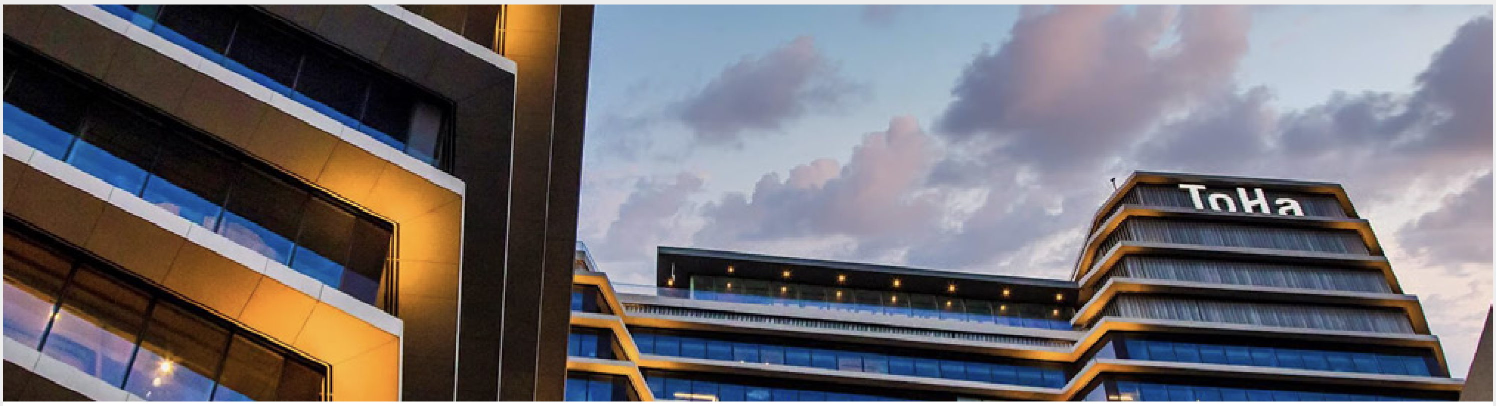
This document is an unofficial translation of the Company's Board of Directors' Report and certain parts of its 2024 Annual Financial Statement (main reports without notes) from the original report in Hebrew dated March 11, 2025 (Reference Number: 2025-01-015923) (the "Report"). This translation is published for convenience purposes only, while the Hebrew version of the Report is the binding one.

TOHA II / AMOT / TEL AVIV / SIMULATION

QUARTERLY REPORT AS OF MARCH 31, 2025

ALONY HETZ PROPERTIES & INVESTMENTS LTD

AlonyHetz
Properties & Investments Ltd



AMOT / TOHA I / TEL AVIV, ISRAEL

Description of the Corporation's Business

Consolidated Financial Statements

Report on the Effectiveness of Internal Control of Financial Reporting and Disclosure

Reference to the Report on the Corporation's Liabilities by Repayment Dates

Attachment of the Financial Statements of an Associate - Carr

Auditor's Consent Letters

QUARTERLY REPORT AS OF MARCH 31, 2025

ALONY HETZ PROPERTIES & INVESTMENTS LTD

AlonyHetz
Properties & Investments Ltd

ATRIUM / AMOT / RAMAT GAN

DESCRIPTION OF THE CORPORATION'S BUSINESS

ALONY HETZ PROPERTIES & INVESTMENTS LTD

AlonyHetz
Properties & Investments Ltd

Ramat Gan, May 19, 2025

Board of Directors' Report for the Three Month Period ended March 31, 2025

The Board of Directors of Alony-Hetz Properties and Investments Ltd. (hereinafter: the "**Company**") is pleased to submit the Company's Board of Directors' Report for the three-month period ended March 31, 2025 (hereinafter: the "**Reporting Period**"). This Board of Directors' Report and its updates were prepared on the assumption that the reader has access to the Company's periodic report for the year 2024, which the Company published on March 11, 2025 (Ref: 2025-01-015923), including the "Description of the Corporation's Business" chapter, the "Report of the Board of Directors on the Status of the Corporation's Business" and the "Consolidated Financial Statements" (hereinafter, collectively - the "**2024 Periodic Report**").

1. Concise description of the Group

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

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

1.1 The Group's main income-generating property investments as of March 31, 2025:

Activity in Israel

Holdings at a rate of 51.05% in Amot Investments Ltd. (hereinafter - "**Amot**"), a publicly traded income-generating property company whose securities are listed on the Tel Aviv Stock Exchange Ltd. For additional information, see Section 2.3.4 below.

Activity in the United States

- Holdings of 47.8% of the equity rights and 50% of the controlling interest in Carr Properties (hereinafter - "**Carr**"), a private company, a private company with income-generating property operations whose properties are located in the United States, in the Washington D.C. area, in Boston and in Austin, Texas. For additional information, please see Section 2.3.5 below.

- Holdings at a rate of 55% of the equity rights and 50% of the control in three property companies in the Boston metropolitan area (hereinafter - "**AH Boston**"). Two of the properties are in the Boston CBD and one is in East Cambridge. For additional information, see Section 2.3.6 below.

Activity in the UK

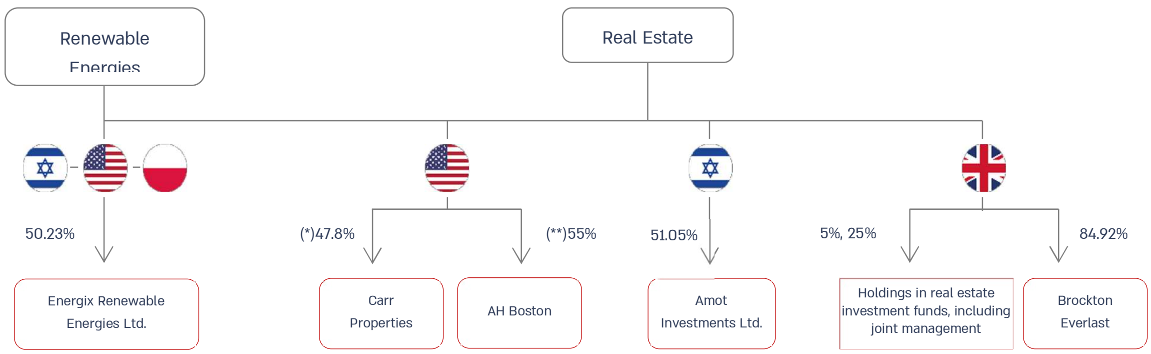
- Holdings of 84.92% in the rights of Brockton Everlast Inc. Limited (hereinafter - "**BE**"), a private company engaged in the purchase, development and betterment, construction, management and maintenance of income-generating property in the London, Cambridge and Oxford metropolitan areas in the UK. For additional information, please see Section 2.3.7 below.

- Holdings in two UK real estate funds from the Brockton Group.

1.2 The Group's renewable energy investments as of March 31, 2025:

Holdings of 50.23% in Energix - Renewable Energies Ltd. (hereinafter - "**Energix**"), a public company whose securities are listed for trading on the Tel Aviv Stock Exchange Ltd. Energix engages in the initiation, development, financing, construction, management and operation of facilities for the electricity generation from renewable energy sources, storage and sale of electricity generated in these facilities, with the intention of holding them for the long term. As of the date of the report, Energix has operations in Israel, Poland and in the United States. For additional information, please see Section 2.3.8 below.

1.3 The following are the Group's main holdings as of March 31, 2025:



* The Company and JP Morgan (through SSPF Investment Fund, managed by JP Morgan) have joint control in Carr.

** Joint holdings with Oxford Properties in three property companies that own office buildings and a laboratory building in Boston. The Company and Oxford Properties have a joint control agreement.

1.4 Stock Market Indices

The Company's shares are traded on the Tel Aviv Stock Exchange Ltd. (hereinafter - the "**TASE**"). The main stock market indices to which the Company's securities belong are: TA-90, TA-125, TEREAL, TA-Investment Properties in Israel, Tel-Div, the various TelBond indices, TA 125 - Fossil-Fuel-Free Climate index and the Tel Aviv - Maala index.

1.5 Main events from the beginning of 2025 to the date of publication of the report

Alony-Hetz (the Company expanded solo)	▪ A new credit facility of NIS 200 million and an increase in an existing credit facility of an additional NIS 50 million, replacing a credit facility of NIS 250 million that was canceled.
BROCKTON EVERLAST	▪ Start of construction of the Dovetail building in the City of London (BE is in the process of demolishing the buildings existing on the site).
CARR PROPERTIES	▪ Engagement in a non-binding memorandum of understanding for the redemption of JPM's holdings in Carr. ▪ Engagement in agreements for the sale of two properties for total consideration of USD 120 million. ▪ Engagement in a loan agreement for the One Congress building in the amount of USD 650 million (7-year average duration) replacing a construction financing loan in the amount of USD 570 million.
Energix Renewable Energies	▪ **Lithuania** - Estimates for the completion of the first project's acquisition in Lithuania (140 MW wind and 330 MWp photovoltaic). ▪ **USA** - Completion of the construction of 3 projects from the E4 backlog with a capacity of 70 MWp. ▪ Debt raising through the expansion of bonds (Series A) in the amount of NIS 549 million for a total net consideration of approx. NIS 504 million. ▪ Increase in credit facilities in the amount of approx. NIS 800 million.

1.6 Summary of the main data - the Group

Main financial results - Consolidated Statements	Unit	Q1/2025	Q1/2024	2024	% Change[1]
Revenue from rental fees and management of investment property	NIS thousands	349,134	331,478	1,389,184	5.3
Fair value adjustments of investment property	NIS thousands	7,225	(73,372)	607,208	109.8
Group share in the profits (losses) of associates, net	NIS thousands	53,126	(319,174)	(540,178)	116.6
Revenue from sale of electricity and green certificates	NIS thousands	169,293	222,548	856,210	23.9
Profit (loss) for the period	NIS thousands	164,956	(238,853)	249,206	169.1
Profit (loss) for the period attributed to Company shareholders	NIS thousands	66,974	(339,821)	(346,199)	119.7
Comprehensive income (loss) for the period, attributed to Company shareholders	NIS thousands	209,475	(313,205)	(443,351)	166.9
Total balance sheet	NIS thousands	40,755,400	38,453,745	40,047,643	1.8
Equity (including non-controlling interests)	NIS thousands	11,817,344	10,698,776	11,632,526	1.6
Financial debt (bank credit and bonds)[2]	NIS thousands	22,954,440	22,862,704	22,419,722	2.4
Net financial debt[3]	NIS thousands	22,122,424	21,308,885	20,895,396	5.9
Ratio of net financial debt to total balance sheet[4]	%	56.4	57.7	54.2	(2.3)
Main financial results - Expanded Solo[5]					
Total balance sheet	NIS thousands	11,057,932	10,655,325	11,329,550	(2.4)
Equity attributed to Company shareholders	NIS thousands	5,572,385	4,658,838	5,413,576	2.9
Financial debt (bank credit and bonds)[2]	NIS thousands	5,392,020	6,102,223	5,825,236	(7.4)
Net financial debt[3]	NIS thousands	5,293,557	5,962,761	5,183,474	2.1
Ratio of net financial debt to total balance sheet[4]	%	48.3	56.7	48.5	(.4)
Earnings (loss) per share data					
Earnings (loss) per share - basic	NIS	0.31	(1.89)	(1.81)	116.4
Comprehensive income (loss) per share - basic	NIS	0.97	(1.74)	(2.32)	156
Current dividend per share	NIS	0.24	0.18	0.72	33.3
NAV per share	NIS	25.91	25.92	25.18	2.9
NNAV per share[6]	NIS	30.47	30.92	29.65	2.8
Price per share at end of period	NIS	29.00	26.53	30.40	(4.6)

1. Balance sheet data of March 31, 2025 compared to December 31, 2024. Result data of 1-3/2025 compared to 1-3/2024.

2. Financial debt also includes assets/liabilities of derivative transactions carried out by the Group.

3. Financial debt presented net of cash balances. The Company's financial debt (expanded solo) as of March 31, 2025 is the financial debt less cash balances. For information regarding the adjusted leverage rate, please see Section 2.4.3 below.

4. Net financial debt as a percent of total balance sheet, less cash balances. The Company's net financial debt (expanded solo) as of March 31, 2025 is the financial debt less cash balances. For information regarding the adjusted leverage rate, please see Section 2.4.3 below.

5. In the expanded solo balance sheet, the investment in Amot, Energix and BE is presented on an equity basis instead of the consolidation of their statements with the Company's statements (the remaining investments are presented unchanged in the statement presented in accordance with IFRS principles).

6. When calculating the NNAV per share, the Company's tax reserves (expanded solo) were neutralized, as was the Company's share in the tax reserves of investees.

1.7 Summary of the main data - Investees

		Q1/2025	Q1/2024	2024	% Change[7]
Investment in Israel - Amot Investments Ltd. (rate of holdings - 51.05%)[8]					
Number of income-generating properties	Unit	112	113	112	
Value of investment property (without property in development)	NIS thousands	17,316,751	16,838,309	17,294,792	0.1
Weighted discount rate derived from investment property	%	6.4	6.35	6.42	
Occupancy rate at end of period[9]	%	93.2	93.2	92.3	
Value of investment property in development	NIS thousands	3,506,985	2,839,107	3,316,001	5.8
Ratio of net financial debt to total balance sheet	%	45.0	45.0	44.0	
NOI[10]	NIS thousands	264,328	255,116	1,042,713	3.6
FFO[11] per share - according to the Management's approach	NIS	0.429	0.429	1.746	-
NAV per share	NIS	19.28	18.6	19.44	(0.8)
Price per share at end of period	NIS	17.96	17.49	20.64	(13.0)
Investment in the United States - Carr Properties Corporation (rate of holdings - 47.8%)[12]					
Number of income-generating properties	Unit	12	13	12	
Value of investment property (without property in self-development)	USD thousands	2,006,740	1,512,512	1,976,408	1.5
Rental rate	%	88.2	89.9	89.4	
Number of properties in development	Unit	2	3	2	
Value of self-developed properties	USD thousands	33,647	742,795	48,406	(30.5)
Ratio of net financial debt to total balance sheet	%	62.6	59.4	64	
[13]NOI	USD thousands	39,337	41,108	151,879	(4.3)
FFO [11]	USD thousands	18,008	18,063	62,458	(0.3)

7. Balance sheet data of March 31, 2025 compared to December 31, 2024. Result data of 1-3/2025 compared to 1-3/2024.

8. The main figures for Amot are from the Amot's expanded consolidated financial statements published in Amot's Board of Directors' Report (hereinafter: "**Amot's Pro Forma Reports**"). Amot's Pro Forma Reports are Amot's reports presented according to IFRS principles, with the exception of the implementation of IFRS 11 "Joint Arrangements", which came into effect on January 1, 2013. In Amot's Pro Forma Reports, the investments in investees, presented based on the equity method in Amot's Financial Statements, are neutralized and presented according to the relative consolidation method, similar to their treatment prior to IFRS coming into effect.

9. Without a property realized subsequent to the balance sheet date.

10. Net operating income.

11. Funds from operations.

12. The financial data presented above includes Carr's economic share in its assets and liabilities and those of all its investees, including of companies that are not consolidated in its financial statements prepared in accordance with IFRS principles.

13. Including NOI from property management.

1.8 Summary of the main data - Investees (continued)

		Q1/2025	Q1/2024	2024	% Change[14]
Investment in the UK - Brockton Everlast Inc. Limited (rate of holdings - 84.92%)					
Number of income-generating properties	Unit	11	10	10	
Value of investment property	GBP thousands	712,825	682,200	690,500	3.2
Occupancy rate at end of period	%	97.4	97.9	97.3	
Value of land for initiation	GBP thousands	428,950	372,950	421,450	1.8
Ratio of financial debt to total balance sheet	%	30.4	31.8	29	
NOI	GBP thousands	9,751	10,433	42,730	(6.5)
FFO	GBP thousands	2,047	2,672	12,375	(23.4)
Investment in renewable energy - Energix Renewable Energies Ltd. (rate of holdings – 50.23%)					
Installed capacity from connected photovoltaic systems (MWp) - Energix's share	Unit	1,048.8	978.0	1029.0	1.9
Installed capacity from connected wind systems (MW) - Energix's share	Unit	301.2	301.2	301.2	-
Balance of connected electricity-generating facilities - according to book value	NIS thousands	5,970,870	5,612,583	5,674,033	5.2
Price per share at end of period	NIS	10.13	13.52	12.5	(19)

14. Balance sheet data of March 31, 2025 compared to December 31, 2024. Result data of 1-3/2025 compared to 1-3/2024.

2. Board of Directors' Explanations for the State of Corporate Affairs

2.1 The business environment

1. For additional information regarding the business environment in which the Group operates in the areas of income-generating property and renewable energies, please see the Description of the Corporation's Business chapter in the 2024 Periodic Report.

2. **Income-generating property sector - The following is information regarding significant developments that occurred in the business environment of the Group companies engaged in the income-generating property sector, from the beginning of 2025 until close to the date of publication of the report:**

A. <u>Developments in Israel</u>

The Bank of Israel Research Division's macroeconomic forecast from April 2025 predicts GDP growth of 3.5% in 2025 and 4.0% in 2026. The forecast is based on the assumption that the renewed fighting in Gaza will not extend beyond the second quarter of 2025, and will not spread to additional fronts. The forecast includes estimates of the impact of the import tariffs imposed by the United States in April 2025, which are expected to lead to a 4% decline in global trade by the end of 2026, and reduce Israeli GDP growth by approx. 0.5 percentage points, in each of 2025 and 2026.

According to the above forecast, inflation in the next four quarters (until the first quarter of 2026) is expected to be 2.5%, during 2025 it is expected to be 2.6% and during 2026 approx. 2.2%. The average interest rate in the first quarter of 2026 is expected to be 4.0%, which represents a gradual decrease from its current level.

The state budget deficit is expected to be 4.2% of the GDP in 2025 and to decrease to 2.9% in 2026. The public debt is expected to be 69% of the GDP in 2025 and 68% in 2026.

Since the beginning of the year, there has been a gradual recovery in demand and transactions from tenants actively searching. In the local high-tech sector, there has been an increase in investments. In addition, it is evident that the "Flight to Quality" trend will continue and that the new space in Amot's core markets will continue to be almost fully occupied, compared to secondary markets, including Petah Tikva, Bnei Brak and Holon, where there is difficulty in filling vacancies and in trying to match rental fees with the rate of inflation.

B. <u>Developments in the United States</u>

During the first quarter of 2025, the US economy contracted, for the first time since the first quarter of 2022, by approx. 0.3%. The sharp reversal from the previous quarter's growth rate of 2.4% was mainly due to a sharp increase in imports of goods, as business owners prepare for the possible impact of the new tariffs that entered into effect. Additional data released shows that the unemployment rate in the United States rose slightly from 4.1% at the end of 2024 to 4.2% in the first quarter of 2025, indicating that labor markets remain strong.

The inflation rate decreased during the first quarter to an annual rate of approx. 2.4%, compared to an annual rate of approx. 2.9% in the fourth quarter of 2024. Despite the downward trend in the inflation rate, the Federal Reserve (the "**Fed**") decided to leave the Fed interest rate unchanged at its last meeting in May 2025, noting that the tariffs imposed were larger than expected and therefore short-term inflation expectations had increased. As of the date of publication of the report, the Fed interest rate is approx. 4.25%-4.50%. The yield on 10-year government bonds remains high despite having declined slightly since the end of the year - from 4.6% to around 4.4%.

Washington D.C.

As of March 2025, the vacancy rate for Trophy offices in Washington, D.C. was 12.9%, compared to 18.7% for Class A offices. Approx. 89% of the unleased space in Class A offices is in buildings built before 2015. Rental rates have remained stable, with a 28% gap between the two office types mentioned above.

During the first quarter of 2025, the leased space in Washington, D.C. amounted to approx. 1.4 million sq ft, with government and law firms leading the leasing volume. In the first quarter of 2025, there was a significant increase in the rate of return to offices, which is expected to have a positive effect on the continued demand for offices.

It should be noted that as of the date of publication of this report, in Washington, D.C. There is only one Trophy office building, which will be completed in 2025, half of which is already pre-leased.

The office-to-residential conversion trend continued to gain momentum during the first quarter of 2025, with 18 projects planned and 8 projects currently under construction.

Boston

As of March 2025, the vacancy rate in Boston's CBD remained at approx. 19.8% for Class A office space and 14.5% for Trophy office space. Rental prices for Trophy properties are approx. 24% higher than lower-level properties.

There was a positive trend in leasing in the first quarter of 2025, with over 1 million sq ft of leases signed. This is a 40% increase compared to the space leased in the first quarter of 2024.

Space offered for sublease remained unchanged at approx. 3.5 million sq ft, down 20% from the peak recorded in the third quarter of 2023.

C. Developments in the UK

According to the Bank of England's ("**BOE**") updated forecasts, the GDP is expected to increase by 1% in 2025, the same rate of increase as in 2024.

The UK unemployment rate rose from approx. 4.1% in August 2024 to 4.4% in November 2024, and remained at 4.4% as of February 2025.

As of March 2025, the annual inflation rate in the UK was 2.6%, above the central bank's target of 2%. The BOE maintained the monetary interest rate at 4.5% in March 2025, following a 25 basis point reduction from 4.75% in February 2025.

In the first quarter of 2025, London office leasing activity totaled 1.9 million sq ft, led by the City of London. This is a 15% increase compared to the corresponding period in 2024.

Prime rental fees rose for the third consecutive quarter to approx. GBP 160 per sq ft, reflecting annual rental fee growth of over 14%.

In the first quarter of 2025, the supply of offices decreased by 1% to approx. 22.5 million sq ft. The overall vacancy rate decreased marginally from 9.0% to 8.9% over the same period. The vacancy rate for new builds remained stable at 1.4%.

During the first quarter of 2025, office and laboratory leasing activity remained stable in Cambridge and Oxford while rental fees continued to rise. Laboratory discount rates remained at 4.75% and office discount rates also remained unchanged at 6.0%.

3. Renewable Energy Sector - **The following is information regarding a significant development as of the date of publication of the report in the US business environment in the renewable energy sector in which Energix operates:**

   In April 2025, the current US administration imposed a series of tariffs at a base rate of 10% on all goods, as part of its stated policy. Additional tariffs may apply to specific countries. According to publications, it is not possible to estimate how long the tariff decisions will be in effect and in any case, according to information provided to the Company based on Energix's assessment, the import tariff decisions are not expected to have a material impact on Energix's projects under construction and pre-construction in the United States.

   In addition, as of the date of approval of the report, discussions are underway regarding possible changes to the IRA law, under which, among other things, tax benefits (ITC) relevant to Energix's activities in the United States were regulated. In this context, in May 2025, a draft budget law was published that includes possible changes to the IRA legislation, including a gradual reduction of tax benefits from 2029 to 2032. However, according to publications regarding the published draft law, it appears that the changes with respect to tax benefits for the renewable energy sector are not significant for Energix's activities, among other things, in view of Energix's strategic cooperations, with an emphasis on First Solar and the guarantee of US-made panels for Energix's future projects in the United States.

   It should be clarified that as of the date of approval of the report, no changes have occurred in the provisions of the IRA Act, and although there is no certainty that there will indeed be an impairment of the ITC benefit structure, Energix has prepared in advance for possible changes in legislation as part of Safe Harbor protection under the current legislation. Accordingly, Energix estimates that it will be entitled to tax benefits in accordance with the current legislation in relation to the total number of projects expected to begin construction in the years 2025-2027, at a rate of 40%-50% of the construction cost recognized for the tax benefit.

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

2.2 Statement of Financial Position

Statement of Financial Position item	March 31, 2025 NIS millions	December 31, 2024 NIS millions	Notes and explanations
Cash and cash equivalents	832	1,524	For Statement of Cash Flows, please see Section 2.6 below.
Investment property, investment property in development and land rights (including investment property held for sale)	25,629	25,006	The increase stems from investments in property in development and in existing income-generating properties. Part of the increase stems from Amot in the amount of approx. NIS 192 million (approx. NIS 41.5 million for the acquisition of half of a land division with an area of approx. 1 dunam adjacent to the ToHa project) and NIS 140 million in BE, as well as from the effect of exchange rates on BE's properties (approx. NIS 276 million).
Investments in companies accounted for according to the equity method and securities measured at fair value through profit and loss	2,381	2,303	The following are the main changes: • Profits recorded in associates in the amount of approx. NIS 53 million, which stems in part from positive real estate valuations in the United States (Carr and AH Boston) in the reporting period. For information on this matter, please see Sections 2.3.3 and 2.5.2 below. For information regarding changes in the balance of investments in associates, please see Notes 6, 7 and 11(c) to the financial statements.
Electricity-generating facilities - connected and in development	10,593	9,943	Most of the increase is due to Energix's investments in the initiation and development of projects in the United States and in Israel. For information regarding electricity-generating facilities, please see Note 5 to the financial statements.
Other assets	1,320	1,272	
Total assets	40,755	40,048	
Loans and bonds	22,623	22,082	The following are the main changes: • Raising of bonds and receipt of loans in the amount of NIS 1 billion. • Repayment of bonds and loans in the amount of NIS 0.8 billion. For information regarding the main changes in the Group's financial debt, please see Section 2.4.3 below.
Other liabilities	6,315	6,333	
Total liabilities	28,938	28,415	
Equity attributed to shareholders	5,572	5,414	For information regarding the main changes in equity attributed to shareholders, please see Section 2.7.2 below.
Non-controlling interests	6,245	6,219	
Total equity	11,817	11,633	
Total liabilities and equity	40,755	40,048	

2.3 Investments

2.3.1 The following are the Company's investments (expanded solo) as of March 31, 2025:

	Currency	Number of shares	Balance in the Company's books (expanded solo)	Value	Value measurement basis
			NIS thousands	NIS thousands	
Amot	NIS	240,718,672	4,621,466	4,323,307	Stock market value - tradable
Energix	USD/PLN/NIS	276,060,936	1,135,644	2,796,497	Stock market value - tradable
CARR	USD	-	1,372,580	1,372,580	Equity method
BOSTON AH	USD	-	353,027	353,027	Equity method
BROCKTON EVERLAST	GBP	-	3,188,664	3,188,664	Equity method
BROCKTON FUNDS[15]	GBP	-	219,616	219,616	Equity method
Other[16]			102,942	102,942	
Total			10,993,938	12,356,633(*)	

(*) As of the date of publication of this report, the value of the holdings is NIS 13.3 billion.

2.3.2 The Company's investments (expanded solo) in the reporting period and subsequent to the balance sheet date

During the reporting period and subsequent to the balance sheet date, the Company (expanded solo) invested in its investees, as follows:

	Q1/2025	Subsequent to the balance sheet date	Total
	In NIS millions	In NIS millions	In NIS millions
Brockton Everlast	53	-	53
AH Boston	6	4	10
	59	4	63

[16] Including mainly cash in the amount of NIS 98 million.

2.3.3 Property revaluations

For information regarding the concentration of the investment property valuations recorded by the Company's investees in the reporting period (the three-month period ended March 31, 2025), please see Note 2.3.4, 2.3.5, 2.3.6 and 2.3.7 below.

2.3.4 Investment in property in Israel - through Amot

As of March 31, 2025, the Company holds 51.05% in Amot.

2.3.4.1 Information regarding Energix's activity in Israel

For information regarding Amot's activity, see Chapter B of the Company's Description of Corporate Business for 2024 and Section 2.3.4 of the Company's Board of Directors' Report for 2024.

2.3.4.2 Developments in Amot's business in the reporting period are as follows:

Further to Note 4b to the 2024 Annual Financial Statements -

- **Halehi Complex (the Park)** - Amot has signed lease contracts for approx. 13 thousand sq m (Amot's share - 50%), which are expected to generate annual rental fees of approx. NIS 21 million (Amot's share - 50%). Form 4 for the office tower is expected in the fourth quarter of 2025.
- **ToHa2 tower** - The construction of the tower is progressing and as of the date of publication of the report, approx. 65% of the skeleton work has been completed in accordance with the planned schedule. The ToHa2 envelope and systems work are also progressing according to plan and the expected completion of construction and receipt of Form 4 is at the end of 2026.
- **Acquisition of land reserves adjacent to ToHa** - In January 2025, Amot entered into an agreement with an unrelated third party for the acquisition of half of a land division of approx. one dunam adjacent to the ToHa project, on which it will be possible to build approx. 2,000 sq m of employment and approx. 33 residential units, for a payment of NIS 41.5 million, plus VAT as required by law.

2.3.4.3 Fair value adjustments of investment property

In the reporting period, Amot recorded a positive revaluation in its financial statements in the amount of approx. NIS 13 million.

