area of approximately 2.5 thousand square meters from the ground floor, the gallery floor, storage areas, and the basement floor, plus 53 parking spaces, for a total annual consideration of approximately NIS 3,870 thousand.

On February 11, 2021, approval was received for a change of use from commercial to offices on the ground floor for a period of 5 years, most of the areas designated for commerce were converted to offices, while leaving a commercial frontage in only part of the building.

g. Lapid Complex Project, Tel Aviv:

A held company (hereinafter: the “**Project Company**”) as of the date of the report, approximately 60% held by the Company, holds the lease rights in the Lapid Complex on Eilat Street in Tel Aviv-Jaffa for a period of 49 years with an option to extend the lease period by an additional 49 years.

On June 14, 2023, the Company purchased from one of the Partners in the Project all of its shares in the Project Company (9.9%) for a total of approximately NIS 8.6 million. In addition, the Project Company repaid the full amount of the balance of the owner’s loan that the seller had provided to the Project Company.

Eviction of tenants in the property:

At the time of purchase, there were 27 protected tenants and 6 tenants under free lease on the Property. According to the terms of the tender won by the Project Company, the Project Company is responsible for the eviction of the protected tenants. As of the date of publication of this Report, most of the tenants have been evicted, and with respect to the remaining holders, the Company is acting through legal proceedings and/or consensual negotiations for their eviction.

Plans of the Project Company in connection with the Property:

The Project Company intends to establish on the Lapid Complex a residential and employment project in the scope detailed above, subject to the approval of a detailed plan under which building permits may be issued.

It should also be noted that the Project Company intends to act to market the rights in the property for residential purposes, whether as land units in their as-is condition, by way of constructing units and selling them as a developer, by way of combination transactions, or by way of organizing a purchasing group. As of December 31, 2025, the full conditions required under applicable accounting standards supporting the reclassification from inventory to investment property have not yet been met.

On April 7, 2021, the Tel Aviv Local Committee approved the plan whereby the scope of rights in the complex, which covers an area of 20 dunams near the Neve Tzedek neighborhood and the Herbert Samuel Promenade in Tel Aviv (hereinafter: the “**Complex**”), shall amount to approximately 120 thousand square meters, of which the share of the Project Company is approximately 33 thousand square meters, divided into 55% residential and 45% hotel use (hereinafter: the “**Plan**”). It should be noted that Lapid Company holds approximately 7.5 dunams in the Complex, and the remaining area is held by third parties (hereinafter, jointly: the “**Developers**”).

During 2025, the Plan was transferred to the District Committee and as of the date of the report, the Plan is under review for threshold conditions.

h. SHE Project:

A Limited Partnership which is held by the Company (indirectly, ultimately) at a rate of approximately 81% (hereinafter: the “**Project Partnership**”) holds an Asset located at 24 Yehuda Halevi Street, corner of 19 Herzl Street in Tel Aviv, also known as part of parcels 10 and 16 in block , which served as the main branch of Bank Leumi Le-Israel Ltd.

On September 9, 2020, a decision was made to grant validity to the proposed city plan under Plan TA/5000, which allows for the construction of a 40-story tower with a total area of 38,192 square meters (main and service), divided as follows: (A) 102 residential units with an area of 9,583 square meters; (B) office and/or hotel and commercial areas with an area of 23,517 square meters; and (C) public buildings with an area of 2,661 square meters.

Note 15 - Engagements (continued):

h. SHE Project (continued):

The Partnership intends to establish on the Complex a residential and office project in the scope detailed above. It should also be noted that the Partnership intends to retain in its ownership employment areas as an income-generating asset in whole or in part, and to act to market the residential units of the property by way of constructing units and selling them. Accordingly, the Partnership separated the investment property component from the inventory based on the ratio between the fair value at the date of acquisition of the employment areas of the property and the value of the project as a whole.

During 2023, a demolition permit was received for the Partnership's rights in the property and the demolition works were carried out. On February 18, 2024, an architectural design plan for the project was approved.

On December 1, 2024, a permit for excavation and shoring was received.

On March 20, 2025, the Project Partnership entered into an agreement for the execution of contractor shoring and excavation works with Solel Boneh, Limited Partnership, for a scope of works totaling approximately NIS 35 million.

The Company began marketing in the fourth quarter of 2024, and as of December 31, 2025, 4 residential units were marketed for a total consideration of approximately NIS 87 million including VAT.

It should be noted that some of the sale agreements are subject to receipt of a building permit and grant the parties a right of cancellation if a full building permit is not obtained within the period specified in the sale agreement. In addition, the sale agreements include mechanisms for updating the sale consideration in the event of a change in the sale areas between the initial plan and the sale plan after the permit, whereby in the event of a material change, the parties shall have a right of cancellation of the sale agreement.

i. Tzomet Arim Project (Acquisition of Beit Eurocom):

Between 2018 - 2020, a wholly owned subsidiary (100%) of the Company (hereinafter: the "**Project Company**") entered into several agreements with several sellers for the acquisition of all rights in the asset known as parcel 895 in block 6128 at 2 and 4 Dov Friedman Street in Ramat Gan, with a total area of approximately 2,056 square meters (hereinafter: "**Beit Eurocom**" and the "**Land**," respectively) for a total cumulative consideration of approximately NIS 160 million (including purchase taxes).

During 2021, a wholly owned subsidiary (100%) of the Company entered into agreements with Mor Provident Funds Ltd., with Menora Mivtachim Insurance Ltd. and Menora Mivtachim Pension and Provident Ltd. (hereinafter, jointly: "**Menora**"), and with third parties not related to the Company and/or its controlling shareholders (hereinafter: the "**Additional Purchasers**"), for the sale of approximately 19.9%, 20%, and 9%, respectively, of the issued and paid-up share capital of the Project Company in their As-Is condition, clean and free, for a total consideration of approximately NIS 140 million, plus VAT as required by law, which was paid in a single payment. The consideration included payment for the sold shares as well as payment for the acquisition of 48.9% of the balance of the owner's loans that all shareholders of the Project Company had provided at that time.

Concurrently with the engagements detailed above, each of the parties entered into a shareholders' agreement regulating the relationship between them as shareholders in the Project Company, and upon completion of the sale transactions, the Company holds approximately 51% (indirectly) of the shares of the Project Company.

On December 2, 2021, a demolition permit was issued for the existing building and thereafter, the demolition works were completed.

On September 1, 2025, the District Committee decided on the conditional deposit of a plan to increase building rights in the Complex for the construction of a 60-story tower for mixed uses of employment, residential, and commercial. The scope of building rights according to the plan is approximately 70 thousand square meters, of which approximately 13 thousand square meters are for residential use, and the remainder for employment/hotel and commercial use.

The Company has completed the conditions and is awaiting the Committee's approval for publication.

As of December 31, 2025, the asset was valued at approximately NIS 421 million (as of December 31, 2024, approximately NIS 421 million).

Note 15 - Engagements (continued):

j. Business Village Project, Netanya:

On November 1, 2018, the Company, through a company held at a rate of 60% by the Company (indirectly, ultimately) and 40% by third parties (hereinafter: the "**Project Company**"), with a third party that is not related to the Company and/or its controlling shareholders, in an agreement for the purchase of ownership rights in real estate in Netanya, in their as-is condition, in consideration for an amount of approximately NIS 134 million plus VAT.

Within the framework of the agreement, the Project Company purchased ownership rights in real estate located in the northern industrial zone of Netanya, known as Block 8236, Lot 175, with a registered area of approximately 72 dunams, and subject to long-term leases in favor of third parties over an area of approximately 18 dunams thereof. On the remainder of the real estate not subject to the aforementioned leases, with an area of 54 dunams, there are buildings designated for industrial uses, which are leased to third parties for annual lease fees of USD 1.35 million until 2025. On May 9, 2024, the lessee exercised an additional option to extend the lease until 2030.

Since February 2019, the Project Company has been marketing the real estate, and as of the end of 2025, recognized cumulative gross profit of approximately NIS 83 million (the Company's share: NIS 49.8 million) from the sale of approximately 20 dunams of the land. The sale proceeds were used by the Project Company for full repayment of the bank financing and part of the owners' loans.

The Company intends to continue marketing the areas in their as-is condition and/or the building rights that will be created pursuant to the enhancing plan.

The Company is promoting a plan under the authority of the local committee for a mixed-use project with a construction scope of approximately 250 thousand square meters. On January 7, 2026, after the balance sheet date, the plan was deposited for objections. The Company intends in the future to promote a zoning plan under the authority of the district committee for an additional building rights scope of approximately 150 thousand square meters.

k. Israel Canada Hotels:

(1) Establishment of Israel Canada Hotels Company:

During 2019, the Company, through a Subsidiary, together with Mr. Reuven Elkes (hereinafter: "**Elkes**") and Mr. Ofer Feldman (hereinafter: "**Feldman**"), established a new company named Israel Canada Hotels Ltd. (hereinafter: the "**Hotels Company**"), which will serve as the Company's hotels arm in Israel, and the parties also entered into a founders' agreement.

According to the founders' agreement, the Subsidiary, Elkes, and Feldman held the Hotels Company in the following proportions: 75%, 20%, and 5%, respectively, and Elkes would serve as CEO of the Hotels Company in consideration for monthly management fees. It was further determined that Elkes would transfer to the Hotels Company his existing management activity in the hotels field in Israel.

(2) Allocation of 15% of the shares of the Hotels Company to Menora:

On July 3, 2022, the Hotels Company entered into an agreement with companies from the Menora Mivtachim Insurance Group (hereinafter: "**Menora**"), for the allocation of 290,122 ordinary shares of the Hotels Company (hereinafter: the "**Investment Agreement**"), which will constitute, immediately upon their allocation, 15% of the issued and paid-up share capital of the Hotels Company (on a fully diluted basis) (hereinafter: the "**Allocated Shares**"), as well as 91,138 options convertible into additional shares of the Hotels Company, constituting 4.50% of the issued and paid-up share capital of the Hotels Company (on a fully diluted basis and including the Allocated Shares), at an exercise price of NIS 304 per share (hereinafter: the "**Options**"), all in consideration for a total amount of approximately NIS 88 million, reflecting a post-money valuation for the Hotels Company of approximately NIS 590 million.

Prior to the transaction, the Company (through the subsidiary) held 75% of the share capital of the Hotels Company, and within the framework of the transaction, as stated, converted owners' loans in a total amount of approximately NIS 85 million into share capital of the Hotels Company.

Upon completion of the transaction and after the conversion of the owners' loans as stated, the Company, through the subsidiary, held 68.5% of the share capital and voting rights in the Hotels Company.

Note 15 - Transactions (continued):

k. Israel Canada Hotels (continued):

(2) Allocation of 15% of the shares of the Hotels Company to Menora (continued):

According to the Investment Agreement, Menora is entitled to exercise all (but not part) of the Options, at the exercise price, during the period commencing on the signing date and ended on November 30, 2025, subject to customary adjustments, including: dividend distribution, completion of an initial public offering of shares sold to the public (hereinafter: "**IPO**"), capital raising during the exercise period, changes in the capital structure of the Hotels Company.

On November 6, 2025, entities from the Menora Group notified Israel Canada Hotels of the exercise of 91,138 options, exercisable into 91,138 ordinary shares of Israel Canada Hotels, each with a nominal value of NIS 0.001, against an exercise price of NIS 304.13 per option, and for total consideration of approximately NIS 28 million. After the exercise of the Options by Menora into shares, the Parent Company held approximately 65.4%.

(3) Expansion of hotels activity to companies outside Israel:

On April 4, 2022, the Hotels Company established a joint activity with two third parties not related to the Company and/or the Hotels Company (hereinafter: the "**Partners**") regarding joint activity in Greece (Athens, Paros, and additional areas) and in Cyprus.

The Partners and the Hotels Company established a jointly owned company, which was incorporated by the parties in Greece under the name ICH Greece SA (the "**Joint Company**"), and is held by them as follows:

(a) 90% of the issued share capital of the Joint Company is held by the Hotels Company through a Cypriot subsidiary;

(b) 10% of the issued share capital of the Joint Company is held by a corporation owned by the Partners.

On September 8, 2022, the Joint Company purchased the hotel in Athens, (SOUL) Play Theatrou, comprising 50 rooms, for approximately EUR 7.3 million, and from the date of completion of the transaction, the hotel has been operated by it.

On October 6, 2022, the Joint Company purchased the hotel in Athens, ANARGIRON, comprising 8 rooms, for approximately EUR 1 million, and from the date of completion of the transaction, the hotel has been operated by it.

On March 14, 2023, the Joint Company completed the purchase of a hotel comprising 43 rooms on the island of Paros named Argo Paros for consideration of approximately EUR 3 million. In addition, the Company renovated the hotel for an additional amount of approximately EUR 2 million. The hotel opened for operations in Q3 2023.

On December 1, 2025, the Company purchased the Partners' shares in the Joint Company, and thus the Company holds 100% of the Joint Company.

Note 15 - Transactions (continued):

k. Israel Canada Hotels (continued):

(4) Acquisition of Brown Hotels activity:

On April 3, 2025, the Brown Hotels transaction was completed ("**Brown Transaction Completion Date**"), whereby the subsidiary, through a wholly owned company, Canada Hotels Holdings Ltd. (hereinafter: "**Canada Hotels Holdings**"), acquired part of the business activity of the 'Brown' chain operated under the Brown brand from Brown Hotels Ltd. (hereinafter: the "**Brown Group**") within the framework of a debt arrangement in the District Court in Tel Aviv, as follows: (A) the intellectual property of Brown Hotels in Israel, including, inter alia, the chain's brands ("Brown," "Lighthouse," and others), reservation system, website, digital assets, and customer club, which was purchased directly by Canada Hotels Holdings Ltd., a wholly owned and controlled subsidiary of Canada Hotels ("**Canada Hotels Holdings**"), and will remain in its full and exclusive ownership (the "**Intellectual Property**"); (B) acquisition of hotels activity in Israel operating under the Brown brand, acquired in the debt arrangement (lease and management agreements for 7 hotels in Israel, as well as 50% of the shares of a company holding the right to establish a hotel at Ben Gurion Airport (hereinafter: the "**Ben Gurion Transaction**") by I.C.H. Hotels, Limited Partnership (hereinafter: the "**Hotels Partnership**"), which is held as of the report publication date at a rate of 80% by Canada Hotels Holdings and 20% by Hachshara Insurance Company Ltd. ("**Hachshara**"). In addition, as part of the transaction and as a condition thereof, the Subsidiary entered into lease and management agreements with third parties for 3 hotels in Israel (Brown Mahane Yehuda, Brown Brut, and part of Brown Lighthouse Tel Aviv Hotel), which operated under the Brown brand and were not part of the debt arrangement (hereinafter: the "**III Hotels**"); as well as for the acquisition of Brown activity in Greece, acquired by a foreign corporation wholly owned and controlled by Canada Hotels from a third party (hereinafter, jointly: the "**Greece Activity**" and "**Brown Hotels Activity**," the "**Asset**," and the "**Transaction**," respectively), all for consideration of approximately NIS 131 million, which was paid in cash at the completion date and was mainly financed by equity (approximately NIS 36 million), an owners' loan provided by the Company to the Hotels Company (approximately NIS 20 million), and by external financing from a local bank (approximately NIS 74 million) taken by the Hotels Partnership from an Israeli bank.

