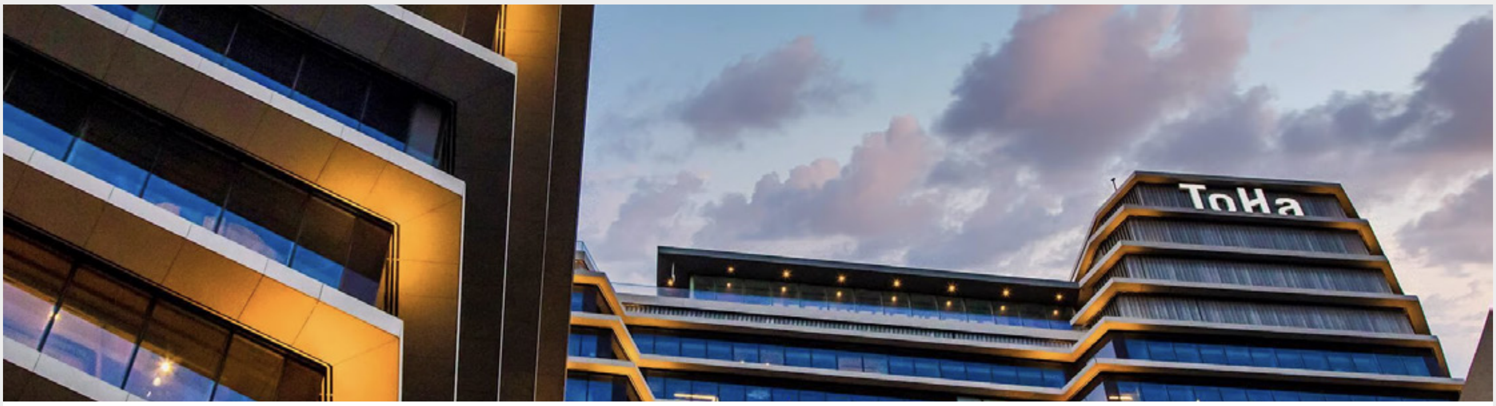
TOHA II / AMOT / TEL AVIV / SIMULATION

PERIODIC REPORT 2024

AlonyHetz
Properties & Investments Ltd

ALONY HETZ PROPERTIES & INVESTMENTS LTD



AMOT / TOHA I / TEL AVIV, ISRAEL

Description of the Corporation's Business

Board of Directors' Report on the State of Corporate Affairs

Consolidated Financial Statements

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

Additional Information on the Corporation

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

PERIODIC REPORT 2024

ALONY HETZ PROPERTIES & INVESTMENTS LTD

AlonyHetz Properties & Investments Ltd

BOSTON / IONE CONGRESS / CARR

DESCRIPTION OF THE CORPORATION'S BUSINESS

ALONY HETZ PROPERTIES & INVESTMENTS LTD

AlonyHetz
Properties & Investments Ltd

a. Description of the general development of the Corporation and other information 4
1. The Corporation's activity and a description of its business development 4
2. Area of activity 4
3. Investments in the Corporation's equity and transactions in its shares 7
4. Distribution of dividends 7
5. Financial information regarding the Company's operating segments 7
6. General environment and impact of external factors - General 10

b. Investments in Israel - Amot Investments Ltd. 12
1. General information regarding Amot 12
2. General environment and impact of external factors - Israel 13
3. Financial information regarding Amot's activity 15
4. Information regarding Amot's assets 16
5. Property management and operation 27
6. Properties with development potential 28
7. Marketing 28
8. Competition 28
9. Human Capital 29
10. Improvements in rental properties and suppliers 30
11. External Appraiser 30
12. Amot's forecast for 2023 30
13. Amot's business strategy 31
14. Expected development in the coming year 31
15. Financing 31

c. Investment in the United States 32
1. General environment and impact of external factors - United States 33
2. General environment and impact of external factors - Washington D.C. 33
3. General environment and impact of external factors - Boston 35
4. General environment and impact of external factors - Austin 35

c1. Investment in Carr 36
1. General information regarding Carr 36
2. Investment in Carr 36
3. Dividend receipts and capital reductions from Carr 36
4. Financial information regarding Carr Holdings activity 37
5. Area of activity 38
6. Management of initiation and development activity 48
7. Property management and operation 48
8. Business strategy and expected development in the coming year 48
9. Taxation 48
10. Tenants (trade receivables) 49
11. Marketing 49
12. Expected revenues from signed lease contracts (order backlog) 49
13. Competition 50
14. Human capital 50
15. Renovations and tenant improvements 50
16. Carr's forecast for 2025 50
17. The Company's material agreements regarding its holdings in Carr 51
18. Financing 51

c2. Investment in the United States - Boston, through the partnership with Oxford 52
1. General information 53
2. Investment property in development 54
3. Main tenants 54
4. Expected revenues from signed lease contracts (order backlog) 54
5. Financing 54
6. Forecast for 2025 55

d. Investment in London - Brockton 56
1. General information regarding BE ("Brockton Everlast Inc.") 56

2. General environment and impact of external factors - London, UK ... 56
3. General information regarding the office sector (including research laboratories) - London, Oxford and Cambridge ... 57
4. Financial information regarding BE's activity ... 58
5. Information regarding BE's assets ... 59
6. Properties acquired in the period ... 62
7. Land for development ... 62
8. Investment property in development ... 62
9. Order backlog ... 63
10. Main tenants ... 64
11. Management and operation of BE's properties ... 65
12. Properties with development potential ... 65
13. Marketing ... 65
14. Competition ... 65
15. Human capital ... 65
16. Tenant improvements and suppliers ... 65
17. BE's forecast for 2025 ... 65
18. BE's business strategy ... 65
19. Corporate governance in BE and in the BE Group 66
20. Financing ... 66
21. Information regarding Brockton Funds ... 66

e. Energix ... 67

1. General information regarding Energix ... 67
2. Area of activity ... 68
3. Suppliers and raw materials for the area of activity ... 90
4. Breakdown of revenues and product profitability ... 91
5. Financing ... 92
6. Marketing and Distribution ... 92
7. Competition ... 92
8. Seasonality ... 93
9. Human capital ... 93
10. Financing ... 94
11. Material agreements ... 92
12. Expected development in the coming year ... 92
13. Financing ... 95

f. Information regarding the Corporation as a whole ... 96

1. Competition ... 96
2. Fixed assets ... 96
3. Human capital ... 97
4. Working capital ... 97
5. Financing ... 97
6. Taxation ... 103
7. Environmental risks and their management ... 106
8. Restrictions and supervision of the Company's activity ... 109
9. Material agreements ... 111
10. Legal proceedings ... 111
11. Goals and business strategy ... 111
12. Expected development in the coming year ... 111
13. Financial data regarding geographic regions ... 112
14. Discussion of risk factors ... 112

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

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

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

The Company does not have a controlling shareholder.

2. Area of activity

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

I. **Main area of activity - long-term investments in income-generating property companies in Israel and in western countries.** As of the date of publication of this report, the Group operates mainly in the following markets: Israel, the United States, and the UK.

II. **Second area of activity - investment in renewable energies.** The Group has income-generating investments in the photovoltaic energy and wind energy sectors, as well as in the development and initiation of electricity generating and storage facilities in Israel, the United States and Poland.

2.1 The following is a description of the Group's main holdings as of December 31, 2024

Main investments in the income-generating property segment:

Activity in Israel

Holdings of 51.05% in Amot Investments Ltd. (hereinafter - "**Amot**"). Amot is a public company listed for trading on the Tel Aviv Stock Exchange Ltd. (hereinafter - the "**TASE**") that operates directly and indirectly through corporations under its control, renting, managing and maintaining income-generating real estate in Israel, as well as initiating, developing and establishing real estate for rental purposes in Israel. Amot owns, directly and indirectly, property that includes office buildings, logistics and industry, malls and commercial centers, supermarkets and others. The Company's holding rate in Amot close to the date of publication of the report is 51.05%. For additional information regarding Amot, see Chapter B below.

Activity in the United States

Carr - 47.8% holdings in the capital of Carr Properties (hereinafter - "**Carr**") and 50% in the control, a private income-generating real estate company (REIT) whose properties are located in the Washington D.C. area, in Boston, Massachusetts and in Austin, Texas.[1] Carr engages directly and indirectly, through wholly or partly owned companies, in investments in income-generating properties for rental purposes, including the management and maintenance of office buildings under its ownership in the Washington D.C. and Boston metropolitan areas, and in Austin, Texas, as well as in the initiation, development and establishment of real estate for rental purposes in those areas. For additional information on Carr, please see Chapter C1 below.

AH Boston - Holdings of 55% in the capital and 50% in the control of three property companies in the Boston metropolitan area, two of in the Boston CBD (Central Business District) and one in East Cambridge.[2] For additional information regarding the investment in the Boston properties through the three property companies, see Chapter C2 below.

1 The holding in Carr is through joint control with an investment fund managed by the Special Situation Property Fund of JP Morgan Chase Bank (hereinafter - "**JPM**"). For Carr's entry into a non-binding memorandum of understanding for the acquisition of JPM's holdings, please see Section 2.3.5 of the Board of Directors' Report.

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

Activity in the UK

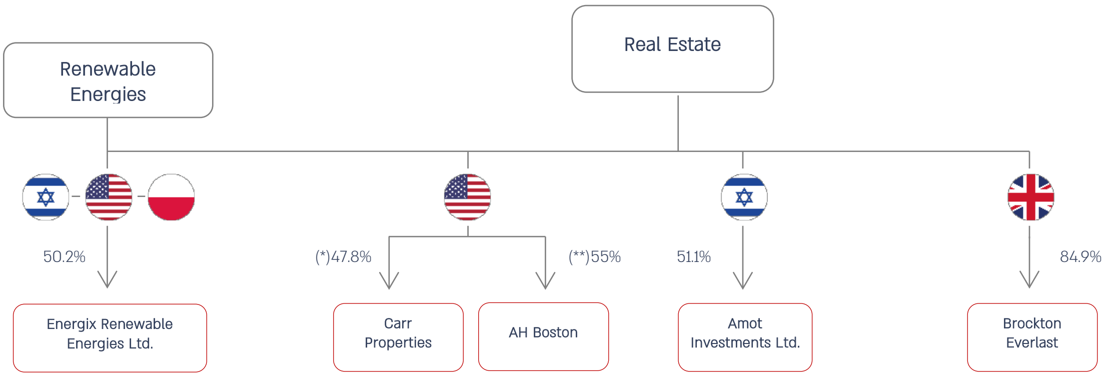
Holdings of 84.9% as of December 31, 2024 and close to the date of publication of the report in **Brockton Everlast Inc. ("BE")**, a private company that engages directly and indirectly through corporations under its control, in the leasing, management and maintenance of income-generating properties, as well as in the initiation and development of income-generating property for rental purposes for offices in the London metropolitan area and for laboratories in Cambridge and Oxford in the UK. For information regarding the investment in BE, see Chapter D below and Notes 4(b)(c) and 6(d) to the financial statements.

In addition, the Group holds British real estate funds from the Brockton Group that are engaged in the initiation, development, improvement and management of real estate investments in the UK. The funds are in the process of realizing the balance of their portfolio, which is expected to be completed in the coming years. For additional information, see Chapter D below and Note 5(1) to the financial statements.

Renewable energy investments:

Holdings of 50.2% in Energix Renewable Energies Ltd. (hereinafter - "**Energix**"), a public company whose shares are listed for trading on the stock exchange. Energix engages in the planning, development, financing, construction, management and operation of facilities for the generation and storage of electricity from renewable energy sources (photovoltaic systems and wind farms) and the sale of electricity produced in these facilities, with the intention of holding them for the long term. As of the date of the report, Energix has operations in Israel, the United States and Poland[3]. The Company's holding rate in Energix close to the date of publication of the report is 50.2%. For additional information regarding Energix, see Chapter E below.

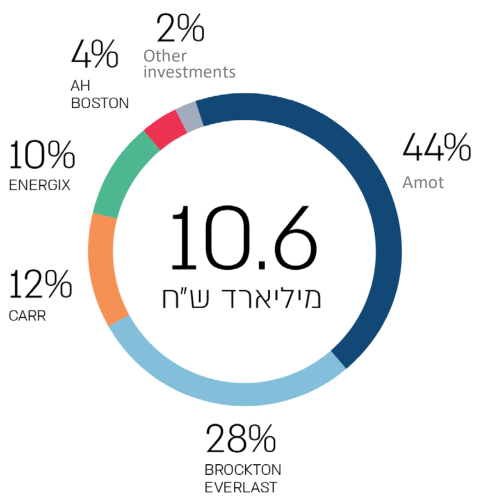
The following is the Company's holding structure in the main operating companies as of the date of publication of the report[4]:



* The Company and JP Morgan (through SSPF Investment Fund, managed by JP Morgan) have joint control in Carr.
** Joint holdings with Oxford Properties in income-generating properties companies that own office buildings in Boston. The Company and Oxford Properties have a joint control agreement.

3 Regarding Energix's engagement in an agreement to acquire a project in Lithuania, please see Section 2.3.8 of the Board of Directors' Report.
4 The above holding structure does not include corporations wholly or partly owned by the Company through which the Company holds the corporations listed in the chart.

The following are the Company's main investments[5] (expanded solo)[6] as of December 31, 2024:



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

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

The following is the amount of investments (realizations) carried out by the Company (expanded solo) in the main investees in the income-generating property sector in the years 2022-2024 (in NIS millions):

Year		2024	2023	2022	Total 2022-2024
Investment and realization in Amot	(1)	-	(220)	159	**(61)**
Investment in BE	(2)	526	274	487	**1,287**
Investment in Carr	(3)	-	-	202	**202**
Investment in AH Boston		124	51	57	**234**

(1) In the years 2022-2024, the amount of the Group's investments in income-generating property and in land for development in Israel through Amot (not including property revaluations) increased by approx. NIS 1.9 billion. For additional information, please see Section 4 of Chapter B below.

(2) In the years 2022-2024, the amount of the Group's net investments in income-generating property in the UK (through BE) (not including property revaluations) increased by approx. GBP 0.2 billion. For additional information, please see Sections 4 and 5 of Chapter D below. In 2023, this includes the conversion of bridging loans in the amount of GBP 85 million into capital.

(3) In the years 2022-2024, the change in the amount of the Group's investments in income-generating property and in land for development in Washington D.C., in Boston and in Austin, Texas (through Carr) (not including property revaluations) was a decrease of USD 810 million. For additional information, please see Sections 4 and 5 in Chapter C1 below.

(4) In 2024, the Group recorded losses from net property revaluations, in which the Company's share (after tax) amounted to NIS 329 million (in 2023 - the Company recorded losses from property valuations, net of which the Company's share (after tax) amounted to NIS 2.6 billion). For additional information, please see Section 2.3.3 of the Board of Directors' Report.

For a summary of the Group's main data for the years 2022-2024, please see Section 1.6 of the Board of Directors' Report.

5 Not including cash

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

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

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

Energix Renewable Energies Ltd.	
Date (year):	**Investment Amount (in NIS millions):**
2022	204
2023	-
2024	-

In the years 2022-2024, Energix strengthened and expanded its activities and increased its portfolio of projects in all three of its activity locations - Israel, the United States and Poland. For information regarding Energix's business development in 2024, please see Chapter E below.

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

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

4. Distribution of dividends

The Company's policy is for its shareholders to share in the Company's profits through the distribution of dividends each year on an ongoing basis, as long as the dividend distribution does not adversely affect the Company's debt service ability, taking into account the Group's future investment plans as they will be from time to time and subject to any law.
For additional information regarding the Company's dividend policy, for details regarding the amounts of dividends distributed by the Company in the reporting periods and for the balance of the distributable profits as of December 31, 2024, please see Note 17d to the financial statements.

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

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

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

	December 31, 2024		December 31, 2023	
	NIS thousands	%	NIS thousands	%
Israel - investment in Amot	4,660,711	49	4,506,094	48
UK - Investment in Brockton Everlast	2,989,406	31	2,656,530	28
USA - Investment in Carr	1,302,056	14	1,568,555	17
USA - Investment in AH Boston	346,336	4	525,811	5
UK - Investment in Brockton Funds	218,454	2	165,382	2
Other	4,386	-	9,932	-
Total *	**9,521,349**	**100**	**9,432,304**	**100**

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

	December 31, 2024		December 31, 2023	
	NIS thousands	%	NIS thousands	%
Israel - Investment property (including property in development) (**)	20,302,013	74	19,363,069	72
UK - Brockton Everlast investment property(**)	5,136,703	19	4,980,037	19
USA - Investment in Carr	1,302,056	5	1,568,555	6
USA - Investment in AH Boston	346,336	1	525,811	2
UK - Investment in Brockton Funds	218,454	1	222,219	1
Total **	**27,305,562**	**100**	**26,659,691**	**100**

(*) The balances presented above do not include cash, deposits and tradable securities, which, as of December 31, 2024, amounted to NIS 1.6 billion (consolidated) and NIS 0.6 million (expanded solo) and as of December 31, 2023, they amounted to NIS 2.8 billion (consolidated) and NIS 1.0 million (expanded solo).

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

5.3 Information regarding investments in the renewable energies segment

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

In Energix's activity in Israel, the United States and Poland, the total capacity of its systems amounts to approx. 1,35 MW in commercially operated projects and approx. 189 MWh (storage), approx. 761MW in projects in development or pre-construction and approx. 206 MWh (storage), approx. 843 MW in projects in advanced initiation and approx. 121 MWh (storage), approx. 5.0 GW in initiation[7] and approx. 10.6 GWh (storage). For information, please see Chapter E below.

The balance of the Company's investment (expanded solo) in Energix as of December 31, 2024 is NIS 1,112 million.

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

[7] **Commercially operated projects** are projects whose construction has been completed and the electricity produced in them is fed into the relevant electricity grid; **projects in development** or **pre-construction** are the Energix's projects that are in the construction process or that the actual start of construction is expected in the near future; **projects in advanced initiation stages** are Energix's backlog of projects that the Energix estimates can be financially closed or ready for construction within the next 12 months or initiative projects that have won a guaranteed tariff; **initiation projects** are the backlog of the Energix's projects at various stages of development which may mature into development projects, for which the Energix has rights to the land and it is working to obtain the permits and approvals required for their construction; **mature project backlog** includes projects in commercial operation, projects whose construction and/or connection to the grid has been partially completed, projects in development and just prior to construction and advanced initiative projects.

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

	December 31, 2024		December 31, 2023	
	NIS thousands	%	NIS thousands	%
Israel	2,777,930	28	2,409,211	30
Poland	1,668,311	17	1,741,500	21
USA	5,466,288	55	3,948,365	49
Total	**9,912,529**	**100**	**8,099,076**	**100**

	December 31, 2024		December 31, 2023	
	NIS thousands	%	NIS thousands	%
Photo-voltaic systems	4,255,244	46	3,697,256	49
Wind farm	1,418,789	15	1,519,478	20
Projects in development	3,620,530	39	2,370,899	31
Total	**9,294,563**	**100**	**7,587,633**	**100**
Right-of-use asset and others	617,966		511,443	
	9,912,529		**8,099,076**	

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

5.4 Result data based on the Statement of Income

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

5.5 Result data based on the Expanded Solo Statement of Income

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

6. General environment and impact of external factors - General [8]

General

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

Based on forecasts prepared by international institutions and foreign investment houses, the GDP in developed economies grew by 1.4% in 2024 and is expected to grow by 1.5% and 1.6% in 2025 and 2026, respectively. The growth rate in world trade in 2024 was approx. 3.1% and is expected to continue to grow by 3.4% in 2025. Inflation estimates in developed economies for 2024 are approx. 2.4%, while for 2025 and 2026 the forecasts are 2.3% and 2.2%, respectively.

In a forecast published in January 2025, the International Monetary Fund (IMF) outlines a very optimistic scenario for the US economy, even though global growth is expected to amount to 3.3% in both 2025 and 2026, still far from the multi-year average of the previous decade (2010-2019) of 3.7%. In the aforementioned report, the IMF notes the demand that remains strong against the backdrop of a "wealth effect" (increases in asset prices, including financial assets, that give households the feeling that they have become richer which is translated by them into increased private consumption) as well as the monetary policy that has become less rigid.

The IMF report expresses cautious optimism regarding global inflation, which is expected to decline to 4.2% in 2025 and 3.5% in 2026, and to converge back to the target earlier in advanced economies, including the United States, than in emerging markets and developing economies.

In capital markets and around the world, leading stock indices recorded sharp increases led by large technology stocks. The US stock market continued to surprise positively, continuing to provide investors with substantial returns for the second year in a row, despite facing geopolitical and economic-monetary challenges. Despite the significant declines at the end of 2024, annual returns were impressive, with the S&P 500 up 23.3%, the Nasdaq index jumping 28.6% and the Dow Jones registering an increase of 12.9%.

Donald Trump's return to the White House has been welcomed by capital markets but also met with suspicion. On the one hand, his pro-business policies, with promises to reduce regulation and tax cuts, reminded investors of his early days in 2016. On the other hand, while Trump puts "America First", his complex relationships with key trading partners, such as China and Europe, have raised concerns about the future of global trade.

Based on the 2024 federal government financial report published in January 2025 by the US Treasury Department, it appears that in 2024 the federal deficit increased by 8% compared to 2023 and amounted to USD 1.83 trillion, which is 6.4% of the GDP. According to the report, the US debt-to-GDP ratio is now 98%.

The decision of the US Federal Reserve (FED) since the beginning of Donald Trump's second term as president has left the interest rate unchanged at 4.5% [after three reductions in 2024], while warning that inflation "continues to be somewhat accelerated".

2024 has accentuated the complexities that the European continent has been dealing with for years. The model of a bloc that unites countries and economies, which are sometimes characterized by fundamentally different cultures and interests, continues to show signs of erosion. The political divisions within the bloc, as well as the tensions surrounding the issue of immigration, the distribution of resources and the ongoing conflicts regarding the values of democracy, have once again exposed the difficulties of functioning as a single, cohesive unit, all while the war between Russia and Ukraine is still ongoing.

From a macroeconomic perspective, there were positive signs, most notably that inflation, which had weighed on the

8 Information Sources in this section:

1. Bank of Israel - Research Division Macroeconomic Forecast, January 2025
2. Bank of Israel - Monetary Policy Report, H2/2024, January 2025.
3. Bank of Israel - Financial Stability Report - H2/2024, January 2025.
4. International Monetary Fund - World Economic Outlook Report, January 2025.

bloc's economies over the past two years, began to moderate, enabling the European Central Bank (ECB) to begin a process of lowering interest rates towards the end of 2024. The interest rate reduction provided some relief to financial markets and consumers, and opened the door to a gradual recovery in 2025 as well.

Despite the positive signs, European stock markets continued to show differences, and some even underperformed significantly compared to American indices. This gap highlights Europe's difficulty in catching up with the global pace, especially in 2024.

After more than a year of war, the data published on Israel's macroeconomic activity reflect a significant slowdown in growth, alongside an inflation level that remains above the Bank of Israel's price stability target. At the same time, the recovery in economic activity continues at a moderate pace. Taxation changes, in particular the VAT increase, alongside supply constraints, combined with high public spending, are expected to raise the inflation rate during the first half of 2025, before it is expected to moderate into the target range during the second half of 2025 and amount to 2.7%.

Throughout 2024, the Israeli economy's risk premium reached a high level, and the real yield on ten-year government bonds, which is an indication of the cost of raising government debt, reached a peak in the last decade. The government's financing needs and costs increased, and credit rating agencies downgraded Israel's rating, leaving a negative outlook for rating forecasts. However, towards the end of 2024, the risk premium and debt financing costs decreased, against a backdrop of a moderation in geopolitical risk assessments, which was reflected in an improvement in sentiment towards local markets.

The financial system in Israel is demonstrating high resilience faced with security challenges and geopolitical uncertainty that have been ongoing for over a year. Local stock indices rose in the last quarter of 2024, partially reducing the underperformance that had accumulated since the beginning of 2023 in USD terms. Despite the increases, stock prices in Israel are still low compared to global stock indices in USD terms, and they still seem to embody a relatively high risk assessment in Israel.

The Group's assessments:

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

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

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

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

B. Investments in Israel - Amot Investments Ltd.

1. General information regarding Amot

As of December 31, 2024, the Company holds 51.1% of Amot's capital.

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

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

Amot's income-generating properties in Israel, owned or leased, as of December 31, 2024, include 112 income-generating properties with a total area of 1.86 million sq.m. (Amot's share), of which 1.16 million sq.m. are above-ground rental areas and 0.7 million sq.m. are open storage and parking. In addition, Amot has 5 projects in advanced planning and construction stages amounting to 194 thousand sq.m. above-ground (Amot's share) and 3 projects in planning and initiating stages amounting to 56 sq.m. above-ground (Amot's share).

Amot owns property that includes office buildings, logistics and industry, malls and commercial centers, supermarkets and others. Most of Amot's properties are located in the major cities in the center of the country and in high-demand areas. The properties are leased to approx. 1,790 tenants, through contracts of varying durations.

The total fair value of Amot's properties as of December 31, 2024 is approx. NIS 20.6 billion, of which the fair value of income-generating property as of December 31, 2024 (not including properties in development) is NIS 17.3 billion and the occupancy rate as of that date was 92.3%[9]. In addition, Amot holds investment property in development and rights in land designated for development at a fair value of NIS 3.3 billion.

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

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

Regarding dividends received by the Company from Amot in the reporting period and dividend receipts projected for 2025, please see Section 2.3.9 of the Board of Directors' Report.

9 The rate of occupancy, not including a property classified in 2024 from property in development is 92.8%.

2. General environment and impact of external factors - Israel[10]

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

The Israeli economy experienced a particularly turbulent period in 2023-2024, which began with a deep political crisis surrounding the government's attempts to promote fundamental changes in the judicial system. These measures created a significant social rift, widespread waves of protest, and damage to investor and business confidence, especially in the high-tech sector, which is a key growth engine for the economy. At the same time, the economy faced global challenges such as rising inflation and interest rates reaching a record high of 4.75%, which led to a credit crisis and a slowdown in the real estate market.

The events of October 7, 2023, and the War that followed, added another layer of challenges to the economy. The War quickly developed into a multi-front conflict with Hamas in Gaza, Hezbollah in Lebanon, and other Iranian proxies, with the public fearing an escalation and expansion of the fighting that would damage essential infrastructure and the economy. A significant turning point occurred in July 2024, when Israel changed its combat strategy and took a more active approach. Initiated operations in all arenas, including the elimination of the terrorist organizations' leaders, attacks in Yemen, a ground incursion into Lebanon, and for the first time a significant attack on Iran, led to an improvement in public confidence and a sense of security. This change began to have a positive impact on the local market, a trend that strengthened with the progress towards ceasefire agreements with Hamas and Hezbollah, and especially with the recent progress in the outline for the return of the hostages from Gaza.

In the first half of 2024, the Israeli stock exchange underperformed compared to American indices, with returns similar to those of European stock exchanges. In an annual summary, the TA-125 index rose by an impressive 27.2%.

In 2024, the inflation amounted to approx. 3.2% and the Bank of Israel left the interest rate at 4.5% throughout 2024, with a forecast gradual decrease to approx. 4% by the end of 2025. The Bank of Israel expects moderate growth of only 0.6% in 2024, but estimates a significant recovery to approx. 4% in 2025 and approx. 4.5% in 2026. This forecast is based on the assumption that the direct economic impact of the War will continue until the end of the first quarter of 2025, after which the economy will gradually converge on a growth trend, although below the level that would have been without the War. At the same time, there was a decrease in the unemployment rate and an increase in the demand for workers, with the unemployment rate reaching a low level of 2.6% at the end of 2024.

In 2024, the budget deficit amounted to 6.9% of GDP, lower than expected, due to a one-time increase in tax revenues as a result of one-time tax measures. The Bank of Israel expects the budget deficit to decline to 4.7% in 2025 and to 3.2% in 2026. The probability of a return to high-intensity fighting still exists, and in addition, the "legal reform" processes and waves of social protest are still ongoing and could have an impact on the state of the economy.

Despite signs of recovery, the continued fighting and its economic consequences led to Israel's credit rating being downgraded by three international rating agencies. Moody's downgraded Israel twice during the year to Baa1, S&P downgraded it twice to A, and Fitch downgraded it to A, with all three rating agencies maintaining their outlooks at "negative."

10 Information Sources in this section:

Bank of Israel - Research Division Macroeconomic Forecast, January 2025.

Bank of Israel - Monetary Policy Report, H2/2024, January 2025.

Central Bureau of Statistics - Data from the Labor Force Survey for December, Q4 and 2024.

Inter Israel - Office Market Review for H2/2024

The following are macroeconomic characteristics pertaining to Israel:[11]

		Israel		
For the year ended	**Units**	**December 31, 2024**	**December 31, 2023**	**December 31, 2022**
Macroeconomic parameters				
GDP (PPP)	USD Billions	541	525	497
Per capita GDP (PPP)	USD	54,446	53,810	52,000
GDP growth rate (PPP)	%	3.11%	5.71%	13.95%
Per capita GDP growth rate (PPP)	%	1.18%	3.48%	11.75%
Inflation rate	%	3.24%	2.96%	5.26%
Yield on long-term domestic government debt	%	4.47%	3.95%	2.62%
Rating of long-term government debt	-	A/Baa1	AA-/A1	AA-/A1
Unemployment rate	%	2.60%	3.10%	4.10%

Real Estate sector

According to the office market survey conducted by Inter Israel, Cushman & Wakefield's Israeli partner, during 2024, there was a decrease in office rental fees in Tel Aviv. The main business districts such as Yigal Alon and Menachem Begin recorded the most significant decreases (approx. 6%-7%). The main cause of the decreases is an imbalance between supply and demand, which caused an increase in capacity rates and exerted downward pressure on rental prices. On the demand side, the decrease in demand from high-tech companies, which began at the end of 2022, had a noticeable impact, especially in the central business areas of Tel Aviv, where until 2022 there were significant increases in rental prices. In addition, the "Flight to Quality" trend that exists in the Western world is evident, causing owners of low-quality properties to lower prices in view of the weak demand and their difficulty in finding tenants.

The construction of new office buildings in 2020-2024 in Tel Aviv amounted to approx. 1.2 million sq.m. Most of this space has been occupied. The office space expected to be built in 2025-2029 is approx. one million sq.m., with several large-scale projects expected to be completed in 2027. A global trend of returning to offices is particularly evident in Tel Aviv's central business district, which, together with a positive macroeconomic forecast in Israel for 2025, indicate the market's ability to adapt to supply challenges over time.

In contrast to the downward trend in rental fees in the Tel Aviv area, it appears that a stabilization is evident in rental prices in the other employment areas of central Israel. In most cities, with the exception of Hod Hasharon and Ra'anana, there was a negligible decrease to no change in rental prices.

The light rail, which is a revolution in intercity transportation, began operations in August 2023. The light rail is expected to become a catalyst for growth, propel economic activity and create new job opportunities, in addition to capital investments in Tel Aviv and the surrounding sub-markets. The future light rail system is expected to connect all the cities surrounding Tel Aviv, with Tel Aviv serving as the central anchor for the project, and make densely populated work areas accessible. Following the future addition of the purple and green light rail lines, a broader transportation network will be created that will make the "Tel Aviv suburbs" accessible to an additional public, which is expected to increase demand and strengthen the economy.

Approx. 80% of the industrial and logistics centers in Israel are strategically located near major transportation access routes - Highways 6, 4, 2 and Highway 40. In 2026, a huge national project to pave the eastern track of Israel Railways will be completed, which includes the construction of a section approx. 65 km long, along which new stations will also be built. The track will connect the country's north to its center near Highway 6. It appears that land prices for logistics, which have been on a significant upward trend in recent years, have been exhausted and have stabilized (with an emphasis on the

11 In this table, unless otherwise stated, the source of the data is the IMF - World Economic Outlook Database from October 2024. Data for 2024 are estimated data; inflation data in Israel as of the last day of each year from the Central Bureau of Statistics website CBS.GOV.IL; data on the nominal rate of return on long-term government debt in Israel refers to 10-year bonds. The source of the data on the stats.oecd.org website is based on data transmitted from the Bank of Israel; long-term Israeli government debt rating data is based on Moody's and Standard & Poor's publications; Unemployment rate data are based on the Central Bureau of Statistics website (the unemployment rate from the total population aged 15 and over, adjusted for seasonality).

Shoham area), and in some areas, such as Kiryat Aryeh in Petah Tikva, Or Yehuda and the Kadima industrial zone, slight decreases in the price per dunam have been recorded.

3. Financial information regarding Amot's activity

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

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

	Unit of Measurement	2024	2023	2022
Number of properties	Unit	112	114	114
Value of investment property (without property in self-development)	NIS thousands	17,294,792	16,730,765	16,521,806
Weighted discount rate derived from investment property	%	6.42	6.30	6.20
Occupancy rate at end of period	%	92.3	93.4	94.4
Value of investment property in self-development	NIS thousands	3,316,001	2,757,003	2,340,645
Equity	NIS thousands	9,164,829	8,837,612	8,775,538
Ratio of net financial debt to total balance sheet	%	44.0	44.0	41.9
Revenues from rent and management fees	NIS thousands	1,204,268	1,150,579	1,063,905
Fair value adjustments of investment property	NIS thousands	547,432	251,337	1,000,840
NOI	NIS thousands	1,042,713	1,004,406	930,996
NOI - from identical properties (*)	NIS thousands	986,549	954,715	900,192
FFO	NIS thousands	823,185	802,513	743,211
Net profit	NIS thousands	919,002	682,607	1,171,146
FFO per share	NIS	1,746	1,707	1,604
Ordinary dividend per share	NIS	1.08	1.08	1.06
NAV per share	NIS	19.44	18.78	18.68
NNAV per share	NIS	23.58	22.64	22.35
Share price at end of period	NIS	20.60	20.00	20.65
The Company's share of Amot NOI				
NOI - the Corporation's share	NIS thousands	532,567	537,855	502,098
NOI - from identical properties, the Corporation's share	NIS thousands	503,886	511,097	444,670

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

4. Information regarding Amot properties

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

4.1 Information regarding Amot's assets, by use:

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

Uses	December 31, 2024	% of total area	December 31, 2023	% of total area
Offices	445,009	38%	447,142	39%
Logistics and industry	522,833	45%	503,034	44%
Commercial centers	131,104	11%	130,012	11%
Supermarkets	37,694	3%	37,694	3%
Others	23,553	2%	23,553	2%
Total above-ground area	**1,160,193**	100%	**1,141,435**	**100%**
Open storage area	96,870		96,870	
Parking area	602,330		606,360	
Total area (*)(**)	**1,859,393**	**100%**	**1,844,665**	**100%**
Total Company share in above-ground area according to rate of holdings at end of period	**592,279**		**583,730**	

(*) In 2023, the table includes data for properties held for sale used as offices.

(**) The areas detailed above include 44 thousand sq.m., in 2023 and 2024, of jointly controlled companies presented according to the equity method in the financial statements.

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

Uses	December 31, 2024	% of total area	December 31, 2023	% of total area
Offices	8,367,448	48%	8,333,620	49%
Logistics and industry	4,974,197	29%	4,718,648	28%
Commercial centers	2,834,774	16%	2,785,325	16%
Supermarkets	853,394	5%	805,650	5%
Others	264,979	2%	265,347	2%
Total (*)(**)(***)	**17,294,792**	**100%**	**16,908,590**	**100%**
Total Company share of fair value according to rate of holdings for the period	**8,828,991**		**8,631,835**	

(*) In 2023, the table includes data for properties held for sale used as offices, which were sold in early 2024 for NIS 178 million.

(**) Of this amount, in 2024 and 2023, properties with a value of NIS 584 million and NIS 575 million, respectively, belong to jointly controlled companies presented according to the equity method in the financial statement.

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

Uses	2024	% of NOI	2023	% of NOI	2022	% of NOI
Offices	503,297	48%	493,863	49%	449,221	48%
Logistics and industry	286,606	27%	270,235	27%	248,044	27%
Commercial centers	186,074	18%	181,566	18%	174,749	19%
Supermarkets	51,378	5%	49,271	5%	47,070	5%
Others	18,391	2%	18,055	2%	16,499	2%
Total (*)(**)(***)	**1,045,746**	**100%**	**1,012,990**	**100%**	**935,583**	**100%**
Total Company share in NOI according to rate of holdings in the period	**532,567**		**537,855**		**504,572**	

(*) During 2024, income-generating properties were sold for a total of approx. NIS 200 million (including properties that in 2023 were classified as held for sale and are included in the table), among which there was a decrease in NOI of approx. NIS 10 million in 2024 compared to 2023.

(*) The data does not include non-attributable expenses in the amount of approx. NIS 11 million in 2024, approx. NIS 9 million in 2023 and approx. NIS 5 million in 2022.

(**) Of the above, NOI in the amount of approx. NIS 35 million in 2024, NIS 37 million in 2023 belong to jointly controlled companies presented according to the equity method in the financial statement.

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

Uses	2024	2023	2022
Offices	124,863	119,908	468,569
Logistics and industry	130,455	100,431	279,935
Commercial centers	41,626	9,261	72,827
Supermarkets	47,514	19,219	42,417
Others	292	7,454	19,615
Transaction costs in respect of the purchase of new properties	(1,732)	(3,000)	-
Total (*)	**343,018**	**253,273**	**883,363**
Adjustment of the value of properties in development and others	204,414	(1,936)	117,477
Total	**547,432**	**251,337**	**1,000,840**
Total Company share of revaluation profits/losses (not including property in development) according to rate of holdings for the period	**175,210**	**134,115**	**476,070**

(*) Of the above, revaluation profits of NIS 6 million in 2024, NIS 7 million in 2023 and NIS 20 million in 2022 belong to jointly controlled companies presented according to the equity method in the financial statement.

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

Uses	2024	2023
Offices	103	100
Logistics and industry	45	44
Commercial centers	122	120
Supermarkets	114	109
Others	65	64

* The table includes properties held for sale.
Calculated on the basis of revenues only from rental fees, not including parking and management fees.
Calculated on the basis of the full area of the properties less average vacant areas.
Calculated on the basis of standardization of average rental fees from properties sold during the year.
The results for 2023 include the impact of the Iron Swords War easements, which resulted in a loss of revenue of approx. NIS 3 million.

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

Uses	2024	2023
Offices (*)	82.3%	85.3%
Logistics and industry	99.0%	99.0%
Commercial centers	96.6%	96.3%
Supermarkets	100.0%	100.0%
Others	100.0%	100.0%
Total (*)	**92.3%**	**93.4%**

(*) The total rate of occupancy, not including a property classified from property in development in 2024 is 92.8%.

The rate of occupancy used for offices, not including a property classified from property in development is 83.6%.

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

Uses	2024	2023
Offices	41	43
Logistics and industry	20	19
Commercial centers	13	14
Supermarkets	35	35
Others	3	3
Total (*)	**112**	**114**

(*) The table includes data for properties held for sale.

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

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

Uses	2024	2023
Offices	6.4%	6.3%
Logistics and industry	5.7%	5.6%
Commercial centers	6.5%	6.5%
Supermarkets	6.0%	6.1%
Others	6.9%	6.8%
Total (*)(**)(***)	**6.2%**	**6.1%**

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

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

(***) Please see Note 4(a) to the financial statements regarding the discount rate range of the properties as of December 31, 2024.

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

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

4.1.9 Breakdown of information regarding office properties by geographic area:

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

Geographic area	Above-ground area as of December 31, 2023	NOI for 2023	Fair value of income-generating property as of December 31, 2023	Percent of total properties	Average monthly rental fees 2023
	Sq.m.	NIS thousands	NIS thousands	%	NIS per sq.m.
Greater Tel Aviv (*)	200,595	319,103	5,182,741	62%	124
Gush Dan cities	198,275	139,131	2,567,035	31%	78
Other areas	48,272	35,629	583,844	7%	65
Total	**447,142**	**493,863**	**8,333,620**	**100%**	

(*) Tel Aviv, Ramat Gan and Givataim

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

The following is data regarding expected rental revenues in respect of rental agreements signed in Israel for Amot properties as of December 31, 2024, by date of completion:

	Assuming non-exercise of tenant option periods		
Period	**Revenues from fixed components**	**Number of contracts ending**	**Area subject to contracts ending**
	In NIS millions	**Unit**	**Thousands of sq.m.**
Q1/2025	249	124	23
Q2/2025	242	93	26
Q3/2025	229	148	61
Q4/2025	222	83	26
Total 2025	**942**	**448**	**136**
2026	752	488	240
2027	540	321	202
2028	370	219	169
2029 onward	1052	315	411
Total	**3,656**	**1,791**	**1,158**

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

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

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

4.3 Main tenants

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

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

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

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

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

PROPERTY NAME	PROPERTY LOCATION	PROPERTY ATTRIBUTION
ToHa1 (Totzeret Ha'aretz Complex) (Amot's share - 50%)	Intersection of Totzeret Haaretz St., Yigal Alon St. and Hashalom Rd., Tel Aviv	A unique, prestigious tower built according to Israel's highest standards, meeting the LEED Platinum status.
Amot Atrium Tower	Ramat Gan City Complex, Jabotinsky St.	A unique, prestigious tower built according to Israel's highest standards, meeting the LEED Platinum status.
Holon Campus Tower Amot's share - 77.8%	Sderot Yerushalayim and HaMelacha St., Holon Industrial Zone	A unique, prestigious tower built according to Israel's highest standards, meeting the LEED Platinum status. The tower is build on 11 dunams. As of the date of publication of the report, the property is leased at a rate of 40%.
Amot Investments Tower, Europe House **Amot Mishpat Complex (Beit Amot Mishpat, Amot Hakirya and 10 Dubnov)**	Shaul Hamelech St., central Tel Aviv In the center of the city's court complex adjacent to the Tel Aviv Museum and the Tel Aviv Performing Arts Center	Due to their proximity to the court complex, the buildings constitute prime properties due to excess demand from professionals and government ministries for rental space in the area of the complex. The tower has been certified LEED OEM. In the Amot Mishpat complex, there is potential for betterment under the TA/5000 plan. In the Amot Mishpat complex, a local city building plan was promoted under the TA/5000 plan. The city building plan is in effect and includes the option of a residential component.
Amot BDO **(Buildings A, B and C)**	Menachem Begin Rd., Tel Aviv	A complex consists of 3 office buildings. The main tenant in the complex is the accounting firm BDO and Building C is fully leased to the Fattal Hotel chain. The complex enjoys a high level of transportation access, on Menachem Begin Rd. in Tel Aviv. In this complex, the Company is promoting a local city building plan under the TA/5000 plan.

Logistics and industry - Amot has full and/or partial ownership with others in several industrial and logistical parks. The parks are managed by management companies owned by Amot or by external management companies or by the tenants.

PROPERTY NAME	PROPERTY LOCATION	PROPERTY ATTRIBUTION
Amot Tzrifin Park	On Road 44 (Ramla-Beit Dagan) adjacent to Moshav Nir Zvi and near Assaf Harofeh Hospital and the Tzrifin Junction	The complex consists of approx. 274 dunams, on which 18 logistics buildings are built with a total built-up area of approx. 113 thousand sq.m. The complex has substantial unutilized building rights.
Si'im Park Netanya **Poleg Park Netanya**	Poleg Industrial Zone, Netanya South	The properties provide a solution in an area where there is a growing demand for a combination of uses for both the needs of the high-tech industry and for logistics and storage needs. The complex is on an area of approx. 80 dunams.
Logistic center - Shoham	Hevel Modi'in Industrial Zone - Shoham	The property is rented in full to SLE - Salomon, Levin and Elstein Ltd. (a Teva subsidiary) and serves as a sophisticated logistic center for automatic storage of raw materials for the pharmaceutical industry, and for the storage and distribution of pharmaceuticals.
Cargal Park	Lod North Industrial Zone	A complex with an area of approx. 100 dunams and a built-up area of approx. 47 thousand sq.m., rented to 28 tenants. The complex has substantial unutilized building rights.
Rehovot Park	Rehovot Industrial Zone	Industrial park that includes a 3-wing building spread over an area of 33 thousand sq.m., used laboratories, development and warehouses.
A Group of Logistics Buildings, Modi'in	Ligad, Modi'in	Several logistics centers rented to high-quality tenants, such as Shufersal, Fox and Novolog.
Shufersal On-line Distribution Center Amot's share - 75%	Ligad, Modi'in	A property fully leased to Shufersal Ltd. for its online operations. Logistics center with a built up area of approx. 43 thousand sq.m.

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

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

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

Amot owns 35 properties serving as supermarkets, spread nationally, rented to the Shufersal Ltd. Group, Carrefour Ltd., Co-Op Jerusalem, Victory and others. The supermarkets' occupancy rate as of December 31, 2024 is 100%.

Amot is also involved in initiating and developing, and acquires land for the purpose of initiating, developing and building income-generating properties for rental purposes. For additional information on this subject, please see Section 4.5 below.

4.5 Investment property in construction and development [12]

Amot has several properties in construction and development.

The following information regarding the cost of the projects in development, their expected completion dates and the expected revenue from them is forward-looking information as defined in Section 32A of the Securities Law, 1968, the realization of which is uncertain and not under the sole control of Amot, including for the environmental requirement, city building plan changes subject to the approval of the planning and building authorities, receipt of agreements from adjoining property owners for which there is no certainty of their receipt, etc.

For a table summarizing Amot's investment property projects in development, please see Section 2.3.4 of the Board of Directors' Report.

4.5.1 Projects in development as of December 31, 2024

Amot has 5 projects under construction, in which Amot's share is 194 thousand sq.m. above ground. The total expected investment in the projects is approx. NIS 3.3 billion (Amot's share). The cost of construction includes the land component, parking garages, tenant improvements and capitalizations.

ToHa2 in Tel Aviv

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

According to the agreement, Google will lease from the partners approx. 60 thousand sq.m. at the envelope level in the upper part of the ToHa2 Tower, as well as several hundred parking spaces, for a 10-year lease period (with a one-time exit right at the end of 5 years), which will begin in the first quarter of 2027, upon completion of the ToHa2 construction, in consideration for a total rental fee of approx. NIS 115 million per year (at the envelope level), linked to the May 2024 CPI (Amot's share of the above - 50%).

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

12 The data is presented according to Amot's share in the properties (and not according to the Company's share in Amot). As of December 31, 2024, December 31, 2023 and December 31, 2022, the Company's share in the data presented is 51.1%, 51.1% and 53.8%, respectively.

The construction of the ToHa2 tower is in progressing and 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.

It should be clarified that the timing of the completion of the ToHa2 construction and the beginning of the lease period are forward-looking information as defined in the Securities Law, 1968. The information described above is based on the information available to Amot as of this date regarding the status of the project's construction progress. Amot's estimates and forecasts in this regard are dependent and subject to the occurrence of actions and circumstances beyond its control or to the materialization of any of the risk factors included in the Corporate Business Description chapter of the Company's periodic report for 2024.

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

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

Location	Parameters	For the year ended December 31, 2024	December 31, 2023	December 31, 2022
Use - offices (Toha2 Tel Aviv / Lehi Complex Bnei Brak / K Complex Jerusalem / Park Afek)	Number of properties in development at end of period	4	5	5
	Total above-ground areas in development (planned) at end of period, in sq.m.	180,700	187,450	187,450
	Total underground parking areas, in sq.m.	54,000	62,198	62,198
	Total costs invested in the current period (including transaction costs), in NIS thousands	364,369	331,943	214,510
	The amount at which the properties are presented in the financial statements (including parts considered income-generating), in NIS thousands	1,885,063	1,440,204	1,122,079
	Construction budget in the consecutive period (estimate), in NIS thousands	575,271	419,075	222,010
	Expected construction budget (estimate), in NIS thousands	3,259,192	3,303,892	3,077,000
	Portion of the built-up area for which leases have been signed as of December 31	18.00%	8.00%	-
	Portion of the built-up area for which leases have been signed close to the signing of the report	-	-	-
	Expected annual revenue from projects completed in the consecutive period and for which contracts have been signed for 50% or more of the area, in NIS millions	8	7	-
Use - logistics, Beit Shemesh (*)	Number of properties in development at end of period	1	1	1
	Total above-ground areas in development (planned) at end of period, in sq.m.	15,150	30,300	30,300
	Total costs invested in the current period, in NIS thousands	33,333	96,674	21,822
	The amount at which the properties are presented in the financial statements (including parts considered income-generating), in NIS thousands	90,830	173,187	75,512
	Construction budget in the consecutive period (estimate), in NIS thousands	10,540	43,872	93,221
	Expected construction budget (estimate), in NIS thousands	105,698	217,059	207,000
	Portion of the built-up area for which leases have been signed and/or are in final signing stages as of December 31	0%	50%	50%
	Expected annual revenue from projects completed in the consecutive period and for which contracts have been signed for 50% or more of the area, in NIS millions	-	8.5	8.5

4.5.2 Projects in initiation stages as of December 31, 2024

Amot has 3 projects in planning and development stages. Amot's share in them is an above-ground area of 57 thousand sq.m. and the total investment expected for these projects in the coming years is NIS 630-690 million (Amot's share). For additional information, see Section 2.3.4 of the Board of Directors' Report.

All of the information included in this Section 4.5.2 regarding projects in development and initiation, including expected construction costs, construction completion dates and Amot's estimates regarding the signing of a binding rental agreement, constitutes forward-looking information as defined in Section 32A of the Securities Law, and as such its realization is uncertain and is not solely under Amot's control. The information refers to data existing and known to Amot on the date of publication of this report relating to environmental requirements, on City Building Plan changes subject to approvals of the planning and building authorities, on receipt of consent from owners of bordering properties, for which there is no certainty of being granted, etc., data that are not under the Amot's control and therefore there is no certainty these projects will actually be executed.

4.6 Additional land and building rights that were classified as investment property and investment property in development[13]

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

		2024	2023	2022
		Amount presented in the financial statements (in NIS thousands)	Amount presented in the financial statements (in NIS thousands)	Amount presented in the financial statements (in NIS thousands)
Additional building rights	Offices	395,664	324,872	317,943
	Logistics and industry	264,651	266,051	266,200
	Commerce	9,570	9,570	9,470
	Residential	67,206	2,740	2,403
Land (without building rights)	Offices	307,590	107,396	107,372
	Logistics and industry	10,753	19,539	26,100
	Commerce	10,400	10,100	10,100
	Residential	256,037	387,458	120,500
Total		**1,321,871**	**1,127,726**	**860,088**

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

Income-generating properties:

Use	Parameters	Unit of Measurement	For the year ended December 31, 2024	December 31, 2023	December 31, 2022
Sales - offices	Number of properties sold during the period	Unit	3	-	-
	Cost of properties sold in the period	NIS millions	190	-	-
	Expected NOI of properties sold during the period	NIS millions	10.4	-	-
	Area of properties sold during the period	Thousands of sq.m.	9	-	-
Sales - commerce	Number of properties sold during the period	Unit	1	-	-
	Cost of properties sold in the period (*)	NIS millions	10	-	-
	Expected NOI of properties sold during the period	NIS millions	0.3	-	-
	Area of properties sold during the period	Thousands of sq.m.	0.5	-	-

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

Land:

Use	Parameters	Unit of measurement	For the year ended December 31, 2024	December 31, 2023	December 31, 2022
Offices	Number of land assets sold in the period (**)	Unit	1	-	-
	Cost of land sold in the period	NIS millions	159	-	-
	Area of land sold in the period	Dunam	1.5	-	-
Offices	Number of land assets purchased in the period	Unit	3	-	-
	Cost of land assets purchased in the period (*)	NIS millions	267	-	-
	Area of land purchased in the period	Dunam	7.0	-	-

(*) Not including transaction costs.
(**) 50% of the land was sold to the partner in the ToHa project.

4.8 Reconciliation with the Consolidated Statement - Items in respect of Amot [14]

		As of December 31 2024 NIS thousands	2023 NIS thousands
Fair value adjustment of investment property to values in the financial statements (4.1.2 above)			
Presentation in the Description of the Corporation's Business	Total value of investment property from income-generating properties in Israel	**17,294,792**	**16,908,590**
Adjustments	Classification of income-generating properties belonging to jointly-controlled companies for investment on an equity basis.	(584,617)	(575,116)
	Classification of properties held for sale	-	(177,825)
Presentation in the Statement of Financial Position	**"Investment property" item in the Statement of Financial Position - in respect of Amot**	**16,710,175**	**16,155,649**
Adjustment of NOI profits from income-generating properties to Statement of Income values (4.1.3 above)			
Presentation in the Description of the Corporation's Business	Total NOI profits from income-generating properties	**1,045,746**	**1,012,989**
Adjustments	Operating expenses that cannot be attributed directly to a specific property	(10,684)	(13,468)
	NOI in respect of properties classified to property in development' that still generate income	7,651	4,885
	Classification of NOI in respect of income-generating properties belonging to jointly-controlled companies presented according to the equity method (before equity profits)	(34,569)	(37,064)
Presentation in the Statement of Comprehensive Income	**The "profit from the rental and operation of properties" item in the Statement of Income - in respect of Amot**	**1,008,379**	**967,342**
Adjustment of revaluation profits from income-generating properties to Statement of Income values (4.5 above)			
Presentation in the Description of the Corporation's Business	Total revaluation profits from income-generating properties	**547,432**	**251,337**
Adjustments			
	Classification of revaluation profits in respect of income-generating properties belonging to jointly-controlled companies presented according to the equity method (prior to equity profits)	4,640	(6,615)
Presentation in the Statement of Income	**The "fair value adjustment of investment property and profit from its sale" item in the Statement of Comprehensive Income - in respect of Amot**	**552,072**	**244,722**

5. Property management and operation

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

14 The reconciliation presented is with Amot's financial statements, prepared in accordance with IFRS. In this section, no adjustment was made to the Company's statements for intercompany balances in respect of the office lease transaction between Amot and the Company and Energix, for which the balance in the statement of financial position as of December 31, 2024 and December 31, 2023 amounts to NIS 65 million and NIS 63 million, respectively; its impact on the NOI for 2024, 2023 and 2022 amounts to NIS 4.2 million, NIS 4.0 million and NIS 4.0 million per year, respectively, and its impact on the revaluation amount in 2024, 2023 and 2022 amounts to approx. NIS 2.4 million, NIS 2.0 million and NIS 2.8 million, respectively.