Amot's FFO

	Amot Investments Ltd.		
	NIS thousands		
	Q1/2025	Q1/2024	2024
Profit for the year	**159,231**	**149,171**	**919,002**
Adjustments:			
Profit from change in fair value of investment property and profit from sale of investment property	(16,797)	(22,633)	(570,485)
Acquisition costs recognized in profit and loss	3,510	19,302	23,053
Current and deferred tax effects of the above adjustments	29,005	29,743	154,578
FFO - according to the Authority's approach	**174,949**	**175,583**	**526,148**
Management's approach, additional adjustments:			
Share-based payment	2,118	1,814	8,324
Depreciation and amortizations	726	795	2,850
Linkage differential expenses on the debt principal	24,534	23,577	285,863
FFO - according to the Management's approach	**202,327**	**201,769**	**823,185**
Alony-Hetz's share in FFO - according to the Authority's approach, in NIS thousands	**89,316**	**89,803**	**268,752**
Alony-Hetz's share in FFO - according to the Management's approach, in NIS thousands	**103,293**	**103,197**	**420,476**

(*) The FFO in respect of Amot is presented without excluding intercompany balances.

2.3.5 Investment in Carr

As of March 31, 2025 and close to the date of publication of the financial statements, the Group's effective holding in Carr is 47.8%. The balance of the investment in Carr in the financial statements as of March 31, 2025, is USD 369 million (NIS 1.37 billion).

2.3.5.1 Information regarding Carr's activity

For information regarding Carr's activity, see Chapter C1 of the Company's Description of Corporate Business for 2024 and Section 2.3.5 of the Board of Directors' Report for 2024.

2.3.5.2 Developments in Amot's business in the reporting period and subsequent to the date of the report are as follows:

Non-binding memorandum of understanding with JPM - In February 2025, Carr entered into a non-binding memorandum of understanding with JPM (hereinafter - the "**Memorandum of Understanding**"), under which Carr will redeem JPM's entire holdings in Carr, in exchange for the transfer of full ownership of three of its property assets (net of liabilities) (hereinafter in this section - the "**transaction**").

As part of the preparations for the aforementioned redemption, Carr has performed and is performing the following actions (in the following order):

1.) **Realization of properties** - Subsequent to the date of the report, in April 2025, Carr engaged in agreements for the sale of two properties for a total consideration of USD 120 million. For information, please see Note 6c to the financial statements.

2.) **One Congress Building -** During May 2025, Carr and its partner in the building entered into a loan agreement in the amount of USD 650 million. The loan is for a period of 7 years and has a fixed interest rate of 5.78%. The loan was used by Carr and its partner to repay the financing for the building's construction in the amount of USD 570 million, while the balance was used to repay capital to the partnership (Carr's share - USD 60 million).

3.) Carr is working to obtain an additional loan, against a lien on three of its properties.

4.) The Company will inject equity into Carr in the amount of approx. USD 50 million.

5.) Carr will repay its entire utilized credit facilities, including short-term loans.

Upon completion of all of the steps detailed in Sections 1-5 above, Carr will redeem JPM's holdings (35.5%) in exchange for the transfer of full ownership of three properties free of any debt.

The Company's holding in Carr will increase to approx. 80% and it will be consolidated for the first time in the Company's financial statements.

Carr will relinquish ownership of, among other things, the Trophy properties it built, including One Congress in Boston, Midtown Center, The Willson and 1700 NY in Washington.

The information regarding the feasibility of the transaction's completion, including Carr's completion of the sale of the properties and taking new loans, the Company's injection of capital into Carr, is forward-looking information within the meaning of the Securities Law, 1968. Such information is based on estimates by the Company and Carr and there is no certainty that they will materialize in full or in part, due, among other things, to factors beyond the control of the Company or Carr.

Carr's FFO is as follows:

	Carr's FFO NIS thousands		
	Q1/2025	Q1/2024	2024
Profit for the year	**31,337**	**(140,820)**	**(145,080)**
Adjustments:			
Profit from change in fair value of investment property	(12,715)	98,304	129,392
Acquisition costs recognized in profit and loss	845	1,254	6,433
Current and deferred tax effects of the above adjustments	(110)	(45)	1,921
Adjustments as detailed above in respect of associates	924	62,651	74,725
FFO - according to the Authority's approach	**20,281**	**21,344**	**67,391**
Attributed to non-controlling interests	(2,992)	1,097	1,643
Adjustments stemming from the non-controlling interests' share in FFO	720	(4,378)	(6,576)
FFO - according to the Authority's approach attributed to Company shareholders	**18,009**	**18,063**	**62,458**
FFO - according to the Management's approach, in USD thousands	**18,009**	**18,063**	**62,458**
Management's approach, additional adjustments:			
NOI	36,806	38,722	137,168
Administrative and general expenses	(3,237)	(3,341)	(7,843)
Financing expenses	(15,560)	(17,318)	(66,867)
FFO - according to the Management's approach	**18,009**	**18,063**	**62,458**
Alony-Hetz's share in FFO - according to the Authority's approach, in NIS thousands	31,089	31,573	110,216
Alony-Hetz's share in FFO - according to the Management's approach, in NIS thousands	31,089	31,573	110,216

2.3.5.3 Fair value adjustments of investment property

In the reporting period, Carr recorded a net positive revaluation in the amount of USD 10 million in its financial statements (the Group's share in the positive revaluation before tax is approx. USD 5 million, (NIS 18 million)).

2.3.6 Investment in AH Boston

2.3.6.1 General

The Company holds approx. 55% of the capital rights and 50% of the controlling rights (through fully owned corporations) in three companies that hold two office towers and a laboratory building for the Life Sciences (two in the Boston CBD (Boston's central business district) and one in East Cambridge) (hereinafter, collectively - the "**Boston Partnerships**"). The Company's partner in the Boston Partnerships is the Oxford Properties Group (hereinafter: "**Oxford**").

The balance of the investment in the three Boston Partnerships, in the financial statements as of March 31, 2025, is USD 95 million (approx. NIS 353 million).

2.3.6.2 745 Atlantic:

As of the date of the report, the conversion of the 745 Atlantic building from an office building to a life science laboratory building has been completed, with the exception of tenant adaptation work, which is budgeted at USD 35 million. As of the date of publication of this report, no space has been leased yet in the building.
The information included in this section above regarding the project's adaptation work budget constitutes forward-looking information as defined in Section 32A of the Securities Law.

2.3.6.3 Summer 125:

In the reporting period, the main tenant in the building expanded the lease agreement by an additional 100 thousand sq.ft. and extended its total lease agreement by 256 thousand sq.ft. until 2033. The rate of leased space in the building is 92%.

2.3.6.3 Fair value adjustments of investment property

In the reporting period, positive revaluations were recorded in the amount of USD 1 million (the Group's share in the positive revaluation before tax is approx. USD 0.5 million, (NIS 2 million)).

AH Boston's FFO

	FFO - AH Boston		
	USD thousands		
	Q1/2025	Q1/2024	2024
Profit (loss) for the year	804	(37,018)	(136,952)
<u>Adjustments</u>:			
Loss (profit) from change in fair value of investment property	(719)	39,575	142,942
Depreciation and amortizations	1,400	1,302	5,202
Loss from changes in fair value or sale of financial instruments	471	838	3,498
FFO - according to the Authority's approach	1,956	4,696	14,690
FFO - according to the Management's approach	1,956	4,696	14,690
<u>Management's approach, additional adjustments</u>:			
NOI	5,633	7,607	28,510
Administrative and general expenses	(1,642)	(327)	(1,122)
Financing expenses	(2,035)	(2,311)	(12,698)
FFO - according to the Management's approach (*)	**1,956**	**4,969**	**14,690**
Alony-Hetz's share in FFO - according to the Authority's approach, in NIS thousands	**3,887**	**9,466**	**29,869**
Alony-Hetz's share in FFO - according to the Management's approach, in NIS thousands	**3,887**	**9,466**	**29,869**

(*) For the three month period ended March 31, 2025 and for the year ended December 31, 2024, the amount includes a cash flow deficit of USD 1 million and USD 3 million, respectively, in respect of operating expenses and interest on a project in development (Atlantic 745) that has not yet been leased.

2.3.7 Investment in Brockton Everlast ("**BE**"):

As of March 31, 2025 and close to the date of publication of the report, the Company indirectly held approx. 84.9% of the rights in BE. During the reporting period, the Company invested approx. GBP 11 million (approx. NIS 53 million) in BE's capital.

2.3.7.1 Information regarding BE's activity

- In the reporting period, BE commenced construction of the Dovetail building in the City of London (BE is in the process of demolishing the buildings existing on the site).
- During the reporting period, BE completed the acquisition of a 40 thousand sq ft office building in the Cambridge Science Park (hereinafter - the "**Building**"), for a consideration of approx. GBP 22 million (approx. GBP 24 million, including transaction costs).

  The building, which is fully leased to a single tenant, includes a car park which is planned to be used as a replacement for the construction of approx. half of the parking spaces in a project promoted by BE in the area, thereby saving the construction costs of that project by an amount exceeding the cost of purchasing the building.

In order to finance the acquisition of the building, BE took a loan in the amount of approx. GBP 13 million and the balance was financed through shareholders' equity.

For additional information regarding BE's activity, please see Chapter D of the Company's Description of Corporate Business for 2024 and Section 2.3.6 of the Board of Directors' Report for 2024.

2.3.7.2 Fair value adjustments of investment property

In the reporting period, BE recorded a negative revaluation of GBP 1.3 million (NIS 6 million) resulting from a reduction in the acquisition costs of a property in the Cambridge Science Park (see section 2.3.7.1 above).

2.3.7.3 Financial debt

- In February 2025, BE took a loan in the amount of GBP 45 million (NIS 202 million), replacing a loan of GBP 46 million, which was due. For additional information, please see Note 8d to the financial statements.
- As of March 31, 2025, BE had loans from banking corporations totaling approx. GBP 380 million, of which approx. GBP 280 million will be repaid during 2026. BE is in contact with financial institutions to refinance the aforementioned debts.

2.3.7.4 BE's FFO:

	FFO - BE		
	GDP thousands		
	Q1/2025	Q1/2024	2024
Loss for the year	**(1,133)**	**(15,521)**	**(26,942)**
Adjustments:			
Loss (profit) from change in fair value of investment property	1,333	16,504	(11,940)
Loss or reversal of an impairment loss according to IAS 36 (including impairment of an investment measured according to the equity method) or profit from a purchase at a bargain price	-	-	42,800
Loss (profit) from changes in fair value or sale of financial instruments	1,454	1,186	4,480
Current and deferred tax effects of the above adjustments	-	9	1,495
FFO - according to the Authority's approach, in GBP thousands	**1,654**	**2,178**	**9,893**
Management's approach, additional adjustments:			
Depreciation and amortizations	193	80	527
Share-based payment	200	494	2,314
Adjustment of tax expenses or income resulting from all of the above adjustments	-	(80)	(359)
FFO - according to the Management's approach, in GBP thousands	**2,047**	**2,672**	**12,375**
The following is a breakdown of FFO according to the Management's approach:			
NOI	9,752	10,260	42,730
Administrative and general expenses	(2,322)	(3,619)	(12,816)
Financing expenses	(5,383)	(4,977)	(20,006)
Management fee revenue from Brockton Funds	-	1,008	2,467
FFO - according to the Management's approach, in GBP thousands	2,047	2,672	12,375
Alony-Hetz's share in FFO - according to the Authority's approach, in NIS thousands	**6,386**	**8,454**	**39,208**
Alony-Hetz's share in FFO - according to the Management's approach, in NIS thousands	**7,903**	**10,367**	**49,032**

2.3.8 Investment in renewable energy through Energix

As part of Energix's total activity in Israel, the United States and Poland, the total capacity of its photovoltaic and wind energy systems, as of the date of approval of the report, amounts to approx. 1.4 GW and 189 MWh (storage), projects in commercial operation, approx. 844 MW and 258 MWh (storage) development and pre-construction (and up to an additional 470 MW, subject to the completion of the acquisition of the Jonava project in Lithuania), and approx. 633MW and 50 MWh (storage) in projects in advanced stages of initiation. In addition, Energix has photovoltaic and wind energy projects in initiation with a capacity of approx. 5 GW and storage projects in initiation with a capacity of approx. 11 GWh[17].

2.3.8.1 Information regarding Energix's activity

For information regarding Energix's activity, see Chapter F of the Company's Description of Corporate Business for 2024 and Section 2.3.8 of the Board of Directors' Report for 2024.

2.3.8.2 Developments in Energix's business in the reporting period and subsequent to the balance sheet date are as follows:

- **Construction work** - As of the date of approval of the report, Energix is in the midst of construction work on 13 projects with a total capacity of approx. 738 MW + 100 MWh, of which 7 projects are in the United States with a total capacity of approx. 563 MWp, 3 projects are in Poland with a total capacity of 30 MW + 100 MWh and 3 projects are in Israel with a total capacity of approx. 145 MW + 158 MWh.
- **Entry into operations in Lithuania** - In March 2025, Energix entered into an agreement for the acquisition of a combined wind and photovoltaic project with a total capacity of approx. 470 MW in Lithuania (approx. 140 MW wind and up to 330 MWp photovoltaic). This is Energix's first project in Lithuania, in the context of Energix's considerations for expanding its operations to Lithuania under its independent operations in Poland. The completion of the transaction and the transfer of ownership of the project to Energix for a total consideration of approx. EUR 25 million is subject to the granting of a construction permit for the project, which is expected in the coming weeks.

  As part of Energix's preparations to complete the transaction and commence construction of the project, in May 2025, Energix entered into a memorandum of understanding for the receipt of financing in the amount of up to EUR 240 million for the construction of the project, and it is in negotiations for an agreement with construction contractors and to purchase the main equipment required for the project.

  The total construction cost of the project is estimated at approx. EUR 350-390 million. Based on the expected electricity prices in Lithuania, the expected average revenue, project EBITDA and net cash flow in the first five years are EUR 50-60 million, EUR 40-48 million and EUR 16-22 million, respectively.

[17] Including 3 projects with a capacity of approx. 70 MWp that were connected and began commercial operation subsequent to the balance sheet date.

United States

- For information regarding the imposition of tariffs by the Trump administration, please see Section 2.1(3) above and Note 5b.1 to the financial statements.
- **Completion of construction and commercial operation of 3 projects from the E4 backlog** - As of the date of approval of the report, Energix has completed the construction of 3 projects with a capacity of approx. 70 MWp from the E4 backlog, which have been connected to electricity. The remaining projects in the E4 backlog are expected to reach commercial operation in the second half of 2025.

Poland

- **Construction and expected commercial operation of the first storage project in Poland** - Energix is in the midst of construction work on the first stand-alone storage project being built in Poland with a capacity of 48 MWh, which is expected to reach commercial operation at the end of the second quarter. Energix is also preparing to commence construction on its second stand-alone storage project in Poland, with a total capacity of approx. 52 MWh, which is expected to reach commercial operation towards the end of 2025. Energix estimates that these two projects are expected to be eligible for a government grant of up to 45% of the construction costs, as part of a grant program funded by the European Union for storage solutions to improve the stability of the electricity grid.
- **Win in the storage tender in Poland for 2026** - Subsequent to the balance sheet date, Energix won a tender for a fixed payment in exchange for availability from the first storage facility, in relation to a capacity of 13 MW for 2026. This win is in addition to the capacity that Energix won in December 2024 for annual availability revenues for 17 years starting in 2029.

The provisions of Section 2.3 above regarding projects in initiation, development and construction include forecasts, valuations, estimates or other information relating to a future event or matter, the realization of which is uncertain and beyond the control of the Company and/or the Group, and therefore constitutes forward-looking information as the term is defined in Section 32A of the Securities Law, 1968 ("**Forward-Looking Information**").

For additional information regarding Energix's business developments during the reporting period and after the balance sheet date, please see Note 5 to the financial statements.

The following is an analysis of project-based EBITDA used by Energix to calculate its operating results:

	Q1/2025	Q1/2024	2024
	NIS thousands	NIS thousands	NIS thousands
Energix's accounting EBITDA	97,945	166,516	625,934
Lease expenses (IFRS 16)	(7,474)	(6,031)	(30,396)
Other revenue/expenses, including initiation expenses	7,472	5,973	10,046
Administrative and general	30,726	26,984	135,090
Total project EBITDA	128,669	193,442	740,675

2.3.9 Dividend receipts

The following are the dividends received from the Company's main investments (expanded solo) in 2025, up to the date of publication of the financial statements, and the projected receipts of dividends for 2025:

	From January 2025 to the date of publication of the reports	2025 forecast
	In NIS millions	
Amot	120	315
BE	-	48
Energix	28	110
AH Boston	7.5	29
Total cash dividend	155.5	502
[18]Carr – Dividend Reinvestment Plan	-	118
Total dividend	155.5	620

The dividend receipt forecast for 2025 is calculated in accordance with the declared dividend distribution policy of each of the companies mentioned above, and is based on the Company's existing investment portfolio as of the date of publication of this report.

The above table does not include dividends and returns on investments from the Brockton Funds, which were received and which may be received upon realization of their properties.

The information on dividend receipts for 2025 constitutes forward-looking information in accordance with Section 32A of the Securities Law, 1968, in view of the fact that there is no certainty that the authorized bodies of the investees will actually approve the dividend distributions, and this is at their sole discretion.

2.4 Liquidity and financing sources

2.4.1 Cash and credit facilities

As of March 31, 2025, the Group has cash balances of NIS 0.8 billion (of which the Company's expanded solo balance - NIS 98 million) and unutilized lines of credit in the amount of approx. NIS 2.1 billion (of which the Company's expanded solo unutilized lines of credit - NIS 500 million, NIS 550 million as of the date of publication of the report).

2.4.2 Unencumbered assets

As of March 31, 2025, all of the Company's assets (expanded solo) are unencumbered. Their balance (not including cash) as of March 31, 2025 is NIS 10.9 billion (a market value of NIS 12.3 billion). As of March 31, 2025, Amot has a balance of unencumbered assets (approx. 98%) in the amount of approx. NIS 20 billion.

2.4.3 Financial debt

As of March 31, 2025, the Group's net financial debt amounted to NIS 22.1 billion, constituting 56.4% of the Group's total assets, compared to a net financial debt of NIS 20.9 billion, which constituted 54.2% of the Group's assets as of December 31, 2024.

As of March 31, 2025, the net financial debt of the Company (expanded solo) amounted to NIS 5.3 billion, constituting 48.3% of the total assets of the Company (expanded solo), compared to net financial debt of NIS 5.2 billion, constituting 48.5% of the assets of the Company (expanded solo), as of December 31, 2024.

The Company's adjusted leverage rate (expanded solo) based on the stock exchange value of the Company's tradable holdings close to the date of publication of the report amounts to 40%.

[18] As part of the Company's choice to participate in Carr's DRIP program, the dividend amount to which the Company is entitled in Carr will remain after its receipt and reinvestment.

2.4.3.1 The Company (expanded solo):

As of March 31, 2025, the Company has a credit facility in the total amount of NIS 500 million, which is unutilized (as of the date of publication of the report - NIS 550 million).

For information regarding the Company's credit facilities, please see Note 12b to the Annual Financial Statements and Note 8 to the financial statements.

2.4.3.2 Consolidated companies:

During the reporting period and subsequent to the balance sheet date, the consolidated companies carried out the following actions:

Energix:

- In March 2025, Energix issued NIS 549 million PV of Energix bonds (Series A) by way of a series expansion by way of shelf offering report, for a total net consideration of NIS 504 million. In addition, subsequent to the date of the report, Energix issued non-tradable securities in the amount of NIS 100 million PV, with interest in the range of 4.5%-5%. Please see Note 9(b) to the financial statements.

- In the reporting period, Energix increased its credit facilities by approx. NIS 150 million, of which approx. USD 20 million (approx. NIS 75 million) was with banking corporations in the United States and the remainder with banking corporations in Israel.

- In addition, in the reporting period and subsequent to the date of the report, Energix signed for long-term credit facilities with banking corporations in Israel for up to USD 175 million, of which approx. USD 50 million was utilized as of the date of the report. The credit facilities are for periods of one to three years. Against these facilities, Energix has pledged equipment it owns that has not yet been financed through project financing.

- **Completion of a tax partner investment for projects with a capacity of approx. 70 MWp from the E4 backlog** - As of the date of publication of the report, Energix has received a total of approx. USD 13 million in relation to 3 projects with a total capacity of approx. 70 MWp. The remaining investment of USD 54-57 million is expected to be received in the coming weeks.

As of the date of the report, the Group is in compliance with all financial covenants in respect of its loans and bonds.

2.4.4 Working capital deficit

The working capital deficit as of March 31, 2025 amounted to a total of NIS 2.5 billion in the consolidated financial statements (NIS 0.4 billion in the Company's expanded solo statements). As of March 31, 2025, the Group has a high balance of unutilized long-term credit facilities and a high balance of unencumbered assets. In view of this, the Company's Board of Directors believes that the existence of a working capital deficit does not indicate a liquidity problem.

2.5 Operating results

In the reporting period, the Group recorded a profit of NIS 165 million, compared to a loss of NIS 239 million in the corresponding period last year. The share attributed to Company shareholders in the reporting period amounted to a profit of approx. NIS 67 million, compared to a loss of NIS 340 million attributed to Company shareholders in the corresponding period last year.

In the reporting period, the Group recorded comprehensive income of NIS 364 million, compared to a comprehensive loss of NIS 205 million in the corresponding period last year. The share attributed to Company shareholders in the reporting period amounted to a profit of approx. NIS 209 million, compared to a comprehensive loss of NIS 313 million attributed to Company shareholders in the corresponding period last year. For an explanation of the operating results in the reporting period, please see Sections 2.5.1 and 2.5.2 below.

2.5.1 The following table provides a summary of the operating results (in NIS thousands):

	Q1/2025	Q1/2024	2024
	NIS thousands	NIS thousands	NIS thousands
Revenue and profits			
Revenue from rental fees and management of investment property	349,134	331,478	1,389,184
Fair value adjustments of investment property	7,225	(73,372)	607,208
Group share in the losses of associates, net	53,126	(319,174)	(540,178)
Net profits (losses) from investments in securities measured at fair value through profit or loss	(10,174)	(17,379)	(227,508)
Profit from decrease in rate of holding, from acquisition and realization of associates	(72)	10	23
Revenue from sale of electricity and green certificates	169,293	222,548	856,210
Other revenue, net	578	2,665	26,010
	569,110	146,776	2,110,949
Costs and expenses			
Cost of investment property rental and operation	48,789	37,134	180,460
Initiation, maintenance and operation costs of electricity-generating facilities	41,199	31,682	121,400
Depreciation and amortizations	60,307	43,286	228,141
Administrative and general	61,017	58,051	266,809
Financing expenses, net	195,406	174,516	987,298
	406,718	344,669	1,784,108
Loss before taxes on income	162,392	(197,893)	326,841
Income tax expenses	(2,564)	40,960	77,635
Loss for the period	**164,956**	**(238,853)**	**249,206**
Allocation of net profit (loss) for the period:			
Share of Company shareholders	66,974	(339,821)	(346,199)
Share of non-controlling interests	97,982	100,968	595,405
	164,956	**(238,853)**	**249,206**

Comparison between the results of operations in the reporting period and in the corresponding period last year:

Revenues from rental fees and management of investment property – amounted to NIS 349 million in the reporting period, compared to NIS 331 million in the corresponding period last year, an increase of NIS 18 million (approx. 5%).
The increase stems mainly from revenue from Amot properties (approx. NIS 16 million) due to additional revenue from identical properties (among other things as a result of occupancy, price increases, and the increase in the CPI).

Fair value adjustment of investment property - In the reporting period, positive property revaluations were recorded in the amount of NIS 7 million, which stem from an adjustment of the value of an Amot property in the amount of NIS 13 million, which was offset by negative property revaluations in BE in the amount of approx. NIS 6 million, which stemmed mainly from a reduction of costs to profit and loss.

In the corresponding period last year, negative property revaluations were recorded in the amount of NIS 73 million, which stem mainly from a fair value adjustment in respect of BE's properties, which stemmed from an increase of 0.25% in the discount rate of the projected cash flow of some of the properties.

Group share in the losses of associates, net - The changes between the profit in the reporting period and in the corresponding period last year are mainly due to the following factors:

- **Group share in Carr's profits** - A profit of NIS 46 million was recorded in the reporting period, compared to a loss of NIS 249 million in the corresponding period last year. The profit in the reporting period is due to a positive value adjustment of Carr's properties in the amount of USD 10 million (the Company's share in the loss before tax - NIS 5 million, approx. NIS 18 million).

- **Group share in AH Boston's profits** - A profit of NIS 2 million was recorded in the reporting period, compared to a loss of NIS 74 million recorded in the corresponding period last year.

  In the corresponding period, negative revaluations were recorded in the amount of USD 40 million in respect of the Boston properties (the Group's share in the negative revaluation before tax is approx. USD 21.7 million (NIS 80 million)).
  The negative revaluations of properties in the reporting period resulted mainly from the increase of 0.25%-0.50% in the discount rate of the properties' projected cash flow.

Net profits (losses) relating to investments in securities measured at fair value through profit and loss - The profit (loss) in the reporting period and in the corresponding period last year stems from the fair value adjustment of investments measured at fair value through profit or loss (mainly the Brockton Funds).

Revenues from the sale of electricity and green certificates - Revenues from the sale of electricity and green certificates in the reporting period amounted to NIS 169 million compared to NIS 222 million in the corresponding period last year, a decrease of NIS 53 million.

The decrease is mainly due to a decrease in electricity revenues from Poland (approx. NIS 54 million) stemming from lower yields in Poland due to weak wind conditions and lower electricity prices in Poland (taking into account electricity hedging).

Net financing expenses - Financing expenses in the reporting period amounted to NIS 195 million compared to NIS 175 million in the corresponding period last year, an increase of NIS 20 million. The increase is mainly due to an increase in the Group's financial debt balance as well as an increase in interest rates.

Tax expenses (income) - In the reporting period, the Company did not create deferred tax assets due to the fact that they are not expected to be utilized in the near future.

2.5.2 The following is information regarding the Group's comprehensive income (loss) (in NIS thousands):

	Q1/2025	Q1/2024	2024
	NIS thousands	NIS thousands	NIS thousands
Loss for the period	**164,956**	**(238,853)**	**249,206**
Profit (loss) from investment in AH Boston properties (1)	2,779	1,985	(2,443)
Profit from investment in BE (1) (3)	125,248	19,182	(52,143)
Profit from investment in Energix and others (4)	59,378	5,048	(57,840)
Tax effects	200	(408)	2,582
Other comprehensive income for the period	199,120	33,681	(131,188)
Total comprehensive income (loss) for the period	**364,076**	**(205,172)**	**118,018**
Allocation of comprehensive income (loss) for the period:			
Share of Company shareholders	**209,475**	**(313,205)**	**(443,351)**
Share of non-controlling interests	154,601	108,033	561,369
	364,076	(205,172)	118,018

(1) Profit (loss) from investment in respect of foreign currency - The profit (loss) represents the increase (decrease) in the Company's investments due to changes in the NIS against the investment currencies in the reporting periods presented above. This profit (loss) is presented net of the effect of forward transactions and cross-currency swap transactions in USD, designated as hedges for investments. In the first quarter of 2025, there was a devaluation of the NIS by a rate of 1.86% and 5.27% against the USD and the GBP, respectively. In the corresponding quarter last year, there was a devaluation of the NIS by a rate of 1.49% and 0.74% against the USD and the GBP, respectively.

(2) In addition to the description in Section 1 above, the total profit from the investment in Carr in the first quarter of 2025 also includes an other comprehensive loss in the amount of NIS 2.3 million resulting from the Company's share in changes in the fair value of interest rate fixing transactions carried out by Carr (in the corresponding period last year - a decrease in other comprehensive income in the amount of NIS 1 million due to changes in the fair value of Carr's interest rate fixing transactions).

(3) In addition to the description in Section 1 above, the other comprehensive income from the investment in BE also includes an other comprehensive loss in the amount of NIS 5.3 million stemming from the changes in the fair value of interest rate fixing transactions carried out by BE (in the corresponding period, there was income in an immaterial amount).

(4) The profit in the reporting period is mainly due to the effect of exchange rates (net of hedging) at Energix due to the depreciation of the NIS against the USD, which was offset by a loss from electricity price fixing transactions in the United States. In the corresponding period last year, the profit is mainly due to the effect of exchange rates on Energix (net of hedging) due to the depreciation of the NIS against the USD and the PLN.