Within and in connection with the debt arrangement, the Company, through the Hotels Partnership, purchased the share of a partner who held 50% of the operating rights of the JLM Hotel for NIS 10 million, to be paid in two equal installments 24 months apart. At the Brown Transaction Completion Date, the first payment, amounting to 50% of the consideration, was paid to the seller within the framework of the debt arrangement, and the Company has an obligation to complete the second payment to the seller by the end of 24 months from the Brown Transaction Completion Date.

On June 29, 2025, the Company and Canada Hotels (each also through corporations wholly owned and controlled by it) entered into each of them) in an agreement which entered into effect retroactively as of April 2, 2025, which is the date proximate to the completion date of the Brown Transaction ("**Effective Date**"), as if the Company had participated in the acquisition of the Brown Activity on the Effective Date, whereby; (A) the Company shall purchase from entities held by Canada Hotels (hereinafter: the "**Sellers of the Asset**"): (1) shall purchase approximately 43% of the share of Canada Hotels in the Greece Activity; (2) shall purchase approximately 38% of the Hotel Partnership (both in the General Partner and in the Limited Partnership); and (3) shall enter into a back-to-back agreement with Canada Hotels Holdings and a General Partnership established by them and held by them at a rate of approximately 43% Israel Canada and 57% Canada Hotels Holdings ("**General Partnership**"), whereby all economic rights and obligations of III Hotels, of any and all kinds, shall be granted to the General Partnership in relation to III Hotels, back-to-back (Back To Back) in relation to the agreements of III Hotels, without right of recourse, and this without prejudice to the fact that the Lessee and Manager of III Hotels shall remain Canada Hotels Holdings and Israel Canada shall be granted veto rights in connection with certain decisions in the General Partnership (hereinafter, jointly: the "**Asset**" or the "**Acquired Brown Hotels Activity**"), and this in consideration for the conversion of owner loans granted to Canada Hotels Holdings in the amount of NIS 20 million ("**Asset Cost**"); (B) decisions in connection with the Acquired Brown Hotels Activity shall be made unanimously by Israel Canada and Canada Hotels Holdings or alternatively special decisions (as detailed below) shall be made by Israel Canada and Canada Hotels unanimously; (C) the Company granted Canada Hotels a call option to purchase all of Israel Canada's holdings in the Acquired Brown Hotels Activity, which shall be exercisable from October 1, 2026, until December 31, 2026 (hereinafter: the "**Sale Transaction**").

It should be noted that the Sale Transaction was executed between Israel Canada and each of the legal entities comprising the Brown Hotels Transaction and holding the Brown Activity, and in such a manner that each component of the asset is under joint control of Israel Canada and Canada Hotels and is presented in the financial statements of Canada Hotels as an investment (equity).

Note 15 - Commitments (continued):

l. Israel Canada Hotels (continued):

(4) Acquisition of Brown Hotels Activity (continued):

The initial accounting treatment of the acquisition of the Brown Activity, as presented in these financial statements, is provisional. Until the publication of the financial statements, the Company has not yet completed the allocation of the purchase cost to the assets and liabilities of the activity.

Following the acquisition as stated, goodwill in the amount of approximately NIS 113 million recognized in respect of the acquisition was not allocated to cash-generating units for the purpose of testing its recoverable amount, since it is not possible to do so on a reasonable basis.

For details of the amounts recognized at the acquisition date in respect of assets and liabilities, see Appendix C to the cash flows.

The consideration paid as part of a business combination includes amounts related to expected benefits from synergy (cooperation), revenue growth, and future developments in the markets in which the Company operates. These benefits are not recognized separately from goodwill since the future economic benefits arising from them cannot be reliably measured.

The amount of non-controlling interests in the Brown Activity is approximately NIS 4 million. The non-controlling interests were measured at their share in the fair value of the assets and liabilities of the acquired activity, except for their share in goodwill.

(5) Acquisition of 50% of the Galilion Hotel and 50% of the Kfar Giladi Hotel:

On February 9, 2026 ("**Engagement Date**"), a wholly owned subsidiary of the Hotel Company (the "**Subsidiary**") entered into agreements with third parties not related to the Company or its controlling shareholders (the "**Sellers**"), for the acquisition of 50% of the rights in the corporation holding and operating the hotel known as Kfar Giladi Hotel, which includes 158 rooms ("**Kfar Giladi Hotel Corporation**" and "**Kfar Giladi Hotel**," as applicable), and for the acquisition of 50% of the rights in the corporation holding and operating the hotel known as Galilion, which includes 120 rooms ("**Galilion Hotel Corporation**" and "**Galilion Hotel**" and together: the "**Acquired Corporations**," as applicable), as well as in agreements for the management of the hotels (the "**Transaction**"), all in consideration and on the terms detailed below.

The consideration for the rights in the Kfar Giladi Hotel Corporation – NIS 77.5 million, less half of the net financial debt of the Kfar Giladi Hotel Corporation (which is expected to amount to approximately NIS 40 million on the completion date) and subject to adjustments of the working capital of the Kfar Giladi Hotel Corporation, as detailed in the relevant agreement. The increase of the current financing to a total of approximately NIS 80 million and the repayment of owner loans in the Kfar Giladi Hotel Corporation by the completion date is a condition precedent in the Transaction.

The consideration for the rights in the Galilion Hotel Corporation – NIS 65 million plus interest at an annual rate of 4%, to accrue from the Engagement Date until the date of receipt of the approval of the Competition Commissioner, provided that the net financial debt of the Galilion Hotel Corporation does not exceed the amount set in the relevant agreement and also subject to adjustments of the working capital of the Galilion Hotel Corporation, as detailed in the relevant agreement.

Completion of the Transaction is subject to the fulfillment of customary conditions precedent, by no later than 180 days after the Engagement Date, the main ones being receipt of the required regulatory approvals, including the Competition Commissioner, the Ministry of Tourism, and financing corporations for the transfer of rights. It is clarified that completion of each of the transactions is conditional upon the simultaneous completion of the other transaction. As of the date of publication of this report, the conditions precedent have not yet been fulfilled.

In addition, the parties entered into management agreements in relation to the hotels, under which, from the date of receipt of the approval of the Competition Commissioner and subject thereto, the Company, through the Subsidiary, shall provide network management services in relation to the hotels, in consideration for customary management fees in the field, which shall be calculated from the total turnover of each hotel, as well as in addition to an agreed percentage of the operating profit of each hotel.

Note 15 - Commitments (continued):

l. Israel Canada Hotels (continued):

(6) Merger transaction between Israel Canada Hotels and the D.N.A. Group:

During 2024, the Company and the shareholders in Canada Hotels began negotiations with D.N.A. (T.R.) Ltd. (hereinafter: "**D.N.A.**"), a public company whose shares are traded on the Tel Aviv Stock Exchange, and to the best of the Company's knowledge, is a company controlled by Barak Rosen and Asaf Touchmair, the Company's controlling shareholders, for the execution of a share swap transaction between D.N.A. and Canada Hotels, such that, subject to reaching agreements between the parties, entering into a binding agreement and obtaining all approvals required by law, D.N.A. will become a public subsidiary controlled by the Company and will engage in the hotel sector.

On September 30, 2025, the Board of Directors of the Company, after receiving the approval of the Audit Committee, approved the Merger Transaction, in accordance with Section 103(t) of the Income Tax Ordinance [New Version], between Israel Canada Hotels Ltd. and its shareholders (including the Company, which at such date held approximately 68% of the Hotel Company) (the "**Hotel Company**"), and D.N.A., subject to the fulfillment of conditions precedent (hereinafter: the "**Merger Transaction**"). Upon approval of the Merger Transaction, the Company will hold approximately 55.7% of the shares of D.N.A.

On October 29, 2025, approval was received from the Tax Authority as part of a tax ruling (pre-ruling), and by that date, the approvals of the financing entities for the Merger Transaction had been received.

On November 5, 2025, the Merger Transaction was approved by the general meeting of D.N.A., and on November 6, 2025, the approval of the stock exchange was received, and thus all the conditions precedent for the Merger Transaction were fulfilled. After the fulfillment of all the conditions precedent, entities from the Menora Group (as stated in Note 15(k)3) exercised an option for shares in the Hotel Company, and on November 10, 2025, the Merger Transaction was completed, so that as of the date of this report, the Company holds shares constituting approximately 55.7% of the issued and paid-up share capital of D.N.A. (which holds 100% of the Hotel Company).

The accounting treatment of the above Merger Transaction is as a listing for trading of the Hotel Company. The difference between the value of the equity instruments of D.N.A. based on the quoted price on the Stock Exchange at the completion date of the transaction, which amounted to approximately NIS 171 million, and the net fair value of the assets of D.N.A. prior to the Merger Transaction, is reflected in the financial statements as listing expenses in the amount of approximately NIS 54 million, which were charged to the statement of profit and loss. It should be noted that these listing expenses are notional accounting expenses that do not involve cash payment and do not reflect the actual cost if the Hotel Company had carried out a listing process not by way of such a Merger Transaction. In the consolidated financial statements of the Company, these listing expenses were recorded against non-controlling interests classified within total equity in the financial statements.

As a result of the decrease in the holding rate, during the reporting period the Company recorded an increase in equity under the capital reserve section in the amount of approximately NIS 80 million.

m. Sale of the HaRakevet Project, Tel Aviv:

On July 30, 2019, three companies held by the Company (95%, indirectly) and Partners (5%) (hereinafter: the "**Investee Companies**") entered into a series of agreements with third parties, who are not related to the Company or to its controlling shareholders, for the purchase of approximately 2.6 dunams located on HaRakevet and HaGra Streets in Tel Aviv, as well as the assignment of rights and obligations of some of the individual sellers in the agreements for the construction of areas for the rights holders and additional agreements, in consideration for a total amount of approximately NIS 216.4 million, plus VAT as required by law, which was paid in full.

On April 3, 2022, the Investee Companies entered into an agreement with Efi Capital Shoval Ltd., which is not related to the Company and/or its controlling shareholders, for the sale of all their rights in the Project, as is, with the asset clean and free, in consideration for a total amount of approximately NIS 486 million plus VAT as required by law (hereinafter: the "**Consideration**"), to be paid at the times and in the installments set forth in the agreement and its addendum signed on July 14, 2022. The full Consideration was paid on September 8, 2022, and possession of the asset was transferred to the Purchaser.

Note 15 - Engagements (continued):

n. Midtown Jerusalem Project:

On July 8, 2020, a wholly owned subsidiary of the Company (hereinafter: the "**Project Company**") won a tender conducted by the Israel Land Authority for the purchase of leasehold rights for a period of 98 years with an option to extend the lease period by an additional 98 years in a lot with a total area of approximately 17 dunams located in Jerusalem, in the complex known as "Old Shaare Zedek" between Shmuel Baruch Street and Jaffa Street (hereinafter: the "**Complex**"), for a sum of approximately NIS 512 million plus VAT as required by law and in addition to an amount of approximately NIS 25.5 million for development expenses to the Israel Land Authority and a preservation building, all of which were paid in full. As part of the tender conditions, the winner undertook to carry out at its own expense public tasks and the construction of a public building with a total area of approximately 4,000 sqm for the benefit of the Jerusalem Municipality. The consideration in the transaction was mainly financed from equity and from obtaining bank financing.

During 2020, the Company entered into agreements with Mor Provident Funds Ltd. and additional third parties (hereinafter: the "**Partners**") whereby the Partners would invest in the Project Company by way of providing a shareholder loan, non-recourse to the Company, in the amount of approximately NIS 160 million, concurrently with the allocation of shares in the Project Company, at a rate which, after the allocation, would constitute approximately 27% of the share capital of the Project Company and of the voting rights therein. At the beginning of 2021, approval was received from the Israel Land Authority for the allocation of shares to the Partners. After the allocation, the Company (indirectly) holds approximately 73% of the share capital of the Project Company. The Partners' investments are presented in the section of non-controlling interests.

The Company's plans regarding the Shaare Zedek Complex:

On May 7, 2023, Plan 101-0958025 Midtown Jerusalem for the Project was approved and published for validation. The Company intends to build in the Project approximately 895 apartments, of which 200 apartments are for long-term rental, utilizing the full building rights under the Plan (instead of approximately 1,000 apartments that were approved for the same total area).

On December 25, 2024, a basement permit was received for the entire Project.

On February 25, 2025, a full building permit was received for the residential towers in the "Midtown Jerusalem" Project. Also, on this date, an agreement was signed with Tidhar Construction Ltd. for the execution of main contractor works in the residential and office sections in consideration for a sum of approximately NIS 1.3 billion.

On February 2, 2025, the Project Company paid approximately NIS 199 million and, in addition, provided a bank guarantee and a guarantee from a financial institution in an additional amount of approximately NIS 199 million on account of betterment levies for the purpose of obtaining a full permit. As of December 31, 2025, the Company included a provision in its estimation for this estimated liability, based, among other things, on the opinions of the Company's professional advisors in this matter.

On April 28, 2025, a full building permit was received for the office tower and the mixed-use tower, which includes rights for hotel use and rental housing.

In light of the development stage of the Project, the process of obtaining credit from the bank reflecting sales over the construction period, the signing of sale agreements for the sale of offices in the Project, and in light of the Company's decision to market part of the office areas totaling 44,607 sqm out of the total investment property at a value of approximately NIS 139 million, these areas were therefore classified as real estate inventory as of July 2024 instead of investment property as presented from the date of acquisition of these properties.

In accordance with the revenue recognition policy, the Company began to recognize revenues from the Project during the reporting period. As of December 31, 2025, revenue was recorded in the amount of approximately NIS 57 million for residential rights and approximately NIS 2 million for office rights.