(up to COST+15%). Operational management includes, among other things, preparing activity budgets and monitoring their implementation, operating the house management, security, cleaning, preventive maintenance, monitoring faults, insurance, property taxes, and other issues handled by the management company with the various authorities. The activity includes billing customers, collection, preparing balance sheets, managing the account system between Amot and its suppliers and customers, tenders, legal treatment, public relations and advertising.

6. Properties with development potential

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

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

7. Marketing

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

8. Competition

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

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

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

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

1. Amot has an asset portfolio in a variety of uses: offices (48%), logistics and industry (29%), commerce (16%), 35 supermarkets (5%). The variety of uses reduces Amot's exposure to volatility in the various markets.
2. Most of Amot's main properties are located in the country's center.
3. Most of Amot's properties are relatively large, enabling it to provide a response to the needs of large tenants, with the option of adapting the rental property to their needs.
4. Amot has a positive market reputation as a reliable company in terms of providing service both in meeting timetables for handing over rental properties to tenants and in adapting the units and/or buildings according to needs and specifications, at any level required by the tenant.
5. Amot's large tenants have a positive reputation and financial strength and tend to rent properties on a long-term basis.
6. The maintenance and management level of Amot's properties is high and provides a broad and holistic response to the needs of the tenant and for its employees' welfare that include, among other things, repairs, renovations and interior cleaning, laundry and mail service, fitness rooms, conference center and more, creating an overall pleasure from a positive customer experience.

7. Positive reputation, financial strength and the ability to secure bank financing.
8. Its abilities in initiation and development give Amot an advantage in locating land for development and construction and in locating properties requiring betterment that have rental potential and enable it to meet market demand.
9. The properties in development are located in developing and high-demand areas that include other office and commercial buildings.

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

9. Human capital

As of the reporting date, Amot employs a HQ staff of 179 employees, as follows:

Department	Number of employees - 2024	Number of employees - 2023
Management and Company HQ	56	52
Project management and finishing work	41	26
Management and operations in management companies and malls	82	72
Total	179	150

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

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

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

Amot has no material dependence on any specific employee.

10. Adaptations in rental properties and suppliers

Amot carries out maintenance work, renovations and tenant improvements through the subsidiary Amot Construction Ltd. and through external service providers, beyond the regular operation of the properties. The amount of the capital expenditure (CAPEX) to preserve the existing condition, amounted to NIS 26 million in 2024 (including the upgrading of the facing of public areas, tenant improvements in populated properties). In 2023 it was USD 16 million and in 2022 it was a total of USD 20 million.

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

11. External Appraiser

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

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

The percentage of properties appraised by the Sarnitzky office constitutes, as of December 31, 2024, 57% of the value of investment property in Amot's Statement of Financial Position, and therefore he meets the definition of a very material appraiser according to Legal Staff Position 105-30 of the Securities Authority as of July 22, 2015 (hereinafter in this section - the "Authority's position"). The Sarnitzky office's fees were not conditional on the results of the valuations or on Amot's performance.

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

Eng. Joseph Sarnitzky has a Master of Science degree in Structural Engineering from the Haifa Technion (1960), an Engineer's degree in Structural Engineering (1963), a certified real estate appraiser (1970), a certified mediator (2002), Chairman of the Academy for Research and Implementation of Real Estate Appraisals in Israel. He served as a member of the Council of Appraisers and Chairman of the Real Estate Appraisers Association in Israel (1990-1983). He is one of the founders of the Real Estate Appraisal Certificate Program at Tel Aviv University. He has served as a lecturer and member of the Steering Committee.

Since 2003, he has served as Chairman and as a founder of the Academy for Research and Implementation of Real Estate Appraisals in Israel, Certificate no. 1.

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

The Conforti Raviv Goldenberg Office currently has a team of 9 appraisers. The office has been in existence since 2010.

The percentage of properties appraised by the Conforti office constitutes, as of December 31, 2024, 26% of the value of investment property in Amot's Statement of Financial Position, and therefore it meets the definition of a very material appraiser according to the "Authority's position".

The Conforti office's fees were not conditional on the results of the valuations or on Amot's performance. The appraiser was given an indemnity commitment limited to the data provided to him by Amot.

Rafael Conforti, a certified real estate appraiser since 1995, holds a Bachelor's degree in Economics, and is a graduate of certificate studies in the Department of Real Estate Appraisal and Management.

12. Amot's forecast for 2025:

The following is Amot's forecast for its main operational results for 2025 as published in its 2024 Board of Directors' Report. The forecast is based on the following working assumptions:

- An expected increase of 3.0% in the CPI.
- Signed leases and Amot management's expectations regarding current lease renewals in 2025.
- According to Amot's strategy, the forecast for 2025 includes an expected annual property realization of approx. 2%-3% of the value of Amot's income-generating properties, as part of the process of improving the asset portfolio.
- No material changes will occur in the security situation in Israel and in the business environment in which Amot operates in Israel.

	Forecast	Actual	Updated forecast
Data	**2025**	**2024**	**2024**
NOI (in NIS millions)	1,040-1,080	**1,043**	1,020-1,040
Real FFO - according to the Management's approach (NIS millions)[15]	800-830	**823**	800-820
FFO per share (in NIS 0.01)	170-176	**175**	170-174

The information regarding Amot's forecast for 2025 is forward-looking information, as defined in Section 32A of the Securities Law, 1968, and is based on the Amot management's work plan, which was approved by the Amot Board of Directors. Forward-looking information is any forecast, assessment, estimate or other information referring to a future event or matter the materialization of which is uncertain and not under Amot's control since there is no certainty that all of the many variables comprising the work plan will be realized as planned.

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

13. Amot's business strategy

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

Amot's business strategy is to expand its activity in the income-generating property sector in Israel through the initiation, development, construction and acquisition of properties, while maintaining financial strength through significant equity and long-term debt, holding credit facilities (which are generally not utilized) and unencumbered assets. All of this allows Amot maximum financial flexibility, including in times of crisis, and the ability to quickly seize opportunities in significant financial amounts.

Amot is working to improve its asset portfolio by investing in the initiation and development of new projects characterized by excellent locations in proximity to major transportation arteries, optimal planning and quality construction. At the same time, Amot intends to realize income-generating properties at an annual rate of 2%-3% of the value of its income-generating properties, also as part of the process of improving the asset portfolio by selling properties that are not core assets or that have become less suitable for Amot's business focus.

As of the date of the report, the value of Amot's income-generating property designated for offices and employment is approx. NIS 8.3 billion. Amot is working on initiation and betterment in the office sector and owns 7 additional properties in construction and initiation processes for office use, with an area of 235 thousand sq.m. (Amot's share) and a total construction cost of approx. NIS 3.9 billion (Amot's share).

As of the date of the report, the value of Amot's income-generating property designated for industrial and logistics purposes is approx. NIS 5.0 billion, consistent with Amot's business strategy to expand and develop the logistics sector. Over the past few years, Amot has purchased 8 logistics properties, including land on which logistics buildings have been and/or will be constructed, for a total investment of NIS 2.9 billion.

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

- Management of a portfolio of properties with a variety of uses - offices, logistics and industry, commerce and supermarkets.
- Development and construction of properties in initiation.
- Acquisition of income-generating properties.
- Presence in major business centers and in proximity to existing and planned mass transit centers.
- A strong and diverse tenant mix.
- Expansion of the service basket it provides to its thousands of customers and their employees.
- Ensuring high-standard green construction, to minimize damage to the environment and create a healthy, pleasant and productive work environment for its customers, which contributes to the quality of life in the work environment.

14. Projected developments in the coming year

Amot will continue to develop its business, locate opportunities to purchase income-generating properties for rental purposes, with an emphasis on logistics, and it will continue in its initiation, development and construction activities in income-generating properties. Regarding the Company's intention to sell income-generating properties as part of the asset portfolio improvement process, please see above.

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

15. Financing

Regarding Amot's financing arrangements, please see Section 5 in Chapter F, Note 11(a), (h-n), and Note 12(b) to the financial statements.

C. Investment in the United States

General

The following are the Group's main investments in the United States:

Carr - Holdings of 47.8% in Carr Properties' capital and 50% in control, a private income-generating property company whose properties are all located in the United States, in the Washington D.C. metropolitan area, the Boston metropolitan area and in Austin, Texas. Please see details in Chapter C1 below.

AH Boston - Holdings of 55% in the capital rights and 50% in the control of three property companies in the Boston metropolitan area, with two of them located in the Boston CBD and one in East Cambridge - see details in Chapter C2 below.

1. General environment and impact of external factors - United States[16]

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

During 2024, the US GDP increased by approx. 2.3% compared to approx. 3.2% in 2023. The unemployment rate increased slightly compared to 2023 from approx. 3.8% to approx. 4.1%, although this figure is still low from a multi-year perspective.

During 2024, the inflation rate amounted to approx. 2.9% compared to approx. 3.4% in 2023, and it appears that the inflation tends to remain at this level. During the last 4 months of 2024, the FED began a process of consistent interest rate reductions, amounting to a total reduction of approx. 100 basis points, to a level of 4.25%-4.5%. Due to the inflation remaining above the FED target of 2%, it is expected that during 2025 there will be only two additional interest rate reductions to a level of 3.75%-4.0%.

The 10-year US government bond rose to a level of approx. 4.6% at the end of 2024 compared to a level of approx. 3.9% in 2023 as a result of an increase in the level of uncertainty, mainly following the results of the elections in which Republican President Donald Trump was elected. As of the date of this report, the bond yield had fallen to 4.3%.

2024 was characterized by a significant improvement in return-to-work plans in offices, rental activity reached a new high since the outbreak of the Corona pandemic in 2020, the volume of subleases continued to decline as did the total office inventory due to rapid and increasing conversions to other uses including residential, hotels and data centers.

The basic working assumption of most research entities is that in 2025, the recovery in all operational parameters (rental prices, occupancy rates, active demand and reduction in incentive packages provided to tenants) in the quality asset groups in the office sector will continue. Rental rates in these properties are expected to exceed 90% in 2026 and beyond.

Total investment turnover in office acquisition transactions in the United States in 2024 recorded a recovery with an increase of approx. 30% compared to the low level recorded in 2023.

Since the beginning of the wave of interest rate increases in 2022, capital markets have witnessed a significant reduction in credit activity for the income-generating property sector in general, and the office sector in particular. During 2024, activity in the CMBS market in the United States increased, and in the annual summary, new loans were provided exceeding USD 100 billion, which is a threefold increase compared to 2023.

It should be noted that in most cases relating to the office market, new loans were provided against the collateral of Trophy and Class A properties. In addition, the spread rate of new loans, over government bonds, continued to decline, from rates of 300 basis points in 2023, to a rate of 200 basis points, in loans granted since the beginning of 2025. The recycling of these loans may enable regional banks, which were responsible for most of the credit previously granted to the market, to lend money during 2026.

On the day of his inauguration, President Trump signed a presidential order requiring the full return to work from the office for all federal employees. At the same time, statements were published by the Department of Government Efficiency (DOGE) that cuts would be made to the total volume of government-owned space through the sale of assets as well as in space leased by the government for which it was given an option to return and for early termination of contracts. In addition, the government announced its intention to cut the size of its workforce.

---

16 Information sources in this section:

The Conference Board Economic Forecast for the US Economy - 2025

Jone Lang LaSalle - U.S office outlook Q4-2024

Trepp CMBS Research - December 2024

Federal Reserve Economic Data

The following is macro data regarding the United States[17]:

		United States		
For the year ended	**Units**	**December 31, 2024**	**December 31, 2023**	**December 31, 2022**
Macroeconomic parameters				
GDP (PPP)	USD billions	29,168	27,721	26,007
Per capita GDP (PPP)	USD	86,601	82,715	77,980
GDP growth rate (PPP)	%	5.22%	6.59%	9.82%
Per capita GDP growth rate (PPP)	%	4.70%	6.07%	9.43%
Inflation rate	%	2.30%	3.20%	6.40%
Yield on long-term domestic government debt	%	4.39%	4.02%	3.88%
Rating of long-term government debt		AA+/Aaa	AA+/Aaa	AA+/Aaa
Unemployment rate	%	4.10%	3.60%	3.60%

2. General environment and impact of external factors - Washington D.C. [18]

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

The economy of the Washington D.C. metropolitan area, which is mainly affected by federal government activity, grew by 3.4% in 2024 compared to 7.5% in 2023, and the gross regional product amounted to USD 739 billion compared to USD 715 billion in 2023. During 2024, the unemployment rate in the Washington D.C. metropolitan area remained low at approx. 2.8%, compared to approx. 2.7% at the end of 2023.

[17] Sources of information for the above table:
GDP data from the www.bea.gov website;
Per capita GDP data from the http://www.census.gov website;
Inflation and unemployment rate data as of the last day of each year from the www.bls.gov website.
The yield on long-term domestic government debt refers to 10-year bond yields, from the www.treasury.gov website;
The long-term government debt rating is based on Standard & Poor's and Moody's publications.

[18] Information sources in this section:
CBRE U.S. Real Estate Market Outlook 2024
Office Observations Jones Lang LaSalle - Q4 2024 Washington DC
Multifamily Report Jones Lang LaSalle – Q4-2024 Washington DC
Multifamily Report Marcus & Millichap – Q4-2024 Washington DC

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

The rate of the return to work in offices has increased with the rate of use of mass transit systems reaching 80% of the level of activity on the eve of the outbreak of the Corona pandemic. This trend may change in the future as a result of the publication of the presidential order requiring, as mentioned above, all federal government employees to return to work physically full-time.

The office market in Washington, D.C. amounts to 132 million sq.ft. By the end of 2024, the vacancy rate in Washington, D.C. in "Trophy" type offices was 12.2%, compared to 18.2% in "Class A" type offices. Rental prices in Trophy offices are priced at a premium of approx. 28% over Class A offices and approx. 60% over other types of offices.

The "Flight to Quality" trend toward high-quality properties built after 2015 continued to strengthen in 2024. 88% of total vacancies in Washington, D.C. is in offices, most of which are Class B/C.

Leasing activity increased in 2024 with approx. 8 million sq.ft. of office space leased in 2024, which is higher than the pre-pandemic average of 7.5 million sq.ft.

The total amount of office space offered for sublease by tenants in Washington, D.C. decreased compared to 2023 and stood at 2.9 million sq.ft. at the end of 2024 (a decrease of 11% compared to the end of 2023).

As of the end of 2024, there is a single construction project in Washington, D.C. with an area of approx. 430 thousand sq.ft. with a completion date in 2026 and a pre-lease rate of approx. 50%.

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

The Washington D.C. metropolitan area is one of the leaders in the United States in its low unemployment rate and concentration of workers with academic degrees (ranked fourth in the US). Since 2019, the metropolitan area's population has increased by approx. 2.2%, exceeding several Gateway cities in the US.

The establishment of the second largest center in the United States by the Amazon Corporation, along with the establishment of a new technological university, will accelerate the growth of economic activity in the region.

The Washington D.C. metropolitan area is one of the largest rental housing markets in the United States, ranking third nationally. The increase in demand for rental housing in 2024 led to a 3.4% increase in rental fees. During 2024, approx. 12 thousand housing units were completed, a figure lower than in 2023, but still higher than in 2021 and 2022. Combined with the conversion of office buildings to residential, the supply is expected to continue to grow over the coming years. The occupancy rate of multi-family units is 96.0%, which is higher than the US average of 94.8%.

In 2024, residential building sales and purchases totaled approx. USD 6.3 billion, the second highest transaction volume in the United States.

3. General environment and impact of external factors - Boston[19]

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

The Greater Boston area is the tenth largest metropolitan area in the United States and has the highest concentration of higher education institutions in the United States (including Harvard and MIT). The metropolitan area has thousands of high-tech companies, hundreds of research institutes and biotech companies and has the highest concentration of leading hospitals in the entire United States. As of the end of 2024, the unemployment rate in the Boston metropolitan area had risen to approx. 3.9%, compared to 2.9% at the end of 2023, and yet it is still low compared to the national average of approx. 4.1%.

Information regarding the Boston office market:

The office space in Boston's CBD amounts to 70 million sq.ft. By the end of 2024, the vacancy rate in "Trophy" type offices was 8.9%, compared to 15.9% in "Class A" type offices.

51% of total vacancies in Boston is in offices that constitute 10% of the total office inventory in the city.

Leasing activity in 2024 amounted to approx. 4.8 million sq.ft. of office space, which is approx. 90% of the pre-pandemic average.

The total amount of office space offered for sublease by tenants in the Boston CBD decreased and stood at 3.7 million sq.ft. at the end of 2024 (a decrease of 17% compared to the end of 2023).

Rental prices in Trophy offices are priced at a premium of approx. 17% over Class A offices and approx. 70% over other types of offices.

As of the end of 2024, there are four projects under construction in the Boston CBD with an area of approx. 1.8 million sq.ft. with completion dates in 2027 and a pre-lease rate of approx. 53%.

4. General environment and impact of external factors - Austin [20]

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

The local business climate in Austin has gained momentum in the last two years. Austin's rate of return to offices is the highest in the United States (nearing approx. 80%), and the city has benefited from job growth and decreasing unemployment rates. The city continues to attract a skilled and quality workforce from Silicon Valley, mainly thanks to the low tax rate, low cost of living and a comfortable business climate. Austin has also attracted the relocation of the headquarters of leading US companies, such as Tesla, Samsung and Oracle. Other tech companies such as Apple (which has begun construction of a with an area of 870 thousand sq.ft.), Google, and Facebook have relocated thousands of employees to Austin.

The total office market in Austin is 75 million sq.ft., of which 15 million sq.ft. are in the CBD. Since 2019, the supply of offices in Austin's CBD has increased by 25% as a result of new construction, which is concentrating most of the active demand from tenants interested in moving from buildings built in the 1970s and 1980s to modern, high-quality offices. By the end of 2024, the vacancy rate in Austin's CBD had increased to 24.5%.

19 Source:
Office Observations & Office Insight Jones Lang LaSalle - Q4 2024, Boston
Bureau of Economic Analysis- www.bea.gov
Bureau of Labor Statistics – www.bls.gov
Standard & Poor's and Moody's
Electronic Municipal Market Access (Municipal Securities Rulemaking Board) - https://emma.msrb.org

20 Source:
Office Insights Jones Lang LaSalle - Q4 2024, Austin
CBRE Austin Office Figures – Q4-2024
Bureau of Economic Analysis- www.bea.gov
Bureau of Labor Statistics – www.bls.

As of the end of 2024, the backlog of projects under construction in the Austin CBD amounted to approx. 1.8 million sq.ft. Not including the Apple campus, the total area of new projects that began construction in 2024 was only approx. 100 thousand sq.ft. This development indicates a decline in construction starts.

c1. Investment in Carr

1. General Information regarding Carr

Carr Properties Holdings LP (hereinafter - "**Carr Holdings**") is a partnership jointly controlled by the Group and an investment fund managed by the Special Situation Property Fund of JP Morgan Chase Bank (hereinafter - "**JPM**"). As of the publication of the report, Carr Holdings is held directly and indirectly by the Group at a rate of 52.34%, by JPM at a rate of 38.89% and by Clal Insurance at a rate of 8.78%[21].

Carr Holdings has full ownership and control in Carr Properties Corporation (hereinafter: "**CPC**") which has full control and ownership of 91.39% in Carr Properties Partnership (hereinafter - "**Carr**" or "**Carr Properties**").

As of December 31, 2024, the Group's weighted rate of holdings in Carr Properties is 47.83%, JPM's is 35.54% and Clal Insurance's is 13.94%[22].

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

Upon the investment in Carr Holdings, the Group and JPM entered into a number of agreements regarding Carr Holdings' corporate governance as well as joint control arrangements. Furthermore, agreements exist between Carr Holdings shareholders that include mechanisms for the limitation on the transfer of rights. Therefore, the Group's investment in Carr Holdings is considered a joint venture presented in the Company's Financial Statements according to the equity method starting from the third quarter of 2013. For information regarding the joint control arrangements, please see Note 8 to the financial statements. For information regarding a non-binding memorandum of understanding that Carr signed with JPM in connection with the acquisition of JPM's share in Carr, please see Section 2.3.5 of the Board of Directors' Report.

2. Investment in Carr

The total cost of the Group's cumulative investment in Carr Holdings as of December 31, 2024 amounts to USD 872 million. The balance of the Group's investment in Carr Holdings as presented in the Group's financial statements based on the equity method, amounts to USD 357 million (NIS 1.3 billion).

3. Dividend receipts and capital reductions from Carr

Regarding dividends and capital reductions received by the Company from Carr and dividend receipts expected from Carr in 2025 through a dividend re-investment plan, please see Section 2.3.9 of the Board of Directors' Report.

4. Financial Information regarding Carr Holding's Activity

Carr Holdings is a jointly-controlled entity presented in the Company's financial statements, prepared according to IFRS principles, according to the equity method.

The following are the main Carr Holdings financial data for the years 2022-2024. The data are prepared in accordance with IFRS principles, except for the presentation using the method of proportionate consolidation of assets, liabilities and activities of companies that are not consolidated in the financial statements of Carr Holdings (companies that are presented in the financial statements using the equity method).

[21] The balance is held by five individuals.

[22] The balance of 2.69% is held by others.

	Unit of measurement	Actual December 31, 2024	Actual December 31, 2023	Actual December 31, 2022
Number of income-generating properties	Unit	12	14	17
Value of investment property (not including property in development) (1)	USD thousands	1,976,408	1,707,449	2,835,655
Occupancy rate at end of period (5)	%	84.90%	86.70%	87.90%
Number of properties in development and planning	Unit	2	2	2
Value of investment property in development (2)	USD thousands	48,406	739,887	697,253
Equity	USD thousands	829,562	885,870	1,659,154
Equity attributed to Carr Holdings' shareholders	USD thousands	681,791	826,172	1,544,754
Rate of net financial debt from total balance sheet (6)	%	63.7%	57.7%	49.1%
		2024	**2023**	**2022**
Revenues from rent and management fees (3)	USD thousands	232,608	288,264	255,599
Fair value adjustments of investment property	USD thousands	(283,619)	(825,543)	(540,761)
NOI (3)(4)	USD thousands	151,879	163,785	148,670
Same Property NOI - 3 years	USD thousands	97,117	94,704	93,711
FFO (including share of non-controlling interests) (4)	USD thousands	62,458	69,539	70,988
Net profit (loss) (including share of non-controlling interests)	USD thousands	(96,924)	(757,718)	(463,417)
Comprehensive income (loss) (including share of non-controlling interests)	USD thousands	(152,741)	(770,088)	(437,552)
Comprehensive income (loss) (attributed to Carr Holdings' shareholders)	USD thousands	(139,599)	(718,368)	(408,948)
Corporation's share (Alony-Hetz)				
NOI - Corporation's share (Alony-Hetz)	NIS thousands	268,066	285,554	229,021
FFO - Corporation's share (Alony-Hetz)	NIS thousands	110,216	120,792	109,082

(1) The value as of December 31, 2024, December 31, 2023 and December 31, 2022 includes a ground lease in the amount of USD 5.7 million, USD 78 million and USD 120 million, respectively.

(2) As of December 31, 2024, Clarendon Square and 425 Montgomery are classified as properties in development and planning.

(3) Including revenues/NOI of the property management company in the amount of USD 7.9 million, USD 10.3 million and USD 5.9 million in 2024, 2023 and 2022, respectively. In 2024, the revenues of lease commissions in the amount of USD 4.9 million are also included. Furthermore, in 2024, 2023 and 2022, interest income is included in the amount of USD 1.9 million, USD 0.4 million and USD 0.1 million, respectively.

(4) Occupancy rates as of December 31, 2024 do not include 2001 Penn, Columbia Center and 75-101 Federal, which were sold or delivered in 2024, and the Clarendon Square property, which is in the process of being converted for residential use.

(5) The rental rate as of December 31, 2024, December 31, 2023, and December 31, 2022 was 89.4%, 90.5%, and 89.1%, respectively.

(6) Carr's financial debt ratio as of December 31, 2024 and 2023 does not include excess of liabilities over the asset value of owned and leased property for which new financing and lease terms are being negotiated. Carr's financial debt ratio as of December 31, 2023 does not include liabilities where liabilities exceed asset value (which are on a non-recourse basis).

5. Area of activity

5.1 General

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

Carr's properties are all located in urban areas and close to transportation centers and facilities. The total fair value of income-generating properties, as of December 31, 2024, amounted to USD 1.9 billion (Carr's share), of which USD 0.9 billion was in the Washington D.C. metropolitan area, USD 0.9 billion in Boston and USD 0.1 billion in Austin, Texas.

Carr holds full or partial ownership of an asset portfolio as of December 31, 2024, which includes 9 office buildings in the Washington D.C. metropolitan area, two office buildings in Boston, Massachusetts and one building in Austin, Texas with a total rental area of 3.3 million sq.ft. (306 thousand sq.m.) (Carr's share). Carr's properties are leased to 118 tenants and their occupancy rate as of December 31, 2024 was 84.9%.

For additional information regarding Carr's business development in the reporting period and subsequent to the balance sheet period, please see Section 2.3.5 of the Board of Directors' Report.

Carr's tenants include private business firms, government agencies, banks, law firms, lobbying firms and associations, and various other users.

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

5.2 Geographic areas where Carr is active

Carr is active in the following three markets:

1. The Washington D.C. metropolitan area

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

2. Boston

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

2. Austin, Texas

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

5.3 Information regarding Carr's properties:

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

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

5.3.1 Information regarding Carr's income-generating properties:

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

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

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

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

	Offices						
Carr Properties' share in properties	Average rental fees per sq.ft. per year (1)	Average rental fees per sq.m. per month (1)	Average occupancy rates	Daily occupancy rates (2)	Number of properties as of	Average yield rates (3)	Gross yield rate (4)
	2024		2024	December 31, 2024	December 31, 2024	December 31, 2024	December 31, 2024
	USD	USD	%Percentages	%	Units	%	%
Office sector:							
Washington D.C. metropolitan area	66.31	59.48	83.66%	80.01%	9	7.64%	
Boston	69.75	62.57	95.91%	95.91%	2	5.37%	
Austin, Texas	72.46	65.00	78.35%	76.40%	1	7.53%	
Average rate / total			87.27%(*)	83.11%	12	6.65%	7.50%
Residential rental sector:							
Washington D.C. metropolitan area	-	-	-	-	-	-	

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

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

					Offices					
	Area		Area		Fair Value (2)		NOI (3)		Revaluations (4)	
Carr Properties' share in properties	December 31, 2023		December 31, 2023		December 31, 2023		2023		2023	
	Sq.ft.		Sq.m.		USD thousands		USD thousands		USD thousands	
Office sector:										
Washington D.C. metropolitan area	2,574,968	73%	239,222	73%	1,265,493	74%	94,473	75%	(453,513)	72%
Boston	732,430	21%	68,045	21%	311,848	18%	22,382	18%	(137,897)	22%
Austin, Texas	211,537	6%	19,652	6%	130,108	8%	9,394	7%	(37,517)	6%
Total income-generating properties in the office sector	**3,518,935**	**100%**	**326,920**	**100%**	**1,707,449**	**100%**	**126,249**	**100%**	**(628,927)**	**100%**
Total income-generating property	**3,518,935**		**326,920**		**1,707,449**		**126,249**		**(628,927)**	
Property in development (5)					739,887		10,488		(130,783)	
Property sold in 2023 (6)					-		16,744		(65,833)	
Total in USD thousands					**2,447,336**		**153,481**		**(825,543)**	
Total in NIS thousands, not including the effect of property in development	**N/A**		**N/A**		**6,192,918**		**527,344**		**(2,562,205)**	
Company's share, not including the effect of property in development: Total in thousands of sq.ft./sq.m./USD	**1,679,140**		**155,997**		**814,748**		**67,762**		**(329,235)**	
Total in NIS thousands	**N/A**		**N/A**		**2,955,091**		**249,899**		**(1,226,422)**	

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

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

(3) The NOI does not include revenues of the property management company in the amount of USD 10.3 million, USD 10.3 million.

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

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

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

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

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

(1) Basic rental fees includes average revenues (straight line rent) and includes reimbursement of tenants' expenses (full service). Not including revenues of a non-recurring nature from the departure of tenants in the amount of USD 1 million.
The minimum and maximum average rental fees in the Washington D.C. metropolitan area are USD 44.3 per sq.ft. per year and USD 86.4 per sq.ft. per year, respectively, and in the Boston area they are USD 58.4 and USD 64.0, respectively. The gaps in the minimum and maximum average rental fees in the Washington D.C. metropolitan area are due to the location and quality of the buildings and the credit rating of the tenants.
(2) The occupancy rates as of December 31, 2023 do not include One Congress, which is in advanced stages of occupancy and is presented as a property in development. The occupancy rate including One Congress is 88.9%.
(3) The average yield rates were calculated according to the actual NOI for 2023 (neutralizing non-recurring compensation upon the departure of tenants) divided by the value of income-generating property as of December 31, 2023. (4) The weighted gross yield is calculated according to the actual NOI for the fourth quarter of 2023 (net of areas vacated in that quarter) standardized for a full year divided by the value of income-generating property as of December 31, 2023.

As of December 31, 2022 and for the year 2022 (*):

					Offices					
	Area		**Area**		**Fair Value (**)**		**NOI (***)**		**Revaluations (****)**	
Carr Properties' share in properties	**December 31, 2022**		**December 31, 2022**		**December 31, 2022**		**2022**		**2022**	
	Sq.ft.		**Sq.m.**		**USD thousands**		**USD thousands**		**USD thousands**	
Office sector:										
Washington D.C. metropolitan area	3,167,783	77%	294,297	77%	1,940,102	76%	105,019	77%	(406,810)	81%
Boston	732,346	18%	68,037	18%	445,162	17%	22,293	16%	(80,737)	16%
Austin, Texas	211,268	5%	19,627	5%	161,093	6%	8,858	7%	(16,034)	3%
Total income-generating properties in the office sector	**4,111,397**	**100%**	**381,961**	**100%**	**2,546,357**	**100%**	**136,170**	**100%**	**(503,581)**	**100%**
Residential rental sector:										
Washington D.C. metropolitan area	439,827		40,861		289,298		6,580		(37,843)	
Total income-generating property	**4,551,224**		**422,823**		**2,835,655**		**142,750**		**(541,424)**	
Property in development							-		663	
Total in USD thousands							**142,750**		**(540,761)**	
Total in NIS thousands, not including the effect of property in development	**N/A**		**N/A**		**9,978,670**		**479,394**		**(1,862,034)**	
Company's share, not including the effect of property in development:										
Total in thousands of sq.ft./sq.m./USD	**2,143,985**		**199,183**		**1,335,817**		**65,538**		**(253,034)**	
Total in NIS thousands	**N/A**		**N/A**		**4,700,740**		**220,266**		**870,451**	

(*) The data in NIS are presented according to the representative exchange rate on December 31, 2022 - 3.519 or the average exchange rate for the period, as the case may be. The Company's share is calculated according to the Company's rate of holdings in Carr on December 31, 2022 (47.11%) or the average rate of holdings in the period, as the case may be.

(**) Fair value including a ground lease in the amount of USD 120 million.

(***) The NOI does not include revenues of the property management company in the amount of USD 5.9 million.

(****) In the reporting period, Carr recorded a net negative revaluation in its financial statements of USD 541 million (Carr's share). The negative revaluations of properties in the reporting period were mainly due to the increase in the discount rate of the properties' projected cash flow (the Group's share of the negative revaluation, before tax, is approx. USD 254 million (NIS 876 million)).

As of December 31, 2022 and for the year 2022 (continued):

Carr Properties' share in properties	Offices: Average rental fees per sq.ft. per year (1)	Average rental fees per sq.m. per month (1)	Average occupancy rates	Daily occupancy rates	Number of properties as of	Average yield rates (2)	Gross yield rate (3)
	2022	2022	2022	December 31, 2022	December 31, 2022	December 31, 2022	December 31, 2022
	USD	USD	%	%	Units	%	%
Office sector:							
Washington D.C. metropolitan area (4)	65.17	58.46	87.65%	88.13%	13	5.42%	
Boston	61.12	54.82	86.04%	86.96%	2	5.03%	
Austin, Texas	69.46	62.31	89.02%	87.96%	1	5.52%	
Average rate / total			87.44%	87.9%	16	5.35%	6.00%
Residential rental sector:							
Washington D.C. metropolitan area	39.23	35.19	74.82%	88.80%	1	2.28%	

(1) Basic rental fees includes average revenues (straight line rent) and includes reimbursement of tenants' expenses (full service). Not including revenues of a non-recurring nature from the departure of tenants in the amount of USD 1 million.
The minimum and maximum average rental fees in the Washington D.C. metropolitan area are USD 43.8 per sq.ft. per year and USD 81.65 per sq.ft. per year, respectively, and in the Boston area they are USD 58.4 and USD 64.0, respectively. The gaps in the minimum and maximum average rental fees in the Washington D.C. metropolitan area are due to the location and quality of the buildings and the credit rating of the tenants.

(2) The average yield rates were calculated according to the actual NOI for 2022 (neutralizing non-recurring compensation upon the departure of tenants) divided by the value of income-generating property as of December 31, 2022.
(3) The weighted gross yield was calculated according to the actual NOI for the fourth quarter of 2022 (net of areas vacated in that quarter) standardized for a full year divided by the value of income-generating property as of December 31, 2022. The implied weighted rate of return, based on a stabilized NOI, is 6.6%.
(4) The average annual rent data in Washington, D.C. do not include Signal House, which is not yet stabilized.

5.3.2 Investment property under construction, in planning and development

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

Residential rental development:

In accordance with Carr's strategy to also engage in the initiation, development and leasing of residential buildings, Carr has taken the following steps: (1) It has started the process of planning the conversion of a building located in northern Virginia from offices to residential; and (2) It has purchased a building located in northern Virginia;

Carr intends to initiate the construction of two new buildings designated for residential rental, by demolishing the two currently existing buildings, changing the existing city building plan and adding investors to the projects, as follows.

425 Montgomery

In February 2024, Carr purchased land in Alexandria, Virginia, including an office building, for USD 15.4 million. As part of the acquisition cost, Carr paid USD 4 million as pre-development expenses. The project, 425 Montgomery, is in the process of being rezoned to a residential rental project. As of December 31, 2024, Carr had invested approx. USD 3.6 million in the project's development. For information regarding the addition of an investor to the 425 Montgomery project subsequent to the balance sheet date, please see Note 6 to the financial statements.

Clarendon Square

In December 2023, Carr classified an income-generating property from its existing portfolio, located in Arlington, Virginia, as "property in development" in accordance with the plan to convert it into a residential rental project, and it plans to introduce an investor into this project as well.

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

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

Carr Properties' share in properties		**Under construction**			**Under construction**		
Parameters	**Unit of measurement**	**December 31, 2024**	**December 31, 2023**	**December 31, 2022**	**December 31, 2024**	**December 31, 2023**	**December 31, 2022**
		Uses - Residential rental			**Uses - Offices**		
		Washington D.C. metropolitan area (*)			**Boston (**)**		
Number of properties in development at end of year	Units		-	-	-	1	1
Total land area	Sq.ft.	59,331	-	-	-	36,026	36,026
Total land area	Sq.m.	5,512	-	-	-	3,347	3,347
Total development area (planned) for rent at end of year	Sq.ft.	-	-	-	-	756,040	754,906
Total development area (planned) for rent at end of year	Sq.m.	-	-	-	-	70,238	70,133
Total costs invested in the period	USD millions	22	-	-	-	115	142
Total accumulated costs invested as of December 31	USD millions	22	-	-	-	683	568
Amount at which the properties are presented in Carr's financial statements	USD millions	23	-	-	-	715	698
Construction budget in the following year (estimate)	USD millions	43	-	-	-	73	160
Total construction budget, incl. land (estimate)	USD millions	131	-	-	-	755	746
Total estimated construction budget balance (estimate)	USD millions	108	-	-	-	73	178
Percentage of built-up area with signed rental contracts	%	-	-	-	-	99	100
Expected annual revenue (NOI) from projects to be completed in the following period and for which contracts have been signed for 50% or more of the area	USD millions	-	-	-	-	45	-

(*) As of December 31, 2024 -425 Montgomery project.

(**) As of December 2022 and 2023 - One Congress project (Carr's share).

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

Carr Properties' share in properties		In planning			In planning		
Parameters	**Unit of measurement**	**December 31, 2024**	**December 31, 2023**	**December 31, 2022**	**December 31, 2024**	**December 31, 2023**	**December 31, 2022**
		Uses - Residential rental Washington D.C. metropolitan area (**)			**Use - Offices Region - Austin, Texas (*)**		
Number of properties in development at end of year (**)	Units	1	1	-	-	-	1
Total land area	Sq.ft.	62,983	62,983	-	-	-	35,300
Total land area	Sq.m.	5,851	5,851	-	-	-	3,279
Total development area (planned) for rent at end of year (***)	Sq.ft.	316,544	316,544	-	-	-	767,000
Total development area (planned) for rent at end of year	Sq.m.	29,408	29,408	-	-	-	71,257
Total costs invested in the period	USD millions	1	5		-		
Total accumulated costs invested as of December 31	USD millions	26	28	-	-	-	9
Amount at which the properties are presented in Carr's financial statements	USD millions	26	28	-	-	-	9
Construction budget in the following year (estimate)		4	-	-	-		
Total construction budget (estimate)	USD millions	144	144	-	-	-	545
Total estimated construction budget balance (estimate)	USD millions	141	144	-	-	-	536
Percentage of built-up area with signed rental contracts	%	-	-	-	-	-	-

(*) As of December 31, 2022 - 300 E. Second During 2023, Carr decided to stop planning the project.

(**) From December 31, 2024 and 2023 - Clarendon Square project

5.3.3 Main real estate purchases in the period

Purchases of investment property (Carr's share):

Region and use	Parameters	Unit of measurement	2024	2023	2022
Washington D.C. Uses - Residential rental	Number of properties purchased in the period (*)	Unit	1	-	-
	Cost of properties purchased in the period	USD millions	19.0	-	-
	Representative NOI of properties purchased in the period	USD millions	-	-	-
	Area of properties purchased in the period	Sq.ft.	59,331	-	-
	Area of properties purchased in the period	Sq.m.	5,512	-	-

(*) Acquisition of the 425 Montgomery project

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

Region and use	Parameters	Unit of measurement	2024	2023	2022
Washington D.C. metropolitan area Uses - Offices	Number of properties sold during the period (*)	Unit	2	1	-
	Proceeds from the sale of properties sold during the period	USD millions	35	-	-
	Representative NOI of properties sold during the period	USD millions	4.0	9.0	-
	Area of properties sold during the period	Sq.ft.	557,129	428,573	-
	Area of properties sold during the period	Sq.m.	51,759	39,816	-
	Profit (loss) recorded as a result of the realization	USD millions	82.0	6.0	-
Boston Uses - Offices	Number of properties sold during the period (**)	Unit	1	-	-
	Proceeds from the sale of properties sold during the period	USD millions	-	-	-
	Representative NOI of properties sold during the period	USD millions	3	-	-
	Area of properties sold during the period	Sq.ft.	853,815	-	-
	Area of properties sold during the period	Sq.m.	79,322	-	-
	Profit (loss) recorded as a result of the realization	USD millions	-	-	-
Washington D.C. metropolitan area Uses - Residential rental	Number of properties sold during the period (***)	Unit	-	1	-
	Proceeds from the sale of properties sold during the period	USD millions	-	250	-
	Representative NOI of properties sold during the period	USD millions	-	8.0	-
	Area of properties sold during the period	Sq.ft.	-	439,827	-
	Area of properties sold during the period	Sq.m.	-	40,861	-
	Profit (loss) recorded as a result of the realization	USD millions	-	(3.7)	-

(*) Sale of 2001 Penn and Columbia Center in 2024 and sale of 1615L in 2023.

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

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

6. Management of Initiation and Development Activity

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

Traditionally, Carr uses leverage for construction purposes and limits bank financing for projects in development to a rate of 50%-60% of the project's total cost. At the end of the tender process for the selection of a construction contractor, Carr engages with the contractor selected in an agreement with a gross maximum price (GMP). The GMP agreement will include timetables for milestones as well as fines to which the contractor will be liable if he fails to meet them.

7. Property management and operation

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

8. Business strategy and expected development in the coming year

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

Over the coming year, Carr intends to continue working to improve its property portfolio while adapting it to the structural changes taking place in the US office market. For example, Carr is actively engaged in office-to-residential conversion projects as a means of achieving better returns in a less competitive environment. Carr will raise capital from third-party investors to finance the backlog of residential conversion projects. For additional information, please see Section 2.3.5 of the Board of Directors' Report.

Carr's management expects that in the coming years, Carr's property portfolio will grow through a shift to a larger mix of residential projects and properties, including through the introduction of additional investors to the projects. Carr intends to sell office properties that have reached their full potential and have stabilized, and will use the proceeds to invest in residential properties and projects.

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

9. Taxation

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

10. Tenants (customers)

16% of Carr's revenues stem from an agreement to rent most of the space in the Midtown Center building to the Federal National Mortgage Association - Fannie Mae. For information regarding the change in the term of the contract and the scope of Fannie Mae's lease, please see Note 6g.4 to the financial statement.

11. Marketing

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

In 2024, Carr paid leasing commissions in the amount of USD 16 million (Carr's share) (in 2023 - USD 6 million (Carr's share)).

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

The following is data regarding expected rental revenues in respect of Carr's signed rental agreements in Washington D.C. as of December 31, 2024, by their date of completion[23]:

Period	Assuming non-exercise of tenant option periods		
	Revenues from fixed components	**Number of contracts ending**	**Area subject to contracts ending**
	USD thousands	**Unit**	**Sq.m.**
Q1/2025	34,881	8	4,711
Q2/2025	36,733	4	6,617
Q3/2025	38,343	6	4,749
Q4/2025	38,498	2	390
Total 2025	**148,455**	**20**	**16,467**
2026	153,529	11	8,472
2027	151,492	14	11,383
2028	136,915	14	24,385
2029 onward	1,163,595	77	205,487
Total	**1,753,986**	**136**	**266,194**
Total in NIS thousands	**6,396,787**		

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

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

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

13. Competition

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

14. Human capital

Carr employs 51 HQ staff as of the reporting date, 6 of whom constitute its senior management as follows: CEO, President, CFO, VP Operations, VP Investments and VP Development. The remaining 45 employees have various subordinate positions.

In addition, Carr employs, as of the date of this report, 75 employees at various sites outside its headquarters in various property management and operation positions. Carr has no material dependence on any specific employee. Carr has share-based remuneration plans for its employees.

15. Renovations and tenant improvements

From time to time, Carr carries out maintenance work, renovations and tenant improvements in their properties beyond the regular operation of the properties, which is performed by the management companies themselves from their own budgets. The amount of the capital cost (base building CAPEX) to maintain the existing properties amounted to a total of USD 21 million in 2024 (in 2023 - a total of USD 14 million). As a rule, Carr does not purchase raw materials itself, and these materials are purchased by subcontractors who perform the maintenance, renovation and construction work. The amount of investments in tenant improvements, finishing work on new buildings including payments to tenants for tenant improvements upon lease renewals amounted to USD 47 million in 2024 (in 2023 - USD 77 million).

16. Carr's forecast for 2025:

The following is Carr's forecast for its main operating results in 2025, according to its 2025 business plan. The forecast is based on the assumption that no material changes will occur in the business environment in which Carr operates in the United States. The forecast does not take into account the realization of existing properties and the acquisition of new properties, including the realization of projects in initiation. In addition, the FFO forecast does not take into account the effect of possible property revaluations in relation to the recording of expenses in respect of long-term incentive plans (LTIP).

	Forecast	**Actual**
Data	**2025**	**2024(*)**
NOI (in USD millions)	150	152
Real FFO - management approach (in USD millions)[24]	64	62

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

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

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

The Group and JPM entered into a number of agreements regarding Carr's corporate governance as well as in joint control arrangements.

Furthermore, agreements exist between the Company, JPM and Clal Insurance that include mechanisms for the restriction of the transferability of rights.

In this regard, please see Note 6g(8) the to the financial statements.

18. Financing

For additional information, please see Note 6g(6) to the financial statements.

c2. Investment in the United States - Boston through a partnership with Oxford

19. General Information

As of December 31, 2024, the Company, together with the [25]Oxford Properties Group (hereinafter: "**Oxford**"), holds rights in three companies that own three office buildings in the Boston metropolitan area, two of them in the Boston CBD ("**125 Summer**" and "**745 Atlantic**") and one in East Cambridge ("**Davenport**"). The company has 55% of the capital rights and 50% of the control rights in each of the companies, while Oxford holds 45% of the capital rights and 50% of the control rights in each of the companies.

Agreements exist between the Group and Oxford that include mechanisms for the restriction of the transferability of rights. For additional information on the agreements between the Group and Oxford, please see Note 6h(6) to the financial statements.

The Company's investments in the three companies in Boston are considered joint ventures presented in the Company's financial statements according to the equity method. The balance of the Group's investment in the three Boston companies as of December 31, 2024 amounts to USD 95 million (NIS 346 million).

The following is the main financial data for the years 2022-2024 (not including the Company's activity in Boston through Carr - please see Chapter C1 above)[26].

Parameters	Unit of measurement	December 31, 2024	The Company's share (55%)	December 31, 2023	The Company's share (55%)	December 31, 2022	The Company's share (55%)
Number of properties	Units	2		2		2	
Area in sq.ft.	Sq.ft.	712,577	391,917	696,172	382,895	696,172	382,895
Area in sq.m.	Sq.m.	66,201	36,410	64,676	35,572	64,676	35,572
Fair value of the properties	USD thousands	364,900	200,695	466,500	256,575	588,700	323,785
Actual NOI	USD thousands	28,094	15,452	32,011	17,606	30,219	16,620
Property revaluations (***)	USD thousands	(95,516)	(52,534)	(117,834)	(64,809)	(85,105)	(46,808)
Occupancy rate on last day of the year	%	86.43%		86.37%		89.00%	
Average occupancy rate	%	86.22%		87.35%		88.23%	
Average rental fees per sq.ft. per year (*)	USD	63.86		66.09		63.71	
Average rental fees per sq.m. per month	USD	57.28		59.28		57.15	
Average yield rate (**)		7.70%		6.86%		5.13%	

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

(**) Average yield rates were calculated according to the actual NOI over the course of the year divided by the value of income-generating property as of the end of the year.

(***) The property revaluations in 2022-2023 in the above table do not include a negative revaluation of the 745 Atlantic building, which is being converted into laboratories. In 2024, total negative property valuations were recorded for the three properties (including 745 Atlantic) in the cumulative amount of USD 143 million (before tax) (the Group's share - USD 78 million, approx. NIS 287 million). The negative revaluations of properties in the reporting period were due mainly to the increase in the discount rate of the properties' projected cash flows.

[25] According to publications, Oxford is the real estate branch of OMERS (the Ontario Municipal Employees Retirement System).

[26] In 2023-2024, the 745 Atlantic building is not presented in the table below and has been classified as a project in initiation to transform the building from an office building to a laboratory building for the Life Sciences.

2. Investment property in development

The Company and Oxford have a project for the conversion of the 745 Atlantic office building into a laboratory building.

745 Atlantic, Boston

The Company and Oxford have decided to promote a development project to transform the 745 Atlantic building from an office building to a laboratory building for the Life Sciences. During the second quarter of 2022, approvals were received and the building conversion work began, which was completed during 2024 (with the exception of tenant improvement work, the remaining amount of which is USD 35 million). The total cost of the project is estimated at approx. USD 168 million (the Company's share - USD 92 million), of which USD 133 million had been invested by December 31, 2024 (the Company's share - USD 73 million). As of the end of 2024, no space in the building had yet been leased.

In order to pay off an existing loan on the property and finance the construction costs, during 2022, one of the Boston partnerships, through a company that owns the building (hereinafter, in this subsection - the "**Property Company**"), entered into an agreement for a loan whose balance, as of the date of the report, is USD 150 million. Regarding a new loan agreement signed in respect of the 745 Atlantic project, see Section 2.3.7 of the Board of Directors' Report and Note 6(h)(5) to the financial statements.

That stated in this Section above regarding the dates for the start and completion of construction and the estimated cost of the project is forward-looking information.

The following is a summary of key data on the project in development:

Parameters	Unit of measurement	Dec. 31, 2024	Under construction Dec. 31, 2023	Dec. 31, 2022
			Uses - Laboratories	
Number of properties in development at end of year	Units	1	1	1
Total land area	Sq.ft.	19,733	19,733	19,733
Total land area	Sq.m.	1,833	1,833	1,833
Total development area (planned) for rent at end of year	Sq.ft.	177,640	177,640	174,455
Total development area (planned) for rent at end of year	Sq.m.	16,503	16,503	16,207
Total costs invested in the period	USD millions	24,016	57,204	49,384
Total accumulated costs invested as of December 31	USD millions	133,244	109,228	52,024
Amount at which the properties are presented in the financial statements	USD millions	147,400	180,700	160,400
Construction budget in the following year (estimate)	USD millions	13,463	28,666	67,289
Total construction budget (estimate)	USD millions	168,117	166,487	153,619
Total estimated construction budget balance (estimate)	USD millions	34,873	57,260	101,595
Percentage of built-up area with signed rental contracts	%	1.9%	0%	0%
Expected annual revenue from projects to be completed in the following period and for which contracts have been signed for 50% or more of the area	USD millions	-	-	-

3. Main Tenants

44% of total revenues in 2024 in the 125 Summer office building were from Klaviyo (an ecommerce marketing automation platform company).

100% of the Davenport building is rented by HubSpot (a company engaged in CRM - Customer Relationship Management).

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

The following is data regarding expected rental revenues in respect of signed rental agreements in the two Boston properties as of December 31, 2024, by their date of completion[27]:

Period	Assuming non-exercise of tenant option periods		
	Revenues from fixed components	Number of contracts ending	Area subject to contracts ending
	USD thousands	Unit	In thousands of sq.ft.
Q1/2025	10,239	-	-
Q2/2025	10,458	-	-
Q3/2025	10,629	-	-
Q4/2025	10,648	4	41
Total 2025	**41,974**	**4**	**41**
2026	41,094	13	55
2027	39,238	4	3
2028	18,050	37	501
2029 onward	33,412	20	206
Total	**173,767**	**78**	**806**
Total in NIS thousands	**633,728**		

(*) The data in the table are in 100% terms (as noted, the Company's share in the capital is 55%) and does not include expected revenues from renewals of existing rental agreements, including, as noted above, the exercise of options given tenants.

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

The information included in the tables above in this section constitutes forward-looking information as defined in Section 32A of the Securities Law, and there is no certainty that it will materialize as planned due to many variables that are not under the Company's control.

5. Financing

Regarding financing arrangements of the partnerships of the Group and Oxford, please see Section 2.3.7 of the Board of Directors' Report.

[27] The expected rental income does not include the income from the 745 Atlantic building, which has been completed and has not yet been leased.

6. AH Boston's forecast for 2025:

The following is AH Boston's forecast for its main operating results in 2025, according to its 2025 business plan. The forecast is based on the assumption that no material changes will occur in the business environment.

	Forecast	Actual
Data	**2025**	**2024**
NOI (in USD millions)(*)	24	27
Real FFO - management approach[28] (in USD millions) (**)	4	15

(*) Includes an operating loss for 745 Atlantic of approx. USD 1 million in 2024 and approx. USD 4 million in 2025.
(**) Includes an operating loss for 745 Atlantic of approx. USD 3 million in 2024 and approx. USD 12 million in 2025.

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

D. Investment in London - Brockton

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

In February 2018, the Company (through wholly owned subsidiaries of the Company) engaged with senior partners in Brockton Capital LLP (hereinafter: "**Brockton**") (hereinafter: "**Brockton Managers**" or "**Brockton Partners**") in a series of agreements according to which the Company, together with Brockton Managers, established Brockton Everlast Inc. (hereinafter - "**BE**"), a private company engaged, directly and indirectly, through in the acquisition, initiation, betterment, development, management and maintenance of income-generating property in the metropolitan area of London, Cambridge and Oxford in the UK. [29].

As of December 31, 2024 and close to the date of publication of the report, the Company indirectly holds approx. 84.9% of the rights in BE, and the balance is held by Menora Mivtachim (13.6%) and by the Brockton Partners.

From BE's establishment until the date of publication of the report, the Company has invested GBP 749 million in BE's capital, of which a total of GBP 112.5 million (NIS 526 million) was invested during 2024.

The total fair value of BE's properties as of December 31, 2024 is GBP 1.1 billion (NIS 5.1 billion) and the occupancy rate on that date was 97.3%. The properties are leased to 77 different tenants through long-term leases.

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

2. General Environment and Impact of External Factors - London, UK[30]

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

In 2024, the inflation rate in the UK was just 2.5%, compared to 7.3% in 2023. The Bank of England ("**BOE**") began lowering interest rates from August 2024 and as of the date of the report, it is approx. 4.5%. The BOE's inflation forecast for 2025 and 2026 is approx. 2.7% and approx. 2%, respectively. The BOE's GDP growth forecast for 2024 is approx. 1.7% and is expected to be approx. 1.6% and 1.5% in 2025 and 2026, respectively.

By the end of 2024, the unemployment rate in the UK is expected to be approx. 4.4%, compared to 4.1% at the end of 2023.