2.6 Cash Flows

	Q1/2025	Q1/2024	2024
	NIS millions	NIS millions	NIS millions
Total cash provided by operating activities	**65**	**185**	**1,064**
Cash flows used in investing activities			
Investment in investment property and fixed assets (including property in development)	(353)	(388)	(864)
Proceeds from the realization of investment property	14	222	334
Investment in electricity-generating systems	(442)	(323)	(1,429)
Investment in AH Boston	(6)	(3)	(124)
Repaid hedging transactions	(66)	(26)	(388)
Investment in Brockton Funds, net	-	(56)	(69)
Repayment (provision) of loans, net	(.2)	(12)	(24)
Net increase in deposits (including encumbered deposits) and realization of tradable securities	(46)	(1)	636
Total cash used in investing activities	**(899)**	**(587)**	**(1,929)**
Cash flows provided by financing activities			
Receipt of loans (long-term loans and utilization of short-term bank credit)	544	847	2,056
Proceeds from the issuance of bonds	503	555	555
Repayment of liabilities (long-term loans, bonds and repayment of short-term credit)	(828)	(1,507)	(2,827)
Capital raised by the Company	-	-	1,004
Capital raised by Amot (net of the Company's investment in the issue)	-	2	-
Capital raised by Energix (net of the Company's investment in the issue)	-	10	-
Capital raised by BE (net of the Company's investment in the issue)	-	41	-
Proceeds from the issue of shares and options to non-controlling interests	21	-	92
Acquisition of shares from non-controlling interests	-	-	(59)
Payment of dividends to Company shareholders and to non-controlling interests in consolidated companies	(115)	(195)	(611)
Total cash provided by financing activities	**125**	**(247)**	**210**
Total decrease in cash balances in the period	**(710)**	**(649)**	**(655)**
Other influences	**20**	**6**	**5**
Cash and cash equivalents and designated deposit balance at end of period	863	1,558	1,552
Less designated deposit	(31)	(4)	(28)

	Q1/2025	Q1/2024	2024
	NIS millions	NIS millions	NIS millions
Cash and cash equivalents at end of period	832	1,554	1,524

2.7 Equity

2.7.1 Equity per share

	As of March 31 2025	As of December 31 2024
	NIS millions	NIS millions
Equity	11,817	11,633
Less non-controlling interests	(6245)	(6,219)
Equity attributed to Company shareholders	**5,572**	**5,414**
Equity per share (NAV per share)	**25.91**	**25.18**
Equity per share, not including tax reserves (NNAV per share)	**30.47**	**29.65**

2.7.2 Explanation of changes in equity

During the reporting period, the capital attributed to the Company's shareholders increased by NIS 158 million.

The main changes are as follows:

- Profit attributed to the Company shareholders in the amount of NIS 67 million - please see additional information in Section 2.5.2 above.
- Other comprehensive income attributed to the Company shareholders in the amount of NIS 142 million - please see additional details in Section 2.5.3 above.
- A reduction in capital following dividends declared in the amount of NIS 51.6 million.

2.7.3 Effects of exchange rate changes on the Company's equity

The composition of the excess assets over liabilities based on the Company's statements (expanded solo) by currency as of March 31, 2025 (in NIS millions)[19]:

As of March 31, 2025	Assets	Liabilities	Net assets	%
USD	1,746	(714)	1,032	19%
GBP	3,412	(1,475)	1,937	35%
Excess assets over liabilities in foreign currency	5,158	(2,189)	2,969	53%
Excess assets over liabilities in NIS	5,900	(3,297)	2,603	47%
Equity as of March 31, 2025	11,058	(5,486)	5,572	100%

2.7.4 Dividends distributed by the Company in 2025

For information regarding dividends distributed by the Company in 2025, please see Note 10(a) to the financial statements.

2.8 Remuneration of senior officers and directors

For information regarding options granted to the Company's senior officers and directors, please see Note 17e to the Annual Financial Statements and Note 10b to the financial statements.

For information regarding the new terms of service of the Company CEO and the Chairman of the Board of Directors for the years 2025-2027, please see Notes 19a and 19b to the Annual Financial Statements, respectively.

3. Market risk exposure and management

3.1 Over the course of the reporting period, no material changes have occurred in the types of market risks as reported in the Board of Directors Report for 2024 and in Company policy regarding the management of these risks.

3.2 Regarding the linkage base report for monetary balances (expanded solo) as of March 31, 2025, see Section 2.7.3 above and Appendix B.

[19] Including the effect of forward transactions and cross currency swaps (CCS) on the foreign currency.

4. Corporate governance aspects

4.1 The Company's Board of Directors

As of the date of publication of this report, the Company's Board of Directors has 9 directors, of which:

5 directors meet the definition of an independent director (Prof. Zvi Eckstein - External Director, CPA Shlomi Shuv - External Director, Dr. Samer Haj-Yehia - External Director, Ms. Rony Patishi-Chillim and Ms. Batsheva Moshe) and 8 directors have accounting and financial expertise (Mr. Natan Hetz, Mr. Aviram Wertheim, Prof. Zvi Eckstein, CPA Shlomi Shuv, Ms. Rony Patishi-Chillim, Dr. Samer Haj-Yehia, Mr. Ilan Gifman and Ms. Batsheva Moshe).

For years, the composition of the Company's Board of Directors has included a majority of Board members who are independent directors, even though the Company did not include a provision on this matter in its Articles of Association.

In this regard, "independent director" means a director who meets qualification requirements for the appointment of an independent director set in Section 240 (b) through (f) of the Companies Law, who has been approved by the Audit Committee, and who has not served as a Company director for over nine consecutive years, and in this regard a gap in their service of no longer than two years will not be seen as ending the continuity of their service.

4.2 The Company's Internal Auditor

On November 16, 2022, the Audit Committee approved a multi-year work plan for the years 2023-2026, subject to a new risk survey (which was carried out). At its meeting on November 12, 2024, the Audit Committee approved the work plan for 2025 (within the three-year work plan framework), which includes the following topics: (a) Control over public investees - Amot; (b) General procurement (including travel abroad); (c) Employee options; (d) Information systems - information security. At its meeting on May 14, 2025, the Audit Committee discussed the Internal Auditor's report on employee stock options.

The Company's Board of Directors would like to thank the holders of Company securities for the confidence they have shown in the Company.

Nathan Hetz	Aviram Wertheim
Director and CEO	Chairman of the Board of Directors

Appendices to the Board of Directors' Report on the State of Corporate Affairs

Appendix A - Financial Information, Expanded Solo

Appendix B - Balance of Linkage Bases for Monetary Balances

Special Disclosure for Bondholders

Appendix D - Rating Reports

Appendix E - Separate Financial Statement of the Corporation in accordance with Regulation 9C and Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970

Appendix A – Financial Information, Expanded Solo

1. Financial Statements - Expanded Solo

The Company's expanded solo financial statements are the Company's condensed financial statements presented in accordance with IFRS principles, except for the investments in Amot, in Energix and in Brockton Everlast, which are presented on an equity basis instead of consolidating their financial statements with those of the Company (all other investments are presented unchanged from the statements presented in accordance with IFRS principles). These Statements do not constitute separate financial statements as defined in International Accounting Standard IAS 27, and are not part of the information whose publishing is required in accordance with the securities laws. Nevertheless, the Company's management believes that analysts, investors, shareholders and bondholders may obtain valuable information from the presentation of this data.

1.1 Condensed expanded solo balance sheet (NIS thousands):

	As of March 31	As of December 31
	2025	2024
	NIS thousands	NIS thousands
Current assets		
Cash and cash equivalents	98,463	641,761
Other accounts receivable	62,213	38,533
Total current assets	160,676	680,294
Non-current assets		
Securities measured at fair value through profit and loss	219,616	218,459
Investments in Investees	10,675,859	10,415,263
Others	1,781	15,534
Total non-current assets	10,897,256	10,649,256
Total assets	11,057,932	11,329,550
Current liabilities		
Short-term credit and current maturities of long-term liabilities	355,919	378,454
Other accounts payable	202,385	295,661
Total current liabilities	558,304	674,115
Non-current liabilities		
Bonds and long-term loans	4,835,173	5,180,764
Deferred taxes	11,513	11,541
Others	80,557	49,554
Total non-current liabilities	4,927,243	5,241,859
Equity	5,572,385	5,413,576
Total liabilities and equity	11,057,932	11,329,550

Financial Data, Expanded Solo

1.2 Condensed Expanded Solo Statements of Income (NIS thousands):

	Q1/2025	Q1/2024	2024
	NIS thousands	NIS thousands	NIS thousands
Revenues			
Group share in the losses of associates, net	146,482	(266,905)	(13,211)
Profit from decrease in rate of holding, from purchase and realization of investees	(72)	10	23
Net profit (loss), relating to investments in long-term securities held for sale	(10,174)	(10,311)	(11,443)
Other revenue, net	5,625	5,449	22,296
	141,861	(271,757)	(2,335)
Expenses			
Administrative and general	8,398	9,397	39,136
Financing expenses, net	61,362	58,935	271,169
	69,760	68,332	310,305
Loss before taxes on income	72,101	(340,089)	(312,640)
Income tax income	5,127	(268)	33,559
Loss for the period	66,974	(339,821)	(346,199)

	Q1/2025	Q1/2024	2024
	NIS thousands	NIS thousands	NIS thousands
Group share in the profits (losses) of associates, net			
Group share in Amot's equity income	81,212	76,215	468,064
Group share in Energix's equity income	21,095	39,984	169,761
Group share in Carr's equity losses	46,273	(248,969)	(263,716)
Group share in AH Boston's equity losses	2,282	(73,814)	(277,752)
Group share in Brockton's equity losses	(4,380)	(60,322)	(104,164)
Other	-	-	(5,404)
Total profits (losses) of associates, net	**146,482**	**266,905**	**(13,211)**

1.3 Cash flow from the Company's operating activities - expanded solo (NIS thousands):

Starting from the financial statements as of the end of 2024, the Company began presenting a Statement of Cash Flows from Operating Activities (despite the fact that such presentation is not required under generally accepted accounting principles, including securities regulations regarding the publication of annual financial statements).

In view of the variation between quarters in all matters relating to interest payment dates and the dates for the receipt of dividends from investees (dates that vary from year to year), the Company will publish the aforementioned Statement in an annual format as part of the periodic reports.

2. The Company's liabilities (expanded solo) payable after March 31, 2025:

	Bonds	Bank loans	Total	%
	NIS thousands	NIS thousands	NIS thousands	
Current maturities	360,539	-	360,539	7
Second year	360,539	-	360,539	7
Third year	944,373	-	944,373	17
Fourth year	944,373	-	944,373	17
Fifth year	667,412	-	667,412	12
Sixth year onward	2,179,238	-	2,179,238	40
Total repayments	5,456,474	-	5,456,474	100
Others			(252,413)	
Balance of liabilities related to financial derivative transactions			188,444	
Total financial debt (taking into account the value of financial derivative transactions)			5,392,505	

(*) Including the effect of swap transactions with financial entities in Israel, so that NIS bonds were "converted" to liabilities in USD and GBP, and to liabilities linked to the CPI.

Appendix B - Balance of Linkage Bases for Monetary Balances (Expanded Solo)

As of March 31, 2025 NIS thousands	In unlinked NIS	In linked NIS	In USD	In GBP	Other	Total	Adjustments - non-monetary items	Total
<u>Current assets</u>								
Cash and cash equivalents	86,755	-	11,229	340	139	98,463	-	98,463
Other accounts receivable	41,585	-	340	-	-	41,925	20,288	62,213
Total current assets	128,340	-	11,569	340	139	140,388	20,288	160,676
<u>Non-current assets</u>								
Securities measured at fair value through profit and loss	3	-	-	219,613	-	219,616	-	219,616
Investments in associates	-	-	-	-	-	-	10,675,859	10,675,859
Others	-	-	-	-	-	-	1,781	1,781
Total non-current assets	3	-	-	219,613	-	219,616	10,677,640	10,897,256
Total assets	**128,343**	**-**	**11,569**	**219,953**	**139**	**360,004**	**10,697,928**	**11,057,932**
<u>Current liabilities</u>						-		
Short-term credit and current maturities of long-term liabilities	355,919	-	-	-	-	355,919	-	355,919
Other payables	182,483	10,291	-	-	-	192,774	9,611	202,385
Total current liabilities	538,402	10,291	-	-	-	548,693	9,611	558,304
<u>Non-current liabilities</u>						-		
Bonds and long-term loans	3,772,719	1,062,454	-	-	-	4,835,173	-	4,835,173
Deferred tax liabilities	-	-	-	-	-	-	11,513	11,513
Others	79,487	-	930	-	-	80,417	140	80,557
Total non-current liabilities	3,852,206	1,062,454	930	-	-	4,915,590	11,653	4,927,243
Total liabilities	**4,390,608**	**1,072,745**	**930**	**-**	**-**	**5,464,283**	**21,264**	**5,485,547**
Excess assets over liabilities (liabilities over assets)	**(4,262,265)**	**(1,072,745)**	**10,639**	**219,953**	**139**	**(5,104,279)**	**10,676,664**	**5,572,385**
Financial derivatives	2,388,110	(200,000)	(712,618)	(1,475,492)	-	-	-	-
Excess financial assets over financial liabilities (financial liabilities over financial assets)	**(1,874,155)**	**(1,272,745)**	**(701,979)**	**(1,255,539)**	**139**	**(5,104,279)**	**10,676,664**	**5,572,385**
Distribution of non-monetary assets (liabilities), net - by linkage basis	1,130,143	4,620,197	1,734,414	3,192,866	302	10,677,922	(10,677,922)	-
Excess assets over liabilities (liabilities over assets)	**(744,012)**	**3,347,452**	**1,032,435**	**1,937,327**	**441**	**5,573,643**	**(1,258)**	**5,572,385**

Appendix C - Special Disclosure for Bondholders

1.) FFO adjusted for the Company's liabilities

The Company has committed, in the trust deeds of its bond series and in credit agreements with financing entities, to financial covenants based on the calculation of FFO as stipulated in the trust deeds and in the aforementioned credit facility agreements. The following is the calculation of the FFO for the purpose of examining compliance with the criteria to which the Company has committed in the trust deeds for the Company's bonds (Series I, J, K, L, M and O) and the credit facility agreements in which the Company has engaged (please see Section 5.2.2 of the report on the Description of the Corporation's Business in the 2024 Periodic Report). It should be emphasized that the FFO presented below is not according to the Securities Authority approach to calculating FFO, as published by the Authority on January 16, 2025.

The following is the FFO calculation according to the Management's approach (in NIS thousands):

	Q1/2025	Q1/2024	2024
	NIS thousands	NIS thousands	NIS thousands
Share of Company shareholders in the loss for the period	**66,974**	**(339,821)**	**(346,199)**
Adjustments to profit and loss:			
Fair value adjustments of investment property	(7,225)	73,372	(607,208)
Company share in real estate revaluations and other non-FFO items in investees	(11,683)	365,936	702,641
Profit from decrease in rate of holding, from purchase and realization of investees	72	(10)	(23)
Net losses (profits) from investments in securities measured at fair value through profit or loss	10,174	17,379	231,945
Others (mainly depreciation and amortizations) (*)	62,870	34,001	208,458
Non-FFO financing expenses (mainly linkage differences and exchange rate differences)	17,391	50,033	354,889
Non-FFO deferred taxes and current taxes, net	(21,805)	2,953	(15,835)
Share of non-controlling interests in the above adjustments to FFO	(15,205)	(55,926)	7,557
Real FFO - according to the Management's approach	**101,563**	**147,917**	**536,225**
The sources of the FFO are as follows:			
Revenues			
Investment property NOI	300,345	293,536	1,208,724
NOI from the sale of electricity (**)	126,705	176,840	693,658
Group's share in Carr's FFO without real estate revaluations	31,089	31,573	110,216
Group's share in AH Boston's FFO without real estate revaluations	3,888	9,465	29,899
Group's share in FFO of associates in Amot and in Brockton Everlast	6,466	5,726	22,348
Other revenues	576	932	30,498
Total revenue	**469,069**	**518,072**	**2,095,343**
Expenses			
Real financing, net	(178,014)	(124,483)	(632,409)
Administrative and general	(57,064)	(50,771)	(245,391)
Current taxes	(19,241)	(38,007)	(93,470)
Share of non-controlling interests attributed to operating activities	(113,187)	(156,894)	(587,848)
Total expenses	**(367,506)**	**(370,155)**	**(1,559,118)**

	Q1/2025	Q1/2024	2024
	NIS thousands	NIS thousands	NIS thousands
Real FFO - according to the Management's approach	101,563	147,917	536,225

2.) Special Disclosure for Bondholders

The following is current data as of March 31, 2025 regarding bonds issued by the Company:

(in thousands)	Bonds (Series I)	Bonds (Series J)	Bonds (Series K)	Bonds (Series L)	Bonds (Series M)	Bonds (Series O)	Total
Par value as of March 31, 2025	311,729	400,109	160,746	2,054,943	1,361,803	1,050,480	5,339,810
Linked par value as of March 31, 2025	311,729	400,109	160,746	2,054,943	1,361,803	1,132,308	5,421,638
Value in the financial statements as of March 31, 2024 (at amortized cost)	315,957	402,053	159,310	1,945,925	1,302,306	1,062,454	5,188,005
Stock market value as of March 31, 2024	307,863	409,192	145,668	1,844,311	1,315,910	1,067,183	5,090,127
Accrued Interest as of March 31, 2024	1,019	2,290	363	4,206	5,714	2,462	16,054

The following are the main financial covenants regarding the Company's bonds (Series I, J, K, L, M and O):

Financial ratio		Criterion	Value as of March 31, 2025
Net financial debt to value of holdings[20]	%	Less than 80%	47.9%
Minimum equity (Series I, J, K, L, M and O)[21]	NIS billions	More than 2.2	5.6

For additional information, please see Section 5.2.2 of Chapter F(5) to the Description of the Corporation's Business in the 2024 Periodic Report.

[20] Value of the holdings as defined in the deed of trust. In order for grounds to exist for early redemption, the breach of the financial ratio must exist for four consecutive quarters.

[21] In order for there to be grounds for early repayment, the breach of the above provision must exist for four consecutive quarters. For Series I and J - the minimum equity is NIS 1.8 billion, for Series K and L - the minimum equity is NIS 2.1 billion and for Series M and O - the minimum equity is NIS 2.2 billion. The figure presented in the table is the strictest of the series due to the cross-violation clause that exists in the series.

Appendix D - Rating Reports[22]

Subsequent to the date of the report, Maalot the Israel Securities Rating Company Ltd. (hereinafter - "**Maalot**") and Midroog Ltd. (hereinafter - "**Midroog**") updated the Company's rating outlook from negative to stable.

As of the date of publication of this report:

- The Company's bonds (Series I, J, K, L, M and O) are rated ilAA- with a stable rating outlook by Maalot. The issuer's rating is the same. For a current rating report by Maalot, please see the immediate report dated April 8, 2025 (Ref: 2025-026195).

- The Company's bonds (Series I, J, L, M and O) are rated Aa3 with a stable outlook by Midroog. The issuer's rating is the same. For a rating report by Midroog, in which the Company's rating was confirmed and the outlook was updated from negative to stable, please see the immediate report published by the Company on May 6, 2025 (Ref: 2025-01-031642).

[22] The information detailed in the above immediate reports was included in this report by way of reference.

Appendix E - Separate Financial Statement of the Corporation in accordance with Regulation 9C and Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970

The Company chose not to attach a separate financial statement in accordance with Regulation 9C and Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) 1970, since, according to its judgement, the separate financial statement does not add material information to the information contained in the annual financial statements and/or the quarterly financial statements of the Corporation that were presented in accordance with Regulation 9 and Regulation 38, as the case may be.

THE DOVETAIL BUILDING / BROCKTON EVERLAST / LONDON / UK / SIMULATION

CONSOLIDATED FINANCIAL STATEMENTS

ALONY HETZ PROPERTIES & INVESTMENTS LTD

AlonyHetz Properties & Investments Ltd

Deloitte.

A Review Report of the Independent Auditor to the shareholders of

Alony Hetz Properties & Investments Ltd.

Introduction

We have reviewed the accompanying financial information of **Alony Hetz Properties & Investments Ltd.** the Company and subsidiaries (hereafter- “the Company”) which includes the condensed consolidated statement of financial position as of March 31, 2025, and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-months period then ended. The board of directors and management are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 “Interim Financial Reporting” and they are also responsible for the preparation of this interim financial information in accordance with Chapter D of Securities Regulations (Periodic and Immediate Reports) - 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not review the interim condensed financial information of companies that were consolidated, whose assets included in consolidation constitute approximately 11% of the total consolidated assets as of March 31, 2025, and whose revenues included in consolidation constitute approximately 16% of the consolidated revenues from rental fees, management of investment property and sale of electricity and green certificates, for the three-month period then ended. Furthermore, we did not review the interim condensed financial information of certain affiliates presented on the equity method basis, the investment in which amounted to approximately 1,373 million NIS as of March 31, 2025, and the share of the results of which for the three-month period then ended, amounted to Income of approximately 46 million NIS. The interim condensed financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information included for those companies, is based on the review reports of the other auditors.

Scope of Review

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

Conclusion

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

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

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

Tel Aviv, May 19, 2025

Tel Aviv - Main Office
1 Azrieli Center Tel Aviv, 6701101 P.O.B. 16593 Tel Aviv, 6116402 Tel: +972 (3) 608 5555 | info@deloitte.co.il

Jerusalem	Haifa	Eilat	Nazareth	Beit Shemesh
3 Kiryat Ha'Mada Har Hotzvim Tower Jerusalem, 914510	5 Ma'aleh Hashichrur P.O.B. 5648 Haifa, 3105502	The City Center P.O.B. 583 Eilat, 8810402	9 Marj Ibn Amer St. Nazareth, 16100	Yigal Alon 1 St. Beit Shemesh, 9906201
Tel: +972 (2) 501 8888 Fax: +972 (2) 537 4173 info-jer@deloitte.co.il	Tel: +972 (4) 860 7333 Fax: +972 (4) 867 2528 info-haifa@deloitte.co.il	Tel: +972 (8) 637 5676 Fax: +972 (8) 637 1628 info-eilat@deloitte.co.il	Tel: +972 (73) 399 4455 Fax: +972 (73) 399 4455 info-nazareth@deloitte.co.il	

Alony-Hetz Properties and Investments Ltd. | Condensed Consolidated Statements of Financial Position

	As of March 31		As of December 31
	2025	2024	2024
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	(Audited)
Assets			
Current assets			
Cash and cash equivalents	832,016	1,553,819	1,524,326
Deposits and designated deposit	44,113	640,202	30,940
Trade receivables	111,148	116,604	115,629
Current tax assets, net	26,601	19,500	29,777
Other receivables	316,730	418,294	302,817
Total current assets	1,330,608	2,748,419	2,003,489
Non-current assets			
Investment property	20,147,536	19,417,225	19,846,080
Investment property in development and land rights	5,481,492	4,493,208	5,160,484
Long-term investments:			
Securities measured at fair value through profit and loss	219,616	263,086	218,459
Investment in companies accounted for according to the equity method	2,160,971	2,234,345	2,084,985
Deferred tax assets	236,572	197,166	233,675
Electricity-generating facilities:			
Connected electricity-generating facilities	5,970,870	5,612,583	5,674,033
Right-of-use asset	633,156	649,108	617,966
Electricity-generating facilities in development	3,989,243	2,258,368	3,620,530
Restricted deposits	30,966	20,910	30,005
Fixed assets, net	120,490	116,902	120,407
Other assets	433,880	442,425	437,530
Total non-current assets	39,424,792	35,705,326	38,044,154
Total assets	40,755,400	38,453,745	40,047,643

The attached notes constitute an integral part of the Condensed Consolidated Financial Statements.

Alony-Hetz Properties and Investments Ltd. | Condensed Consolidated Statements of Financial Position

	As of March 31		As of December 31
	2025	2024	2024
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	(Audited)
Liabilities and equity			
Current liabilities			
Short term credit and current maturities of long term loans	661,067	1,712,842	850,251
Current maturities of bonds	1,149,657	1,294,452	1,048,061
Current maturities of lease liabilities	37,877	34,579	35,808
Current tax liabilities, net	94,745	191,715	133,592
Other payables	1,673,455	1,225,475	1,644,680
Deferred revenue in respect of agreement with the tax partner	214,365	210,145	228,112
Financial liability in respect of agreement with the tax partner	47,308	14,308	47,095
Total current liabilities	3,878,474	4,683,516	3,987,599
Non-current liabilities			
Bonds	14,078,973	14,072,300	14,192,726
Loans from banking corporations and financial institutions	6,732,555	5,067,294	5,991,375
Lease liability	694,982	694,763	676,820
Deferred tax liabilities	2,077,289	1,869,792	2,038,435
Provisions	16,483	16,483	16,483
Other liabilities	841,153	759,582	865,665
Deferred revenue in respect of agreement with the tax partner	529,301	578,649	549,025
Financial liability in respect of agreement with the tax partner	88,846	12,590	96,989
Total non-current liabilities	25,059,582	23,071,453	24,427,518
Equity			
Equity attributed to Company shareholders	5,572,385	4,658,838	5,413,576
Non-controlling interests	6,244,959	6,039,938	6,218,950
Total equity	11,817,344	10,698,776	11,632,526
Total liabilities and equity	40,755,400	38,453,745	40,047,643

The attached notes constitute an integral part of the Condensed Consolidated Financial Statements.

On behalf of the Board of Directors:

Aviram Wertheim ______________________ Chairman of the Board of Directors

Nathan Hetz ______________________ Member of the Board of Directors and CEO

Oren Frenkel ______________________ CFO

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Alony-Hetz Properties and Investments Ltd. | Condensed Consolidated Statements of Income

	For the three month period ended March 31	For the three month period ended March 31	For the year ended December 31
	2025	2024	2024
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	(Audited)
Revenue from rental fees and management of investment property	349,134	331,478	1,389,184
Fair value adjustments of investment property	7,225	(73,372)	607,208
Group share in the profits (losses) of associates, net	53,126	(319,174)	(540,178)
Net losses from investments in securities measured at fair value through profit and loss	(10,174)	(17,379)	(227,508)
Profit (loss) from decrease in rate of holding, from acquisition and realization of associates	(72)	10	23
Revenue from sale of electricity and green certificates	169,293	222,548	856,210
Other revenue, net	578	2,665	26,010
	569,110	146,776	2,110,949
Costs and expenses			
Cost of investment property rental and operation	48,789	37,134	180,460
Initiation, maintenance and operation costs of electricity-generating facilities	41,199	31,682	121,400
Depreciation and amortizations	60,307	43,286	228,141
Administrative and general	61,017	58,051	266,809
Financing income	(13,788)	(21,747)	(92,140)
Financing expenses	209,194	196,263	1,079,438
	406,718	344,669	1,784,108
Profit (loss) before taxes on income	162,392	(197,893)	326,841
Income tax expenses (income)	(2,564)	40,960	77,635
Net profit (loss) for the period	164,956	(238,853)	249,206
Company shareholders	**66,974**	**(339,821)**	**(346,199)**
Non-controlling interests	97,982	100,968	595,405
	164,956	(238,853)	249,206
Net earnings (loss) per share attributed to Company shareholders (in NIS)			
Basic	0.31	(1.89)	(1.81)
Fully diluted	0.31	(1.89)	(1.81)
Weighted average of share capital used in calculation of earnings per share (thousands of shares)			
Basic	215,033	179,722	191,054
Fully diluted	215,106	179,722	191,054

The attached notes constitute an integral part of the Condensed Consolidated Financial Statements.

Alony-Hetz Properties and Investments Ltd. | Condensed Consolidated Statements of Comprehensive Income

	For the three month period ended March 31	For the three month period ended March 31	For the year ended December 31
	2025	2024	2024
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	(Audited)
Net profit (loss) for the period	164,956	(238,853)	249,206
Other comprehensive income			
Amounts to be classified in the future to profit or loss, net of tax			
Profit (loss) from the translation of financial statements for foreign activities	289,545	90,758	(23,218)
Loss from exchange rate differences in respect of credit and derivatives designated for the hedging of investments in companies that constitute foreign activity, net of tax	(105,712)	(50,673)	(65,473)
Profit (loss) from exchange rate differences and changes in fair value of instruments used for cash flow hedging, net of tax	18,191	(4,251)	(26,849)
Company's share in other comprehensive loss of associates, net of tax	(2,904)	(2,153)	(15,648)
Other comprehensive income (loss) for the period, net of tax	199,120	33,681	(131,188)
Total comprehensive income (loss) for the period	364,076	(205,172)	118,018
Allocation of comprehensive income (loss) for the period			
Company shareholders	**209,475**	**(313,205)**	**(443,351)**
Non-controlling interests	154,601	108,033	561,369
	364,076	(205,172)	118,018

The attached notes constitute an integral part of the Condensed Consolidated Financial Statements.