On October 10, 2024, the Project Company entered into an addendum to the Land Financing Agreement and a voucher arrangement, and on July 30, 2025, the Project Company entered into a support agreement, as detailed in Note 12B(2) above.

For part of the real estate included in the Company's reports under the investment property section, the Company recognized, in the period ended on December 31, 2025, revaluation losses of approximately NIS 14 million (on December 31, 2024, revaluation profits of approximately NIS 8 million). To determine the estimated value of the real estate attributed to investment property, the Company relied on an appraiser's valuation.

Note 15 - Engagements (continued):

n. Midtown Jerusalem Project (continued):

Project marketing:

Starting from the third quarter of 2023, the Company began marketing, as part of a "developer" sale, residential units in the Project, and as of December 31, 2025, 258 sale agreements were marketed for a total consideration of approximately NIS 1,134 million including VAT.

As of December 31, 2025, 4,052 sqm of offices were marketed for a total consideration of approximately NIS 119 million including VAT.

o. Acquisition of shares of Alrov Real Estate:

On March 18, 2021, the Company entered into an agreement with Clal Basket of Israel Shares - General Partnership and Atudot Pension Fund for Employees and Self-Employed Ltd. (hereinafter: the "**Sellers**"), who together hold 2,983,435 ordinary shares of Alrov Real Estate and Hotels Ltd. (hereinafter: "**Alrov**"), constituting approximately 12.9% of the issued and paid-up share capital of Alrov and of the voting rights therein, for the purchase of all the Sellers' holdings in Alrov in consideration for a total amount of approximately NIS 382 million, reflecting a price per share of NIS 128, as is and subject to the fulfillment of conditions precedent. The transaction was subject to the approval of the general meeting of the holders of the Company's Series F Bonds for the transaction, which was received on April 8, 2021. On April 22, 2021, the transaction for the purchase of the shares was completed. The Company financed the consideration under the agreement from its own sources and through bank financing.

During the months of March-December 2022, the Company purchased on the stock exchange approximately 418,287 ordinary shares of Alrov in consideration for a total amount of approximately NIS 75 million, and as of December 31, 2022, the Company held approximately 14.76% of the issued and paid-up share capital of Alrov.

During 2023, the Company sold in several transactions its holdings in Alrov shares in consideration for a total amount of approximately NIS 487 million. From the date of purchase until the date of realization, the Company generated a pre-tax profit of approximately NIS 47 million.

p. Beit HaNa'ara Project, Hod HaSharon:

On May 3, 2021, a wholly owned and controlled subsidiary of the Company was notified that it had won a tender of the Tel Aviv-Yafo Municipality for the purchase of ownership rights in 6 lots with a total area of approximately 34 dunams (intended for the construction of approximately 440 residential units in the Beit HaNa'ara Complex in Hod HaSharon) for a total amount of approximately NIS 511 million plus VAT as required by law. On January 24, 2022, a Subsidiary entered into a conditional agreement with Yossi Avrahami Civil Engineering Works Ltd. (hereinafter: the "**Partner**") for the sale of 50% (in undivided shares) of the said land as is in consideration for a total amount of approximately NIS 441 million, plus VAT as required by law.

Simultaneously with the parties' engagements in the agreement as detailed above, the parties entered into a co-ownership agreement which regulates the relationship between them as rights holders in the land, whereby the parties will act jointly to establish the Project and to sell the apartments for the purpose of generating profit and its distribution between the parties. Each party's relative share in the joint activity will be 50%, and decisions will be made unanimously by the parties.

On May 1, 2022, the Company and the Partner received notice from the Tel Aviv-Yafo Municipality that they had won an additional tender for the purchase of ownership rights in Lot 260 with an area of approximately 5.7 dunams intended for the construction of 94 additional residential units (hereinafter: the "**Additional Complex**") in consideration for a total amount of approximately NIS 153 million plus VAT as required by law. The first payment in the amount of approximately NIS 76.5 million was paid on August 10, 2022; the second payment in the amount of approximately NIS 76.5 million was paid on September 28, 2022. With the Company and the Partner's win in the Additional Complex, the rights of the Company and the Partner in the Complex increased to approximately 534 residential units. The Company's share of the purchase amount was financed through the Company's equity and a bank loan in the amount of NIS 57.3 million.

The Company, through the subsidiary and the Partner, is working to advance the planning and permitting processes for the construction of residential buildings, in accordance with the approved city building plan for the Property and in accordance with the city building plans being advanced by the Hod Hasharon Municipality (hereinafter: the "**Approved Plan**," the "**Advanced Plan**" and the "**Municipality**," respectively). The Advanced Plan was published for objections pursuant to Section 106B, and following such, the District Committee approved an increase in the density of residential units (without additional square meters) in the scope of 130 additional residential units, for a total of 570 residential units. In addition, the subsidiary is advancing permits on two additional building lots for the construction of 94 residential units.

Starting from the fourth quarter of 2025, the Company began marketing, within the framework of a "developer" sale, residential units in the Project, and as of December 31, 2025, 7 sale contracts were marketed for a total consideration of approximately NIS 27 million including VAT. In accordance with the Company's revenue recognition policy, the Company has not yet recognized revenue in respect of these sales.

Note 15 - Engagements (continued):

q. Rainbow Project, Sde Dov Complex:

On August 23, 2021, Israel Canada Sde Dov Ltd. (hereinafter: the "**Project Company**"), a wholly owned and controlled subsidiary of the Company, received an official notice that it had won a tender conducted by the Israel Land Authority (hereinafter: "**ILA**") for the purchase of direct capitalized lease rights (without a development agreement) for a period of 98 years with an option for an additional period of 98 years in the Property known as parts of Lots 324, 314, 312, 209, 208, 169, and 164, 15 in Block 6634 in the Complex known as "Sde Dov" in Tel Aviv, with an area of approximately 8,647 sq.m. designated for the construction of 480 residential units with an area of approximately 46,340 sq.m. gross for marketing and commercial areas in the scope of approximately 1,600 sq.m. gross (hereinafter, jointly: the "**Property**") for a sum of approximately NIS 1,253 million plus VAT as required by law and in addition a sum of approximately NIS 54 million (including VAT) for development expenses to the ILA. At the time of purchase, the Company separated the commercial rights component, which is presented under the investment property section. In light of the optimization of apartment planning and their marketing, the number of units for marketing was updated to 459 apartments (instead of 480), without significant change in the areas for marketing. As planning progresses, further changes may occur in the number of units for marketing, without change in the areas for marketing.

A total amount equivalent to approximately NIS 69 million was paid immediately upon approval of the Project Company's win in the tender. The balance of the Consideration in the amount equivalent to approximately NIS 1,184 million as well as the development expenses was paid on November 18, 2021. The purchase Consideration was paid by the Company from its own sources and from bank Financing as detailed in Note 12B(1) above.

On October 10, 2024, the Borrower entered into a financing agreement with two local banks (in equal parts) for the provision of a Financing Facility as detailed in Note 12B(1) above.

On March 21, 2024, the Project Company received a permit for excavation and shoring for the Project in accordance with the decision of the Tel Aviv Local Planning and Building Committee. In April 2024, the excavation and shoring contractor began work. On September 30, 2025, a full building permit for the Project was received. On December 31, 2025, an agreement was signed with Ashtrom Group Ltd. for the execution of main contractor works.

Since 2023, the Company began marketing, within the framework of a "developer" sale, residential units in the Project, and as of December 31, 2025, 270 residential units were marketed for a total consideration of approximately NIS 2,352 million including VAT.

In accordance with the revenue recognition policy, the Company began recognizing revenues from the Project during the reporting period. As of December 31, 2025, revenue in the amount of approximately NIS 119 million was recorded.

r. Acquisition of Norstar Shares:

As of the date of publication of this Report, the Company holds approximately 9 million Norstar shares, constituting as of the date of this Report approximately 14.64% of the voting rights in Norstar and approximately 14.75% of its issued and paid-up share capital. The value of the shares as of December 31, 2025, stands at approximately NIS 59 million. During the year, the Company recorded a loss in the amount of approximately NIS 60 million. For further details regarding the value of the shares as of the date of publication of the Report, see Note 32B.

s. Assisted living:

On January 24, 2022, the Board of Directors of the Company resolved to enter an additional field of activity and to engage, operate, and initiate assisted living homes for the senior population, in homes characterized by a high level of finish and the provision of high-level ancillary services (hereinafter: the "**Assisted Living Field**"), with the intention to acquire assisted living homes or land with an existing plan for assisted living and, inter alia, to initiate and maximize the addition of rights. The Company's activity will be carried out through a dedicated Subsidiary owned and controlled by the Company (90% on a fully diluted basis) which will concentrate the activity in the Assisted Living Field (hereinafter: the "**Assisted Living Company**").

Within the framework of the resolution, the Assisted Living Company, through a Subsidiary of the Assisted Living Company (hereinafter: the "**second-tier subsidiary**"), entered into a conditional agreement with Neve Aviv Club in Kfar Shmaryahu Ltd., which is held by a third party not related to the Company and/or its controlling shareholders (hereinafter: the "**Seller**"), for the purchase of all of the Seller's rights in the Property in Kfar Shmaryahu with an area of approximately 8.4 dunams on which the assisted living home operates (the "**Agreement**," the "**Property**" and the "**Assisted Living Home**," respectively) (the Property and the Assisted Living Home together: the "**Asset**").

As Consideration for the purchase of the asset, the second-tier subsidiary paid the Seller a sum of NIS 125 million linked to the Consumer Price Index, plus VAT as required by law (hereinafter: the "**Consideration**"). On May 3, 2022, the suspensive condition of obtaining the approval of the Supervisor of Assisted Living Homes was fulfilled, accordingly, the transfer of possession of the Assisted Living Home was effected on July 1, 2022.

Note 15 - Engagements (continued):

s. Assisted living (continued):

It should be noted that the Assisted Living Company and the second-tier subsidiary, which is held by the Assisted Living Company at a rate of 80%, entered into agreements with third parties who will hold 20% of the Gra second-tier subsidiary (hereinafter: the "**Partners**") in a set of agreements that regulate the relationship between them as shareholders of the second-tier subsidiary. Shortly after the date of signing the agreements as stated, the Partners injected a sum of NIS 40 million into the second-tier subsidiary.

At the end of 2022, the Company began renovation and upgrading works of the home in Kfar Shmaryahu so that upon completion, the home in Kfar Shmaryahu will include new residential units, most of which are at least 2 rooms in size and characterized by a high level of finish. In addition, all parts of the home were upgraded, including the common areas, and new common facilities were established such as a gym, library, and activity rooms. The renovation of the home in Kfar Shmaryahu was completed in 2025.

Based on a valuation conducted as of the end of 2025, the Company recorded an increase in value in the amount of approximately NIS 39 million in respect of the asset (in 2024, the Company recorded an increase in value in the amount of approximately NIS 1.2 million in respect of the asset).

For further details regarding the investment agreement of Amitim in the Assisted Living Company signed after the balance sheet date, see Note 32G.

t. Emek Bracha, Tel Aviv:

On September 1, 2022, the Company, through a private company held (indirectly) at a rate of approximately 63% by the Company and 37% by third parties in various proportions among them (hereinafter: the "**Purchaser**"), entered into an agreement with third parties not related to the Company and/or the controlling shareholders (hereinafter, jointly: the "**Sellers**"), for the purchase of approximately 54% undivided shares in the Property with an area of approximately 1.2 dunams, known as Lot 553 in Block 7093 on Emek Bracha Street in Tel Aviv-Yafo for a total consideration of approximately NIS 95 million plus VAT as required by law. On February 15, 2023, the balance of the consideration was paid and the purchase of the asset was completed.

It should be noted that simultaneously with entering into the agreement, the Company (through a wholly owned subsidiary) entered into an agreement with the Partners in the Purchaser (approximately 37%) which regulates the relationship between them as shareholders in the Purchaser. Within the framework of the understandings, each of the parties undertook to provide the Purchaser with shareholder loans in their relative share in the Purchaser for the financing of the purchase of the Property and the construction of the Project thereon and/or any other payment and guarantee.

The Company's engagement (indirectly, through the Purchaser) in the agreement detailed above is in addition to the Company's (indirect) existing rights in the Property, which were acquired during February 2022 through Pangaea Israel (T.R.) Emek Bracha Project Ltd., a wholly owned subsidiary (100%) (hereinafter: the "**Subsidiary**"), constituting approximately 26% undivided shares in the Property.

On January 9, 2025, the subsidiary entered into an agreement with a third party not related to the Company and/or the controlling shareholders, for the purchase of approximately 20% undivided shares in the Property (hereinafter: the "**Balance of the Property**"). As consideration for the purchase of the Balance of the Property, the subsidiary paid a sum of approximately NIS 36 million, plus VAT as required by law.

As of the date of the Report, the Company holds (through the Purchaser and through a second-tier subsidiary) approximately 100% undivided shares in the Property.

There is a valid plan for the Property TA/3401A for employment and residential use, allowing up to 1,820 sq.m. for residential use and an additional 5,000 sq.m. for employment.

The Company is working to advance a plan with adjacent lots, to increase rights for a mixed-use project with a total scope of approximately 130 thousand sq.m. The Company's expected share in the building rights is approximately 68%.

Note 15 - Transactions (continued):

u. Award in tender for purchase of rights in Lot 306, Sde Dov Complex, Tel Aviv:

On August 6, 2024, a resolution of the Tel Aviv-Yafo Municipality Council was received regarding the Company's win (indirectly), through Pangaya Sde Dov Offices, a limited partnership registered in full ownership and control of the Company (hereinafter: the "**Project Partnership**"), in a tender conducted by the Tel Aviv Municipality for the purchase of leasehold rights in Lot number 306 according to Plan TAMAL 3001 - Eshkol Sde Dov Neighborhood, with an area of approximately 4.5 dunams, designated for commerce and employment, in consideration for a total of approximately NIS 128 million plus VAT (hereinafter: the "**Consideration**"), which was paid on September 24, 2024, and accordingly was recognized as investment property in the Company's books.

The Consideration was paid by equity and financing taken by the Company from a local bank as detailed in Note 12B(12).

v. Dubnov Project:

On May 27, 2024, the Company (indirectly), through two designated subsidiary partnerships, each held at a rate of 80% by the Company indirectly (hereinafter: the "**Designated Partnerships**") and the remainder (20%) by an investor (hereinafter: the "**Investor**"), won a tender conducted by the Israel Land Authority (hereinafter: the "**Tender**" and "**ILA**," respectively) for the purchase of leasehold rights in land with an area of approximately 2.4 dunams at 4-6 Dubnov Street in Tel Aviv, designated for the construction of a tower of up to 45 floors including 170 residential units, approximately 17,500 sqm (above ground) of commercial and employment areas and 1,500 sqm (net) of public areas, in consideration for a total of approximately NIS 437 million plus lawful VAT. The Consideration was paid by equity and bank financing jointly taken by the Designated Partnerships from a local bank as detailed in Note 12B(4).