Towards the end of October 2024, the new government in the UK, led by the Labour Party, presented its first budget, which included commitments to develop the East-West Rail project connecting Oxford and Cambridge, as well as plans to invest approx. GBP 6.1 billion in research and development in the exact sciences. Among other things, the budget includes commitments to invest in housing while implementing planning reform, tax changes with an emphasis on increasing the employer's share of National Insurance contributions, an increase in the minimum wage, and more.

The capital market responded to the budget by increasing yields, with 10-year government bonds rising to 4.6%. As of the date of publication of this report, the government bonds are trading at the same rate. The exchange rate of the GBP remains stable against the USD.

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

30 Sources in this section - Bank of England - Monetary Policy Report November 2024

The following are the UK's macroeconomic parameters:

For the year ended	Units	The UK December 31, 2024	December 31, 2023	December 31, 2022
Macroeconomic parameters				
GDP (PPP)	USD billions	4,282	4,137	3,980
Per capita GDP (PPP)	USD	62,574	60,735	58,712
GDP growth rate (PPP)	%	3.50%	3.95%	12.31%
Per capita GDP growth rate (PPP)	%	3.03%	3.45%	11.47%
Inflation rate	%	2.50%	4.00%	10.50%
Yield on long-term domestic government debt	%	4.41%	3.86%	3.66%
Rating of long-term government debt		AA/Aa3	AA/Aa3	AA-/Aa3
Unemployment rate	%	4.30%	4.00%	3.90%

Sources of Information:

1. World Economic Outlook Database, October 2024 from the IMF - International Monetary Fund website. The data are in International Current Dollars.
2. Office Of National Statistics (Consumer Price Index Harmonized)
3. Bloomberg, GUKG10 Index, UK Government Bonds Note Generic for ten years, average yield as of the end of each year.
4. Moody's/Fitch rating.

3. General Information regarding the Office Sector (and research laboratories) - London, Oxford and Cambridge[31]

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

London - The total office space in central London is 250 million sq.ft During 2024, high demand for office space continued, along with price increases for prime office space in central London. Rental prices for prime office space in the City rose to approx. GBP 88 per sq.ft. and rental fees in the West End to approx. GBP 155 per sq.ft., reflecting an increase of approx. 11%, which is the highest annual increase recorded in 15 years.

Total investments in office acquisition transactions in central London in 2024 reached approx. GBP 6.2 billion, representing a minor decrease compared to approx. GBP 6.5 billion in 2023. This amount is lower than the multi-year average by approx. 50%. Discount rates remained at approx. 4.00% in the West End and 5.25% in the City for prime properties.

The rate of vacant office space in central London was approx. 9.0% at the end of 2024, similar to 2023. However, the vacancy rate in new or renovated high-quality Best in Class buildings fell to 1.4%.

The total office space in central London for which new lease agreements were signed (take-up) was approx. 9.7 million sq.ft., a level very similar to 2023 and close to the average of the last decade. Approx. 65% of the total rental space came from the financial sector, led by the banks. Total active demand in London is approx. 12.7 million sq.ft., which is approx. 30% higher than the multi-year average of approx. 9.4 million sq.ft.

As of the end of 2024, the total number of office projects under construction for delivery by the end of 2027 is expected to add approx. 18.2 million sq.ft. of new office space, of which approx. 46% is pre-leased.

Cambridge - As of the end of 2024, the total area of offices and laboratories in Cambridge is approx. 11 million sq.ft. The annual amount of new take-up space was approx. 347 thousand sq.ft. in 2024. The rate of vacant office space was approx. 13%, while the rate of vacant laboratory space was approx. 7%. The investment in office and laboratory acquisitions in the second half of 2024 was approx. GBP 200 million, compared to approx. GBP 120 million in all of 2023.

Oxford - As of the end of 2024, the total office and laboratory space in Oxford was approx. 9 million sq.ft. The annual volume of new take-up space amounted to approx. 407 thousand sq.ft., similar to 2023. The rate of vacant office space was approx. 9%, while the rate of vacant laboratory space was approx. 8%. The investment in office and laboratory acquisitions in 2024 was approx. GBP 140 million, compared to approx. GBP 37 million in 2023.

31 Sources of Information:

- JLL Q4 2024 London office research
- Bidwells Arc Market Databook Oxford & Cambridge - February 2025

4. Financial information regarding BE's activity:

	Unit of measurement	December 31, 2024	December 31, 2023	December 31, 2022
Number of income-generating properties	Unit	10	10(**)(***)	13
Fair value of real estate investments	GBP thousands	690,500	699,800	1,081,515
Occupancy rate	%	97.3	98.3	96.6
Fair value of land for initiation and property in development	GBP thousands	421,450	361,750	208,000
Equity	GBP thousands	771,025	688,881	895,843
Ratio of net financial debt to total balance sheet	%	29.0	36.4	30.7

	Unit of measurement	2024	2023	2022 (*)
Rental revenues	GBP thousands	47,475	46,841	46,455
Fair value adjustments of investment property	GBP thousands	11,940	(251,569)	(72,446)
Net profit (loss)	GBP thousands	(26,942)	(256,311)	(45,412)
Comprehensive income (loss)	GBP thousands	(28,180)	(261,513)	(36,998)
NOI	GBP thousands	42,730	41,315	42,311
FFO	GBP thousands	12,375	15,229	19,521
Same Property NOI	GBP thousands	33,162	30,936	32,489
Company's share in results - BE				
Company's share in NOI	NIS thousands	169,428	157,896	149,197
Company's share in FFO	NIS thousands	49,032	58,041	68,391

(*) Includes net income from the conclusion of a rent review arbitration (in accordance with the Rent Review mechanism) mainly for one of BE's properties in central London (Waterside House), in the amount of GBP 1 million in 2024 and GBP 5 million in 2022. For information, please see Note 4b to the financial statements.

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

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

5. Information regarding BE's properties:

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

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

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

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

(*) The minimum and maximum average rental fees in the Central London area are GBP 25 per sq.ft. per year and GBP 64.8 per sq.ft. per year, respectively. The minimum and maximum average rental fees in the Central Oxford area and in Cambridge are GBP 21.2 per sq.ft. per year and GBP 54.2 per sq.ft. per year, respectively. The gaps in the average minimum and maximum rental fees in central London and in the Oxford and Cambridge areas are due to the location and quality of the buildings and BE's rental strategy (retaining BE's legal right to evict customers from the leased areas during the lease period for the construction project).

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

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

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

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

(*) Includes properties in the Cambridge Science Park used for offices/laboratories, and one property in the Oxford area, about half of which is used for offices and about half for commercial areas.
(**) Not including NOI attributed to land in development in the amount of approx. GBP 4 million.

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

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

(*) The minimum and maximum average rental fees in the Central London area are GBP 21.7 per sq.ft. per year and GBP 64.8 per sq.ft. per year, respectively. The minimum and maximum average rental fees in the Central Oxford area and in Cambridge are GBP 33.6 per sq.ft. per year and GBP 48.0 per sq.ft. per year, respectively. The gaps in the average minimum and maximum rental fees in central London and in the Oxford and Cambridge areas are due to the location and quality of the buildings and BE's rental strategy (retaining BE's legal right to evict customers from the leased areas during the lease period for the construction project).
(**) Average yield rates for 2023 were calculated according to the actual NOI divided by the value of income-generating property as of December 31, 2023.
(***) The weighted gross yield was calculated according to the actual NOI for the fourth quarter of 2023 standardized for a full year divided by the value of income-generating property as of December 31, 2023.

As of December 31, 2022 and for the year 2022:

	Area		Area		Fair value		NOI		Revaluations	
	December 31, 2022		December 31, 2022		December 31, 2022		2022		2022	
	Sq.ft.		Sq.m.		GBP thousands		GBP thousands		GBP thousands	
Central London	613,855	49%	57,029	49%	650,665	60%	30,123	73%	(58,327)	138%
Oxford and Cambridge	636,927	51%	59,172	51%	430,850	40%	11,203	27%	16,183	-38%
Total in thousands	**1,250,782**	**100%**	**116,201**	**100%**	**1,081,515**	**100%**	**41,326**	**100%**	**(42,144)**	**100%**
Total in NIS thousands	**N/A**		**N/A**		**4,583,028**		**171,539**		**(171,924)**	
Company's share, not including the effect of property in development:										
Total in thousands of sq.ft./sq.m./GBP	**1,040,621**		**96,677**		**899,795**		**35,107**		**(35,086)**	
Total in NIS thousands	**N/A**		**N/A**		**3,812,970**		**145,724**		**(143,157)**	

(*) The vast majority of the areas are for offices.
(**) Includes properties in the Cambridge Science Park used for offices/laboratories, and one property in the Oxford area, about half of which is used for offices and about half for commercial areas.
(***) Not including NOI attributed to land in development in the amount of approx. GBP 1 million.

	Average rental fees (*) per sq.ft. per year	Average rental fees per sq.m. per month	Average occupancy rates	Daily occupancy rates	Number of properties as of	Average yield rates (**)	Gross yield rate (***)
	2022		2022	December 31, 2022	December 31, 2022	December 31, 2022	December 31, 2022
	GBP	GBP	%	%	Units	%	%
Central London	44.05	39.51	98.42%	95.30%	4	3.36%	4.69%
Oxford and Cambridge	29.86	26.78	95.12%	97.83%	9	4.00%	4.19%
Average rate / total	37.48	33.62	97.30%	96.59%	13	3.56%	4.48%

(*) The minimum and maximum average rental fees in the Central London area are GBP 22.5 per sq.ft. per year and GBP 64.8 per sq.ft. per year, respectively. The minimum and maximum average rental fees in the Central Oxford area and in Cambridge are GBP 19.6 per sq.ft. per year and GBP 39.00 per sq.ft. per year, respectively. The gaps in the average minimum and maximum rental fees in central London and in the Oxford and Cambridge areas are due to the location and quality of the buildings and BE's rental strategy (retaining BE's legal right to evict customers from the leased areas during the lease period for the construction project).
(**) Average yield rates for 2022 were calculated according to the actual NOI divided by the value of income-generating property as of December 31, 2022.
(***) The weighted gross yield was calculated according to the actual NOI for the fourth quarter of 2022 standardized for a full year divided by the value of income-generating property as of December 31, 2022.

6. Properties purchased during the period

Region and use	Parameters	Unit of measurement	2024	2023	2022
Oxford and Cambridge (*)	Number of properties sold during the period	Unit	-	-	3
	Cost of properties sold in the period	GBP millions	-	-	175.1
	Representative NOI of properties sold during the period	GBP millions	-	-	9.42
Uses - Offices	Area of properties sold during the period	Sq.ft.	-	-	278,011
	Area of properties sold during the period	Sq.m.	-	-	25,828

(*) Subsequent to the date of the report, the Company acquired a property in the Cambridge Science Park for approx. GBP 22 million. The property includes an office building leased to technology companies with a total area of approx. 41 thousand sq.ft. (approx. 3,800 sq.m.) and generates an annual NOI of approx. GBP 3 million. The property also includes a multi-story parking complex that will be used by BE in the development of its initiation project in the Science Park, instead of construction of underground parking.

7. Land for Development

Region and use	Parameters	Unit of measurement	2024	2023	2022
Oxford and Cambridge	Fair value of land for initiation	GBP thousands	282,650	258,150	208,000
	Land area	Acre	14.3	14.3	14.3
Central London	Fair value of land for initiation(*)	GBP thousands	-	103,600	-
	Land area	Acre	-	0.7	-

(*) In 2024, the Dovetail project was classified as a project in development.

8. Investment property in development

BE has one project in development and construction stages.

Dovetail project:

The Dovetail project is located in the London City near Liverpool Street Station, where the Elizabeth Line also passes. When completed, the building will have approx. 453 thousand sq.ft. of leasable space over 23 floors, with a typical floor area of approx. 22 thousand sq.ft. The total area of balconies for the tenants' use will be approx. 20 thousand sq.ft., a conference center and common areas are planned on the 13th and 14th floors, and a Sky Pavilion will be built on the 23rd floor with two large covered balconies that include meeting rooms and additional common areas. BE acquired the land and the buildings on it in 2019, and building permits for the new building were received in February 2022. The building was designed with the Net Zero Design approach and is intended to receive the highest sustainability ratings, including BREEAM Outstanding, LEED Platinum, Well Platinum, WiredScore Platinum and Nabers 5*. As of the date of publication of the report, demolition work on the existing buildings has begun, followed by construction work, which is expected to be completed during 2029. The total investment in the project is expected to be approx. GBP 670-720 million.

BE's investment property and investment property in development

BE's share in properties Parameters	Unit of measurement	Under construction December 31, 2024	December 31, 2023	December 31, 2022
		Uses - Offices		
		London		
Number of properties in development at end of year	Units	1	-	-
Total land area	Sq.ft.	30,492	-	-
Total land area	Sq.m.	2,833	-	-
Total development area (planned) for rent at end of year	Sq.ft.	453,093	-	-
Total development area (planned) for rent at end of year	Sq.m.	42,094	-	-
Total costs invested in the period	GBP millions	20	-	-
Total accumulated costs invested as of December 31	GBP millions	140	-	-
Amount at which the properties are presented in BE's financial statements	GBP millions	139	-	-
Construction budget in the following year (estimate)	GBP millions	50	-	-
Total construction budget, incl. land (estimate)	GBP millions	670-720	-	-
Total estimated construction budget balance (estimate)	GBP millions	530-580	-	-
Percentage of built-up area with signed rental contracts	%	-	-	-
Expected annual revenue (NOI) from projects to be completed in the following period and for which contracts have been signed for 50% or more of the area	GBP millions	-	-	-

9. Order backlog

Period	Assuming non-exercise of tenant option periods Revenues from fixed components	Number of contracts ending	Area subject to agreements ending
	GDP thousands	Unit	Thousands of sq.m.
Q1/2025	11,644	3	1
Q2/2025	11,648	-	-
Q3/2025	11,724	4	36
Q4/2025	11,513	3	16
Total 2025	**46,529**	**10**	**53**
2026	44,522	20	155
2027	37,906	24	177
2028	27,814	4	251
2029 onward	60,198	34	602
Total	**216,969**	**92**	**1,238**
Total in NIS thousands	**992,481**		

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

10. Main Tenants:

32% of BE's revenue for 2024 is from Marks & Spencer, which leases all the space in the Waterside House building. 11% of BE's revenue for 2024 comes from the London Fire Brigade which leases space in the Union Street building. In 2024, the rental fees of these tenants were updated in accordance with the Rent Review mechanism of the Upwards Only type.

11. Management and Operating of BE's Properties:

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

12. Properties with Development Potential:

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

In view of the BE management's expectation of a significant expansion of business activity, BE is working to promote plans to significantly increase building rights for development projects in the coming decade, which are expected to increase the existing portfolio by 1.9 million sq.ft. (for a total of 3.37 million sq.ft.). As of the date of publication of the report, planning approval for approx. 0.7 million sq.ft. were received (an addition of approx. 0.4 million sq.ft. relative to the building rights currently in place). As of the date of the report, BE received local planning approval for the Dovetail building. As of the date of the report, no such approval has yet been received for the rest of the properties in development.

For a summary of the data regarding BE's projects in the advanced planning stages as of December 31, 2024, please see Section 2.3.6 of the Board of Directors' Report.

13. Marketing:

Most of BE's properties are rented in full, on a long-term basis, and therefore the marketing of vacant spaces (or spaces that will be vacant in the future) is generally done for each property separately. As a rule, the marketing of space involves the appointment of an agent or agents who use various marketing methods in order to attract the interest of potential renters, including online marketing, event production and monitoring the requirements in the relevant location. In certain cases, BE will renovate empty spaces before they are offered for marketing, in order to attract potential tenants and/or to secure higher rental prices. In view of the low percentage of vacant space in BE's existing property portfolio and the various agents with whom the BE staff has worked, there is no risk of significant increases in marketing costs, with the exception of expenses associated with leasing of the Dovetail project.

14. Competition:

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

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

15. Human Capital:

As of the date of this report, BE has 30 employees and management personnel, as follows:

Department	Number of staff members
Management	6
Investment, development and property management	9
Finance and activity	8
Marketing	1
Support	6

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

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

16. Improvements in Rental Properties and Suppliers:

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

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

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

17. BE's forecast for 2025:

The following is BE's forecast for its main business results for 2025. The forecast is based on the properties existing as of the date of the report and the assumption that no material changes will occur in the business environment in which the BE Group operates.

	2025 forecast	2024 actual
	GBP	GBP
NOI (GBP MILLIONS)	45	43
FFO - MANAGEMENT APPROACH (GBP MILLIONS)[32]	12	12

The information relating to the BE forecast for 2025 is forward-looking information, as defined in section 32A of the Securities Law, 1968 and is based on the BE management's budget, as approved by the BE Board of Directors. Forward-looking information is any forecast, assessment, estimate or other information regarding a future event or matter whose realization is uncertain and not under the sole control of BE and the Company, as there is no certainty that the many variables that make up the budget will materialize as planned.

18. BE's business strategy

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

During the coming year, BE will focus on the construction of the Dovetail project in London, including identifying initial leases, providing support to finalize negotiations with Marks & Spencer for the signing of a new long-term lease agreement, and promoting licensing in order to obtain city building plan approval for the development plans in Cambridge.

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

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

19. Corporate Governance in BE and in the BE Group

In this regard, please see Notes 6.d(4) and 6.d(5) to the financial statements.

20. Financing

Regarding Energix's financing arrangements, please see Note 12(d) to the financial statements.

21. Information regarding the Brockton Funds

As of December 31, 2024, the Company holds British real estate funds from the Brockton Group, the main one being Fund III, in which an investment remains in Fora/TOG, which engages in the rental and management of workspaces.

The funds are presented in the Company's financial statements as securities measured at fair value through profit or loss. The balance of the Company's investment in the funds as of December 31, 2024 amounts to approx. GBP 48 million (NIS 218 million). For additional information, please see Note 5 to the financial statements.

Energix

1. General Information regarding Energix

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

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

Regarding the acquisition of a project in Lithuania, please see Section 2.3.8 of the Board of Directors' Report.

As of December 31, 2024 and close to the date of publication of the report, the Company's rate of holdings in Energix was 50.2%. For additional information, please see Note 6e(2) to the financial statements.

As part of Energix's total activity in Israel, the United States and Poland, the total capacity of its systems amounts to approx. 1.35 GW and 189 MWh (storage) in commercially operated projects, approx. 761 MW and 206 MWh (storage) in projects in development or pre-construction, and approx. 843 MW and 121 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. 10.6 GWh. As of the reporting date, Energix owns facilities connected to the electricity grid and systems under construction and development at a depreciated cost of NIS 9.3 billion.

The total representative annual revenue expected in 2025 from the sale of electricity and green certificates[33] from all the facilities connected to the electricity grid as of the reporting date plus facilities expected to be connected to the electricity grid during 2025 is NIS 1.1 billion[34] (Energix's share).

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

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

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

34 The Company's forecasts for 2025 are based on the electricity prices set in electricity sales agreements in the three territories, including hedging agreements, tariff tenders and forward prices in Poland.

2. Area of activity

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

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

As stated above, Energix engages in the planning, development, financing, construction, management and operation of facilities for the generation and storage of electricity from renewable energy sources (photovoltaic systems and wind farms) and the sale of electricity produced in these facilities, with the intention of holding them for the long term. As of the date of the report, Energix has operations in Israel, the United States and Poland.

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

						Project results for the 12-month period ended December 31, 2024 (NIS millions)				Projected results for a full year of operations in 2025 (NIS millions)			
Country	Technology	Capacity (MW)	Source of revenues	Original construction cost (NIS millions)	Project financing facility (NIS millions)	Revenues	Gross profit	Project FFO	Net cash flow after debt service / US tax partner payment	Revenues	Gross profit	Net cash flow after debt service / US tax partner payment	Company's share
Israel (1)	Photovoltaic	330 MWp	Sale to the electric company at a fixed CPI-linked rate, for a 20-23 year period from the date of commercial operation	1,200	1,195	156	120	96	25	161-171	124-132	34-40	100%
Israel	Photovoltaic with combined storage	53 MW Includes 189 MWh storage	According to electricity sales agreements with suppliers	327	260	7	5	5	5	32-38	25-31	25-31	100%
Poland (2,3,10)	Wind	301 MW	Electricity - Sale on the Electricity Exchange or in price-fixing agreements. Green certificates - Sale on the exchange or in price-fixing agreements.	1,579	1,556	517	455	399	288	369-389	301-317	132-142	100%
Poland (4)	Photovoltaic	13 MWp	Sale in the market (including price-fixing transactions) and/or CPI-linked tender price	34	-	3	3	3	3	4-5	3-4	3-4	100%
USA - E1 and E2 backlogs (Virginia 1+2 projects) (5,6,7)	Photovoltaic	224 MWp	Electricity - Sale at a fixed price for a period of 12-15 years, or sale to an electric company at market prices with hedging transaction for 6 and for 12 years. Green Certificates - Sale at a fixed price for a period of 12-15 years.	569	312	52	40	21	4	62-68	48-54	16-22	100%
USA - E3 backlog (Virginia 3 and Pennsylvania projects) (5,7,8,9)	Photovoltaic	412 MWp	Electricity - Sale at a fixed price for a period of 12-15 years, or sale to an electric company at market prices with hedging transaction for 6 and for 12 years. Green Certificates - Sale at a fixed price for a	1,333	1,110	121	100	46	18	135-145	108-116	15-21	100%

			period of 12-15 years.										
Total projects in commercial operation		1,333 MW Includes 189 MWh storage		5,043	4,432	856	723	569	343	763-816	609-654	225-260	

1) The above information includes a project with a capacity of 9 MW from Competitive Procedure 4 that, subsequent to the date of the report and the date of publication of the report, was connected and began to feed electricity into the electricity grid.
2) The Banie3 and Sepopol wind farms were awarded tenders for a guaranteed index-linked rate (as of the date of the report - PLN 280-310 per 1 MWh) for 15 years, for electricity output at an average rate of approx. 65% of the electricity generation expectations at each of the wind farms.
3) The Banie 4 wind farm was awarded a tender for a guaranteed index-linked rate (as of the date of the report - PLN 320-330 per 1 MWh) for 15 years, in relation to electricity output at an average rate of approx. 80% of the electricity generation expectations. The Company has the option to choose not to enter the tender process and waive the guaranteed rate until mid-March 2025.
4) As of the date of approval of the report, the Lubanowo project is awaiting receipt of a permanent production license. Accordingly, the project expenses during the testing period were capitalized to the system's cost.
5) The agreement with the US tax partner determined, among other things, the cash distribution rate between Energix and the tax partner for a period of approx. 5 years, after which 95% of the cash flow is expected to be used by Energix. In the above table, Energix's share of the net cash flow is presented net after payment of the tax partner's share.
6) In the Virginia 2 projects, the tax partner's commitment is for 5 out of 6 projects. In the sixth project, Energix is utilizing the tax benefits in the amount of approx. USD 10 million for its own use.
7) The original construction cost is a cost to third parties, including financing expenses during the construction period, tax payments for entrepreneurial and development profits, net of the tax partner's investment for the tax benefit (ITC).
8) E3 backlog data is based on the assumption that the tax partner's investment is at a rate of 40%-50% in accordance with the IRA law. It should be noted that the tax partner's investment includes the amount of USD 60 million that Energix estimates it is entitled to receive for the use of local equipment, based on the approvals and the wording of the guidelines published by the US regulator as of the date of approval of the report. Receipt of this amount is conditional on receipt of approval from the existing tax partners for this purpose. The Company may receive an additional amount of up to USD 20 million for the use of local equipment, subject to the terms of the final binding regulations on this matter and the consent of the tax partners. The data included in the E3 project results for 2024 are for a full year of operation. In the first quarter of 2024, most of the E3 projects were operating as part of a testing period. Accordingly, until their commercial operation, the financing expenses for the project loan during the testing period were capitalized to the cost of the system. Therefore, the FFO during the testing period does not include financing expenses for the project.
9) Financial data is based on an exchange rate of NIS 3.6 per USD 1 and an exchange rate of NIS 0.9 per PLN 1.
10) Capacity data: Wind - in MW; PV - in MWp; Storage - in MWh.

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

Country	Project	Technology	Capacity (MW)	Source of revenues	Rate for sale of electricity per 1 KWh generated (in NIS)	Expected construction cost (NIS millions)	Project financing facility (NIS millions)	Projected commercial operation date	Cost invested as of the date of the report	Projected project results for first full year of operation, in NIS millions			Energix's share in project
										Revenues	Gross profit	Net cash flow after debt service / US tax partner payment	
Israel	ARAN (1)	Wind	104 MW	Sale to the electric company at a fixed CPI-linked rate, for 20 years from the date of commercial operation	0,325	650-750	Up to 650	12 months after resumption of work	540	93-101	77-83	30-34	80.5%. Share in results and in net cash flow 100%
	Photovoltaic projects with combined storage (8,9)	Photovoltaic with combined storage	58 MWp Includes 158 MWh storage	In accordance with electricity sales agreements with suppliers, as well as sales to the customer at a fixed CPI-linked rate, for 23 years from the date of commercial operation		310-340	Up to 260	Q4/2025	226	28-32	20-24	3-5	100%
	First competitive procedure for extra-high voltage systems	Photovoltaic	87 MWp	Fixed CPI-linked rate, for 23 years	0,159	290-320	Up to 215	Q4/2025	273	22-26	16-20	2-4	100%
Poland	PV project in Poland - 30 MW	Photovoltaic	30 MWp	Sale in the market (including price-fixing transactions) and/or CPI-linked tender price		61-71	Not yet determined	H2/2025	1	8-12	8-10	8-10	100%
	Nowe Czarnowo 1	Storage	48 MWh storage	Sale in the market (including price-fixing transactions) and/or CPI-linked tender price		50-70	Up to 45	H2/2025	7	15-19	12-16	8-10	100%
USA	E4 project backlog (2,3,6,7,10)	Photovoltaic	210 MWp	Electricity - Long-term agreement for sales at a fixed price to an electric company, an end consumer or as part of a strategic agreement at a market-adjusted price with a "floor price" protection mechanism. Green Certificates - Long-term agreement for sales at a fixed price or as part of a strategic agreement at a price agreed upon between the parties in advance.		500-560	Up to 425	During 2025	667	77-83	62-68	10-14	100%
	E5 project backlog (2,3,6,7,10)	Photovoltaic	272 MWp	Electricity - Long-term agreement for sales at a fixed price to an electric company, an end consumer or as part of a strategic agreement at a market-adjusted price with a "floor price" protection mechanism. Green Certificates - Long-term agreement for sales at a fixed price or as part of a strategic agreement at a price agreed upon between the parties in advance.		760-860	Up to 783	H2/2025	481	98-106	82-88	16-20	100%
Total in development and pre-construction			**761 MW Includes 206 MWh storage**						**2,195**	**341 - 379**	**277 - 309**	**77 - 97**	

1) According to the set of agreements signed between Energix and ARAN and the revenue expectations, Energix's share of the cash flow is 100%, until the full repayment of the liabilities to the Company. After the full repayment of the liabilities to the Company, the free cash flow will be distributed to the owners according to their shares. As of the date of approval of the report, the construction work of the project has not yet resumed. For additional information, please see Note 10b(5) to Part C of the annual financial statements and Section 5.4 below.
2) The agreement with the US tax partner determined, among other things, the cash distribution rate between Energix and the tax partner for a period of approx. 5 years, after which 95% of the cash flow is expected to be used by Energix. In the above table, Energix's share of the net cash flow is presented net after payment of the tax partner's expected share.
3) The original construction cost is a cost to third parties, including financing expenses during the construction period, tax payments for entrepreneurial and development profits, net of the tax partner's investment for the tax benefit (ITC).
4) Capacity data: Wind - in MW; PV - in MWp; Storage - in MWh.
5) Financial data is based on an exchange rate of NIS 3.6 per USD 1 and an exchange rate of NIS 0.9 per PLN 1.
6) The construction cost is a cost to third parties, including financing expenses during the construction period, tax payments for entrepreneurial and development profits, net of the tax partner's investment for the tax benefit (ITC).
7) E4 and E5 backlog data is based on the assumption that the tax partner's investment is at a rate of 40%-50% in accordance with the IRA law. It should be noted that as of the date of publication of the report, the final regulations regarding the domestic production benefit (Domestic Content) have not yet been published.
8) Until the date of commercial operation, the winning tariff was linked to the exchange rate and the CPI. At the time of the win, the tariff was NIS 0.156 per 1 KWp installed.
9) Energix's assessment of the expected results from these projects is based on signed electricity sales agreements or Energix's estimates of the electricity price range expected for the projects as part of electricity sales agreements to be signed in the future.
10) The cost invested as of the date of the report is before deducting the tax partner's investment in respect of the tax benefit (ITC) that has not yet been received as of the date of approval of the report.

(C) **The following are advanced initiation projects:** Advanced initiation projects are the backlog of the Energix's projects that it estimates can be financially closed or pre-construction within the next 12 months or initiation projects that have won a guaranteed tariff.

Country	Project	Technology	Capacity (MW)	Source of revenues	Projected commercial operation date	Status	Expected construction cost	Cost invested as of the date of the report	Expected revenues for the first full year of operation	Energix's share in project
Israel	Mishor Rotem West (1)	Photovoltaic with combined storage	21 MWp Includes 68 MWh storage	According to electricity sales agreements with suppliers	During 2026	In the building permit process	80-100	17	10-12	100%
Poland	Wind projects in advanced initiation in Poland (1)	Wind	86 MW	Sale in the market (including price-fixing transactions)	During 2026	After building permit. Awaiting connection to the grid	495-555	6	99-109	100%
	PV projects in advanced initiation in Poland (2,5)	Photovoltaic	104 MW	Sale in the market (including price-fixing transactions)	During 2026	In final planning	255-275	18	35-41	100%
	Nowe Czarnowo 2	Storage	52 MWh storage	Sale in the market (including price-fixing transactions) and/or CPI-linked tender price	During 2026	In final planning	55-65	-	17-21	100%
USA	Projects in advanced initiation in the United States (1,2)	Photovoltaic	632 MW	Electricity - Long-term agreement for sale at a fixed price to an electric company or a private consumer, or sale to an electric company at market prices with long-term hedging transaction. Green Certificates - Long-term agreement for sale at a fixed price	During 2026	In final planning	1,680- 1,780	312	265-285	100%
Total in advanced initiation			843 MW Includes 121 MWh storage				2,565 - 2,775	353	426 - 468	

1) Energix's assessment of the expected results from these projects is based on signed electricity sales agreements or Energix's estimates of the electricity price range expected for the projects as part of electricity sales agreements to be signed in the future.
2) Based on the assumption that the tax partner's investment is at a rate of 40%-50% in accordance with the IRA law. It should be noted that as of the date of publication of the report, the final regulations regarding the domestic production benefit (Domestic Content) have not yet been published. The original construction cost is a cost to third parties, including financing expenses during the construction period, tax payments for entrepreneurial and development profits, net of the tax partner's investment for the tax benefit (ITC).
3) Not including capacity of up to 470 MW in respect of a project in Lithuania whose acquisition has not yet been completed.
4) Capacity data: Wind - in MW; PV - in MWp; Storage - in MWh.
5) Financial data is based on an exchange rate of NIS 3.6 per USD 1 and an exchange rate of NIS 0.9 per PLN 1.

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

Country	Technology	Capacity (MW) (1)
Israel	Photovoltaic (including with combined storage)	350 MWp
	Storage	2,800 MWh
USA	Photovoltaic	3,650 MWp
	Storage	5,680 MWh
Poland	Wind	630 MW
	Photovoltaic	330 MWp
	Storage	2,100 MWh
Total photovoltaic and wind projects in initiation		4,960 MW
Total storage projects in initiation		10,580 MWh

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

2.1 General environment and impact of external factors - Energix

General[35]

As many countries and corporations recognize the need to act to reduce the climate crisis and greenhouse gas emissions, many countries, including Israel, are encouraging investment in the construction of facilities for generating electricity from renewable energies and developing various regulations for the sale of electricity from these sources. Making electricity generation from renewable energies cost-competitive, compared to electricity generation from power plants based on fossil fuels, has encouraged additional demand from the business and private sectors, global corporations, and more. These trends have led to continued growth in the installed capacity of renewable energy sources, with global installations of approx. 720 GW in 2024, compared to total installations of approx. 600 GW in 2023. According to the base scenario of the International Energy Agency (IEA) forecast, an addition of approx. 5,500 GW in the total installed capacity of renewable energies is expected by the end of the decade, an increase of 2.5 times, with approx. 95% of the addition in solar and wind technology. According to forecasts and in accordance with the goal of reaching net zero carbon emissions at the global level in 2050 adopted by leading countries and international institutions including the US, the UK, the EU, the International Energy Agency and others, renewable energies will constitute 70%-81% of global electricity generation.

In order to reach zero emissions and meet the 2050 goals, the required investment is expected to be approx. USD 181 trillion, divided between supply-side investments such as: electricity grids, generation infrastructure, new technologies, and more, and demand-side investments such as: transportation, aviation, electric vehicles, and more.

35 Information sources in this chapter:
Renewable 2024 Analysis and forecast to 2030 – IEA
https://www.bnef.com/capacity - Bnef
Renewable 2024 Analysis and forecast to 2030 - IEA
Bnef- new energy outlook 2024
https://www.there100.org/our-work/news/re100-members-now-consume-more-electricity-year-france
https://www.bnef.com/themes/somu1dt0g1kw00
Morgan stanley – Powering the AI .
Bnef- Solar Supply Chain Index, January 2025
https://www.federalreserve.gov/newsevents/pressreleases/monetary20241107a.htm?utm_source=chatgpt.com
https://www.boi.org.il /
https://www.boi.org.il/publications/regularpublications/staff-forecast
Morgan Stanely - Election Implication 6/11/2024
https://www.trade.gov/commerce-preliminary-countervailing-duty-investigation-crystalline-photovoltaic-cells-cambodia

In addition, in the reporting period, dozens of other giant international corporations have joined corporations such as Apple, Meta, Microsoft, Google, and others who have set themselves 100% clean energy consumption targets by 2030 under the RE100 initiation[36]. As of the date of the report, over 435 corporations were included that declared their intention to reach net zero.

Accordingly, the amount of agreements for the sale of electricity signed with corporations (corporate PPAs) has been on a steady growth trend over the past decade, a trend that is expected to intensify in view of companies' goals to reach net zero and in view of the growing demand for electricity resulting from the increased use of data centers, including in view of the AI revolution.

The penetration rate of renewable energy sources and the expected increase in installed capacity as described above strengthen the economic viability and have created a real need to integrate energy storage facilities that contribute to the stability and capacity of the electricity grid and moderate hourly price volatility.

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

Equipment prices: A continued global downward trend in prices of the main equipment used by Energix in the projects it is building. A 22% decrease in solar module prices worldwide (not including the US). In the storage sector, lithium prices decreased by 25% in 2024, and storage solution prices reached USD 115/KWh. Wind turbine prices remained stable. In general, the downward trend in equipment prices, given stability or an increase in electricity prices, improves Energix's profitability in future projects it is building.

Foreign exchange rates: In the reporting period, the USD exchange rate remained stable compared to last year. At the end of 2024, the PLN weakened against the NIS by approx. 3.3%, which could have a negative impact on Energix since more than half of Energix's revenues and net profit are in the PLN. Energix implements various hedges in order to reduce currency exposure. Energix has adopted a hedging policy according to which it will act to hedge its net investment in projects, so that the unhedged portion of the capital invested in the project will not exceed 20% of equity, in relation to a single currency.

Interest and inflation: In 2024, the moderating trend of inflationary pressures continued as a result of the restrictive policies of central banks around the world. In the United States, interest rates fell to 4.5%, in Israel the interest rate remained at 4.5%, in Poland the inflation rate remained relatively high at approx. 4.6%, and therefore the interest rate level remained the same at 5.8%.

Israel - Iron Swords War: The War intensified in 2024 to full ground arenas in Lebanon and Gaza and missile attacks from seven different arenas. The scope and duration of the War significantly affect all macroeconomic indicators. Despite the ceasefire agreement in Lebanon and the decrease in the intensity of the fighting in Gaza, the macroeconomic consequences of the war are expected to continue throughout 2025. With regard to Energix's activities, bearing in mind its essential supplier status and the fact that Energix views the continuity of the economy's business activity as a national mission, Energix continued its ongoing activities in Israel, including the continued initiation, planning and construction, all under the necessary restrictions and instructions from the Home Front Command. It should be noted that during 2024 and as of the date of approval of the report, all of Energix's facilities in commercial operation in Israel are generating electricity as usual and the War did not have a material adverse effect on Energix. However, the intensification of the War in the north in the second half of 2024 led to a delay in the construction and connection of some of the projects being built by Energix.

United States

Presidential election: Donald Trump's victory in the presidential election created uncertainty regarding the continued implementation of the IRA legislation and its impact on the renewable energy sector. The President-elect's statements regarding energy policy have led to various assessments regarding possible changes in the IRA legislation, which, if they occur, could adversely affect Energix's operations in the United States. The victory of the Republican Party led by Donald Trump, who is identified with support for the oil and gas industry, has created uncertainty regarding the future realization of the tax benefits under the IRA legislation on which Energix relies. Nevertheless, Energix believes, based in part on market expert assessments, that the strong growth in demand for green electricity is driven by market forces and that the positive effects of the IRA legislation on the labor market in many Republican states will moderate the scenario for potential harm to the tax incentives relevant to Energix, if any.

Imposition of tariffs on solar panel imports to the United States: In December 2024, tariffs were imposed on solar panel imports from four countries in Southeast Asia (21%-271%). The imposition of these tariffs led to an increase in the prices of panels manufactured in the US, while Energix has secured for itself a regular supply of panels until 2030 at attractive prices that were determined in advance, and therefore, according to Energix's assessment, the imposition of tariffs is expected to have a positive impact on its operations.

Electricity supply and demand trends in the US market - The demand for green electricity in the US market continues to be strong faced with a limited supply. The increase in demand stems from the growth in the establishment of data centers by large technology companies due to the AI revolution, the return of manufacturing plants to the US and the electrification of many industries, especially the electric vehicle. On the supply side, there is a need for huge investments in electricity grids across the United States in order to meet the increase in demand. These trends in the supply and demand equation are expected to continue until at least the end of the decade and support an increase in electricity and green certificate prices and, as a result, also in the prices in agreements for the sale of electricity (PPA).

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

The renewable energy market in Israel[37]

For several years, the State of Israel has joined a number of other countries around the world that are transitioning to electricity generation using renewable energy, while neglecting traditional energy sources (fossil fuels) in view of their destructive effects on the environment. This trend has had an obvious effect and in the years 2021-2023 the rate of increase in installed capacity from renewable energies in Israel jumped by an average of 35% per year[38]. According to Electricity Authority data[39], as of the end of 2024, the total installed capacity of renewable energies in Israel amounts to 7 GW, with approx. 91% of it, with a capacity of approx. 6 GW in photovoltaic installations. During 2024 alone, renewable energy production facilities with a capacity of 830 MW were connected to the electricity grid, and at the end of 2024, the actual consumption of renewable energy in Israel was 14%.

According to Government Decision no. 465,[40] by 2030, 30% of electricity generation will be from renewable energy, with an interim target of 20% of total electricity consumption set in 2025. The total capacity required to meet the interim target is 9.6 GW, a target that has not yet been achieved at this stage.

Accordingly, electricity production from renewable energy in Israel is still regulated primarily through a series of decisions, which are updated from time to time in accordance with policy updates from the Ministry of Energy and the government, the main purpose of which is to encourage and improve the electricity market. At the same time, we are in the midst of a trend of change towards a transition to an electricity market based on an open market, so as part of the Electricity Authority's decisions[41], starting in September 2022, it was decided to fully open the supply segment to competition. As of the date of approval of the report, there are several key players in the market who operate as electricity suppliers and purchase electricity from private electricity producers. According to the Electricity Authority's decision regarding a market model for generation and storage facilities in the distribution grid, starting in early 2024, generation facilities can be associated with a private supplier, a decision that is compatible with the update of demand hour clusters that will accelerate the integration of storage technology. The Electricity Authority has also expanded the possibility of associating household consumers, even without a smart meter, with suppliers. These decisions open the electricity sector to competition and enable every consumer to purchase green electricity.

With regard to planning and construction aspects, the Planning Administration has adopted several dedicated outline plans regarding renewable energies, for the establishment of photovoltaic installations and wind turbines, and has approved additional national outline plans for regulating photovoltaic installations, and in November 2023, a chapter on energy storage facilities was approved in the national outline plan. These plans regulate, each in its own field, the planning and approval procedures for facilities that generate electricity from wind energy, photovoltaics, and storage facilities.

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

---

37 Sources in this chapter:

Electricity Sector Status Report, 2023.

BDO internal presentation - Electricity market forecast.

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

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

38 Status report - Renewable Energy Targets in the Electricity Sector, March 2023.

39 From the Electricity Authority's new BI system.

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

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

The renewable energy market in Israel[42]

Poland is the largest economy in the CEE (Central and Eastern Europe) countries that were formerly part of the "Eastern Bloc" and its renewable energy market is one of the main markets in the European Union. The Polish economy has experienced 20 years of continuous growth, driven by exports, private consumption and investments. Electricity generation in Poland still relies mainly on fossil fuels (mainly coal), and it is considered one of the "polluting" countries in Europe. As part of an agreement between the Polish government and the country's coal miners' organization, it was agreed that the last mine will close in 2049.

The electricity market in Poland is a developed market and includes four main local electricity grid administrators (owners of the distribution network in the areas of electricity-generation) that are controlled by the Polish government, and an electricity exchange, in which many other players operate. During 2024, the renewable energy market in Poland continued to grow at a rapid pace, with the installed capacity of photovoltaic installations in Poland at the end of 2024 amounting to approx. 20 GW and wind installations at approx. 10 GW.

In February 2021, Poland approved the Energy Policy Plan until 2040, which determined that the share of electricity generation in coal-based facilities would decrease from 78% in 2017 to less than 23% by 2030 ("**2030 targets**") and to 1% by 2040. In order to meet the 2030 targets and promote the transition from coal-based energy to renewable energies, Poland is expected to receive several tranches of an aid package estimated at approx. EUR 76 billion. Currently, the establishment of facilities for electricity generation from renewable energy with government support is carried out in the framework of tariff tenders.

2022 was a turning point in the development of the electricity storage market in Poland when, for the first time, electricity storage projects won capacity agreements in a tender, following a regulatory change that restricts polluting technologies from participating in the capacity tender. This trend continued and increased in 2023, when the percentage of storage in the capacity tender accounted for approx. 24% of the total winning capacity (compared to approx. 3% or 150 MW in 2022). During 2024, the storage sector continued to grow significantly, when in December 2024 an capacity tender for supply in 2029 was held, giving the market further momentum. Battery-based storage systems stood out in the tender results, with contracts amounting to 31% of the total capacity awarded in the tender. As part of the tender, Energix won a capacity contract of approx. 9 MW for 17 years. Energix intends to start and complete the construction of its first storage facilities in Poland by the end of 2025.

During 2024, there were changes in the energy market in Poland, mainly related to the expansion of the capacity of electricity connections to the grid from electricity generation facilities, including from renewable energy.

The Renewable Energy Market in the United States[43]

The United States is one of the world leaders in the generation of electricity from renewable energies, and is ranked as the second country in the world after China, with the highest installed capacity of renewable energy facilities[44] in large photovoltaic facilities. It is estimated that in 2024, approx. 40 GW of solar facilities were connected to the electricity grid and the total number of new wind facilities in 2024 is expected to be more than 7 GW[45].

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

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

A key component of this trend is the Inflation Reduction Act (IRA), which entered into effect in August 2022, which regulates long-term economic incentives to promote climate and energy programs. As part of the law, an investment plan of approx. USD 500 billion was adopted, of which approx. USD 400 billion is designated for tax incentives and benefits for electricity generation projects from renewable energy.

42 Sources in this chapter:
Poland - Economic Review 2022 by the Ministry of Economy and Industry
https://www.iea.org/reports/poland-2022/executive-summary
https://www.trade.gov/country-commercial-guides/poland-energy-sector
https://energy.instrat.pl/en/electrical-system/generation-capacity-are/

43 Sources in this chapter:
https://www.bnef.com/shorts/sqvtn5t0afb400?context=recommendations
https://www.eia.gov/outlooks/steo/report/BTL/2023/02-genmix/article.php
https://energy.virginia.gov/renewable-energy/ClosureCarbon.shtml

44 Sustainable Energy in America 2020 Factbook BloombergNEF.

45 US Clean Energy Market H2-2023

The law provides significant benefits such as extending the eligibility period for the ITC tax benefit until 2032, increasing the benefit rate to 30% and up to 50% depending on various criteria, the possibility of selling the right to the tax benefit, and additional incentives of up to 10% for projects that use US-made equipment or are located in areas defined as "energy communities."

Trends in the demand for green energy - Market forces are significantly affecting the renewable energy market in the United States in several ways. In recent years, the corporate sector in the US, led by technology giants such as Google, Meta and Amazon, has started setting internal goals and deadlines for the transition to the use of 100% renewable energy sources as part of their corporate governance goals. These moves have led to a significant increase in demand for green electricity and a fundamental change in the customer mix of electricity supply companies in the United States. In addition, the significant increase in the consumption of digital information, which has intensified following the AI revolution, is leading to substantial growth in the demand for electricity in general and green electricity in particular, on a scale not seen in three decades. According to forecasts, the growth rate of the demand for electricity in the United States, which has been zero for three decades, is expected to average over 3% annually by the end of the decade, reflecting a total growth of approx. 128 GW.

This excess demand creates infrastructure challenges, such as the lack of sufficient available capacity in the electricity grids, leading to a significant extension of the grid connection procedures - from processes that previously took approx. two years to processes that currently may take between 3 and 4 years. In addition, the ability of developers to obtain connection agreements at reasonable costs and schedules has significantly decreased.

The combination of regulatory trends with market forces is creating a high demand for green electricity, and supports high electricity price levels in the coming years.

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

In the reporting period, there was a trend of increasing demand for electricity from renewable energy and an increase in the prices of green certificates in the United States, which significantly improves the economic viability of projects in the renewable energy market.

The electricity market may receive additional support, given the desire to develop and integrate new technologies for storage and grid balancing, and also due to the decrease in the costs of establishing electricity-generation facilities based on renewable energies. Storage is considered a developing field in the United States. According to estimates, as of the end of 2024, the installed capacity of storage facilities in the US amounts to approx. 85 GWh. The storage sector in the United States is expected to gain considerable momentum in the coming years, against the backdrop of the growth in renewable energy facilities and supportive regulation, and according to estimates, it is expected to grow to a total capacity of approx. 450 GWh by 2030. [46]

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

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

2.2.1 Photovoltaics

2.2.2 General

2.2.2.1 Electricity generation using photovoltaic technology

Photovoltaic Energy (PV) is electrical energy derived from sunlight generated by absorbing radiation from sunlight through panels with photovoltaic cells made of semiconductor materials (hereinafter: "**photovoltaic panels**"). When sunlight energy is absorbed by the photovoltaic panels, it releases electrons which, as they flow through the semiconductor, produce an electric current.

The main components of photovoltaic systems are: photovoltaic panels consisting of solar modules; a fixed or tracking structure; a current converter which converts the electricity generated from direct current (DC) to alternating current (AC); a connection point to the electricity grid and electricity meter. The photovoltaic capacity is affected, among other things, by the intensity of sunlight, with strong light producing a strong electric current and measured in kilowatt-peak/megawatt-peak

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

(KWp/MWp) units representing the solar panel capacity ("**installed capacity**") or kilowatt/megawatt (KW/MW) representing the converter capacity.

In the reporting period, Energix began to develop and promote photovoltaic projects in Poland, thereby expanding Energix's activity in the photovoltaic sector to the three regions in which it operates in Israel, the United States and Poland.

2.2.2.2 Integration of storage technology in photovoltaic facilities

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

2.2.2.3 Strategic collaboration with First Solar and with SMA

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

2.2.3 Energix's photovoltaic activity in Israel

At the end of 2024, the installed capacity of photovoltaic facilities in Israel was 6 GW, a capacity that is expected to increase 2.8 times by 2030 to approx. 17 GW[47]. According to the Electricity Authority's estimates, approx. 38% of the installed capacity required to meet government targets for 2025 and approx. 42% of the potential installed capacity to meet 2030[48] targets are found in ground-mounted photovoltaic facilities and therefore, most of the renewable energy potential in Israel lies in photovoltaic facilities[49].

2.2.3.1 Photovoltaic regulations in Israel:

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

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

Regulation	Period	Main characteristics	Rate	Engagement period	Energix's capacity
Tariff quota regulation	Until 2016	Fixed rate according to quota - The electric company must engage with the facility that meets the conditions	Fixed according to quota	20 years from the date of commercial operation	41 MWp in commercial operation
Competitive procedure regulation	Starting in 2017	Tenders for the construction of facilities at various voltages. Win according to the offered price and requested capacity "Uniform second price method" Obligation to commence operations within 21 months of the win	Uniform tariff according to the results of the tender	Approx. 23 years (usually)	289 MWp - commercial operation, 28 MWp - in development + 110 MWh storage 87 MWp in extra-high voltage in development

47 Ministry of Energy, Roadmap for a Low-Carbon Energy Economy by 2050, October 2021.

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

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

Market regulation	Starting in 2024	Direct sale to private suppliers or to the system administrator No need for a preliminary procedure or a dedicated tariff. Possibility to transfer existing facilities from other regulations	According to an agreement with the supplier (higher than the winning rate in the competitive procedure)	According to an agreement with the supplier	53 MWp - including 189 MWh of storage in commercial operation. 28 MWp - in development, including 110 MWh of storage
Wholesale market principles in the transmission grid	Starting March 2022	Sale of electricity to the system administrator Rate according to half-hourly market prices. No preliminary procedure required	Varies according to half-hourly market prices	Not specified	No associated facilities

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

In the reporting period and as of the date of approval of the report, Energix issued green certificates for electricity generated in some of its facilities for the purpose of selling them to third parties, and as of the date of the report, these agreements were made mainly with international companies.

Construction and operation of photovoltaic projects in Israel:

Approvals and permits for project construction

Energix's development and construction projects are subject to the Planning and Building Law and require approval of a statutory plan by the relevant planning institutions. Energix is required to regulate its rights to the land, and obtain approvals from various entities such as local authorities, the Electricity Authority, the Israel Electric Company and government ministries. For an electricity generation facility over 5 MW, a business license is required, and Energix, as an operation and construction contractor, may be exposed to legislative and regulatory aspects, when the work is actually performed by subcontractors.

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

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

2.2.3.2. Information regarding the project system in Israel

	Connected projects		**Projects in development / pre-construction**		**Projects in advanced initiation**	**Projects in initiation**	
	Photovoltaic	Photovoltaic projects with combined storage	First competitive procedure for extra-high voltage(1)	Photovoltaic projects with combined storage	Mishor Rotem West	Photovoltaic with combined storage	Storage
Capacity (MW)	330(2)	53 MW Includes 189 MWh storage	87	58 MWp Includes 158 MWh storage	21 MWp Includes 68 MWh storage	350 MWp	2,800 MWh
Construction cost* (NIS millions)	1,200	327	290-320	310-340	80-100		
Revenue* (annual, NIS millions)	161-171	32-38	22-26	28-32	10-12		
Gross profit* (annual, NIS millions)	124-132	25-31	16-20	20-24			

(1) Of which 9 MWp has been connected and began feeding electricity into the electricity grid after the date of the report.

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

2.2.4 Energix's photovoltaic activity in the United States

General[50]

The renewable energy market in the United States is growing rapidly in general, and the photovoltaic market in utility scale facilities in particular. In 2024, approx. 40 GW of solar installations were connected to the US electricity grid, a growth of over 45% compared to 2023. In addition, more than 7 GW of new wind installations were connected to the grid in 2024. The photovoltaic sector in the United States is based on a sophisticated market for the sale of electricity and the sale of green certificates (RECs - Renewable Energy Credits) and in some cases, in some areas of the United States, revenues for capacity and additional services. In addition, developers in the photovoltaic sector are eligible for a federal tax credit (ITC) in significant amounts, conditional on meeting the threshold conditions for the benefit.

Sources of revenue from photovoltaic activity in the United States:

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

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

a. Carried out through a dedicated agreement or competitive tender published by the local electric company.

b. The electric company selects among the bidders according to price and project quality parameters (location, stage of initiation) and bidder quality (experience, financial strength).

c. The engagement constitutes an actual sale of the electricity generated by the facility to the electric company.

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

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

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

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

(i) Independently, against the profits of the corporation that owns the project.

50 Sources:
https://www.bnef.com/shorts/sqvtn5t0afb400?context=recommendations
https://www.eia.gov/outlooks/steo/report/BTL/2023/02-genmix/article.php
As of the date of approval of the report, most of the Company's activity in the United States is not carried out through tenders.

(ii) Through an engagement with a local partner, who has a federal tax liability in the United States ("**Tax Partner**"). The tax partner usually provides up to 50% of the investment cost for the facility's construction at the stage of the facility's connection to the grid in exchange for most of the tax benefits to which the project is entitled, mainly the ITC, as well as payment of 10%-30% of the project's cash flow over a period that is usually 5-7 years, reflecting a return on the tax partner's investment at rates agreed upon between the parties, estimated at 7-10% as of the date of approval of the report. The developers are responsible for injecting the balance of the investment cost for the construction of the facility (including by way of financing) and are entitled to the balance of tax benefits and the balance of the project's cash flow. Upon the repayment of the tax partner's investment plus an agreed consideration (by way of the ITC tax benefits, its share of losses for tax purposes and payment of its share of the cash flow), the tax partner's share in profits and cash flow decreases to 5%, and on that date the developers have the right to acquire the tax partner's rights in the project at market conditions.