Alony-Hetz Properties and Investments Ltd. | Condensed Consolidated Statements of Changes in Equity for the Three-Month Period ended March 31, 2025 (Unaudited) (NIS thousands)

	Share capital	Share premium	Receipts on account of options	Capital reserve from translation of financial statements for foreign activity	Capital reserve for employee options and other capital reserves	Company shares held by the Group	Retained earnings	Total attributed to Company shareholders	Non-controlling interests	Total equity
Balance as of January 1, 2025	233,107	3,751,981	27,626	(636,807)	387,117	(589)	1,651,141	5,413,576	6,218,950	11,632,526
Total comprehensive income for the period	-	-	-	137,578	4,923	-	66,974	209,475	154,601	364,076
Dividends declared for Company shareholders	-	-	-	-	-	-	(51,608)	(51,608)	-	(51,608)
Dividends declared for non-controlling interests in consolidated companies	-	-	-	-	-	-	-	-	(142,749)	(142,749)
Issuance of capital in consolidated companies	-	-	-	-	(39)	-	-	(39)	8,618	8,579
Allocation of benefit in respect of options to employees and officers	-	-	-	-	981	-	-	981	5,539	6,520
Balance as of March 31, 2025	233,107	3,751,981	27,626	(499,229)	392,982	(589)	1,666,507	5,572,385	6,244,959	11,817,344

The attached notes constitute an integral part of the Condensed Consolidated Financial Statements.

Alony-Hetz Properties and Investments Ltd. | Condensed Consolidated Statements of Changes in Equity for the Three-Month Period ended March 31, 2024 (Unaudited) (NIS thousands)

	Share capital	Share premium	Capital reserve from translation of financial statements for foreign activity	Capital reserve for employee options and other capital reserves	Company shares held by the Group	Retained earnings	Total attributed to Company shareholders	Non-controlling interests	Total equity
Balance as of January 1, 2024	197,796	2,807,638	(569,499)	431,219	(589)	2,135,492	5,002,057	6,062,066	11,064,123
Total comprehensive income for the period	-	-	29,962	(3,343)	-	(339,821)	(313,202)	108,033	(205,169)
Dividends declared for Company shareholders	-	-	-	-	-	(32,350)	(32,350)	-	(32,350)
Dividends declared for non-controlling interests in consolidated companies	-	-	-	-	-	-	-	(194,500)	(194,500)
Issuance of capital in consolidated companies	-	-	-	1,411	-	-	1,411	54,897	56,308
Allocation of benefit in respect of options to employees and others	-	-	-	922	-	-	922	9,442	10,364
Balance as of March 31, 2024	197,796	2,807,638	(539,537)	430,209	(589)	1,763,321	4,658,838	6,039,938	10,698,776

The attached notes constitute an integral part of the Condensed Consolidated Financial Statements.

Alony-Hetz Properties and Investments Ltd. | Condensed Consolidated Statements of Changes in Equity for the Year ended December 31, 2024
(NIS thousands)

	Share capital	Share premium	Receipts on account of options	Capital reserve from translation of financial statements for foreign activity	Capital reserve for employee options and other capital reserves	Company shares held by the Group	Retained earnings	Total attributed to Company shareholders	Non-controlling interests	Total equity
Balance as of January 1, 2024	197,796	2,807,638	-	(569,499)	431,219	(589)	2,135,492	5,002,057	6,062,066	11,064,123
Total comprehensive income for the period	-	-	-	(67,308)	(29,844)	-	(346,199)	(443,351)	561,369	118,018
Dividend paid to Company shareholders	-	-	-	-	-	-	(138,152)	(138,152)	-	(138,152)
Dividends paid to non-controlling interests in consolidated companies	-	-	-	-	-	-	-	-	(472,563)	(472,563)
Issuance of shares and options	35,311	940,875	27,626	-		-	-	1,003,812	-	1,003,812
Expiry of employee options	-	3,468	-	-	(3,468)	-	-	-	-	-
Allocation of benefit in respect of options to employees and officers	-	-	-	-	4,323	-	-	4,323	31,038	35,361
Issuance of capital in consolidated companies	-	-	-	-	1,436	-	-	1,436	94,113	95,549
Acquisition of shares from non-controlling interests in a consolidated company	-	-	-	-	(16,549)	-	-	(16,549)	(57,073)	(73,622)
Balance as of December 31, 2024	233,107	3,751,981	27,626	(636,807)	387,117	(589)	1,651,141	5,413,576	6,218,950	11,632,526

The attached notes constitute an integral part of the Condensed Consolidated Financial Statements.

Alony-Hetz Properties and Investments Ltd. | Condensed Consolidated Statements of Cash Flows

	For the three month period ended March 31	For the three month period ended March 31	For the year ended December 31
	2025	2024	2024
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	(Audited)
Cash flows - Operating activities			
Net profit (loss) for the period	164,956	(238,853)	249,206
Net expenses not entailing cash flows (Appendix A)	27,526	420,728	1,051,783
	192,482	181,875	1,300,989
Changes in working capital (Appendix B)	(128,380)	3,559	(236,656)
Net cash provided by operating activities	64,102	185,434	1,064,333
Cash flows - Investing activities			
Investment in fixed assets and investment property (including investment property in development)	(353,488)	(387,591)	(864,383)
Proceeds from the realization of investment property, net of tax	14,307	221,646	333,570
Investment in electricity-generating systems	(442,470)	(322,847)	(1,428,938)
Investment in associates	(5,545)	(3,015)	(124,240)
Decrease (increase) in pledged deposit and restricted cash	(16,789)	(1,540)	636,054
Repayments (provision) of loans and investments in associates, net	1,823	(316)	4,000
Provision of loans to others	(1,558)	(11,234)	(28,167)
Cash from forward transactions and options designated for hedging	(66,302)	(25,923)	(388,117)
Investment in investment property funds	-	(56,412)	(68,598)
Others	(28,596)	111	-
Net cash used in investing activities	(898,591)	(587,121)	(1,928,819)
Cash flows - Financing activities			
Proceeds from the Group's issuance of bonds, net	503,505	555,078	555,078
Repayment of bonds	(583,384)	(865,232)	(1,299,833)
Receipt of long-term loans, net of capital raising expenses paid	534,146	480,929	2,055,653
Repayment of long-term loans	(245,432)	(642,279)	(978,682)
Proceeds from the issuance of shares and options	-	-	1,003,812
Proceeds from the issuance of shares and options to non-controlling interests in consolidated companies	20,800	52,624	92,154
Acquisition of shares and options from non-controlling interests in consolidated companies, net	-	-	(58,961)
Increase (decrease) in short-term credit and in credit facilities	10,523	365,572	(548,551)
Dividend paid to Company shareholders	-	-	(138,152)
Dividends paid to non-controlling interests in consolidated companies	(115,406)	(194,500)	(472,563)
Net cash provided by (used in) financing activities	124,752	(247,808)	209,955
Decrease in cash and cash equivalents	(709,737)	(649,495)	(654,531)
Cash and cash equivalents at beginning of period	1,524,326	2,197,677	2,197,677
Designated deposit at beginning of period	27,931	3,615	3,627

Alony-Hetz Properties and Investments Ltd. | Condensed Consolidated Statements of Cash Flows

	For the three month period ended March 31	For the three month period ended March 31	For the year ended December 31
	2025	2024	2024
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	(Audited)
Effect of exchange rates on foreign currency cash balances	20,205	5,703	5,484
Cash and cash equivalents at end of period	862,725	1,557,500	1,552,257
Less - Designated deposit at end of period	30,709	3,681	27,931
Total cash and cash equivalents	832,016	1,553,819	1,524,326

The attached notes constitute an integral part of the Condensed Consolidated Financial Statements.

Alony-Hetz Properties and Investments Ltd. | Appendices to the Condensed Consolidated Statements of Cash Flows

	For the three month period ended March 31	For the three month period ended March 31	For the year ended December 31
	2025	2024	2024
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	(Audited)
Adjustments required to present cash flows from operating activities			
a. Expenses (income) not entailing cash flows:			
Fair value adjustment of investment property and profit from its sale	(7,225)	73,372	(607,209)
Net profits from changes in holding rate and realization of investments in investees	72	(10)	(23)
Differences from adjustments, interest and discounting in respect of long-term liabilities and cash balances	(25,388)	(82,486)	474,223
Loss (profit) from fair value adjustment of financial assets at fair value through profit and loss	(3,336)	15,939	222,102
Company's share in results of associates, net of dividends and capital reductions received	(45,440)	323,694	569,073
Deferred taxes, net	43,263	29,592	170,419
Depreciation and amortizations	60,508	43,285	200,666
Allocation of benefit in respect of share-based payment	5,369	11,285	24,222
Miscellaneous, net	(297)	6,057	(1,690)
	27,526	420,728	1,051,783
b. Changes in asset and liability items (changes in working capital):			
Increase in customers and in accounts receivable and debit balances	(15,285)	(41,733)	(49,116)
Decrease (increase) in current tax assets	(2,790)	1,799	(5,839)
Increase (decrease) in payables and credit balances	(27,537)	8,642	(26,432)
Increase (decrease) in current tax liabilities	(79,701)	33,340	(156,805)
Sale (purchase) of CAP options	(2,867)	1,511	1,536
	(128,380)	3,559	(236,656)
c. Non-cash activity			
Increase in provision for evacuation and rehabilitation against systems	-	-	18,796
Exercise of employee options against receivables	-	12,670	12,353
Investment in electricity-generating systems against supplier credit and	282,099	42,129	855,213
Realization of investment property against receivables	-	-	8,250
Increase in right-of-use asset against lease liabilities	11,207	138,949	134,076
Investment in property and fixed assets against other payables and credit	24,313	35,566	61,761
Dividends declared for non-controlling interests in a consolidated company	27,343	-	-
Dividends declared for Company shareholders	51,608	32,350	-
Dividends not yet received from companies accounted for using the equity	2,250	1,500	-
d. Additional information			
Interest paid	294,277	272,134	559,420
Interest received	8,536	20,895	54,977
Taxes paid	56,700	27,436	74,297
Taxes received	6,157	682	14,696
Dividends and capital reductions received	7,436	4,621	27,459

The attached notes constitute an integral part of the Condensed Consolidated Financial Statements.

Note 1 – General

The Group focuses on long-term investments in income-generating property companies in Israel and abroad (in Western countries). In addition, the Group has investments in renewable energy, in Israel and around the world.

These Condensed Consolidated Financial Statements (hereinafter: the "**Interim Financial Statements**") were prepared as of March 31, 2025 and for the three month period ended on that date. These statements should be reviewed within the context of the Company's Consolidated Annual Financial Statements as of December 31, 2024 and for the year ended on that date and with their accompanying notes (hereinafter: the "**Annual Financial Statements**").

Note 2 – Significant Accounting Policies

a. Preparation basis for the financial statements:

The Group's Interim Financial Statements have been prepared in accordance with International Accounting Standard IAS 34, "Interim Financial Reporting" (hereinafter: "IAS 34").

The Condensed Consolidated Financial Statements have been prepared in accordance with disclosure directives in Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

In the preparation of these interim financial statements, the Group has implemented accounting policies, presentation principles and calculation methods identical to those implemented in the preparation of its financial statements as of December 31, 2024.

b. New reporting standards:

Amendment to IFRS 9 - "Financial Instruments" and IFRS 7 - "Financial Instruments: Disclosures" (regarding contracts referencing nature-dependent electricity) - In December 2024, an amendment to IFRS 9 and to IFRS 7 was published regarding contracts referencing nature-dependent electricity.

The main points of the amendment are as follows:

- The provisions of the exemption from the application of IFRS 9 for contracts to purchase or sell non-financial items in accordance with the entity's projected purchase, sale or use requirements (the 'own-use' exemption) have been amended to include the factors that an entity is required to consider when assessing whether contracts for the purchase or sale of electricity from renewable energy sources where the generation of electricity is dependent on nature (such as solar or wind conditions) are within the scope of IFRS 9.
- The cash flow hedge accounting provisions in IFRS 9 have been amended to allow an entity that uses a contract for electricity from renewable energy sources that are nature-dependent within the scope of the standard (for example, a contract to sell electricity according to the actual generation profile of a renewable energy facility, settled net in cash) as a hedging instrument in a cash flow hedge relationship (hedging the projected revenue from the sale of electricity generated by that renewable energy facility to which the hedging instrument relates):
  - To designate as a hedged item a variable amount of electricity generation in a projected electricity sale transaction that is aligned with the variable amount of electricity expected to be supplied by the electricity generation facility to which the hedging instrument relates, since there is a presumption that this projected transaction is highly probable to occur; and
  - To measure the hedged item using the same assumptions regarding the electricity generation capacity as those used by the hedging instrument, in a way that improves the effectiveness of the hedge.
- New disclosure requirements were added to IFRS 7 for contracts referencing nature-dependent electricity with certain characteristics.

The amendment will enter into effect for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The amendment will be applied retrospectively, except for the amendment to the cash flow hedge accounting requirements in IFRS 9. An entity must apply the amendment to the hedge accounting requirements of IFRS 9 prospectively for new hedging relationships designated on or after the date of initial application of the amendment.

Note 2 – Significant Accounting Policies (continued)

In addition, on the date of initial application of the amendment, an entity may discontinue hedge accounting relationships in which a contract referencing nature-dependent electricity was designated as a hedging instrument before the date of initial application of the amendment, if that hedging instrument is designated in a new hedging relationship in accordance with the hedge accounting provisions of IFRS 9 after the amendment.

The Group is examining the effects of the amendment on the financial statements.

c. Determining the fair value of investment property and investment property in development:

The Group determines the fair value of income-generating property in accordance with the provisions of IAS 40 and IFRS 13. In order to determine the fair value in the annual financial statements, the Group's management relies on valuations of independent external appraisers. In the semi-annual reports, the Group relies on professional independent external appraisers who review all of the Group's assets. In the first and third quarters, the Group's management relies on letters of no change from external assessors or on valuations of external appraisers.

d. Exchange rates and linkage bases:

- Balances in or linked to foreign currency are included in the financial statements according to the representative rates of exchange published by the Bank of Israel and in effect as of the end of the reporting period.
- Balances linked to the Consumer Price Index (CPI) are presented according to the most recent known CPI at the end of the reporting period (the CPI for the month preceding the month of the financial statements date) or in accordance with the CPI in lieu of the last month of the reporting period (the CPI for the month of the financial statements date), according to the terms of the transaction.
- The following is information regarding exchange rates and the CPI:

	As of March 31 / for the month of March	As of March 31 / for the month of March	As of December 31 / for the month of December	Change for the three-month period ended March 31	Change for the three-month period ended March 31	Change for the period ended December 31
	2025	2024	2024	2025	2024	2024
				%	%	%
Consumer Price Index						
(2000 base)						
In Israel (in lieu CPI)	116.013	149.184	114.796	1.06	0.95	3.24
In Israel (known CPI)	115.443	148.340	115.113	0.29	0.29	3.43
Exchange rate against the NIS						
USD	3.718	3.681	3.650	1.86	1.49	0.55
GBP	4.811	4.654	4.570	5.27	0.74	(1.08)
PLN	0.96	0.920	0.89	7.87	0.30	(3.26)

Note 2 – Significant Accounting Policies (continued)

e. Seasonal factors:

Naturally, solar radiation and wind speed in various seasons influence the output of photo-voltaic systems or wind farms. In the photovoltaic sector, in the spring and summer months, when solar radiation levels are high, the photo-voltaic systems' output increases. In the autumn and winter months, when solar radiation levels are relatively low, the systems' output declines. In the wind energy sector, electricity generation is subject to changes in the wind regime in the different seasons, according to the specific region in which the turbines are located and to the variation in wind regimes from year to year. Based on wind measurements made in the area of Energix's wind farms in Poland, the forecast is that the fall and winter months (fourth and first quarters), which are characterized by strong winds, will be the months in which the wind farm's output increases. It should be clarified that the weather conditions that will actually exist in a certain period may have a significant impact on the ability of Energix's facilities to generate electricity, and accordingly on its operating results, whether in the photo-voltaic field and whether in the wind energy field.

Note 3 – Amot (consolidated company)

As of March 31, 2025 and close to the date of publication of the report, the Company held 51.05% of the rights in Amot.
For information regarding dividends received from Amot in the reported period, please see Note 10a below.

a. Management agreement for the years 2025-2027:

Further to Note 6c.4 to the Annual Financial Statements, in May 2025, the Company's Board of Directors approved its engagement in an agreement to extend the management agreement with Amot for the years 2025-2027, while reducing the amount of the annual management fees and setting them at NIS 11 million (linked to the CPI for the month of November 2024), and to the extent that Amot's annual FFO return according to the management approach is less than 6%, the management fees for that year will be reduced by NIS 600 thousand (linked to the CPI for November 2024). The remaining terms of the management agreement will remain unchanged.

Note 4 – Brockton Everlast Inc. ("BE") (consolidated company)

a. The Company's holdings in BE:

As of March 31, 2025 and close to the date of publication of the report, the Company indirectly held approx. 84.92% of the rights in BE. During the reporting period, the Company invested approx. GBP 11.2 million (approx. NIS 53 million) in BE's capital.

b. Financial debt:

Regarding the engagement in a financing agreement in the reporting period, please see Note 8d below.

Note 5 – Energix (a consolidated company)

a. Company holdings in Energix

As of March 31, 2025 and close to the date of publication of the report, the Company held 50.2% of the rights in Energix. For information regarding dividends received from Amot in the reporting period, please see Note 10a below.

b. The following are transactions carried out by Energix in the reporting period and subsequent to the balance sheet date:

As part of Energix's total activity in Israel, the United States and Poland, the total capacity of its photovoltaic and wind energy systems, as of the date of publication of the report, amounts to approx. 1.4 GW and 189 MWh (storage), in projects in commercial operation, approx. 844 MW and approx. 258 MWh (storage) in projects in development and in pre-construction and approx. 633 MW and approx. 50 MWh (storage) in projects in advanced initiation. In addition, Energix has photovoltaic and wind energy projects in initiation with a capacity of approx. 5 GW and storage projects in initiation with a capacity of approx. 11 GWh.

United States:

Photovoltaic projects in the United States

1. Reciprocal tariffs imposed by the Trump administration - Subsequent to the date of the report, during April 2025, the Trump Administration determined that, as of April 5, 2025, all imports of goods into the United States, including equipment and parts relevant to Energix's operations, will be subject to a base tariff of 10%, and that additional tariffs are expected at a rate specific to each country. The import tariffs are not expected to have a material impact on the projects under construction and pre-construction in the United States.

2. IRA Law - In addition, as of the date of approval of the report, discussions are underway regarding possible changes to the IRA law, under which, among other things, tax benefits (ITC) relevant to Energix's activities in the United States were regulated. In this context, in May 2025, a draft budget law was published that includes possible changes to the IRA legislation, including a gradual reduction of tax benefits from 2029 to 2032. However, according to publications, from the published draft law it appears that the changes with respect to tax benefits for the renewable energy sector are not significant for Energix's activities.

3. E4 Portfolio with a total capacity of approx. 210 MWp - Further to Note 8c to the annual financial statements, during the reporting period and up to the date of approval of the report, commercial operation has commenced at 3 projects with a capacity of approx. 70 MWh. A tax partner investment of approx. USD 13 million was received for these projects, and the remaining investment of approx. USD 54-57 million is expected to be received in the coming weeks on the financial closing date with the tax partner. In addition, Energix is in the midst of construction work on the 2 additional projects with a total capacity of approx. 140 MWp.
As of the date of the report, Energix has recognized assets in the amount of approx. NIS 94 million, which were recorded under the "Connected electricity generating systems" item and in the amount of approx. NIS 737 million, recorded under the "Systems in development and initiation" item.

4. E5 portfolio with a total capacity of approx. 424 MWp - Further to Note 8c to the annual financial statements, as of the date of the report and the date of approval of the report, Energix is in the process of construction work on 4 projects in the United States with a capacity of approx. 272 MWp and is about to commence construction on another project with a capacity of approx. 152 MWp, which constitute the E5 project backlog.

As of the date of the report, Energix has recognized assets in the amount of NIS 753 million in respect of this project backlog, which were recorded under the 'systems in development and initiation' item.

For the projects' financing, please see Note 8c below.

Note 5 – Energix (a consolidated company) (continued)

Israel:

Photovoltaic projects in Israel –

The winning projects under Competitive Procedure 2 for the construction of photovoltaic facilities with combined storage capacity (approx. 81 MWp and 299 MWh) - Further to Note 8a(2) to the annual financial statements, as of the date of approval of the report, high-voltage photovoltaic projects with a capacity of approx. 53 MWp, combined with storage capacity of approx. 189 MWh, are in commercial operation, and the construction work on the remaining projects with a total capacity of 28 MWp combined with storage capacity of 110 MWh is in progress.

As of the date of the report, Energix has recognized assets in the amount of NIS 184 million in respect of the projects under this competitive procedure, which were recorded under the "Systems in development and initiation" item, and approx. NIS 318 million recorded under the "Connected electricity generating systems" item.

Poland:

- **Wind energy projects - Banie 4 project (56MW)** - Further to Note 7d to the annual financial statements, during the reporting periodת Energix decided to enter the tender regulation owing to its win in the tariff tender. As part of the tender terms, each of the wind farms that won and complete their entry into the tender regulation will be entitled to a guaranteed index-linked rate during their commercial operation for a period of 15 years from the date of entry into the tender and in relation to electricity output at an average rate of approx. 80% of the expected electricity generation at the relevant wind farm. The balance will be sold by Energix at market prices, or as part of price fixing transactions, similar to transactions in connection with the electricity output of Energix's projects in commercial operation.

- **Storage projects in development and pre-construction with a capacity of 100 MWh** - As of the date of the report and the date of approval of the report, Energix is in the midst of construction work on a storage project in Poland with a capacity of approx. 48 MWh and has started preparations for the construction of another storage project with a capacity of approx. 52MWh.

Lithuania:

Wind energy and photovoltaic projects:

In March 2025, Energix entered into an agreement for the acquisition of a combined wind and photovoltaic project with a total capacity of approx. 470 MW in Lithuania (approx. 140 MW wind and up to 330 MWp photovoltaic), for a consideration of approx. EUR 25 million, of which 80% will be paid upon finalization and the remaining 20% upon completion of the actual construction work. The completion of the transaction and the transfer of ownership of the project to the Company is subject to the granting of a construction permit for the project, which is expected in the coming weeks. As part of Energix's preparations to complete the transaction and commence construction of the project, in May 2025, Energix entered into a memorandum of understanding for the receipt of financing in the amount of up to EUR 240 million for the construction of the project, and it is in negotiations for an agreement with construction contractors and to purchase the main equipment required for the project.

Note 6 – Carr Properties (hereinafter - "Carr") (an associate)

a. The Company's Holdings in Carr

As of March 31, 2025 and as of the date of publication of the report, the Group's holdings in Carr Properties Holdings LP is 52.3%. The Group's effective holdings in Carr as of March 31, 2025 was 47.8%.
The balance of the investment in Carr in the financial statements as of March 31, 2025, is USD 369 million (NIS 1.37 million).

b. Non-binding memorandum of understanding with JPM

In February 2025, Carr entered into a non-binding memorandum of understanding with JPM (hereinafter - the "**Memorandum of Understanding**"), under which Carr will redeem JPM's entire holdings in Carr, in exchange for the transfer of full ownership of three of its property assets (net of liabilities). Subject to the signing and completion of a binding agreement, which is subject, among other things, to the repayment of the full utilization of existing credit facilities to Carr. The Company's holding rate in Carr is expected to increase from 47.8% to 77.2%. As a result, Carr will be consolidated into the Company's consolidated financial statements.

As part of the preparations for the aforementioned redemption, Carr has performed the following actions:

1) 425 Montgomery Street building - Further to Note 6g(4) to the annual financial statements, in January 2025, Carr entered into a joint venture agreement with a partner (hereinafter in this subsection - the "**Partner**") for the development of a 237-unit rental housing residential project, according to which Carr holds 10% and the partner holds 90% of the ownership rights. As part of the agreement, the partner reimbursed Carr for its share of the costs incurred in the project. In addition, the joint venture entered into a financing agreement for the project's construction, under which a construction loan of USD 84 million was provided, which will be withdrawn in accordance with the progress of the construction work.

2) Realization of properties - In April 2025, Carr engaged in agreements for the sale of two properties at prices that represent their values as of the end of 2024:

1. Sale of the 4500 West-East building for the amount of USD 35 million (NIS 120 million). The transaction was completed in May 2025.
2. Sale of the 901 K Street building for the amount of USD 84 million (NIS 300 million). The transaction was completed during June 2025.

3) One Congress building - During May 2025, Carr and its partner in the tower entered into a new loan agreement in the amount of USD 650 million. The loan is for a period of 7 years and has a fixed interest rate of 5.8%. The loan was used by Carr and its partner to repay the financing for the building's construction in the amount of USD 570 million, while the balance was used to repay capital to the partnership (Carr's share - USD 60 million).

As part of the transactions described in subsections 1-3 above, it is Carr's intention to reduce its utilization of the credit facilities by the amount of approx. USD 80 million.

c. Fair value adjustment of investment property

In the reporting period, Carr recorded a net positive revaluation in the amount of USD 10 million in its financial statements (the Group's share in the positive revaluation before tax is approx. USD 5 million, (NIS 18 million)).

Note 6 – Carr Properties (hereinafter – "Carr") (an associate) (continued)

d. The following is condensed information regarding Carr:

	For the three month period ended March 31	For the three month period ended March 31	For the year ended December 31
	2025	2024	2024
	USD thousands		
Revenues (not including real estate valuations)	51,370	41,872	165,444
Adjustment of investment property value (*)	12,382	(159,690)	(202,130)
Net profit (loss) from continuing activity	31,337	(140,820)	(145,080)
Other comprehensive loss	(1,702)	(459)	(7,661)
Total comprehensive income (loss) (including minority share in profit (loss))	29,635	(141,279)	(152,741)
Company's share in Carr's net profit (loss) in USD thousands	12,802	(67,939)	(71,984)
Company's share in Carr's comprehensive income (loss) in USD thousands	12,170	(68,276)	(75,452)
Company's share in Carr's net profit (loss) in NIS thousands	46,273	(248,969)	(263,716)
Company's share in Carr's comprehensive income (loss) in NIS thousands	43,989	(250,202)	(276,588)

(*) The section includes the adjustment of the investment property value as presented in Carr's consolidated financial statements, as well as Carr's share in the adjustments of the investment property value of its associates.

	As of March 31	As of March 31	As of December 31
	2025	2024	2024
	USD thousands		
Investment property	1,730,091	897,785	1,712,421
Property in development and land for development	26,546	44,146	48,111
Investment in investees	111,316	385,337	100,455
Other non-current assets	141,162	159,696	133,397
Property held for sale	-	148,878	-
Other current assets	47,348	36,434	52,621
Total assets	2,056,463	1,672,276	2,047,005
Liability held for sale	-	148,878	-
Current liabilities	51,112	88,823	59,090
Non-current liabilities	1,146,798	690,672	1,158,353
Total liabilities	1,197,910	928,373	1,217,443
Equity attributed to shareholders	705,255	695,744	682,043
Non-controlling interests	153,298	48,159	147,519
Equity (including non-controlling interests)	858,553	743,903	829,562
Total liabilities and equity	2,056,463	1,672,276	2,047,005
Company's share in net assets - in USD thousands	369,171	364,192	357,020
Book value of investment - in NIS thousands	1,372,578	1,340,591	1,302,056

Note 7 – The Company's Holdings in Boston (associated companies)

a. The Company's holdings in Boston

The Company holds approx. 55% of the capital rights and 50% of the controlling rights (through fully owned corporations) in three companies that hold two office towers and a laboratory building for the Life Sciences (two in the Boston CBD (Boston's central business district) and one in East Cambridge) (hereinafter, collectively - the "**Boston Partnerships**"). The Company's partner in the Boston Partnerships is the Oxford Properties Group (hereinafter: "**Oxford**"), which provides asset management services under agreed terms identical to market terms.

The balance of the investment in the three Boston Partnerships, in the financial statements as of March 31, 2025, is USD 95 million (approx. NIS 353 million).

In the reporting period, the Group invested a total of USD 1.5 million (approx. NIS 5.5 million) in the Boston Partnerships. Subsequent to the balance sheet date, the Group invested an additional USD 1.2 million (approx. NIS 4.5 million) in the Boston Partnerships.