According to the terms of the Tender, the purchasers are required to perform preservation works as well as additional tasks in the building known as Beit HaKibbutz HaArtzi in Tel Aviv, built on a parcel adjacent to the property with an area of approximately 989 sqm, owned by the Jewish National Fund, and also to construct approximately 1,500 sqm of public areas for the Tel Aviv - Yafo Municipality (hereinafter, jointly: the "**Additional Obligations**").

To secure the performance of the Additional Obligations, the purchasers deposited performance guarantees in a total amount of approximately NIS 5 million, which will be replaced by inspection guarantees in accordance with the terms of the Tender upon completion of the project.

In addition, according to the terms of the Tender, the construction completion date shall occur within 72 months from the date of receipt of the award notice.

The Company and the Investor incorporated into two designated partnerships and regulated the relationship between them whereby, inter alia, the management of the project shall be carried out by the Company exclusively. In addition, the Investor provided a shareholder loan in the amount of approximately NIS 80 million for the purpose of financing the land acquisition. The principal of the loan and the accrued interest are repayable at the sole discretion of the Company.

The purchasers intend to advance permits for the construction of the project in accordance with the existing city building plan. On February 16, 2026, after the balance sheet date, the project was approved in the Tel Aviv City Engineer's forum.

It should be noted that at the time of purchase the Company separated the component of commercial and employment rights and it is presented under the investment property section.

Starting from 2025 the Company began marketing, within the framework of "entrepreneurial" sales, residential units in the project and as of

December 31, 2025, 11 residential units were marketed for a total of approximately NIS 122 million including VAT. According to the Company's revenue recognition policy, the Company has not yet recognized revenue in respect of these sales.

It should be noted that some of the sale agreements are subject to obtaining a building permit and grant the parties a right of cancellation if a full building permit is not obtained within the period specified in the sale agreement. In addition, the sale agreements include mechanisms for updating the sale consideration in the event of a change in the sale areas between the initial plan and the sale plan after the permit, whereby in the event of a material change the parties shall have a right of cancellation of the sale agreement.

Note 15 - Transactions (continued):

w. Northern Quarter Project, Herzliya:

On December 1, 2024, the Company entered into an agreement with a third party not related to the Company and/or its controlling shareholders (hereinafter: the "**Seller**") for the purchase of all the Seller's rights in the real estate known as Parcel 18 in Block 6663 in Herzliya, with an area of approximately 21 dunams, designated for agriculture and within the scope of Plan TAMAL 3006, which is a plan for preferred complexes promoted by the state in a fast-track process, clean and free and in their Is-As condition, in consideration for a total of NIS 120 million excluding VAT (hereinafter: the "**Consideration**"). At the time of signing, the Company paid an amount of NIS 40 million of the Consideration from the Company's own sources. The balance of the Consideration, in the amount of NIS 80 million, was paid on February 20, 2025 by means of bank financing as detailed in Note 12B(14).

On December 12, 2024, the Company together with additional buyers entered into an agreement with a third party not related to the Company and/or its controlling shareholders for the purchase of all the Seller's rights in the real estate known as Parcel 4 in Block 6663 and all the Seller's rights in the real estate known as Parcel 63 in Block 6663 in Herzliya, with an area of approximately 8.5 dunams, of which the Company's share is approximately 4.3 dunams, designated for agriculture and within the scope of Plan TAMAL 3006, clean and free and in their Is-As condition, in consideration for a total of approximately NIS 51 million excluding VAT (Company's share: approximately NIS 26 million). At the time of signing, the Company paid on account of its share an amount of approximately NIS 8 million of the Consideration. The balance of the Consideration, including the Company's share in the amount of NIS 18 million, was paid to the Seller on March 11, 2025 and was financed from the Company's own sources.

As of December 31, 2025, the Company marketed approximately 10.7 dunams for a total amount of approximately NIS 109 million. According to the revenue recognition policy, in 2025 revenue in the amount of approximately NIS 100 million was recorded.

x. HQ Project, Joint Transaction Herzliya 4006:

During the years 2016-2021, the Company, through a wholly owned subsidiary (hereinafter: the "**Subsidiary**"), together with partners, purchased parts of Blocks 6590 and 6591 which form part of a lot known as Lot 4006 in Herzliya, where the subsidiary's share in the joint transaction is approximately 23%.

The partners are working to complete the construction of an office and commercial building project on the property.

On January 5, 2026, after the balance sheet date, Form 4 was received for the project.

On March 12, 2025, the subsidiary together with a third party (the subsidiary's share in the purchase 83.4%) entered into an agreement to purchase rights in the project from one of the Company's partners in the joint transaction who established the project. The rights acquired are approximately 4,100 gross sqm, as well as parking spaces and storage areas, in consideration for a total of NIS 82 million. The Consideration was paid to the seller by equity as well as by conversion of the seller's debt in the project credit.

On December 23, 2025 and in March 2026, after the balance sheet date, the subsidiary entered into two agreements to purchase 1,400 sqm, parking spaces and storage areas, from one of the Company's partners in the joint transaction who established the project. This is in consideration for a total of approximately NIS 34 million. As of the date of publication of the report, the subsidiary paid the seller approximately NIS 17 million from equity, and the balance will be paid to the seller by way of conversion of the seller's debt in the project credit to the subsidiary.

On January 27, 2026, after the balance sheet date, the subsidiary entered into an agreement to sell 732 sqm, parking spaces and storage areas in the project to a third party not related to the Company, in consideration for a total of approximately NIS 14.5 million. As of this date, the buyer paid the subsidiary an amount of approximately NIS 1.5 million and the balance of the Consideration will be paid to the subsidiary 14 days from the date of arrangement of receipt of a release letter from the project's financing bank.

In March 2026, after the balance sheet date, the subsidiary entered into two agreements for the (total) purchase of approximately 370 sqm, parking spaces and storage areas in the project from third parties not related to the Company, in consideration for a total of approximately NIS 11.2 million. The Company paid the sellers from equity an amount of approximately NIS 4 million and the balance will be paid by May 7, 2026.

Note 15 - Transactions (continued):

y. People Project (Kremenitzky Complex):

On March 18, 2025, a partnership wholly owned by the Company (hereinafter: the "**Project Partnership**"), together with Check Point Software Technologies Ltd. (hereinafter: "**Check Point**") submitted a bid in a tender conducted by the Tel Aviv-Yafo Municipality in cooperation with the Israel Electric Corporation Ltd., for the purchase of capitalized leasehold rights in Lot 201 according to Plan TA/MK/4784 (hereinafter: the "**Property**"), known as the technical center of the Israel Electric Corporation on Kremenitzky Street in Tel Aviv-Yafo, with an area of approximately 13.5 dunams on which it is possible to build approximately 302 residential units, approximately 1,500 sqm of commerce to be attached to the residential buildings, approximately 60 thousand sqm of employment and approximately 2,700 sqm of commerce in consideration for a total of approximately NIS 818 million plus lawful VAT.

On April 24, 2025, on May 14, 2025, and on June 9, 2025, approval was received the Company received notice from the Tender Committee, from the Tel Aviv Municipality Council, and from the ILA, respectively, regarding approval of winning the Tender.

Pursuant to prior agreements between the Company and Check Point, the residential rights were acquired by the Company in consideration for approximately NIS 318 million, whereas the employment and commercial rights were acquired by Check Point (the "**Joint Activity**") in consideration for approximately NIS 500 million. Arrangements were set between the parties in connection with the Joint Activity. In addition, a joint venture agreement was signed between the parties.

According to the joint venture agreement, the partners shall act jointly in all matters related and required for the completion of the acquisition of the real estate, planning and approval of the architectural design plan, joint planning and construction of the underground areas, joint execution of the joint tasks, and their joint establishment of the common areas.

Engagements with contractors, suppliers, and consultants shall be separate with respect to the employment areas and with respect to the residential areas, except for the execution agreement in connection with the works in the underground areas and except as otherwise agreed between the parties.

On July 2, 2025, the transaction was completed and the purchasers paid the full Consideration through equity and a bank loan as detailed in Note 12B(13).

Starting from the fourth quarter of 2025, the Company began marketing, within the framework of a "development" sale, residential units in the Project, and as of December 31, 2025, 65 sale contracts were marketed in consideration for approximately NIS 266 million including VAT. In accordance with the Company's revenue recognition policy, the Company has not yet recognized revenue in respect of these sales.

It should be noted that some of the sale agreements are subject to receipt of a building permit and grant the parties a right of cancellation in the event that a full building permit is not obtained within the period specified in the sale agreement. In addition, the sale agreements include mechanisms for updating the sale Consideration in the event of a change in the sale areas between the initial plan and the sale plan after the permit, whereby in the event of a material change, the parties shall have a right of cancellation of the sale agreement.

z. Demand Letter Derivative Proceeding:

On July 7, 2025, a letter was received at the offices of the Company from an (alleged) shareholder in the Company (hereinafter: the "**Shareholder**") demanding to file a claim against Messrs. Asaf Touchmair and Barak Rosen (hereinafter: the "**Controlling Shareholders**"), the Company's Controlling Shareholders serving as Chairman of the Board and as Director and CEO of the Company, as well as against Canada Global (T.R) Ltd., a public company whose securities are traded on the stock exchange and which operates in the real estate sector outside Israel (hereinafter: "**Canada Global**"), and in which the Controlling Shareholders are also the controlling shareholders; or alternatively, should the Company choose not to do so, to provide the Shareholder with documents in accordance with the provisions of Sections 197A-198 (as in the original) of the Companies Law, 5759-1999 (hereinafter: the "**Demand Letter**").

According to the Shareholder, the Controlling Shareholders allegedly breached their duties towards the Company and allegedly exploited its business opportunities by carrying out real estate transactions in the USA through Canada Global and not through the Company.

On September 9, 2025, the Company responded to the Demand Letter, by way of a letter from its attorneys, the main points of which are summarized below:

Note 15 - Engagements (continued):

z. Demand letter derivative proceeding (continued):

Upon receipt of the letter, it was forwarded for review and examination by the Audit Committee of the Company, which includes only external and/or independent directors (hereinafter: the "**Audit Committee**"), which held several meetings on the matter, together with the Company's legal advisors, and conducted the necessary factual and legal inquiries regarding the allegations in the Demand Letter. At the conclusion of the factual and legal inquiry, the Audit Committee found that the allegations in the Demand Letter were unfounded, both factually and legally, such that there is no justification for filing a claim against the Controlling Shareholders and against Canada Global, and such a claim, if filed, would, with very high probability, be dismissed. In these circumstances, filing a claim as requested is not in the interest of the Company and would even cause it significant and unnecessary damages.

On November 11, 2025, the Company was served with an application for disclosure of documents pursuant to Section 198A of the Companies Law, 5759-1999 (hereinafter: the "**Application**"). In the Application, it was alleged, inter alia, that the Controlling Shareholders allegedly exploited three business opportunities of the Company in the real estate sector in the USA, in a total scope of approximately USD 711 million; that the Company allegedly has several causes of action against the Controlling Shareholders and even against Canada Global; that the arrangement delimiting the activities of the Controlling Shareholders in the Company allegedly expired in 2020 and was not in effect at the times relevant to the Application; and that in order to reach a final conclusion on the matter, it is necessary to examine the documents that are the subject of the Application.

On February 18, 2026, after the balance sheet date, the Company filed a statement of response to the Application (the "**Statement of Response**"). Within the framework of the Statement of Response, the Company argued that the Application is factually and legally unfounded and should be summarily dismissed or, alternatively, dismissed on its merits with an order for costs against the applicant, inter alia, since the aforementioned real estate transactions in the USA did not constitute a business opportunity of the Company, and that the existing arrangement delimiting the activities in the Company is in effect. A hearing was set for April 15, 2026.

Note 16 - Share Capital

a. Registered capital:

	As of December 31	
	2025	2024
	In thousands	In thousands
Ordinary share nominal value NIS 0.01 each	1,500,000	1,500,000

b. Issued capital:

	Number of shares		Share capital		Share premium	
	As of December 31		As of December 31		As of December 31	
	2025	2024	2025	2024	2025	2024
	In thousands	In thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Ordinary shares nominal value NIS 0.01 each, repaid in full	330,899	322,566	3,309	3,226	1,234,875	1,110,527

c. Rights attached to shares:

The shares of the Company with a nominal value of 0.01 grant voting rights at the general meeting, the right to dividends, rights upon liquidation of the Company, and the right to appoint directors in the Company. The shares are traded on the Tel Aviv Stock Exchange.

d. Private placement of shares to investors:

On January 27, 2025, a private placement of shares of the Company to investors Migdal Index Shares Israel Ltd., which is an interested party in the Company, to Mor Mutual Funds Management (2013) Ltd., Phoenix Israel Shares Partnership Amitim, and another investor (hereinafter, jointly: the "**Investors**"), was completed, within which the Company allotted to the Investors 8,333,334 shares of the Company at a price of NIS 15 per one share of the Company and for a total consideration of approximately NIS 125 million.

For details regarding an additional share allotment after the balance sheet date, see Note 32C.

e. Adoption of dividend distribution policy:

On May 25, 2017, the Board of Directors of the Company resolved to adopt a distribution policy, as defined in the Companies Law, 5759-1999 (hereinafter: the "**Companies Law**"), according to which the Company shall distribute each year to its shareholders, subject to legal limitations including the distribution tests and subject to the limitations under any agreement, a cash dividend in an amount of at least 25% of the net annual profit of the Company attributable to the Company's shareholders, according to its audited annual financial statements for the year ended prior to the resolution regarding the dividend distribution (hereinafter: the "**Distribution Policy**"). It is clarified that the timing of the distribution, each year, if made, will not necessarily be after the publication of the annual financial statements of the Company. In this regard, it is clarified and emphasized that the actual distribution of a dividend shall be subject to the needs of the Company and its obligations, as they shall be at the relevant times for the distribution, and subject to the adoption of a specific resolution in accordance with the provisions of the law and any agreement. It is further clarified and emphasized that the Board of Directors of the Company shall be entitled to change, from time to time, the Distribution Policy at its sole discretion.

f. Dividend distribution:

On April 13, 2023, the Company distributed a dividend in the amount of approximately 8.26 agorot per share and a total amount of NIS 25 million.