(iii) Through a sale of the right to the tax credit, instead of the need for a tax partner (Tax Credit Transferability). With the addition of the right to sell the ITC tax credit, there is a trend among many players who previously entered into transactions as tax partners to purchase tax credits. This is in view of the increasing supply of projects eligible for tax credits due to the accelerated growth in the sector. Transactions of this type are generally characterized by a reduction in the consideration to which the developers are entitled against the sale of the rights embodied in the ITC tax credit relative to tax partner investment transactions without a sale. For additional information regarding the IRA legislation and the ITC tax credit, please see Section 2.1 above.

5**. Capacity payments** - In some cases, additional revenue may be received from existing projects for a commitment to system capacity for the generation of electricity towards the local electricity company. The significant increase in the demand for electricity in the US market reinforces the need for electricity grid administrators to make investments and increase grid redundancy, and there is a trend of a significant increase in capacity prices paid to developers. In July 2024, the results of a capacity tender were published for the PJM grid, in which significantly higher capacity prices (over 10 times) were set compared to past tenders. Energix estimates that the results of the tender are expected to generate additional revenue for US operations of approx. USD 11 million in the period between June 1, 2025-May 31, 2026 compared to existing projects in commercial operation in the United States (E3, VA1, VA2), and to increase profitability in future projects.

Approvals and permits for initiating and developing the project:

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

Approvals and permits required for construction work and operation

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

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

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

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

Information regarding Energix's operations in the United States

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

Energix estimates that establishing its operations in the PJM network, together with the IRA legislation in effect on the date of the report, and its competitive advantage as a result of the strategic partnerships it has created with leading market players, including ensuring a regular supply of US-made panels at attractive prices, creating cooperations with Tier 1 banks and a cooperation agreement with Google, significantly strengthen the economic viability of its operations in the United States, and provide a platform for accelerating Energix's growth and its main growth engine.

Information regarding the projects in the United States

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

	Connected projects		**Projects in development / pre-construction**		**Projects in advanced initiation**	**Projects in initiation**
	Virginia 1+2 projects	Virginia 3 projects and Pennsylvania	E4 project backlog	E5 project backlog	Projects in advanced initiation	Photovoltaic and storage
Capacity (MWp)	224	412	210	272	632	3,650 MWp 5,680 MWp
Construction cost* (NIS millions)	569(1)	1,333(1)	500-560(1)	760-860(2)	1,680-1,780 (2)	
Revenue* (annual, NIS millions)	62-68	135-145	77-83(2)	98-106(2)	265-285 (2)	
Gross profit* (annual, NIS millions)	48-54(1)	108-116	62-68(3)	82-88(2)		

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

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

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

(3) Financial data is based on an exchange rate of NIS 3.6 per USD 1.

2.2.5 Energix's photovoltaic activity in Poland [51]

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

51 Sources:
https://energy.instrat.pl/en/electrical-system/generation-capacity-are

General

In recent years, the photovoltaic energy market in Poland has been experiencing accelerated growth, with the energy supply from photovoltaic sources increasing from 4 GW installed at the end of 2020 to 12.4 GW at the end of 2022, 17 GW as of the end of 2023 and approx. 21 GW as of November 2024. This significant growth is expected to continue in the coming years. As part of the growth trend, in 2023, compared to 2016, the capacity of solar projects throughout Poland and the electricity they generated increased from 187 MW to 17,060 MW and from 123.9 GWh to 14,871 GWh, respectively, a trend that is expected to continue in the coming years. During 2024, the frequency of negative prices, which occurs during peak production at photovoltaic facilities, increased. This trend may increase with the construction of additional photovoltaic facilities.

Sources of revenue from photovoltaic activity in Poland:

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

The following is Energix's PV activity in Poland:

	Connected projects	Projects in development and pre-construction	Projects in advanced initiation	Projects in initiation
	Photovoltaic	PV project in Poland - 30 MW	PV projects in advanced initiation in Poland	Photovoltaic
Capacity (MWp)	13 MW	30 MW	104 MW	330 MW
Construction cost* (NIS millions)	34	61-71	255-275	
Revenue* (annual, NIS millions)	4-5	8-12(1)	35-41(1)	
Gross profit* (annual, NIS millions)	3-4	8-10(1)		

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

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

(2) Financial data is based on an exchange rate of NIS 0.9 per PLB 1.

2.2.6 Wind energy[52]

General

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

In recent years, the global wind market has grown at an average annual rate of over 60 GW, with global installations in 2024 reaching 124 GW, and according to the BNEP forecast, installations in 2025 are expected to reach approx. 145 GW, with approx. half of the growth expected in China. In addition, the average annual growth rate is expected to be approx. 12% by 2035, reaching an installed capacity of approx. 3000 GW. It should be noted that despite a global increase in initiatives to establish offshore wind energy facilities, most of the growth noted above is expected to come from onshore facilities. This increase is a result of technological innovations that have made it possible to reduce electricity generation costs from wind energy, and growth in investments in wind energy around the world and extensive government support programs. However, while many countries are trying to accelerate wind energy development by easing licensing requirements and improving grid access, the sector is more complex than other technologies. In addition, the prices of new wind turbines remain relatively high due to supply chain bottlenecks, although the cost of operation and maintenance services is not expected to increase.

Energix's wind activity in Israel[53]

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

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

By June 30, 2024, wind projects over 50 MW were regulated within the framework of the Feed-in Tariff regulation, which covers 730 MW. Starting in 2023, the Electricity Authority's decision entered into effect, enabling the construction of wind facilities under market regulation and the sale of electricity to private sector entities at the SMP rate, and starting in 2024 also to virtual suppliers.

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

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

Sources of revenue from photovoltaic activity in Israel:

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

(b) **Market regulation** - As of the date of approval of the report, new projects for electricity generation from wind energy are regulated under the market regulation, which offers developers two options for selling electricity: one, electricity sales agreements to the IEC at the SMP rate and the other, sales to virtual suppliers (an option that entered into effect in early 2024).

52 Bnef- 2H 2024 Global Wind Outlook

53 Sources in this section:

From the Electricity Authority's new BI system.

Electricity Sector Status Report, 2024.

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

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

ARAN project:

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

2.2.2.2 Energix's wind energy activity in Poland[54]

The installed capacity of the wind farms in Poland is expected to reach 19 GW by 2030 and 30 GW by 2040. Starting in 2016, there was a relative slowdown in the development of the wind energy sector due to regulatory restrictions that did not allow the development and initiation of new wind farms, so that between 2016 and 2024, the total installed capacity of wind farms in Poland increased by 76%, from approx. 6 GW to approx. 10 GW. Energix estimates that the adoption of the reliefs included in the Distance Law during 2025 may lead to an increase in wind energy development activity in Poland in the coming years.

Wind energy regulations and arrangements in Poland:

In order to meet the 2030 targets, in recent years Poland has adopted two strategic plans: Poland's Energy Policy for 2030 (NECP) and Poland's Energy Policy for 2040 (NEP2040). Alongside these plans, the Polish energy market is regulated through the Polish Energy Law of 1997, and the Polish Renewable Energy Law of 2015 (RES Act) as updated from time to time, and under regulations and directives issued thereunder.
According to the provisions of the law, the regulation that will apply to wind farms is divided into two - one, the "Green Certificate Regulation", based on the sale of the electricity generated by the wind farms and in addition, eligibility for green certificates which applies to all wind farms whose construction was completed by June 30, 2016; and the other, the "Tariff Tender Regulation" which guarantees, subject to winning the tender, a fixed tariff for 15 years, in relation to a certain volume of production, which applies to all wind farms whose construction is subsequently completed. In addition, in the Polish market trading is carried out in non-statutory green certificates (GOOs), which is an additional source of income.

Green Certificate regulation:

A wind farm that is subject to the green certificate regulation is entitled to revenues from the sale of electricity generated by the wind farm and revenues from the sale of Green Certificates. The green certificates constitute an additional revenue component for a period of 15 years from the date of commencement of electricity-generation at the wind farm. The price of Green Certificates is not fixed and changes according to supply and demand.
In addition, under the Polish Renewable Energy Act, electricity consumers are required to demonstrate a minimum annual rate of purchase of electricity produced from renewable energy sources, an obligation that can also be met by purchasing a minimum rate of green certificates. A producer who fails to meet this obligation will be required to pay a fine at an annual rate set by the regulator each year, equal to 125% of the weighted average price of green certificates in the previous year, but not exceeding PLN 300 per certificate. It will not be possible to pay the fine as long as there is an inventory of green certificates in the market.
In the reporting period, in 2024, the green electricity rate that producers of "black electricity" were required to purchase was 5%. Towards August 2024, the Polish government submitted a draft proposal to increase the quotas that determine the green electricity rate to 12.5% starting in 2025, which would gradually decrease to 11.5% in 2027. After objections from various parties, it was decided to set the quota rate at 8.5% for one year, and as a result, the price of the certificates fell to a record low. In view of the current government policy and its statements, Energix believes that the price of the certificates does not reflect market conditions and therefore, it continues to hold the certificates it produces in inventory (it should be emphasized that the certificates do not have an expiration date) and will aim to sell them at higher prices.
It should be noted that such a decision may be changed by the regulator, depending on the considerations and priorities of the Polish government with regard to the encouragement of the renewable energy sector.
As of the date of approval of the report, Energix has a wind farm for the generation of electricity from wind energy under the green certificate regulation with a capacity of 119 MW.
For additional information regarding the price of the green certificates as of the date of approval of the report, see Note 7(e) to the financial statements.

Tariff tender regulation:

The regulation that supports the establishment of facilities whose construction was completed after June 30, 2016 is the tariff tender regulation, under which the electricity generated at the wind farm can be sold to the local electricity marketer (who

---

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

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

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

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

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

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

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

During the reporting period, Energix worked to expand its project backlog by initiating them at various stages, through the acquisition of projects and/or self-initiating (Greenfield). The wind energy market in Poland is still awaiting legislative updates that may lead to renewed momentum in the wind sector in Poland.

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

	Connected projects	Projects in advanced initiation	Projects in initiation
	Wind	Wind projects in advanced initiation in Poland	Wind
Capacity (MW)	301	86	630
Construction cost* (NIS millions)	1,579	495-555	
Revenue* (annual, NIS millions)	369-389	99-109 (1)	
Gross profit* (annual, NIS millions)	301-317		

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

(2) Financial data is based on an exchange rate of NIS 0.9 per PLB 1.

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

2.2.7 Energy storage

General

Electricity storage using various technologies has existed for a long time, but in recent years the need for it and its use have increased significantly, mainly due to the recognition of its important role in the optimal utilization of renewable energy sources and their integration into the transmission grid efficiency.

Electricity storage replaces the need for establishment of additional generation sources and saves space, and the desire to reduce greenhouse gas emissions by transitioning to renewable energies, which are usually not available throughout all hours of the day, reinforces the need for energy storage. The use of storage can solve the problem of surplus generation by absorbing the surplus generation in the afternoon and unloading it in the evening and at night. In addition, the storage means have a fast response capability and they can provide a solution to some of the dynamic problems that make it difficult to maintain grid stability. Battery storage has other advantages such as relatively fast establishment times, the size of the facilities and the ability to integrate them into existing infrastructure and modular construction capability.

The continued intensive growth in renewable energy generation is creating new challenges for grid administrators around the world. In particular, these entities are faced with the need to cover sudden changes in electricity generation due to fluctuations in renewable energy generation, rapid increases in the residual load between daytime and evening hours, grid congestion at specific times, and providing a response to changing demand peaks. Battery storage technology addresses these challenges by enabling the timing of when the electricity generated by photovoltaic facilities is fed into the national grid throughout the day. In this technology, a battery is installed near the solar field and charged by the electricity generated by the photovoltaic facilities. In that way, during the day, electricity produced directly by the panels using solar rays is fed into the national electricity grid, and at night, according to an electricity generation plan determined in coordination with the system administrator, it is possible to feed electricity stored in the battery into the national electricity transmission grid or for self-consumption.

This storage technology has several advantages: First, the ability to increase generation during solar hours even beyond the demand for electricity during those hours. Second, the stabilization of the electricity grid when sudden fluctuations are "balanced" using storage systems. Third, the storage system "bridges" the critical hours of sunset when electricity consumption remains high but the solar generation source is zeroed, thereby providing a solution to both the need for a rapid increase in generation and the ongoing peak demand, while reducing the need for construction of conventional backup stations. Fourth, the dispersion of solar electricity over all hours of the day, thereby easing the burden on the electricity grid infrastructure.

According to estimates, the global energy storage market is expected to reach approx. 6.1 TWh by 2035, a forecast that reflects an average annual growth rate of approx. 17%.

In 2024, the global storage market continued to strengthen, with capacity additions expected to total approx. 65 GW (169 GWh), an increase of approx. 76% compared to 2023. According to forecasts, global installed storage capacity is expected to grow at an average annual growth rate of 17% until 2035. Storage as a means of integrating renewable energies is expected to continue to account for approx. 70% of all applications in the storage market, with over half of the installations expected to be in a storage model that integrates additional renewable energy in the same project, with an emphasis on solar energy.

However, given the relatively early stage of the storage market, the development of energy storage projects worldwide is still driven mainly by government encouragement and support programs.

Energix's storage activity

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

Israel:

Sources of revenue from photovoltaic activity in Israel:

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

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

Information regarding Energix's activity in Israel:

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

United States:

(i) Because the renewable energy market in the United States is an open market, there are several possible models for income from storage operations in the United States such as availability (Capacity), buying and selling in the electricity market (Arbitrage) and Frequency Regulation. The Company has a backlog of 5.7 GWh of projects in initiation, which Energix is developing, while examining several possible revenue models.

(ii) Based on a study of the regulation in the PJM grid in which Energix operates, and an examination of the economic viability of a specific project carried out during 2024, it appears that at present, the economic conditions for the establishment of storage projects in the US states in which Energix operates have not yet matured. However, Energix believes that as these markets develop, the revenue aspects of the storage projects will also develop, which will allow the projects to be carried out under optimal conditions. For this purpose, in addition to the continued studying of the market, Energix is continuing the development of a backlog of storage projects and examining long-term agreements with relevant suppliers to ensure a supply chain for the backlog of projects under development.

Poland:

(i) The electricity market in Poland enables several possible models such as Capacity and Arbitrage in the electricity market. During the reporting period, an additional frequency regulation model was added.

(ii) Information regarding capacity tenders in Poland: Upon winning the capacity tender, the developer signs an agreement for a period of up to 17 years, which begins in the fifth year from the date of the win (there is also a quarterly capacity tender for supply within a year from the date of the win). The price that is set is uniform for everyone using the "Dutch Auction" method, meaning that you start with an initial price that is set in advance and the price closes when the requested quantity is equal to the offered quantity. The closing price is in PLN per KW (index-linked) per year and is given for the availability to supply electricity when called by the system administrator (notice will be given approx. 8 hours in advance). The penalty for failure to provide electricity on the call date is limited to twice the price of the capacity tender closing in the year in which the electricity was not supplied. The upcoming capacity tender is expected to be published in December 2024 and Energix intends to participate in relation to the project whose construction is expected to begin in the coming months.

Information regarding Energix's storage system:

	Projects in development / pre-construction	Projects in advanced initiation		Projects in initiation		
	Israel	Israel	Poland	Israel	United States	Poland
	Photovoltaic projects with combined storage	Photovoltaic projects with combined storage	Nowe Czarnowo	Storage	Storage	Storage
Capacity	58 MWp Includes 158 MWh storage	21 (68 MWh)	52 MWh	2,800 MWh	5,680 MWh	2,100 MWh
Construction cost* (NIS millions)	310-340	80-100	55-65			
Revenue* (annual, NIS millions) (2)	28-32	10-12	17-21			
Gross profit* (annual, NIS millions)(2)	20-24					

(1) All photovoltaic projects combined with storage are also included in the photovoltaic project system in Israel.
(2) Projected results for first full year of operation.

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

3. Suppliers and raw materials for the area of activity

Energix usually engages in advance with the suppliers of the main equipment for the projects it builds (and with respect to photovoltaic panels, even for a longer period than for other equipment) and is therefore not exposed, for the most part, to disruptions in the supply chain. In addition, the equipment suppliers with which Energix engages in all three territories where it operates are leading companies with whom the Company has a strategic or long-standing relationship, and therefore Energix's exposure to delays in the supply chain is low. Energix monitors regulatory changes in import tariff issues to the United States and manages its US supplier network taking this into consideration.

Raw materials and suppliers - photovoltaic

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

Energix insists on calling and purchasing components for its photovoltaic systems from leading suppliers around the world, with extensive accumulated photovoltaic experience and reputation, with an emphasis on a strategic partnership Energix has established with the panel manufacturer First Solar and in a strategic cooperation signed with the inverter manufacturer SMA during the reporting period. However, Energix estimates that due to the large number of companies in the world that manufacture components for the photovoltaic systems that have similar technical capability to the suppliers from which Energix purchases the components, the Company has no dependence on one supplier or another. For information regarding Energix's engagement with First Solar for the purchase of solar panels and with the inverter manufacturer SMA, please see Section 2.3.8 of the Board of Directors' Report.

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

Raw materials and suppliers - wind energy

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

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

Raw materials and suppliers - storage

A battery storage system includes batteries, which are usually installed inside a container, a converter, management systems and a transformer. Generally, the system components can be purchased directly from the manufacturers or through an integrator that provides a comprehensive solution according to Energix's requirements - "systems". Usually, the warranty given on the system components and battery performance (degradation and efficiency) can be extended for a period of up to 20 years. During 2022, as part of its preparation for realizing the capacity it won in Competitive Procedure 2 for the construction of photovoltaic installations with combined storage capacity, Energix entered into a framework agreement with Aviam Systems Ltd., a company controlled by the Tadiran Group ("**Aviam**"), for the purchase of a comprehensive storage solution using batteries with a capacity of up to 320 MWh. As part of the transaction, Aviam will provide Energix with storage containers with LFP lithium-ion batteries, converters, transformers, control systems, as well as operating services at no cost for five years. The transaction price includes a linkage mechanism to the lithium price index and its effect on the price is according to the formula established in the agreement.

Storage product warranty

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

Main suppliers

In 2024, Energix made purchases from suppliers whose purchases accounted for more than 5% of the total amounts added to Energix's fixed assets for that year. The suppliers whose purchases accounted for more than 5% are as follows: panel supplier First Solar (26%), storage system supplier (7%), external subcontractor for construction work in the United States (5%).

4. Breakdown of revenues and product profitability

The following is a breakdown of Energix's revenues in each of the years 2023-2024:

	For the year ended December 31			
	2024		2023	
	NIS thousands	%	NIS thousands	%
Israel (*)	204,774	22.8%	149,426	21.9%
Poland	519,938	57.9%	484,350	71.0%
USA	172,915	19.3%	48,130	7.1%
Total	**897,628**	**100%**	**681,906**	**100%**

5. Trade receivables

Revenue from third parties in Israel

1. Essential service provider - IEC:

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

Energix's revenues from the IEC and from Noga (the government company for the management of electricity systems) In the reporting period amounted to approx. NIS 166 million, which constitutes approx. 18% of Energix's total revenues in general and 91% of total revenues in Israel in particular in the reporting period.

Private supplier - Electra Power Electricity:

For information regarding Energix's decision to associate the projects under Competitive Procedure 2 with the market model regulation, and its engagement in their scheme for the sale of electricity to Electra Power Supergas as a private supplier, please see Note 8(a) to the financial statements.

Green certificates:

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

Sale of electricity and green certificates in Poland

A. General:

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

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

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

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

Energix's revenues from Axpo in the reporting period amounted to approx. NIS 517 million, representing approx. 58% of Energix's total revenues in its consolidated statements.

Sale of electricity and green certificates in the United States

a. General:

Since the US electricity market is a sophisticated market in terms of customers, electricity in the United States can be sold to various entities active in the electricity sector and to electricity traders, including by splitting the sale of electricity into physical electricity sales and financial hedging transactions (electricity companies, brokers and other entities). In addition, the sale of green certificates is possible either as part of an electricity sales agreement or in a separate dedicated agreement. In the reporting period, the amount of revenues from Energix's operations in the United States is 19.7% of Energix's total revenues in its consolidated statements. For information regarding Energix's electricity sales agreement with Google, please see Note 8(d) to the financial statements.

6. Marketing and distribution

Israel - As of the date of approval of the report, Energix's photovoltaic, wind and storage activities in Israel do not require marketing and distribution to electricity consumers, as Energix's only customer is the essential service provider, which is required by local regulations to enter into long-term agreements with Energix.

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

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

7. Competition

As of the reporting date, many companies operate in Israel and other markets where Energix operates in the renewable energy sector in general and in photovoltaics, including with combined storage, wind and storage energy in particular.

In general, Energix estimates that the renewable energy sector is very competitive. In Poland, the activity of developers in the renewable energy sector is an activity dependent on quotas published by the Electricity Authority or a local regulator or tariff tenders, a restriction may apply to Energix's ability to implement the projects it promotes, to the extent that quotas published by the regulator are used in full by the competition or if Energix dos not win tariff tenders.

Competition in the photovoltaic sector - Energix estimates that as of the date of the report, 5-10 relevant competitors are operating in the market for photovoltaic facilities at high voltage and extra-high voltage in Israel. In relation to the photovoltaic facilities at extra-high voltage connected to the transmission grid, there are fewer competitors due to the high barriers to entry and Energix estimates that it has about five main competitors. Regarding the facilities at high and extra-high voltage, there is a trend of increasing the market share of players with significant equity.

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

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

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

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

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

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

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

8. Seasonality

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

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

9. Human capital

As of the date of approval of the report, Energix has a total of 267 employees (compared to 206 last year); 81 employees in the United States, 68 employees in Israel, 72 employees in Poland and 46 employees at the corporate headquarters.

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

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

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

10. Financing

Regarding Energix's financing arrangements, please see Notes 11(p), 11(q) and 12(c) to the financial statements.

11. Material agreements

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

12. Energix's forecast for 2025

Energix announced that it estimates that it will end 2025 with connected projects with a capacity of 2 GW + 0.4 GWh, an increase of approx. 50% compared to the end of 2024, which are expected to generate revenues of approx. NIS 1.1 billion for a full year of operation.

Energix's work plan targets for the end of 2026 include a backlog of projects in commercial operation with a capacity of 4 GW and 1.3 GWh of storage. Energix estimates that the expected revenue from these projects will amount to approx. NIS 2.2 billion, with an EBITDA rate expected to be 80%. The total construction cost of the project backlog is expected to be approx. NIS 21 billion, of which NIS 3.0 billion is equity that has already been fully invested by Energix in its existing facilities. The remaining amount required to establish the projects is expected to be received from financing transactions relevant to the Company's activities and the investment of tax partner funds as is customary in this area.

The information regarding Energix's forecast for 2025 and its work plan targets for 2026 constitute forward-looking information as defined in Section 32A of the Securities Law, 1968. Energix's estimates as of the date of publication of the report are based on the information known to it at that time, which may change as a result of the effect of regulatory and/or economic factors as well as general risk factors that characterize Energix's activities and whose realization in accordance with Energix's expectations is uncertain.

13. Energix's business strategy

Energix has set itself the goal of becoming a global green electricity producer, taking an active and leading role in the green energy revolution. Energix operates in accordance with a strategic plan and a long-term work plan that is updated from time to time. The plan is based on significant growth in Energix's operations with extensive international activity, with an emphasis on expanding operations in the United States as Energix's main growth anchor in the coming years, and continued expansion of Energix's two operational anchors in Israel and Poland, while maintaining an adequate return and a calculated risk level.

In the United States, Energix continues to operate and significantly expand its photovoltaic activity in the Virginia, Pennsylvania and Ohio region, and intends to expand to additional states that are attractive for Energix. Energix intends to work towards development of the storage sector in the United States, believing that the storage activity will mature and become profitable (although Energix estimates that it has not yet proven its viability). Energix is working to create the infrastructure it needs for a quick entry into its activity in this sector.

In addition, Energix estimates that its activity in long-term strategic collaborations with market leaders in the areas of financing, equipment suppliers and potential customers creates a significant competitive advantage in its US activity.

In Poland, Energix's activity is based on the continued development and expansion of its project backlog, through independent initiation activity and project acquisition, while focusing on the wind energy, photovoltaics and storage. In addition, Energix sees the storage sector as another significant growth engine, both as projects that combine electricity generation from renewable energy and as stand alone storage projects. In 2025, Energix intends to examine the possibility of expanding its activity in Poland to the neighboring country of Lithuania, in the long term.

In Israel, Energix intends to continue to develop the project backlog while developing the storage sector as an integral part of Energix's activity and to sell electricity within the framework of commercial agreements for the sale of electricity to suppliers under the market model, which will enable it to maximize its revenues from the sale of electricity faced with existing regulations. During the reporting period, Energix began selling electricity to a virtual supplier and intends to continue exploring alternative operating models in the Israeli energy market during 2025.

F. Information regarding the Corporation as a Whole

1. Competition

Due to the nature of the Group's activities in various countries where it operates, it has no specifically identified competitors, and is unable to estimate its market share. Regarding competition in the income-generating property sector in Israel, please see Section 8 in Chapter B, regarding competition in the income-generating property market in Washington D.C., Boston, Massachusetts and Austin, Texas, see Section 13 of Chapter C1. Regarding competition in the income-generating property market in the London metropolitan area, Oxford and Cambridge, please see Section 13 in Chapter D and regarding competition in the renewable energies sector, please see Section 7 in Chapter E.

According to Company estimates, critical success factors in its various areas of activity are as follows:

A. A leading professional team with extensive experience in each country where the Company operates.
B. Financial strength that enables favorable financing conditions and investments of equity.
C. Proper geographic distribution of investments.
D. Solutions to the regulatory and economic aspects of each investment.
E. Locating business opportunities in Israel and abroad, with the ability to respond quickly.
F. Ability to carry out international tax planning.

Main entry and exit barriers in the areas of activity:

Entry barriers:

- The need for financial strength and access to financing sources.
- Knowledge and experience in income-generating property, green energy and finance.
- Access to business opportunities in the field.
- Familiarity with leading local entities in the various markets involved in development.

Exit barriers:

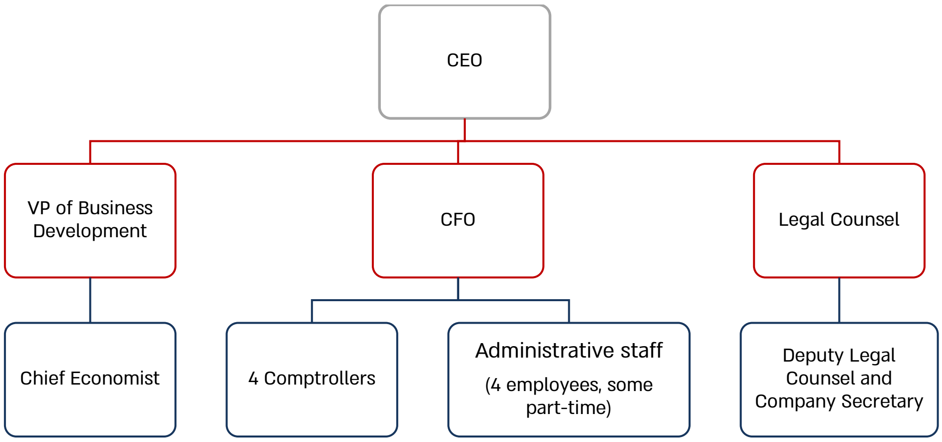
- The exit from the areas of activity is not flexible and realization of investments can take a long time.
- Early settlement of financing facilities for the purchase of assets may impose heavy withdrawal penalties.
- Financial covenants of subsidiaries in respect of loans and bonds that include conditions regarding the Company being a controlling shareholder.

2. Fixed assets

The Group's fixed assets consist mainly of the area of the Company's offices, the area of Amot's offices and Energix's offices. The depreciated cost of the fixed assets as of December 31, 2024 and 2023 is NIS 120 million and NIS 118 million, respectively. For Energix's electricity-generating facilities, see Chapter E above.

3. Human capital

As of December 31, 2024, the Company has 14 employees and officers, as follows:



3.1 General

The Company's employees and officers are employed through personal agreements (directly or in relation to some of the officers through a company under their ownership). The Company's full liability for severance pay is covered by contributions to executive insurance policies / pension funds and by a reserve for severance pay. During the reporting period, there were no material changes in the Company's human capital.

The Company has no significant dependence on any of the officers and/or employees.

The Group companies in Israel conduct seminars for their employees on various topics, including: administrative enforcement (regarding securities law), code of ethics, prevention of sexual harassment, road safety, occupational safety and more. In addition, the Group companies encourage their employees to take part in supplementary education and professional seminars.

The Group has a director training procedure in which the Company holds seminars for directors and officers and encourages directors serving in the Group's companies in Israel (i.e., the Company, Amot and Energix) to participate in fully funded seminars, conferences and training courses.

3.2 Remuneration plans for Company officers and employees

For information regarding the Company's remuneration policy for the years 2022-2024 and regarding the equity compensation framework plan for the Company's officers and employees, please see Note 17(e)(1) to the financial statements.

For information regarding the Company's new remuneration policy for the years 2025-2027, please see the immediate report published by the Company on November 18, 2024 (Ref: 2024-01-616686).

3.3 Officers and senior management

For information regarding the remuneration of officers and senior management employees, please see Section 2.8 of the Board of Directors' Report, Note 18 to the financial statements and Regulation 21 in the Additional Information on the Corporation chapter.

For information regarding the management agreement with the Company CEO, please see Note 9(a) to the financial statements.

For information regarding a management agreement with the Chairman of the Company's Board of Directors, please see Note 19(b) to the financial statements.

Regarding the terms of office of the seven highest remunerated among the senior officers in the Company or in companies under its control (of which 3 are officers in the Company) as recognized in the Company's financial statements for 2024, see Regulation 21 of the report on Additional Information on the Corporation.

4. Working capital

For information regarding the Group's balance of cash and unutilized credit facilities, see Section 2.4.1 of the Board of Directors' Report.

5. Financing

5.1 General

The Company finances its activities from its equity, from amounts it has raised at various times in public offerings and/or private placements of bonds and capital, from bank credit in Israel and abroad and from credit from institutional entities.

Since the Group operates in a number of geographic areas, the Group usually takes credit to finance part of its investment in each country in the relevant currency in which the investment was made. In the reporting period, the Group took credit in the following currencies: NIS, USD, GBP and PLN. In cases where the loans were taken in a currency other than the investment currency or at a variable interest rate, the Group sometimes enters into hedging transactions in order to set the exchange rates and/or the interest rate.

The following is information regarding the Group's loans and bonds as of December 31, 2024 as presented in the Consolidated Financial Statements:

	Loan balance as of December 31, 2024	Weighted nominal interest rate as of December 31, 2024	Weighted effective interest rate as of December 31, 2024
	NIS millions	%	%
Bank sources			
NIS Loans - CPI-linked with fixed interest	739	1.46	1.52
NIS loans - variable interest	346	7.26	7.26
GBP loans - fixed interest	1,709	7.55	4.73
USD loans - fixed interest (*)	1,302	5.54	6.29
USD loans - variable interest	238	7.26	7.26
PLN loans - variable interest (*)	333	7.78	7.78
PLN loans - fixed interest	998	5.81	7.97
	5,665	**5.06**	**5.08**
Non-bank sources			
CPI-linked fixed-interest NIS bonds (**)	10,477	2.01	0.37
NIS bonds - variable interest	600	6.74	6.50
NIS bonds - fixed interest	4,209	2.77	3.37
USD bonds - fixed interest (***)	426	1.86	2.73
PLN bonds - fixed	193	2.05	2.05
GBP bonds - fixed interest (***)	55	6.12	6.52
NIS loans - unlinked	136	7.12	7.52
NIS loans - CPI-linked	1,299	2.72	2.63
	17,395	**2.44**	**2.68**
Total	**23,060**	**2.35**	**2.59**
Adjustments (mainly premium and/or discounting of bonds)	(267)		
Financial debt	**22,793**		

(*) Including variable-interest loans in connection with swap and CAP transactions made for conversion into fixed-interest loans
(**) Including a fixed-interest bond in connection with a swap transaction made for conversion into a CPI-linked interest-bearing loan.
(***) NIS fixed-interest bonds in connection with cross currency swap transactions

Variable interest credit details:

Currency in which credit was granted	Credit balance	Interest	As of December 31, 2024
	NIS millions	%	%
NIS	990	Bank of Israel + 2.24%	6.74
PLN	399	Wibor 6M + 2.27%	7.78
Total	**1,389**		

The following is information regarding the Group's financial debt as presented in the Group's financial statements:

	December 31, 2024	December 31, 2023
	NIS thousands	NIS thousands
Consolidated Statement		
Financial debt (bank credit and bonds)	22,419,722	22,793,284
Net financial debt	20,895,396	20,595,607
Net financial debt to total balance sheet	54.2%	56.4%
Expanded Solo Statement		
Financial debt (bank credit and bonds)	5,825,236	6,774,485
Net financial debt	5,183,474	5,749,598
Net financial debt to total balance sheet	48.5%	54.1%

The following is information regarding the Group's liabilities payable after December 31, 2024:

	Consolidated Statement	%	Expanded Solo	%
Current maturities - 2025	1,860,025	8%	355,919	10.00%
Second year - 2026	2,475,275	11%	355,919	9.00%
Third year - 2027	2,211,517	10%	355,919	9.00%
Fourth year - 2028	2,545,449	11%	941,814	9.00%
Fifth year onward	13,736,982	60%	3,767,986	63.00%
Total without discounting in respect of bonds and others, net	**22,829,249**	100%	**5,777,557**	100.00%
Adjustments to financial debt (mainly the premium balance and financial derivatives)	(409,527)		(3,231)	
Total financial debt	**22,419,722**		**5,774,326**	

For the terms of the bonds issued by the Group, please see Note 11 to the financial statements and Appendix E to the Board of Directors' Report.

For the terms of material loans the Group has received from banking corporations and others, their repayment dates and their balances as of December 31, 2024, please see Note 12 to the financial statements and Section 5.2 below.

For additional information regarding the Group's credit facilities and their terms as of December 31, 2024, please see Note 12 to the financial statements.

Regarding liens and collateral provided to guarantee the Group's loans and bonds, please see Note 14 to the financial statements.

Regarding the balance of unencumbered assets of the Group and the Company (expanded solo), please see Section 2.4.2 of the Board of Directors' Report.

Regarding guarantees provided by the Group, please see Note 14 to the financial statements.

For information regarding financing in Carr (a jointly-controlled company), please see Note 6g(6) to the financial statements.

5.2 Reportable substantial credit[55]

5.2.1 The Company's reportable credit

As of December 31, 2024, the Company's bonds (Series I, J, K, L, M and O) constitute reportable credit as defined in Legal Position 104-15 dated October 30, 2011 as updated on March 19, 2017, February 2, 2023 and January 14, 2024 of the Israel Securities

55 The aforesaid disclosure is in respect of credit taken by the Company, the balance of which in the consolidated financial statements constitutes 5% or more of the Corporation's total assets and also constitutes 10% or more of the Company's total credit. In addition, the aforesaid disclosure is in respect of credit taken by a subsidiary of the Company, the balance of which in the consolidated financial statements constitutes 5% or more of the Corporation's total assets and also constitutes 10% or more of the total credit of the subsidiaries (Amot, Energix and BE) (hereinafter - "**reportable credit**"), as well as credit that is not reportable credit by itself, but due to the existence of a cross-default provision in other credits, the lender of the other credits will have grounds for immediate repayment in other credits due to the breach of the non-reportable credit, the cumulative amount of which exceeds the above cumulative threshold. It should be noted that in the event of the activation of cross-default provisions existing in the Company's bonds, bonds in a total financial amount of approx. NIS 5.8 billion may become payable immediately as of December 31, 2024.

Authority ("**reportable credit**"). For information regarding the Company's tradable bonds, please see Appendix E to the Board of Directors' Report - Information regarding Bonds Issued by the Company and Note 11(b-g) to the Company's consolidated financial statements.

5.2.2 Financial covenants for the Company bonds - expanded solo[56]

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

Financial ratio		Covenant	Value as of December 31, 2024
Net financial debt to value of holdings[57]	%	Less than 80	45.8%
Net financial debt to FFO[58]	Unit	Less than 25	9.7
Minimum equity (Series H, I, J, K, L, M and O)[59]	NIS billions	More than 2.2	5.4

5.2.3 Credit of subsidiaries that constitutes reportable credit

As of December 31, 2024, Amot's tradable bond series (D, E, F, G, H, I, and J) constitute reportable credit. For information regarding Amot's tradable bonds, please see Section 11 of the financial statements.

In addition, Amot has a bank loan in the amount of NIS 563 million which does not constitute reportable credit, but in view of a cross-default provision, it may be eligible for immediate repayment when Amot's bonds are placed for immediate repayment.

56 Calculation of financial covenants for the Company's bonds, was carried out in accordance with the disclosure of the Securities Authority, in the "Concentrated findings on the subject of compliance with financial covenants towards the holders of tradable bonds report" published by the Securities Authority in September 2019.

57 "Value of holdings" - as defined in the deed of trust. In order for there to be grounds for early repayment, the breach of the financial ratio must exist for four consecutive quarters.

58 In order for there to be grounds for early repayment, the breach of the financial ratio must exist for two consecutive years.

59 In order for there to be grounds for early repayment, the breach of the financial ratio must exist for four consecutive quarters. For Series I and J - the minimum equity is NIS 1.8 billion, for Series K and L - the minimum equity is NIS 2.1 billion and for Series M and O - the minimum equity is NIS 2.2 billion. The covenant presented in the table is the most severe of the series due to the cross-default provision that exists in the series.

5.2.4 Financial covenants in connection with Amot's bonds

Amot's bonds include conditions for their immediate repayment in the event of certain events which include, among other things, the following events:

Amot's bond series D, E, F, G, H, I, and J:

Covenant	Ratio as of the date of the report	Compliance status as of the date of the report
Amot's equity is higher than an amount equal to NIS 1 to 2.8 billion (depending on the bond series)	9.2	In compliance
The net financial debt ratio (less the value of investment property in development) to annual standardized NOI exceeds 14 for two consecutive quarters; (Net financial debt: Amot's aggregate debt to banking corporations, to other financial institutions and to holders of all types of bonds, less cash and cash equivalents, deposits, monetary funds, tradable securities, all according to their value in Amot's Consolidated Balance Sheet).	6.1	In compliance
The bond rating is BBB- for two consecutive quarters;	Aa2/stable	In compliance
Equity plus net deferred tax liability may not be less than 22.5% of the total balance sheet net of cash and cash equivalents and net of tradable securities for two consecutive quarters.	53%	In compliance
The value of the Amot's unencumbered assets may not be less, for two consecutive quarters, than NIS 1 billion, or 125% of the balance of bonds from the relevant series, whichever is higher. (not applicable to Series I and J)	The value of Amot's unencumbered assets is approx. NIS 20 billion, which is higher than the covenant.	In compliance
A demand for the immediate payment, that has not been withdrawn, of a material loan [60]or of a bond traded on the TASE.	There is no such requirement.	In compliance
Provisions regarding restrictions on the distribution of dividends under certain conditions	Such circumstances did not exist.	In compliance

For information regarding other generally accepted events that if they occur will result in the immediate redemption of the bonds, please see Note 11 to the financial statements.

5.2.5 Changes in credit from the date of the financial statements to close to the date of the report

Regarding the termination of a credit facility agreement in the amount of NIS 250 million from an institutional entity, please see Note 12(a) to the financial statements. Regarding the signing of a credit facility agreement in the amount of NIS 200 million from a bank in Israel, please see Note 12(a) to the financial statements.

5.2.6 Credit rating

The total repayment capacity if the Company (issuer) and the Company's bonds [61]are rated by Midroog Ltd. (hereinafter - "**Midroog**") at an Aa3 credit rating with a negative outlook and by Maalot Israel Rating Company Ltd.[62] (hereinafter - "**Maalot**") at a rating of ilAA with a negative outlook.

In the past three years, there have been no changes in the rating of the Company and its bonds from the two rating companies, except for a change in the outlook from stable to negative.

60 Material loan: a bond series that is not traded on a stock exchange or a material loan or debt whose remaining liability value or balance, as the case may be, on the date of their immediate repayment, constitutes 10% or more of Amot's total financial liabilities based on its most recent reviewed and/or audited consolidated financial statements, as the case may be, published by Amot shortly before that date or NIS 200 million linked to the known CPI on the date of signing the trust deed, whichever is greater.

61 Bond Series I, J, L, M and O.

62 Bond Series I, J, K, L, M and O.

For additional information, see Appendix E to the Board of Directors' Report.

Factors that may impair the rating

1. A sustained increase in the leverage ratio.
2. A significant decrease in the Company's liquidity.
3. An adverse change in the stability of the Company's dividend receipts and erosion of the coverage ratios.
4. A significant decrease in the performance of subsidiaries or a downgrade in their rating, which would affect the credit quality of the Company's investment portfolio.

Bonds of investees

Amot's bonds (Series D, E, F, G, H, I and J) are rated Aa2/Stable by Midroog Ltd. ("**Midroog**"), and are rated AA/Stable by Maalot the Israel Securities Rating Company Ltd. ("**Maalot**").

Energix's bonds (Series A and B) are rated A2.il/Stable by Midroog and Ail(P)/Stable by Maalot.

5.2.7 Derivative transactions in foreign currency

Managing exposure to foreign currency - the Company has a policy of hedging the currency exposure in respect of its investments, according to which the Company is exposed to various currencies, including the NIS, according to the ratio of investments (a ratio measured according to market value on an expanded solo basis), however, the Company management will have the authority to increase or decrease exposure in each and every currency. The Company uses derivative instruments in order to comply with the stated policy.

Energix is exposed to changes in the value of its investment and in its results in respect of its operations in Poland and the United States due to changes in the exchange rate of the Polish PLN and the USD (respectively) against the NIS. Such changes in the exchange rate directly affect Energix's capital and its results. Energix has adopted a hedging policy according to which it will act to hedge its net investment in projects in Poland and in the United States, so that the unhedged portion of the capital will not exceed 20%, in relation to a single currency.

For information regarding forward transactions in foreign currency conducted by the Group in order to implement the stated policy, please see Note 23 to the financial statements.

6. Taxation

6.1 Summary of tax laws applying to the Corporation

The Company and its Israeli subsidiaries are subject to the provisions of the Income Tax Ordinance (New Version), 1961.

In the years 2022-2024, the corporate tax rate and the capital gains rate in Israel amounted to 23%.

Regarding tax assessments of Group companies, please see Note 21d to the financial statements.

6.2 Tax laws applying to the Group's overseas activities

6.2.1 Taxation of the investment in Carr -

Carr chose to be defined as an REIT for tax purposes in accordance with Sections 856 through 860 of the US Income Tax Code of 1986, and its amendments ("the Law"). As a result, it is required to distribute at least 90% of its taxable income to its shareholders. Therefore, the federal tax liability in respect of the taxable income is transferred to its shareholders[63].

The Company records tax reserves in its books (according to its share in Carr) in respect of property revaluations carried out by Carr.

An American partnership, wholly owned by the Company (directly and indirectly) (hereinafter, in this section: "AH Carr") holds 52.3% of the rights to profits in Carr Properties Holdings (in this section - "Carr").

AH Carr is a transparent partnership for tax purposes in the United States, and therefore AH Carr's revenues from Carr are attributed to the AH Carr partners according to the relative share of each partner (approx. 80% - the Company (hereinafter - the "Israeli Partner") and 20% - an American entity wholly owned by the Company (hereinafter - the "Foreign Partner")).

Since the Israeli partner is not classified as a US resident, its share of AH Carr's dividend revenues that were distributed by Carr is liable for federal income tax according to the classification of the revenue distributed by Carr as follows:

- Regarding dividends deriving from Carr revenues from non-capital gains activity - withholding tax will be deducted in the United States at a rate of 30%;
- Regarding dividends deriving from capital gains - withholding tax will be deducted in the United States at a rate of 21% and branch tax at a rate of 12.5% in certain cases.

63 With the exception of federal income tax in connection with the non-material taxable activities of Carr's consolidated subsidiaries ("TRS").

- As long as the corporate tax rate in Israel is lower than the withholding tax deduction in the United States, the Israeli partner will not have to complete the payment of taxes in Israel.

The Israeli partner's share in AH Carr's revenues from the sale of Carr's shares (directly and/or indirectly), which according to United States law are classified as capital gains, are not liable for capital gains tax in the United States.[64] In accordance with Israeli internal law, the Company will be liable for tax in Israel in respect of the profits at the corporate tax rate.

The foreign partner is a legal entity incorporated in the United States that chose to be taxed in the United States. The foreign partner's share in dividends to be distributed by Carr to AH Carr and its share in AH Carr's revenues from the sale of Carr shares, less financing expenses (Subject to the US Financing Thin Limit and other restrictions), will be considered taxable income in the United States and will be liable for tax at 21%.

A Domestic Control REIT (hereinafter - "DCR") is a REIT that is controlled, directly or indirectly, by domestic investors (US investors). For this purpose, a US C-Corp (and other types of legal entities) were considered a US investor until April 2024.

On April 24, 2024, the US Treasury Department and the Internal Revenue Service (IRS) issued final regulations regarding the definition of a DCR. The new regulations implement a "look-through" approach to determining domestic control, with shares held by a look-through entity being considered held by the shareholders of that entity for the purpose of domestic control tests. The new regulations include 10-year transition rules for existing REIT structures. The transition provisions allow existing REITs to maintain their "domestic control" status for up to 10 years, subject to certain conditions being met. The transition period will end on April 24, 2034 or on the date the REIT fails to meet any of the required conditions, whichever is earlier.

Since the Israeli partner is not classified as a US resident and since Carr is currently in compliance with the transition provisions, the Israeli partner's share in AH Carr's revenues from the sale of Carr's shares (directly or indirectly), which are classified as capital gains in the United States, are not liable for capital gains tax in the United States according to Israeli internal law, the Company will be liable for tax in Israel in respect of the profits at the corporate tax rate. Insofar as Carr does not comply with the transition provisions, the Israeli partner will be taxed in the United States on the capital gains and Israel will have only a residual tax right.

The Company will be liable for tax in Israel at the corporate tax rate for the foreign partner's profits originating from dividends. Against the tax liability in Israel, a tax credit will be given for the tax paid by the foreign partner in the United States.

According to the Company's position, receipts classified by US tax laws as return on capital will be debited by the Company when selling Carr shares.

6.2.2 Taxation of the investment in BE

As of December 31, 2024, the Company holds, through wholly-owned Israeli companies, 84.9% of the share capital of Brockton Everlast (hereinafter - "**BE**").

Starting March 2020, BE chose to be defined as an REIT for tax purposes in the UK. As a result, BE is required to distribute at least 90% of its taxable income from current activity to its shareholders for tax purposes. Therefore, the tax liability for the distributed current taxable income is transferred to its shareholders65. The withholding tax deduction for this distribution is 15%.

In accordance with the REIT principles in the UK, BE is not required to distribute a dividend stemming from capital gains from the sale of real estate assets, and therefore, BE and/or its shareholders will not be taxed on those profits, as long as they are not distributed as a dividend. As of the date of the report, the Company holds approx. 84.9% of the rights in BE and therefore controls the date of distribution of the dividends. In view of the Company management's decision that BE will not distribute dividends stemming from capital gains in the foreseeable future, the Company does not record tax reserves in its financial statements in respect of its share in the revaluation gains of BE's assets.

The Company's holdings in BE are through Israeli companies wholly-owned by the Company (hereinafter: "**BEI**"). The Israeli companies (BEI) will be liable for tax in Israel in respect of the dividends at the corporate tax rate, while receiving a credit for the tax deducted abroad for the dividend (15%).

Upon the realization of BE, the Israeli companies (BEI) will be liable for capital gains tax at corporate tax rates.

6.2.3 Taxation of the investment in Boston

The Company holds, through wholly-owned Israeli companies (hereinafter: "**the Israeli Companies**"), three wholly-owned partnerships incorporated in the United States (hereinafter: "**the American Partnerships**"), each of which holds a REIT with a

64 As long as Carr is a "Domestically Controlled REIT" for five consecutive years close to the date of the sale.

65 With the exception of federal income tax in connection with the non-material taxable activities of BE's consolidated subsidiaries ("TRS").

real estate property in Boston (hereinafter: "**the REIT**"). The Company records tax reserves in its books (according to its share in the Boston properties) in respect of property revaluations of the properties recorded in the books.

Since the Israeli companies are not classified as US residents, the dividend revenues paid to them by the American Partnerships (and which originate in dividends distributed to the American Partnerships by the REIT from activity that is not capital gains) - a 30% withholding tax deduction will apply[66].

According to internal Israeli law, the Israeli companies will be liable for tax in Israel in respect of the dividends at the corporate tax rate, while receiving a credit for the tax they paid in the United States. As long as the Israeli corporate tax rate is lower than the withholding tax deduction in the United States, the Israeli companies will not have to complete the payment of taxes in Israel.

The Israeli companies' share in the revenues of the American Partnerships from the sale of the REIT's shares (directly and/or indirectly) will be liable for capital gains tax in the United States at a rate of 21%. According to Israeli internal law, the Israeli companies will be liable for tax in Israel in respect of the profits as stated at the corporate tax rate, while receiving a credit for the tax paid in the United States.

According to the Company's position, receipts classified by US tax laws as return of capital will be debited by the Company when selling REIT shares. Undistributed retained earnings of consolidated companies overseas

6.3 Tax laws regarding renewable energy

Energix's activity in Israel

According to the Income Tax Regulations (Depreciation), 1941, a 7% depreciation rate was determined for electricity-generating facilities using solar energy, making use of photovoltaic technology and are connected to the electricity grid as of January 1, 2016. At the same time, Energix received approval from the Tax Authority according to which, subject to certain conditions, Energix and its subsidiary companies and partnerships in Israel are defined as an industrial plant, according to the Encouragement of Industry Law (Taxes), 1969. Accordingly, Energix and its subsidiaries and partnerships in Israel depreciate their photovoltaic systems according to accelerated depreciation rates applicable to industrial plants.

Energix's activity in Poland

A tax rate of 19% applies to Energix's activity in Poland. Interest that will be received by Energix from Poland will be subject to withholding tax in Poland at a rate of 5% (subject to certain conditions).

Energix's activity in the United States

The federal tax liability in the United States is 21% and the state tax rate is 5% (in the states in which Energix operates). Dividends received by Energix from the United States will be subject to withholding tax at a rate of 12.5%, subject to certain conditions and a rate of 17.5% on interest payments.

Energix is entitled, under provisions of the US tax law, to a tax benefit in respect of photovoltaic projects it is building and operating in the United States in the form of an investment tax credit (ITC).

In August 2022, the Inflation Reduction Act of 2022 entered into effect, which regulates, among other things, the granting of long-term economic incentives to promote climate and energy programs. The programs include, among other things:

(1) Extension of the eligibility period for the ITC tax benefit for an additional 10 years at a rate of 30%;

(2) The possibility of increasing the ITC tax benefit by an additional rate of up to 20% of the total construction costs for renewable energy projects that meet the criteria as set out in the law, and also the possibility of trading the right to the tax benefit, eliminating the need for a tax partner (Tax Credit Transferability)[67].

In addition, regarding the rate of depreciation of electricity generation systems using photovoltaic technology, for US tax purposes, Energix is entitled, according to its choice, to depreciation over 12 years or to accelerated depreciation over one year (Bonus Depreciation) or over 5 years, with respect to most of the system costs.

Real estate taxation

66 Some of the American Partnerships are entitled to a deduction for interest expenses and general expenses accumulated in the American Partnerships (Subject to the US Financing Thin Limit).

67 Regarding the tax credit for the use of domestic equipment, on May 16, 2024, the US government published clarifications regarding the method of calculating eligibility for an additional tax credit (ITC) for the use of domestic equipment, pending the publication of binding regulations. The clarifications include new guidelines (Safe Harbor) for calculating the percentage of local equipment for a project in an easy manner and without relying on direct cost data from manufacturers.

Real estate taxation - as a rule, Energix's activity dos not involve the purchase and sale of real estate properties, but instead it enters into engagements for the rental of real estate for periods of up to 24 years and 11 months in Israel, up to 30 years in Poland and up to 35 years in the United States, for the purpose of operating electricity-generation facilities. Energix may be exposed to claims from tax authorities and/or local committees for the payment of various fees, surcharges and taxes. In addition, there is real estate taxation in Poland based on the cost of stationary parts in projects, mainly turbine and column bases.

6.4 Main reasons for the difference between tax rates applicable to the Group and the effective tax rates

Please see Note 21 to the financial statements.

6.5 Accumulated losses for tax purposes

See Note 20g to the financial statements.

