



Ramat Gan, 24<sup>th</sup> January 2024

To:  
The Securities Authority  
[www.isa.gov.il](http://www.isa.gov.il)

To:  
The Tel Aviv Stock Exchange  
[www.tase.co.il](http://www.tase.co.il)

**Re: immediate report on indications of recording losses from adjustment of the fair value of investment real estate in Q4 2023 in overseas investee companies**

1. Alony-Hetz Properties and Investments Ltd. (the “**Company**”) hereby announces that in preparation of the process of drafting the Company’s consolidated financial statements for 31<sup>st</sup> December 2023, the Company has received indications from investee private companies of the Company (Carr and AH Boston and in the UK Brockton Everlast) (hereinafter: the “**Overseas Private Companies**”) that the Company is expected to record, **for Q4 2023**, losses owing to adjustment of fair value of investment real estate (“**revaluation losses**”) to a volume of approximately NIS 1.3 billion (approximately NIS 7.5 / share).
2. **The said figures refer to the revaluation losses of the Overseas Private Companies only and do not refer to the results of their current positive real operations. In addition, the figures do not refer to the results of Amot Investments Ltd. or the results of Energix Renewable Energies Ltd.**
3. The share of the Company in the value reductions recorded in the United States is NIS 775 million and in the United Kingdom NIS 566 million. The said revaluation losses are according to appraisal reports that are being examined by the private companies overseas, including being audited by the accountants, and may be subject to changes. After the said reduction, the cap rate in the United States stands at 7.2% (stabilized cap rate - 8.2%) and in the United Kingdom a cap rate of 5.8% (stabilized cap rate - 6.0%).
4. Given the said reduction, as of the end of 2023, **the estimate of the Company’s financial capital** (measurement on a tradable NAV basis in relation to the exchange

prices of the tradable subsidiaries and an IFRS based equity estimate of the Overseas Private Companies for the end of 2023) is **approximately NIS 7.8 billion** (approximately NIS 43 per share), from which a financial leverage rate of approximately 42% is derived.

5. **Appendix A** contains tables summarizing the revalue losses that the Overseas Private Companies recorded (on a 100% basis), in local currency terms, in the nine month period ended 30th September 2023 and those that they are expected to record for Q4 2023.
6. **Appendix B** contains a table summarizing the revalue losses in NIS million recorded by the Company (based on its share), in the nine month period ended 30th September 2023 and those that it is expected to record for Q4 2023, according to its share in the private companies in the United States and the United Kingdom (without the effect of taxes).

Best regards

Alony Hetz Properties and Investments Ltd.

By Nathan Hetz, CEO

and Oren Frenkel, CFO

## Appendix A - revaluation losses in the Overseas Private Companies (in 100% terms)

### 1) United States – (Carr Properties and - AH BOSTON) (in USD million)

Period	Property types			Reasons for changes in property value			
	Income generating properties	Properties under development and construction	Total Investments in real estate:	Increase in discount cash flow & terminal cap rate	Change in future assumptions about rentals	Others	Total
Nine months ended 30th September 2023	(529)	(39)	(568)	(345)	(192)	(31)	(568)
Q4 2023 <sup>1</sup>	(323)	(94)	(417) <sup>2</sup>	(282) <sup>3</sup>	(115)	(20)	(417)
Total for 2023	(852)	(133)	(985)	(627)	(307)	(51)	(985)
<b>Comparative figures</b>							
Total for 2022	(629)	(29)	(658)				
Total for 2021	(88)	121	33				

<sup>1</sup> The revaluation losses set forth are according to appraisal reports that are being examined by the private companies overseas, including being audited by the accountants, and may be subject to changes.

<sup>2</sup> Mainly due to a loss from impairment of the ONE CONGRESS Building totaling 108 million dollars (CARR's share of the building - 75%) due to an increase in the discounting rate by 0.5% and a loss of 136 million dollars from impairment of the MIDTOWN Center building (CARR's share of the building- 51%) due to a shortening of Fannie Mae's rental agreement period and an increase in discounting rates by 0.5%.

<sup>3</sup> In Q4 2023 - an increase in the discount cash flow and terminal cap rate of about 0.5% on average.

## 2) United Kingdom (Brockton Everlast) (in GBP million)

Period	Property types			Reasons for changes in property value			
	Income generating properties	Properties under development and construction	Total investments in real estate	Increase in the cap rate	Change in future assumptions about rentals	Others	Total
The nine months ended 30th September 2023	(28)	(81)	(109)	(101)	4	(12)	(109)
Q4 2023 <sup>1</sup>	(103) <sup>4</sup>	(40)	(143)	(81) <sup>5</sup>	(38)	(24)	(143)
Total for 2023	(131)	(121)	(252)	(182)	(34)	(36)	(252)
<b>Comparative figures</b>							
Total for 2022	2	(74)	(72)				
Total for 2021	34	191	225				

<sup>4</sup> Mainly due to a loss of GBP 69 million from impairment of the WATERSIDE HOUSE building as a result of neutralization of the component of value increase in future development and increasing the discounting rate by 0.5%.

<sup>5</sup>In Q4 2023 - an increase in the cap rate by 0.5%.

**Appendix B - the company's share in the revaluation losses of the overseas private companies (in NIS million)**

2023			2022	2021
The nine months ended 30th September 2023	Q4	Total annual		
(1,418)	(1,341)	(2,759)	(1,344)	1,006