On April 9, 2024, the Company distributed a dividend in the amount of approximately 7.75 agorot per share and a total amount of NIS 25 million.

On March 24, 2025, the Company distributed a dividend in the amount of approximately 7.55 agorot per share and a total amount of NIS 25 million.

Note 17 - Leases (the Group as Lessee)

a. General:

The Group entered into agreements to lease hotels for periods of between five to ten years each, with the possibility of extending such agreements for additional periods of 10-14 years. The additional interest rate determined by the Company with the assistance of an external appraiser at the date of recognition of the lease liabilities was between 6%-7%.

b. Right-of-use assets:

	Hotels
	NIS thousands
Cost:	
As of January 1, 2025	509,629
Entry to consolidation (see Note 15k)	651,814
Additions	126,906
Disposals	(73,896)
Index-linked	19,447
Translation differences	(10,846)
As of December 31, 2025	1,223,054
Accumulated depreciation:	
As of January 1, 2025	83,717
Depreciation expenses	59,300
As of December 31, 2025	143,017
Depreciated cost as of December 31, 2025	1,080,037

c. Amounts recognized in profit and loss and in the Statement of Cash Flows:

	For the year ended on December 31	
	2025	2024
	NIS thousands	NIS thousands
Depreciation expenses for right of use assets	59,300	25,328
Expenses for variable lease payments	4,338	1,236
Interest expenses in respect of lease obligations	39,685	26,141

Note 18 - Statement of Changes in Equity

a. Equity Reserve From Translation Differences Of Foreign Operations:

	As of December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Balance at beginning of year	(71,544)	(66,792)	(74,306)
Exchange differences on translating foreign operations	(6,291)	(4,752)	7,513
Balance at end of year	(77,835)	(71,544)	(66,792)

The equity reserve from translation differences arises from the translation of items in the financial statements of the Group's foreign operations into NIS.

b. Non-controlling interests:

The balance of non-controlling interests as of December 31, 2025 and 2024 includes balances in the amount of NIS 671 million and NIS 657 million, respectively, in respect of equity investments, bearing an average annual yield in the range of 2%-8%. The investments and the yields accrued thereon shall be repaid at the sole discretion of the Group.

It was also determined that such equity investments shall be repaid to the partners (including interest on the repaid principal amount) pro rata according to the rate of equity investments of each of the shareholders and under the control of the Company only.

Note 19 - Revenues

a. Revenues from sale of real estate inventory:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
In the Northern Quarter Project - see Note 15w	100,411	-	-
In the Ramat Hasharon Project - see Note 15d	27,415	8,765	22,160
In the Hod Hasharon West Project	4,917	3,674	1,061
In the Kiryat Bialik Project	-	1,664	1,470
In the Orange Trail Project	-	505	(345)
In the Hatzuk Hatsfoni Project	-	(2,946)	6,216
Other	-	17	(750)
	132,743	11,679	29,812

b. Revenues from operation and management of hotels:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Revenues from rooms	251,873	188,909	200,427
Revenues from food and drinks	91,258	74,818	83,264
Revenues from operating Tiberias Hot Springs and College	19,243	17,603	15,651
Other income (*)	27,435	9,687	10,566
	389,809	291,017	309,908

(*) Including revenues from management fees.

Note 20 - Cost of Operation and Management of Hotels

Composition:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Salaries and accompanying costs	158,587	89,559	113,084
Hotel maintenance and hotels	112,627	83,136	79,447
Depreciation and amortization	71,157	46,975	42,829
Promotional marketing and advertising	22,574	12,386	13,626
Rent and office maintenance	12,456	11,090	12,741
Office and other	8,005	4,661	5,312
Maintenance of the Tiberias Hot Springs and College	7,362	5,321	5,498
Professional services	6,432	2,428	4,652
Management fees	2,168	74	556
Other	986	2,052	-
	402,354	257,682	277,745

Note 21 - General and Administrative Expenses

Composition:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Salary and accompanying costs	28,216	23,530	18,388
Management fees and bonus to Chairman of the Board of Directors and CEO	11,263	11,272	4,782
Professional services	10,416	8,336	10,412
Asset maintenance and office	7,506	6,035	5,873
Company events	1,725	2,357	-
Donations and gifts	1,639	1,965	733
Depreciation of fixed assets	1,521	1,674	2,465
Insurance	950	1,093	1,325
Travel abroad	468	98	168
Fees of the Stock Exchange and Securities Authority	407	422	188
Levies and fees	112	117	241
Maintenance fees to the controlling shareholder	167	-	-
Doubtful debts	-	2,181	800
Other	541	741	563
	64,931	59,821	45,938

Note 22 - Marketing and Sales Expenses

Composition:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
General advertising	49,771	14,757	9,680
Marketing lands in Israel	13,150	7,381	8,974
Marketing apartments and offices in development projects	4,622	15,014(*)	12,928(*)
Cost reduction for obtaining a contract in development projects	2,317	878(*)	261(*)
Marketing purchase groups	-	-	118
General project brokering	-	631	2,064
(*) reclassified	69,860	38,661	34,025

Note 23 - Financing Income

Composition:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Interest for loans to associates and changes in fair value	79,926	43,648	49,434
Deposit interest	14,400	9,848	6,932
Institution interest	1,503	407	2,121
Interest and exchange rate differentials, net, for loans to others	417	211	3,232
Other	304	-	-
	96,550	54,114	61,719

Note 24 - Financing Expenses

Composition:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Financing for loans from bank corporations (*)	137,114	76,739	61,498
Financing for lease liability	39,685	18,327	13,894
Financing for bonds	19,668	19,535	23,738
Bank fees	9,630	6,720	4,758
Interest and exchange rate differentials, net, for loans from others	1,540	3,017	3,536
Institution interest	345	-	2
Change in fair value of loans to associates	-	8,942	3,633
Other	573	-	-
	208,555	133,280	111,059

(*) As detailed in Note 2k - Credit costs that can be directly attributed to the acquisition, construction, or production of qualifying assets, the preparation of which for their intended use or sale requires a significant period of time, are capitalized to the cost of those assets. All other credit costs are recognized in profit and loss under the interest section for loans from banking corporations.

Note 25 - Earnings per Share

a. There are no instruments that could potentially dilute the basic earnings per share in the future.

Note 26 - Financial Instruments

a. General:

The Group's activity exposes it to financial risks arising from the use of financial instruments:

- Market risk (including foreign currency risk, interest rate risk, traded share price risk, and consumer price index risk).
- Credit risk.
- Liquidity risk.

b. Risk management framework:

The Group's finance department provides services to the business activity, enables access to local financial markets, supervises and manages the financial risks related to the Group's activity. The comprehensive responsibility for establishing and supervising the Company's risk management framework lies with the Chief Financial Officer.

c. Groups of financial instruments:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Financial assets:		
Cash and cash equivalents and restricted use cash	228,110	981,610
Financial assets at fair value	91,321	129,192
Loans and receivables	2,162,914	969,212
	2,482,345	2,080,014
Financial liabilities:		
Financial liabilities measurements at amortized cost	7,643,079	6,669,391
Accounts payable	403,597	217,104
	8,046,676	6,886,495

d. Foreign currency risk:

The Group also operates abroad (mainly in Russia) and is exposed to exchange rate risk arising mainly from exposure to the ruble, euro, and dollar currencies. The exchange rate risk arises from net investments in foreign operations. During 2025, there was no change in the exposure to currency risk or in the way the Group manages or measures the risk.

The book values of the Group's financial assets and liabilities denominated in foreign currency are as follows:

	Assets		Liabilities	
	As of December 31		As of December 31	
	2025	2024	2025	2024
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Euro currency	22,150	419	268,887	4,212
Rubel currency	17,008	26,746	-	-
Dollar currency	1,891	5,797	-	-
Pound currency	4,463	4,718	-	-

Note 26 - Financial Instruments (continued):

d. Foreign currency risk (continued):

Foreign currency sensitivity analysis:

The Group's main exposure to foreign currency is to the ruble.

The following table details the sensitivity to an increase or decrease of 10% in the relevant exchange rate. The sensitivity analysis includes existing balances of financial items denominated in foreign currency and adjusts their translation at the end of the period to a change of 10% and 20% in foreign currency rates.

Impact on total profit and equity of an appreciation and depreciation of 10% and 20% in the ruble against the shekel before the effect of tax:

	Effect of Rubel	
	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Profit from continuing operations, comprehensive income and equity - an increase of 10% in foreign exchange	3,518	13,603
Profit from continuing operations, comprehensive income and equity - an increase of 20% in foreign exchange	7,036	27,206
Loss from continuing operations, comprehensive income and equity - a 10% decrease in foreign exchange	(3,518)	(13,603)
Loss from continuing operations, comprehensive income and equity - a 20% decrease in foreign exchange	(7,036)	(27,206)

e. Interest rate risk:

As of December 31, 2025, the Group is exposed to risk due to changes in the (prime) market interest rate arising from loans from Israeli banking corporations in the amount of approximately NIS 4,340 million (as of December 31, 2024, approximately NIS 4,077 million) bearing variable interest.

f. Interest rate sensitivity analysis:

The sensitivity analysis regarding liabilities bearing variable interest was prepared under the assumption that the amount of the liability at the end of the reporting period remained throughout the entire reporting year.

Below is the cash flow impact of a 1% increase in the relevant interest rates compared to the existing interest rate as of the date of the financial statements, assuming all other parameters remain constant and before the effect of tax:

	Impact of change to the shekel interest rate	
	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Cash flow impact	(43,400)	(40,770)

Note 26 - Financial Instruments (continued):

g. Analysis of financial instruments by linkage bases and types of currency:

	As of December 31, 2025						
	In NIS, linked to consumer price index	In EUR, or linked to EUR	In RUB, or linked to RUB	In GBP, or linked to GBP	In USD, or linked to USD	In NIS unlinked	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Financial assets:							
Cash and cash equivalents	-	1,827	-	325	1,891	141,119	145,162
Restricted use cash	-	-	-	-	-	82,948	82,948
Financial assets at fair value	-	-	-	-	-	91,321	91,321
Receivables for sale of land and apartments inventory	40,090	-	-	-	-	53,144	93,234
Accounts receivable	17,850	20,323	-	4,138	-	190,745	233,056
Right of use asset	837,543	242,494	-	-	-	-	1,080,037
Loans to associates	-	-	17,008	-	-	739,579	756,587
	895,483	264,644	17,008	4,463	1,891	1,298,856	2,482,345
Financial liabilities:							
Suppliers	-	9,267	-	-	-	51,929	61,196
Accounts payable	13,572	28,167	-	-	-	300,662	342,401
Credit and loans from bank corporations	430,796	13,109	-	-	-	4,648,577	5,092,482
Liabilities for leases	846,073	209,335	-	-	-	45,921	1,101,329
Bonds	-	-	-	-	-	1,430,137	1,430,137
Loans from others	-	9,008	-	-	-	10,123	19,131
	1,290,441	268,886	-	-	-	6,487,349	8,046,676

Note 26 - Financial Instruments (continued):

g. Analysis of financial instruments by linkage bases and types of currency (continued):

	As of December 31, 2024						
	In NIS, linked to consumer price index	In EUR, or linked to EUR	In RUB, or linked to RUB	In GBP, or linked to GBP	In USD, or linked to USD	In NIS unlinked	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Financial assets:							
Cash and cash equivalents	-	169	-	-	5,797	969,783	975,749
Restricted use cash	-	-	-	-	-	5,861	5,861
Financial assets at fair value	-	-	-	-	-	129,192	129,192
Receivables for sale of land	3,659	-	-	-	-	15,621	19,280
Accounts receivable	20,339	250	-	4,718	-	155,393	180,700
Loans to associates	-	-	26,746	-	-	633,204	659,950
	23,998	419	26,746	4,718	5,797	1,909,054	1,970,732
Financial liabilities:							
Suppliers	-	112	-	-	-	36,233	36,345
Accounts payable	75,448	735	-	-	-	104,576	180,759
Credit and loans from bank corporations	664,186	3,365	-	-	-	4,200,757	4,868,308
Liabilities for leases	442,578	-	-	-	-	21,060	463,638
Bonds	-	-	-	-	-	1,324,768	1,324,768
Loans from others	-	-	-	-	-	12,677	12,677
	1,182,212	4,212	-	-	-	5,700,071	6,886,495

Note 26 - Financial Instruments (continued):

h. Credit risk:

The Group does not have significant concentrations of material credit risk within its activity in Israel as detailed below:

Regarding the Group's income from the sale of real estate and real estate in general, the Company sometimes grants payment schedules to customers and accordingly there is credit exposure. The Company continuously reviews customers' credit assessments, and the financial statements include, as necessary, specific provisions for doubtful debts. However, it is usually agreed between the parties in the sale agreements that legal possession of the real estate does not transfer before full payment of the consideration in the transaction. In management's assessment, the credit risk from receivables arising from such sales transactions is not material.

With respect to commercial terms, the Company usually sells residential units to customers under standard commercial terms and payment schedules over the life of the project, and sometimes grants customers a different payment schedule (for example, a payment schedule at a rate of 20%-80%). With respect to optimal payment terms, in the Company's assessment, the exposure is not material, but the Company cannot assess whether the exposure will materialize and whether the purchasers will meet their obligations or not.

Regarding the Group's income from hotel customers, the hotel company's income derives from a large number of customers in the hotel industry (travel agents, groups, and individual guests) located in Israel and abroad, and customers in the catering industry are widely dispersed. The credit risk exposure in connection with customers is limited due to the large number of customers. In addition, the customers' credit terms are up to current + 60 days.

The Hotel Company acts to reduce credit risks by various means such as: bank and personal guarantees, receiving advances, and collection via credit cards.

Regarding the Group's income from management fees for purchasing groups - the purchasers who pay the Group companies the management fees, when the members of the purchasing groups are required to meet the standards set for them by the project's financing bank to obtain substantial bank credit. It should be noted that the credit facility allocation agreements for the members of the purchasing groups include, among other things, the management fee payments to which the Group is entitled.

In addition, the Group does not have significant concentrations of credit risk abroad.

In light of the state of war between Russia and Ukraine (see details in Note 8B(4)D) and the existing mutual sanctions, there are significant restrictions on the transfer of funds from Russia. It should be noted that as of the date of publication of the report, the Company does not have material cash balances in Russia.

The Company's management is unable to assess when and whether the aforementioned sanctions will be lifted.