7. Environmental Risks and their Management

7.1 Amot - Environmental Risks and their Management

1. Amot, as owner and/or lessee and/or entrepreneur and/or manager of real estate properties, may be found liable by law for breaches of law, including under real estate law, planning and building law, environmental law, business licensing law, occupational safety law, competition law and tort law, in the event that a breach took place with regard to real estate in its possession and/or real estate it leases.
2. Amot is required to comply with planning and building laws and regulations for the approval of plans, issuing of building permits and for the construction work. Significant tightening of regulations could materially affect Amot's business results and increase its expenses.
3. It should be noted that in recent years there has been a significant increase in environmental quality activity in Israel and around the world, which is reflected, among other things, in supervision and enforcement by government bodies and in the activities of environmental organizations. This trend is expected to continue in the coming years. Amot invests significant resources in ensuring its compliance with the provisions of applicable environmental laws and works to prevent and minimize environmental risks that may arise from its activities and the activities of its tenants. Amot's policy is to comply with the provisions and requirements of the law, including environmental laws, as well as the requirements of the various supervisory entities. For that purpose, Amot enlists the help of professional environmental consultants who assist and accompany it both in the construction processes of projects under development and in the management of its existing properties. As part of its corporate responsibility program, Amot also acts voluntarily, and beyond legal requirements, with respect to various aspects related to environmental quality.
4. Energy efficiency, green building and the LEED standard - Amot carries out a set of actions to mitigate greenhouse gas emissions and implements environmental protection management standards, including the implementation of strict construction standards such as LEED and BREEM for environmental protection management, and currently operates in all of its development projects in accordance with this policy. Amot also works to promote environmental quality aspects through energy efficiency projects and the use of renewable energy at sites under its ownership, both in existing properties and in projects in development.
5. Implementation of advanced technologies and environmental innovation in the construction and operation of assets - Amot recognizes the importance of reducing the impact from the Company's activities on the environment and therefore it operates, promotes and introduces advanced construction technologies to Israel as well as environmental innovation in construction and operation, which is reflected in technological systems that enable, among other things, thermal and acoustic insulation in buildings, maximum natural light entering the structure without direct radiation, recycling of air conditioner condensation water and reusing it for irrigation systems and filling toilet tanks, recycling of irrigation water and storing surface runoff for irrigation purposes, encouraging the use of recycled materials, installing advanced systems for treating fresh air, and more.
6. Amot recognizes the critical importance of identifying, assessing and managing material environmental and climate risks, if any, as part of its overall risk management process. In direct continuation of Amot's activity in this area to date and as part of the Israeli business sector's response to the climate crisis and the growing need to develop a sophisticated management interface for managing environmental and climate risks, Amot has decided to formulate an internal, cross-organizational enforcement plan for environmental and climate risk management through Amot's legal advisors, who have expertise in environmental law, and with the assistance of environmental consultants. The plan is designed to ensure that Amot's activities are carried out in accordance with the requirements of environmental regulation and to reduce exposure to environmental risks. This plan will include, among other things, identification of environmental risks and risks to which Amot is exposed due to climate change, which may have a material impact (to the extent that such exist), supervision mechanisms for the plan's implementation, operational procedures for

preventing these risks or for addressing a risk that has materialized. Amot believes that a thorough an understanding of the Company's material climate and environmental risks and their management will enable it to develop an appropriate strategy for preparedness, while identifying potential business opportunities in these areas, in direct continuation of Amot's extensive sustainability activity, which includes energy efficiency projects, renewable energies and green construction.

7. Amot leases areas to cellular companies for the installation and operation of cellular antennas and/or tiny transmitters. According to the agreements signed between Amot and the cellular companies, the companies bear the responsibility for obtaining the permits required by law for the construction and operation of the antennas and/or tiny transmitters. In addition, the cellular companies undertake to comply with the safety provisions under all laws and are responsible for bearing the liability imposed on them by law and indemnifying Amot for any damage caused as a result of their activity in the leased area, except for damage caused as a result of an act or omission of Amot. In addition the cellular companies are required to insure, among other things, their legal liability for harm and/or damage that may be caused to third parties due to their activity in the rental property, with the insurance expanded to compensate Amot and the management companies.
8. Amot leases rooftop areas under its ownership to several companies for the installation and operation of photovoltaic systems for electricity generation. According to the agreements it signs with the companies, the companies bear the responsibility for obtaining the permits required by law for the construction and operation of the systems. In addition, the companies undertake to bear the safety expenses under all laws and are responsible for bearing the liability imposed on them by law and indemnifying Amot for any damage caused as a result of their activity in the leased area, except for damage caused as a result of an act or omission of Amot. In addition the companies are required to insure, among other things, their legal liability for harm and/or damage that may be caused to third parties due to their activity in the rental property, with the insurance expanded to compensate Amot and the management companies.
9. Amot's environmental risk management policy is conducted within the framework of its general risk management policy and focuses on actions to minimize possible negative effects on its activities. Risk management is carried out mainly by Amot's management through ongoing monitoring of regulatory developments related to the Amot Group's activities, including regarding environmental risks. In view of the fact that most of Amot's properties are rented to office and/or commercial businesses, (which are not in the food and/or industrial sectors), Amot's management does not expect substantial exposure for the Group in terms of environmental issues for these properties.

7.2 Carr - Environmental Risks and their Management

Carr's environmental risk management policy is managed in accordance with the manner in which its general risk management policy is managed, while focusing on actions minimizing any damage to Carr's activity. Risk management is carried out mainly by Carr's management through ongoing monitoring of regulatory developments related to Carr's activity, including regarding environmental risks. In view of the fact that most of Carr's properties are rented to commercial businesses and/or offices (which are not in the food and/or industrial sectors), Carr's management does not expect substantial exposure for the Group in terms of environmental issues to the extent that such matters relate to these properties. Carr is insured with an insurance policy that provides coverage for environmental issues. In addition, in all of its lease agreements, Carr requires its tenants to repair environmental defects that have arisen as a result of their actions/omissions.

7.3 BE - Environmental Risks and their Management

Most of BE's assets are rented to commercial businesses (meaning, not in the food and/or industrial sectors) and therefore, BE does not expect substantial exposure in terms of environmental issues with regard to its properties. BE performs environmental tests, as part of due diligence performed in preparation for purchasing a property. All findings are examined carefully so that appropriate measures can be taken to remove or reduce the identified risk, including, readiness to carry out land restoration operations as part of new development work. Taking into account the nature of the properties purchased by BE to date (and the type of properties that are likely to be purchased in the future), the risk of any exposure to environmental risks is estimated as being low. To the best of BE's knowledge, BE is not currently carrying out any actions that caused or may cause environmental damage.

BE or its senior executives are not party to any legal proceedings or claims in connection with environmental risks or risk management and it has not been required to bear any expenses in respect of environmental issues during the reporting period.

7.4 Energix - Environmental Risks and their Management

1. Environmental risks:

As of the reporting date and the date of approval of the report and subject to that stated below, Energix knows of no environmental risks that have or are expected to have a material impact on Energix, or on legal provisions regarding environmental risks that have material implications for Energix and its activity. In general, Energix operates in the electricity generation sectpr from renewable energy and, except for the provisions of the law and environmental regulations applicable to it as a company that establishes and operates electricity generation facilities, Energix is of the opinion that its activities do not have a material negative impact on the environment.

Since Energix's activities are distributed across three territories, while climate risks have a limited regional impact, Energix does not consider climate risks to be a real or immediate risk that could have a material impact on its activities. However, a climate event that occurs in the Banie region in Poland, where Energix's Banie 1, 2, 3 and 4 wind farms are located, which would materially affect the project operations, may materially affect Energix's revenues for a defined temporary period until the climate damage is repaired, if the damage is not repaired within a period of 1.5 months. It should be clarified that Energix estimates that exposure to this type of event is extremely low.

2. Legal provisions relevant to Energix's activities

During the period of commercial operation and the projects development, Energix is required to monitor and track environmental impacts in the vicinity of its projects, and to take preventative or corrective action in the event of any negative impact on the environment. Energix acts in accordance with all relevant laws to reduce environmental risk and to the best of is knowledge, it is in compliance with all environmental regulations required for the receipt of permits for the establishment and operation of facilities.

In Israel, as of the date of the report, Energix performs environmental inspections and surveys on demand in accordance with the requirements applicable to the projects. During 2025, Energix is expected to enter into a systematic process in which periodic external and internal inspections will be performed in accordance with the requirements applicable to the projects.

In the United States, Energix conducts several environmental surveys for each of its future projects, in accordance with the regulations and laws applicable to the project (federal, state or local). The surveys examine all laws and regulations that may apply to Energix, and their impact on the construction of a specific project. In general, Energix is subject to federal and state environmental protection laws in all aspects of project development, construction and operation. At the state level, each state has an agency responsible for supervising and enforcing compliance with federal and state environmental protection laws. Environmental standards are a central factor in the design, development, construction and operation of Energix's sites. A wide range of environmental considerations are taken into account in the project planning, both in terms of planning and in connection with the projects' construction schedules, their estimated cost and their ongoing maintenance following the completion of construction.

In Poland, Energix is subject to environmental laws and directives of the European Parliament and the Council of the European Union. Accordingly, Energix is required to make environmental decisions before the construction and operation of wind facilities, among other things, in order to avoid causing environmental damage and to implement effective preventive measures for the future. In addition, Energix takes into account environmental restrictions aimed at protecting animals in the environment of its operations in its project construction schedules.

3. Environmental risk management policy

Energix's environmental risk management policy is part of its general risk management policy, and focuses on activities that reduce to a minimum any possible adverse effects on the Group's activity. Risk management is mainly conducted by the Energix CEO through ongoing monitoring of regulatory developments related to Energix's operations, including with regard to environmental risks. As part of the Energix's general risk management, the Energix Board of Directors has decided that the Energix CEO will report regularly to the Energix Chairman of the Board regarding the degree of existing exposure. As part of Energix's environmental risk management activities, Energix is expected to complete a climate risk survey in 2025 to map the value chain against the degree of possible exposure to both physical risks resulting from climatic and geographical changes (including increasing temperature, extreme natural events, rising sea level, etc.) and transition risks resulting from potential changes in Energix's business environment as a result of the global transition to a low-carbon economy. In addition, Energix is currently completing the formulation of a business recovery policy that will include, among other things, reference to environmental risks.

7.5 General - Environmental Risks and their Management

7.5.1 As of the date of this report, the Group is not a party to a significant legal or administrative proceeding related to the environment to which the Company or any of its officers is a party, and as of the date of this report, no amounts were ruled or provisions recognized in the financial statements and no other environmental costs apply to the Group. Furthermore, according to the Group's assessments, as of the date of the report, no event or issue related to the Group's activity that has caused or is expected to cause environmental harm for which it had or is expected to have a material impact on the Group.

7.5.2 As stated above, the environmental risk management of the investees is managed by each investee and focuses on actions to minimize possible negative effects on the activities of that company. Risk management is mainly conducted by each investee's management, while regularly monitoring regulatory developments related to its activity, including with regard to environmental risks.

For additional information regarding the management of environmental risks and environmental impacts on the Group's activities, please see Section 3 of the Board of Directors' Report.

8. Restrictions and supervision of the Company's activity

8.1. Regarding restrictions and supervision applicable to the Group's activities in environmental aspects, please see Section 7 above.

8.2. The Company as such is subject to the Companies Law, 1999, and the regulations thereunder. Furthermore, as the Company is a public company (as are Amot and Energix), it is also subject to the Securities Law, 1968, and the regulations thereunder.

8.3. The Group's real estate activity in Israel and abroad is subject to real estate law, property taxation, municipal taxation, business licensing, planning and building law, accessibility laws for people with disabilities, environmental laws applicable at the location of the properties, labor laws and their enforcement in connection with the employment of security and cleaning service contractors, privacy protection and information security laws, occupational safety laws, etc.

8.4. The Group's activity in the renewable energy sector in Israel is subject to legislation relevant to the Electricity Sector through the Electricity Sector Law, 1996 (hereinafter, in this subsection - the "**Law**"), the Electricity Law, 1954, the regulations and rules issued thereunder, as well as decisions of the Public Services Authority - Electricity, including the book of criteria and decisions of the Government of Israel and the Ministry of Energy and Infrastructures. The law establishes a principle according to which it is not possible to carry out any activity in the electricity sector (i.e. generation, system management, transmission, storage, distribution, supply or trade in electricity) without obtaining a license to carry out that activity, except for several exceptions defined in the law. According to the law, the authority to issue electricity generation licenses is the Electricity Authority. Furthermore, the development and construction of renewable energy projects, similar to other infrastructure projects, is carried out in accordance with the provisions of the Planning and Building Law, 1965 and the regulations thereunder, in particular with regard to building licensing, permit applications, calculation of areas and percentages of construction in plans and permits. Therefore, the construction activity of the projects is subject to complex approval processes for a statutory plan (City Building Plan and/or National Infrastructure Plan) in the relevant planning and construction institutions (such as district committees, the National Planning and Building Council and/or the National Infrastructure Committee), in accordance with the stages and guidelines in the Planning and Building Law and its regulations. In addition, for the purpose of its operations, Energix is required to arrange its rights to the land on which it establishes its facilities. Accordingly, its operations are affected by the land laws applicable at the location where its facilities are constructed, including the Israel Lands Law, the Ottoman Lands Law, the Defense Regulations, etc.

As part of Energix's operations in the United States and in Poland, Energix is subject to the corresponding local regulation. Also, in each country where Energix operates, including, but not limited to, environmental legislation, competition and building laws, real estate laws and relevant legislation regarding renewable energy. For additional information, please see Section 7.4(2) above.

Wholesale electricity prices in the United States are regulated at the federal level by the Federal Energy Regulatory Commission, an independent regulatory agency whose commissioners are appointed by the US President and confirmed by the Senate. It operates under federal legislation (including the Federal Power Act, the Public Utility Holding Company Act of 2005, and the Public Utility Regulatory Policies Act of 1978). Under its authority, it may authorize energy producers to sell wholesale electricity at rates based on market conditions and regulate wholesale markets to ensure the fairness of their rates.

The project companies connected to the electricity grid are subject to the regulation of the NERC - a federal body responsible for the national electricity transmission grid and large electricity producers. The NERC determines and enforces mandatory cybersecurity standards, conducts inspections for their implementation and may impose fines on entities that do not comply with the requirements.

8.5. As part of the implementation of the Law for the Promotion of Competition and Reduction of Concentration, 2013 (in this section - the "**Concentration Law**"), the name of the Company and its subsidiaries is included in both the list of centralized entities and the list of significant real corporations, which, among other things:

- Imposes restrictions on the amount of the investment therein by certain significant financial entities.
- May affect Energix, which is therefore defined as a centralized entity for essential infrastructure, in the event that Energix requests a production license for the construction and operation of a power plant for the generation of electricity with a capacity exceeding 175 MW connected to the electricity grid[68]. It should be noted that as of the date of publication of the report, Energix does not have and is not developing a project that exceeds this threshold.

As the Company has no control core, the companies directly held by the Company (which are a reporting corporation) are considered "first tier" companies, as this term is defined in the law.

68 According to the Concentration Law, when allocating a right, including a license for an area of activity defined as a vital infrastructure, the grantor of the right must take industry competition considerations into account, prior to allocating the rights / granting the license, while consulting with the Antitrust Commissioner. Furthermore, when allocating such a right to a centralized element, the grantor of the rights must consider centralization throughout the economy while consulting with the Committee for the Reduction of Centralization, in the manner detailed in the law.

9. Material agreements

With the exception of agreements in the Group's normal course of business, any of the following agreements (which are in effect) as well as agreements signed by the Group and are binding or were binding for the Group during the reporting period or thereafter can be considered material agreements, as follows:

Regarding the shareholders' agreement between the Company and JPM and Clal Insurance in connection with the investment in Carr, see Note 6g to the financial statements. Regarding Carr's engagement in a non-binding memorandum of understanding with JPM in connection with the redemption of JPM's holdings in Carr, please see Section 2.3.5 of the Board of Directors' Report.

Regarding the Company's management agreement with Mr. Nathan Hetz, the Company CEO and director, please see Note 19a to the financial statements.

Regarding the shareholders' agreement between the Company and Menora and the BE Managers in connection with the investment in BE, see Note 6d to the financial statements.

For agreements regarding the indemnification of the Company's officers, in relation to their activities in the Company, in subsidiaries and in companies in which the Company has holdings, see Note 19d to the financial statements. (2) For indemnification arrangements for officers in Amot, Energix, BE and Carr, see Note 19d to the financial statements.

10. Legal proceedings

Please see Notes 16a and 16b to the financial statements.

11. Goals and Business Strategies

The Company usually makes long-term investments in the areas of income-generating property and in renewable energy through investments in companies in which the Company has a material influence. As a result of its business approach, the Group intends to continue focusing on developing its existing investments, locating new investments and realizing mature investments.

The Group companies invest cumulatively in hundreds of income-generating properties, including projects in initiation, with an broad variety of tenants that creates a regular, steady and long-term cash flow. The Group also invests in energy projects that generate a long-term cash flow.

The Group has a conservative financial management policy reflected in financial flexibility resulting from maintaining a high level of unencumbered assets, long-term durations of financial liabilities, ensuring that credit facilities are maintained and that leverage is reasonable.

The following are the Company's main business development goals for the coming year:

- Carr - Focus on carrying out the redemption process of JPM's holdings in Carr (in addition to carrying out a comprehensive re-finance) and, as a result, expanding Carr's development activity in the office sector, including the rental housing sector.
- Amot - Amot's business focus is on the office sector in the center of Israel, with an emphasis on renting vacant office space in projects in initiation and developing the logistics center sector, with an emphasis on obtaining City Building Plan permission at Tzrifin Park.
- BE - Brockton Everlast's focus on the construction of the Dovetail project in London, including identifying initial leases, providing support to finalize negotiations with Marks & Spencer for the signing of a new long-term lease agreement, and promoting licensing in order to obtain city building plan approval for the development plans in Cambridge.
- Energix - Focus on implementing Energix's strategic plan to continue expanding operations in all territories, with an emphasis on the United States and Poland, and including its first entry into Lithuania.
- Focus on forming a uniform Group concept related to the issue of ESG (environment, social responsibility and corporate governance).

That stated in this section constitutes forward-looking information. Naturally, there is no certainty that the Group companies will be able to achieve the business development goals in 2025, since the realization of the goals depends on many factors that are not under their control.

12. Projected developments in the coming year

The Group will act in the coming year to achieve its business goals as stated in Section 11 above.

13. Financial information regarding geographic regions

For financial information regarding geographic regions in which the Group operates, please see Note 22 to the financial statements.

14. Discussion of Risk Factors

Please see Section 4 of the Board of Directors' Report.

March 10, 2025

Names and positions of signatories:
Aviram Wertheim, Chairman of the Board of Directors
Nathan Hetz, CEO

Alony-Hetz Properties and Investments Ltd.

ATRIUM / AMOT / RAMAT GAN

BOARD OF DIRECTORS' REPORT ON THE STATE OF CORPORATE AFFAIRS

ALONY HETZ PROPERTIES & INVESTMENTS LTD

AlonyHetz
Properties & Investments Ltd

Contents

(1) Concise description of the Group 1

1.1 The Group's main income-generating property investments as of December 31, 2024 1

1.2 The Group's renewable energy investments as of December 31, 2024 1

1.3 The Group's main holdings close to the publication of the report 2

1.4 Stock market indices 2

1.5 Main events from the beginning of 2024 to the publication of this report 3

1.6 Summary of the main events - the Group 4

1.7 Summary of the main events - Investees 5

(2) Board of Directors' explanations regarding the state of corporate affairs 6

2.1 The business environment 6

2.2 Statement of Financial Position 6

2.3 Investments 7

2.3.1 Composition of the Company's investments (expanded solo) as of December 31, 2024 7

2.3.2 Investments and realizations in the reporting period and subsequent to the balance sheet date 7

2.3.3 Property revaluations 8

2.3.4 Real estate investments in Israel – through Amot 8-10

2.3.5 Investment in Carr 11-12

2.3.6 investment in Brockton Everlast 13-14

2.3.7 Investment in AH Boston 15

2.3.8 Investment in renewable energy - through Energix 16-18

2.3.9 Dividend receipts 19

2.3.10 Management fee receipts 19

2.4 Liquidity and financing sources 19

2.4.1 Cash and credit facilities 19

2.4.2 Unencumbered assets 20

2.4.3 Financial debt 20-21

2.4.4 Raising capital 22

2.4.5 Working capital deficit 22

2.5 Operation results 22

2.5.1 Business results summary table 23-24

2.5.2 Information regarding the Group's Comprehensive Income 25

2.6 Cash flows 26

2.7 Equity 27

2.7.1 Equity per share 27

2.7.2 Explanation of changes in equity 27

2.7.3 Effects of changes in exchange rates on the Company's equity 27

2.7.4 Dividends 28

2.8 Remuneration of senior employees 28

(3) Sustainability and Social Responsibility – Environmental Risk Management, Environmental Responsibility and the Environmental Impact on the Group's Activities (ESG) 29

4.Discussion of Risk Factors 30

4.1 Description of risk factors to which the Corporation is exposed 30-31

4.2 Extent of the impact of risk factors on the Group's business activity 31

4.3 Cyber risk 32

(5) Aspects of corporate governance 33

5.1 The Company's Board of Directors; directors with accounting and financial expertise 33

5.2 Independent Directors 34

5.3 The Company's Accountant 34

5.4 The Company's Internal Auditor 34

5.5 Internal enforcement plan 34

5.6 Charitable donations 34

5.7 Communication with analysts, journalists and capital market professionals 34

(6) Events Subsequent to the Balance Sheet Date 35

(7) Dedicated Disclosure for Bondholders 35

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

Appendix A – Financial Information, Expanded Solo 36

(1) Financial Statements – Expanded Solo 36

1.1 Condensed Expanded Solo Balance Sheet 36

1.2 Condensed Expanded Solo Statements of Income 37

1.3 Cash flow from the Company's financing activities 38

(2) The Company's Liabilities (Expanded Solo) Payable after December 31, 2024 38

Appendix B – Balance Sheet of Linkage Bases for Monetary Balances 39

Appendix C – Information regarding the Company's Internal Auditor 40-41

Appendix D – Details of the Company's Accountant 42

Appendix E – Details of Bonds Issued by the Company 43-47

Appendix F – Information regarding Material Valuations and Very Material Valuations according to Regulation 8b(i) of the Securities Regulations (Periodic and Immediate Reports), 1970 48

Appendix G – Information regarding the Corporation's Separate Financial Statement 49

Appendix H – FFO for Financial Liabilities and Trust Deed Purposes 49

Ramat Gan, March 10, 2025

Board of Directors' Report on the State of Corporate Affairs for the Year ended December 31, 2024

The Board of Directors of Alony-Hetz Properties and Investments Ltd. (hereinafter - the "Company") is pleased to present the Company's Board of Directors' Report for the year ended December 31, 2024 (hereinafter - the "Reporting Period").

1. Concise description of the Group

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

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

1.1 The Group's main investments in income-generating property as of December 31, 2024:

Activity in Israel

Holdings at a rate of 51.1% 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, please see Section 2.3.4 below.

Activity in the United States

- Holdings at a rate of 47.8%[1]in the capital of Carr Properties (hereinafter - "**Carr**") and 50% of the control. An income-generating property company, all of whose properties are located in the United States in the Washington D.C. area, Boston and Austin. 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. Two of the properties are in the Boston CBD and one is in East Cambridge – for further details, please see Section 2.3.7 below.

Activity in the UK

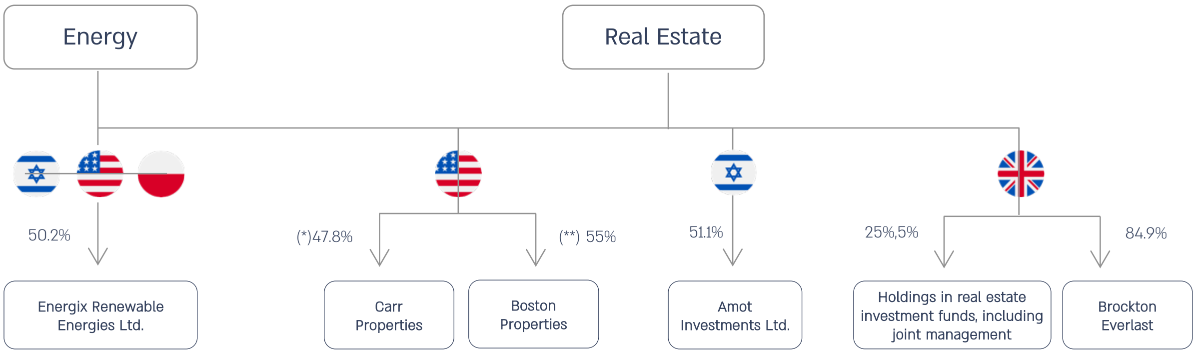
- Holdings of 84.9% in the rights of Brockton Everlast Inc. Limited (hereinafter - "**BE**"), a private company engaged in the purchase, development, betterment, construction, management and maintenance of income-generating property in the London, Cambridge and Oxford metropolitan areas in the UK. For additional information, please see Section 2.3.6 below.
- Holdings in two UK real estate funds from the Brockton Group. For additional information, please see Note 5 to the financial statements.

[1] Holdings of 52.3% in the rights in Carr Properties Holding LP, an American partner that holds (through indirect holdings at a rate of 91.2%) a partnership with real estate holdings in the Boston metropolitan area.

1.2 The Group's investments in the renewable energy field as of December 31, 2024:

Holdings of 50.2% in Energix Renewable Energies Ltd. (hereinafter - "**Energix**"), a public company whose securities are listed for trading on the stock exchange. Energix engages in the planning, development, financing, construction, management and operation of facilities for the generation and storage of electricity from renewable energy sources (photovoltaic systems and wind farms) and the sale of electricity produced in these facilities, with the intention of holding them for the long term. As of the date of the report, Energix has operations in Israel, Poland and the United States. For additional information, please see Section 2.3.8 below.

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



* 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 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 2024 to the date of publication of the report

Alony-Hetz (the Company expanded solo)	• During the reporting period, the Company issued shares and options (Series 16) exercisable until December 31, 2025 for ordinary shares, in consideration for a total of approx. NIS 1 billion (gross) and for a future consideration (assuming the exercise of all options (Series 16)) in the amount of approx. NIS 338 million, of which shares and options representing 10.23% of the Company's share capital and voting rights (11.26% fully diluted) were allocated to Equity Finance and Investments Ltd.[2], a foreign company in which Mr. Aaron Frenkel holds, directly and indirectly, all of the share capital and voting rights. • From the beginning of 2024 until the date of publication of the report, the Company invested a total of NIS 852 million in investees and in Brockton funds (of which NIS 315 million was for the reduction of the debt and leverage rate in Brockton Everlast). For information, please see Section 2.3.2 below. • During the reporting period, the Company's share of revaluation losses on investment real estate of investee companies amounted to NIS 329 million, of which revaluation gains amounted to NIS 125 million in the fourth quarter of 2024 - for details, please see Section 2.3.3 below. • During the reporting period, the Company exchanged bonds (Series I and J) in the amount of NIS 700 million par value in exchange for bonds (Series L and M) in the total amount of NIS 758 million par value by way of an exchange purchase offer.
Amot Investments	• Signing of a binding lease agreement under which Google will lease approx. 60 thousand sq.m. in the top part of the ToHa 2 Tower for a 10-year lease period, which will begin in the first quarter of 2027. • Purchase of land on Hasolelim Street in Tel Aviv for the construction of an office tower, with an area of approx. 5.6 dunams, for a total of NIS 210 million. Amot is promoting the planning of complexes to strengthen the rights in the complex in cooperation with holders of rights in plots adjacent to the Tel Aviv Municipality.
Carr Properties	• In February 2025, Carr signed a non-binding memorandum of understanding to redeem JPM's holdings in Carr. For additional information, please see Section 2.3.5 below. • A long-term lease agreement was signed with Fannie Mae for the lease of 342 thousand sq.ft. (approx. 32 thousand sq.m.) in the Midtown Center building. • Long-term lease agreements were signed for the lease of approx. 220 thousand sq.ft. (approx. 20 thousand sq.m.) in the Midtown Center building.
Brockton Everlast	• Engagement in refinancing agreements totaling GBP 165 million, replacing loans in the amount of GBP 225 million that were due to be repaid, while raising equity from shareholders. • Completion of a rent review process at the Water Side building, where the tenant's rent on the property increased by approx. 16%, starting from June 2023.
Energix Renewable Energies	• Engagement in a strategic cooperation agreement with Google. • Completion of acquisition transactions with a total capacity of 770 MW + 260 MWh. • Completion of financing agreements and tax partner investment for a project backlog totaling NIS 2 billion. • Completion of the construction and connection of projects with a total capacity of 465 MW + 189 MWh. • Entering into a transaction for the acquisition of a combined photovoltaic and wind project in Lithuania with a capacity of approx. 470MW.

[2] According to information provided by the investor, Equity Finance and Investments Ltd. is a foreign company incorporated under the laws of Malta.

1.6 Summary of the main data - the Group

Main financial results – Consolidated Statement	Unit	2024	2023	2022	% change[3]
Revenue from rental fees and management of investment property	NIS thousands	1,389,184	1,324,063	1,219,178	4.9
Fair value adjustments of investment property	NIS thousands	607,208	(926,169)	685,918	165.6
Group share in the losses of associates, net	NIS thousands	(540,178)	(1,703,997)	(953,589)	68.3
Revenue from sale of electricity and green certificates	NIS thousands	856,210	680,713	525,437	25.8
Net profit (loss) for the year	NIS thousands	249,206	(2,151,838)	338,572	111.6
Net loss for the year attributed to Company shareholders	NIS thousands	(346,199)	(2,392,409)	(281,467)	85.5
Comprehensive loss for the year attributed to Company shareholders	NIS thousands	(443,351)	(2,425,233)	(53,496)	81.7
Total balance sheet	NIS thousands	40,047,643	38,731,166	36,314,037	3.4
Equity (including non-controlling interests)	NIS thousands	11,632,526	11,064,123	13,591,420	5.1
Financial debt (bank credit and bonds)[4]	NIS thousands	22,419,722	22,793,284	19,032,307	(1.6)
Net financial debt[5]	NIS thousands	20,895,396	20,595,607	17,337,606	1.5
Ratio of net financial debt to total balance sheet[6]	%	54.2	56.4	50.1	(3.9)
Main Financial Results – Expanded Solo[7]					
Total balance sheet	NIS thousands	11,329,550	11,647,376	13,311,610	(2.7)
Equity attributed to Company shareholders	NIS thousands	5,413,576	5,002,057	7,709,979	8.2
Financial debt (bank credit and bonds)[4]	NIS thousands	5,825,236	6,774,485	5,513,779	(14)
Net financial debt[5]	NIS thousands	5,183,474	5,749,598	5,027,172	(9.8)
Ratio of net financial debt to total balance sheet[6]	%	48.5	54.1	39.2	(10.4)
Cash flow from the Company's financing activities per share	NIS thousands	454,912	466,035	460,467	(2.3)
Earnings per share data					
Loss per share - basic	NIS	(1.81)	(13.31)	(1.6)	86.4
Comprehensive loss per share - basic	NIS	(2.32)	(13.49)	(0.3)	82.8
Cash flow from the Company's financing activities per share	NIS	2.38	2.59	2.62	(7.5)
Current dividend per share[8]	NIS	0.72	1.28	1.26	(43.8)
NAV per share	NIS	25.18	27.83	42.9	(9.5)
[9]NNAV per share	NIS	29.65	32.78	48.3	(9.5)
Price per share at end of period	NIS	30.40	30.24	35.8	0.5

3. 2024 compared to 2023.
4. Financial debt also includes assets/liabilities of derivative transactions carried out by the Group.
5. Financial debt presented net of cash balances. The Company's financial debt (expanded solo) as of December 31, 2024 is the financial debt less cash balances. For information regarding the adjusted leverage rate, please see Section 2.4.3 below.
6. Net financial debt as a percent of total balance sheet, less cash balances. The Company's net financial debt (expanded solo) as of December 31, 2024 is the financial debt less cash balances. For information regarding the adjusted leverage rate, please see Section 2.4.3 below.
7. 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).
8. The above dividend amount does not include an additional dividend that was paid in 2023 and 2022 (for the years 2022 and 2021) in the amount of NIS 0.18 per share and NIS 0.44 per share, respectively.
9. When calculating the NNAV per share, the Company's tax reserves (expanded solo) were neutralized, as was the Company's share in the tax reserves of investees.

1.7 Summary of the main data - Investees

	Unit	2024	2023	2022	% change[10]
Investment in Israel – Amot Investments Ltd. (rate of holdings - 51.05%)[11]					
Number of income-generating properties	Unit	112	114	114	
Value of investment property (without property in self-development)	NIS thousands	17,294,792	16,730,765	16,521,806	3.4
Weighted discount rate derived from investment property	%	6.42	6.3	6.2	
Occupancy rate at end of period	%	92.3	93.4	94.4	
Value of investment property in self-development	NIS thousands	3,316,001	2,757,003	2,340,645	20.3
Ratio of net financial debt to total balance sheet	%	44.0	44.0	41.9	
NOI[12]	NIS thousands	1,042,713	1,004,406	930,996	3.8
FFO[13] per share	NIS	1.746	1.707	1.604	2.3
NAV per share	NIS	19.44	18.78	18.68	3.5
Price per share at end of period	NIS	20.64	20.00	20.65	3.2
Investment in the United States - Carr Properties (rate of holdings - 47.8%)[14]					
Number of income-generating properties	Unit	12	14	17	
Value of investment property (without property in self-development) [15]	USD thousands	1,976,408	1,707,449	2,835,655	15.8
Rental rate	%	89.40	90.50	89.10	
Number of properties under construction and in planning	Unit	2	2	2	
Value of self-developed properties	USD thousands	48,406	739,887	697,253	(93.5)
Ratio of net financial debt to total balance sheet[16]	%	64	57.7	49.1	
NOI [17, 12]	USD thousands	151,879	163,785	148,670	(7.3)
FFO [17, 13]	USD thousands	62,458	69,539	70,988	(10.2)
Investment in the UK - Brockton Everlast Inc. Limited (rate of holdings - 84.9%)					
Number of income-generating properties	Unit	10	10	13	
Value of investment property	GBP thousands	690,500	699,800	1,081,515	(1.3)
Occupancy rate at end of period	%	97.3	98.3	96.6	
Value of land for initiation and property in development	GBP thousands	421,450	361,750	208,000	16.5
Ratio of financial debt to total balance sheet	%	29.0	36.4	30.7	
NOI12[12]	GBP thousands	42,730	41,315	42,311	3.4
FFO	GBP thousands	12,375	15,229	19,521	(22.3)
Investment in renewable energy – Energix Renewable Energies Ltd. (rate of holdings – 50.2%)					
Installed capacity from connected photovoltaic systems (MWp) - Energix's share	Unit	1,029	978.0	554.0	5.2
Installed capacity from connected wind systems (MW) - Energix's share	Unit	301.2	301.2	245.2	-
Balance of connected electricity-generating facilities - according to book value	NIS thousands	5,674,033	5,216,739	2,910,128	8.8
Price per share at end of period	NIS	12.50	13.36	11.08	(6.4)

10. 2024 compared to 2023.
11. The main figures for Amot are from the Amot's expanded consolidated financial statements published in Amot's Board of Directors' Report (hereinafter: "Amot's Pro Forma Reports"). Amot's Pro Forma Reports are Amot's reports presented according to IFRS principles, with the exception of the implementation of IFRS 11 "Joint Arrangements", which came into effect on January 1, 2013. In Amot's Pro Forma Reports, the investments in investees, presented based on the equity method in Amot's Financial Statements, are neutralized and presented according to the relative consolidation method, similar to their treatment prior to IFRS 11 entering into effect.
12. Net operating income.
13. Funds from operations.
14. 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.
15 As of the end of 2023, including two properties (owned and leased) valued at USD 132 million, and the total liabilities in respect of those properties (which are on a non recourse basis) in the amount of USD 205 million.
16 Carr's financial debt ratio as of the end of 2023 does not include liabilities for which liabilities exceed asset value (which are on a non-recourse basis).
17. Including NOI from the management of properties.

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

2.1 The business environment

For information regarding the business environment in which the Group operates, please see Section A.6 of the chapter Description of the Corporation's Business.

2.2 Statement of Financial Position

Statement of Financial Position Item	31.12.24 NIS millions	31.12.23 NIS millions	Notes and explanations
Cash and cash equivalents	1,524	2,198	For Statement of Cash Flows, please see Section 2.6 below.
Investment property (including investment property held for sale)	25,006	23,897	The increase stems from an investment in properties in development by Amot and BE in the amount of approx. NIS 0.9 billion. In addition, there is an increase stemming from the fair value adjustment of the investment property of BE and Amot in the amount of approx. NIS 0.6 billion. For additional information regarding the Group's investment property - please see Note 4 to the financial statements.
Investments in companies accounted for according to the equity method and securities measured at fair value through profit and loss	2,303	2,773	The following are the main changes in investments: • A decrease due to the Group's share of associates' losses in the amount of approx. NIS 0.5 billion, mainly due to a loss from the fair value adjustment of investment properties of associates (Carr and AH Boston) - For information, please see Section 2.3.3 below. • An increase due to the effects of exchange rates (mainly the USD) in the amount of NIS 15 million. For additional information regarding changes in the balance of the investment in securities measured at fair value through profit and loss and investments in companies accounted for according to the equity method, please see Notes 5 and 6 to the financial statements, respectively. In addition, please see Section 2.3 below.
Electricity-generating facilities - connected and in development	9,943	8,108	Most of the growth in electricity-generating facilities stems from Energix's project investment and initiation in Israel and the US. For information regarding electricity-generating facilities, see Notes 7 and 8 to the financial statements.
Other assets	1,272	1,754	
Total assets	40,048	38,731	
Loans and bonds	22,082	22,132	The following are the main changes: • Raising of bonds and receipt of loans in the amount of NIS 2.6 billion. • Repayment of bonds and long-term loans in the amount of NIS 2.8 billion. For information regarding the main changes in the Group's financial debt, please see Section 2.4.3 below.
Other liabilities	10,321	5,535	
Total liabilities	28,415	27,667	
Equity attributed to shareholders	5,414	5,002	For additional information regarding the main changes in equity attributed to shareholders, please see Section 2.7.2 below.
Non-controlling interests	6,219	6,062	
Total equity	11,633	11,064	
Total liabilities and equity	40,048	38,731	

2.3 Investments

2.3.1 The following are the Company's investments (expanded solo) as of December 31, 2024

	Currency	Number of shares	Balance in NIS thousands	Adjusted value in NIS thousands	Adjusted value measurement basis
Amot	NIS	240,718,672	4,660,711	4,968,433	Stock market value - tradable
Energix	NIS	276,060,936	1,112,313	3,450,762	Stock market value - tradable
Carr	USD	-	1,302,056	1,302,056	Equity method
AH Boston	USD	-	346,381	346,381	Equity method
Brockton Everlast	GBP	-	2,989,406	2,989,406	Equity method
Brockton Funds	GBP	-	218,454	218,454	Equity method
Other[18]			646,163	646,163	
Total			11,275,483	13,921,625	

2.3.2 Investments and realizations in the reporting period

In the reporting period, the Company invested (realized investments) in its investees, as follows:

	2024 NIS millions
Investments:	
Brockton Everlast	526
AH Boston	124[19]
Brockton Funds (Fund III)	84
	734
Investment in Carr - DRIP	118
Total	**852**
Realizations:	
Brockton Funds (Fund II)	(17)
Total	**(17)**

[18] Mainly including cash and cash equivalents in the amount of NIS 642 million.

[19] From the beginning of 2025 to the date of publication of the report, the Company invested an additional amount of NIS 5 million.

2.3.3 Property revaluations

The following is a summary of investment property revaluations recorded by the Group's investees in 2024:

		Profit (loss)	
Geographical region	Currency	Investee's share in millions	Company's share in NIS millions
			Total
Israel (Amot)	NIS	546	278
UK (BE)	GBP	12	38
USA (Carr and AH Boston)	USD	(345)	(645)
Total Company share			**(329)**

In the fourth quarter of 2024, the Company recorded a profit of approx. NIS 125 million in respect of its investees' property revaluations.

For a sensitivity analysis of the impact of a 0.25% change in the weighted cap rate on the value of income-generating properties, please see Note 4d to the financial statements.

2.3.4 Investment in real estate in Israel - through Amot

General:

As of December 31, 2024, Amot's properties, owned or leased, include 112 income-generating properties in Israel with a total area of 1.86 million sq.m. (Amot's share), including 1.16 million sq.m. of above ground rental space and 0.7 million sq.m. of open storage and parking (18,200 parking spaces).

These properties are spread throughout the country, with the majority of Amot's properties (90%) located in the big cities in the center of the country and in high-demand areas. The properties are leased to approx. 1,790 tenants, through contracts of varying durations. In addition, Amot has 5 projects in development amounting to 194 thousand sq.m. above-ground (Amot's share) and 3 projects in planning and initiation stages amounting to 56 sq.m. above-ground (Amot's share). The fair value of investment property in development and rights in land designated for development amounts to NIS 3.3 billion.

The total fair value of all Amot's investment property as of December 31, 2024 is approx. NIS 20.6 billion. The fair value of Amot's income-generating property as of December 31, 2024 is NIS 17.3 billion.

The occupancy rate of all of Amot's properties as of December 31, 2024 is 92.3%[20] (compared to 93.4% as of December 31, 2023). The occupancy rate represents space for which there are signed contracts, some of which are in the process of being populated.

20 The rate of occupancy, not including a property classified from property in development is 92.8%.

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

- For information regarding Amot's business strategy and its business environment, please see Chapter B, Section 13 and Chapter B, Section 2, respectively, in the report on the Description of the Corporation's Business.
- the Amot NOI amounted to NIS 1,043 million in the reporting period, compared to NIS 1,004 million in the corresponding period, an increase of approx. 4%. The increase stems mainly from an increase in revenue from identical properties.
- During 2024, Amot signed 474 new leases, including option exercises and contract renewals totaling 192 thousand sq.m. in annual rental fees in the amount of NIS 197 million. The spaces were leased at average rental fees (weighted average) per sq.m. approx. 1% higher than the rent generated by these properties until that date.

The following is a summary of data regarding projects in stages of construction as of December 31, 2024:

Property name	Location	Main use	Rate of holdings	Thousands of above-ground sq.m. for marketing, 100%	Estimated completion date	Value of project in Amot's books as of December 31, 2024	Estimated construction cost, including land and parking basements (*)	Expected NOI upon the project's full occupancy (*)
						Amot's share - in NIS millions		
HaLehi Complex [21]	Bnei Brak	Offices	50%	100	2025	604	765	59
K Complex – Jerusalem [22]	Jerusalem	Offices	50%	93	2028	152	775	51
Beit Shemesh Logistic Center - Lower center	Beit Shemesh	Logistics	60%	26	2025	91	105	7
Park Afek	Rosh Ha'ayin	Offices	50%	8	2025	28	40	3
ToHa2	Tel Aviv	Offices	50%	156	2026	1,102	1,650	158
Total				**383**		**1,977**	**3,335**	**278**

(*) Mid-range forecast

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

For additional information regarding projects in construction stages, see Note 4b to the financial statements.

The following is a summary of data regarding projects in stages of planning and development as of December 31, 2024:

Property name	Location	Main use	Thousands of above-ground sq.m. for marketing, 100%	Rate of holdings	Thousands of above-ground sq.m. for marketing	Value of project in Amot's books	Estimated construction cost, including land and parking basements (*)
					Amot's share - in NIS millions		
Elef Complex	Rishon Letzion	Offices	19	100%	19	36	270
Platinum Stage B[23]	Petach Tikva	Offices	20	100%	20	40	220
Amot Shaul - Stage A	Kfar Saba	Offices	35	50%	18	61	170
Total			**74**		**57**	**137**	**660**

(*) Mid-range forecast

21 As of the date of publication of the report, the commerce floors have been delivered to tenants for adaptation work and several stores have opened to the public. Amot has signed contracts for approx. 8,500 sq.m. (Amot's share - 50%), which are expected to generate annual rent of approx. NIS 14 million (Amot's share - 50%).

22 Subject to the completion of additional rights in the K Complex in Jerusalem

23 Subject to the completion of the purchase of additional construction rights in order to build a matching tower to Platinum Stage A.

The information included in this section above regarding estimated construction costs constitutes forward-looking information as defined in Section 32A of the Securities Law. The information refers to data existing and known by the Group immediately prior to the publication of the report relating to environmental requirements, on City Building Plan changes subject to approvals of the planning and building authorities, on receipt of consent from owners of bordering properties, for which there is no certainty of being granted, etc. These data are not under the Group's control and therefore there is no certainty these projects will actually be executed.

The following is a summary of data regarding projects in development as of December 31, 2024:

Property name	Location	Main use	Rate of holdings	Value of project in Amot's books (NIS millions)	Additional above-ground area (Amot's share) in sq.m. thousands
Lot 300, Derech Hashalom	Tel Aviv	Housing/offices	50%	134	47 housing units
HaSolelim land	Tel Aviv	Offices	100%	210	80
ToHa3/ToHa4	Tel Aviv	Offices	50%	174	100
Tzrifin Logistic Center	Tzrifin	Logistics	100%	250	200
Others				434	
Total				**1,202**	

The information included in this section above regarding projects in development, including the expected additional above-ground areas, constitutes forward-looking information as defined in Section 32A of the Securities Law. The information refers to data existing and known by the Group immediately prior to the publication of the report relating to environmental requirements, on City Building Plan changes subject to approvals of the planning and building authorities, on receipt of consent from owners of bordering properties, for which there is no certainty of being granted, etc. These data are not under the Group's control and therefore there is no certainty these projects will actually be executed.

Fair value adjustments of investment property

For property revaluations recorded by Amot in the reporting period, please see Section 2.3.3 above.

Amot's FFO

	Amot Investments Ltd.		
	NIS thousands		
	2024	2023	2022
Profit for the year	**919,002**	**682,607**	**1,171,146**
<u>Adjustments</u>:			
Profit from change in fair value of investment property	(570,485)	(256,637)	(1,019,088)
Acquisition costs recognized in profit and loss	23,053	3,300	18,248
Current and deferred tax effects of the above adjustments	154,578	88,263	192,257
FFO - according to the Israel Securities Authority's approach	**526,148**	**517,533**	**362,563**
<u>Management's approach, additional adjustments</u>:			
Depreciation and amortizations	2,850	3,664	3,441
Share-based payment	8,324	6,757	5,746
Linkage differential expenses on the debt principal	285,863	272,559	371,461
FFO - according to the Management's approach	**823,185**	**800,513**	**743,211**
Alony-Hetz's share in FFO - according to the Israel Securities Authority's approach, in NIS thousands	**268,752**	**277,056**	**195,535**
Alony-Hetz's share in FFO - according to the Management's approach, in NIS thousands	**420,476**	**428,547**	**400,823**

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

For additional information regarding the investment in Amot, see Chapter B of the Description of the Corporation's Business and Note 6b to the financial statements.

2.3.5 Investment in Carr

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

Carr engages in the investment, acquisition and developing of income-generating property for rental purposes, including the management and maintenance of office buildings under its ownership in urban areas in the Washington D.C. metropolitan area, in Boston, Massachusetts and in Austin, Texas in the United States.

Carr fully or partially owns 12 income-generating office buildings with a total rental space of 3.3 million sq.ft. (306 thousand sq.m.) (Carr's share) and a value of USD 1.7 billion (Carr's share). The properties are rented to hundreds of tenants for various time periods.

For information regarding Carr's business strategy and its general environment, please see Chapter C.1, Section 8 and Chapter C, Section 1, respectively, in the report on the Description of the Corporation's Business.

Redemption of JPM's holdings in Carr

In February 2025, Carr signed a non-binding Memorandum of Understanding (MOU) with an American institutional real estate investment fund managed by J.P. Morgan Assets Management (which holds 35.5% of the capital and 50% of the control in Carr) (hereinafter - "**JPM**"), according to which, subject to preconditions, Carr will redeem JPM's holdings in Carr in exchange for the transfer of full ownership of 3 Carr properties to JPM free of any debt (hereinafter - the "**transaction**").

If and to the extent that the transaction is finalized into a binding agreement, the Company's holdings in Carr will increase from 47.8% to 77.2%, and Carr will be consolidated into the Company's reports.

As part of the preparations for the transaction, Carr intends to continue the process it began for the sale of 2 properties, for a total of USD 100-110 million, and at the same time to advance a refinancing process for 4 properties under it's ownership, with the aim of replacing loans due in 2026 with new loans at long-term rates.

Following the transaction, Carr will retain ownership of, among other things, the Trophy properties it built, including One Congress in Boston, Midtown Center, The Willson, and 1700 NY in Washington, D.C., which increases Carr's occupancy rate from approx. 89% (effective as of the end of 2024) to approx. 92%. Without taking into consideration any potential changes in the value of Carr's portfolio, the increase in the relative weight of Carr's Trophy properties in its portfolio is expected to reduce the weighted discount rate from 7.5% (effective as of the end of 2024) to 7.2%.

During 2025, the Company intends to inject USD 100 million into Carr's equity, which Carr will use, among other things, to complete the aforementioned redemption transaction, including the expansion of its business, with an emphasis on new ventures.

Prior to the execution of the above, and without taking into consideration possible changes in the value of Carr's asset portfolio, if any, and in accordance with Carr's business plan, Carr's equity is expected to be approx. USD 600 million by the end of 2025 and its leverage ratio is expected to be approx. 60%.

The information regarding the feasibility of the transaction's completion, including Carr's sale of the properties, the Company's actual injection of capital into Carr, the projected weighted rental rate, the equity upon completion of the transaction and the projected leverage ratio, 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.

Midtown Center building – Washington D.C.

As of the date of the report, Carr leases 714 thousand sq.ft. of office space at Midtown Center to Fannie Mae, the property's main tenant.

In the fourth quarter of 2023, Fannie Mae exercised several options to gradually reduce the area by 149 thousand sq.ft. (between May 2026 and May 2028), as well as to terminate the lease agreement early on the remaining area (565 thousand sq.ft.) in May 2029 (instead of May 2033), in exchange for a total compensation payment to Carr of USD 71 million, which is recognized as income over the remaining lease term.

During the year, Carr entered into several new lease agreements totaling approx. 594 thousand sq.ft. (a binding lease agreement with Fannie Mae for the re-lease of approx. 342 thousand sq.ft., for a period of 16 years beginning in May 2029, and the leasing of an additional 237 thousand sq.ft. to several tenants under long-term lease agreements).

Residential rental activity

In February 2024, Carr completed a transaction for the acquisition of 425 Montgomery Street, located in Northern Virginia, for USD 20 million. Subsequent to the date of the report, Carr completed the demolition of the structure existing on the site and as part of its plan to construct a new residential rental building. Carr is the managing partner of the project (GP 100%) and is also an "equity" partner at a rate of 10% (LP 10%).

Realization of properties

In the first half of 2024, Carr made several moves to realize three properties, following which Carr recorded gains of approx. USD 81 million (the Group's share - approx. USD 39 million).

For additional information regarding Carr's business development during the reporting period and subsequent to the balance sheet date, see Note 6g(3) and (4) to the financial statements.

Fair value of investment property

For property revaluations recorded by Carr in the reporting period, please see Section 2.3.3 above.

Carr's FFO

	FFO - Carr		
	USD thousands		
	2024	2023	2022
Loss for the year	**(145,080)**	**(757,718)**	**(463,417)**
<u>Adjustments</u>:			
Loss (profit) from change in fair value of investment property	129,392	573,670	499,885
Depreciation and amortizations	6,433	5,890	4,087
Current and deferred tax effects of the above adjustments	1,921	(35)	1,154
Adjustments as detailed above in respect of associates	74,725	273,924	51,290
FFO - according to the Israel Securities Authority's approach	**67,391**	**95,731**	**92,999**
Attributed to non-controlling interests	1,643	468	1,490
Adjustments stemming from the non-controlling interests' share in FFO	(6,576)	(26,660)	(23,501)
FFO - according to the Israel Securities Authority's approach attributed to Company shareholders	**62,458**	**69,539**	**70,988**
FFO - according to the Management's approach	**62,458**	**69,539**	**70,988**
<u>The following is a breakdown of the FFO according to the Management's approach</u>:			
NOI	137,168	153,481	142,750
Administrative and general expenses	(7,843)	(9,271)	(15,293)
Financing expenses	(66,867)	(74,671)	(56,469)
FFO - according to the Management's approach	**62,458**	**69,539**	**70,988**
Alony-Hetz's share in FFO - according to the Israel Securities Authority's approach, in NIS thousands	**110,216**	**120,792**	**109,082**
Alony-Hetz's share in FFO - according to the Management's approach, in NIS thousands	**110,216**	**120,792**	**109,082**

Carr's financial debt

For information regarding Carr's financial debt, please see Section 2.4.3 below.

Additional Information

For additional information regarding the investment in Carr, please see Chapter C1 of the Description of Corporate Business and Note 6f to the financial statements.

2.3.6 Investment in BE

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

For information regarding BE's business strategy and its general environment, please see Chapter D, Section 18 and Chapter D, Section 2 in the report on the Description of the Corporation's Business.

The following is a summary of data regarding a project in advanced planning stages as of December 31, 2024

Property name	Location	Main use	Rate of holdings	Thousands of above-ground sq. ft. for marketing, 100%	Estimated start date	Estimated completion date	Estimated construction costs, including land	Project cost in BE's books as of December 31, 2024	Balance for completion of construction costs as of December 31, 2024	Expected NOI upon project occupancy
							GBP millions			
Dovetail Building	City of London	Offices	100%	453	2025	2029	670-720	140	530-580	50-55

The information detailed in this Section 2.3.6 above regarding the estimated construction completion date, the expected construction costs and the expected NOI upon the project's occupation is forward-looking information as defined in Section 32A of the Securities Law as it is influenced by factors that are not dependent on BE, such as construction costs, regulatory changes, environmental aspects and more.

Fair value of investment property

For property revaluations recorded by BE in the reporting period, please see Section 2.3.3 above.

BE's financial debt

As of December 31, 2024, BE had loans from banking corporations totaling GBP 370 million (Carr's share) at an average duration of 1.8 years. The entire debt bears fixed interest.

In 2026, BE is expected to repay loans from banking corporations totaling approx. GBP 260 million.