In the reporting period, the Group received dividends and returns of capital from the Boston Partnerships in the total amount of USD 2 million (approx. NIS 7.5 million).

Note 8 – Loans from Banking Corporations and Financial Institutions

a. The Company

1. Further to Note 12b(c) to the annual financial statements, during the reporting period, the Company signed a credit facility agreement with a banking institution in Israel in the amount of NIS 200 million for a utilization and repayment period until February 26, 2026. The utilized credit will bear variable interest at a nominal annual rate not exceeding Prime + 0.8%, calculated on an annual basis. The Company has committed to financial covenants and conditions for immediate repayment that are substantially similar to the terms specified in the Company's bonds (Series O). For information, please see Note 11g to the annual financial statements.
2. Subsequent to the date of the report, in May 2025, the Company entered into a credit facility agreement with a banking institution in Israel (hereinafter, in this subsection - the "**Bank**") in the amount of NIS 200 million (replacing a credit facility agreement with the Bank in the amount of NIS 150 million), for a utilization period of one year until May 2026 and for repayment by May 2028. The utilized credit will be at terms similar to the description in Note 12b to the annual financial statements. The criteria to which the Company committed are essentially similar to those described in Note 12b to the annual financial statements.

As of March 31, 2025, the Company has a credit facility in the total amount of NIS 500 million, which is unutilized (as of the date of publication of the report - NIS 550 million).

Note 8 – Loans from Banking Corporations and Financial Institutions (continued)

b. Amot (a consolidated company)

On April 3, 2025, subsequent to the balance sheet date, Amot raised tradable securities (Series 4) in the amount of NIS 200 million. The tradable securities are repayable once a year and can be extended for up to 5 years. These securities are repayable within 7 days upon request of one of the parties.

c. Energix (a consolidated company)

1. Energix has credit facilities from financial institutions used for the provision of guarantees and short-term loans. As of the date of the report, Energix has credit facilities totaling approx. NIS 1.6 billion. Of the total credit facilities, the facilities utilized as of the reporting date are approx. NIS 790 million, which have been used for guarantees and short-term loans.
2. Further to Note 12g(4) to the annual financial statements, in the reporting period, Energix made withdrawals in the amount of approx. NIS 92 million and a cumulative amount of NIS 365 million from a total facility of up to NIS 400 million.

d. BE (a consolidated company)

In February 2025, BE took a loan in the amount of GBP 45 million (NIS 202 million), replacing a loan of GBP 46 million, which was due. The loan bears SONIA interest plus an annual margin of 3%. The loan principal will be repaid in February 2029 and BE has an extension option for an additional year, subject to the lender's consent. As part of the loan, BE committed to an LTV ratio not to exceed 65% and a coverage ratio of no less than 1.1-1.35. In addition, BE entered into a SWAP transaction with the financing bank so that the annual SONIA interest rate will be approx. 4% (3% starting in 2026).

Note 9 – Bond Raising

a. The Company

As of March 31, 2025, the Company's bonds amount to approx. NIS 5,191,092 thousand, of which NIS 355,919 thousand are classified as current liabilities in the condensed consolidated statements of financial position. For additional information, please see Note 11 to the Annual Consolidated Financial Statements.

b. Energix

Further to Note 11p to the annual financial statements, in March 2025, Energix issued NIS 549 million PV of Energix bonds (Series A) by way of a series expansion by way of shelf offering report, for a total net consideration of NIS 503.5 million. The effective interest of Energix's bonds (Series A) is 5.36%.

Note 10 – Additional Information and Events Subsequent to the Date of the Statement of Financial Position

a. Dividend distributed and dividend declared

The Company - In March 2025, the Company's Board of Directors made a decision regarding the dividend distribution policy for 2025, according to which the Company will distribute a total dividend of NIS 0.96 per share in 2025, which will be paid in 4 payments of NIS 0.24 per share (subject to a specific decision of the Board of Directors at the end of each quarter, taking into account business considerations and in accordance with any law).

In accordance with the above, in April 2025, the Company paid the dividend for the first quarter in the amount of NIS 0.24 per share (NIS 52 million).

In May 2025, the Company announced a dividend distribution for the second quarter of 2024 in the amount of NIS 0.24 per share (NIS 52 million), to be paid during June 2025.

Amot (a consolidated company) - In February 2025, Amot's Board of Directors stated that in 2025 Amot intends to distribute an annual dividend of NIS 1.08 per share, to be paid in 4 equal payments in the amount of NIS 0.27 per share (subject to a specific decision of the Amot Board of Directors at the end of each quarter). In addition, the Amot Board of Directors decided to distribute an additional dividend in respect of 2024 in the amount of NIS 0.23 per share.

In accordance with this policy, in March 2025 Amot paid a dividend for the first quarter of 2025 in the total amount (including the additional dividend) of NIS 0.50 per share (approx. NIS 236 million, the Company's share - approx. NIS 120 million).

In May 2025 Amot declared a dividend distribution for the second quarter of 2025 in the amount of NIS 0.27 per share (approx. NIS 127 million, the Company's share - approx. NIS 65 million), which will be paid in June 2025.

Energix (a consolidated company) - In March 2025, the Energix Board of Directors stated that in 2025 it intends to distribute an annual dividend in the amount of NIS 0.40 per share, which will be paid in 4 quarterly payments of NIS 0.10 per share (subject to a specific decision of the Energix Board of Directors at the end of each quarter).

In accordance with this policy, in April 2025 Energix paid a dividend for the first quarter of 2025 in the total amount of NIS 0.10 per share (approx. NIS 55 million, the Company's share - approx. NIS 28 million).

In May 2025, Energix declared a dividend distribution for the second quarter of 2025 in the amount of NIS 0.10 per share (approx. NIS 55 million, the Company's share - approx. NIS 28 million), which will be paid in June 2025.

b. Remuneration of employees and officers

(1) In March 2025, the Company's Board of Directors decided to grant an annual ration of 635,479 non-tradable options to three Company officers, 7 directors (including a director who is the daughter of the Company CEO), the Chairman of the Company's Board of Directors and to 8 employees. The total economic value of the above granted options amounts to approx. NIS 4.3 million. For additional information, please see Note 17e to the annual financial statements.

Note 11 – Financial Instruments

a. Financial instruments not presented in the financial statements at fair value

The following table details the book value and fair value of financial assets and liabilities presented in the financial statements not at their fair value. Except as detailed in the following table, the Group believes that the book value of financial assets and liabilities presented at amortized cost in the financial statements is nearly identical to their fair value:

	As of March 31, 2025		As of March 31, 2024		As of December 31, 2024	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Financial liabilities						
Long-term loans (including maturities)	7,066,840	6,918,012	5,554,990	5,325,024	6,554,750	6,370,065
Bonds (including maturities)	15,314,403	14,781,827	15,511,219	14,745,556	15,521,427	14,895,755
	22,381,243	21,699,839	21,066,209	20,070,580	22,076,177	21,265,820

- The fair value of long-term loans is determined according to discounted cash flows. Interest rates used for discounting are based on a quote obtained from a financial institution for a loan under similar conditions. Calculation of the fair value of long-term loans is according to Level 2.
- Bonds in the above table include only the liability component of convertible bonds (Series B) issued by Energix. The fair value of the bonds is determined by discounting the expected cash flows according to interest rates of similar debt instruments that do not include a conversion option and is in accordance with Level 2.
- The fair value of the traded bonds, except for Energix's convertible bonds (Series B), is determined based on prices quoted on the stock exchange in Israel and is in accordance with Level 1.

Note 11 – Financial Instruments (continued)

b. Financial instruments presented in the financial statements at fair value

Below are details of the Group's financial instruments measured at fair value, by level:

	As of March 31, 2025			
	Level 1	Level 2	Level 3	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Financial assets at fair value				
Derivatives:				
Financial derivatives (forward contract for foreign currency swap) designated for hedging	-	10,800	-	10,800
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging (1) (3)	-	-	109,626	109,626
Financial derivatives (CAP options for hedging the exposure to variable interest)	-	64,039	-	64,039
Financial derivatives (Swap contract swapping variable interest with fixed interest) designated for hedging	-	90,434	-	90,434
Financial assets measured at fair value through profit and loss:				
Real estate investment funds (1)	-	-	219,616	219,616
	-	165,273	329,242	494,515
Financial liabilities at fair value				
Derivatives:				
Financial derivatives (swap contract, swapping NIS principal and interest with CPI-linked principal and interest) designated for hedging	-	(212,580)	-	(212,580)
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging (1) (3)	-	-	(144,717)	(144,717)
Financial derivatives (swap contract, swapping the NIS principal and interest with USD principal and interest) designated for hedging	-	(48,441)	-	(48,441)
Financial derivatives (swap contract, swapping the NIS principal and interest with GBP principal and interest) designated for hedging	-	(23,071)	-	(23,071)
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	-	(11,098)	-	(11,098)
Financial derivatives (swap contract, swapping the NIS principal and interest with CHF principal and interest)	-	(1,015)	-	(1,015)
Financial derivatives (Swap contract swapping variable interest with fixed interest) designated for hedging	-	(18,812)	-	(18,812)
Financial derivatives (forward contract for foreign currency swap) designated for hedging	-	(132,101)	-	(132,101)
Financial derivatives (options for hedging the exposure to foreign currency)	-	(15,845)		(15,845)
Contingent consideration for a transaction carried out by Energix with non-controlling interests and for the acquisition of assets in the United States (1) (2)	-	-	(97,580)	(97,580)
	-	(462,963)	(242,297)	(705,260)

Note 11 – Financial Instruments (continued)

(1) Financial instruments at fair value measured according to Level 3:

	For the three month period ended March 31, 2025
	NIS thousands
Balance as of January 1, 2025	13,177
Recognition against electricity-generating facilities in development	(5,449)
Amounts recorded to profit and loss in the period	(325)
Amounts recorded to other comprehensive income in the period	79,542
Balance as of March 31, 2025	86,945

(2) Contingent consideration for a transaction carried out by Energix with non-controlling interests in the United States:

Description of the Corporation's business	Fair value as of March 31, 2025	Valuation technique	Discount rate
	NIS thousands		
Contingent consideration	97,580	Discounted cash flow	5.2%-5.4%

(3) Hedging transactions on electricity prices in the United States

The fair value of hedging transactions on electricity prices in the United States are classified in these statements at Level 3. In the fair value measurement of these financial derivatives, Energix uses quoted market data as well as estimates and assessments based on non-quoted data, such as yield curves and future electricity prices in the US electricity market, as well as the historical standard deviation of electricity prices in the market. These estimates include assumptions regarding future electricity prices for periods in which there are no observable electricity prices in the market, as well as assumptions regarding the discount rates that are used for determining the fair value of these derivatives. Changes in such estimates and assessments may result in material changes in the fair value. These basic assumptions are the result of the exercising of subjective judgment in an environment of uncertainty, sometimes particularly significant, and therefore changes in the basic assumptions may result in changes in the fair value of these derivatives, sometimes materially, and therefore affect Energix's financial position as of March 31, 2025 and its results of operations for the same period.

Main assumptions used in the fair value calculation	As of March 31, 2025		As of March 31, 2024		As of December 31, 2024	
	Range		Range		Range	
Discount rate	4.45%	3.84%	5.56%	3.87%	4.47%	4.09%
Standard deviation	57.94	41.69	-	-	58.30	41.26
Future electricity price range	106.44	30.75	128.66	21.72	120.09	23.11
Fixed price range in agreements (*)	85.77	26.25	49.00	26.25	85.77	26.25
Lifespan (in years)	16.05	2.22	15.89	3.22	16.30	2.47

(*) The differences in the range are mainly due to seasonal effects.

Note 11 – Financial Instruments (continued)

b. Financial instruments presented in the financial statements at fair value

	As of March 31, 2024			
	Level 1	Level 2	Level 3	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Financial assets at fair value				
Derivatives:				
Financial derivatives (swap contract, swapping the NIS principal and interest with CHF principal and interest)	-	2,954	-	2,954
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	-	907	-	907
Financial derivatives (forward contract for foreign currency swap) designated for hedging	-	6,187	-	6,187
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging (1) (3)	-	-	1,661	1,661
Financial derivatives (CAP options for hedging the exposure to variable interest)	-	98,766	-	98,766
Financial derivatives (Swap contract swapping variable interest with fixed interest) designated for hedging	-	87,274	-	87,274
Financial assets measured at fair value through profit and loss:				
Tradable securities	4	-	-	4
Real estate investment funds (1)	-	-	263,082	263,082
	4	196,088	264,743	460,835
Financial liabilities at fair value				
Derivatives:				
Financial derivatives (swap contract, swapping NIS principal and interest with CPI-linked principal and interest) designated for hedging	-	(211,649)	-	(211,649)
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging (1) (3)	-	-	(178,462)	(178,462)
Financial derivatives (swap contract, swapping the NIS principal and interest with USD principal and interest) designated for hedging	-	(40,511)	-	(40,511)
Financial derivatives (swap contract, swapping the NIS principal and interest with GBP principal and interest) designated for hedging	-	(6,365)	-	(6,365)
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	-	(4,099)	-	(4,099)
Financial derivatives (swap contract, swapping the NIS principal and interest with CHF principal and interest)	-	(1,014)	-	(1,014)
Financial derivatives (Swap contract swapping variable interest with fixed interest) designated for hedging	-	(2,447)	-	(2,447)
Financial derivatives (forward contract for foreign currency swap) designated for hedging	-	(468,982)	-	(468,982)
Contingent consideration for a transaction carried out by Energix with non-controlling interests in the United States (1)	-	-	(84,478)	(84,478)
	-	(735,067)	(262,940)	(998,007)

Note 11 – Financial Instruments (continued)

(1) Financial instruments at fair value measured according to Level 3:

	For the three month period ended March 31, 2024
	NIS thousands
Balance as of January 1, 2024	23,745
Investments	56,412
Amounts recorded to profit and loss in the period	(19,504)
Amounts recorded to other comprehensive income in the period	(58,850)
Balance as of March 31, 2024	1,803

Note 11 – Financial Instruments (continued)

b. Financial instruments presented in the financial statements at fair value:

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Financial assets at fair value				
Derivatives:				
Financial derivatives (swap contract, swapping the NIS principal and interest with CHF principal and interest)	-	2,954	-	2,954
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	-	6,935	-	6,935
Financial derivatives (swap contract, swapping the NIS principal and interest with USD principal and interest) designated for hedging	-	618	-	618
Financial derivatives (forward contract for foreign currency swap) designated for hedging	-	47,689	-	47,689
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging (1) (3)	-	-	82,076	82,076
Financial derivatives (CAP options for hedging the exposure to variable interest)	-	68,646	-	68,646
Financial derivatives (Swap contract swapping variable interest with fixed interest) designated for hedging	-	98,361	-	98,361
Financial assets measured at fair value through profit and loss:				
Tradable securities	5	-	-	5
Real estate investment funds (1)	-	-	218,454	218,454
	5	225,203	300,530	525,738
Financial liabilities at fair value				
Derivatives:				
Financial derivatives (swap contract, swapping NIS principal and interest with CPI-linked principal and interest) designated for hedging	-	(234,627)	-	(234,627)
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging (1) (3)	-	-	(197,250)	(197,250)
Financial derivatives (swap contract, swapping the NIS principal and interest with USD principal and interest) designated for hedging	-	(39,764)	-	(39,764)
Financial derivatives (swap contract, swapping the NIS principal and interest with GBP principal and interest) designated for hedging	-	(4,431)	-	(4,431)
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	-	(2,136)	-	(2,136)
Financial derivatives (swap contract, swapping the NIS principal and interest with CHF principal and interest)	-	(1,015)	-	(1,015)
Financial derivatives (Swap contract swapping variable interest with fixed interest) designated for hedging	-	(7,456)	-	(7,456)
Financial derivatives (forward contract for foreign currency swap) designated for hedging	-	(146,633)	-	(146,633)
Financial derivatives (options for hedging the exposure to foreign currency)	-	(11,276)	-	(11,276)
Contingent consideration for a transaction carried out by Energix with non-controlling interests and for the acquisition of assets in the United States (1)	-	-	(90,103)	(90,103)
	-	(447,338)	(287,353)	(734,691)

Note 11 – Financial Instruments (continued)

(1) Financial instruments at fair value measured according to Level 3:

	For the year ended December 31, 2024
	NIS thousands
Balance as of January 1, 2024	23,745
Net investment in real estate investment funds	67,137
Initial recognition against deferred profit	89,400
Initial recognition against electricity-generation facilities in development	(63,847)
Amounts recorded to profit and loss in the period	(8,857)
Amounts recorded to other comprehensive income in the period	(94,401)
Balance as of December 31, 2024	13,177

c. Changes in investments in associates

The following are the material changes that have occurred in investments in key associates in the following periods:

	For the three month period ended March 31		For the year ended December 31
	2025	2024	2024
	NIS millions	NIS millions	NIS millions
Investment in Carr	71	(228)	(266)
Investment in Boston	7	(69)	(179)

- Investment in Carr - The increase in the balance of the investment in the reporting period was mainly a result of the Group's share in Carr's comprehensive income (an increase of approx. NIS 44 million). In addition, there was an increase from the increase in the USD exchange rate (an increase of approx. NIS 27 million).
- Investment in Boston - The increase in the balance of the investment in the reporting period was due mainly to an increase in the USD exchange rate (an increase of approx. NIS 7 million).

Note 12 – Operating Segments

The Group has two areas of activity: (1) Main area of activity - long-term investments in income-generating property companies in Israel and in other western countries, which mainly includes its investments in Amot, Carr, and BE;
and (2) additional area of activity - investment in renewable energy, which consists of its investment in Energix.

Segment results are measured based on the Company's share in the operating results of each investment as included in the reports reviewed regularly by the chief decision maker and by management.

Note 12 – Operating Segments (continued)

Segment revenues and results:

	For the three month period ended March 31, 2025							
	Income-generating property segment				Energy segment			
	Amot	Carr	BE	Others	Energix	Unattributed results	Adjustments	Total
	NIS thousands							
Group share in investees' profits, net	81,212	46,273	(4,376)	2,282	21,095	(4)	(93,356)	53,126
Net losses from investments in securities measured at fair value through profit and loss	-	-	-	(10,174)	-	-	-	(10,174)
Revenues from decrease in holdings in investees	-	(72)	-	-	-	-	-	(72)
Other revenues, net (*)	2,889	-	-	-	2,738	-	520,603	526,230
	84,101	46,201	(4,376)	(7,892)	23,833	(4)	427,247	569,110
Administrative and general	-	-	-	-	-	8,398	52,619	61,017
Financing expenses, net	-	-	-	-	-	61,362	134,044	195,406
Other expenses, net (*)	-	-	-	-	-	-	150,295	150,295
	-	-	-	-	-	69,760	336,958	406,718
Profit before tax	84,101	46,201	(4,376)	(7,892)	23,833	(69,764)	90,289	162,392
Additional information regarding segment results:								
Revenues (in the investee's books) including revaluation profits (losses)	308,910	230,432	47,852		169,871			
Revaluation profits (losses) (in the investee's books), before tax (**)	16,797	44,755	(6,062)		-			
Revenues from the tax partner	-	-	-		58,927			
Net profit (loss) (in the investee's books)	159,231	113,268	(5,154)		41,992			
Company share in net profits (loss)	81,212	46,273	(4,376)		21,095			

For additional information regarding Carr's condensed financial information, please see Note 6e above.

(*) Other net revenues/expenses, mainly consisting of revenues/expenses from rental fees and management of investment property and from the activation of electricity-generating facilities.

(**) The item includes the adjustment of the investment property value as presented in Carr's Consolidated Financial Statements, as well as Carr's share in the adjustments of the investment property value of its associates.

(***) Under Others - The Group's share in profits of investees represents the results from the Company's holdings in Boston; losses related to investments in securities represents the movement in the Brockton Funds.

Note 12 – Operating Segments (continued)

Segment assets and liabilities:

	As of March 31, 2025							
	Income-generating property segment				Energy segment	Unattributed assets and liabilities	Adjustments	Total
	Amot	Carr	BE	Others	Energix			
	NIS thousands							
Assets:								
Investment in investees	4,621,466	1,372,580	3,188,664	353,027	1,135,644	4,477	(8,514,887)	2,160,971
Investment in securities measured at fair value through profit and loss	-	-	-	219,612	-	4	-	219,616
Other assets	-	-	-	-	-	162,458	38,212,355	38,374,813
	4,621,466	1,372,580	3,188,664	572,639	1,135,644	166,939	29,697,468	40,755,400
Liabilities	-	-	-	-	-	5,485,547	23,452,509	28,938,056

Note 12 – Operating Segments (continued)

Segment revenues and results:

	For the three month period ended March 31, 2024							
	Income-generating property segment				Energy segment	Unattributed results	Adjustments	Total
	Amot	Carr	BE	Others	Energix			
	NIS thousands							
Group share in investees' profits, net	76,215	(248,969)	(60,221)	(73,814)	39,984	-	(52,369)	(319,174)
Net losses from investments in securities measured at fair value through profit and loss	-	-	-	(10,311)	-	-	(7,068)	(17,379)
Profit from decrease in rate of holding, from acquisition and realization of associates	-	10	-	-	-	-	-	10
Other revenues, net (*)	2,801	-	-	-	2,648	-	477,870	483,319
	79,016	(248,959)	(60,221)	(84,125)	42,632	-	418,433	146,776
Administrative and general	-	-	-	-	-	9,397	48,654	58,051
Financing expenses, net	-	-	-	-	-	58,935	115,581	174,516
Other expenses, net (*)	-	-	-	-	-	-	112,102	112,102
	-	-	-	-	-	68,332	276,337	344,669
Profit before tax	79,016	(248,959)	(60,221)	(84,125)	42,632	(68,332)	142,096	(197,893)
Additional information regarding segment results:								
Revenues (in the investee's books) including revaluation profits (losses)	249,671	(431,764)	(24,488)		230,480			
Revaluation profits (losses) (in the investee's books), before tax (**)	3,331	(585,207)	(76,703)		-			
Revenues from a tax partner	-	-	-		17,470			
Net profit (in the investee's books)	149,171	(516,045)	(72,132)		80,065			
Company share in net profits	76,215	(248,969)	(60,221)		39,984			

For additional information regarding Carr's condensed financial information, please see Note 6e above.

(*) Other net revenues/expenses, mainly consisting of revenues/expenses from rental fees and management of investment property and from the activation of electricity-generating facilities, which are included in other items in the Statement of Income.

(**) The item includes the adjustment of the investment property value as presented in Carr's Consolidated Financial Statements, as well as Carr's share in the adjustments of the investment property value of its associates.

(***) Under Others - The Group's share in profits of investees represents the results from the Company's holdings in Boston; losses related to investments in securities represents the movement in the Brockton Funds.

Note 12 – Operating Segments (continued)

Segment assets and liabilities:

	As of March 31, 2024							
	Income-generating property segment	Income-generating property segment	Income-generating property segment	Income-generating property segment	Energy segment	Unattributed assets and liabilities	Adjustments	Total
	Amot	Carr	BE	Others	Energix			
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	
Assets:								
Investment in investees	4,463,989	1,340,594	2,878,220	456,958	1,112,751	10,013	(8,028,180)	2,234,345
Investment in securities measured at fair value through profit and loss	-	-	212,921		-	4	50,161	263,086
Other assets	-	-	-	-	-	179,910	35,776,404	35,956,314
	4,463,989	1,340,594	3,091,141	456,958	1,112,751	189,927	27,798,385	38,453,745
Liabilities	-	-	-	-	-	5,996,487	21,758,482	27,754,969

Note 12 – Operating Segments (continued)

Segment revenues and results

	For the year ended December 31, 2024							
	Income-generating property segment				Segment Energy			
	Amot	Carr	BE	Others	Energix	Unattributed results	Adjustments	Total
	NIS thousands							
Group share in investees' profits, net (**)	468,063	(263,716)	(104,164)	(277,751)	169,762	(5,405)	(526,967)	(540,178)
Net losses from investments in securities measured at fair value through profit and loss	-	-	-	(11,444)	-	(1)	(216,063)	(227,508)
Revenues from decrease in holdings in investees	-	23	-	-	-		-	23
Other revenues, net (*)	11,429	-	(112)	-	10,922	60	2,856,313	2,878,612
	479,492	(263,693)	(104,276)	(289,195)	180,684	(5,346)	2,113,283	2,110,949
Administrative and general	-	-	-	-	-	39,136	227,673	266,809
Financing expenses, net	-	-	-	-	-	271,169	716,129	987,298
Other expenses, net (*)	-	-	-	-	-	-	530,001	530,001
	-	-	-	-	-	310,305	1,473,803	1,784,108
Profit before tax	479,492	(263,693)	(104,276)	(289,195)	180,684	(315,651)	639,480	326,841
Additional information regarding segment results:								
Revenues (in the investee's books) including revaluation profits (losses)	1,718,488	(145,188)	281,868		897,628			
Revaluation profits (losses) (in the investee's books), before tax (**)	572,739	(756,866)	57,522		-			
Revenues from the tax partner	-	-	-		213,834			
Net profit (loss) (in the investee's books)	919,002	(531,991)	(125,478)		338,008			
Company share in net profits (loss)	468,063	(263,716)	(104,164)		169,762			

For additional information regarding Carr's condensed financial information, please see Note 6e to the annual financial statements.

(*) Other net revenues/expenses, mainly consisting of revenues/expenses from rental fees and management of investment property and from the activation of electricity-generating facilities.

(**) The item includes the adjustment of the investment property value as presented in Carr's Consolidated Financial Statements, as well as Carr's share in the adjustments of the investment property value of its associates.

(***) Under Others - The Group's share in profits of investees represents the results from the Company's holdings in Boston; losses related to investments in securities represents the movement in the Brockton Funds.

Note 12 – Operating Segments (continued)

Segment assets and liabilities:

	As of December 31, 2024							
	Income-generating property segment				Energy segment	Unattributed assets and liabilities	Adjustments	Total
	Amot	Carr	BE	Others	Energix			
	NIS thousands							
Assets:								
Investment in investees	4,660,711	1,302,056	2,989,406	346,381	1,112,313	4,396	(8,330,278)	2,084,985
Investment in securities measured at fair value through profit and loss	-	-	-	218,454	-	5	-	218,459
Other assets	-	-	-	-	-	695,828	37,048,371	37,744,199
	4,660,711	1,302,056	2,989,406	564,835	1,112,313	700,229	28,718,093	40,047,643
Liabilities	-	-	-	-	-	5,915,975	22,499,142	28,415,117

Note 12 – Operating Segments (continued)

Geographic information:

	For the three month period ended March 31, 2025							
	Income-generating property	Income-generating property	Income-generating property	Energy	Energy	Energy		
	Israel	USA	UK	Israel	Poland	USA	Others and unassigned expenses	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Revenue and profits								
Revenue from rental fees and management of investment property	295,220	-	53,914	-	-	-	-	349,134
Fair value adjustments of investment property	13,287	-	(6,062)	-	-	-	-	7,225
Group share in profits (losses) of associates, net	4,574	48,552	-	-	-	-	-	53,126
Revenue from sale of electricity and green certificates	-	-	-	41,411	91,692	36,190	-	169,293
Other	-	(72)	(10,174)	-	578	-	-	(9,668)
	313,081	48,480	37,678	41,411	92,270	36,190	-	569,110
Costs and expenses								
Cost of investment property rental and operation	39,223	-	9,566	-	-	-	-	48,789
Initiation, maintenance and operation costs of electricity-generating facilities	-	-	-	12,008	19,905	9,286	-	41,199
Depreciation and amortizations	725	-	877	16,690	15,586	26,095	334	60,307
	39,948	-	10,443	28,698	35,491	35,381	334	150,295
Administrative and general expenses	16,630	-	11,470	3,821	4,783	10,882	13,431	61,017
Financing expenses, net	58,320	-	31,094	13,378	23,627	22,206	46,781	195,406
Profit before taxes on income	198,183	48,480	(15,329)	(4,486)	28,369	(32,279)	(60,546)	162,392

Note 12 – Operating Segments (continued)

Geographic information:

	As of March 31, 2025							
	Income-generating property	Income-generating property	Income-generating property	Energy	Energy	Energy		
	Israel	USA (*)	UK	Israel	Poland	USA	Others	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Main assets								
Investment property (including investment property in development and land rights)	20,079,059	-	5,549,969	-	-	-	-	25,629,028
Investments in associates	430,887	1,725,607	-	-	-	-	4,477	2,160,971
Connected electricity-generating facilities	-	-	-	1,255,765	1,514,458	3,200,647	-	5,970,870
Electricity-generating facilities in development	-	-	-	1,308,850	184,416	2,495,977	-	3,989,243
Right-of-use asset	-	-	-	235,385	140,538	257,233	-	633,156
Securities measured at fair value through profit and loss (**)	-	-	219,613	-	-	-	3	219,616
	20,509,946	1,725,607	5,769,582	2,800,000	1,839,412	5,953,857	4,480	38,602,884

(*) The balance is in respect of an investment in Carr in the amount of NIS 1,372,580 thousand and for an investment in Boston in the amount of NIS 353,027 thousand.