Note 26 - Financial Instruments (continued):

i. Liquidity risk:

The Group's goal is to maintain the existing ratio between obtaining ongoing financing and the flexibility available through the use of overdrafts and short-term bank credit. The Company also continuously reviews sources of financing for the continuation of its ongoing activity. The main sources for the repayment of financial liabilities are the sale of real estate inventory and raising equity and debt. For supported credit, the main sources of repayment are receipts from apartment purchasers.

The following table presents the maturity dates of the Group's financial liabilities according to contractual terms (principal and interest to be paid) in undiscounted amounts:

	As of December 31, 2025					
	Up to 1 year	From 1-2 years	From 2-3 years	From 3-4 years	Over four years	Total
Credit and loans from bank corporations	2,881,341(*)	956,122	339,936	696,595	666,618	5,540,612
Accounts payables (including suppliers)	401,427	-	-	-	-	401,427
Lease liability	102,119	100,369	100,310	100,368	1,248,478	1,651,644
Bonds	370,894	359,415	271,841	256,654	468,101	1,726,905
Loans from others	3,571	9,020	3,171	672	4,052	20,486
	3,759,352	1,424,926	715,258	1,054,289	2,387,249	9,341,074

	As of December 31, 2024					
	Up to 1 year	From 1-2 years	From 2-3 years	From 3-4 years	Over four years	Total
Credit and loans from bank corporations	2,212,672 (*)	1,130,231	539,795	201,723	1,341,711	5,426,132
Accounts payables (including suppliers)	199,589	-	-	-	-	199,589
Lease liability	43,802	43,982	43,100	43,306	498,793	672,983
Bonds	352,160	347,380	335,901	164,421	437,966	1,637,828
Loans from others	2,787	4,877	672	672	4,724	13,732
	2,811,010	1,526,470	919,468	410,122	2,283,194	7,950,264

(*) The balance as of December 31, 2025 includes loans for the financing of real estate acquisitions (inventory or investment property), in the amount of NIS 2,119 million, which are due for repayment during 2025 (in 2024: approximately NIS 2,340 million). The Company estimates that it will be able to extend the validity of the financing agreements for land acquisitions and/or enter into support agreements with the banking corporations prior to the contractual repayment date of the loans as of the date of the report.

Note 27 - Fair Value

a. Details of assets and liabilities measured in the statement of financial position at fair value:

For the purpose of measuring the fair value of assets or liabilities, the Group classifies them according to the hierarchy that includes the following three levels -

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities to which there is access at the measurement date.

Level 2: Data, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3: Data that are not observable for the asset or liability.

The classification of assets or liabilities measured at fair value is based on the lowest level in which significant input is used for measuring the fair value of the asset or liability as a whole.

Below is a breakdown of the Group's assets and liabilities measured in the Company's statement of financial position as of December 31, 2025 at their fair value, according to their measurement levels:

	Level 1	Level 2	Level 3	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
As of December 31, 2025:				
Financial assets at fair value through profit and loss	91,321	-	-	91,321
Hotels:				
In Israel	-	-	574,800	574,800
In Greece	-	-	55,584	55,584
Total hotels	-	-	630,384	630,384
Real estate for investment:				
In Israel	-	53,212	3,218,165	3,271,377
In Poland	-	-	13,717	13,717
Total investment property	-	53,212	3,231,882	3,285,094
Total fair value of assets and liabilities measured at fair value on a timing basis	91,321	-	-	91,321

Note 27 - Fair Value (continued):

a. Details of assets and liabilities measured in the statement of financial position at fair value (continued):

	Level 1	Level 2	Level 3	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
As of December 31, 2024:				
Financial assets at fair value through profit and loss	129,192	-	-	129,192
Hotels:				
In Israel	-	-	565,703	565,703
In Greece	-	-	48,900	48,900
Total hotels	-	-	614,603	614,603
Real estate for investment:				
In Israel	-	340,675	2,536,836	2,877,511
In Poland	-	-	15,489	15,489
Total investment property	-	340,675	2,552,325	2,893,000
Total fair value of assets and liabilities measured at fair value on a timing basis	129,192	-	-	129,192

b. Assets and liabilities measured in the Statement of Financial Position at fair value according to Level 3:

	Investment property and fixed assets			
	In Israel	In Greece	In Poland	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Balance as of January 1, 2025	3,102,539	48,900	15,489	3,166,928
Purchases and sales	250,823	-	-	250,823
Classification from Level 2	340,675	-	-	340,675
Classification to Level 2	(19,600)	-	-	(19,600)
Entry into consolidation	14,788	1,322	-	16,110
Depreciation	(4,685)	(516)	-	(5,201)
Increase and decrease for fair value	103,111	-	759	103,870
In other comprehensive profit - Amounts that will be classified in the future to the profit or loss statement:				
Adjustments arising from translation of financial statements	-	(630)	(2,531)	(3,161)
Application of revaluation model	5,314	6,508	-	11,822
Balance as of December 31, 2025	3,792,965	55,584	13,717	3,862,266

Note 27 - Fair Value (continued):

b. Assets and liabilities measured in the Statement of Financial Position at fair value according to Level 3 (continued):

	Investment property and fixed assets			
	In Israel	In Greece	In Poland	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Balance as of January 1, 2024	2,565,706	-	14,362	2,580,068
Purchases and sales	149,375	-	-	149,375
Classification to Level 2	(100,200)	-	-	(100,200)
Transfer from investment property to inventory	(138,811)	-	-	(138,811)
Transfer from inventory to investment property	8,586	-	-	8,586
Reclassifications	(165)	-	-	(165)
Transition from advances to investment property	2,600	-	-	2,600
Increase and decrease for fair value	49,745	-	2,001	51,746
Application of revaluation model	389,678	48,900	-	438,578
In other comprehensive profit - Amounts that will be classified in the future to the profit or loss statement:				
Adjustments arising from translation of financial statements	-	-	(874)	(874)
Application of revaluation model	176,025	-	-	176,025
Balance as of December 31, 2024	3,102,539	48,900	15,489	3,166,928

Note 27 - Fair Value (continued):

b. Assets and liabilities measured in the Statement of Financial Position at fair value according to Level 3 (continued):

Description of the instrument measured	Fair value As of December 31 2025	2024	Valuation technique	Description of data not observable	Range (weighted average)
Real estate for investment:					
Land in Israel:					
Land in Herzliya Pituach	52,945	55,496	Comparison and extraction method	Average price per built sq.m	Residential Paldelet [net internal area]: NIS 18,700–22,000 per sq m
Sde Dov offices	173,400	128,885	Comparison and extraction method	Price per constructed sq.m	Logistics - NIS 3,000 per sq.m Commercial - NIS 25,000 per sq.m Employment - NIS 6,600 per sq.m
Dubnov	154,600	111,541	Comparison and extraction method	Price per constructed sq.m	Commercial - NIS 25,000 per sq.m Employment - NIS 9,000 per sq.m
Emek Bracha	105,576	100,249	Comparison method	Average price per built sq.m	Commercial -Tax NIS 15,000 per sq.m Residential for Lease - NIS 16,575 per sq.m Employment - NIS 9,500 per sq.m
Land abroad:					
Land in Poland	13,717	15,489	Comparison method	Average price per sq.m	52.5 zlotys
Offices for rent:					
Offices for rent in Israel	577,843	569,474	Income capitalization method for property and the comparison approach for land, offices and commerce	Rent per sq. m % capitalization Comparison price per constructed sq.m	NIS 92-201 per sq.m 5.6%-7% NIS 16,500-28,000 per sq.m
Commercial for rent:					
Commercial for rent in Israel	526,918	506,191	Comparison method and/or income capitalization method	Rent per sq. m % capitalization	NIS 75-273 per sq.m 6.75%-7.5%
Investment property under construction:					
In Israel:					
Tzomet Arim	421,000	421,000	Comparison method	Average price per built sq.m	Commercial - NIS 20,000 per sq.m Employment - NIS 8,000 per sq.m Hotel - NIS 10,000 per sq.m Residential - NIS 28,000 per sq.m
Land in Herzliya Pituach	80,320	58,047	Comparison and extraction method	Average price per built sq.m	Commercial - NIS 26,000 per sq.m, Office - NIS 19,000 per sq.m
Rainbow	46,150	43,150	Comparison and extraction method	Average price per built sq.m	Commercial - NIS 25,000 per sq.m
Midtown Jerusalem	509,106	370,828	Comparison method	Price per constructed sq.m	Commercial - NIS 20,000 per sq.m Employment - NIS 4,500 per sq.m Residential for rent - NIS 17,000 per sq.m Hotel - NIS 6,500 per sq.m
SHE, Herzl Yehuda Halevy	162,800	160,610	Comparison and extraction method	Price per constructed sq.m	Commercial - NIS 22,000 per sq.m Employment - NIS 9,500 per sq.m

Note 27 - Fair Value (continued):

b. Assets and liabilities measured in the Statement of Financial Position at fair value according to Level 3 (continued):

Description of the instrument measured	Fair value As of December 31 2025	Fair value As of December 31 2024	Valuation technique	Description of data not observable	Range (weighted average)
Hotels:					
Real estate for investment	68,500	48,960	Extraction approach	Expected rent	Commercial NIS 250-300 per sq.m Hotel - NIS 1.3 million per room before financing
West Tel Aviv	102,000	102,000	Comparison method	Average value per unit	NIS 1,961,538
Play Tel Aviv	119,612	121,641	Comparison method	Average room value	NIS 1,040,103
Enjoy Dead Sea	321,000	321,000	Capitalization of operating profit	Expected operating profit	NIS 23,455,000 Capitalization rate - 7.9%
PLAY THEATROU	32,003	-	Capitalization of operating profit	Expected operating profit	Approximately EUR 820 thousand Capitalization rate - 8%
Assisted living in Israel:					
Kfar Shmaryahu	324,000	266,200	Capitalization of projected cash flows	Capitalization rate Annual tenant turnover rate	7.75%-8% 10%

Description of the instrument measured	Fair value As of December 31 2024	Fair value As of December 31 2023	Valuation technique	Description of data not observable	Range (weighted average)
Real estate for investment:					
Land in Israel:					
Land in Kadima Tzoran	19,600	19,400	Comparison method	Price per dunam	NIS 280 thousand per dunam
Land in Herzliya Pituach	55,496	51,827	Comparison and extraction method	Price per constructed sq.m	Office - NIS 6,300-7,900 per sq.m Commercial - NIS 12,200-14,400 per sq.m “Paldelet” residential - NIS 18,600-21,900 per sq.m
SHE, Herzl Yehuda Halevy	160,610	160,700	Comparison and extraction method	Price per constructed sq.m	Commercial - NIS 22,000 per sq.m Employment - NIS 9,500 per sq.m
Land abroad:					
Land in Poland	15,489	14,362	Comparison method	Average price per sq.m	50 zlotys per sq.m
Offices for rent:					
Offices for rent in Israel	569,474	527,548	Income capitalization method for property and the comparison approach for land, offices and commerce	Rent per sq. m % capitalization Comparison price per constructed sq.m	NIS 92-201 per sq.m 5.55% -7.5% NIS 16,500-25,500 per sq.m
Commercial for rent:					
Commercial for rent in Israel	506,191	481,453	Comparison method and/or income capitalization method	Rent per sq. m % capitalization	Commercial - NIS 84-242 per sq.m (basement/ground) Restaurant - NIS 276 per sq.m Office - NIS 165 per sq.m 6.75% -7.5%

Note 27 - Fair Value (continued):

a. Assets and liabilities measured in the Statement of Financial Position at fair value according to Level 3 (continued):

Description of the instrument measured	Fair value As of December 31 2024	2023	Valuation technique	Description of data not observable	Range (weighted average)
Investment property under construction:					
In Israel:					
Tzomet Arim	421,000	388,500	Comparison method	Average price per built sq.m	Commercial - NIS 10,000-20,000 per sq.m Employment - NIS 4,000-8,000 per sq.m Hotel - NIS 10,000 per sq.m Residential - NIS 28,000 per sq.m
Land in Herzliya Pituach	58,047	46,295	Extraction method	Average price per built sq.m	Commercial - NIS 13,600 per sq.m Employment - NIS 6,900 per sq.m
Rainbow	43,150	42,000	Comparison and extraction method	Average price per built sq.m	Commercial - NIS 25,000 per sq.m
Midtown Jerusalem	370,828	460,100	Comparison method	Price per constructed sq.m	Commercial - NIS 20,000 per sq.m Employment - NIS 4,500 per sq.m Residential for rent - NIS 17,000 per sq.m Hotel - NIS 6,500 per sq.m
Hotels:					
Real estate for investment	48,960	48,960	Revenue capitalization method	Expected rent	Existing constructed commercial – NIS 300 per sq.m Commercial building rights – NIS 18,000 per sq.m Hotel building rights - NIS 4,800 per sq.m
West Tel Aviv	102,000	-	Comparison method	Average value per unit	NIS 1,961,538
Play Tel Aviv	121,641	-	Discounting method for projected operating profit from the hotel	Room value	NIS 1,057,745
Enjoy Dead Sea	321,000	-	Capitalization of operating profit	Expected operating profit	NIS 23,455,000
Assisted living in Israel:					
Kfar Shmaryahu	266,200	222,000	Capitalization of projected cash flows	Capitalization rate Annual tenant turnover rate Development profit rate for project completion	7.75%-8% 10% 2.5%

Regarding investment property, the fair value is determined in a valuation performed by independent appraisers who have recognized professional qualifications and extensive experience regarding the location and type of real estate being valued.

Description of the valuation processes used in determining fair value:

The person in the Company responsible for measuring the fair value assessment process for items classified at Level 3 is the Company’s Chief Financial Officer. The Chief Financial Officer reports the findings of the fair value measurements to the Company’s management, which reviews them, with the assistance of the reports committee.

the Company’s financial statements, the integrity of the data and the valuation methodology used in determining the fair value.

The Company’s pricing model is reviewed once a year and, if necessary, calibrated in order to estimate the fair value as accurately as possible in the Company’s opinion.

Note 27 - Fair Value (continued):

b. Fair value of items that are not measured at fair value in the Statement of Financial Position:

Except as detailed in the following table, the Group believes that the carrying amount of the financial assets and liabilities presented at amortized cost in the financial statements is approximately equal to their fair value:

	Carrying value		Fair value	
	As of December 31		As of December 31	
	2025	2024	2025	2024
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Financial liabilities:				
Series F Bonds and interest payable (1)	-	19,710	-	19,587
Series G Bonds and interest payable (1)	543,138	770,895	581,141	759,784
Series H Bonds and interest payable (1)	886,999	534,242	927,870	554,670
	1,430,137	1,324,847	1,509,011	1,334,041

(1) The change in the carrying amount as well as in the fair value of the bonds results from principal payments of the bonds and does not result from significant changes in the Company's credit risk during the reporting period.