For information regarding BE's financial debt, please see Section 2.4.3 below

BE's FFO

	FFO - BE		
	In GBP thousands		
	2024	2023	2022
Loss for the year	**(26,942)**	**(256,311)**	**(45,412)**
<u>Adjustments</u>:			
Loss (profit) from change in fair value of investment property	(11,940)	251,569	72,446
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	10,769	-
Loss (profit) from changes in fair value or sale of financial instruments	4,480	7,557	(10,182)
Current and deferred tax effects of the above adjustments	1,495	(384)	110
FFO - according to the Israel Securities Authority's approach, in GBP thousands	**9,893**	**13,200**	**16,962**
<u>Management's approach, additional adjustments</u>:			
Depreciation and amortizations	527	370	311
Share-based payment	2,314	2,088	2,419
Adjustment of tax expenses or income resulting from all of the above adjustments	(359)	(429)	(169)
FFO - according to the Management's approach, in GBP thousands	**12,375**	**15,229**	**19,523**
<u>The following is a breakdown of the FFO according to the Management's approach</u>:			
NOI	42,730	40,639	42,006
Administrative and general expenses	(12,816)	(12,460)	(14,424)
Financing expenses	(20,006)	(17,005)	(12,979)
Management fee revenue from Brockton Funds	2,467	4,055	4,920
FFO - according to the Management's approach, in GBP thousands	12,375	15,229	19,523
Alony-Hetz's share in FFO - according to the Israel Securities Authority's approach, in NIS thousands	**39,208**	**50,142**	**59,441**
Alony-Hetz's share in FFO - according to the Management's approach, in NIS thousands	**49,032**	**58,041**	**68,391**

For additional information regarding the investment in BE, see Chapter D of the Description of the Corporation's Business and Note 6d to the financial statements.

2.3.7 Investment in AH Boston

745 Atlantic building - 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 34 million. As of the date of publication of this report, no space has been leased yet in the building.

Summer 125 building - Subsequent to the balance sheet date, 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 information included in this section above regarding the adaptation work budget constitutes forward-looking information as defined in Section 32A of the Securities Law.

AH Boston's FFO

	FFO – AH Boston		
	USD thousands		
	2024	2023	2022
Loss for the year	**(136,952)**	**(139,540)**	**(105,116)**
Adjustments:			
Loss from change in fair value of investment property	142,942	152,105	117,651
Depreciation and amortizations	5,202	5,835	4,555
Loss from changes in fair value or sale of financial instruments	3,498	1,496	-
FFO - according to the Israel Securities Authority's approach	**14,690**	**19,896**	**17,090**
FFO - according to the Management's approach	**14,690**	**19,896**	**17,090**
The following is a breakdown of FFO according to the Management's approach:			
NOI	28,510	30,631	27,956
Administrative and general expenses	(1,122)	(1,092)	(1,139)
Financing expenses	(12,698)	(9,643)	(9,727)
FFO - according to the Management's approach	**14,690 (*)**	**19,896**	**17,090**
Alony-Hetz's share in FFO - according to the Israel Securities Authority's approach, in NIS thousands	**29,869**	**40,351**	**31,604**
Alony-Hetz's share in FFO - according to the Management's approach, in NIS thousands	**29,869**	**40,351**	**31,604**

(*) The amount includes a cash flow deficit of USD 3 million in respect of operating expenses and interest on a project in development (Atlantic 745) that has not yet been leased.

AH Boston's financial debt

For information regarding AH Boston's financial debt, please see Section 2.4.3 below.

For additional information regarding the investment in AH Boston, please see Chapter C2 of the Description of Corporate Business and Note 6h to the financial statements.

2.3.8 Renewable energy investments through Energix

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

- As of the date of the report, the total capacity of Energix's systems amounts to approx. 1.3 GW and 189 MWh (storage) in commercially operating projects, approx. 761 MW and 206 MWh (storage) in projects in development or pre-construction, and approx. 843 MW and 121 MWh (storage) in projects in advanced initiation. In addition, the company 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. 10.6 GWh.
- During the reporting period, Energix increased its backlog of photovoltaic and storage projects, in various stages of initiation, through M&A transactions, with a total capacity of approx. 770 MW + 260 MWh, which are expected to start construction and commercial operation in 2025-2027, of which, projects with a capacity of approx. 260 MW are in the development and/or pre-construction stages and 510 MW are in the advanced initiation stage. Subsequent to the reporting date, Energix signed a transaction for the acquisition of a first project in Lithuania with a total capacity of up to 470 MW. For information, please see below.
- During the reporting period, Energix reported an increase of approx. 32% in revenue, approx. 30% in EBITDA and approx. 33% in net profit for 2024 compared to 2023. Energix's revenue for 2024 amounted to approx. NIS 898 million, compared to revenue of approx. NIS 682 million in the corresponding period last year. The increase in revenue stems from the increase in the capacity of the project backlog in commercial operation. Energix's net profit in 2024 amounted to approx. NIS 338 million compared to a net profit of approx. NIS 258 million in 2023, an increase of 31%.
- Energix expects revenue in 2025 in the range of NIS 800-850 million and project-based EBITDA in the range of NIS 630-680 million;
- It should be clarified that Energix's forecasts for 2025 include a decrease in revenue of approx. NIS 130 million compared to 2024 in view of the expiration of price-fixing transactions in Poland that were carried out at significantly higher price levels in 2022-2023. Energix's forecasts for 2025 are based, among other things, on the electricity prices set in electricity sales agreements in the three territories, including hedging agreements, tariff tenders and forward prices in Poland and the United States.

  For information regarding Energix's forecast for 2025, please see Section 12 of Chapter 5 of the report on the Description of the Corporation's Business.
- **Strategic Collaborations** - During 2024, Energix continued to expand and consolidate its strategic collaborations:
  - **Energix's collaborations in the US market** - During 2024, Energix signed a collaboration agreement with Google for the sale of electricity and provision of a tax partner investment for Energix's projects in the US market. This agreement, combined with the framework agreement with First Solar for the supply of panels and collaborations with leading financial institutions around the world, constitute a unique operational infrastructure that creates a competitive advantage for Energix in the US market and enables it to implement the development plan and connect the backlog of projects under its ownership. For additional information, please see Note 8e to the financial statements.
  - **Signing of a strategic cooperation agreement with SMA AG** - During the reporting period, Energix entered into a cooperation agreement with SMA, a German inverter manufacturer, a world leader, with which Energix has been working since its establishment. As part of the cooperation, Energix is expected to purchase inverters from SMA with a capacity of at least 1.5 GW for future projects that it intends to establish during the years 2025-2029 in Israel and Poland. Similar to Energix's existing long-term cooperation system, this agreement is intended to ensure the availability of inverters for Energix at attractive prices, for future projects that it is expected to establish.
  - **Cooperation agreement with First Solar** - please see details below.

Energix's financial debt

- Energix's gross financial debt as of the date of the report, not including short-term credit, amounts to NIS 5.2 billion, the total duration of the debt is 6.76 years.
- Financing transactions totaling approx. NIS 2 billion in the US, Poland and Israel - During the reporting period and up to the date of approval of the report, Energix entered into project financing transactions totaling approx. NIS 3 billion in Israel, Poland and the US. Energix is also in various stages of negotiations to obtain project financing and an additional tax partner investment of up to NIS 3 billion. The financing transactions are used by Energix to finance the projects' construction and/or to repay capital that Energix provided in excess, which it will use to establish additional projects.

United States

- For information regarding geopolitical trends and changes in the US electricity market, please see Section 2.1 of Chapter 5 of the report on Description of the Corporation's Business.
- **Cooperation Agreement with First Solar** - In Energix's cooperation agreement with First Solar, Energix has guaranteed itself the availability and regular supply of US-manufactured panels at attractive prices, also for its future activities for projects currently in initiation, until 2030 (especially in view of the trend of rising prices due to the imposition of tariffs on imports from Asia as described above). Energix estimates that the purchase of panels from First Solar will enable it to meet the criteria necessary to be eligible for an additional tax benefit (ITC) at a rate of 10% for local production in addition to 30%, in accordance with the provisions of the IRA Law, as they are as of the date of approval of the report.
- **Increase in the project backlog in commercial operation and the start of new construction** - In the first quarter of 2024, Energix completed the construction and connection of the E3 project backlog with a total capacity of 412 MWp. In addition, as of the date of approval of the report, Energix is in the midst of construction work on additional photovoltaic projects with a capacity of approx. 481 MWp, which are expected to reach commercial operation by the end of 2025.
- **Tax benefits for the use of local equipment in the E3 backlog** - As of the date of approval of the report, Energix estimates that it is entitled to an additional amount of up to USD 60 million from the realization of a tax benefit for the use of local equipment, subject to the publication of the mandatory regulations in this regard and the approval of the tax partners (including approval to amend the tax reports of the projects for 2023).

Poland

- **Establishment of the first project and expansion of the storage project backlog** - Energix has started construction work on its first stand alone storage project with a capacity of approx. 48 MWh, which is the first storage project in Poland and is expected to reach commercial operation in the second half of 2025. In connection with the above-mentioned project, Energix won a tender in December for the availability of supply of approx. 8.5 MWh starting in 2029, at a price of approx. 265 PLN/KWh index-linked for 17 years. Energix has another stand alone storage project, with a capacity of approx. 53 MWh, which is in advanced initiation and is expected to begin construction in the second half of 2025. In addition, during the reporting period, Energix received connection permits for storage projects with a capacity of approx. 260 MW (approx. 520 MWh), doubling its initial backlog.

Lithuania

- **Acquisition of a first project in Lithuania** - Subsequent to the date of the report, Energix entered into an agreement to acquire a project for the construction of a wind farm with a capacity of up to 140 MW and a photovoltaic facility with a capacity of up to 330 MWp in Lithuania, which borders Poland, as part of Energix's expansion of operations in Poland. Completion of the transaction is subject to the sellers completing milestones making the project ready for immediate construction within a few months. The project will be acquired 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. If the transaction is finalized, Energix estimates that construction work on the project will begin during the second half of 2025.

Israel

- Energix is in the midst of construction work on projects with a total capacity of approx. 163 MW + 140 MWh, which are expected to reach commercial operation by the end of 2025.
- As of the date of publication of the report, photovoltaic projects with combined storage at a total capacity of approx. 53 MW + 190 MWh have reached commercial operation, which operate within the framework of market regulation under the agreement with Electra Power. In addition, Energix is working to obtain the necessary permits for the connection of stand alone storage facilities at its existing sites. For information, please see Note 8a(2) to the financial statements.
- Construction work on a wind farm in the Golan Heights with a capacity of approx. **104 MW (Aran Project):** In view of the ceasefire agreement and the lull in fighting in the north and the geopolitical changes in Syria, Energix is examining its alternatives and is preparing to resume construction work. For additional information regarding the Aran Project, and an impairment test carried out by Energix, please see Note 8b to the financial statements.

That stated in Section 2.3.8 above, in connection with projects under construction and planning, is forward-looking information as defined in Section 32A of the Securities Law, based on information held by Energix and on the assessments and plans of Energix's management and for reasons that are not under Energix's control, such as: receipt of permits, compliance with mandatory deadlines in competitive procedures, changes in the construction costs of systems, unexpected expenses, and more. It may not be realized and/or not in the manner described above.

For additional information regarding Energix's business development in the reporting period and subsequent to the balance sheet date, please see Chapter E of the Description of the Corporation's Business and Notes 7 and 8 to the financial statements.

For additional information regarding the Company's investment in Energix, please see Chapter E of the Description of the Corporation's Business and Note 6e to the financial statements.

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

	For the year ended December 31 (unaudited)	
	2024	2023
	NIS thousands	NIS thousands
Accounting EBITDA	625,934	479,541
Lease expenses (IFRS 16)	(30,396)	(20,185)
Other revenue/expenses, including initiation expenses	10,046	16,881
Administrative and general	135,090	91,564
Total	740,675	567,801

2.3.9 Dividend receipts

The following are the dividends received from the Company's main investments (expanded solo) in 2024 and the projected receipts of dividends for 2025:

	2024 Actual In NIS millions	2025 Forecast In NIS millions	Additional information in the financial statements
Amot	313	315	Note 6c(3)
BE	51	48	Note 6d(3)
Energix	166	110	Note 6e(3)
AH Boston	27	29	
Total cash dividend	557	502	
Carr – Dividend Reinvestment Plan[24]	118	118	
Total dividend	675	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 may be received upon realization of their properties.

The main change between the 2025 forecast and the dividends actually received in 2024 stems from an additional dividend distributed by Energix in 2024 in the amount of NIS 55 million (the Company's share).

The Carr dividend listed above for 2025 does not take into account the non-binding understanding to redeem JPM's holdings in Carr, if such is realized. For additional information, see Section 2.3.9 below.

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.

2.3.10 Management fee receipts

The following are the management fees received by the Company (expanded solo) in 2024 and the projected receipts of management fees for 2025:

	2024 Actual In NIS millions	2025 Forecast In NIS millions	Additional information in the financial statements
Amot	11	11[25]	Note 6c(4)
Energix	11	11	Note 6e(5)
Total	22	22	

2.4 Liquidity and financing sources

2.4.1 Cash and credit facilities

As of December 31, 2024, the Group has cash balances in the amount of approx. NIS 1.5 billion (of which the Company's expanded solo balance is approx. NIS 0.6 billion).

24 As part of the Company's choice to participate in Carr's DRIP program, the dividend amount to which the Company is entitled in Carr remains after its receipt and reinvestment.

25 Subject to approval of the management agreement by the authorized bodies of the Company and Amot, please see Note 6d(4).

In addition, as of December 31, 2024, the Group has unutilized lines of credit[26] in the amount of approx. NIS 2.3 billion (of which the Company's expanded solo lines of credit - NIS 550 million). Subsequent to the date of the statement of financial position, a credit line in the amount of NIS 250 million was exchanged for a credit line of NIS 200 million.

2.4.2 Unencumbered assets

As of December 31, 2024, the Company's assets (expanded solo) are not encumbered. The balance of the Company's assets (expanded solo) (not including cash and other current assets) is in the amount of NIS 10.6 billion (a market value of NIS 13.3 billion). As of December 31, 2024, Amot has a balance of unencumbered assets in the amount of approx. NIS 19.9 billion.

2.4.3 Financial debt

As of December 31, 2024, the Group's net financial debt amounted to NIS 20.8 billion, constituting 53.4% of all Group assets, compared to a net financial debt of NIS 20.6 billion, constituting 56.4% of the Group's assets, as of December 31, 2023.

As of December 31, 2024, the Company's (expanded solo) net financial debt amounted to NIS 5.2 billion, constituting 48.5% of the Group's total assets (expanded solo), compared to net financial debt of NIS 5.7 billion, constituting 54.1% of the Company's assets (expanded solo), as of December 31, 2023.

The Company's adjusted leverage rate (expanded solo) based on the stock exchange value of the Company's tradable holdings as of December 31, 2024 and close to the date of publication of the report amounts to 39% and 41.6%, respectively.

During the reporting period, the Company (expanded solo) carried out the following:

- In the reporting period and subsequent to the balance sheet date, the Company signed agreements to extend existing credit facilities. For additional information, please see Note 12a to the financial statements.
- During the reporting period, the Company exchanged bond Series I and J in a total amount of NIS 700 million PV with a weighted duration of 1.1 and a weighted effective interest rate of 5.21% in exchange for bond Series L and M, respectively, in a total amount of NIS 758 million PV with a weighted average duration of 5.39 and a weighted effective interest rate of 4.97% through an exchange purchase order (for additional information, please see Note 11 to the financial statements).

During the reporting period and subsequent to the balance sheet date, investees carried out the following:

Amot

- During the reporting period, Amot raised debt through an issuance of new bonds (Series I) and (Series J) and an expansion of existing bonds in a total amount of NIS 563 million PV for net proceeds of NIS 555 million. For additional information regarding the bonds, please see Note 11 to the financial statements.
- In December 2024, Amot exchanged NIS 500 million PV of bonds (Series D) (constituting 48% of the total bonds (Series D) in circulation) in exchange for NIS 574 million PV of bonds (Series I), and NIS 107 million PV of bonds (Series E) (constituting 25% of the total bonds (Series E) in circulation) in exchange for NIS 105 million PV of bonds (Series J), by way of an exchange purchase offer. For additional information, see Note 11 to the financial statements.

Carr

During the reporting period, Carr repaid loans totaling USD 209 million (NIS 752 million) through the sale of properties, as detailed in this section above. At the same time, Carr repaid the remaining debt of USD 61 million in respect of the NY 1700 building through the utilization of a credit facility. As of December 31, 2024 and close to the date of publication of the report, Carr's unutilized credit facility balance is approx. USD 225 million, and assuming the exercise of the credit facility extension option, Carr has no loans due until mid-2026.

As of December 31, 2024, Carr and its investees had loans from banking corporations and a utilized credit facility totaling USD 1.3 billion (Carr's share) at a weighted interest rate of 3.98% and for an average duration of 1.84 years.[27] Of the above amount, 61.9% bears fixed interest.

26 The amount includes Energix's credit facilities, immediately withdrawable in the amount of NIS 0.5 billion (not including the Aran project loan).
27 Does not include a lease commitment in accordance with IFRS 16 in the amount of USD 148 million in respect of ground lease agreements.

AH Boston

As of December 31, 2024, the Boston Partnerships have long-terms loans, with a balance, as of December 31, 2024, in the amount of approx. USD 366 million (approx. NIS 1.3 billion) at 5.82% weighted interest (after taking into account the interest-fixing transaction).

Subsequent to the reporting period, an agreement in principle was signed that constitutes an outline for a new loan (a replacement for the existing loan, whose balance at the end of 2024 was USD 160 million with a maturity date of July 2025), the amount of which at the time of its issuance will be USD 133 million with a maturity date (including the extension option) of July 2029. According to the agreement, the loan amount may be increased up to a total amount of USD 180 million, depending on the future pace of rentals. The new loan will bear 7% annual interest. In order to obtain the above loan, the Company and Oxford Properties will inject a cumulative total of USD 27 million, which will be used to repay the existing loan.

BE

During the reporting period and subsequent to the balance sheet date, BE entered into three agreements to refinance maturing loans:

- In March 2024, BE took a loan of GBP 75 million, replacing a loan of GBP 132 million. The loan principal is due for repayment in June 2028.
- In March, BE took a loan of GBP 45 million, replacing a loan of GBP 47 million. The loan principal is due for repayment in October 2026 (except for the repayment of GBP 8.5 million, which was repaid in October 2024).
- Subsequent to the date of the report, BE took a loan in the amount of GBP 45 million, replacing a loan of GBP 46 million. The loan principal is due for repayment in February 2029.

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

Energix

- In December 2024, Energix signed a financing transaction for the establishment of the E4 project backlog of up to USD 225 million with a consortium of 3 banks. The transaction includes a back leverage loan for all projects and a bridge loan for a tax partner investment in relation to 2 projects with a capacity of approx. 140 MWp[28]. In December, Energix completed a withdrawal of USD 95 million from the total facility of its back leverage loan.
- In August 2024, Energix completed a transaction for the receipt of financing in a total amount of PLN 830 million (approx. NIS 780 million) for the Banie 1+2 and Ilawa wind farms with a total capacity of 119 MW.
- For additional information regarding Energix's material project financing frameworks as of the date of the report, please see Note 12c to the financial statements.

As of December 31, 2024 and close to publication of the report, no reason has arisen for the Group's loans and bonds to be made immediately repayable.

For information regarding the Group's reportable substantial credit, please see Chapter F, Section 5.2 in the Description of the Corporation's Business.

For additional information regarding the Group's liabilities, please see Notes 11 and 12 to the financial statements.

---

28 The cost of establishing the 3 remaining projects with a capacity of approx. 70 MWp, which are in the final construction stages was financed by Energix from its equity and is expected to be returned to Energix against receipt of the tax partner's investment in the 3 projects during the first quarter of 2025.

2.4.4 Raising capital

During the reporting period, the Company (expanded solo) carried out the following:
During the reported period, the Company issued approx. 35 million ordinary shares of NIS 1 PV and approx. 10 million options (Series 16) exercisable for the Company's shares, for total immediate proceeds of approx. NIS 1 billion (and future proceeds, assuming the exercise of the options, of approx. NIS 338 million, subject to adjustments). For additional information, please see Note 17b to the financial statements.

2.4.5 Working capital deficit

The working capital deficit as of December 31, 2024 amounted to a total of NIS 2 billion in the consolidated financial statements. As of December 31, 2024, the Group has a high balance of unutilized long-term credit facilities and a high balance of unencumbered assets. In view of this, the Company's Board of Directors believes that the existence of a working capital deficit does not indicate a liquidity problem.

2.5 Operating results

In the reporting period, the Group recorded a net profit of approx. NIS 249 million, compared to a net loss of approx. NIS 2,151 million in the corresponding period last year. The portion attributed to the Company's shareholders amounted to a loss of NIS 346 million in the reporting period, compared to a loss attributed to the Company's shareholders of NIS 2,392 million in the corresponding period last year.

In the reporting period, the Group recorded comprehensive income of approx. NIS 118 million, compared to a comprehensive loss of approx. NIS 2,098 million in the corresponding period last year. The portion attributed to the Company's shareholders amounted to a loss of NIS 443 million in the reporting period, compared to a loss attributed to the Company's shareholders of NIS 2,425 million in the corresponding period last year.

For an explanation of the operating results in the reporting period, please see Sections 2.5.2 and 2.5.3 below.

For information regarding property revaluations recorded by the Group in the reporting period, see Section 2.3.3 above.

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

	2024	2023	2022	Q4.2024	Q3.2024	Q2.2024	Q1.2024
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Revenues and profits							
Revenue from rental fees and management of investment property	1,389,184	1,324,063	1,219,178	352,525	360,977	344,204	331,478
Fair value adjustments of investment property	607,208	(926,169)	685,918	293,967	301,614	84,999	(73,372)
Group share in the losses of associates, net	(540,178)	(1,703,997)	(953,589)	(62,434)	(60,665)	(97,905)	(319,174)
Net losses from investments in securities measured at fair value through profit or loss	(227,508)	(17,299)	(1,351)	(102,182)	(114)	(107,833)	(17,379)
Profit from decrease in rate of holding, from purchase and realization of associates	23	449	20,391	10	1	2	10
Revenue from sale of electricity and green certificates	856,210	680,713	525,437	210,583	209,561	213,518	222,548
Other revenue, net	26,010	1,199	2,089	21,543	811	991	2,665
	2,110,949	**(641,041)**	**1,498,073**	**714,012**	**812,185**	**437,976**	**146,776**
Costs and Expenses							
Cost of investment property rental and operation	180,460	168,894	146,800	46,964	47,463	48,899	37,134
Initiation, maintenance and operation costs of electricity-generating facilities	121,400	110,801	56,141	20,123	40,145	29,450	31,682
Depreciation and amortizations	228,141	159,963	112,398	68,115	61,346	55,394	43,286
Administrative and general	266,809	201,798	179,082	74,418	75,380	58,960	58,051
Financing expenses, net	987,298	791,525	712,644	153,111	332,776	326,895	174,516
	1,784,108	**1,432,981**	**1,207,065**	**362,731**	**557,110**	**519,598**	**344,669**
Profit (loss) before taxes on income	326,841	(2,074,022)	291,008	351,281	255,075	(81,622)	(197,893)
Income tax expenses (income)	77,635	77,816	(47,564)	73,779	10,491	(47,595)	40,960
Net profit (loss) for the period	**249,206**	**(2,151,838)**	**338,572**	**277,502**	**244,584**	**(34,027)**	**(238,853)**
Allocation of net profit (loss) for the period:							
Company shareholders' share	(346,199)	(2,392,409)	(281,467)	90,050	43,362	(139,790)	(339,821)
Share of non-controlling interests	595,405	240,571	620,039	187,452	201,222	105,763	100,968
	249,206	**(2,151,838)**	**338,572**	**277,502**	**244,584**	**(34,027)**	**(238,853)**

Comparison of 2024 operating results and 2023 operating results

Revenue from rental fees and management of investment property – amounted to NIS 1,389 million in the reporting period, compared to NIS 1,324 million in the corresponding period last year, an increase of NIS 65 million (approx. 5%).

The increase stems from revenue from Amot properties (approx. NIS 56 million) due to additional revenue from properties whose construction has been completed, and due to additional revenue from identical properties (among other things as a result of occupancy, price increases, and the increase in the CPI).

The remainder of the increase (approx. NIS 9 million) stems from an increase in BE's revenue resulting from the depreciation of the NIS against the GBP in the reporting period.

Fair value adjustment of investment property - In the reporting period, gains from property revaluations were recorded in the amount of NIS 607 million, compared to losses from property revaluations in the amount of NIS 926 million in the reporting period last year, as follows:

- Fair value adjustment of Amot's properties - In the reporting period, revaluation gains were recorded in the amount of approx. NIS 546 million, compared to revaluation gains of NIS 243 million in the corresponding period last year. The positive revaluation of income-generating properties in the reporting period was due mainly to an increase in the representative NOI. In the corresponding period last year, revaluation gains resulted from an increase in the representative NOI (including as a result of the impact of the CPI increase), which was partially offset by an increase in the discount rate on some of Amot's properties.
- Fair value adjustment of BE's properties - In the reporting period, revaluation gains were recorded in the amount of approx. NIS 58 million, compared to revaluation losses of NIS 1,169 million in the corresponding period last year. The negative revaluation of properties last year was mainly due to the increase in the discount rate of BE's properties. For additional information, please see Section 2.3.3 above.

In the fourth quarter of 2024, real estate revaluation gains of NIS 294 million were recorded, resulting from revaluation gains of NIS 133 million from Amot and revaluation gains of NIS 160 million from BE.

Group share in the profits 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 losses -** A loss of NIS 264 million was recorded in the reporting period, compared to a loss of NIS 1,384 million in the corresponding period last year.

  The loss in the reporting period is due to a negative value adjustment of Carr's properties in the amount of USD 202 million (the Company's share in the loss before tax - NIS 354 million). The loss in the corresponding period last year is due to a negative value adjustment of Carr's properties in the amount of USD 825 million (the Company's share in the loss before tax - NIS 1,463 million).

  In the fourth quarter of 2024, losses from the revaluation of Carr's properties were recorded in the amount of USD 42 million (the Company's share - NIS 155 million).

- **Group share in AH Boston's losses -** A loss of NIS 284 million was recorded in the reporting period, compared to a loss of NIS 284 million in the corresponding period last year.

  The loss in the reporting period is due to a negative value adjustment of AH Boston's properties in the amount of USD 143 million (the Company's share in the loss before tax - NIS 293 million). The loss in the corresponding period last year is due to a negative value adjustment of AH Boston's properties in the amount of USD 152 million (the Company's share in the loss before tax - NIS 310 million).

  In the fourth quarter of 2024, gains from the revaluation of AH Boston's properties were recorded in the amount of USD 2.5 million (the Company's share - NIS 5 million).

  The revaluations in 2024 resulted mainly from the increase in the discount rate of the properties' projected cash flow (Discount Cash Flow Rate and Terminal Cap Rate).

Net profit (loss) relating to investments in securities measured at fair value through profit and loss – The loss in the reporting period and in the corresponding period last year stems from the fair value adjustment of securities measured at fair value through profit or loss (including Brockton funds). In addition, during the reporting period, the Group recorded a loss of approx. GBP 12 million (NIS 58 million) from the write-off of its entire investment in one of the Brockton Funds, as well as a loss of approx. GBP 34 million (NIS 159 million) from the write-off of the balance of a loan given to one of the Brockton Funds. The losses were recorded to "Net losses from investments in securities measured at fair value through profit or loss". The write-off was made in view of the Group's assessment that the rate and proceeds of sales of luxury apartments in the project held by the Fund are not sufficient to recover the Group's share in the project.

Revenue from sale of electricity and green certificates – Revenue from the sale of electricity and green certificates in the reporting period amounted to NIS 856 million compared to NIS 681 million in the corresponding period last year, an increase of NIS 175 million. The increase stems mainly from an increase in revenue from new facilities that have been connected, mainly in the US and in Israel and Poland.

Financing expenses - Financing expenses in the reporting period amounted to NIS 987 million compared to NIS 792 million in the corresponding period last year, an increase of NIS 195 million. The increase is mainly due to an increase in the Group's financial debt balance as well as an increase in interest rates, net of the impact of the CPI (an increase of 3.43% in the reporting period compared to an increase of 3.34% in the reporting period last year).

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

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

	2024	2023	2022	Q4.2024	Q3.2024	Q2.2024	Q1.2024
Net profit (loss) for the period	249,206	(2,151,838)	338,572	277,502	244,584	(34,027)	(238,853)
Profit from investment in Carr (1) (2)	(21,344)	(65,028)	181,802	(20,459)	(17,586)	8,827	7,874
Profit (loss) from investment in AH Boston properties (1)	(2,443)	(23,673)	39,205	63	(6,335)	1,844	1,985
Profit (loss) from investment in BE (1) (3)	(52,143)	71,939	13,514	(197,501)	87,596	38,581	19,182
Profit (loss) from investment in Energix and others (4)	(57,840)	69,090	(16,089)	(78,309)	6,796	8,625	5,048
Tax effects	2,582	1,760	(4,777)	1,466	2,325	(801)	(408)
Other comprehensive income (loss) for the period	(131,188)	54,088	213,655	(294,741)	72,796	57,076	33,681
Total comprehensive income (loss) for the period	118,018	(2,097,750)	552,227	(17,239)	317,380	23,049	(205,172)
Allocation of comprehensive income (loss) for the period:							
Share of Company shareholders	(443,351)	(2,425,233)	(53,496)	(121,932)	89,567	(97,781)	(313,205)
Share of non-controlling interests	561,369	327,483	605,723	104,693	227,813	120,830	108,033
	118,018	(2,097,750)	552,227	(17,239)	317,380	23,049	(205,172)

(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 2024, the NIS depreciated by a rate of 0.5% against the USD and appreciated by 9% against the GBP. In 2023, the NIS depreciated by 3.1% and 9% against the USD and the GBP, respectively.

(2) Net profit (loss) from the investment in Carr also includes the Company's share of changes in the fair value of interest rate fixing transactions made by Carr (a loss of NIS 13 million in 2024 compared to a loss of NIS 21 million in 2023).

(3) Net profit (loss) from the investment in BE also includes the Company's share of changes in the fair value of interest rate fixing transactions made by BE (a loss of NIS 6 million in 2024 compared to a loss of NIS 21 million in 2023).

(4) The loss in the reporting period is mainly due to the effect of exchange rates (net of hedging). In 2023, the profit is mainly due to the effect of exchange rates on Energix (net of hedging) due to the appreciation of the NIS against the USD and the PLN.

2.6 Cash flows

	2024	2023	2022
	NIS millions	NIS millions	NIS millions
Total cash provided by operating activities	**1,064**	**1,121**	**629**
Cash flows used in investing activities			
Investment in investment property and fixed assets	(864)	(656)	(1,159)
Proceeds from the realization of investment property, net	334	-	-
Investment in electricity-generating systems	(1,429)	(2,279)	(1,131)
Investment in Boston properties	(124)	(51)	(57)
Investment in Carr	-	-	(202)
Proceeds from repaid hedging transactions	(388)	(549)	36
Acquisition of consolidated companies	-	-	(298)
Investment in Brockton Funds, net	(69)	-	(4)
Repayment (provision) of loans, net	(24)	(61)	127
Net decrease (increase) in deposits (including encumbered deposits) and realization of tradable securities	636	(187)	(407)
Other	-	-	46
Total cash used in investing activities	**(1,929)**	**(3,783)**	**(3,049)**
Cash flows provided by financing activities			
Receipt of loans (long-term loans and utilization of short-term bank credit)	2,056	3,386	244
Proceeds from the issuance of bonds	555	1,972	3,037
Repayment of liabilities (long-term loans, bonds and repayment of short-term credit)	(2,827)	(1,801)	(1,544)
Capital raised by the Company	1,004	-	295
Capital raised by Amot (net of the Company's investment in the issue)	-	10	487
Capital raised by Energix (net of the Company's investment in the issue)	-	1	534
Capital raised by BE (net of the Company's investment in the issue)	-	30	569
Proceeds from the issue of shares and options to non-controlling interests	92	220	-
Acquisition of shares from non-controlling interests	(59)	(24)	(38)
Payment of dividends to Company shareholders and to non-controlling interests in consolidated companies	(611)	(695)	(652)
Total cash provided by financing activities	**210**	**3,099**	**2,932**
Total increase in cash balances in the period	**(655)**	**437**	**512**
Other influences	**5**	**36**	**24**
Cash and cash equivalents and designated deposit balance at end of period	1,552	2,201	1,729
Less designated deposit	(28)	(3)	(34)
Cash and cash equivalents at end of period	**1,524**	**2,198**	**1,695**

2.7 Equity

2.7.1 Equity per share

	As of December 31 2024	As of December 31 2023
	NIS millions	NIS millions
Equity	11,633	11,064
Less non-controlling interests	(6,219)	(6,062)
Equity attributed to Company shareholders	**5,414**	**5,002**
NAV per share	**25.18**	**27.83**
NNAV per share	**29.65**	**32.78**

2.7.2 Explanation of changes in equity

During the reporting period, the capital attributed to the Company's shareholders increased by NIS 0.4 billion. The main changes are as follows:

- A loss attributed to Company shareholders in the amount of NIS 346 million - please see additional information in Section 2.5.2 above.
- Other comprehensive loss attributable to Company shareholders in the amount of NIS 97 million - please see additional information in Section 2.5.3 above.
- A reduction in capital due to dividends paid in the amount of NIS 138 million.
- Issuance of shares and options in the amount of NIS 1 billion.

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

Composition of the excess assets over liabilities based on the Company's statements (expanded solo) by currency as of December 31, 2024 (in NIS millions):

As of December 31, 2024	Assets	Liabilities	Assets, net	%
USD	1,901	(812)	1,089	20%
GBP	3,211	(1,449)	1,762	33%
Other	15	(1)	14	0%
Excess assets over liabilities in foreign currency	5,127	(2,262)	2,865	53%
Excess assets over liabilities in NIS	6,203	(3,654)	2,549	47%
Equity as of December 31, 2023	**11,330**	**(5,916)**	**5,414**	**100%**

The Company's exposure to foreign currency as of the date of this report is approx. NIS 2.8 billion (net exposure of approx. USD 265 million and approx. GBP 407 million).

2.7.4 Dividends[29]

In March 2025, the Company's Board of Directors adopted a resolution regarding the dividend policy for 2025, according to which the Company intends to pay a dividend during 2025 in a total amount of NIS 96 per share, to be paid in 4 quarterly installments of NIS 24 each quarter (subject to a specific resolution of the Board of Directors at the end of each quarter, taking business considerations into account and in accordance with the provisions of any law).

For information regarding dividends distributed by the Company in 2024, please see Note 17d to the financial statements.

2.8 Remuneration of senior employees

In October 2021, the General Meeting approved a new remuneration policy for Company officers for the years 2022-2024 in effect from January 1, 2022, which was amended in accordance with the General Meeting's resolution in August 2023 (hereinafter - the "**old remuneration policy**"). On December 31, 2024, the General Meeting approved a new remuneration policy for Company officers for the years 2025 - 2027 in effect from January 1, 2025 (hereinafter - the "**new remuneration policy**").

The Remuneration Committee and the Board of Directors at their meetings of March 4, 2025 and March 10, 2025, respectively, discussed and determined the annual bonus for the VPs in respect of 2024 according to the old remuneration policy, and the economic value of the capital bonus to be granted to each of the VPs in 2025 according to the new remuneration policy. The Remuneration Committee and the Board of Directors examined, with respect to each VP separately, all the criteria determined in the remuneration policy, and stated, among other things, that:

(a) The bonuses offered are for the benefit of the Company in the long term.

(b) The total remuneration of each one of the VPs, including the remuneration of the VP of Business Development and the CFO, including the variable components, according to Regulation 21 of the Securities Regulations (Periodic and Immediate Reports), is in accordance with the remuneration policy and constitutes a fair consideration for the contribution of each VP to the Company's operations and its results.

(c) They do not believe that the bonuses detailed above will have an effect on employment relationships in the Company.

Remuneration of the Company CEO -

On October 6, 2021, the General Meeting approved a management agreement with a company owned by Mr. Nathan Hetz, the Company CEO, in accordance with the old remuneration policy, for a period of three years effective January 1, 2022. On November 18, 2024, the Company's Board of Directors decided to extend the management agreement with the Company's CEO for an additional 3 years, until December 31, 2027. For additional information, please see Note 19a to the financial statements and an immediate report published by the Company on November 19, 2024 (Ref: 2024-01-616687).

---

29 The Company's bonds include certain restrictions on dividend distribution, in the following cases:

The Company will declare a distribution in an amount exceeding the permitted amount at a time when the Company's equity, including as a result of the distribution, will be lower than an amount in NIS equal to NIS 2.6 billion.

The term "permitted amount" means FFO plus profit from the sale of assets and minus dividends that have been declared, all from the beginning of the calendar year in aggregate. It should be clarified that to the extent that the Company has not distributed the full permitted amount in a particular calendar year, the balance of that amount will be carried forward to subsequent years.

The term "profit from the sale of assets" means the excess of the proceeds (if any), in excess of the historical cost of the assets that have been sold.

The term "distribution" as defined in the Companies Law, as well as the purchase of shares of the Company by the Company and/or a company wholly owned by the Company.

The Company will declare a distribution that would result in the reduction of equity below NIS 2.2 billion.

A distribution by the Company would result in a breach of one or more of the Company's material liabilities according to the Company's trust deeds and bonds.

Remuneration of the Chairman of the Company's Board of Directors -

On October 6, 2021, the General Meeting approved a management agreement with Mr. Aviram Wertheim, Chairman of the Company's Board of Directors (through a company under his ownership), in accordance with the old remuneration policy, for a period of three years effective January 1, 2022, and for as long as he serves as Chairman of the Company's Board of Directors. On December 31, 2024, the General Meeting approved a management agreement with the Chairman of the Board of Directors effective January 1, 2025, and for as long as he serves as Chairman of the Company's Board of Directors. For additional information, please see Note 19b

Remuneration of officers -

Regarding the terms of office and employment of the seven officers with the highest remuneration among the senior executives of the Company or of companies under its control (of which three are officers of the Company itself) according to Regulation 21 of the Securities Regulations (Periodic and Immediate Reports) 1970 and for additional information regarding the remuneration terms of two of the Company's officers (VPs), please see Regulation 21 in the Additional Information on the Corporation chapter in the Periodic Report. Regarding the granting of option warrants to officers and employees of the Company, see Note 17e to the financial statements. Regarding the granting of options to directors, please see Note 19c(2) to the financial statements.

3. Sustainability and social responsibility - Environmental risk management, environmental responsibility and the environmental impact on the group's activities (ESG)

In June 2023, the Company published its first ESG Report[30] ("**First ESG Report**"), which reviewed the Group's extensive activities, in the territories in which it operates, in relation to environment, society and corporate governance, in 2021 and 2022.

In the first ESG Report, the Company presented its activities based on the recognition that proper management of environmental risks may yield a business advantage from which it, will benefit, as well as its employees and customers, and increase the trust of the community.

In 2024, the Group continued to work to integrate environmental considerations into the business and management decision-making system of the Group companies.

During 2024 and until the date of publication of the report, the Company carried out in-depth work setting goals for all Group companies in Israel and abroad. The Company is expected to publish a second ESG Report in 2025, which will include the results of the aforementioned work, as well as its environmental data for 2023 and 2024.

From 2006, the Company has been given an ESG rating by Maala. As of the reporting date, the Company is rated at the **platinum rating level**.

In 2021 - 2024, the Group companies published ESG reports in accordance with accepted international standards.

The Group intends to continue to operate, out of a commitment to environmental and social responsibility, while integrating environmental considerations and environmental risk management into the business and managerial decision-making system of the Group companies, in order to benefit the environment, society and community in which the Group operates.

Corporate governance -

The Group conducts itself in accordance with procedures and high standards of corporate governance, strict ethical standards in the business conduct and supports a high level of transparency. Among the Group's core values: fair business conduct, managers' responsibility for their employees, maintaining individual confidentiality and privacy, safeguarding employees' rights and family values.

The Company has an ethical code that presents the above core values, and its policy on social, environmental and community issues, which is published on the Company's website.

30 For the first ESG Report, please see the following link: **ESG report.**

It should be noted that as of December 31, 2024, and as of the date of publication of this report, 5 of the 9 directors who serve on the Company's Board of Directors are independent directors (including external directors).

Social responsibility -

The Group considers itself as an integral part of the community in which it operates and with this in mind, the Group supports many charities, which share its values, such as: reducing inequality, helping and promoting young people, organizations and initiatives related to health and child education and more. The following are several examples of the Group's activities in this area:

- **Contribution to the community -** During 2024, the Group in Israel made contributions in the amount of approx. NIS 5.4 million.
- **Volunteering -** The Group companies encourage their employees to contribute to the community by volunteering and initiate organized volunteering days for employees who are interested. The Group's employees volunteer, among other things, in the education of Beduin youth, in agriculture, protection of agricultural fields, preparation of food packages, the Israel Police and more.
- **Gender equality** - As of December 31, 2024, 33% of the Group companies' employees in Israel are women and 40% of the Group companies' directors in Israel are women.
- **Environmental development -** The group works to develop ancillary facilities in its various projects for the benefit of its customers and the public, such as: open and shaded gardens (by building tall buildings and clearing the land resource for the public), ornamental pools, green roofs, some of which are open to the general public, conference halls, restaurants and cafes.
- **Capital remuneration -** The Company considers the great importance of its employees identifying with its goals and accordingly, the Company employees enjoy capital remuneration. Each year, the Company allocates, without consideration, non-tradable option warrants that can be exercised for the Company's shares, on preferential terms, from a long-term perspective.

4. Discussion of market risks

4.1 Description of market risk to which the Group is exposed:

The Group's business results and the value of its properties are affected by the following risk factors:

- For information regarding the possible impact of the economic environment and geopolitical events on the Company's activities, please see Section 6 "General Environment and Influence of External Factors - General" in Chapter A of the report on the Description of the Corporation's Business.
- For information regarding the impact of the Iron Swords War on the Company's activities, please see Section 6 "General Environment and Influence of External Factors - General" in Chapter A of the report on the Description of the Corporation's Business. Changes and worsening of the security and political situation may have an impact on the Company's activities in Israel and harm its business results, as a result of damage to the demand for rental space, a shortage of manpower in the construction industry, increases in construction costs, etc.
- The Company's management estimates that the entrance into a severe global recession will affect the Group's income from its income-generating property activities in Israel and in the markets in which it operates. These effects, including the growth rates, may be reflected in a slowdown and/or a decline in demand with the possibility of a decrease in prices and/or a decline in the value of the income-generating properties. Decreases in share prices and/or in the value of income-generating property may, among other things, have an adverse affect on the compliance with financial ratios, lead to an increase in financing prices, difficulty in obtaining financing sources and difficulty in the recycling of existing loans.
- Amot, Carr, the Boston property companies and BE operate in the income-generating property market in Israel, the US and in the UK (respectively) and are exposed to risks including: economic slowdown, decline in demand for rental space (including implications of a transition to a hybrid work model), decrease in rental prices, excess speculative construction, an increase in the cost of raising capital, an impairment of the strength of major tenants and an increase in the prices of construction inputs, including delays in the supply chain to projects in development.
- Most of the Group's continuing operations are carried out through the holding of shares in the companies holding income-generating property in Israel, the US and the UK. Consequently, the changes in interest rates (and in their risk margins), the exchange rates and the demand for real estate in the above countries may have a material impact on the Group's business results. In addition, the volatility of the stock markets in which the shares of some of the Group's companies are traded may have an effect on the ability to realize them and on their future value, if and when the Group seeks to realize these investments as well as on the financial covenants related to the value of collateral connected with the loans taken by the Group.
- The Group is dependent on the capital market and the banking system from which it raises capital and debt. The Group's activity in the capital market is subject to fluctuations due to the influence of macroeconomic factors in Israel and abroad and regulatory changes on which the Group has no influence. These fluctuations affect the rates of securities traded on the stock exchange, the amount of the credit sources provided by the banking system and the extent of the public's activity in the capital market. These fluctuations may affect the Group and the options it will have at its disposal for raising the financing sources that will be needed to continue its operations.
- The Company has CPI-linked NIS financing sources (mainly bonds). As a result, the Group is exposed to changes in the CPI. As of December 31, 2024, the Company's net exposure (expanded solo) to the CPI amounted to NIS 1.3 billion (excess liabilities over assets). Because the Company considers its investment in Amot, and part of its investment in Energix (the CPI-linked part), as CPI-linked investments from an economic perspective (for the long term), the Company has excess assets over CPI-linked liabilities in the amount of NIS 3.9 billion as of December 31, 2024.
- The Group is exposed to changes in the short-term and long-term interest rates in the markets in which it operates, which have an impact on the Group's financing expenses, on the Company's and Group companies' liabilities, including loans, derivative transactions and the value of investment property. An increase in financing costs could harm the economic viability for the establishment of projects in initiation (mainly through Energix) and jeopardize their very establishment.
- The Group has investments and sources of financing denominated in foreign currency. Therefore, the Group is exposed to changes in the exchange rates of these currencies against the NIS.

- The Group, through Energix, is exposed to the risk of a decrease in the price of green certificates and/or a decrease in the demand for them, and is exposed to fluctuation in electricity prices on the Polish Electricity Exchange and electricity prices in the US until the date of engagement in an electricity sales agreement.
- The Group's revenues from the sale of electricity and the construction schedules for projects in this area exposed to changes that may occur in the Israeli, American and Polish regulatory environments, among other things, regarding tariffs set for the sale of electricity, to the various conditions Energix must meet in order to receive the licenses, permits and approvals for the construction of renewable energy facilities, the regulatory conditions in Poland, changes in the Polish Renewable Energy Law and changes in the American tax regime, such as a reduction in the tax benefits granted to photovoltaic facilities.
- The Group's revenue from the sale of electricity are significantly affected by weather conditions. At wind farms, revenues are affected by the strength and amount of the wind and photovoltaic systems are affected by the intensity of solar radiation (radiation level and hours of radiation), temperature conditions and other climatic parameters. In addition, extreme weather conditions can also lead to delays in project construction or in extreme cases, to the temporary shutdown of electricity-generation systems.
- The Group's revenue from the sale of electricity is affected by a tax incentive scheme that enables a benefit that reduces the construction cost of projects and is provided at the time of connection to the electricity grid. The loss of tax benefits in a significant amount may result in a breach of contract with a tax partner and an obligation to compensate the partner with the tax liability. Such loss of benefits may impair Energix's cash flow of energy and the return it actually receives.

4.2 The extent of the impact of market risks on the Group's business activity:

	Degree of risk factor's impact on the company's activity	
	High	**Moderate**
Macro-economic risk factors:		
Interest risks	X	
Changes in exchange rates	X	
Lack of growth and severe economic recession	X	
Changes in the value of tradable securities	X	
Regulatory changes in banking, capital markets and taxation	X	
Changes in credit provision policy	X	
Change in employment rate	X	
Changes in inflation rates		X
Industry risk factors:		
Change in the demand for rental space	X	
Changes in rental prices	X	
Excess speculative construction	X	
Increase in capital and debt raising cost	X	
Financial strength of tenants		X
Increase in construction input costs, delays in the supply chain for projects in initiation		X
Changes in electricity prices and in the price of green certificates		X
Changes in the regulatory environment in which Energix operates		X
Compliance with the conditions required for receiving tax benefits in the US		X
Market risk		
Cyber risks (please see Section 4.3 below)		X
Weather conditions, seasonality and climate change		X
Geopolitical risks including security risks		X
Environmental risks (please see ESG Report published by the Company)		X

For information regarding interest, inflation and currency exposure risks, see Note 23 to the financial statements.

4.3 Cyber risk

The Company has various information systems for which it estimates that the amount of damage that could be caused to it as a result of a cyber attack is not high. Nevertheless, from time to time the Company is assisted by information security consultants, and implements tools and systems aimed at protecting against cyber threats, loss of information, the risk of information hijacking and destruction by malicious parties, and works to back up information and the ability to recover quickly in the event of a cyber event.

During the reporting period, the Company continued to strengthen the resilience of its information security system in order to reduce the risk of hostile elements infiltrating its internal information systems and computer network. At the same time, it should be clarified that there can be no certainty regarding the Company's ability to completely prevent cyber events.

The Company's cyber risk management policy is managed by the Information Systems Manager, reporting to the Company's VP Finance. As part of the Company's cyber risk management policy, the Company periodically conducts a comprehensive cyber risk survey, on the basis of which a plan is built to reduce exposures, procedures are updated, and additional protection tools are implemented as needed. The Company conducts ongoing activities to raise employee awareness of the latest cyber risks. It should be noted that the Company does not have any officers and/or board members with cyber expertise.

During 2024 and until the date of the report, no cyber incident occurred and no high-risk cyber problems or high-impact cyber issues were found in the Company's operations.

The Group companies -

Income-generating property - The Group companies operating in the field of income-generating property have various databases that contain both confidential and personal information in relation to their customers. Failure and/or an information security event in relation to the systems used by the Group companies and in which such information is stored, may affect their ongoing activities, their customers, the provision of the services provided by them and their reputation. However, the Group estimates that the extent of the damage that may be caused to it by a cyber attack is not high.

Renewable energy - Energix, a renewable energy company, has operational systems (OT) and organizational information systems (IT). Any damage to Energix's OT systems may expose it to delays and disruptions in the supply of electricity generated at its facilities and/or cause damage to the information in its possession and/or damage its reputation. Energix has procedures for dealing with cyber risks, including an incident response procedure that includes a first-responder team.

Each of the Group companies works according to policy and procedures to secure the information accumulated in their systems and, for that purpose, is assisted by information security consultants, who operate in accordance with instructions and under the supervision of the relevant company's Information Systems Manager. The Group companies work to implement technological and organizational measures, including work procedures, to secure information from unauthorized discovery and/or use and/or loss of information, including dealing with cyber attacks and recovery in the event of an attack. However, there is no certainty regarding the Group companies' ability to completely prevent cyber attacks

During 2024 and until the date of the report, no cyber incidents occurred in the Group companies and no high-risk or high-impact cyber issues were found in the Group companies.

The risks mentioned in Section 4 above are the risks that, according to the Company management's estimates, may have a specific impact on the Company due to the nature and scope of its activities. It should be noted that other risks that are not necessarily specific to a company of this type may have an influence on the Company, including risks of war, hostilities, regulation risks, changes in fiscal policy, economic crises and geopolitical crises in countries in which the Group operates.

5. Aspects of Corporate Governance

5.1 The Company Board of Directors; Board members with accounting and financial expertise

As of the date of publication of this report, the Company's Board of Directors has 9 directors: The following are changes that occurred in the Company's Board of Directors during 2024:

- On October 9, 2024, Mr. Ilan Gifman commenced service as a Company director. The Company's Board of Directors determined that Mr. Ilan Gifman is a director with accounting and financial expertise.
- On November 18, 2024, Ms. Batsheva Moshe commenced service as an independent director of the Company. The Audit Committee determined that Ms. Batsheva Moshe is an independent director and the Company's Board of Directors determined that Ms. Batsheva Moshe is a director with accounting and financial expertise.
- On November 22, 2024, Mr. Amos Yadlin ended his service as an independent director of the Company.
- On December 31, 2024, Dr. Samer Haj-Yehia commenced service as an external director of the Company. The Company's Board of Directors determined that Dr. Samer Haj-Yehia is a director with accounting and financial expertise and the Audit Committee determined that he meets the required qualifications for an external director.

The Company's Board of Directors determined that considering the international activities of the Group, and the Company as a holding company, it is desirable that at least four Company directors have accounting and financial expertise ("the **minimum number**"). This was determined in view of the Company's managerial and financial complexity, its diverse areas of activity and the markets in which it operates, the amounts of its financial assets and liabilities, and the need to maintain adequate control over financial reporting and internal audit procedures. In the opinion of the Board of Directors, the minimum number constitutes an additional layer that strengthens the fulfillment of its duties and responsibilities under the law.

As of December 31, 2024 and as of the date of publication of this report, 8 of the members of the Board of Directors have accounting and financial expertise - Mr. Aviram Wertheim, Mr. Nathan Hetz, Prof. Zvi Eckstein, Mr. Ilan Gifman, Dr. Samer Haj-Yehia, Ms. Batsheva Moshe, Ms. Roni Patishi-Chillim and Mr. Shlomi Shuv.

For information regarding the qualifications, education and experience of the above directors, based on which the Company considers them to have accounting and financial expertise, please see Regulation 26 of the Additional Information Chapter on the Corporation.

During 2024, 10 meetings of the Company's Board of Directors were held, with the average attendance of members of the Board of Directors at 93%, as follows:

Name of Director	Attendance rate at Board meetings	Attendance rate at Audit Committee meetings	Attendance rate at Financial Statements Review Committee meetings	Attendance rate at Remuneration Committee meetings
Aviram Wertheim	100%	N/R	N/R	N/R
Nathan Hetz	100%	N/R	N/R	N/R
Zvi Eckstein	70%	100%	100%	100%
Amos Yadlin[31]	89%	100%	N/R	100%
Rony Patishi-Chillim	100%	100%	100%	100%
Shlomi Shuv	100%	100%	100%	100%
Adva Sharvit	80%	N/R	100%	N/R
Ilan Gifman [32]	100%	N/R	N/R	N/R
Batsheva Moshe [33]	100%	N/R	N/R	N/R
Samer Haj-Yehia [34]	N/R	N/R	N/R	N/R

During the reporting year, the Company's Board of Directors held a discussion on the management of the corporation's business by the CEO and his subordinate officers, without their presence.

31 Mr. Amos Yadlin ended his service on November 22, 2024.

32 Mr. Ilan Gifman commenced service on October 9, 2024.

33 Ms. Batsheva Moshe commenced service on November 18, 2024.

34 Dr. Samer Haj-Yehia commenced service on December 31, 2024 and therefore, he did not participate in meetings of the Company's Board of Directors and its committees during 2024.

5.2 Independent Directors[35]

As of the date of publication of this report, the Company has not adopted the provision in the First Addendum to the Companies Law regarding the rate of independent directors, according to which, among other things, a publicly-owned company that does not have a controlling shareholder or the holder of a controlling block may establish instructions in its articles of association stating that a majority of the members of its Board of Directors must be independent directors.