(**) The investment in securities measured at fair value through profit and loss is presented above despite its inclusion in the financial assets category.

Note 12 – Operating Segments (continued)

Geographic information:

	For the three month period ended March 31, 2024							
	Income-generating property	Income-generating property	Income-generating property	Energy	Energy	Energy		
	Israel	USA	UK	Israel	Poland	USA	Others and unassigned expenses	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Revenue and profits								
Revenue from rental fees and management of investment property	279,264	-	52,214	-	-	-	-	331,478
Fair value adjustments of investment property	3,331	-	(76,703)	-	-	-	-	(73,372)
Group share in profits (losses) of associates, net	4,697	(322,782)	(1,089)	-	-	-	-	(319,174)
Revenue from sale of electricity and green certificates	-	-	-	32,008	162,382	28,158	-	222,548
Other	32	10	(17,379)	2,633	-	-	-	(14,704)
	287,324	(322,772)	(42,957)	34,641	162,382	28,158	-	146,776
Costs and expenses								
Cost of investment property rental and operation	33,407	-	3,727	-	-	-	-	37,134
Initiation, maintenance and operation costs of electricity-generating facilities	-	-	-	8,343	17,761	5,578	-	31,682
Depreciation and amortizations	793	-	532	14,198	15,750	11,685	328	43,286
	34,200	-	4,259	22,541	33,511	17,263	328	112,102
Administrative and general expenses	14,741	-	13,031	2,135	4,220	9,784	14,140	58,051
Financing expenses, net	51,796	-	22,154	16,258	14,941	8,756	60,611	174,516
Profit before taxes on income	186,587	(322,772)	(82,401)	(6,293)	109,710	(7,645)	(75,079)	(197,893)

Note 12 – Operating Segments (continued)

Geographic information:

	As of March 31, 2024							
	Income-generating property	Income-generating property	Income-generating property	Energy	Energy	Energy		
	Israel	USA (*)	UK	Israel	Poland	USA	Others	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Main assets								
Investment property (including investment property in development and land rights)	18,952,303	-	4,958,130	-	-	-	-	23,910,433
Investments in associates	423,570	1,797,552	3,246	-	-	-	9,977	2,234,345
Connected electricity-generating facilities	-	-	-	911,341	1,511,112	3,190,130	-	5,612,583
Electricity-generating facilities in development	-	-	-	1,373,061	75,917	809,390	-	2,258,368
Right-of-use asset	-	-	-	194,110	139,335	315,663	-	649,108
Securities measured at fair value through profit and loss (**)	-	-	263,082	-	-	-	4	263,086
	19,375,873	1,797,552	5,224,458	2,478,512	1,726,364	4,315,183	9,981	34,927,923

(*) The balance is in respect of an investment in Carr in the amount of NIS 2,778,716 thousand and for an investment in Boston in the amount of NIS 715,890 thousand.

(**) The investment in securities measured at fair value through profit and loss is presented above despite its inclusion in the financial assets category.

Note 12 – Operating Segments (continued)

Geographic information:

	For the period ended December 31, 2024								
	Income-generating property	Income-generating property	Income-generating property	Income-generating property	Energy	Energy	Energy		
	Israel	USA	Switzerland	The UK	Israel	Poland	USA	Others and unassigned expenses	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Revenue and profits									
Revenue from rental fees and management of investment property	1,164,838	-	-	224,346	-	-	-	-	1,389,184
Fair value adjustments of investment property	549,686	-	-	57,522	-	-	-	-	607,208
Group share in profits (losses) of associates, net	14,513	(541,467)	-	(7,819)	-	-	-	(5,405)	(540,178)
Revenue from sale of electricity and green certificates	-	-	-	-	163,357	519,938	172,915	-	856,210
Other	(202)	22	-	(227,509)	3,041	21,526	1,647	-	(201,475)
	1,728,835	(541,445)	-	46,540	166,398	541,464	174,562	(5,405)	2,110,949
Costs and expenses									
Cost of investment property rental and operation	158,037	-	-	22,423	-	-	-	-	180,460
Initiation, maintenance and operation costs of electricity-generating facilities	-	-	-	-	48,027	69,798	3,575	-	121,400
Depreciation and amortizations	2,845	-	-	1,948	66,363	63,886	91,581	1,518	228,141
	160,882	-	-	24,371	114,390	133,684	95,156	1,518	530,001
Administrative and general expenses	50,861	-	-	66,539	13,686	18,709	48,278	68,736	266,809
Financing expenses, net	405,168	-	-	101,296	61,548	71,186	88,106	259,994	987,298
Profit before taxes on income	1,111,924	(541,445)	-	(145,666)	(23,226)	317,885	(56,978)	(335,653)	326,841

Note 12 – Operating Segments (continued)

Geographic information:

	As of December 31, 2024							
	Income-generating property	Income-generating property	Income-generating property	Energy	Energy	Energy	Others	Total
	Israel	USA (*)	UK	Israel	Poland	USA		
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Main assets								
Investment property (including investment property in development and land rights)	19,872,150	-	5,134,414	-	-	-	-	25,006,564
Investments in associates	429,863	1,648,437	2,289	-	-	-	4,396	2,084,985
Connected electricity-generating facilities	-	-	-	1,198,164	1,418,789	3,057,080	-	5,674,033
Electricity-generating facilities in development	-	-	-	1,344,218	119,364	2,156,948	-	3,620,530
Right-of-use asset	-	-	-	235,548	130,158	252,260	-	617,966
Securities measured at fair value through profit and loss (**)	-	-	218,459	-	-	-	-	218,459
	20,302,013	1,648,437	5,355,162	2,777,930	1,668,311	5,466,288	4,396	37,222,537

(*) The balance is in respect of an investment in Carr in the amount of NIS 1,302,056 thousand and for an investment in Boston in the amount of NIS 346,381 thousand.

Alony-Hetz Properties and Investments Ltd. | Notes to the Condensed Consolidated Financial Statements

Note 13 – Deposits, Tradable Securities and Restricted Cash

Deposits, tradable securities and restricted cash	As of March 31		As of December 31
	2025	**2024**	**2024**
	NIS thousands	**NIS thousands**	**NIS thousands**
Short-term designated deposits	23,831	-	9,756
Short-term pledged deposits and restricted cash	20,282	640,202	21,184
	44,113	640,202	30,940

PLATINUM / AMOT / PETAH TIKVA

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROL OF FINANCIAL REPORTING AND DISCLOSURE

ALONY HETZ PROPERTIES & INVESTMENTS LTD

AlonyHetz
Properties & Investments Ltd

Quarterly Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure according to Regulation 38C(a) of the Securities Regulations (Periodic and Immediate Reports), 1970

For Q1/2025

Management, under the supervision of the Board of Directors of Alony-Hetz Properties and Investments Ltd. (hereinafter - the "**Corporation**"), is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure in the Corporation.

In this regard, the members of management are:

1. Nathan Hetz, CEO;

2. Moti Barzilay, VP of Business Development;

3. Oren Frenkel, Chief Financial Officer;

4. Hanan Feldmus, Legal Counsel;

Internal control over financial reporting and disclosure includes controls and procedures existing in the Corporation, which have been designed by the CEO and the Senior Finance Officer or under their supervision, or by those who actually perform these functions, under the supervision of the Corporation's Board of Directors, which are intended to provide reasonable assurance as to the reliability of the financial reporting and preparation of the reports in accordance with the provisions of the law, and to ensure that information the Corporation is required to disclose in the reports it publishes according to the provisions of the law has been collected, processed, summarized and reported at the time and according to the format stipulated by law.

Internal control includes, among other things, controls and procedures designed to ensure that information the Corporation is required to disclose has been accumulated and passed on to the Corporation's management, including to the CEO and to the Senior Finance Officer or to whoever actually performs these functions, in order to enable the making of decisions in a timely manner, while taking the disclosure requirements into consideration.

Due to its structural limitations, internal control over financial reporting and disclosure is not intended to provide absolute certainty that misrepresentation or omission of information in the statements will be avoided or discovered.

The annualy Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure, which was attached to the periodical Report for the period ended December 31, 2024 (hereinafter - the "**latest annualy report on internal control**"), found the internal control over financial reporting and disclosure to be effective. Until the date of the report, the Board of Directors and management have not been made aware of any event or issue that would change the assessment of the effectiveness of the internal control as presented in the last quarterly report on the internal control.

As of the date of the report, based on the assessment of the effectiveness of the internal control in the last quarterly report on internal control, and based on information brought to the attention of management and the Board of Directors as noted above, the internal control over financial reporting and disclosure is effective.

Executive Statements

(a) Statement of the CEO in accordance with Regulation 38C(d)(1) of the Securities Regulations (Periodic and Immediate Reports), 1970

Executive Statement | Statement of the CEO

I, Nathan Hetz, do hereby state that:

1. I have examined the quarterly report of Alony-Hetz Properties and Investments Ltd. (hereinafter - the "**Corporation**") for the first quarter of 2025 (hereinafter - the "**Reports**");

2. In my opinion, the Reports do not contain any untrue statement of a material fact nor omit to state a material fact necessary so that the exhibits included therein, in light of the circumstances under which such exhibits were made, will not be misleading with respect to the reporting period;

3. To the best of my knowledge, the financial statements and the other financial information included in the Reports adequately reflect, in all material respects, the financial position, results of operations and cash flows of the Corporation for the dates and periods referred to in the Reports;

4. I have disclosed to the Corporation's Independent Auditor, the Board of Directors, the Audit Committee and the Financial Statements Review Committee of the Corporation's Board of Directors, based on my most up-to-date evaluation of internal control over financial reporting and disclosure;

    a. All significant deficiencies and weaknesses in the determination or operation of internal controls over financial reporting and disclosure that are reasonably likely to negatively impact the Corporation's ability to collect, process, summarize and report financial information in a manner that would cast doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the law, and –

    b. Any fraud, whether material or not, involving the CEO or his direct subordinates or other employees who have a significant role in the internal control over financial reporting and disclosure;

5. I, by myself or with others in the Corporation:

    a. Have established controls and procedures, or have verified the establishment and existence of controls and procedures under my supervision, designed to ensure that material information referring to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, brought to my attention by others in the Corporation and in its consolidated companies, particularly during the preparation period of the reports; and –

    b. Have established controls and procedures, or have verified the establishment and existence of controls and procedures under my supervision, designed to provide reasonable assurance of the reliability of financial reporting and preparation of the financial statements in accordance with the law, including generally accepted accounting principles;

No event or issue has come to my attention which has occurred during the period between the last report date (quarterly or periodic, as the case may be), that may be such as to change the conclusions of the Board of Directors and management regarding the effectiveness of internal controls over the Corporation's financial reporting and disclosure.

The above does not detract from my responsibility or the responsibility of any other person according to the law.

Signature

May 19, 2025	Nathan Hetz, CEO

(b) Statement of the Senior Finance Officer in accordance with Regulation 38C(d)(2) of the Securities Regulations (Periodic and Immediate Reports), 1970

Executive Statement | Statement of the Senior Finance Officer

I, Oren Frenkel, do hereby state that:

1. I have examined the interim financial statements and the other financial information included in the interim reports of Alony-Hetz Properties and Investments Ltd. (hereinafter - the "**Corporation**") for the first quarter of 2025 (hereinafter - the "**Reports**" or the "**Interim Reports**");
2. To the best of my knowledge, the Interim Financial Statements and the other financial information included in the interim reports do not include any misrepresentation of a material fact, nor do they lack the representation of a material fact that is necessary so that the representations included therein, in view of the circumstances in which those representations were included, will not be misleading with respect to the reporting period;
3. To the best of my knowledge, the Interim Financial Statements and the other financial information included in the interim reports adequately reflect, in all material respects, the financial position, results of operations and cash flows of the Corporation for the dates and periods referred to in the Reports;
4. I have disclosed to the Corporation's Independent Auditor, the Board of Directors, the Audit Committee and the Financial Statements Review Committee of the Corporation's Board of Directors, based on my most up-to-date evaluation of internal control over financial reporting and disclosure;
    a. All significant deficiencies and material weaknesses in the determination or operation of internal controls over financial reporting and disclosure, as it relates to the Interim Financial Statements and the other financial information included in the Interim Financial Statements, that are reasonably likely to negatively impact the Corporation's ability to collect, process, summarize and report financial information in a manner that would cast doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the law; and –
    b. Any fraud, whether material or not, involving the CEO or his direct subordinates or other employees who have a significant role in the internal control over financial reporting and disclosure;
5. I, by myself or with others in the Corporation:
    a. Have established controls and procedures, or have verified the establishment and existence of controls and procedures under our supervision, designed to ensure that material information referring to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, brought to my attention by others in the Corporation and in its consolidated companies, particularly during the preparation period of the reports; and –
    b. Have established controls and procedures, or have verified the establishment and existence of controls and procedures under my supervision, designed to provide reasonable assurance of the reliability of financial reporting and preparation of the financial statements in accordance with the law, including generally accepted accounting principles;

No event or issue has come to my attention which has occurred during the period between the last report date (quarterly or periodic, as the case may be) and the date of this report that refers to the Interim Financial Statements and any other financial information included in the Interim Financial Statements, that may be such as to change the conclusions of the Board of Directors and management regarding the effectiveness of internal control over the Corporation's financial reporting and disclosure.

The above does not detract from my responsibility or the responsibility of any other person according to the law.

	Signature
May 19, 2025	Oren Frenkel, Chief Financial Officer

LONDON, UK / WATERSIDE HOUSE / BROCKTON EVERLAST / SIMULATION

REFERENCE TO THE REPORT ON THE CORPORATION'S LIABILITIES BY REPAYMENT DATES

ALONY HETZ PROPERTIES & INVESTMENTS LTD

AlonyHetz Properties & Investments Ltd

Report on the Status of Liabilities by Repayment Dates, as of March 31, 2025

Regarding the status of liabilities by repayment dates as of March 31, 2025, please see the Immediate Report dated May 20, 2025.

THE WILSON / WASHINGTON DC

ATTACHMENT OF THE FINANCIAL STATEMENTS OF AN ASSOCIATE - CARR

ALONY HETZ PROPERTIES & INVESTMENTS LTD

AlonyHetz
Properties & Investments Ltd

CARR PROPERTIES HOLDINGS L.P.

Condensed Consolidated Financial Statements as of March 31, 2025 (Unaudited)

CARR PROPERTIES HOLDINGS L.P.

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Report of Independent Auditors

To the Management of Carr Properties Holdings L.P.

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated interim financial information of Carr Properties Holdings L.P. and its subsidiaries (the “Partnership”), which comprise the condensed consolidated balance sheet as of March 31, 2025, and the related condensed consolidated statements of operations and comprehensive income (loss), of changes in equity, and of cash flows for the three-month periods ended March 31, 2025 and 2024, including the related notes (collectively referred to as the “condensed consolidated interim financial information”).

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial information for it to be in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB).

Basis for Review Results

We conducted our review in accordance with auditing standards generally accepted in the United States of America (US GAAS) applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with US GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Condensed Consolidated Interim Financial Information

Management is responsible for the preparation and fair presentation of the condensed consolidated interim financial information in accordance with IAS 34, Interim Financial Reporting, as issued by IASB and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the condensed consolidated interim financial information that is free from material misstatement, whether due to fraud or error.

Other Matter

We previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Carr Properties Holdings L.P. and its subsidiaries as of December 31, 2024, and the related consolidated statements of operations and comprehensive income (loss), of changes in equity and of cash flows for the year then ended (not presented herein), and in our report dated February 20, 2025, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2024, is consistent, in all material respects, with the audited consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers LLP

Washington, District of Columbia

May 8, 2025

CARR PROPERTIES HOLDINGS L.P.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands of US Dollars)

	Notes	March 31, 2025	December 31, 2024
ASSETS			
Non-current assets			
Investment properties, at fair value			
Income generating properties	4,11	$ 1,730,091	$ 1,712,421
Properties in development	4,11	26,546	48,111
Investments in associates and joint ventures	6	111,316	100,455
Goodwill	8	9,326	9,326
Derivative assets	12	4,363	5,406
Straight-line rent receivable		96,767	91,185
Deferred leasing costs and other, net		30,706	27,480
		2,009,115	1,994,384
Current assets			
Trade receivables, net	10	3,723	6,428
Prepaid expense and other assets		7,977	9,010
Restricted cash	10	428	428
Cash and cash equivalents	10	33,439	33,355
Derivative assets	12	1,781	3,400
		47,348	52,621
Total assets		$ 2,056,463	$ 2,047,005
EQUITY			
Equity attributable to common shareholders	18	$ 1,666,082	$ 1,666,082
Equity reserve from increase in CPP		9,699	9,737
Equity reserve for cash flow hedges		(12,130)	(10,923)
Retained earnings (accumulated deficit)		(958,396)	(982,853)
Equity attributable to non-controlling interests	5	153,298	147,519
Total equity		858,553	829,562
LIABILITIES			
Non-current liabilities			
Credit facility, net of deferred financing fees	9,10	$ 462,990	$ 473,345
Notes payable, net of deferred financing fees	9,10	662,171	661,832
Lease liabilities	7	9,024	9,184
Security deposits		2,390	2,546
Other liabilities		10,223	11,446
		1,146,798	1,158,353
Current liabilities			
Notes payable, net of deferred financing fees	9,10	1,166	1,726
Lease liabilities	7	1,400	1,383
Redeemable non-controlling interests	17	21,868	20,046
Rent received in advance		7,619	6,723
Trade and other payables		19,059	29,212
		51,112	59,090
Total liabilities		1,197,910	1,217,443
Total equity and liabilities		$ 2,056,463	$ 2,047,005

Oliver T. Carr — Member of the Board and Chief Executive Officer

Eric Tracy — Eric Tracy — Chief Financial Officer

Financial Statements Approval Date May 8, 2025

The accompanying notes are an integral part of these consolidated financial statements.

CARR PROPERTIES HOLDINGS L.P.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(in thousands of US Dollars)

		Three Months Ended March 31,	
	Notes	2025	2024
Revenues			
Rental revenue		$ 38,166	$ 33,607
Recoveries from tenants		9,119	4,887
Parking income		1,704	2,005
Property management fees and other		2,381	1,373
Total revenues		$ 51,370	$ 41,872
Operating expenses			
Property operating expenses			
Direct payroll and benefits		1,949	1,801
Repairs and maintenance		2,183	2,022
Cleaning		1,424	1,180
Utilities		2,276	1,980
Real estate and other taxes		7,654	7,007
Other expenses		5,167	4,948
Total property operating expenses		20,653	18,938
Non-property general and administrative expenses	13	5,264	5,678
Total operating expenses		$ 25,917	$ 24,616
Other operating income (loss)			
Net gain (loss) on investment properties	4	12,715	(98,304)
Income (loss) from investments in associates and joint ventures	6	5,666	(54,500)
Total other operating income (loss)		18,381	(152,804)
Operating income (loss)		$ 43,834	$ (135,548)
Other income (expense)			
Other income		3,863	156
Revaluation of redeemable non-controlling interests	17	(720)	4,378
Interest expense	9	(15,750)	(9,851)
Pre-tax income (loss)		31,227	(140,865)
Income and franchise tax benefit		(110)	(45)
Net income (loss)		$ 31,337	$ (140,820)
Attribution of net income (loss)			
Common shareholders		24,457	(129,790)
Non-controlling interests		6,880	(11,030)
		$ 31,337	$ (140,820)
Other comprehensive income (loss)			
Items that may be subsequently reclassified to income or loss:			
Unrealized (loss) gain on cash flow hedges	12	(160)	4,532
Hedging gain reclassified to net income	12	(1,542)	(4,991)
Other comprehensive loss		(1,702)	(459)
Total comprehensive income (loss)		$ 29,635	$ (141,279)
Attribution of comprehensive income (loss)			
Common shareholders		23,250	(130,433)
Non-controlling interests		6,385	(10,846)
		$ 29,635	$ (141,279)

The accompanying notes are an integral part of these consolidated financial statements.

CARR PROPERTIES HOLDINGS L.P.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands of US Dollars, except share data)

	Notes	Equity Attributable to Common Shareholders Units	Equity Attributable to Common Shareholders Amount	Equity Reserve from Increase in CPP	Accumulated Other Comprehensive Income (Loss)	Retained Earnings/ (Accumulated Deficit)	Total Shareholders' Equity	Non-Controlling Interests	Total Equity
Balance as of December 31, 2023		15,472	$ 1,666,082	$ 9,725	$ (4,298)	$ (845,337)	$ 826,172	$ 59,698	$ 885,870
Non-controlling interest partner distribution	5,6	—	—	—	—	—	—	(680)	(680)
Change in equity reserve from increase in CPP		—	—	5	—	—	5	(5)	—
Net loss		—	—	—	—	(129,790)	(129,790)	(11,030)	(140,820)
Other comprehensive income	12	—	—	—	(643)	—	(643)	184	(459)
Dividends	18	—	—	—	—	—	—	(8)	(8)
Balance as of March 31, 2024		15,472	$ 1,666,082	$ 9,730	$ (4,941)	$ (975,127)	$ 695,744	48,159	$ 743,903

	Notes	Equity Attributable to Common Shareholders Units	Equity Attributable to Common Shareholders Amount	Equity Reserve From Increase in CPP	Accumulated Other Comprehensive Income (Loss)	Retained Earnings/ (Accumulated Deficit)	Total Shareholders' Equity	Non-Controlling Interests	Total Equity
Balance as of December 31, 2024		16,820	$ 1,666,082	$ 9,737	$ (10,923)	$ (982,853)	$ 682,043	$ 147,519	$ 829,562
Non-controlling interest partner distribution	5,6	—	—	—	—	—	—	(644)	(644)
Change in equity reserve from increase in CPP		—	—	(38)	—	—	(38)	38	—
Net income		—	—	—	—	24,457	24,457	6,880	31,337
Other comprehensive loss	12	—	—	—	(1,207)	—	(1,207)	(495)	(1,702)
Balance as of March 31, 2025		16,820	$ 1,666,082	$ 9,699	$ (12,130)	$ (958,396)	$ 705,255	$ 153,298	$ 858,553

The accompanying notes are an integral part of these consolidated financial statements.

CARR PROPERTIES HOLDINGS L.P.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of US Dollars)

		Three Months Ended March 31,	
	Notes	**2025**	**2024**
Cash flows from operating activities			
Net income (loss)		**$ 31,337**	**$ (140,820)**
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Net (gain) loss on investment properties		(12,715)	98,304
(Income) loss from investments in associates and joint ventures	6	(5,666)	54,500
Return on investments in associates and joint ventures	6	2	—
Income and franchise tax benefit		(110)	(45)
Interest expense	2,9	15,750	9,851
Amortization of deferred leasing costs and lease incentives		1,080	455
Amortization of other non-cash items		136	125
Provision for bad debt expense		2	443
Impairment of straight-line rent receivable		48	1,074
Straight-line rent		(5,865)	(243)
Long-Term Incentive Plan ("LTIP") expense		705	(60)
Revaluation of redeemable non-controlling interests		720	(4,378)
Changes in assets and liabilities			
Trade receivables		2,703	3,092
Purchase of interest rate cap		—	(7,892)
Prepaid expense and other assets		1,033	5,039
Trade and other payables		(5,554)	(5,935)
Rent received in advance		896	(2,445)
Cash generated by operations		**24,502**	**11,065**
Cash paid for interest		(14,607)	(8,284)
Net cash provided by operating activities		**9,895**	**2,781**
Cash flows from investing activities			
Proceeds from the sale of investment property	4	17,197	—
Deconsolidation of cash and cash equivalents	4	—	(544)
Contributions to investment in associates and joint ventures	6	(3)	(1,350)
Return of capital from investments in associates		—	8
Acquisition of development property		—	(19,473)
Additions to deferred leasing costs		(3,443)	(680)
Additions to tenant improvements		(4,413)	(869)
Additions to construction in progress, including capitalized interest		(948)	(1,023)
Other capital improvements on income generating properties		(4,443)	(3,775)
Decrease in restricted cash		—	29
Net cash provided by (used in) investing activities		**3,947**	**(27,677)**
Cash flows from financing activities			
Redemption of redeemable non-controlling interest	17	(1,540)	(681)
Distribution to non-controlling interest	5	(644)	(680)
Principal portion of lease payments	7	(338)	(96)
Borrowings under credit facility	9	9,500	18,000
Repayments under credit facility	9	(20,300)	—
Repayments of notes payable	9	(436)	(702)
Payment of financing fees		—	(418)
Dividends to preferred shareholders		—	(8)
Net cash (used in) provided by financing activities		**(13,758)**	**15,415**

The accompanying notes are an integral part of these consolidated financial statements.

CARR PROPERTIES HOLDINGS L.P.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of US Dollars)
(continued)

	Notes	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Net increase (decrease) in cash and cash equivalents		**84**	**(9,481)**
Net change in cash and cash equivalents classified within assets held for sale		**—**	**(3,162)**
Cash and cash equivalents, beginning of the period		**33,355**	**31,050**
Cash and cash equivalents, end of the period		**$ 33,439**	**$ 18,407**
Supplemental disclosures of non-cash information:			
Capitalized interest	9	$ 406	$ 583
Interest expense attributable to ground leases	9	33	609
Accrual of retainage liabilities and construction requisitions for income generating properties and development projects		1,840	423
Lease liabilities arising from obtaining/revaluing right-of-use assets	7	161	—
Deconsolidation of property and other assets	4	—	55,759
Deconsolidation of debt and other liabilities	4	—	(71,020)
Issuance of redeemable non-controlling interests	17	2,642	1,961

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Description of Business

Carr Properties Holdings L.P. (“CPH”) was formed as a Delaware limited partnership. CPH’s corporate headquarters are located at 1615 L Street, NW, Suite 650, Washington, D.C. 20036. CPH owns a 100% interest in Carr Properties Corporation (“CPC”), which owns a 91.40% interest in Carr Properties Partnership (“CPP”), a consolidated subsidiary. Through CPP and various consolidated subsidiaries, CPH owns, operates and develops commercial office and residential real estate properties in the Greater Washington, D.C. area (defined as the District of Columbia, northern Virginia, and suburban Maryland), Boston, Massachusetts, and Austin, Texas. As of March 31, 2025, CPH had 11 consolidated properties and 3 unconsolidated properties owned through joint ventures.

CPH began operations on August 19, 2013 ("Inception"), through a series of transactions pursuant to a Master Framework Agreement (the “MFA”) dated May 2, 2013, as amended, between CET Acquisition Company Inc. (“CET”), a wholly owned investment of the Commingled Pension Trust Fund of JPMorgan Chase Bank, N.A., and AH Carr Properties Holdings LP (“Alony-Hetz”), a wholly owned subsidiary of Alony-Hetz Properties & Investments Ltd.

On January 2, 2018, Clal ENP RH, LP, Clal CW Mishtatef RH, LP, Clal CW Mishtatef US, LP, and Clal CW Hishtalmut US, LP, collectively ("Clal") acquired convertible notes in CPH, which were converted to common shares on August 16, 2018.

The ownership interests of Alony-Hetz, CET, and Clal in CPH as of March 31, 2025, were 52.33%, 38.89% , and 8.76% , respectively. The remaining interests were held by four additional investors.

On February 14, 2025, CPH signed a non-binding term sheet with CET to redeem the entirety of CET's interest in CPH in exchange for the CPH's ownership interest in three properties and cash consideration.

2. Basis of Presentation and Summary of Significant Accounting Policies

(a) Statement of Compliance

The accompanying unaudited interim Condensed Consolidated Financial Statements have been prepared in accordance with Interim Financial Reporting guidance under IFRS® Accounting Standards. As such, the Condensed Consolidated Financial Statements do not include all the disclosures that would be included in annual consolidated financial statements and should be read in conjunction with CPH's consolidated financial statements and notes thereto contained in CPH's audited annual consolidated financial statements for the year ended December 31, 2024. Any changes to accounting policies and methods of computation during the three months ended March 31, 2025, are specifically disclosed. CPH believes the disclosures are adequate to ensure the information presented is not misleading. All adjustments and eliminations, consisting only of normal, recurring adjustments necessary for a fair statement of the Condensed Consolidated Financial Statements for the interim periods, have been included.