Note 28 - Segment Reporting

a. General:

Operating segments are identified based on the internal reports regarding the Group's components, which are regularly reviewed by the Group's chief operating decision maker for the purpose of allocating resources and assessing the performance of the operating segments. The reporting system provided to the Group's chief operating decision maker, for the purpose of allocating resources and assessing the performance of the various segments, is based on geographic regions, on the manner of marketing the projects, as well as on the manner of generating revenue from the project and the operating profit. With respect to projects managed in an investee company in which the Company is a partner and which are presented in the statements using the equity method, data are reviewed based on the Company's relative share in the project. General and administrative expenses are not attributed to the Company's segments and therefore appear under unallocated expenses. The results of the investment property segment in Israel include the changes in the fair value of the investment property.

Below are the Company's operating segments in accordance with IFRS 8:

Segment A – Project Construction in Israel:	Generates its revenue from projects in Israel where the Group constructs and sells commercial areas and/or office areas and/or apartments under the Sale Law guarantee framework, as well as revenue from selling land at an opportunistic price.
Segment B – Land in Israel:	Generates its revenue from the Company's activity in selling and/or marketing land in Israel.
Segment C – Investment Property in Israel:	Generates its revenue from the Company's activity in leasing and/or land in Israel designated for development for leasing purposes.
Segment D – Hotels Segment:	Represents the Company's activity in the hotels sector.
Segment E – Real Estate in Russia:	Represents the Company's activity in the project in Russia.
Segment F – Others:	Represents mainly the Company's activity in initiating and managing purchasing groups in Israel, investment in innovation entities related to the real estate sector, senior housing, parking management, and a project in Poland.

Note 28 - Segment Reporting (continued):

b. Details:

	For the year ended on December 31, 2025							
	Establishing projects in Israel	**Real property In Israel**	**Investment property in Israel**	**Hotels**	**Real property in Russia**	**Other**	**Adjustments for consolidated**	**Total**
	NIS thousands	**NIS thousands**	**NIS thousands**	**NIS thousands**	**NIS thousands**	**NIS thousands**	**NIS thousands**	**NIS thousands**
Income	497,218	316,586	88,824	389,809	1,903	18,390	(173,379)	1,139,351
Segment's results	28,934	141,646	199,339	6,994	1,378	34,259	(99,520)	313,030
Non-attributable expenses								(132,383)
Financing expenses								(269,991)
Financing income								96,550
Profit before income tax								7,206
Segment assets	5,964,356	1,345,762	4,028,513	2,222,089	185,369	348,958	(1,454,092)	12,640,955
Segment liabilities	(4,406,165)	(654,686)	(1,971,049)	(1,777,678)	(74,919)	(133,483)	120,895	(8,897,085)
Additional Information:								
Appreciation of investment property, net	-	-	130,755	19,539	-	39,436	(85,053)	104,677
Cost of sales	(407,851)	(76,586)	(13,681)	(402,354)	-	(26,449)	238,485	(688,436)
Depreciation and amortization	-	-	(1,084)	(78,289)	-	(269)	(538)	(80,180)
Financing expenses	(280,354)	(49,274)	(116,411)	(81,284)	(5,171)	(11,985)	274,488	(269,991)

Note 28 - Segment Reporting (continued):

b. Details (continued):

	For the year ended on December 31, 2024							
	Establishing projects in Israel	Real property In Israel	Investment property in Israel	Hotels	Real property in Russia	Other	Adjustments for consolidated	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Income	465,575	54,310	88,619	291,017	57,088	19,982	(202,355)	774,236
Segment's results	51,797	30,775	205,539	33,333	56,020	(3,334)	(38,675)	335,456
Non-attributable expenses								(75,204)
Financing expenses								(133,280)
Financing income								91,025
Profit before income tax								217,997
Segment assets	5,073,846	1,179,779	3,506,612	1,291,253	181,305	290,621	(567,116)	10,956,300
Segment liabilities	(4,096,135)	(598,434)	(1,879,255)	(931,172)	(84,179)	(156,414)	251,677	(7,493,912)
Additional information:								
Appreciation of investment property, net	-	-	146,787	-	-	725	(120,104)	27,408
Cost of sales	(383,434)	(17,077)	(21,009)	(257,682)	-	(23,982)	344,471	(358,712)
Depreciation and amortization	-	(10)	(997)	(53,324)	-	(71)	(676)	(55,079)
Financing expenses	(236,370)	(36,073)	(107,578)	(51,122)	(36,073)	(10,398)	345,012	(133,280)

Note 28 - Segment Reporting (continued):

a. Details (continued):

	For the year ended on December 31, 2023							
	Establishing projects in Israel	Real property In Israel	Investment property in Israel	Hotels	Real property in Russia	Other	Adjustments for consolidated	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Income	893,562	79,785	65,707	309,908	34,177	27,754	(700,139)	710,754
Segment's results	99,797	51,562	115,100	31,374	21,935	6,335	(91,724)	234,379
Non-attributable expenses								(56,217)
Financing expenses	(29,224)	(31,031)	(38,171)	(42,731)	(14,226)	(9)	(108,262)	(263,654)
Financing income								61,719
Profit before income tax								(23,773)
Segment assets	4,618,497	1,217,400	3,203,803	958,434	202,920	249,640	(1,869,235)	8,581,459
Segment liabilities	(3,602,063)	(587,811)	(1,646,202)	(744,827)	(84,179)	(125,272)	1,264,653	(5,525,701)
Additional information:								
Appreciation of investment property, net	-	-	67,045	-	-	4,556	(8,211)	63,390
Cost of sales	(765,569)	(19,407)	(8,673)	(278,534)	(11,589)	(25,259)	723,531	(385,499)
Depreciation and amortization	-	(11)	(985)	(42,771)	-	-	(1,503)	(45,270)
Financing expenses	(203,921)	(36,869)	(108,284)	(42,731)	(14,226)	(4,666)	147,043	(263,654)

Note 29 - Transactions with Interested Parties and Related Parties

a. Balances with interested parties and related parties:

	Carrying Value as of December 31	
	2025	2024
	NIS thousands	NIS thousands
Accounts receivable:		
Income to be received for marketing fees for the WEM Project (5)	4,138	4,718
Income to be received for marketing fees of the Beresheet Project (6)	-	270
	4,138	4,988
Accounts payable:		
Shareholders (2)	(55)	(3)
Directors (29b)	(200)	(187)
	(255)	(190)

(1) For details regarding owners' loans and bonds granted to associates and joint ventures, see as detailed in Note 8.

(2) Management agreements:

On February 22, 2023, the members of the Compensation Committee and the Company's Board of Directors approved, and on March 2, 2023, the general meeting of the Company's shareholders approved, the continued engagement of the Company in management agreements with a company wholly owned and controlled by Mr. Asaf Touchmair and with a company wholly owned and controlled by Mr. Barak Rosen, the Company's Controlling Shareholders and who serve as Chairman of the Board and as CEO of the Company, respectively (above and below: "Touchmair," "Rosen," the "Management Agreements," the "Touchmair Company" and the "Rosen Company," respectively), for the provision of CEO and Chairman of the Board services to the Company through Rosen and Touchmair only, respectively (hereinafter: "**CEO Services**" and "**Chairman of the Board Services**," respectively). The Management Agreements include non-material changes in relation to the terms of office and employment of Rosen and Touchmair as approved by the Company's general meeting in 2020, which shall apply from January 1, 2023. According to the Management Agreements, Rosen and Touchmair shall serve as CEO and as Chairman of the Board of the Company at a minimum employment rate of 95% and 90%, respectively.

Below are the terms of office determined within the engagements with the companies owned by Touchmair and Rosen, each separately:

(a) Fixed compensation - In consideration for the provision of management services by Asaf Touchmair, the private company owned by him shall be entitled to fixed compensation from January 1, 2023 until the end of the agreement period on December 31, 2025 in the amount of approximately NIS 180 thousand per month (compared to compensation of approximately NIS 173 thousand per month prior to the approval of the new management agreement).

(b) Fixed compensation - In consideration for the provision of management services by Barak Rosen, the private company owned by him shall be entitled to fixed compensation from January 1, 2023 until the end of the agreement period on December 31, 2025 in the amount of approximately NIS 219 thousand per month (similar to the compensation that existed until that date).

Note 29 - Transactions with Interested Parties and Related Parties (continued):

a. Balances with interested parties and related parties (continued):

(2) Management agreements (continued):

(c) Variable compensation - In addition to the monthly compensation mentioned above, each of the private companies of Touchmair and Rosen shall be entitled to an annual bonus subject to cumulative threshold targets as detailed below (hereinafter: "**Threshold Targets**"):

1) Profit test - Each of the private companies of Touchmair and Rosen shall be entitled to the variable compensation only if the Company presents in the financial statement of the relevant compensation year net profit attributable to the Company's shareholders (excluding non-controlling interests), in accordance with the Company's audited consolidated financial statements.

2) Repayment test - During the relevant calendar year, the Company shall fully meet the repayment terms of principal, interest, and linkage differentials in respect of bonds issued and loans provided to it by banking corporations, except for debt specifically attributed to new and/or existing projects.

(d) Minimum compliance threshold - The variable compensation is subject to a minimum compliance threshold in profit before tax, as defined below, in the amount of NIS 65 million. "Profit before tax" for the purpose of this section is - the Company's profit in the relevant year before income taxes according to its (consolidated) financial statements for that year before grants to Controlling Shareholders and net of the non-controlling shareholders' share in the profits of consolidated companies in that year before tax (or plus the non-controlling shareholders' share in the losses of consolidated companies in that year before tax), excluding revaluation profits and losses to the Company's shareholders, including the exclusion of one-time profits and losses not in the ordinary course of business, provided that the result is positive. From the profits/losses of associates, tax expenses/income shall be excluded, as well as revaluation profits/losses. If the result is negative, no bonus shall be paid and the above negative result shall be taken into account for the purpose of calculating the bonus in the following year/years. If the result is positive, the excess amount shall be carried forward to the following years.

(e) Rate of the annual bonus - If the threshold targets and the minimum compliance threshold in profit before tax are met, then the private companies owned by Touchmair and Rosen, respectively, shall be entitled to a graduated rate from the profit before tax (hereinafter: the "**Annual Bonus**"). The calculation shall be made progressively.

Below is a breakdown of the rate of the bonus from the profit before tax:

Profit before tax	**Of profit before tax**	**Maximum grant per rank for each position**	**Cumulative grant for each position**
NIS million	**NIS million**	**NIS million**	**NIS million**
0	Not eligible for a grant	-	-
65 =>	Not eligible for a grant	-	-
65-80	2.0%	0.3	0.3
80-95	2.75%	0.4125	0.7125
95-110	3.5%	0.525	1.2375
110-120	3.75%	0.375	1.6125
120-140	4.0%	0.8	2.4125
140-160	4.14%	0.828	3.2405 (Subject to the variable grant limit as detailed below)

In any case, the annual bonus of each of the private companies of Touchmair and Rosen shall not exceed the amount of approximately NIS 3,240.5 thousand for each.

On December 23 and 28, 2025, the members of the Compensation Committee and the Company's Board of Directors, respectively, approved, and on February 3, 2026, after the balance sheet date, the general meeting approved the Company's continued engagement in the Management Agreements from January 1, 2026 for a period of three years. No material changes occurred in the approved compensation policy.

Note 29 - Transactions with Interested Parties and Related Parties (continued):

a. Balances with interested parties and related parties (continued):

(3) Lease agreement and participation in the Company's expenses:

Since 2017, the Company has annually engaged the services of an independent external consultant to propose an appropriate mechanism for charging the Controlling Shareholders and companies owned by them for the lease fees, charges for the cost of employing the employees, and participation in fixed expenses directly related to the office areas (for example, municipal taxes and levies, office maintenance expenses, cleaning expenses, and the like). The consultant's work is mainly based on the ratio of the working hours of the employees attributed to the private company out of the total working hours of all employees, as well as the ratio of the areas allocated to the employees attributed to the private company in the office rooms out of the total rooms in the office.

(4) On February 10, 2019, the members of the Audit Committee approved, as a non-extraordinary transaction, the Company's engagement with a company owned and controlled by Messrs. Asaf Touchmair and Barak Rosen, in a lease agreement whereby the Controlling Shareholders shall lease from the Company an area of 130 sq.m. from the office floor in the Midtown Project (33rd floor), in consideration for lease fees of NIS 103 per sq.m., i.e., approximately NIS 13.4 thousand per month, and the terms of the lease agreement are higher than the terms of the Company's lease agreement with another third party leasing the remaining area on the said office floor (except for the monthly lease fees), for the reason that the Company customarily leases real estate as part of its activity and as part of its ordinary business; the lease fees are at market terms, determined based on similar transactions in the Midtown Project, and the said engagement does not materially affect the Company's assets, profitability, or liabilities.

(5) On July 22, 2018, the Audit Committee and the Company's Board of Directors approved the Company's engagement with a project company ultimately held (indirectly) by Mr. Barak Rosen, who is among the Company's Controlling Shareholders and serves as a director and CEO of the Company (above and below: "Rosen" and the "Project Company," respectively) in a services agreement for the exclusive marketing of units in a project in London held by the Project Company in consideration for a marketing commission at the rate of 3% of the turnover the sales plus VAT. In this regard, it should be noted that sales commissions to external marketers of the Company will be paid by the Company as customary, out of the marketing commission, and according to the Company's estimate, they will average approximately 1% of the sales turnover plus VAT. It should also be noted that as of the date of the report, Rosen has transferred 50% of his rights in the Project Company to Asaf Touchmair, who is among the Company's Controlling Shareholders and serves as Chairman of the Board of Directors of the Company.

The engagement was approved by the Audit Committee and the Board of Directors of the Company in accordance with Article 1(5) of the Companies Regulations (Reliefs in Transactions with Interested Parties), 5760-2000 (hereinafter: the "**Relief Regulations**") for the reasons that the marketing of units in real estate projects is in the ordinary course of business of the Company, and the marketing commission is at market terms and for the benefit of the Company.

(6) On February 25, 2020, the members of the Audit Committee approved the engagement of the Company with a Project Company held (indirectly) by Messrs. Asaf Touchmair and Barak Rosen at a rate of 75% (hereinafter: the "**Project Company**") in a services agreement for the exclusive marketing of land units in Rishon LeZion (hereinafter: the "**Land**") held in full (100%) by the Project Company in consideration for a marketing commission at a rate of 3% of each sale, plus VAT.