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

5 members of the Board of Directors (3 of which are external directors) are independent directors.

5.3 The Company's accountant - for information regarding the Company's accountant, please see Appendix D.

5.4 The Company's internal auditor - for information regarding the Company's internal auditor, please see Appendix C.

5.5 Internal enforcement plan

In May 2012 for the first time, the Company adopted an internal enforcement plan regarding securities, which was updated from time to time and most recently in August 2024, following a compliance survey. The Company's enforcement plan was prepared and is updated and implemented in accordance with the criteria for an effective enforcement plan, which were published by the Securities Authority on August 15, 2011.

5.6 Charitable Donations

According to the Company's policy on donations, it regularly allocates up to 1.4% of the Group's annual profits (not including the real estate value adjustment and capital gains component) for contributions to the community that are mainly dedicated for mainly intended for supporting, educating and helping disadvantaged youths.

As part of this policy, during 2024 the Group contributed a total of approx. NIS 5.4 million to non-profits and organizations with the aforementioned goals (2023: NIS 8 million; 2022: NIS 7 million).

To the best of the Company's knowledge, and according to a review conducted, the relationships between entities to whom the amount of contributions in 2024 exceeded NIS 50 thousand, and the Company and/or a Director and/or the CEO, are as follows:

1. During 2024, the Group donated NIS 100 thousand to the Hetz Vamatara Association. The Hetz Vamatara Association is an association founded by the daughters of Mr. Nathan Hetz, a Company director and CEO, in which Ms. Adva Sharvit, a Company director, serves as CEO on a volunteer basis. The Association operates a bicycle riding center for at-risk children and youths.
2. The Lasova Association, to which the Company has donated for over 20 years, in order to maintain three youth homes (Hetz-Kadima)[36], and the Society for the Advancement of Education in Tel Aviv-Yafo[37], both of which sent groups of at-risk youths to activities at the Hetz Vamatara Association for a payment of 35% of the cost of the activity.
3. During 2024, the Group donated NIS 160 thousand to the Ofanim Association. Ms. Batsheva Moshe serves on the association's executive committee as a volunteer.

35. In the reporting year, an examination was conducted with the external directors and the independent directors, and they were found to be in compliance with the provisions of Section 240(b) and (f) of the Companies Law regarding the absence of affiliation and that they comply with the conditions required for serving as an external/independent director, as relevant.

36 The Company donated NIS 960 thousand to the Lasova Association in 2024.

.37 The Group donated NIS 260 thousand in 2024 to the Society for the Advancement of Education in Tel Aviv-Yafo.

5.7 Communication with analysts, journalists and capital market professionals

The Company's management has adopted principles for regulating its communication with analysts, capital market professionals and journalists ("**contact persons**"), recognizing the importance of providing relevant information on the one hand and complying with the provisions of the law on the other. The following is a summary of these principles, which are an integral part of the Company's administrative enforcement plan:

- Communication with contact persons will only be held through an officer appointed by the Company ("the **representative**").
- The representative will not communicate with contact persons during the dark periods.
- In this regard, "dark periods" mean the periods of darkness resulting from the forming of draft financial statements by the Company, i.e. a period of 30 calendar days before an annual report and 20 calendar days before a periodic report.
- Non-public information that is not required to be reported by law and/or information that has not yet been reported on the basis of a lawful delay of information that is required to be reported - there will be no discussion with contact persons.

6. Events Subsequent to the Balance Sheet Date

Regarding events subsequent to the balance sheet date, see Note 26 to the financial statements.

7. Special Disclosure for Bondholders

For information regarding bonds issued by the Company and regarding the rating reports, please see Appendix E below.

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

Nathan Hetz	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 Sheet of Linkage Bases for Monetary Balances

Appendix C – Information regarding the Company's Internal Auditor

Appendix D – Information regarding the Company's Accountant

Appendix E – Information regarding Bonds Issued by the Company

Appendix F – Information regarding a material asset, in accordance with the proposed amendment to the Securities Regulations to establish "Disclosure Guidance regarding Investment Real Estate Activities" from December 2023.

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

Appendix H – FFO Adjusted to the Company's Liabilities

Appendix A – Financial Information, Expanded Solo

1 .Financial Statements – Expanded Solo

The Company's expanded solo financial statements are the Company's condensed financial statements presented in accordance with IFRS principles, except for the investments in Amot, 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 December 31	As of December 31
	2024	2023
	NIS thousands	NIS thousands
Current assets		
Cash and cash equivalents	641,761	1,024,887
Other accounts receivable	38,533	34,811
Total current assets	**680,294**	**1,059,698**
Non-current assets		
Securities measured at fair value through profit or loss	218,459	165,385
Investments in investees	10,415,263	10,418,144
Others	15,534	4,149
Total non-current assets	**10,649,256**	**10,587,678**
Total assets	**11,329,550**	**11,647,376**
Current liabilities		
Short-term credit and current maturities of long-term liabilities	378,454	611,159
Other accounts payable	295,661	363,011
Total current liabilities	**674,115**	**974,170**
Non-current liabilities		
Bonds and long-term loans	5,180,764	5,495,383
Deferred taxes	11,541	26,663
Others	49,554	149,103
Total non-current liabilities	**5,241,859**	**5,671,149**
Equity	**5,413,576**	**5,002,057**
Total liabilities and equity	**11,329,550**	**11,647,376**

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

	2024	2023	2022
	NIS thousands	NIS thousands	NIS thousands
Revenues			
Group share in the losses of associates, net	(13,211)	(2,163,614)	(371,066)
Profit from decrease in rate of holding, from purchase and realization of investees	23	449	2,293
Net profit, relating to investments in long-term securities held for sale	(11,443)	(10,289)	(7,018)
Other revenue, net	22,296	21,136	18,766
	(2,335)	**(2,152,318)**	**(357,025)**
Expenses			
Administrative and general	39,136	32,138	35,210
Financing expenses, net	271,169	230,861	142,218
	310,305	**262,999**	**177,428**
Loss before taxes on income	(312,640)	(2,415,317)	(534,453)
Income tax expenses (income)	33,559	(22,908)	(252,986)
Loss for the period	**(346,199)**	**(2,392,409)**	**(281,467)**

	2024	2023	2022
	NIS thousands	NIS thousands	NIS thousands
Group share in the profits (losses) of associates, net			
Group share in Amot's equity income	468,064	4371,116	629,677
Group share in Energix's equity income	169,761	130,138	122,215
Group share in Carr's equity losses	(263,716)	(1,383,740)	(780,842)
Group share in AH Boston's equity losses	(277,752)	(284,180)	(187,566)
Group share in Brockton's equity losses	(104,164)	(993,819)	(151,653)
Other	(5,404)	(3,129)	-
Total profits (losses) of associates, net	**(13,211)**	**(2,163,614)**	**(375,025)**

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

	2024	2023	2022
	NIS millions	NIS millions	NIS millions
Revenue from dividends(*)	675	671	621
Management fees - investees	22	21	18
Financing expenses, net	(189)	(175)	(128)
Administrative and general	(33)	(32)	(34)
Current taxes	(21)	(19)	(18)
Total cash flow from the Company's operating activities	**454**	**466**	**459**
Cash flow from the Company's financing activities per share	**2.39**	**2.59**	**2.61**

(*) Including a DRIP plan in Carr in the amount of NIS 118 million, NIS 117 million and NIS 98 million for the years 2024, 2023 and 2022, respectively. For information regarding dividend income, please see Section 2.3.9 above.

3. The Company's liabilities (expanded solo) maturing after December 31, 2024:

	Bonds	Bank loans	Total	
	NIS thousands	NIS thousands	NIS thousands	%
Current maturities	359,474	22,535	382,009	7
Second year	359,474	-	359,474	6
Third year	359,474	-	592,680	6
Fourth year	943,396	-	943,396	16
Fifth year	943,396	-	943,396	16
Sixth year onward	2,838,834	-	2,838,834	49
Total repayments	5,804,048	22,535	5,826,583	100
Others			87,435	
Balance of liabilities related to financial derivative transactions			152,860	
Total financial debt (taking into account the value of financial derivative transactions)			6,066,879	

For information regarding the Company's total financial debt (expanded solo) as of December 31, 2024, please see Section 2.4.3 above.

Appendix B – Balance Sheet of Linkage Bases for Monetary Balances

As of December 31, 2024, in NIS thousands	In NIS Unlinked NIS	In NIS CPI-Linked	In USD United States	In GBP	Other	Total	Adjustments - Non-monetary items	Total
Current assets								
Cash and cash equivalents	620,192	-	6,473	946	14,151	641,762	-	641,762
Other accounts receivable	19,066	-	359	-	75	19,500	19,033	38,533
Total current assets	**639,258**	**-**	**6,832**	**946**	**14,226**	**661,262**	**19,033**	**680,295**
Non-Current Assets								
Securities measured at fair value through profit or loss	5	-	-	218,454	-	218,459	-	218,459
Investments in associates	-	-	-	-	-	-	10,415,263	10,415,263
Others	13,582	-	-	-	-	13,582	1,952	15,534
Total non-current assets	**13,587**	**-**	**-**	**218,454**	**-**	**232,041**	**10,417,215**	**10,649,256**
Total assets	**652,845**	**-**	**6,832**	**219,400**	**14,226**	**893,303**	**10,436,248**	**11,329,551**
Current liabilities						-		
Short-term credit and current maturities of long-term liabilities	378,454	-	-	-	-	378,454	-	378,454
Other payables	231,811	31,107	95	-	-	263,013	32,648	295,661
Total current liabilities	**610,265**	**31,107**	**95**	**-**	**-**	**641,467**	**32,648**	**674,115**
Non-current liabilities						-		
Bonds and long-term loans	4,123,397	1,057,367	-	-	-	5,180,764	-	5,180,764
Deferred tax liabilities	-	-	-	-	-	-	11,541	11,541
Others	48,502	-	912	-	-	49,414	140	49,554
Total non-current liabilities	**4,171,899**	**1,057,367**	**912**	**-**	**-**	**5,230,178**	**11,681**	**5,241,859**
Total liabilities	**4,782,164**	**1,088,474**	**1,007**	**-**	**-**	**5,871,645**	**44,329**	**5,915,974**
Excess assets over liabilities (liabilities over assets)	**(4,129,319)**	**(1,088,474)**	**5,825**	**219,400**	**14,226**	**(4,978,342)**	**10,391,919**	**5,413,577**
Financial derivatives	2,509,988	(250,000)	(811,458)	(1,448,530)	-	-	-	-
Excess financial assets over financial liabilities (financial liabilities over financial assets)	**(1,619,331)**	**(1,338,474)**	**(805,633)**	**(1,229,130)**	**14,226**	**(4,978,342)**	**10,391,919**	**5,413,577**
Distribution of non-monetary assets (liabilities), net – by linkage basis	304,309	5,201,362	1,894,453	2,991,735	59	10,391,918	(10,391,918)	-
Excess assets over liabilities (liabilities over assets)	**(1,315,022)**	**3,862,888**	**1,088,820**	**1,762,605**	**14,285**	**5,413,576**	**1**	**5,413,577**

Appendix C - Information regarding the Company's Internal Auditor

Auditor's name: Yisrael Gewirtz of Fahn Kanne Control Management Ltd.

Start of term in office: May 23, 2017.

Appointment: The appointment of the current internal auditor (who is an internal auditor from the same firm as the Company's previous internal auditor) was approved by the Audit Committee at its May 16, 2017 meeting and by the Company's Board of Directors at its May 23, 2017 meeting. The firm of Fahn Kanne Control Management Ltd. was selected (at the August 18, 2010 meeting of the Board of Directors) from a number of candidates whose candidacy was examined by the Audit Committee, while assigning a great deal of significance to the fact that Fahn Kanne Control Management Ltd. is a reputable and experienced company with a large number of employees with expertise in internal audits.

Auditor's qualifications: The Auditor has a degree in Accounting and Economics from Bar Ilan University and certification in Risk Management Assurance (CRMA). The Auditor is a CPA and a CIA (Certified Internal Auditor).

The auditor provides internal auditor services as an external entity through Fahn Kanne Control Management Ltd. The above company, which is a subsidiary of Fahn Kanne & Co. (Grant Thornton Israel), is a company engaged in control and auditing services for over 30 years, which employs approx. 100 dedicated employees: accountants, internal auditors (CIA), information systems auditors (CISA) and embezzlement auditors (CFE).

Scope of employment: In 2024, the internal auditor invested 220 hours in the audit work he carried out in the Company. The internal auditor serves as the internal auditor at the consolidated company Energix – Renewable Energies Ltd., where he is directed by the Energix Audit Committee, while Amot Investments Ltd. has a separate internal auditor directed by the Amot Investments Ltd. Audit Committee.

Audit plan and audit reports submitted and discussed in the reporting period:

In recent years, the internal auditor's audit plan is an annual plan, and is derived from a multi-year plan.

The annual audit plan is approved by the Audit Committee after discussion of the Auditor's proposal. The annual planning of audit tasks, setting of priorities and audit frequency are affected by the following factors:

The exposure to risk of activities and operations, the probability of the existence of managerial and administrative deficiencies, findings from previous audits, subjects in which audits are required by administrating bodies, legally mandated subjects, according to internal or external procedural directives and the need for maintaining recurring cycles.

The work plan is received and approved by the Audit Committee at the end of each year for the following year or at the beginning of each year for the current year.

On November 16, 2022, the Audit Committee approved a multi-year work plan for the years 2023-2026, subject to a new risk survey (which was carried out). At its meeting on November 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.

The internal auditor may not deviate from the work plan determined, at his sole discretion.

In the period from January 1, 2024 until the publication of this report, the following internal auditor reports were submitted in writing to the Company and the Audit Committee and discussed:

Subject of the report	Date of submission in writing to the	Date of discussion in Audit Committee	Work hours dedicated	The report refers to the Company's activity / the
Control over public investees - Energix	May 2024	19.5.2024	60	The Company's activity in Israel
Control over public investees - BE - Review of implementation of recommendations	May 2024	19.5.2024	20	The Company's activity in and outside of Israel
Financial exposures	August 2024	12.11.2024	60	The Company's activity in Israel
Transactions with interested parties	August 2024	12.11.2024	80	The Company's activity in Israel

Significant corporate holdings – the audit plan addresses the management of the Company's holdings in corporations that constitute significant holdings controlled by the corporation, with the exception of the consolidated companies Amot Investments Ltd. and Energix Renewable Energies Ltd., which maintain a separate internal auditors.

Professional standards – The internal auditor is in compliance with all conditions determined in Section 3(a) of the Internal Audit Law, 1992 ("**the Audit Law**"). The internal auditor, according to his statement, conducts the internal audit in accordance with accepted professional standards, as stated in Section 4(b) of the Audit Law. The Auditor is complies with Section 146(b) of the Companies Law, 1999 and Section 8 of the Audit Law.

The Auditor's organizational supervisor – The Company's CEO.

The scope, nature and continuity of the internal auditor's activity and work plan – To the best of the Company Board of Directors' knowledge, the nature and continuity of the Auditor's activities and work plan are reasonable under the circumstances and are able to achieve the goals of the corporation's audit.

Free access for the internal auditor – The internal auditor is provided free access as stated in Section 9 of the Audit Law, 1992, which includes constant and direct access to the corporation's information systems, including financial data.

Remuneration - The Auditor's fees for 2024 amounted to approx. NIS 56 thousand. Remuneration for the audit work is according to the internal auditor's working hour budget. There are no concerns that the remuneration detailed above, which derives from the auditor's actual work hour budget, may influence the application of the auditor's professional judgment.

Appendix D – Information regarding the Company's Accountant

The following are the fees for the Company's auditing accountants and for its significant consolidated companies:

Company name	Accountants		2024 Audit and	2024 Other services	2023 Audit and tax	2023 Other services
Alony-Hetz Properties and	Brightman Almagor Zohar	NIS	650	119	693	44
Amot Investments (Ltd.)	Brightman Almagor	NIS	763	77	763	389
Eilot Companies Group (*)	Ziv Haft Accountants	NIS	673	115	634	43
Energix Renewable Energies	Brightman Almagor	NIS	850	365	850	95
Energix Renewable Energies	Deloitte Poland	EUR	180	-	100	-
Energix Renewable Energies	Deloitte USA	USD	310	-	285	-
Brockton Everlast Inc.	Deloitte UK	GBP	362	9	343	56

At the beginning of 2024, the Financial Statements Review Committee examined the planned scope of work of the Company's auditing accountant and his proposed wage for 2024, taking the Company's size and the complexity of its statements into consideration. The Company's Board of Directors approved the wage of the Company's auditing accountant for auditing activity in 2024. The Financial Statements Examination Committee was satisfied, immediately prior to the Company Board of Directors' approval of the 2024 Periodic Report, that the extent of the work of the auditing accountant and his wage in the reporting year are sufficient for performing auditing and reviewing work appropriate for the financial statements in the reporting year.

Appendix E - Information regarding Bonds Issued by the Company

The following are details regarding the Company's bonds as of December 31, 2024 (in NIS thousands)[38]

	NIS thousands	Bonds (Series I)	Bonds (Series J)	Bonds (Series K)	Bonds (Series L)	Bonds (Series M)	Bonds (Series O)
1	Initial issuance date	December 1, 2015	December 1, 2015	August 11, 2019	August 11, 2019	September 12, 2022	September 12, 2022
2	Par value on issuance date	275,000	275,000	200,932	400,730	290,176	248,542
3	Par value as of December 31, 2024	467,593	600,164	160,746	2,054,943	1,361,803	1,050,480
4	Par value linked to December 31, 2024	N/R	N/R	N/R	N/R	N/R	1,129,078
5	Value in the financial statements as of December 31, 2024 (at amortized cost)	472,839	602,525	159,230	1,940,208	1,300,497	1,057,367
6	Stock exchange value as of December 31, 2024	475,963	615,228	147,918	1,873,286	1,361,803	1,170,176
7	Accrued interest as of December 31, 2024	15,100	3,426	3,587	41,541	56,429	24,245
8	Interest rate / Fixed annual margin	3.85%	2.24% above Bank of Israel interest rate, as it will be from time to time	2.66%	2.41%	4.94%	2.56%
9	Materiality of the Series [39]	Yes	Yes	No	Yes	Yes	Yes
10	Principal payment dates (from the initial issuance date)	8 annual payments: the four (4) first payments of 10% of the principal each will be paid on February 28 of each of the years 2020-2023; and four (4) payments of 15% of the principal, each, will be repaid on February 28 of each of the years 2024-2027.	Four (4) annual payment of 25% of the principal, to be paid on February 28 of each of the years 2024-2027.	6 annual payments, in cash or in Company shares, according to the Company's absolute discretion - please see Section 13 of bonds, in the following years and at the following rates: (1) 10% of the PV principal of the bonds (Series K) in each of the years 2022 and 2023; (2) 25% of the PV principal of	6 annual payments in the following years and at the following rates: (1) 10% of the PV principal of the bonds (Series K) in each of the years 2022 and 2023; (2) 25% of the PV principal of the bonds (Series K) in each of the years 2028 and 2029, and (3) 15% of the PV principal of the bonds (Series K) in	10 equal payments at a rate of 10% each payment on February 28 of each of the years 2028 to 2037, inclusive.	10 equal payments at a rate of 10% each payment on February 28 of each of the years 2028 to 2037, inclusive.

.38 Not including bonds issued by Amot Investments Ltd. and Energix Renewable Energies Ltd.

.39 The bond series is material if the amount of the Company liabilities according to it as of the end of the reporting period constitutes 5% or more of the Company's total liabilities as presented in the data stated.

	NIS thousands	Bonds (Series I)	Bonds (Series J)	Bonds (Series K)	Bonds (Series L)	Bonds (Series M)	Bonds (Series O)
				the bonds (Series K) in each of the years 2028 and 2029, and (3) 15% of the PV principal of the bonds (Series K) in each of the years 2030 and 2031;	each of the years 2030 and 2031;		
11	Principal payment dates	February 28 of each of the years 2016-2027 (inclusive).	Four payments per year, on February 28, May 31, August 31 and November 30 of each of the years 2016-2027 (inclusive)	February 28 of each of the years 2020-2031 (inclusive) The interest will be paid either in cash from February 22, 2022 or in Company shares, at the absolute discretion of the Company (please see Section 13 below).	February 28 of each of the years 2020-2031 (inclusive)	February 28 of each of the years 2023-2037 (inclusive)	February 28 of each of the years 2023-2037 (inclusive)
12	Linkage base (principal and interest)	Unlinked	Unlinked	Unlinked	Unlinked	Unlinked	CPI for July 2022
13	Conversion right	None	None	As of February 28, 2022, the Company may, at its absolute and exclusive discretion, pay the principal and/or the interest, with its shares, all as detailed in Section 7 of the Bond.	None	None	None
14	Main conversion conditions	N/R	N/R	The Company's absolute discretion	N/R	N/R	N/R
15	Guarantee for payment of the liability	None	None	None	None	None	None
16	Early redemption	In the event of a decision by the TASE's Board of Directors to terminate trading due to a decline in the value of the series, in	(1) In the event of a decision by the TASE's Board of Directors to terminate trading due to a decline in the value of	In the event of a decision by the TASE's Board of Directors to terminate trading due to a decline in the	In the event of a decision by the TASE's Board of Directors to terminate trading due to a decline in the	In the event of a decision by the TASE's Board of Directors to terminate trading due to a decline in the	In the event of a decision by the TASE's Board of Directors to terminate trading due to a decline in the

	NIS thousands	Bonds (Series I)	Bonds (Series J)	Bonds (Series K)	Bonds (Series L)	Bonds (Series M)	Bonds (Series O)
		accordance with TASE guidelines, as well as at the Company's initiative upon the occurrence of certain events that constitute grounds for immediate repayment, as detailed in Section 6.2 of the deed of trust.	the series, in accordance with TASE guidelines; or (2) at the Company's initiative upon the occurrence of certain events that constitute grounds for immediate repayment; or (3) according to a decision by the Company's Board of Directors, as detailed in Section 6.2 of the deed of trust.	value of public holdings in the series as specified in section 6.1 of the deed of trust, in accordance with the stock exchange's instructions, as well as at the Company's initiative, the occurrence of certain event constitutes grounds for immediate repayment as specified in Section 6.2 of the deed of trust.	value of public holdings in the series as specified in section 6.1 of the deed of trust, in accordance with the stock exchange's instructions, as well as at the Company's initiative, the occurrence of certain event constitutes grounds for immediate repayment as specified in Section 6.2 of the deed of trust.	value of public holdings in the series as specified in section 6.1 of the deed of trust, in accordance with the stock exchange's instructions, as well as at the Company's initiative, the occurrence of certain event constitutes grounds for immediate repayment as specified in Section 6.2 of the deed of trust.	value of public holdings in the series as specified in section 6.1 of the deed of trust, in accordance with the stock exchange's instructions, as well as at the Company's initiative, the occurrence of certain event constitutes grounds for immediate repayment as specified in Section 6.2 of the deed of trust.
17	Liens in favor of bondholders	None[45]	None[44]	None[43]	None[42]	None[41]	None[40]
18	Limitations on the creation of additional liens	The Company will not create floating liens on all of its assets (negative pledge), unless it contacts the trustee in writing prior to creating the lien and inform him about it and create, along with the creation of the lien for the third party, a floating lien on the same level, pari passu,	The Company will not create floating liens on all of its assets (negative pledge), unless it contacts the trustee in writing prior to creating the lien and inform him about it and create, along with the creation of the lien for the third party, a floating lien on the same level, pari	The Company will not create floating liens on all of its assets (negative pledge), unless it contacts the trustee in writing prior to creating the lien and inform him about it and create, along with the creation of the lien for the third party, a floating lien on the	The Company will not create floating liens on all of its assets (negative pledge), unless it contacts the trustee in writing prior to creating the lien and inform him about it and create, along with the creation of the lien for the third party, a floating lien on the	The Company will not create floating liens on all of its assets and all of its existing and future rights (negative pledge), unless it contacts the trustee in writing prior to creating the lien and inform him about it and create, along with the creation of the lien	The Company will not create floating liens on all of its assets and all of its existing and future rights (negative pledge), unless it contacts the trustee in writing prior to creating the lien and inform him about it and create, along with the creation of the lien

40. The Company may, under certain circumstances, provide liens in favor of the bondholders (Series O) instead of complying with certain stipulations, as long as the grounds for immediate repayment have materialized according to the above circumstances. Reference is hereby made to Section 5.4 of the deed of trust.

41. The Company may, under certain circumstances, provide liens in favor of the bondholders (Series M) instead of complying with certain stipulations, as long as the grounds for immediate repayment have materialized according to the above circumstances. Reference is hereby made to Section 5.4 of the deed of trust.

42. The Company may, under certain circumstances, provide liens in favor of the bondholders (Series L) instead of complying with certain stipulations, as long as the grounds for immediate repayment have materialized according to the above circumstances. Reference is hereby made to Section 5.4 of the deed of trust.

43. The Company may, under certain circumstances, provide liens in favor of the bondholders (Series K) instead of complying with certain stipulations, as long as the grounds for immediate repayment have materialized according to the above circumstances. Reference is hereby made to Section 5.4 of the deed of trust.

44. The Company may, under certain circumstances, provide liens in favor of the bondholders (Series J) instead of complying with certain stipulations, as long as the grounds for immediate repayment have materialized according to the above circumstances. Reference is hereby made to Section 5.4 of the deed of trust.

45. The Company may, under certain circumstances, provide liens in favor of the bondholders (Series I) instead of complying with certain stipulations, as long as the grounds for immediate repayment have materialized according to the above circumstances. Reference is hereby made to Section 5.4 of the deed of trust.

	NIS thousands	Bonds (Series I)	Bonds (Series J)	Bonds (Series K)	Bonds (Series L)	Bonds (Series M)	Bonds (Series O)
		in favor of the bondholders (Series I).	passu, in favor of the bondholders (Series J).	same level, pari passu, in favor of the bondholders (Series K).	same level, pari passu, in favor of the bondholders (Series L).	for the third party, a floating lien on the same level, pari passu, in favor of the bondholders (Series M).	for the third party, a floating lien on the same level, pari passu, in favor of the bondholders (Series O).
19	Limitations regarding the authority to issue additional bonds	None	None	None	None	None	None
20	Lien validity period	N/R	N/R	N/R	N/R	N/R	N/R
21	Bond conditions for changing, releasing, replacing or canceling a lien	In this regard, please see Section 5.4 of the deed of trust	In this regard, please see Section 5.4 of the deed of trust	In this regard, please see Section 5.4 of the deed of trust	In this regard, please see Section 5.4 of the deed of trust	In this regard, please see Section 5.4 of the deed of trust	In this regard, please see Section 5.4 of the deed of trust
22	Changes in the bond conditions regarding liens during the reporting period	No changes occurred	No changes occurred	No changes occurred	No changes occurred	No changes occurred	No changes occurred
23	The manner in which the changes were approved	N/R	N/R	N/R	N/R	N/R	N/R
24	Did the Company, during and at the end of the reporting year, comply with all the conditions and obligations according to the deed of trust	Yes	Yes	Yes	Yes	Yes	Yes
25	Have the conditions for the immediate repayment of the bonds or the realization of the guarantees been met	No	No	No	No	No	No
26	Description of the breach (if any)	N/R	N/R	N/R	N/R	N/R	N/R
27	Was the Company was required to take various actions by the trustee	No	No	No	No	No	No
28	Name of Trust Company Name of Series Supervisor Address Telephone	Reznik Paz Nevo Trusts Ltd. Michal Avatlion, Attorney at Law 14 Yad Harutzim St., Tel Aviv. 03-6389200	Reznik Paz Nevo Trusts Ltd. Michal Avatlion, Attorney at Law 14 Yad Harutzim St., Tel Aviv. 03-6389200	Reznik Paz Nevo Trusts Ltd. Michal Avatlion, Attorney at Law 14 Yad Harutzim St., Tel Aviv. 03-6389200	Reznik Paz Nevo Trusts Ltd. Michal Avatlion, Attorney at Law 14 Yad Harutzim St., Tel Aviv. 03-6389200	Reznik Paz Nevo Trusts Ltd. Michal Avatlion, Attorney at Law 14 Yad Harutzim St., Tel Aviv. 03-6389200	Reznik Paz Nevo Trusts Ltd. Michal Avatlion, Attorney at Law 14 Yad Harutzim St., Tel Aviv. 03-6389200

	NIS thousands	Bonds (Series I)	Bonds (Series J)	Bonds (Series K)	Bonds (Series L)	Bonds (Series M)	Bonds (Series O)
29	Holders' meetings	On July 19, 2017, a holders' meeting was held to approve the trustee's term of service.	On July 19, 2017, a holders' meeting was held to approve the trustee's term of service.	On July 14, 2021, a holders' meeting was held to approve the trustee's term of service.	On July 14, 2021, a holders' meeting was held to approve the trustee's term of service.	On July 10, 2024, a holders' meeting was held to approve the trustee's term of service.	On July 10, 2024, a holders' meeting was held to approve the trustee's term of service.
30	Rating						
	Rating Agency	Maalot	Maalot	Maalot	Maalot	Maalot	Maalot
	Rating on the issuance date	AA- Stable outlook	AA- Stable outlook	AA- Stable outlook	AA- Stable outlook	AA- Stable outlook	AA- Stable outlook
	Rating as of December 31, 2024 [46]	AA- Negative outlook	AA- Negative outlook	AA- Negative outlook	AA- Negative outlook	AA- Negative outlook	AA- Negative outlook
	Rating Agency	Midroog	Midroog		Midroog	Midroog	Midroog
	Rating on the issuance date	Aa3 Stable Outlook	Aa3 Stable Outlook	-	Aa3 Stable Outlook	Aa3 Stable Outlook	Aa3 Stable Outlook
	Rating as of December 31, 2024 [47]	Aa3 Stable Outlook	Aa3 Stable Outlook	-	Aa3 Stable Outlook	Aa3 Stable Outlook	Aa3 Stable Outlook

Up-to-date rating reports [48]

- For a current Midroog rating report, please see the immediate report published by the Company on April 16, 2024 (Ref: 2024-01-038011), a rating report dated August 27, 2024 (Ref: 2024-01-094780) and a rating report dated December 15, 2024 (Ref: 2024-01-624405).
- For a current rating report by Maalot, the Israeli Securities Rating Company Ltd., please see the immediate report dated April 18, 2024 (Ref: 2024-01-039472) and the rating report dated August 27, 2024 (Ref: 2024-01-097486). And the rating report dated December 15, 2024 (Ref: 2024-01-624406).

46. in January 2012, Maalot announced the ratification of its ilA rating with a stable outlook for the Company's bonds in circulation and for the raising of debt through a new bond series. In January 2013, Maalot announced that it was raising the Company's rating to A+ with a stable outlook. In October 2014, Maalot ratified its ilA+ rating for the bond series in circulation and raised the outlook from stable to positive. In December 2014, Maalot confirmed its rating of ilA+ with a positive outlook for the bond series in circulation. In May 2015, Maalot announced that it was raising the Company's rating to ilAA- with a stable outlook. In November 2015, Maalot determined its rating of ilAA- with a stable outlook for the issue of new bonds (Series I and Series J). In July 2019, Maalot determined its rating of ilAA- with a stable outlook for the issue of new bonds (Series K and Series L). In September 2022, Maalot determined its rating of ilAA- with a stable outlook for the issue of new bonds (Series M), (Series N) and (Series O). In April 2024, Maalot informed the Company of an update to the rating outlook to negative.
47. In January 2012, Midroog announced the ratification of its A1 rating with a stable outlook for the Company's bonds in circulation and for the raising of debt through a new bond series. In January 2014, Midroog announced that it was ratifying the rating of ilA for the Company and for the bond series in circulation, and raising the outlook from stable to positive. In December 2014, Midroog announced that it would be raising the rating of thee bonds in circulation from A1 with a positive outlook to Aa3 with a stable outlook. In November 2015, Midroog determined its rating of ilAa3 with a stable outlook for the issue of new bonds (Series I and Series J). In July 2019, Midroog determined its rating of ilAa3 with a stable outlook for the issue of new bonds (Series L). In September 2022, Midroog determined its rating of ilAa3 with a stable outlook for the issue of new bonds (Series M), (Series N) and (Series O). In April 2024, Midroog informed the Company of an update to the rating outlook from stable to negative. In addition, Midroog assigned the Company an issuer rating of Aa3.il with a negative rating outlook.
48. The information detailed in the above immediate reports was included in this report by way of reference.

Appendix F – Material Assets[49]

The following is information regarding a material asset - the Dovetail Building, an investment property in development:

Parameters	31/12/2024
Subject of the valuation	Investment property
Property name	Dovetail Building
Property location	Houndsditch, London, EC3
Holding structure in the property	BE holds 100% indirectly in the property
Property acquisition date	March 2019
Identity of valuer	John Barham - Cushman & Wakefield
Type of valuer	Cushman & Wakefield – Mr. John Barham, Certified Valuer since 1989, registered as a Valuer on behalf of RICS (Royal Institute of Certified Reviewers). Mr. Barham has specialized in valuations of income-generating properties in central London since 2000. He serves as Team Head of Income-Generating Property Valuation in Central London at C&W. The team is regularly responsible for property valuations amounting to approx. GBP 100 billion in central London. Mr. Barham has signed reports on the properties - British Land (Broadgate and Canada Water), properties held by "Ho Bee Land, The Walkie Talkie", and Nuveen's Central London Office Fund assets.
Independent valuer?	Independent - External valuer as defined by the RICS
Indemnity agreement?	No
Validity date of the valuation (the date to which the appraisal refers)	31.12.2024
Valuation model	Extraction method
Main Use	Offices

	2024[50]
Cumulative cost at end of year (including land) in GBP millions	138
Fair value at end of year in GBP millions	135
Book value at end of year in NIS millions	620
Revaluation gains in GBP millions	14
Completion rate	Non-material

The following is a summary of additional key data regarding the valuation:

Parameters	2024
Estimated construction budget (not including the land cost)	GBP 530 million
Expected NOI upon full occupancy	GBP 45 million
Rent free months	24-36
Discount rate	5%
Entrepreneurial profit rate over cost	15%
Rental area	462 sq.ft.
Rate of property areas for which binding leases were signed at end of year	-
Main use	Offices
Date of project start	H1/2024
Date of project end	H2/2029

49. In accordance with the proposed amendment to the Securities Regulations to establish "Disclosure Guidance regarding Investment Real Estate Activities" from December 2023.

50. The property was classified as property in development as of December 31, 2024, and therefore the disclosure regarding a material property in development was provided as of this date.

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

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

Appendix H – FFO for Financial Liabilities and Trust Deed Purposes

The FFO is an index commonly-used in the United States and in Europe to provide additional information on the results of the operations of real estate companies, providing an appropriate basis for comparisons between income-generating property companies. the FFO reflects net income, with the neutralization of profits (or losses) from the sale of properties and/or from property revaluations, depreciation and amortization and deferred taxes. This index presents the Company's cash generating capability from regular and ongoing activities in the reporting period.

In the calculation of the FFO in the income-generating real estate activity (in the investees mentioned below), exchange rate differences and linkage difference expenses in respect of CPI-linked bonds and loans were not included because, in the opinion of the investees' managements, those expenses do not reflect cash flow from regular ongoing activities (hereinafter - "**FFO according to the Management Approach**").

According to the position of the Securities Authority, FFO data according to the Securities Authority's approach has been added, in addition to the FFO according to the management's approach. The FFO according to the Securities Authority's approach includes, among other things, the exchange rate differences and the linkage difference expenses for index-linked bonds and loans (hereinafter - "**FFO according to the Securities Authority's approach**").

For information regarding the FFO of the investees Amot, BE, Carr and AH Boston, please see Sections 2.34, 2.35, 2.36 and 2.37, respectively.

It should be noted that throughout this periodic report (of which this Board of Directors' Report forms a part), whenever the "FFO" is mentioned, it refers to the FFO according to management's approach unless expressly stated otherwise.

The Company has committed, in the trust deeds of its bond series and in credit agreements with financing entities, to financial covenants based on the calculation of FFO as stipulated in the trust deeds and in the aforementioned credit facility agreements. The following is the calculation of the FFO for the purpose of examining compliance with the criteria to which the Company has committed in the trust deeds for the Company's bonds (Series I, J, K, L, M 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) as well as within the framework of its remuneration policy. It should be emphasized that the FFO presented below is not according to the Securities Authority approach to calculating FFO, as published by the Authority on January 16, 2025.

Appendix H – FFO Adjusted to the Company's Liabilities

	2024	2023	2022
	NIS thousands	NIS thousands	NIS thousands
Company shareholders' share in net income (loss) for the period	**(346,199)**	**(2,392,409)**	**(281,467)**
Adjustments to profit and loss:			
Fair value adjustments of investment property	(607,208)	926,169	(685,918)
Company share in real estate revaluations and other non-FFO items in investees	702,641	1,892,409	1,117,433
Profit from decrease in rate of holding, from purchase and realization of investees	(23)	(449)	(20,391)
Net losses (profits) from investments in securities measured at fair value through profit or loss	231,945	17,299	1,351
Others (mainly depreciation and amortizations) (*)	208,458	168,145	108,427
Non-FFO financing expenses (mainly linkage differences and exchange rate differences)	354,889	317,157	369,399
Non-FFO deferred taxes and current taxes, net	(15,835)	(3,800)	(111,843)
Share of non-controlling interests in the above adjustments to FFO	7,557	(324,468)	115,961
FFO - according to the Management's approach	**536,225**	**600,053**	**612,952**
The sources of the FFO are as follows:			
Revenues			
Investment property NOI	1,208,724	1,152,065	1,071,118
NOI from the sale of electricity (**)	693,658	560,965	451,570
Group's share in Carr's FFO without real estate revaluations	110,216	120,792	109,082
Group's share in AH Boston's FFO without real estate revaluations	29,899	40,351	31,605
Group's share in FFO of associates in Amot and in Brockton Everlast	22,348	27,269	23,155
Other revenues	30,498	1,199	2,281
Total revenues	**2,095,343**	**1,902,641**	**1,688,811**
Expenses			
Real financing, net	(632,409)	(474,368)	(343,245)
Administrative and general	(245,391)	(181,565)	(164,257)
Current taxes	(93,470)	(81,616)	(64,279)
Share of non-controlling interests attributed to operating activities	(587,848)	(565,039)	(504,078)
Total expenses	**(1,559,118)**	**(1,302,588)**	**(1,075,859)**
FFO - according to the Management's approach	**536,225**	**600,053**	**612,952**

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

CONSOLIDATED FINANCIAL STATEMENTS

ALONY HETZ PROPERTIES & INVESTMENTS LTD

AlonyHetz
Properties & Investments Ltd

Contents

		Page
Accountants' Report		1-3
Consolidated Statements of Financial Position		4-5
Consolidated Statements of Income		6
Consolidated Statements of Comprehensive Income		7
Consolidated Statements of Changes in Equity		8-10
Consolidated Statements of Cash Flows		11-14
Note 1	General	15-16
Note 2	Significant Accounting Policies	17-25
Note 3	Additional Information on Current Asset Items	26
Note 4	Investment Property, Investment Property in Development and	27-32
Note 5	Investments in Securities Measured at Fair Value through Profit	33
Note 6	Investments in Investees	33-47
Note 7	Connected Electricity-Generating Facilities, Fixed Assets and a	48-52
Note 8	Electricity-Generating Facilities in Development, Pre-	53-56
Note 9	Other Long-Term Assets	56
Note 10	Additional Information regarding Current Liability Items	56-57
Note 11	Bonds	58-66
Note 12	Loans from Banking Corporations and Others, Credit Facilities and	67-75
Note 13	Engagements with a Tax Partner for Project Financing in the	75
Note 14	Liens, Guarantees and Collateral	76
Note 15	Other Long-term Liabilities	76
Note 16	Engagements and Contingent Liabilities	76-77
Note 17	Equity	77-81
Note 18	Additional Information on Income and Expense Items	81-83
Note 19	Transactions with Related Parties and Interested Parties	84-92
Note 20	Earnings per Share	93
Note 21	Taxes on income	94-99
Note 22	Operating Segments	100-110
Note 23	Financial Instruments	111-119
Note 24	Fair Value of Financial Instruments	120-125
Note 25	Changes in Liabilities due to Financing Activity	127
Note 26	Events Subsequent to the Date of the Statement of Financial	127

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

	Note	As of December 31 2024 NIS thousands	As of December 31 2023 NIS thousands
Assets			
Current assets			
Cash and cash equivalents	3a	1,524,326	2,197,677
Deposits and designated deposit	3d	30,940	641,620
Trade receivables		115,629	115,662
Current tax assets, net	20	29,777	19,632
Other receivables	3c	302,817	233,731
Assets designated for sale		-	177,825
Total current assets		2,003,489	3,386,147
Non-Current Assets			
Investment property	4	19,846,080	19,369,345
Investment property in development and land rights	4	5,160,484	4,349,731
Long-term investments:			
Securities measured at fair value through profit and loss	5	218,459	222,222
Investment in companies accounted for according to the equity method	6	2,084,985	2,550,500
Deferred tax assets	21	233,675	209,184
Electricity-generating facilities:			
Connected electricity-generating facilities	7	5,674,033	5,216,734
Right-of-use asset	7	617,966	511,443
Electricity-generating facilities in development	8	3,620,530	2,370,899
Restricted deposits	9	30,005	19,942
Fixed assets, net		120,407	117,664
Other assets	9	437,530	407,355
Total non-current assets		38,044,154	35,345,019
Total assets		40,047,643	38,731,166

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

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

		As of December 31	
		2024	2023
	Note	NIS thousands	NIS thousands
Liabilities and equity			
Current liabilities			
Short term credit and current maturities of long term loans	10a	850,251	1,832,563
Current maturities of bonds	11	1,048,061	1,292,791
Current maturities of lease liabilities	2n	35,808	30,617
Current tax liabilities, net	21	133,592	174,700
Other payables	10b	1,644,680	1,309,356
Deferred revenue in respect of agreement with the tax partner	13	228,112	186,381
Financial liability in respect of agreement with the tax partner	13	47,095	34,296
Total current liabilities		3,987,599	4,860,704
Non-current liabilities			
Bonds	11	14,192,726	14,352,564
Loans from banking corporations and financial institutions	12	5,991,375	4,654,061
Lease liability	2n	676,820	562,431
Deferred tax liabilities	20	2,038,435	1,858,015
Provisions	16	16,483	16,483
Other liabilities	15	865,665	763,054
Deferred revenue in respect of agreement with the tax partner	13	549,025	473,343
Financial liability in respect of agreement with the tax partner	13	96,989	126,388
Total non-current liabilities		24,427,518	22,806,339
Equity			
Equity attributed to Company shareholders	17	5,413,576	5,002,057
Non-controlling interests		6,218,950	6,062,066
Total equity		11,632,526	11,064,123
Total liabilities and equity		40,047,643	38,731,166

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

On behalf of the Board of Directors:

Aviram Wertheim _______________ Chairman of the Board of Directors

Nathan Hetz _______________ Member of the Board of Directors and CEO

Oren Frenkel _______________ Chief Financial Officer

March 10, 2025

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

	Note	For the year ended December 31 2024 NIS thousands	For the year ended December 31 2023 NIS thousands	For the year ended December 31 2022 NIS thousands
Revenues and profits				
Revenue from rental fees and management of investment property	18a	1,389,184	1,324,063	1,219,178
Fair value adjustments of investment property	18b	607,208	(926,169)	685,918
Group share in the losses of associates, net	6f	(540,178)	(1,703,997)	(953,589)
Net losses from investments in securities measured at fair value through profit and loss	18d	(227,508)	(17,299)	(1,351)
Profit from decrease in rate of holding, from acquisition and realization of associates		23	449	20,391
Revenue from sale of electricity and green certificates		856,210	680,713	525,437
Other revenue, net		26,010	1,199	2,089
		2,110,949	(641,041)	1,498,073
Costs and Expenses				
Cost of investment property rental and operation	18c	180,460	168,894	146,800
Initiation, maintenance and operation costs of electricity-generating facilities		121,400	110,801	56,141
Depreciation and amortizations		228,141	159,963	112,398
Administrative and general	18e	266,809	201,798	179,082
Financing income	18g	(92,140)	(96,590)	(80,078)
Financing expenses	18f	1,079,438	888,115	792,722
		1,784,108	1,432,981	1,207,065
Profit before taxes on income		326,841	(2,074,022)	291,008
Income tax expenses (income)	21	77,635	77,816	(47,564)
Net profit (loss) for the period		249,206	(2,151,838)	338,572
Company shareholders		**(346,199)**	**(2,392,409)**	**(281,467)**
Non-controlling interests		595,405	240,571	620,039
		249,206	(2,151,838)	338,572
Net loss per share attributed to Company shareholders (in NIS)	20			
Basic		(1.81)	(13.31)	(1.60)
Fully diluted		(1.81)	(14.15)	(1.67)
Weighted average of share capital used in calculation of earnings per share (thousands of shares)				
Basic		191,054	179,722	176,049
Fully diluted		191,054	179,722	176,049

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

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

	For the year ended December 31	For the year ended December 31	For the year ended December 31
	2024	2023	2022
	NIS thousands	NIS thousands	NIS thousands
Net profit for the period	249,206	(2,151,838)	338,572
<u>Other comprehensive income (loss)</u>			
Amounts to be classified in the future to profit or loss, net of tax			
Profit (loss) from the translation of financial statements for foreign activities	(23,218)	719,644	697,288
Los) 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	(65,473)	(664,736)	(482,816)
Profit (loss) from exchange rate differences and changes in fair value of instruments used for cash flow hedging, net of tax	(26,849)	17,805	(33,410)
Company's share in other comprehensive income of associates, net of tax	(15,648)	(18,625)	32,593
Other comprehensive income (loss) for the period, net of tax	(131,188)	54,088	213,655
Total comprehensive income (loss) for the period	118,018	(2,097,750)	552,227
Distribution of comprehensive earnings (loss) for the period			
Company shareholders	**(443,351)**	**(2,425,233)**	**(53,496)**
Non-controlling interests	561,369	327,483	605,723
	118,018	(2,097,750)	552,227

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

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

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

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

Alony-Hetz Properties and Investments Ltd. | Consolidated Statements of Changes in Equity for the Year ended December 31, 2023 (NIS thousands)

	Share capital	Share premium	Capital reserve from translation of financial statements for foreign activity	Capital reserve for employee options and other capital reserves	Company shares held by the Group	Retained earnings	Total attributed to Company shareholders	Non-controlling interests	Total equity
Balance as of January 1, 2023	197,796	2,795,162	(551,365)	478,680	(589)	4,790,295	7,709,979	5,881,441	13,591,420
Total comprehensive income for the period	-	-	(18,134)	(14,690)	-	(2,392,409)	(2,425,233)	327,483	(2,097,750)
Dividend paid to Company shareholders	-	-	-	-	-	(262,394)	(262,394)	-	(262,394)
Dividends paid to non-controlling interests in consolidated companies	-	-	-	-	-	-	-	(432,386)	(432,386)
Expiry of employee options	-	12,476	-	(5,711)	-	-	6,765	(6,765)	-
Allocation of benefit in respect of options to employees and officers	-	-	-	4,148	-	-	4,148	35,534	39,682
Issuance of capital in consolidated companies	-	-	-	1,521	-	-	1,521	63,329	64,850
Sale of shares to non-controlling interests in a consolidated company	-	-	-	(2,928)	-	-	(2,928)	222,918	219,990
Acquisition of shares from non-controlling interests in a consolidated company	-	-	-	(29,801)	-	-	(29,801)	(29,488)	(59,289)
Balance as of December 31, 2023	197,796	2,807,638	(569,499)	431,219	(589)	2,135,492	5,002,057	6,062,066	11,064,123

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

Alony-Hetz Properties and Investments Ltd. | Consolidated Statements of Changes in Equity for the Year ended December 31, 2022 (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, 2022	192,112	2,514,378	(746,743)	309,109	(589)	5,369,907	7,638,174	4,191,390	11,829,564
Total comprehensive income for the period	-	-	195,378	32,593	-	(281,467)	(53,496)	605,723	552,227
Dividend paid to Company shareholders	-	-	-	-	-	(298,145)	(298,145)	-	(298,145)
Dividends paid to non-controlling interests in consolidated companies	-	-	-	-	-	-	-	(353,586)	(353,586)
Issuance of capital	5,319	265,863	-	-	-	-	271,182	-	271,182
Exercise of employee options	365	14,921	-	(1,661)	-	-	13,625	-	13,625
Allocation of benefit in respect of options to employees and officers	-	-	-	3,518	-	-	3,518	25,179	28,697
Issuance of capital in consolidated companies	-	-	-	165,559	-	-	165,559	1,425,392	1,590,951
Acquisition of shares from non-controlling interests in a consolidated company	-	-	-	(30,438)	-	-	(30,438)	(12,657)	(43,095)
Balance as of December 31, 2022	197,796	2,795,162	(551,365)	478,680	(589)	4,790,295	7,709,979	5,881,441	13,591,420

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

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

	For the year ended December 31	For the year ended December 31	For the year ended December 31
	2024	2023	2022
	NIS thousands	NIS thousands	NIS thousands
Cash flows - Operating activities			
Net profit (loss) for the period	249,206	(2,151,838)	338,572
Revenues not entailing cash flows (Appendix A)	1,051,783	3,147,558	876,508
	1,300,989	995,720	1,215,080
Changes in working capital (Appendix B)	(236,656)	124,977	(585,917)
Net cash provided by operating activities	1,064,333	1,120,697	629,163
Cash flows - Investing activities			
Investment in fixed assets and investment property (including investment property in development)	(864,383)	(655,762)	(1,158,580)
Proceeds from the realization of investment property, net of tax	333,570	-	-
Investment in electricity-generating systems	(1,428,938)	(2,279,175)	(1,131,008)
Investment in associates	(124,240)	(51,213)	(258,340)
Decrease (increase) in pledged deposit and restricted cash	636,054	(587,164)	(7,222)
Repayment of loans provided to associates, net	4,000	3,950	112,886
Repayment (provision) of loans to others	(28,167)	(65,254)	13,730
Decrease (increase) in deposits and tradable securities, net	-	400,000	(400,000)
Cash from forward transactions and options designated for hedging	(388,117)	(549,292)	35,592
Proceeds from the realization of long-term securities and securities held for sale, net of tax, including tax refund	-	-	20,000
Net investment in investment property funds	(68,598)	-	(4,418)
Acquisition of consolidated companies (Appendix E)	-	-	(298,057)
Others	-	353	25,932
Net cash used in investing activities	(1,928,819)	(3,783,557)	(3,049,485)
Cash flows - Financing activities			
Proceeds from the Group's issuance of bonds, net	555,078	1,972,385	3,037,381
Repayment of bonds	(1,299,833)	(1,299,986)	(1,180,892)
Receipt of long-term loans, net of capital raising expenses paid	2,055,653	2,503,494	243,872
Repayment of long-term loans	(978,682)	(501,831)	(360,725)
Proceeds from the issuance of shares and options	1,003,812	-	294,672
Proceeds from the issuance of shares and options to non-controlling interests in consolidated companies	92,154	41,457	1,591,266
Sale of shares to non-controlling interests in consolidated companies, net	-	219,990	-
Acquisition of shares and options from non-controlling interests in consolidated companies, net	(58,961)	(24,243)	(38,138)
Increase (decrease) in short-term credit and in utilized long-term credit facilities from banks	(548,551)	882,905	(3,820)
Dividend paid to Company shareholders	(138,152)	(262,394)	(298,145)
Dividends paid to non-controlling interests in consolidated companies	(472,563)	(432,386)	(353,586)
Net cash provided by financing activities	209,955	3,099,391	2,931,885

Alony-Hetz Properties and Investments Ltd. | Consolidated Statements of Cash Flows (continued)

	For the year ended December 31	For the year ended December 31	For the year ended December 31
	2024	2023	2022
	NIS thousands	NIS thousands	NIS thousands
Increase (decrease) in cash and cash equivalents	(654,531)	436,531	511,563
Cash and cash equivalents at beginning of period	2,197,677	1,694,701	1,163,289
Designated deposit at beginning of period	3,627	34,435	30,443
Effect of exchange rates on foreign currency cash balances	5,484	35,637	23,841
Cash and cash equivalents at end of period	1,552,257	2,201,304	1,729,136
Less - Designated deposit at end of period	27,931	3,627	34,435
Total cash and cash equivalents	1,524,326	2,197,677	1,694,701

	For the year ended December 31	For the year ended December 31	For the year ended December 31
	2024	2023	2022
	NIS thousands	NIS thousands	NIS thousands
Adjustments required to present cash flows from operating activities			
a. Expenses (income) not entailing cash flows:			
Fair value adjustment of investment property and profit from its sale	(607,209)	926,169	(685,919)
Net profits from changes in holding rate and realization of investments in investees	(23)	(449)	(20,391)
Differences from adjustments, interest and discounting in respect of long-term liabilities and cash balances	474,223	324,327	496,504
Loss (profit) from fair value adjustment of financial assets at fair value through profit and loss	222,102	(719)	(1,570)
Company's share in results of associates, net of dividends and capital reductions received	569,073	1,733,948	993,100
Deferred taxes, net	170,419	(46,511)	(42,419)
Depreciation and amortizations	200,666	165,273	112,406
Allocation of benefit in respect of share-based payment	24,222	34,069	25,261
Miscellaneous, net	(1,690)	11,451	(464)
	1,051,783	3,147,558	876,508
b. Changes in asset and liability items (changes in working capital):			
Decrease (increase) in trade receivables and in other receivables	(49,116)	(2,754)	(138,811)
Decrease (increase) in current tax assets, net	(5,839)	30,103	(52,369)
Increase (decrease) in payables and credit balances	(26,432)	(10,169)	(16,018)
Increase (decrease) in current tax liabilities, net	(156,805)	110,149	(372,972)
Sale (purchase) of CAP options	1,536	(2,352)	(5,747)
	(236,656)	124,977	(585,917)
c. Non-cash activity			
Increase in provision for evacuation and rehabilitation against systems under construction	18,796	64,055	-
Investment of non-controlling interests	-	20,820	-
Exercise of employee options against receivables	12,353	10,189	-
Investment in electricity-generating systems against supplier credit and payables	855,213	440,014	49,294
Realization of investment property against receivables	8,250	-	-
Increase in right-of-use asset against lease liabilities	134,076	123,421	160,706
Investment in property and fixed assets against other payables and credit balances	61,761	24,882	24,473
d. Additional information			
Interest paid	593,261	559,420	404,206
Interest received	83,458	54,977	9,249
Taxes paid (*)	89,588	74,297	406,979
Taxes received (**)	11,739	14,696	22,831
Dividends and capital reductions received	21,017	27,459	55,786

(*) The taxes paid in 2022 include a payment in the amount of NIS 362 million, which are payments on account of tax arrangements of the Company and a subsidiary (for additional information, please see Note 21).