The results of operations for the interim periods are not necessarily indicative of the operating results for the full year.

(b) Basis of Presentation

The preparation of financial statements requires CPH to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. These financial statements are presented in United States dollars, which is CPH's functional and reporting currency. CPH has elected to present a single statement of operations and comprehensive income and to disclose its expenses by nature.

CPH reports cash flows from operating activities on the Condensed Consolidated Statements of Cash Flows using the indirect method. Interest received and paid is presented as operating activities. The acquisitions and dispositions of investment properties are disclosed as investing activities because this most appropriately reflects CPH’s business activities.

For the three months ended March 31, 2024, CPH combined the presentation of "Net loss from fair value adjustment of investment properties" and "Net realized gain (loss) on sale of investment properties" into a single line item, "Net loss on investment properties", which is consistent with current year presentation.

(c) Principles of Consolidation

General

The Condensed Consolidated Financial Statements include the financial statements of CPH and its subsidiaries. Subsidiaries are all entities which CPH has control over, generally accompanying an ownership of more than 50% of the voting rights. Control exists when CPH is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Barriers that would deter CPH from exercising its power over the entity may indicate control does not exist. Subsidiaries are fully consolidated in the financial statements from the date on which control is transferred to CPH and deconsolidated from the date that control ceases. All intercompany balances and transactions, primarily management fees, have been eliminated in consolidation.

Investments in associates and joint ventures

Associates are entities over which CPH has significant influence but does not unilaterally control the voting rights nor the most significant activities. Investments in associates and joint ventures are accounted for by the equity method of accounting and are initially recognized at cost, with the carrying amount increased or decreased based on CPH's share of profits, losses, contributions and distributions. Significant influence is derived when CPH is the general partner or managing member, participates in the policy making processes, including preparation of the budgets and initiation of contracts, or is involved in certain decisions.

The real estate investments owned by associates and joint ventures are carried at fair value as determined by the associates and joint ventures. CPH's share of profits or losses is recorded within "Income (loss) from investments in associates and joint ventures" on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). CPH records its share of losses until the carrying amount of its investment is reduced to zero. No further losses are recorded by CPH unless it has an obligation, legal or constructive, or has made payments, to satisfy the associates' or joint ventures' liabilities.

With regard to distributions from associates and joint ventures, CPH uses the information that is available to determine the nature of the underlying activity that generated the distributions. Using the nature of distribution approach, cash flows generated from the operations of an associate or joint venture are classified as a return on investment (cash inflow from operating activities) and cash flows from property sales, debt refinancing or sales of our investments are classified as a return of investment (cash inflow from investing activities).

Joint Arrangements

CPH may enter into contractual arrangements related to the ownership of real estate investments or development properties. CPH evaluates such arrangements to determine the type of joint arrangement by assessing its contractual rights and obligations. This determination includes the assessment of joint control and the classification of a joint arrangement as a joint operation or a joint venture. Joint arrangements that are classified as a joint operation will result in CPH recognizing its proportionate ownership interest in the underlying assets, liabilities, revenue and expenses. Joint arrangements that are classified as a joint venture will be accounted for using the equity method.

Non-Controlling Interests

CPH's Condensed Consolidated Financial Statements include the accounts of CPH and its subsidiaries. The equity interests of preferred shareholders and other limited partners in CPP and its subsidiaries are reflected as "Equity attributable to non-controlling interests" on the Condensed Consolidated Balance Sheets. Certain redeemable non-controlling interests retain redemption rights and are classified within current and non-current liabilities as "Redeemable non-controlling interests" on the Condensed Consolidated Balance Sheets depending on the contractual provisions of the redemption features. Redeemable non-controlling interests are recorded at contractual redemption amounts based on the Net Asset Value ("NAV") of CPP at each period end. The associated gains and losses are recorded within "Revaluation of redeemable non-controlling interests" on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

(d) Leases as Lessee

CPH is the lessee to a ground lease at our 1701 Duke Street property. CPH also enters into various ground, air right, office equipment and copier leases in the normal course of business.

At inception or upon reassessment of a contract that contains multiple lease components or both lease and non-lease components, CPH allocates the consideration in the contract to each component on the basis of their relative stand-alone prices. However, for the leases of land and air rights, CPH has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

For leases in which CPH is a lessee, CPH recognizes a lease liability and Right-of-Use Asset ("ROUA") on the Condensed Consolidated Balance Sheets at the lease commencement date.

Lease liabilities are initially measured at the present value of the lease payments, discounted using CPH's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that CPH is reasonably certain to exercise,
- lease payments in an optional renewal period if CPH is reasonably certain to exercise an extension option, and,
- penalties for early termination of a lease unless CPH is reasonably certain not to terminate early.

Lease liabilities are subsequently measured at amortized cost using the effective interest method. The associated interest expense is included within "Interest expense" on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

The ROUA is initially measured at the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROUA for ground and air rights leases qualify as investment property and are measured at fair value. The ROUA for office and equipment leases are depreciated using the straight-line method from the lease commencement date to the end of the lease term. In addition, the ROUA for office and equipment leases is periodically reduced by impairment losses. Both the ROUA for ground and air rights leases and office and equipment leases are adjusted for certain remeasurements of the corresponding lease liabilities.

(e) Acquisitions of Investment Property

CPH applies judgment to determine whether the acquisition of an investment property is the acquisition of an asset or the acquisition of a business.

An asset acquisition exists when: (i) it is probable that the future economic benefits associated with the investment property will flow to CPH; and (ii) the cost of the investment property can be measured reliably. CPH classifies an acquisition as an asset acquisition when it acquires a property or a portfolio of properties that do not meet the definition of a business. Acquisition related costs for asset acquisitions are capitalized in the period incurred.

CPH classifies an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their acquisition date fair value. CPH also recognizes the fair value of any contingent consideration to be transferred by CPH in the future. Goodwill represents the purchase price of acquired businesses in excess of the fair value of net assets acquired and liabilities assumed. Acquisition related costs for business combinations are expensed in the period incurred.

(f) Investment Properties

Investment properties are properties held to earn rental income and are accounted for using the fair value model. Investment property also includes property being constructed or developed to earn rental income in the future.

Income generating properties are initially measured at its cost, and subsequently measured at fair value as of each balance sheet date. Gains and losses from changes in fair value, as well as realized gains and losses, are recorded in "Net income (loss) on investment properties" on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), in the period in which they arise.

The fair value reflects any benefits derived from expected cash outflows in respect to investment property. Some of those outflows are recognized as a separate liability on the Condensed Consolidated Balance Sheets, including lease liabilities associated with ground or air rights, while others are expensed as incurred. Those cash outflows recognized as a separate liability are excluded from the determination of fair value of "Investment Properties" on the Condensed Consolidated Balance Sheets.

Properties in development are also measured at fair value, however fair value measurement of an investment property in development is only applied if the fair value is considered to be reliably measurable. If CPH determines that the fair value of an investment property in development is not reliably determinable when construction is incomplete, it measures that property in development at cost until either its fair value becomes reliably determinable or construction is completed. Real estate taxes, insurance, and any directly attributable costs are capitalized into the cost basis of properties in development. Borrowing costs incurred for the construction of assets are also capitalized during the period of time that is required to complete and prepare the asset for its intended use.

In order to evaluate whether the fair value of an investment property in development can be determined reliably, CPH considers the following factors, among others:

- Provisions of the construction contract;
- Stage of completion;
- Whether the project or property is standard (typical for the market) or non-standard;
- Level of reliability of cash inflows after completion;
- Development risk specific to the property;
- Past experience with similar construction; and
- Status of construction permits.

When determined to be reliable, the fair value of properties in development is determined giving consideration to costs incurred to date and to key development risk factors, including entitlement risk, construction risk, leasing/sales risk, operations risk, credit risk, capital market risk, pricing risk, event risk and valuation risk. The fair value of properties in development includes the timely recognition of profit.

CPH will reclassify portions of an investment property, including tenant improvements, that are placed into service from “Properties in development” to “Income generating properties” when those portions are deemed to be substantially complete. CPH considers a property in development as substantially complete after major construction has ended, the property is available for tenant occupancy, and revenue recognition associated with the property has commenced. For properties that are built in phases, CPH ceases capitalization on the portion of a property that is considered substantially complete but no later than one year from completion of major construction activity if not occupied.

Development rights are opportunities in the early phase of the development process where CPH either has an option to acquire land, enter into a leasehold interest or where CPH is the buyer under a long-term conditional contract to purchase land. CPH capitalizes pre-development costs incurred in pursuit of new developments for which CPH currently believes future development is probable.

(g) Goodwill

Goodwill arises on the acquisition of a business and represents the excess of consideration transferred over the fair value of the net identifiable assets acquired and the liabilities assumed. CPH evaluates the values assigned to its goodwill, which has an indefinite life, through an impairment test on an annual basis or more frequently if indicators of impairment are present. No such losses have been identified and reflected in the accompanying Condensed Consolidated Financial Statements.

(h) Restricted Cash

CPH classifies cash that is restricted as to usage or withdrawal as restricted cash. Restricted cash includes amounts established pursuant to various agreements for property taxes, insurance, repairs and maintenance, and other future lease operations. Restricted cash consists of funds restricted by agreements with financial institutions. These funds will be released upon the completion of agreed-upon events, tasks, or time-lines as specified in the respective agreements. For purposes of the Condensed Consolidated Statements of Cash Flows, changes in restricted cash are classified according to their nature.

(i) Fair Value Measurements

CPH categorizes the valuations of its assets and liabilities into a hierarchy based on the lowest level input that is significant to the fair value measurement of the asset or liability. Disclosure of fair value measurements is according to the following hierarchy:

- **Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3** - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There were no transfers in and out of Level 1, 2, or 3 for the three months ended March 31, 2025 and 2024.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

Investment Properties and Real Estate Investments Owned by Associates and Joint Ventures

The fair value of investment properties and real estate investments owned by associated and joint ventures is estimated based on the price that would be received to sell the property in an orderly transaction between marketplace participants at the measurement date. The properties are valued based upon various fair value assumptions and valuation techniques, including income capitalization and sales comparison approaches. Consideration is given to actual sale negotiations and bona fide purchase offers received from third parties, as well as independent third-party appraisals, which are obtained quarterly for all properties subject to fair value measurement. In general, multiple valuation techniques are considered when measuring the fair value of a property. However, in certain circumstances, a single valuation technique may be appropriate. As part of the valuation process, factors that may adversely impact the fair value assessments are evaluated, including projected rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

Income Capitalization Approach: This approach is based on the principle that value is created by the expectation of future income. This approach is particularly applicable in the case of income producing properties. One technique to convert income to value is direct capitalization, which involves dividing the net operating income by a market capitalization rate. A second technique is the discounted cash flow analysis, in which projected cash flows (net operating income less periodic capital expenditures and reversion value at the conclusion of the holding period) are converted to present value by applying an annual discount rate. In both techniques, net operating income and cash flow are estimated based on an analysis of market rent and occupancy levels and projected property expenses. Key inputs and assumptions include rental income and expense amounts and related growth rates, as well as discount and income capitalization rates. Significant increases (decreases) in any of these inputs in isolation would result in a significantly lower (higher) fair value measurement. Generally, a change in the assumptions used for the discount and the capitalization rate is accompanied by a directionally opposite change in the fair value measurement and a change in the assumptions used for the future cash flows is accompanied by a directionally similar change in the fair value measurement.

Sales Comparison Approach: This approach is a method of estimating fair value based on analyzing transactions of similar properties in the market area. A major premise of this approach is that the fair value of the property is directly related to the prices of comparable, competitive properties. The reliability of this approach is dependent upon the availability of comparable data, the verification of sales data, the degree of comparability and the absence of atypical conditions affecting the sales price. Once sales data is gathered, adjustments involving judgment are made to the comparable properties to determine a value range for the property being valued. Generally, a point of value within the adjusted range is selected.

Cost Approach: The application of the cost approach is based on the principle of substitution and the concept that a market participant would not pay more for a property than the cost to develop a substitute property of equivalent desirability and utility. This approach involves the valuation of the land as if vacant, estimation of the replacement cost of the existing or proposed structure and site improvements, estimation of accrued depreciation found in the improvements and estimation of an appropriate entrepreneurial profit as applicable. The cost approach is typically utilized to determine value for new or proposed properties, special use properties or where the cost of reproducing the improvements is easily and accurately quantified and there is no economic obsolescence.

Derivative Instruments

The fair value of derivative contracts is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each contract. This analysis reflects the contractual terms of the derivative instrument, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatility.

CPH determines the fair value of its derivatives taking into consideration the nonperformance risk of its counterparties. In adjusting the fair value of its derivative contracts for the effect of counterparty nonperformance risk, CPH considers the impact of its net position with a given counterparty, as well as any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees. CPH minimizes its credit risk on these transactions by dealing with major, credit-worthy financial institutions which have an A or better credit rating by the Standard & Poor’s Ratings Group. As part of its on-going control procedures, CPH monitors the credit ratings of counterparties and the exposure of CPH to any single entity, thus reducing credit risk concentration.

The majority of the inputs used to value CPH’s derivatives fall within Level 2 of the fair value hierarchy. However, the credit valuation adjustments associated with its derivatives use Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by its counterparties. CPH believes the likelihood of realizing losses from counterparty nonperformance is remote and accordingly has classified the derivative assets and liabilities as Level 2 in the fair value hierarchy.

(j) Revenue Recognition

Rental Revenue

CPH leases office space to tenants under various non-cancelable operating leases with remaining lease terms expiring through February 29, 2040. Revenue from rental properties is comprised of minimum base rent, straight-line rent adjustments, lease termination fee income, the amortization of any non-cash consideration, and lease incentive amortization. When a renewal option is included within a lease, the option is assessed to determine if it is reasonably certain of being exercised against relevant economic factors to determine whether the option period should be included as part of the lease term.

Rental revenue from tenants is recognized on a straight-line basis over the terms of the leases, including all fixed and determinable rent escalations and any periods of free rent (rent abatement), regardless of when contractual rent payments are due. Recognition of rental revenue commences when control of the leased space has been transferred to the tenant and the leased space is ready for its intended use.

CPH assesses its straight-line rent receivable balances for impairment when the collectibility of future lease payments is in doubt. To the extent CPH expects future credit losses on straight-line rent receivable balances, impairment losses are recognized for the total expected credit losses over the term of the lease within "Other expenses" on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

If CPH makes cash payments to, or on behalf of, the tenant for purposes other than funding the construction of landlord assets in connection with a tenant’s execution or modification of a lease, CPH defers the amount of such payments as lease incentive assets. Lease incentives assets are amortized as reductions of rental revenue on a straight-line basis over the term of the lease. To the extent tenants fund the cost of construction of landlord assets in excess of any allowance provided by the Company to the tenant, such amounts are deferred and amortized into lease revenue on a straight-line basis of over the terms of the respective leases.

(US Dollar amounts expressed in thousands, except share and per share data)

Rental revenue also includes payments received in connection with lease termination agreements. Lease termination income is recognized from execution of a lease termination agreement through the effective date of termination on a straight-line basis. When a tenant's lease is terminated early but the tenant continues to lease such space under a new or modified lease in the property, the net revenue from the early termination of the lease is recognized evenly over the remaining life of the new or modified lease in place on that property, unless CPH cannot determine that collectability of the lease termination revenue is reasonably assured.

Future cash revenues under non-cancelable leases as of March 31, 2025 are as follows:

Years Ending December 31,	**Amount**
2025	107,418
2026	147,247
2027	148,720
2028	135,629
2029	134,651
Thereafter	1,043,894
	$ 1,717,559

Recoveries from Tenants

CPH incurs certain property operating expenses that are subject to reimbursement by the tenant. For all investment properties, CPH reports these operating expenses on a gross basis. CPH recognizes all property operating costs reimbursable by the tenants as recoveries from tenants as the costs are incurred.

Construction Management Fees

Construction management fees are earned by CPH for managing the construction of tenant and capital improvements at properties owned by related or third parties. Construction management fees are recognized as a single performance obligation comprised of a series of distinct services. Construction management fees are based upon contractual rates as defined in the relevant leasing and property management agreements. CPH determined the overall service of providing construction management activities has substantially the same pattern of performance over the term of the construction management agreement, therefore construction management fee income is recognized ratably over the estimated term of the project. Construction management fees for consolidated properties and CPH’s proportion of the management fees earned from unconsolidated entities in which CPH is invested have been eliminated in consolidation.

Property Management Fees

Property management fees are earned by CPH for managing properties owned by related or third parties. Property management fees are based upon contractual rates applied to gross cash receipts from property operation. Property management fees are recognized on a monthly basis as a single performance obligation comprised of a series of distinct services related to property operations. CPH determined the overall service of providing property management activities has the same pattern of performance over the term of the agreement. Property management fees for consolidated properties have been eliminated in consolidation.

Parking Income

CPH generates revenues from the parking garages located within its operating properties through third-party management agreements. CPH operates as a principal with respect to parking activities as it retains the ability to direct the use of and derive substantially all of the benefits from the parking facilities and, accordingly, records parking revenue on a gross basis.

(k*) Trade and Other Payables*

Trade and other payables include accrued real estate taxes, accrued interest expense, accrued compensation expense, accrued capital expenditures, and other accrued expenses. Trade payables are expected to be settled within the next 30 days, with a year being the maximum duration for CPH to settle any outstanding short term payables.

(l) Other Expenses

Other expenses are comprised of parking management fees associated with third-party agreements, tenant specific charges for which CPH is substantially reimbursed through recovery income, amortization of deferred leasing commissions, reserves for accounts receivable and straight-line rent receivable, and other non-recoverable charges including marketing and allocable overhead costs.

3. Standards Issued

IFRS 18, Presentation and disclosure in Financial Statements

In April 2024, the International Accounting Standards Board ("IASB") issued IFRS 18, Presentation and disclosure in Financial Statements, which replaces International Accounting Standards ("IAS 1"), Presentation of Financial Statements. The new standard is a result of the IASB’s Primary Financial Statements project, which is aimed at improving comparability and transparency of communication in financial statements.

While a number of sections have been brought forward from IAS 1, with limited wording changes, IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including the specified totals and subtotals. It also requires disclosure of management defined performance measures and includes new requirements for aggregation and disaggregation of financial information.

In addition, certain amendments have been made to IAS 7, Statements of Cash flows.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. Comparative periods in both interim and annual financial statements will need to be restated.

CPH is currently assessing the new requirements of IFRS 18.

IFRS 9, Financial Instruments

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments*, which amended IFRS 9, Financial Instruments. The amendment clarifies the date of recognition and derecognition of financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. The amendments apply for reporting periods beginning on or after January 1, 2026.

CPH is currently assessing the new requirements of IFRS 9 but does not expect it to have a material impact on CPH's financial position or results from operations.

4. Investment Properties

Acquisitions and Consolidations

On February 5, 2024, CPH acquired 901 N. Pitt Street, LLC, for $15.4 million which includes the underlying land and office building located at 901 N. Pitt Street in Alexandria, Virginia. The property was subsequently renamed 425 Montgomery. The site is in the process of being re-developed into a multifamily property. As part of the acquisition, CPH paid the seller $4.0 million as a reimbursement of certain pre-development expenses.

On July 1, 2024, CPH consolidated the joint venture that owns a recently developed 1,008,122 square foot commercial office building located at 1 Congress Street, Boston, MA. (“One Congress”), of which CPH has a 75% interest. CPH reassessed its power to affect the returns of One Congress in accordance with IFRS' continuous assessment guidance, and determined that as the property transitioned from a property under development to a stabilized operating property, specific substantive rights that had been assigned to CPH gained significance, thereby granting CPH the power to affect One Congress' returns. The consolidation of One Congress resulted in the derecognition of the $288.3 million investment recorded within "Investment in associates and joint ventures”, the recognition of the $943.8 million fair value of the property within “Investment Property”, the recognition of the $556.6 million mortgage within “Note Payable”, and the recognition of a $96.6 million non-controlling interest attributable to the remaining 25% interest in the joint venture, each within the accompanying Condensed Consolidated Balance Sheets. The consolidation also resulted in the recognition of other working capital and a $2.4 million gain on the change in power to affect One Congress' returns within "Income (loss) from investments in associates" on the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

(US Dollar amounts expressed in thousands, except share and per share data)

Dispositions and Deconsolidations

On March 12, 2024, CPH deconsolidated the subsidiary that owns a commercial office building and leases air rights at 2001 Pennsylvania Avenue NW, Washington, D.C. ("2001 Penn"). CPH lost the power to affect the returns of 2001 Penn in conjunction with a modification to the loan encumbering the asset, which gave the lender approval over major decisions impacting the property and included a cash management agreement where all rents and profits of the property will be deposited to lender controlled bank accounts, but retained significant influence over the subsidiary. A gain of $15.3 million was recorded upon deconsolidation within "Net loss on investment properties" in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). On October 31, 2024, CPH sold its interest in 2001 Penn and was fully relieved of its debt obligation on the loan encumbering the asset. CPH received no consideration as part of the sale.

On April 1, 2024, CPH sold its interest in a commercial office building at 75-101 Federal Street, Boston, Massachusetts ("75-101 Federal") for nominal consideration, which included the assignment of CPH's interest in the mortgage encumbering the building and the related interest rate cap. CPH incurred $0.1 million of transaction costs in connection with the disposition. Until the property's sale on April 1, 2024, CPH jointly controlled the operations associated with 75-101 Federal as it shared the rights to direct and control the activities that most significantly impact its returns through its 50% ownership interest. Accordingly, CPH recognized its proportionate ownership of the assets, liabilities, revenue and expenses within its financial statements through March 31, 2024.

On May 8, 2024, CPH deconsolidated the subsidiary that owns a commercial office building at 1152 15th Street, NW, Washington, D.C. ("Columbia Center"). CPH lost the power to affect the returns of Columbia Center in conjunction with the execution of a preferred equity agreement with the property's fee simple land owner, who unilaterally infused capital into the entity that own's Columbia Center. A gain of $66.6 million was recorded upon deconsolidation within "Net loss on investment properties" in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). As of March 31, 2025, CPH's investment in the affiliate was zero, and CPH has discontinued recording losses as it has not guaranteed the entity's obligations or otherwise committed to providing financial support. CPH incurred $0.3 million of transaction costs in connection with the preferred equity agreement.

On January 31, 2025, CPH formed a joint venture with Barings, in which CPH will ultimately have a 10% ownership interest, to recapitalize 425 Montgomery in conjunction with its development into a 237 unit multifamily building. The transaction valued 425 Montgomery at $22.4 million, and resulted in Barings reimbursing CPH $17.2 million in costs incurred to date on the project. CPH deconsolidated its interest in 425 Montgomery Avenue upon the recapitalization as a result of losing the power to unilaterally affect the entity's returns and subsequently accounted for its 10% interest in 425 Montgomery as an unconsolidated investment in associate. The venture simultaneously closed on a construction loan with a principal amount of up to $84.0 million, which will be drawn over the course of the property's development.

Income Generating Properties

The changes in CPH's income generating properties are set forth in the table below:

Balance, December 31, 2024	**$ 1,712,421**
Capital expenditures, additions, and other	4,703
Net gain from fair value adjustment of income generating properties	12,967
Balance, March 31, 2025	**$ 1,730,091**

(US Dollar amounts expressed in thousands, except share and per share data)

Properties in Development

The changes in CPH's properties in development are set forth below:

Balance, December 31, 2024	**$**	**48,111**
Capital expenditures, additions, and other		826
Recapitalization of 425 Montgomery		(22,391)
Balance, March 31, 2025	**$**	**26,546**

5. Consolidated, Non-Wholly Owned Properties

Consolidated, Non-Wholly Owned Properties, and Capital Contributions

CPH is the controlling partner of the subsidiary that owns 2311 Wilson Boulevard, Arlington, Virginia ("2311 Wilson"), an approximately 178,000 square foot office building completed in February 2018. As of March 31, 2025, 2311 Wilson was 98% leased. During the three months ended March 31, 2025, the consolidated non-wholly owned operating property distributed a total of $1.4 million, of which $0.6 million was distributed to the non-controlling interests, and $0.8 million to CPH. During the three months ended March 31, 2024, the consolidated non-wholly owned operating property distributed a total of $1.7 million, of which $0.7 million was distributed to the non-controlling interests, and $1.0 million to CPH.

As of July 1, 2024, CPH became the controlling partner of One Congress. As of March 31, 2025, One Congress was 99% leased. See Note 4 - "Investment Properties" for additional information.

A summary of the financial information for the consolidated, non-wholly owned properties, is as follows:

	As of March 31, 2025						Three Months Ended March 31, 2025	
Property	**Percent Owned**	**Current Assets**	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Equity**	**Revenues**	**Net Income (Loss)**
One Congress	75.00 %	$ 13,688	$ 990,058	$ 9,701	$ 563,836	$ 430,209	$ 23,161	$ 20,281
2311 Wilson	60.00 %	3,046	79,286	1,181	80,708	443	2,464	654
		$ 16,734	$1,069,344	$ 10,882	$ 644,544	$ 430,652	$ 25,625	$ 20,935
Less interest held by non-controlling interests						(107,720)		(5,332)
Equity attributable to CPH						$ 322,932		$ 15,603

	As of December 31, 2024						Three Months Ended March 31, 2024	
Property	**Percent Owned**	**Current Assets**	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Equity**	**Revenues**	**Net Income (Loss)**
One Congress (1)	75.00 %	$ 9,806	$ 974,847	$ 11,236	$ 563,488	$ 409,929	$ —	$ —
2311 Wilson	60.00 %	2,807	81,200	1,035	80,721	2,251	2,378	(6,533)
		$ 12,613	$1,056,047	$ 12,271	$ 644,209	$ 412,180	$ 2,378	$ (6,533)
Less interest held by non-controlling interests						(103,373)		2,613
Equity attributable to CPH						$ 308,807		$ (3,920)

(1) On July 1, 2024, CPH consolidated One Congress in its consolidated financial statements. Revenues and net income (loss) will reflect the results of One Congress from July 1, 2024, the date of its consolidation, through December 31, 2024. See Note 4 - "Investment Properties" for additional information.

(US Dollar amounts expressed in thousands, except share and per share data)

6. Investments in Associates and Joint Ventures

The changes in CPH's investments in associates and joint ventures are set forth below:

Balance, December 31, 2024	**$ 100,455**
Contributions	3
Distributions	(2)
Recapitalization of 425 Montgomery [(1)]	5,194
Share of unrealized loss on valuation of underlying properties	(333)
Share of net income (excluding unrealized loss on valuation)	5,999
Balance, March 31, 2025	**$ 111,316**

(1) On January 31, 2025, CPH formed a joint venture with Barings, in which CPH holds a 10% ownership interest, to recapitalize 425 Montgomery in conjunction with its development into a 237 unit multifamily building. See Note 4 - "Investment Properties" for additional information.

Financial information related to CPH's investments in associates and joint ventures is as follows:

	As of March 31, 2025						Three Months Ended March 31, 2025	
Property	**Percent Owned**	**Current Assets**	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Equity**	**Revenues**	**Net Income (Loss)**
Midtown Center	51.00 %	$ 25,092	$ 648,511	$ 7,559	$ 528,306	$ 137,737	$ 20,843	$ 9,989
100 Congress	51.00 %	4,428	212,132	4,128	140,137	72,295	6,795	1,087
425 Montgomery	10.00 %	79	29,994	2,393	1,748	25,932	—	(400)
		$ 29,599	$ 890,637	$ 14,080	$ 670,191	$ 235,964	$ 27,638	$ 10,676
Less: interest held by third-parties						(124,648)		(5,010)
Amounts per financial statements						$ 111,316		$ 5,666

	As of December 31, 2024						Three Months Ended March 31, 2024	
Property	**Percent Owned**	**Current Assets**	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Equity**	**Revenues**	**Net Income (Loss)**
Midtown Center	51.00 %	$ 25,863	$ 642,875	$ 12,500	$ 528,488	$ 127,750	$ 17,909	$ (32,337)
100 Congress	51.00 %	8,405	212,440	9,096	140,540	71,209	7,545	(20,719)
One Congress [(1)]	75.00 %	—	—	—	—	—	18,890	(34,655)
		$ 34,268	$ 855,315	$ 21,596	$ 669,028	$ 198,959	$ 44,344	$ (87,711)
Less: interest held by third-parties						(98,504)		33,211
Amounts per financial statements						$ 100,455		$ (54,500)

(1) On July 1, 2024, CPH consolidated One Congress in its consolidated financial statements. See Note 4 - "Investment Properties" for additional information.