The engagement was approved by the Audit Committee and the Board of Directors of the Company in accordance with Article 1(5) of the Companies Regulations (Reliefs in Transactions with Interested Parties), 5760-2000 for the reasons that real estate marketing is in the ordinary course of business of the Company, and the marketing commission is at market terms and for the benefit of the Company.

Note 29 - Transactions with Interested Parties and Related Parties (continued):

a. Balances with interested parties and related parties (continued):

(7) Between the Company and Pangaea Israel (T.R.) Ltd. (hereinafter: "**Pangaea**"), a company wholly owned (100%) by the Company, an agreement was signed whereby the Company converted to Pangaea, in the years 2022 to 2025, a loan in favor of a bond in a cumulative amount of approximately NIS 559 million. According to the terms of the bonds, the bonds bear annual interest of 2.5% as well as linkage differentials. The bonds were repaid on December 31 of each year, respectively, against their re-extension (in the amount of approximately NIS 715 million).

(8) Further to the provisions of Note 15k, the Hotel Company entered into a service agreement with Mr. Barak Rosen, whereby Mr. Barak Rosen will serve as Chairman of the Board of Directors of the Hotel Company (in addition to his position as Director and CEO of Israel Canada) at a scope of 40% position. His salary will be NIS 100 thousand per month linked to the increase in the Consumer Price Index known at the date of approval of the merger transaction, and in addition, he will be entitled to an annual bonus at the rate of 1.8% of "capital gain" included in the consolidated financial statements of the Hotel Company, up to a ceiling of 12 months' management fee salary.

(9) On November 9, 2025, the Audit Committee approved, as a non-extraordinary transaction, the engagement of the Company in a marketing services agreement with Ben Rosen, the son of Barak Rosen, for the following reasons: A. the engagement is in the ordinary course of business of the Company, it is at market terms (the compensation is identical to the other marketing agents providing services to the Company, depending on the project) and does not materially affect the assets of the Company, its profitability or its obligations; B. the engagement is for the receipt of services at non-managerial levels, according to another procedure (and not a competitive procedure), since the Company receives marketing services from additional third parties and Ben Rosen has marketing capabilities; C. pursuant to Section 275(a1)(2) of the Companies Law, the engagement with Ben Rosen is in relation to each sale made by Ben Rosen with purchasers that is actually signed (similar to other marketing agents providing services to the Company), and therefore is not limited in time and is subject to the completion of sales actually led by him. In light of this, the Audit Committee determined that the engagement period is reasonable under the circumstances. In addition, at the same date, the Audit Committee approved, as a non-extraordinary transaction, the payment of a commission to Ben Rosen in respect of a third-party sale transaction in the she project that he himself led and which was signed prior to the approval of the Audit Committee, for the reason that the transaction is in the ordinary course of business, at market terms (in accordance with the other terms of the Company's marketing agents) and does not materially affect the assets of the Company, its profitability or its obligations. The total amounts paid to Ben Rosen for such commissions in 2025 amounted to approximately NIS 375 thousand plus VAT as required by law. It was also determined that the Audit Committee will receive an annual report regarding the transactions carried out under the leadership of Ben Rosen and the total commissions paid to him, and will review and approve the engagement with Ben Rosen on an annual basis.

b. Compensation and benefits granted to interested parties and related parties:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Management fees, bonus and reimbursement of expenses to controlling shareholders (A)	11,263	11,272	4,782
Number of people to whom the payment relates	2	2	2
Remuneration of directors who are not employed by the Company	796	646	655
Number of people to whom the payment relates	3	3	3
Maintenance fees to the controlling shareholder	167	-	-
Number of people to whom the payment relates	1	-	-

(a) See Notes 29A(2) above.

Note 30 - Liens and Guarantees

To secure the Group's obligations in respect of the People Project - residential part, the Northern Quarter Project, the Sunset Project, the Emek Bracha Project - residential part, the Lapid Project, the Midtown Jerusalem Project - residential part, the SHE Project - residential part, the Ramat HaSharon Project, the Rainbow Project - residential part, the Dubnov Project - residential part, and the Beit HaNa'ara Project, all rights of the Company related to the projects were pledged.

The balances of the secured obligations are as follows:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Credit from banks	2,841,186	2,871,740

To secure the Group's obligations in respect of income-producing real estate assets in the HaHoshlim Project in Herzliya, the Eliphelet Project in Tel Aviv, the Midtown Project in Tel Aviv, the Sea Tower Project in Herzliya, the Midtown Jerusalem Project - income-producing part, the SHE Project - income-producing part, the Da Vinci Project - income-producing part, the Rainbow Project - income-producing part, the Emek Bracha Project - income-producing part, the Dubnov Project - income-producing part, the Kfar Shmaryahu Project, the Sde Dov Offices Project, the People Project - income-producing part, and the Migdal Tzomet Arim Project, the assets and related rights were pledged to the financing banks.

The balances of the secured obligations are as follows:

	As of December 31	
	2025	2024
	NIS thousands	NIS thousands
Credit from banks	1,625,091	1,511,603

Note 31 - Security Situation

During the reporting period, a ceasefire agreement was signed between Israel and Hamas (as part of the first stage of the 21-point plan of the President of the United States, Mr. Donald Trump), under which the fighting ceased, all hostages held by Hamas were released in exchange for Palestinian prisoners, and IDF forces withdrew from parts of the Gaza Strip. Following the ceasefire and the halting of the military escalation, the international credit rating agency Standard & Poor's (S&P) announced on November 7, 2025, an upgrade of the outlook for the State of Israel from "negative" to "stable," although it did not raise the state's credit rating and left it at level A.

On February 28, 2026, after a period of attempts to reach understandings with the Islamic Republic of Iran ("**Iran**"), a significant escalation occurred in the international arena, during which Israel and the United States launched the military operation "Lion's Roar," a large-scale operation that included airstrikes against military targets, infrastructure, and headquarters in Iran, including actions taken against senior members of the Iranian regime ("**Operation Lion's Roar**"). Operation Lion's Roar was intended, among other things, to reduce Iran's military capabilities and to affect the balance of strategic risks in the Middle East region. In response, Iran launched attacks against targets in Israel and near its borders, as well as against additional targets in the Middle East region.

During the escalation, the Hezbollah organization, a Lebanese Shiite organization supported by Iran and a clear ally of Iran, joined the conflict, launching rockets at Israeli territory from Lebanon. In response, the IDF carried out strikes against Hezbollah targets in Lebanon.

The aforementioned escalation had, among other things, immediate effects on the Israeli economy, including the declaration of a state of emergency, the issuance of emergency orders and restrictions on activity in the economy, the shutdown of educational institutions and workplaces, reduction of activity in various sectors, and large-scale reserve mobilization. These measures lead, among other things, to operational disruptions, delays in schedules, and increased costs of materials and manpower. As of this date, the Company is unable to assess its immediate impact on the Company and its operations.

It should be clarified that Operation Lion's Roar began on February 28, 2026, and therefore, as of the date of publication of this report, and at the stage in which the campaign against Iran stands, the Company is unable to assess the impact of the operation on the Company's operations. Nevertheless, as of the date of publication of the report, most hotels in Israel are closed and those that are open are hosting mainly evacuees, the construction sites in the Company's projects and ICR are operating as usual.

Note 32 - Events after the Reporting Period

a. Decision regarding dividend distribution:

On March 23, 2026, the Board of Directors of the Company approved a cash dividend distribution in the amount of NIS 25,000 thousand to the Company's shareholders.

b. Investment in Norstar shares:

After the balance sheet date and up to shortly before the publication of the financial statements, the price of Norstar shares increased by approximately 25%. If there are no further material changes in the share price, the Company is expected to record a profit after tax in the first quarter of approximately NIS 11 million in respect of the investment in these shares.

c. Private allocation of shares to investors:

Further to the provisions of Note 16D, on January 25, 2026, after the balance sheet date, the Board of Directors of the Company approved a private allocation of shares of the Company to an institutional entity from the Harel Group, which is a shareholder in the Company, (hereinafter: the "**Investor**"), within which the Company allocated

To the Investor, 10,198,300 shares of the Company at a price of NIS 17.65 per one share of the Company and for total consideration of approximately NIS 180 million.

d. The Hotel Company – lease and management agreement for The George Hotel in Tel Aviv:

On January 1, 2026, Israel Canada Hotels Holdings signed a lease and management agreement in relation to the "The George" hotel in Tel Aviv (including commercial areas and parking spaces), with Electra Alpha Ltd. (the owner of the Property), a Subsidiary controlled by Electra Ltd.

The lease agreement is for a period of 5 years, with an option to extend for an additional 5 years.

Israel Canada Hotels Holdings will operate the hotel, which includes 167 guest rooms in addition to public areas, including dining rooms, conference and event halls, a pool, bar and members club, as well as service areas of appropriate scope. The agreement includes provisions customary in agreements of this type, including fixed lease fees, variable lease fees, and the like.

Within the framework of the transaction, a management agreement was also signed, according to which the subsidiary will manage the members club operating in the hotel, known as "Friends of George," and will be entitled to revenues arising from its management.

The agreement was conditioned on receipt of approval from the Competition Commissioner, which was actually received, and the subsidiary commenced operation of the hotel on March 1, 2026.

e. The Hotel Company – issuance of Bonds Series A:

On January 26, 2026, the Hotel Company issued bonds (Series A) in a total nominal value of NIS 150 million, which were listed for trading on the Tel Aviv Stock Exchange.

The bonds bear a fixed annual interest rate of 5.84%, are not linked to the index, and are to be repaid in 7 unequal installments in the years 2027–2030. The bonds are unsecured and unrated.

f. The Hotel Company – private placement:

On January 28, 2026, the Board of Directors of the Hotel Company approved a private placement of 68,159,688 ordinary shares of the Company to an institutional entity from the Harel Group (hereinafter: the "**Investor**") for total consideration of approximately NIS 70 million (NIS 1.027 per share). The allocated shares constitute approximately 7.59% of the issued and paid-up share capital of the Hotel Company (and approximately 7.47% on a fully diluted basis).

Upon completion of the allocation, the Investor will become an Interested Party in the Hotel Company.

Note 32 – Events after the Reporting Period (continued):

g. Entry into a transaction for the merger of Acro:

On February 18, 2026, after the balance sheet date, the Company entered into a statutory merger agreement with Acro Group Ltd. (hereinafter: "**Acro**"), according to which, subject to the fulfillment of conditions precedent which will be detailed below, Acro will merge with and into the Company, such that all of Acro's assets and liabilities will be transferred to the Company as-is (hereinafter: the "**Merger**").

The merger transaction, if carried out, will be executed as a cash (40%) and shares (60%) transaction, according to agreed value ratios for the purpose of determining the merger ratio only, of NIS 6.9 billion for the Company and NIS 3.1 billion for Acro (reflecting an exchange ratio of 1:2.2258). Notwithstanding the foregoing, if 517,242 Acro share options, previously allocated by Acro to institutional investors, are exercised by the final exercise date, which is August 5, 2026, the value of Acro for the purpose of determining the merger ratio will increase by the full amount of the exercise proceeds of said options received by Acro.

The entry into force of the agreement is subject to the fulfillment of the conditions precedent by September 10, 2026, with the possibility of postponing said date until February 28, 2027 (the "**Final Date**"), the main ones being as follows:

1. Approval of the Board of Directors of each of the companies participating in the Merger, which was received on February 18, 2026, as well as approval of the general meeting of each of the companies participating in the Merger in accordance with the provisions of Sections 314 and 320 of the Companies Law by a simple majority. The general meetings of both companies were set for April 12, 2026.
2. Receipt of approval from the Tax Authority for a tax ruling (pre-ruling) under Section 103 of the Income Tax Ordinance [New Version], 5721-1961, according to which the allocated shares to be allocated by the Company to the shareholders of Acro will be taxed only upon their sale and not upon their allocation.
3. Completion of all procedures required for the merger transaction in accordance with the first chapter of the eighth part of the Companies Law and the regulations enacted thereunder, including receipt of a merger certificate from the Companies Registrar.
4. Receipt of approval from the stock exchange for the listing for trading of the shares and new bond series of the Company to be allocated (in place of the existing series) according to a shelf offering report to be published by the Company, as well as receipt of a permit from the Securities Authority for the shelf offering report.
5. Receipt of approval from the financing parties of the Company and Acro for the merger transaction, to the extent that such approval is required under the terms of their engagement.
6. Receipt of approval from the Competition Commissioner.

In addition, it was agreed that until the completion date, Acro will not perform any action outside the ordinary course of business and will not make any distribution, as defined in the Companies Law. In addition, Acro will not make any allocation of shares or convertible securities except in connection with Acro's non-tradable options. It will also be permitted to raise bonds by Acro in an amount not exceeding the amount set in the agreement. The Company will not perform any action outside its ordinary course of business and will not make any distribution, as defined in the Companies Law, except for a permitted distribution in a monetary amount not exceeding NIS 25 million.

h. Assisted living:

Further to the provisions of Note 15s, on March 11, 2026, after the balance sheet date, the Assisted Living Company entered into an investment agreement with three veteran pension funds under arrangement ("**Amitim**"), for the investment of Amitim in the Assisted Living Company (the "**Investment Agreement**"), according to which the Assisted Living Company will allocate to Amitim shares constituting approximately 19.8% of the issued and paid-up share capital of the Assisted Living Company (including on a fully diluted basis), in exchange for an equity investment of approximately NIS 28 million (the "**Consideration**"), as well as a shareholder loan from Amitim in the amount of approximately NIS 30 million (the "**Shareholder Loan**"), reflecting 20% of the total shareholder loans provided to the Assisted Living Company, including to the second-tier subsidiary.

The Consideration and the Shareholder Loan will be used to reduce the bank debt of the Assisted Living Company and for future growth and acquisition or establishment of additional assets in the field of assisted living.

Note 32 - Events after the Reporting Period (continued):

h. Assisted living (continued):

In addition, an investment framework was set by Amitim in the amount of up to NIS 100 million (including the Consideration and the Shareholder Loan, so that future investment by Amitim will be limited to approximately an additional NIS 42 million) ("**Amitim Framework**"). Any amount to be provided by Amitim from the Amitim Framework will be provided in parallel by the Company, according to its relative share. It should be noted that after the utilization of the Amitim Framework, a mechanism was set that will allow additional financing for the Assisted Living Company, even if Amitim does not participate in it.