(US Dollar amounts expressed in thousands, except share and per share data)

Debt

The debt related to CPH's investments in associates and joint ventures is as follows:

			Principal Balance as of [(1)]	
Property	**Contractual Rate**	**Maturity**	**March 31, 2025**	**December 31, 2024**
Midtown Center	3.09%	10/11/2029	$ 267,750	$ 267,750
100 Congress	3.30%	11/1/2026	70,924	70,980
425 Montgomery	SOFR + 3.60%	1/31/2029	175	—
			$ 338,849	**$ 338,730**

(1) Principal balances represent the CPH's ownership share in the outstanding debt.

7. Leases as Lessee

The Condensed Consolidated Balance Sheets reflect various ROUA within "Investment properties, at fair value", primarily related to ground leases and air rights, and "Prepaid expense and other assets", primarily related to CPH's corporate office, equipment, and copier leases:

	March 31, 2025	**December 31, 2024**
Non-current assets		
Income generating properties, net of ROUA	$ 1,724,391	$ 1,706,721
ROUA, at fair value	5,700	5,700
Income generating properties, at fair value	1,730,091	1,712,421
Properties in development	26,546	48,111
Total investment properties, at fair value	**1,756,637**	**1,760,532**
Current assets		
Prepaid expense and other assets, net of ROUA	5,813	6,678
ROUA, net of accumulated depreciation	2,164	2,332
Prepaid expense and other assets	**$ 7,977**	**$ 9,010**

A summary of CPH's lease assets is as follows:

ROUA	**Ground Lease and Air Rights, at fair value**	**Corporate Office, Equipment, and Copier Leases**	**Total**
Balance as of December 31, 2024	**$ 5,700**	**$ 2,332**	**$ 8,032**
ROUA Additions and Disposals, net	—	(60)	(60)
Depreciation Expense	—	(108)	(108)
Balance as of March 31, 2025	**$ 5,700**	**$ 2,164**	**$ 7,864**

As of March 31, 2025, the ground lease has a remaining term of 82 years. The equipment and copier leases have remaining terms ranging between one to five years.

(US Dollar amounts expressed in thousands, except share and per share data)

A summary of CPH's lease liabilities is as follows:

Property	Discount Rate	Maturity	Carrying Value as of March 31, 2025	Carrying Value as of December 31, 2024
1701 Duke Street	5.20%	2107	8,174	8,141
Other equipment leases	Various	Various	2,250	2,426
Total lease liabilities			10,424	10,567
Less current portion			1,400	1,383
Lease liabilities, net of current portion			**$ 9,024**	**$ 9,184**

Future Lease Maturities	March 31, 2025
Maturity analysis - contractual undiscounted cash flows	
Less than one year	1,758
One to five years	1,946
More than five years	54,896
Total undiscounted lease liabilities as of March 31, 2025	58,600

Lease Expense	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Amounts recognized in profit or loss		
Interest expense on lease liabilities	$ 111	$ 1,754
Equipment lease depreciation	108	93
Total lease expense	**$ 219**	**$ 1,847**

Cash Flows	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Amounts recognized in the statements of cash flows		
Principal portion of lease payments	$ 338	$ 96
Interest paid on lease liabilities	78	1,144
Total cash outflows related to leases	**$ 416**	**$ 1,240**

8. Goodwill

CPH maintains goodwill associated with the 2013 acquisition of the property management company, Carr Properties Services Subsidiary Corporation ("CPSSC"). The carrying value of goodwill was $9.3 million as of March 31, 2025 and December 31, 2024. No impairment losses were recognized in the three months ended March 31, 2025 and 2024, respectively.

(US Dollar amounts expressed in thousands, except share and per share data)

9. Debt

CPH's debt obligations consist of the following:

Borrower/Facility	Contractual Rate	Maturity	Principal Balance as of March 31, 2025	Principal Balance as of December 31, 2024
Credit facility [(1)]:				
Revolver	SOFR +1.36% to 2.11% [(2)]	7/1/2026 [(3)]	$ 264,200	$ 275,000
Term Loan	SOFR +1.31% to 2.01% [(2)]	7/1/2026	200,000	200,000
One Congress [(4)]	SOFR +1.75%	12/10/2026 [(5)]	563,303	563,303
Clarendon Square [(6)] [(7)]	4.66%	1/5/2027	25,694	26,130
2311 Wilson [(6)]	SOFR +1.46% [(8)]	3/27/2027	75,000	75,000
Total Debt			1,128,197	1,139,433
Less unamortized deferred financing fees			1,870	2,529
Total Debt, net of unamortized deferred financing fees			**1,126,327**	**1,136,904**
Less current portion, net of unamortized deferred financing fees [(9)]			1,166	1,726
Debt obligations, net of current portion			**$ 1,125,161**	**$ 1,135,178**

(1) As of March 31, 2025 and December 31, 2024, SOFR was 4.41% and 4.49%, respectively. As of March 31, 2025, the premium was 1.71% for the Revolver and 1.61% for the Term Loan. As of December 31, 2024, the premium was 1.71% for the Revolver and 1.61% for the Term Loan.

(2) On May 3, 2022, CPH purchased an interest rate cap with a notional amount of $400 million at a SOFR rate of 2.50% through July 1, 2025. See Note 12 - "Derivative Instruments" for additional information.

(3) The Revolver portion of the credit facility has an original maturity date of July 1, 2025, but is eligible for a one-year extension through July 2026, subject to maintaining compliance with the credit facility's defined covenants, including covenants pertaining to specific minimum asset and income thresholds, through July 1, 2025. As of March 31, 2025, CPH expects to be eligible for the one-year extension to July 1, 2026.

(4) On July 1, 2024, in accordance with IFRS' continuous assessment guidance, CPH reassessed its power to affect the returns of One Congress resulting in CPH consolidating One Congress in its consolidated financial statements effective July 1, 2024. See Note 4 - "Investment Properties" for additional information.Subsequent to March 31, 2025, CPH is in process of securing permanent financing for One Congress prior to the date of the scheduled maturity.

(5) In December 2024, CPH executed the first of two one-year extension options on the One Congress construction loan, extending the construction loan's maturity date to December 10, 2025. The construction loan has one remaining one-year extension option, which could further extend its maturity date to December 10, 2026, subject to meeting certain asset value and debt service coverage covenants as of December 10, 2025. As of March 31, 2025, CPH expects to be eligible for the second one-year extension to extend the construction loan's maturity to December 10, 2026.

(6) The fair value of the collateral pledged to these notes was $100.1 million and $100.9 million as of March 31, 2025, and December 31, 2024, respectively.

(7) As of March 31, 2025 and 2024, the carrying value of the mortgage note encumbering Clarendon Square included a premium of $0.0 million and $0.4 million, respectively.

(8) As of March 31, 2025 and December 31, 2024, SOFR was 4.41% and 4.49%, respectively. As of March 31, 2025, an interest rate swap with a notional amount of $75 million fixes SOFR at 2.01% through March 27, 2027.

(9) The current portion of unamortized deferred financing fees was $0.6 million and $0.0 million as of March 31, 2025, and December 31, 2024, respectively.

All borrowings other than those made under the credit facility are collateralized by the land and buildings of the underlying properties.

Credit Facility

CPH has no outstanding letters of credit as of March 31, 2025 and December 31, 2024.

As of March 31, 2025, CPH had capacity to borrow an additional $235.8 million under the Credit Facility. Subsequent to March 31, 2025, and through May 8, 2025, CPH did not complete any draws or payments of the Revolver.

(US Dollar amounts expressed in thousands, except share and per share data)

Interest Expense

Interest expense is comprised of the following:

Description	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Credit facility	$ 6,170	$ 5,558
Notes payable	9,236	2,608
Lease liabilities	111	1,754
Amortization of deferred financing fees	659	540
Gross interest expense	**$ 16,176**	**$ 10,460**
Capitalized interest expense		
Capitalized deferred financing fees	(20)	(26)
Capitalized interest	(406)	(583)
Total capitalized interest expense	**(426)**	**(609)**
Net interest expense	**$ 15,750**	**$ 9,851**

Future Maturities of Debt

Scheduled annual maturities of debt outstanding, including principal and interest and excluding the effect of extension options, as of March 31, 2025 are as follows:

Years Ending December 31,	Amount
2025 (1)	$ 880,203
2026 (1)	485,663
2027	98,683
2028	—
2029	—
Thereafter	—
	$ 1,464,549

(1) When the effect of extension options that CPH expects to be eligible are incorporated, scheduled annual maturities of $827.5 million shift from the year ending December 31, 2025 to December 31, 2026.

Debt Reconciliation

This section shows the changes in net debt for the three months ended March 31, 2025:

	Borrowings	Leases	Total
Net Debt, December 31 2024	$ (1,136,903)	$ (10,567)	$ (1,147,470)
Cash flows	436	338	774
New leases	—	(161)	(161)
Credit facility	10,800	—	10,800
Other changes	$ (660)	$ (34)	$ (694)
Net Debt, March 31, 2025	$ (1,126,327)	$ (10,424)	$ (1,136,751)

(US Dollar amounts expressed in thousands, except share and per share data)

10. Financial Instruments

CPH's cash, cash equivalents, and restricted cash are subject to market risk due to changes in interest rates that may result in reduced income if interest rates decline. The credit facility and certain floating rate notes payable are subject to interest rate risk that may result in higher interest expense and adversely impact fair values.

The fair values of financial instruments as of March 31, 2025 and December 31, 2024, in the accompanying Condensed Consolidated Financial Statements are set forth in the table below:

		March 31, 2025		December 31, 2024	
	Fair Value Level	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets					
Cash and cash equivalents	Level 1	$ 33,439	$ 33,439	$ 33,355	$ 33,355
Restricted cash	Level 1	428	428	428	428
Trade receivables, net	Level 3	3,723	3,723	6,428	6,428
Liabilities, including current portion					
Credit facility (1)(2)	Level 3	$ 464,200	$ 464,200	$ 475,000	$ 475,000
Notes payable (1)(2)	Level 3	663,997	654,961	664,434	653,805
Redeemable non-controlling interests	Level 3	21,868	21,868	20,046	20,046

(1) Excludes deferred financing fees and debt premium.
(2) The fair value reported is based on the outstanding balance of debt, and excludes fair value of derivatives. See Note 11 - "Fair Value Measurements" for additional information.

The fair value of indebtedness has been determined by giving consideration to one or more of the following criteria, as appropriate: (i) interest rates and/or interest rate spreads for loans of comparable quality and remaining maturity, (ii) the value of the underlying collateral, (iii) the credit risk of the borrower based on key elements of the investment properties' valuation, (iv) market-based loan-to-value, and (v) key terms such as assumability, recourse provisions and guarantees. Following the date of inception, the notes payable have been recorded at amortized costs with the discounts and premiums amortized to interest expense using the effective interest method.

Due to their short-term maturities, the carrying values of financial instruments including trade receivables, and trade and other payables approximate their fair values.

11. Fair Value Measurements

The following assets, measured at fair value as of March 31, 2025, are classified as follows:

Description	Level 1	Level 2	Level 3
Assets:			
Investments in income generating properties	$ —	$ —	$ 1,730,091
Derivative assets	—	6,144	—
Total Assets	**$ —**	**$ 6,144**	**$ 1,730,091**

The following assets, measured at fair value as of December 31, 2024, are classified as follows:

Description	Level 1	Level 2	Level 3
Assets:			
Investments in income generating properties	$ —	$ —	$ 1,712,421
425 Montgomery	—	—	22,391
Derivative assets	—	8,806	—
Total Assets	**$ —**	**$ 8,806**	**$ 1,734,812**

A summary of the changes in CPH's assets measured at fair value using significant unobservable inputs (Level 3) are set forth in Note 4 - "Investment Properties."

(US Dollar amounts expressed in thousands, except share and per share data)

The following table, which excludes properties in development carried at their aggregate cost basis, sets forth quantitative information about the Level 3 fair value measurements as of March 31, 2025:

Description	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Avg)
Investments in income generating properties	$1,730,091	Discounted cash flow - Income capitalization	Discount Rate	7.50 - 10.00% (7.82%)
			Exit Capitalization Rate	6.50% - 7.75% (6.88%)

The following table sets forth quantitative information about the Level 3 fair value measurements as of December 31, 2024:

Description	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Avg)
Investments in income generating properties	$1,712,421	Discounted cash flow - Income capitalization	Discount Rate	7.50 - 10.00% (7.81%)
			Exit Capitalization Rate	6.50% - 7.75% (6.80%)
425 Montgomery	22,391	Market approach	N/A	N/A
Total	**$1,734,812**			

12. Derivative Instruments

The following table summarizes CPH's interest rate derivative agreements designated as cash flow hedges:

	March 31, 2025		December 31, 2024	
	Interest Rate Caps	Interest Rate Swaps	Interest Rate Caps	Interest Rate Swaps
Notional balance	$ 400,000	$ 75,000	$ 400,000	$ 75,000
Weighted average interest rate (1)	2.50 %	2.01 %	2.50 %	2.01 %
Earliest maturity date	July 1, 2025	March 27, 2027	July 1, 2025	March 27, 2027
Latest maturity date	July 1, 2025	March 27, 2027	July 1, 2025	March 27, 2027

(1) Represents the weighted average interest rate at which SOFR was fixed on the hedged debt.

On March 20, 2024, CPH entered into multiple non-designated interest rate caps with a combined notional value of $375.0 million in an effort to hedge its interest rate exposure associated with debt collateralized by One Congress. The hedged instruments capped any interest rate exposure above SOFR of 2.00% and were effective from April 1, 2024, through December 1, 2024.

On March 28, 2024, CPH entered into an interest rate cap with a notional value of $292.0 million, of which its share was $146 million, in an effort to hedge its interest rate exposure on the loan associated with 75-101 Federal Street, as the existing interest rate swap expired on April 1, 2024. On April 1, 2024, CPH sold its interest in 75-101 Federal Street, which included the assignment of its interest in the debt collateralized by the property and the related interest rate cap. See Note 4 - "Investment Properties" for additional detail regarding the sale.

On April 18, 2024, CPH entered into multiple interest rate caps with a notional value of $75.0 million in an effort to hedge its interest rate exposure on its credit facility. The hedged instruments capped any interest rate exposure above SOFR of 1.50% and were effective from May 1, 2024, through December 31, 2024.

There was no material hedge ineffectiveness recognized during the three months ended March 31, 2025 and 2024.

(US Dollar amounts expressed in thousands, except share and per share data)

The following table summarizes changes in CPH's "Other Comprehensive Income (Loss)":

	Three Months Ended March 31,	
Description	**2025**	**2024**
Unrealized gain (loss) on cash flow hedges	$ (160)	$ 4,532
Swap hedging gains reclassified to net income	(700)	(3,053)
Interest rate cap hedging gains reclassified to net income	(1,803)	(2,899)
Amortization of interest rate cap	961	961
Other Comprehensive Loss	**$ (1,702)**	**$ (459)**

For the three months ended March 31, 2025, "Other comprehensive income" on the Condensed Consolidated Statements of Changes in Equity included $1.1 million of unrealized loss on cash flow hedges for intrinsic value, $(3.8) million of unrealized loss on cash flow hedges for time value, and $1.0 million of interest rate cap amortization, net of hedging (gains) losses reclassified to net income for the three months ended March 31, 2025. For the three months ended March 31, 2024, "Other comprehensive income" included $(1.0) million and $(0.4) million of unrealized loss on cash flow hedges for intrinsic value and time value, respectively, and $1.0 million of interest rate cap amortization, net of hedging (gains) losses reclassified to net income.

13. Non-Property General and Administrative Expenses

CPH incurs personnel and compensation costs, professional fees, information technology costs and other corporate related costs that are collectively classified as non-property general and administrative expenses.
The following summarizes the various expenses comprising this activity for the respective periods:

	Three Months Ended March 31,	
Description	**2025**	**2024**
Personnel and compensation	$ 3,497	$ 3,364
Professional fees	867	1,139
Information technology	163	357
Other corporate	737	818
Total non-property general and administrative	**$ 5,264**	**$ 5,678**

14. Related Party Transactions

CPH manages properties owned by associates and other related parties for which it receives fees for asset management, property management, construction management, leasing, and development services. All fees charged to consolidated properties are eliminated in consolidation. Fees for development, construction management, and leasing services charged to joint ventures and joint operations are eliminated to the extent of CPH's ownership. Property management fees earned from properties owned by associates and other related parties the three months ended March 31, 2025 and 2024 totaled $0.8 million and $0.9 million, respectively. Construction management fees earned from properties owned by associates and other related parties for the three months ended March 31, 2025 and 2024 totaled $0.2 million and $0.0 million, respectively. Lease commissions earned from properties owned by associates and other related parties for the three months ended March 31, 2025 and 2024 totaled $0.3 million and $0.1 million, respectively. Fees for asset management, property management, construction management, leasing, and development services are recorded in "Property management fees and other" on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). Outstanding related party receivables pertaining to these fees were $1.7 million and $2.0 million for March 31, 2025 and December 31, 2024, respectively.

CPH leases the ground under the 1701 Duke Street property from related parties. See Note 7 - "Leases" for additional information.

On February 5, 2024, CPH acquired 425 Montgomery from a related party for $15.4 million. As part of the acquisition, CPH also paid the seller $4.0 million as reimbursement of pre-development expenses. CPH manages property operations for several properties owned by the related party, and the Chief Executive Officer serves on the related party's Board of Directors.

15. Commitments and Contingencies

Performance Bonds

In the ordinary course of business, CPH is required to post performance bonds to secure performance under development projects. These bonds guarantee CPH will perform under the terms of a contract. To date, CPH has not been required to make any reimbursements to its sureties for bond-related costs. Management believes that it is highly unlikely it will have to fund significant claims under the surety arrangements in the foreseeable future. As of March 31, 2025, CPH had $1.6 million in performance bonds outstanding with commitment terms expiring through May 15, 2026.

Repayment Guarantees

With respect to borrowings, CPH has agreed, and may in the future agree, to (i) guarantee portions of the principal, interest and other amounts, (ii) provide customary environmental indemnifications and nonrecourse carve-outs (e.g., guarantees against fraud, misrepresentation and bankruptcy) or (iii) provide guarantees to lenders, tenants and other third parties for the completion of development projects. Guarantees (excluding environmental) customarily terminate either upon the satisfaction of specified circumstances or repayment of the underlying debt. Amounts that CPH may be required to pay in future periods in relation to guarantees associated with budget overruns or operating losses are not estimable.

Carr Properties OC LLC, a consolidated subsidiary of CPH, has guaranteed portions of the One Congress borrowings whereas in an event of default, the respective lenders have recourse to the collateral pledged to secure the borrowings. As of March 31, 2025, this recourse is limited to 7.5% of the principal balance or $42.2 million.

As of March 31, 2025, CPH was in compliance with all guarantees and guarantee covenants.

Leases

CPH is obligated under non-cancellable leases, including ground leases on certain of our properties. See Note 7 - "Leases" for additional information.

Litigation

There are various legal actions against us in the ordinary course of business. In our opinion, the outcome of such matters will not have a material adverse effect on our financial condition, results of operations or cash flows.

Employee Benefits

The Equity Incentive Plan provides for the issuance of Long Term Incentive Plan ("LTIP") Units at CPP, which may be in the form of Service Units, Performance Units or both. The determination of units awarded to each grantee is based on CPH's respective NAV at the time of issuance.

Award Class	Units Granted (in thousands)	Grant Date	Vest Date	Outstanding Units (in thousands) [(1)]
2020 special service units	91	Dec 2019	Dec 2023, Dec 2024, Dec 2025	40.3
2021 service units	19	Apr 2021	Mar 2024	—
2021 performance units [(2)]	38	Apr 2021	Mar 2024	—
2022 special service units	18	Mar 2022	Mar 2025	—
2022 service units	27	Jun 2022	Mar 2025	—
2022 performance units	34	Jun 2022	Mar 2025	—
2023 service units	74	Jun 2023	March 2026, March 2027, March 2028	66.1
2024 service units	63	Jul 2024	Mar 2027	63.1
2024 absolute performance units	63	Jul 2024	Mar 2027	63.1
2024 relative performance units	63	Jul 2024	Mar 2027	63.1
Total outstanding units				**295.7**

(1) Vesting is based on continued employment services through the vesting dates. Compensation expense will be recognized over the respective vesting periods.

(2) These units did not meet the required performance threshold and expired without vesting.

Vesting of the 2021 LTIP Performance Units was dependent upon CPH achieving certain return thresholds based on NAV over a three-year performance period, which were not met. As such, no 2021 LTIP Performance units were earned.

Vesting of the 2022 LTIP Performance Units was dependent upon CPH achieving certain return thresholds based on NAV over a three-year performance period, which were not met. As such, no 2022 LTIP Performance units were earned.

Vesting of the 2024 LTIP Absolute Performance Units is dependent upon CPH achieving certain return thresholds based on NAV over a three-year performance period. A cumulative return below -45% will result in no LTIP Absolute Performance Units being earned, a cumulative return between -45% and 150% will result in earning between 0% to 200% of LTIP Absolute Performance Units granted based on linear interpolation within that range, and a cumulative return in excess of 150% will result in 200% of LTIP Absolute Performance Units granted being earned.

Vesting of the 2024 LTIP Relative Performance Units is dependent upon CPH achieving NAV growth relative to a custom index of office REITs (the "Index") over a three-year performance period. NAV growth within -10% of the Index will result in no LTIP Relative Performance Units being earned, NAV growth between -10% and 10% will result in earning between 0% to 200% of LTIP Relative Performance Units granted based on linear interpolation within that range, and annualized NAV growth in excess of 10% of the Index will result in 200% of LTIP Absolute Performance Units granted being earned.

A summary of CPH's unvested LTIP activity during the three months ended March 31, 2025 is presented below:

	Total Units (in thousands)
LTIP units outstanding, December 31, 2024	**388**
LTIP units converted[(1)]	(65)
LTIP units forfeited	(27)
LTIP units outstanding, March 31, 2025	**296**

(1) See Note 17 - "Redeemable Non-Controlling Interests" for additional information.

Compensation expense is based on projected NAV as of each vesting period end, consistent with CPH's expectation of performance and the anticipated units expected to vest. LTIP liability is recorded in "Other liabilities" on the Condensed Consolidated Balance Sheets.

During the three months ended March 31, 2025, CPH recognized $0.8 million of LTIP expense, of which $0.1 million was capitalized. During the three months ended March 31, 2025, CPH did not recognize LTIP dividend expense.

During the three months ended March 31, 2024, CPH recognized $(0.1) million of LTIP expense. During the three months ended March 31, 2024, CPH did not recognize LTIP dividend expense.

16. Corporate Officer's Compensation

Salary and bonus expense for CPH's corporate officers totaled $0.7 million and $1.1 million for the three months ended March 31, 2025 and 2024, respectively. Employee benefit expense for these officers was $0.1 million for the three months ended March 31, 2025 and 2024. LTIP expense was $0.4 million for the three months ended March 31, 2025 and $(0.1) million for the three months ended March 31, 2024. No long-term compensation or retirement contributions were paid. These amounts are included in "Non-property general and administrative expenses" in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

(US Dollar amounts expressed in thousands, except share and per share data)

17. Redeemable Non-Controlling Interests

2025 Redemptions

On March 4, 2025, LTIP unit holders exercised the right to redeem 37 thousand LTIP units totaling $1.5 million.

2024 Redemptions

On March 8, 2024, an LTIP unit holder exercised the right to redeem 13 thousand LTIP units totaling $0.7 million.

Non-Controlling Interests

Certain of the non-controlling interests have redemption rights that allow them to request the redemption of their interest at 97% of the Net Asset Value per common interests in CPP and CPH. These interests are recorded as "Redeemable non-controlling interests" on the Condensed Consolidated Balance Sheets.

Changes in CPH’s redeemable non-controlling interests are set forth below:

	Shares	Value
Balance, December 31, 2024	**495**	**20,046**
LTIP Vesting	65	2,642
Redemptions	(38)	(1,540)
Revaluation/Other	—	720
Balance, March 31, 2025	**522**	**$ 21,868**

18. Dividends

Distributions are declared and paid upon the declaration of the Board of Directors. For the three months ended March 31, 2025 and 2024, CPH did not declare or pay out any distributions. As of March 31, 2025, CPH had no unpaid dividends.

19. Credit and Other Risks

Credit Risk

CPH’s maximum exposure to credit risk associated with financial assets measured at cost is equivalent to the carrying value of each asset.

Credit risk related to accounts receivable arises from the possibility that tenants may be unable to fulfill their lease commitments. CPH generally manages this risk by signing long-term leases with tenants who have investment grade credit ratings.

For the three months ended March 31, 2025, the primary two tenants at One Congress, accounted for approximately 40% of total rental revenue. For the three months ended March 31, 2024, no tenants accounted for more than 10% of total rental revenue. CPH collected approximately 93% and 99% of contractual rent from its tenants during the three months ended March 31, 2025 and 2024, respectively.

Market Leasing Risk

CPH faces competition from developers, owners, and operators in the commercial office real estate space. Such competition and the increase in hybrid and remote work arrangements, may effect CPH's ability to attract or retain tenants. It may also impact the rents CPH is able to charge.

20. Subsequent Events

CPH evaluated subsequent events through May 8, 2025, the date the Condensed Consolidated Financial Statements were available to be issued.

On May 6, 2025, CPH sold 4500 East West Highway, a commercial office building located at 4500 East West Highway in Bethesda, Maryland and its accompanying assets and liabilities for a contractual price of $35.1 million.

On April 22, 2025, CPH executed an agreement to sell 901 K Street, a commercial office building located at 901 K Street NW, in Washington, DC and its accompanying assets and liabilities for a contractual price of $84.3 million. A non-refundable deposit of $3.5 million was placed into escrow on April 23, 2025.

CPH concluded that no additional subsequent events have occurred that would require additional recognition or disclosure in the Condensed Consolidated Financial Statements other than those disclosed in the respective footnotes and herein.

BAINE / POLAND / ENERGIX

AUDITOR'S CONSENT LETTERS

ALONY HETZ PROPERTIES & INVESTMENTS LTD

AlonyHetz
Properties & Investments Ltd

Deloitte.

Date: May 19, 2025

To
The Board of Directors of **Alony Hetz Properties and Investments Ltd. ("the company")**

Dear Sir/Madam,

Re: <u>Consent letter in term of Alony Hetz Properties and Investments Ltd. Shelf Offering from April 2024</u>

We hereby advise you that we agree to the inclusion (including by a way of reference) of our review reports detailed below in connection with the April 2024 shelf prospectus.

(1) Review Report dated May 19,2025, regarding the Consolidated Financial Statements of the company as of March 31, 2025, and for the period of three months ended March 31, 2025.

Respectfully,

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

Tel Aviv - Main Office
1 Azrieli Center Tel Aviv, 6701101 P.O.B. 16593 Tel Aviv, 6116402 Tel: +972 (3) 608 5555 | info@deloitte.co.il

Jerusalem
3 Kiryat Ha'Mada
Har Hotzvim Tower
Jerusalem, 914510
Tel: +972 (2) 501 8888
Fax: +972 (2) 537 4173
info-jer@deloitte.co.il

Haifa
5 Ma'aleh Hashichrur
P.O.B. 5648
Haifa, 3105502
Tel: +972 (4) 860 7333
Fax: +972 (4) 867 2528
info-haifa@deloitte.co.il

Eilat
The City Center
P.O.B. 583
Eilat, 8810402
Tel: +972 (8) 637 5676
Fax: +972 (8) 637 1628
info-eilat@deloitte.co.il

Nazareth
9 Marj Ibn Amer St.
Nazareth, 16100
Tel: +972 (73) 399 4455
Fax: +972 (73) 399 4455
info-nazareth@deloitte.co.il

Beit Shemesh
Yigal Alon 1 St.
Beit Shemesh, 9906201

To: The Management of Carr Properties Holdings L.P. and the Board of Directors of Alony-Hetz Properties and Investments Ltd.

Re: Consent letter in respect of Alony-Hetz Properties and Investments Ltd. shelf prospectus dated April 17, 2024

We hereby inform you that we agree to the inclusion (including by way of reference) of our report listed below in respect of the shelf prospectus dated April 17, 2024, which was published by Alony-Hetz Properties and Investments Ltd on April 16, 2024:

1) Review Report of Independent Auditors dated May 8, 2025, regarding the Condensed

Consolidated Interim Financial Statements of Carr Properties Holdings L.P. as of March 31, 2025 and 2024, and for the three-month periods then ended.

PricewaterhouseCoopers LLP

Washington, District of Columbia
May 16, 2025

PricewaterhouseCoopers LLP, 655 New York Ave NW,
Washington, District of Columbia 20001
+1 (202) 414 1000