(**) The taxes received in 2022 include a tax refund in the amount of NIS 20 million, classified as an investing activity.

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

	For the year ended December 31	For the year ended December 31	For the year ended December 31
	2024	2023	2022
	NIS thousands	NIS thousands	NIS thousands
e. Acquisition of companies consolidated for the first time			
1. Acquisition of buildings through the acquisition of property companies			
Amounts recognized on the acquisition date in respect of assets and liabilities:			
Investment property	-	-	532,061
Loans from banking corporations and financial institutions	-	-	(258,434)
Derivative financial instruments	-	-	32,573
Working capital	-	-	(8,143)
	-	-	298,057
Net cash flow			
Total consideration	-	-	298,057
	-	-	298,057

Note 1 – General

General description of the Company and its activity

The Company was incorporated in Israel, its shares were listed for trading on the Tel Aviv Stock Exchange Ltd. (the TASE) in January 1993 and its registered office is located in Ramat Gan. The Group, as defined in Section (d) below, focuses on long-term investments in income-generating property in Israel and abroad (in Western countries). In addition, the Group has investments in renewable energy. As of December 31, 2024, the Group has the following material investments:

- **Amot** - Holdings of 51.1% in Amot Investments Ltd. (hereinafter - "**Amot**"), a public company whose securities are traded on the Tel Aviv Stock Exchange Ltd., which has extensive income-generating property in Israel. For additional information, please see Note 6c.

- **Carr** - Holdings of 52.3% in the rights of **Carr Properties Holdings LP** (hereinafter - "**Carr Holdings"**). **Carr Holdings** is an American partnership that holds (through indirect holdings of 91.2%) a partnership that has income-generating property in the Washington DC metropolitan area, in Boston and in Austin, Texas, USA. For additional information, please see Note 6g.

- **BE** - Holdings of 84.9% in the rights in **Brockton Everlast Inc. Limited** (hereinafter - "**BE**"), a private company engaged in the acquisition, development, betterment, construction, management and maintenance of income-generating property in the London, Cambridge and Oxford metropolitan areas in the UK. For additional information, please see Note 6d.

- **AH Boston** - Holdings of 55% in the ownership and 50% in the control of three property companies in the Boston metropolitan area, of which two are in the Boston CBD[1] and one is in East Cambridge, USA. For additional information, please see Note 6h.

- **Energix** - Holdings of 50.2% in the share capital of **Energix - Renewable Energies Ltd.** (hereinafter - "**Energix**"), a public company whose securities are listed for trading on the Tel Aviv Stock Exchange Ltd. Energix engages in the initiation, development, financing, construction, management and operation of facilities for the generation and storage of electricity from renewable energy sources (photovoltaic systems and wind farms) and the sale of electricity generated in these facilities, with the intention of holding them for the long term. As of the date of the report, Energix has operations in Israel, the United States and Poland. For additional information regarding Energix, please see Note 6e below.

Fair value adjustments of investment property

Disclosure regarding the majority shareholders' share of property revaluations recorded in investees:

The majority shareholders' share of property revaluations recorded in investees during the reporting period amounted to a net loss of approx. NIS 329 million (before the effect of tax) according to the following composition:

- The Company's share of revaluation gains recorded by Amot (including revaluations recorded in Amot's associates) amounted to a total of NIS 278 million, out of revaluation gains recorded by Amot in a total amount of approx. NIS 547 million.

- The Company's share of revaluation gains recorded by BE amounted to NIS 38 million, out of revaluation gains recorded by BE in a total amount of NIS 58 million.

- The Company's share of revaluation losses recorded in companies accounted for according to the equity method (Carr and the Boston companies) amounted to a total of NIS 645 million, out of revaluation losses totaling NIS 1,271 million.

For additional information regarding gains (losses) from the revaluation of investment property in Amot and BE, please see Note 18b. For information regarding losses from the revaluation of investment property in companies accounted for according to the equity method (Carr and the Boston companies), please see Notes 6g(5) and 6h(4), respectively.

1 Central Business District.

Note 1 – General (continued)

Definitions

The Company Alony-Hetz Properties and Investments Ltd. and/or legal entities wholly owned by it directly and indirectly.

Expanded Solo Alony-Hetz Properties and Investments Ltd. together with legal entities wholly owned by it directly and indirectly.

The Group The Company and its consolidated companies (as defined below). Information regarding the investments in the Group's material companies is provided in Note 6.

Consolidated Companies Companies in which the Company has control (as defined in IFRS 10), directly or indirectly, whose financial statements are fully consolidated with the Company's financial statements.

Associates Companies in which the Company has significant influence, as defined in IAS 28.

Investees Consolidated companies, companies consolidated in proportionate consolidation and associates.

Joint Arrangements Companies held by several entities who have a contractual arrangement for joint control.

Related Parties As defined in IAS 24.

Interested Parties As defined in the Securities Law, 1968, and its regulations.

CPI The Consumer Price Index, as published by the Central Bureau of Statistics.

Forward-looking Information As defined in Section 32A of the Securities Law, 1968.

NOI Net Operating Income - Profit from the leasing and operation of properties.

KW/KWp Peak kilowatt units used to measure the installed capacity for the generation of electricity by photo-voltaic systems and wind turbines.

MWp/MW 1,000 peak kilowatt units used to measure the installed capacity for the generation of electricity by photo-voltaic systems and wind turbines.

Note 2 – Significant Accounting Policies

A. Statement regarding the implementation of International Financial Reporting Accounting Standards (IFRS):

The Group's consolidated financial statements have been compiled in accordance with International Financial Reporting Accounting Standards (hereinafter - "**IFRS**") and interpretations thereof published by the International Accounting Standards Board (IASB). The main accounting policies detailed below have been applied consistently to all reporting periods presented in the consolidated financial statements. The financial statements have been prepared in accordance with the Securities Regulations (Annual Financial Statements), 2010 (hereinafter - "**Financial Statement Regulations**").

B. Format for the presentation of the Statement of Financial Position; the operating cycle period

The Group presents assets and liabilities in the Statement of Financial Position divided into current and non-current items. The Group's operating cycle does not exceed 12 months.

C. Joint arrangements and associates

A "joint arrangement" is a contractual agreement whereby the Group and other parties carry out an economic activity that is subject to joint control. Joint control exists when the contractual arrangement includes a requirement that decisions concerning the financial and operational strategy of the transaction be made by unanimous consent of the parties that jointly control the joint venture. There are two types of joint arrangements:

1. **A "joint venture" is a joint arrangement in which the parties have rights to the net assets attributed to the arrangement.** The Group recognizes the joint venture as an investment and accounts for it according to the equity method (the equity method is a method in which the Company's share of the net assets is presented in the Statement of Financial Position under the "Investment" item and in the Statement of Income under the "Company's share in profits of investees" item).
2. **A "joint operation" is a joint arrangement whereby the parties have rights to the assets, and obligations for the liabilities attributed to the arrangement.** The Group recognizes its relative share of the joint operation's assets and liabilities in the Group's Statement of Financial Position, including assets held and liabilities created jointly. The Statement of Income includes the Group's relative share of the revenues and expenses of the joint operation, including revenues generated and expenses incurred jointly.

Investments in associates and joint ventures

The results, assets and liabilities of joint ventures and associates are included in these financial statements according to the equity method. According to the equity method, investments in joint ventures and associates are included in the Consolidated Statement of Financial Position at cost adjusted for changes occurring subsequent to the acquisition of the Group's share of the net assets, including capital reserves.

The accounting policies for investment property held by joint arrangements and the Group's associates (including Carr and the Boston companies) and the method of determining the fair value of the investment property held by them are similar to those described in Section (g) and in Note 4c below.

D. Statement of Income; Statement of Cash Flows

Statement of Income presentation - The Group's activity and the nature of its revenues and expenses permit, in the opinion of the Company's Management, the presentation of Statement of Income items according to the single-step method, since this presentation format is compatible with the Company's nature as an investment and holding company.

Statement of Cash Flows - Interest paid and received by the Group is classified in the statement of cash flows as part of operating activities, with the exception of credit costs which are capitalized to a qualifying asset in which the investment in it and its construction is classified as investment activity; the cash flows resulting from income taxes and indirect taxes are classified under operating activities, unless they can be specifically identified with investment or financing activities; dividends paid are included in financing activities; dividends received from investees and other companies, including distribution by way of capital reductions recognized as income in its financial statements, are included in operating activities.

Note 2 – Significant Accounting Policies (continued)

E. Functional and presentation currency

Functional and presentation currency - The financial statements of each Group company are prepared in the currency of the main economic environment in which it operates (hereinafter - "**Functional Currency**"). The Company's Consolidated Financial Statements are presented in NIS (hereinafter - "**Presentation Currency**").

Translation of transactions and balances not in the functional currency - Transactions carried out in a currency other than the functional currency of each Group corporation (hereinafter - "**foreign currency**") are translated into the functional currency for inclusion in the financial statements of that corporation, at exchange rates in effect on the date of each transaction. Statement of financial position items originating in or denominated in foreign currency are translated as follows: monetary items denominated in foreign currency are translated according to exchange rates in effect on each statement of financial position date; non-monetary items included at fair value denominated in foreign currency are translated according to exchange rates in effect on the date the fair value was determined; non-monetary items measured at cost are translated according to the exchange rates in effect on the date the transaction was carried out for the non-monetary item.

Recording of exchange rate differences - Exchange rate differences are, as a rule, recorded to the Statement of Income in the period in which they arose, with the exception of the following cases, in which exchange rate differences are recorded directly to comprehensive income: exchange rate differences for loans and forward transactions on foreign currency that were designated for hedging investments in foreign activity, net (please see Section (m)).

Translation of financial statements of investees whose functional currency is different from NIS - For the presentation of Consolidated Financial Statements, the financial statements of foreign activities whose functional currency is different from NIS are translated to NIS in the following manner: assets and liabilities are translated to NIS according to exchange rates in effect as of the date of the statement of financial position; revenue and expense items are translated to NIS according to the average exchange rates in the reporting period, unless significant fluctuations have occurred in the exchange rates during the reporting period. Translation differences are recorded to the "Capital reserve from translation of financial statements for foreign activities" item and are recognized in other comprehensive income. These translation differences are classified in full to profit or loss on the date of realization of the entire foreign activity in respect of which the translation differences were created and when partial realization of foreign operations involves the loss of control or in a transition from an investment accounted for according to the equity method to a financial asset. In a partial realization of a subsidiary that includes foreign activity that does not involve loss of control, a relative share of the cumulative amount of exchange rate differences recognized in other comprehensive income is re-attributed to non-controlling interests in that foreign activity.

F. Cash and cash equivalents; Deposits and tradable securities

Cash and cash equivalents include cash that can be redeemed immediately, bank deposits that can be withdrawn immediately, as well as fixed-term deposits, which have no limit on use and whose maturity date, at the time of investment, does not exceed three months. This item also includes investments in monetary funds and certificates of deposit in Israel.

Deposits for which limitations exist on their use or for which the repayment period upon investment is greater than three months and no greater than one year are classified under deposits and tradable securities under current assets.

Deposits whose use is restricted for a period exceeding one year are classified as "pledged deposits" in non-current assets.

G. Investment property, investment property in development and land rights

Investment property is real estate (land or building - or part of a building - or both) held by the Group for the purpose of producing rental fees or for increasing capital value, or both, and not for administrative use or for sale in the ordinary course of business (hereinafter - "**Investment Property**"). The Group's investment property, including owned or leased buildings and land (mainly leased from the Israel Lands Administration).

Investment Property is initially recognized at its purchase cost, which includes direct transaction costs such as purchase tax, professional consultant fees for legal and economic services. In addition, in accordance with IFRS 13, the Company allocates transaction costs created when purchasing new assets to the Statement of Income (recorded to the fair value adjustment of investment property). In periods following initial recognition, investment property is measured at fair value. Profits or losses resulting from changes in the fair value of investment property are included in the Statement of Income in the period in which they arise, and are presented under "fair value adjustments of investment property".

Note 2 – Significant Accounting Policies (continued)

In order to determine the fair value of investment property, the Group's management relies mainly on valuations performed by independent external real estate assessors with the required knowledge, experience and expertise and on the experience of the Group's management.

Investment property in development and land rights - Investment property in development designated for future use as investment property is also measured at fair value, as noted above. For the manner of determining the fair value of investment property, please see Note 4c below.

H. Fixed assets and connected electricity-generating facilities

Fixed assets, photovoltaic facilities and wind turbines for electricity generation are measured at cost net of accumulated depreciation and impairment losses.

The cost includes payments that can be directly attributed to the asset's purchase. The cost of assets developed independently includes the cost of materials and direct labor costs, credit costs capitalized to qualifying assets, as well as any additional costs that may be directly attributed to bringing the asset to the location and condition necessary for it to operate in the manner intended by management. When significant parts of fixed assets have different lifespans, they are treated as separate items (significant components) of the fixed asset.

The depreciation of fixed assets is carried out separately for each component of a depreciable fixed asset item with a cost that is significant relative to the total cost of the item. Depreciation is carried out systematically (as detailed below) over the useful life of the item's components, from the date on which the asset is ready for its designated use, taking into account the expected residual value at the end of the useful life, as relevant.

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

	Useful Life	Depreciation %	Depreciation Method
Electricity generating systems - wind energy	30 שנים	3.33~	Straight line
Electricity generating systems - photovoltaic energy (*)	Mainly 20-40 years	2.5-5~	Straight line
Converters	7-20 years	5-14~	Straight line

(*) A significant residual value is calculated for these facilities.

I. Leases

The Group usually leases land for the installation and operation of photovoltaic systems and wind farms. At the start of the lease, the Group recognizes a right-of-use asset against a lease liability, at the present value of the future lease payments over the lease term, which is determined based on the non-cancellable lease term together with periods covered by options to extend the lease, if it is reasonably certain that the lessee will exercise them.

A **right-of-use asset** is measured according to the cost model and depreciated in a straight line over the lease term. The cost of the right-of-use asset at the start of the lease is determined by the amount of the initial measurement of the lease liability, any lease payments made on or before the start of the lease, and initial direct costs. Subsequently, a right-of-use asset is measured at cost net of accumulated depreciation and impairment losses.

The asset's depreciation is recorded as a depreciation expense and starts from the date of the start of the lease, which is the date of going on the land for the project's construction. The useful life of the Group's leased assets is 20-23 years in Israel, 30 years in Poland and 35 years in the United States.

Lease liability - The lease payments included in the measurement of the lease liability consist of fixed payments and variable CPI-linked lease payments.

The lease liability is initially measured on the date of the start of the lease at the present value of the lease payments that are not paid at the start of the lease, discounted using the lessee's incremental discounting interest rate. In subsequent periods, the lease liability is measured at amortized cost using the effective interest method.

Variable lease payments that are not dependent on the CPI or an exchange rate, for example, lease payments as a percentage of the revenue from the sale of electricity at Energix are not included in the measurement of the lease liability and the right-of-use asset. These lease payments are recognized as an expense in the Statement of Income during the period in which the event or condition that activated these payments occurred.

Note 2 – Significant Accounting Policies (continued)

J. Financial assets

Investments in financial assets are initially presented at fair value plus transaction costs, except for investments in financial assets classified in the category of fair value through profit and loss, which are presented at fair value. The Group's financial assets are classified as "Financial assets at fair value through profit and loss" or as "Financial assets measured at amortized cost".

The Group measures investments in equity instruments at fair value through profit and loss. Profits or losses resulting from changes in fair value, including those due to changes in exchange rates, are recorded to the Statement of Income in the period in which the change occurred. Interest income and dividends originating from these assets are classified under the same item in the Statement of Income. Regarding the manner of determining fair value, please see Section q.2.

Trade receivables, deposits and debt instruments are measured at amortized cost (using the effective interest method).

K. Financial liabilities

Non-derivative financial liabilities are classified as financial liabilities at amortized cost, and include short-term credit, payables and credit balances, bonds and loans from banking corporations and others. These financial liabilities are initially recognized at fair value after deducting transaction costs. In periods following the initial measurement, other financial liabilities are measured, to the extent that such measurement results are material, on an amortized cost basis, with financing costs generally recognized in the Statement of Income based on the effective interest method. Regarding the treatment of CPI-linked financial liabilities, please see Section (q).

L. CPI-linked financial assets and liabilities

The Group has CPI-linked financial assets and liabilities that are measured at amortized cost. For these assets and liabilities, financing income or costs are recorded according to the effective interest rate, to which linkage differences are added based on actual changes in the CPI up to the date of each Statement of Financial Position, so that CPI-linked balances are presented according to the last known index on the date of the Statement of Financial Position (the CPI for the month preceding the date of the Statement of Financial Position in each period), or according to the CPI in lieu of the last month of the reporting period, according to the terms of the transaction.

The Group has NIS bonds (Series M of the Company, and Series E, Series G and Series J of Amot), some of which were converted into CPI-linked transactions through hedging transactions. The hedge is a fair value hedge, a conversion between fixed and variable principal and interest flows as a function of changes in the CPI. Changes in the value of financial instruments designated for hedging fair value risk are recognized immediately in profit or loss at the time of changes in the fair value of the hedged item attributed to the hedged risk (the change in the CPI).

M. Derivative financial instruments and hedging accounting

Derivative financial instruments are initially recognized on the date of the engagement, and in each subsequent reporting period, at fair value. Changes in the fair value of derivative financial instruments are generally recognized in profit and loss. The timing of the recognition of the profit and loss of changes in the fair value of derivative financial instruments designated for hedging purposes, where such hedging is effective and meets all conditions for determining hedging ratios, is contingent on the nature and type of hedging, as detailed below.

Hedge accounting - The Group uses various derivative financial instruments to manage its exposure to changes in foreign exchange rates, interest rates and electricity prices. For additional information regarding the financial derivatives held by the Group for cash flow hedges or net investment hedges in foreign activities, please see Note 23.

At the start of the hedge and in subsequent periods, the Group assesses whether the hedge is expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated. In addition, from the start of the hedging relationship and throughout its period, the Group records the extent to which the hedging instrument is effective in offsetting the exposure to changes in fair value or cash flows for the hedged risk on the hedged item.

The hedge is effective when the hedging relationship meets all of the following hedging requirements: there is an economic relationship between the hedged item and the hedging item, the effect of credit risk is not more dominant than the changes in value resulting from this economic relationship, and the hedging ratio of the hedging relationship is the same as the ratio resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge the stated quantity of the hedged item.

Note 2 – Significant Accounting Policies (continued)

The Group's hedging activity includes the following hedging relationships:

1. Fair value hedging

Changes in the fair value of financial instruments designated for fair value risk hedging, which include changes in the forward rate of the CPI in the case of fair value hedging of unlinked NIS bonds using derivative financial instruments, are recognized in the Statement of Income together with changes in the fair value of the hedged item related to the hedged risk.

2. Hedging of investment in foreign activity, net

Hedging of investments in foreign activity, net through loans taken in the same currency in which the investment was made and through forward and cross currency swap transactions in foreign currency, is treated such that the effective part is recognized in the "Capital Reserve from the Translation of Financial Statements for Foreign Activity" item in the Company's comprehensive income, and the ineffective part is immediately recognized in the Statement of Income.

When a company has several net investments in foreign activity denominated in the same functional currency (for example, USD), the Company hedges the total portfolio of those investments (total exposure to that foreign currency). In order to examine the effectiveness of the hedge and attribute the effective portion of the hedge that is offset from the capital reserve from the translation of financial statements of foreign activities, the Company attributes the hedging transactions of the same foreign currency dynamically among the net investments in foreign activities with the same functional currency according to a proportional share of their book value at the beginning of each quarter, and examines the hedging effectiveness of each net investment at the end of each quarter in accordance with the ratio determined at the beginning of that quarter (prospective examination).

3. Cash flow hedging

In a cash flow hedge, a forecast transaction that is a hedged item (for example, a forecast transaction for the sale of electricity) must be highly predictable and create exposure to changes in cash flows that could ultimately affect profit and loss.

Derivatives are initially recognized at fair value. Attributable transaction costs are recorded to profit and loss as incurred. The Group presents derivatives used to hedge electricity prices in the United States, and to hedge exposure to variable interest, in the Statement of Financial Position, by adjusting the fair value as stated. Subsequent to initial recognition, the derivatives are measured at fair value. Changes in the fair value of derivatives used to hedge cash flows, in respect of the effective hedged portion, are recorded through other comprehensive income directly to the hedging reserve. In respect of the ineffective portion, the changes in fair value are recorded to profit and loss. The amount accumulated in the hedging reserve is reclassified to the Statement of Income in the period in which the hedged cash flows affect the Statement of Income and is presented in the same section in the Statement of Income in which the hedged item is presented (revenue from the sale of electricity or interest expense).

As of the date of the report, the Group applies cash flow hedge accounting in connection with price-fixing transactions for electricity that it will sell in photovoltaic projects in the United States, as well as in connection with variable interest loans, through interest rate caps and/or through variable interest rate swap transactions, as well as through IRS transactions replacing variable interest with fixed interest throughout the term of the loans. For additional information, please see Notes 7 and 8.

For hedging relationships carried out through interest rate cap options on a variable interest rate loan, the time value of the option is not part of the hedging relationship. The time value of the option on the date of initial recognition is recorded to profit and loss on a straight-line basis over the hedge period (the period during which the hedged interest payments are recognized in profit and loss). Changes in fair value attributable to the time value of the option are recorded to a capital reserve.

In addition, in the reporting period, Energix signed two electricity hedging agreements with a capacity of approx. 142 MWp with the global company Google. In these agreements, it was determined that the electricity would be sold in accordance with a mechanism based on market prices with a defined discount subject to a minimum floor price to which Energix is entitled. The difference between the actual price under the electricity sales agreement and the market price on the same date is settled net in cash and the agreements are treated as derivative financial instruments.

Note 2 – Significant Accounting Policies (continued)

Energix has designated the hedging agreements as hedging instruments in cash flow hedge relationships in relation to the risk of a decrease in market electricity prices below the floor prices in the agreement. The effective portion of the hedge (the intrinsic value in terms of spot prices) will be recognized in other comprehensive income and recorded against revenue from the sale of electricity when it arises, while the ineffective portion of the hedge is immediately recognized in profit and loss under financing expenses.

The time value and the difference between the spot and forward prices of electricity are treated as the cost of hedging, so that the changes in the fair value of the hedging instrument resulting from them, to the extent that they relate to the hedged item, are recognized in other comprehensive income and accumulated in a separate capital reserve. The remaining change in fair value resulting from these components (to the extent that it exists) is recognized immediately in profit or loss under financing expenses.

N. Taxes on income

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

1. Tax benefits in US projects and an agreement with a tax partner in their regard

Entrepreneurs who own photovoltaic projects in the United States are entitled, by virtue of US law, to a tax benefit (ITC - Investment Tax Credit) which can be realized against a federal tax liability in the US. If the entrepreneur does not have a tax liability against which to offset the full benefit in a relatively short period of time, it is common for the entrepreneur to enter into an agreement with an entity that has a tax liability to whom he will transfer the tax benefits (all or part), in exchange for the amount that he will invest in the project (hereinafter - the "**tax partner**"). With the entry into effect of the IRA law in 2022, the entrepreneur also has the right to sell the tax benefits instead of the agreement with the tax partner.

Energix entered into several agreements with a tax partner in accordance with the above structure, in exchange for transferring most of the tax benefits for the relevant project to that agreement, mainly a tax credit for the ITC and depreciation expenses for tax purposes on the photovoltaic installations (hereinafter in this paragraph - the "**tax benefits**"), as well as participation in an agreed proportional share of the free cash flow for distribution. The entitlement to participate in a portion of the free cash flow is in effect until the rate of return on the tax partner's investment is reached as set forth in the agreement. After reaching the rate of return, the tax partner's share in the profit and cash flow decreases to a minimum rate as determined in the agreement.

The amounts received from the tax partners are presented as a liability under the "Liability in respect of agreement with the tax partner" item in the Statement of Financial Position. Expected amounts to be paid to the tax partners from the free cash flow available for distribution for their investment in the project constitute a financial liability that is measured at amortized cost according to the effective interest method. The expected tax benefit amounts to be transferred from the project partnerships to the relevant tax partner constitute a non-financial liability that is recorded to profit and loss as tax income on a straight-line basis over a period of 5 years (the period during which Energix is required to meet various conditions in order to be eligible for the tax benefits), except for depreciation benefits, which are recorded to profit and loss throughout the benefit period, usually 12 years. The tax credit amount for the ITC is recorded to profit and loss as tax income, on a straight-line basis over five years (the period during which Energix is required to meet various conditions in order to be eligible for the tax benefits).

In projects where Energix has elected not to engage a tax partner, Energix is entitled to receive the full tax credit for the ITC, which can be utilized against its taxable income or, starting in 2026, it may sell the tax benefit entitlement to third parties. Please see Note 7 below.

2. Deferred taxes

BE, Carr and Boston are defined as REITs for tax purposes in the UK and the US, respectively, and accordingly do not record tax reserves for revaluation gains on real estate assets in their books.

In accordance with the UK REIT rules, BE is not required to distribute a dividend originating from capital gains from the sale of real estate assets and therefore, BE and/or its shareholders will not be liable to tax for such profits, as long as they are not distributed as a dividend. As of the date of the report, the Company holds approx. 84.9% of the rights in BE (please see Note 6d) and therefore, it controls the date of distribution of the dividends. In view of the Company management's decision that BE will not distribute dividends originating in capital gains in the foreseeable future, the Company does not record tax reserves in its financial statements in respect of its share in the revaluation gains of BE's assets.

Note 2 – Significant Accounting Policies (continued)

According to the REIT rules in the United States, Carr and the Boston companies are required to distribute their taxable income for tax purposes, including capital gains from the sale of real estate assets, and accordingly, the Company records tax reserves in its financial statements in respect of its share in revaluation gains and depreciation differences for the assets of Carr and the Boston companies as long as there are taxable differences in respect of their investment property assets.

Amot creates deferred taxes in respect of temporary differences between the value for tax purposes of assets and liabilities and their amounts in the financial statements. Deferred tax balances (asset or liability) are calculated based on the tax rates expected at the time of their realization. One of the Group's material temporary differences stems from the measurement of property at fair value in the financial statements, with its value for tax purposes being CPI-linked amortized cost.

O. Recognition of revenue

The Group has revenues from rental fees and investment property management, which are recognized on a straight line basis in the Statement of Income as they accrue over the rental period. The recognition of revenue for the provision of property management services (maintenance, cleaning, etc.) is on a gross basis since it operates as the primary supplier with respect to these services.

Dividend income is recognized in the Statement of Income on the determining date for dividend eligibility.

Profits (losses) from the realization of investment property and investments in associates are recognized in the Statement of Income on the date of completion of the sale transaction upon transfer of control of the property to the buyer.

Revenue from electricity sales is recognized in the Statement of Income as accumulated over the production period. Revenues from green certificates are measured according to the market price of the certificates at the end of the month in which they accumulated and recorded against the green certificates inventory. At the time of realization of the certificate, revenues from the sale of green certificates are adjusted based on the actual sale price, except in cases of impairment of the value of the certificates. Impairments and cancellations are recognized in the expense items in the Statement of Income. Regarding green certificates, please see Note 7.

Financing income includes interest income in respect of invested amounts. Interest income is recognized as it accrues.

P. Credit costs

Credit costs attributable to the construction of qualifying assets (investment property in development and electricity-generation facilities), the preparation of which for their intended use or sale require a significant time period, are capitalized to the cost of those assets until such time that the assets are mostly ready for their intended use. Exchange rate differences stemming from foreign currency credit are capitalized to the extent that they are considered an adjustment to interest costs.

Credit costs that are not specific to a particular project were calculated as the product of the average interest rate (which also includes a CPI-linked component) by the actual cost of the asset invested. All other credit costs are recognized in profit and loss as incurred.

CPI-linkage differences for specific credit and non-specific credit are capitalized to qualifying assets (for the portion of the investment in the qualifying asset that is financed through CPI-linked credit) according to the actual rate of increase in the CPI from period to period.

Q. Determining fair value

The Group estimates the fair value of financial and non-financial assets and liabilities. Fair value amounts are determined using the following methods:

1. **Non-derivative negotiable financial instruments** - The fair value of non-financial derivatives traded on active markets (mainly shares and other securities) has been calculated according to closing rates as of the balance sheet date quoted on various stock exchanges, multiplied by the amount of issued negotiable financial instruments on that date.
2. **Non-traded financial instruments** - The fair value of financial instruments, including derivatives, that are not traded in an active market (mainly forward and cross currency swap transactions in foreign currency and financial assets at fair value through profit and loss that are not traded) is estimated using generally accepted economic valuation techniques and models based on reasonable assumptions derived from the existing economic conditions at the end of each reporting period. The valuation methods include models for pricing options and the present value of future cash flows discounted at a discount rate that reflects, in the Company management's estimation, the level of risk inherent in the financial instrument.

Note 2 – Significant Accounting Policies (continued)

3. Investment property - please see Note 4c below.

R. Main estimates and uncertainties

When preparing the financial statements, the Company's management is required to use estimates, assessments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the change in estimate is made.

The following are the main assumptions made in the financial statements in connection with uncertainty as of the date of the Statement of Financial Position and critical estimates calculated by the Group and for which a material change in the estimates and assumptions may change the value of assets and liabilities in these financial statements and in the next reporting year:

- **Fair value of investment property, investment property in development and land rights -** please see Note 4c below.
- **Fair value of financial instruments -** As described in Note 24, the Company's management exercises discretion in selecting appropriate valuation techniques for financial instruments that do not have a quoted price in an active market. The valuation techniques used by the Company's management are those applied by market participants. The fair value of financial instruments is determined based on the discounted cash flows expected from them, based on assumptions supported by observable market prices and their rates. The fair value estimate of financial instruments that are not listed for trading in an active market includes a number of assumptions that are not supported by observable prices and market rates.
- **Taxes on income** - The Group operates in several countries that have different tax regimes. The Group recognizes a tax liability according to the tax rates applicable to the Group companies in accordance with the applicable tax laws. In determining the provision for current and deferred taxes, the management makes estimates and assessments, especially regarding transactions for which the tax rates or tax liability are not certain or final. When there is uncertainty, the Company's management usually assesses, based on the opinions of various tax advisors, whether it is more likely than not for that the Group has additional tax exposure, and the best estimate of the additional tax expense to be incurred by the Company. In addition, in cases where the Company's management estimates that additional tax is expected due to its international operations and the fact that it operates in several countries where different tax regimes exist, the Company recognizes a deferred tax liability according to the expected tax rates.

S. Exchange rates and linkage bases

Balances in or linked to foreign currency are included in the financial statements according to the representative rates of exchange published by the Bank of Israel and in effect as of the end of the reporting period.

Balances linked to the Consumer Price Index are presented according to the last known index at the end of the reporting period (the CPI of the month preceding the month of the financial statement date) or according to the Consumer Price Index for the last month of the reporting period (the CPI for the month of the financial statement date), according to the transaction terms.

Below are details of the Consumer Price Index and the exchange rates of the following currencies against the NIS, as well as the increase (decrease) in the Consumer Price Index and changes in the exchange rates of the following currencies against the NIS:

	As of December 31 / for the month of December	As of December 31 / for the month of December	As of December 31 / for the month of December	Change for the period ended December 31	Change for the period ended December 31	Change for the period ended December 31
	2024	2023	2022	2024	2023	2022
				%	%	%
Consumer Price Index (2020 base)						
In Israel (in lieu CPI)	114.80	111.20	108.00	3.24	2.96	5.30
In Israel (known CPI)	115.11	111.30	107.70	3.43	3.35	5.30
Exchange rate against the NIS						
USD	3.65	3.63	3.52	0.55	3.13	13.18
GBP	4.57	4.62	4.24	(1.08)	8.96	0.88
PLN	0.89	0.92	0.80	(3.26)	15.00	5.26

Note 2 – Significant Accounting Policies (continued)

T. Newly published financial reporting standards, interpretations and amendments to standards

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

Amendment to "IAS 1 - Presentation of Financial Statements" regarding the classification of liabilities as current or non-current:

During the reporting period, Energix, through a designated corporate structure in the United States, entered into an agreement with Santander CIB to obtain a short-term loan for the construction period that will be converted into a long-term loan in the amount of up to USD 260 million.

Prior to the implementation of the amendment to IAS 1, the construction loan was presented as a current liability since Energix does not have an "unconditional" right to defer its settlement for at least 12 months after the reporting period.

After the implementation of the amendment to IAS 1, Energix has the right to defer the settlement of the construction loan for more than 12 months after the reporting period and is not required to meet the condition of commercial operation as of December 31, 2024. Therefore, the construction loan is presented as a non-current liability as of December 31, 2024 in the amount of approx. NIS 350 million, in accordance with the amendment to IAS 1 from 2022.

Amendment to "IFRS 8 - Operating Segments" regarding material items of income and expense:

In July 2024, the IASB approved the decision of the International Financial Reporting Interpretations Committee (IFRS IC) regarding the disclosure of income and expense for reportable segments.

The decision discussed the application of the disclosure requirements set out in Section 23 of IFRS 8 - "Operating Segments" and clarified that disclosure is required for "material items of income and expense" if they are included in the measure of profit or loss reviewed by the Chief Operating Decision Maker (CODM), even if they are not provided to him separately. It was also clarified that "material items of income and expense" are not limited to exceptional or non-recurring items.

In addition, the decision clarified that judgment is required in determining the extent of disclosure to be included in segment reporting, taking into consideration the entity's specific facts and circumstances, the core principle of IFRS 8 and the materiality principles set out in IAS 1 - "Presentation of Financial Statements".

The decision was applied by the Company in these financial statements on a retrospective basis. As a result, the Company added information regarding material expense items in the segment disclosures. Please see Note 22.

B. New standards, new interpretations and amendments to standards that have been published, which are not in effect and have not been adopted early by the Group, that are expected or may have an impact on future periods:

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

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

The standard focuses on the following areas:

Structure of the Statement of Income - Presentation of specified subtotals and classifications in the Statement of Income.

Requirements regarding the improvement and disaggregation of information in the financial statements and in the notes.

Presentation of information regarding management-defined performance measures ("MPMs") that are not based on accounting standards (Non-GAAP) in the notes to the financial statements.

In addition, when IFRS 18 is implemented, amendments to other IFRS standards will enter into effect, including International Accounting Standard 7 - "Statement of Cash Flows" that are intended to improve comparability between entities. The changes mainly include: the use of an operating profit subtotal as a single starting point in the application of the indirect method for reporting cash flows from operating activities and eliminating the alternatives for choosing an accounting policy regarding the presentation of interest and dividends.

Note 2 – Significant Accounting Policies (continued)

In view of this, except in certain cases, interest and dividends received will be included in cash flows from investing activities and, on the other hand, interest and dividends paid will be included in financing activities.

The standard will enter into effect for reporting periods beginning on or after January 1, 2027. The standard will be applied retrospectively, with specific transitional provisions. Early adoption is possible starting from the period beginning on January 1, 2025. The Group is examining the impact of IFRS 18, including the impact on the financial statements of amendments to additional IFRS standards as a result of its application.

Note 3 – Additional Information regarding Current Asset Items

A. Cash and cash equivalents

	As of December 31	As of December 31	
	2024	2024	2023
	Interest rate	NIS thousands	NIS thousands
Cash in banking corporations		560,428	637,468
Short-term deposits in banking corporations	(*)	963,898	1,406,489
Money funds (**)		-	153,720
		1,524,326	2,197,677

(*) The interest rate on short-term deposits in banking corporations in NIS is 4.2%-4.7%, and in USD 3.84%-4.28%.
(**) Including investments in short-term NIS mutual funds with an average duration to the repayment date at the time of their investment does not exceed 3 months.

B. Other receivables

	As of December 31	
	2024	2023
	NIS thousands	NIS thousands
Income receivable - interest, dividends, rental fees and other	29,392	10,175
Institutions	72,106	42,484
Prepaid expenses	24,598	19,198
Joint arrangements	3,653	6,186
Green certificates	16,656	11,798
Derivative financial instruments (please see Note 23)	67,060	60,914
Others	89,352	82,976
	302,817	233,731

C. Deposits and designated deposit

	As of December 31	
	2024	2023
	NIS thousands	NIS thousands
Short-term pledged deposits and restricted cash	9,756	13,405
Designated cash (*)	21,184	628,215
	30,940	641,620

(*) The interest rate on the designated cash is 3.84%-4.28%.
(**) As of December 31, 2023, a total of NIS 624 million in respect of cash received from the Energix tax partner to repay the bridging loan during the reporting period.

Note 4 – Investment Property; Investment Property in Development and Land Rights

A. Composition and movement:

	Investment property		Investment property under construction and land rights		
	Israel (Amot)	UK (BE)	Israel (Amot)	UK (BE)	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Balance as of January 1, 2023	15,894,752	4,625,281	2,266,008	883,881	23,669,922
Additions from acquisitions	49,494	-	5,491		54,985
Classified to investment property held for sale	(177,825)	-	-	-	(177,825)
Effect of changes in exchange rates	-	345,290	-	160,176	505,466
Transferred from investment property to investment property in development	-	(930,296)	-	930,296	-
Investments and other	81,925	28,599	402,865	79,308	592,697
Profit (loss) from fair value adjustments, net	244,529	(792,404)	(1,811)	(376,483)	(926,169)
Balance as of December 31, 2023	16,092,875	3,276,470	2,672,553	1,677,178	23,719,076
Additions from acquisitions	3,200	-	287,788	-	290,988
Realization of properties	(21,750)	-	(158,987)	-	(180,737)
Effect of changes in exchange rates	-	(33,067)	-	(25,618)	(58,685)
Transferred from investment property in development to investment property	180,378	-	(180,378)	-	-
Investments and other	51,707	24,994	395,078	156,935	628,714
Profit (loss) from fair value adjustments, net	338,606	(67,333)	211,080	124,855	607,208
Balance as of December 31, 2024	16,645,016	3,201,064	3,227,134	1,933,350	25,006,564
Main discount rate used in fair value calculations in 2023	5.25%-7.25%	4.89%-6.21%			
Main discount rate used in fair value calculations in 2024	5.25%-7.25%	5.16%-6.32%			

- For information regarding property transferred from investment property in development to investment property, please see Note 4b below.
- For information regarding revenues from rental fees originating in investment property, please see Note 18a.
- For information regarding fair value adjustments of investment property, please see Note 18b.

Note 4 – Investment Property; Investment Property in Development and Land Rights (continued)

B. Transactions in and subsequent to the reporting year related to investment property, property in development and property in initiation and development:

Amot

Projects under construction, in planning and initiation:

ToHa2 (Totzeret Ha'aretz)

Amot and Gav-Yam Land Corporation Ltd. are the joint and equal owners of the land located at the intersection of Totzeret Ha'aretz, Yigal Alon and Derech HaShalom streets in Tel Aviv, on which the ToHa2 tower is being built with an above-ground area of approx. 156 thousand sq.m. (ToHa2) (hereinafter - the "**Partners**", the "**Partnership**" and the "**ToHa 2 Tower**", as the case may be). On June 25, 2024, the partners entered into a lease agreement with Google Israel Ltd. (hereinafter - "**Google**"). According to the agreement, Google will lease from the partners approx. 60 thousand sq.m. at the envelope level in the upper part of the ToHa 2 Tower, as well as several hundred parking spaces, for a 10-year lease period (with a one-time exit right at the end of 5 years), which will begin in the first quarter of 2027, upon completion of the ToHa 2 Tower construction, in consideration for a total rental fee of approx. NIS 115 million per year, linked to the May 2024 CPI (Amot's share of the above - 50%). As is customary in transactions of this type, in addition to the lease agreement, construction and management agreements were signed, providing mutual guarantees for the fulfillment of the parties' obligations.

Land in Tel Aviv - ToHa

In February 2024, Amot entered into an agreement with Gav-Yam Land Corporation Ltd., its partner in the ToHa project in Tel Aviv, for the sale of half of Amot's rights in a land division with an area of approx. 3 dunams (lot 300) adjacent to the ToHa project. The transaction consideration, in the amount of NIS 155 million plus VAT, was received in full during the reporting period. According to the approved city building plan, a project covering an area of approx. 5,000 sq.m. for employment and approx. 90 residential units can be built on the land. Over the past two years, the partnership has completed the acquisition of properties bordering the ToHa complex, with the aim of developing and enhancing building rights in the complex in accordance with the municipal and national outline plans. The acquisitions up to the present date amounts to approx. NIS 613 million (including lot 300) (Amot's share of the above - 50%).

Acquisition of land reserves adjacent to ToHa

Subsequent to the date of the Statement of Financial Position, 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.

Land in Tel Aviv - Hasolelim Street

In March 2024, Amot acquired land on Hasolelim Street in Tel Aviv with an area of approx. 5.6 dunams from the Tel Aviv - Yafo Municipality for the construction of an office tower, for a total of NIS 210 million (not including transaction costs). The land is in a central location with high accessibility. The land is leased from the Tel Aviv - Yafo Municipality until 2059. Amot is promoting the planning of the complex together with adjacent landowners. The site is being promoted under National Master Plan no. 70 (enhancing building rights in proximity to mass transit stations).

Amot Modi'in

An office building with an area of 9 thousand sq.m. (Amot's share of the above - 75%), which was built as part of the Shufersal Online complex. At the end of 2024, the property was classified as income-generating property.

Halehi Complex

The lot is located in the northern business complex of Bnei Brak, adjacent to the Yarkon Park and the Ramat Hahayal complex and adjacent to the Bnei Brak train station and the Green Line Light Rail station. Amot is working together with Allied Real Estate Ltd. for the planning, developing and construction of an office and commercial project, which will include 100 thousand sq.m. of above-ground space, including 45 office floors over 3 commerce floors. The total investment in the project's construction (including the land component and the parking basements) is estimated by the parties at approx. NIS 1,530 million (Amot's share of the above - 50%). As of the date of publication of the report, the project is in advanced stages of finishing and systems work, the commercial floors have been delivered to tenants for adjustment work, and several stores have opened to the public. Amot has signed contracts for approx. 8,500 sq.m. (Amot's share of the above - 50%), which are expected to generate annual rent of approx. NIS 14 million (Amot's share of the above - 50%).

Note 4 – Investment Property; Investment Property in Development and Land Rights (continued)

K Complex - Jerusalem

On June 14, 2020, Amot, together with Allied Real Estate Ltd., won a tender for the lease of a plot of land with an area of approx. 4.5 dunams (K Complex) in the "City Gate" complex that will be built at the entrance to Jerusalem. The project has an above ground area amounting to approx. 79 thousand sq.m. according to the City Building Plan in effect and approx. 93 sq.m. above ground area according to a City Building Plan that was deposited, as well as the right to attach 200 parking spaces built in an underground public parking lot adjacent to the complex, in addition to parking existing in the complex (Amot's share of the above - 50%). The project is mixed-use and includes employment, hotels, and special residences. The total investment in the project's construction, including the land component, is estimated by the parties at approx. NIS 1,440 million (Amot's share of the above - 50%). As of the date of the report, the project is nearing completion of foundation work.

Beit Shemesh Logistic Center

In June 2021, Amot purchased 60% of a 40 dunam plot of land in Beit Shemesh from Y.D.E. Menivim Ltd. for the construction of a logistics center. In the complex, the partnership established an advanced logistics center with a total area of approx. 50 thousand sq.m. at a total cost of approx. NIS 360 million, with Amot's share being NIS 216 million. As of the date of the report, the project is in the midst of finishing work on the lower logistics center, and the upper logistics center was delivered to the customer. The upper logistics center, with an area of approx. 24 thousand sq.m. (Amot's share of the above - 60%) has started to generate income. The annual rental fee is approx. NIS 14 million (Amot's share of the above - 60%). In view of the above, Amot reclassified the logistics center's share from property in development to investment property.

Amot Denisra - Park Afek

A joint project for Amot and Denisra International Ltd. (each party has a 50% share) for the construction of a fourth office building above an existing commercial floor in the Amot Park Afek complex in Rosh HaAyin. The entire complex is jointly owned by the parties. The building will include 6 floors above the ground floor with a total area of 9,400 sq.m. The building rights for the construction of the building were obtained under a city building plan promoted by the parties and which took effect in 2020. The investment amount for the project's construction is estimated at NIS 80 million (Amot's share - 50%). A building permit was received in January 2023 and the project is in the final stages of finishing work.

Realization of assets

During the reporting period, four income-generating properties were sold for a total of approx. NIS 200 million. Some of the properties were classified as held for sale in the 2023 reports.

That stated in Note 4b constitutes forward-looking information.

Note 4 – Investment Property; Investment Property in Development and Land Rights (continued)

C. Determining fair value:

The following table presents the investment properties measured at fair value according to Level 3 (not including investment property in Amot's joint ventures). For definitions of the various levels of the hierarchy, please see Note 24.

Description of valuation technique for investment property measured at fair value as of December 31, 2024:

Amot

Investments in investment property in Israel	**Fair value as of December 31, 2024, in NIS thousands**	**Valuation technique**	**Description of unobservable data**	**Range (weighted average)**	**Area (sq.m.)**
Offices	7,954,935	Discounted cash flow (DCF)	Monthly rental fees per sq.m. Discount rate Occupancy rate	104 5.75%-7.00% 82.30%	419,678
Industrial and logistic parks	4,893,999	Discounted cash flow (DCF)	Monthly rental fees per sq.m. Discount rate Occupancy rate	45 5.25%-7.00% 99.00%	513,610
Commercial centers	2,754,585	Discounted cash flow (DCF)	Monthly rental fees per sq.m. Discount rate Occupancy rate	123 6.25%-7.25% 97.10%	125,172
Supermarkets	814,128	Discounted cash flow (DCF)	Monthly rental fees per sq.m. Discount rate Occupancy rate	117 6.25%-6.75% 100%	35,038
Others	227,369	Discounted cash flow (DCF)	Monthly rental fees per sq.m. Discount rate Occupancy rate	65 6.25%-7.00% 100%	20,988
Property in development and land rights	3,227,134	Comparison, costs, discounted cash flow (DCF)	-	-	-

BE

Investments in investment property in the UK	**Fair value as of December 31, 2024, in NIS thousands**	**Valuation technique**	**Description of unobservable data**	**Range (weighted average)**	**Area**
Offices (*)	3,201,064	היוון תזרימי מזומנים (DCF) Extraction method	Monthly rental fees per sq.m. Discount rate Occupancy rate	57£ 5.16%-6.32% 88.3%-100%	1,101,869 Sq.ft.
Land rights	1,933,350	Comparison	Price per acre	GBP 11 million	6.5 acres
		Extraction method	Monthly rental fees per sq.m. Discount rate	78£ 5.16%	1,432,976 Sq.ft.

(*) One of the above properties includes office space as well as an open commercial center.

Note 4 – Investment Property; Investment Property in Development and Land Rights (continued)

Description of valuation technique for investment property measured at fair value as of December 31, 2023:

Amot

Investments in investment property in Israel	Fair value as of December 31, 2023, in NIS thousands	Valuation technique	Description of unobservable data	Range (weighted average)	Area (sq.m.)
Offices	7,753,362	Discounted cash flow (DCF)	Monthly rental fees per sq.m.	100	
			Discount rate	5.75%-7.00%	423,611
			Occupancy rate	84.80%	
Industrial and logistic parks	4,641,152	Discounted cash flow (DCF)	Monthly rental fees per sq.m.	44	
			Discount rate	5.25%-7.00%	493,811
			Occupancy rate	99.00%	
Commercial centers	2,703,629	Discounted cash flow (DCF)	Monthly rental fees per sq.m.	121	
			Discount rate	6.25%-7.25%	124,080
			Occupancy rate	96.50%	
Supermarkets	767,816	Discounted cash flow (DCF)	Monthly rental fees per sq.m.	112	
			Discount rate	6.25%-6.75%	35,038
			Occupancy rate	100%	
Others	226,916	Discounted cash flow (DCF)	Monthly rental fees per sq.m.	63	
			Discount rate	6.25%-7.00%	20,988
			Occupancy rate	100%	
Property in development and land rights	2,672,553	Comparison, costs, discounted cash flow (DCF)	-	-	-

BE

Investments in investment property in the UK	Fair value as of December 31, 2023, in NIS thousands	Valuation technique	Description of unobservable data	Range (weighted average)	Area
Offices (*)	3,276,470	Discounted cash flow (DCF)	Monthly rental fees per sq.m.	58£	1,101,869 Sq.ft.
		Extraction method	Discount rate	4.89%-6.21%	
			Occupancy rate	100%-91.5%	
Land rights	1,677,178	Comparison	Price per acre	GBP 11-13 million	9.7 acres
		Extraction method	Monthly rental fees per sq.m.	74£	1,164,392 Sq.ft.
			Discount rate	5.00%-5.16%	

(*) One of the above properties includes office space as well as an open commercial center.

Note 4 – Investment Property; Investment Property in Development and Land Rights (continued)

Description of valuation processes used to determine fair value

The entities at Amot and at BE responsible for the fair value measurement process for items classified at Level 3 (please see Note 24) is the senior management of each of the above companies.

In order to determine the fair value of investment property, the Group's management relies mainly on assessments made by independent external real estate appraisers with the required knowledge, experience and expertise.

The managements of Amot and BE report to the Financial Statements Committee of Amot and BE, respectively, on the fair value of investment property, and examine the appropriateness of the data and valuation methodology used to determine the fair value.

Amot's and BE's valuations are examined quarterly and when needed, adjustments are made in order to estimate the fair value in the most precise manner Amot and BE believes possible.

Fair value is measured based on valuation techniques, such as: the market approach - an approach that uses prices and relevant information created by comparable market transactions, which are then adjusted. Revenue approach - an approach that converts future amounts (for example, future cash flows) to the discounted current amount (DCF). When the discounted cash flow method is used, the interest rate used to discount the expected net cash flows from the asset has a significant impact on its fair value.

In determining fair value, the following, among other things, are taken into account: the discount rates used to discount future cash flows, the length of the rental period, the stability of the tenants, the amount of available space in the property, the lengths of the lease agreements, is the rental above or below market price and the amount of time required to rent out the vacant properties, the implications of investments needed for the development, completion of the project and/or maintenance of existing properties and deduction of uncovered operating costs, etc.

The fair value of investment property in development and land rights is calculated according to one of two methods, as relevant:

- An estimate of the fair value of the land component and building rights (mainly using the comparison approach of similar land while making necessary adjustments) plus the accumulated construction costs and entrepreneurial profit attributed to those costs where relevant.
- An estimate of the expected fair value of the investment property after completion of its construction net of the current value of estimated construction costs expected for its completion and net of development profit, when relevant, taking into account the rate of return adjusted for the relevant risks and characteristics of the investment property.

The process of estimating the fair value of investment property also includes subjective components, originating among other places in past experience of Group managements and its understanding of future occurrences and developments in the investment property market on the date on which the fair value assessment was determined. In view of this, and in view of the previous paragraphs, determination of the fair value of the Group's investment property requires discretion. Changes in assumptions used to determine fair value can significantly affect the Group's financial condition and operating results.

D. Sensitivity analysis:

The following is a sensitivity analysis of the value of the Amot Group's investment property at a cap rate on the basis of a standardized NOI (including joint arrangements):

Based on an annual adjusted NOI of approx. NIS 1,072 million, any 0.25% change in the cap rate will result in a change in the fair value of Amot's income-generating property (not including property in development and land rights) of approx. NIS 635 million (net of deferred taxes at a rate of 23% - approx. NIS 489 million) (average change of increase and decrease in the cap rate).

Note 4 – Investment Property; Investment Property in Development and Land Rights (continued)

The following is a sensitivity analysis of the value of the BE Group's investment property (including land) at a cap rate:

Any 0.25% change in the cap rate of income-generating properties will result in an average change in the fair value of approx. GBP 37 million (approx. NIS 170 million). Any 0.25% change in the cap rate of property in development and land[2] will result in an average change in the fair value of approx. GBP 69 million (approx. NIS 314 million).

E. Additional information:

For information on liens, please see Note 14.

Note 5 – Securities Measured at Fair Value through Profit and Loss

		As of December 31	
		2024	2023
	Exposure currency	NIS thousands	NIS thousands
Securities measured at fair value through profit and loss			
Brockton Real Estate Investment Funds	GBP	218,454	222,219
Other investments in tradable and other securities	NIS	5	3
		218,459	222,222

Brockton Real Estate Investment Funds (hereinafter - the "Funds")

As of December 31, 2024, the Group is a partner in two real estate funds: Brockton Capital Fund I LP (hereinafter - "**Brockton Fund I**") and Brockton Capital Fund III LP (hereinafter - "**Brockton Fund III**").

As of December 31, 2024, the Group's share in the value of the Brockton III Fund is NIS 218 million (GBP 48 million).

For additional information, please see Note 18d.

Note 6 – Investments in Investees

A. Material Group subsidiaries

List of subsidiaries

Name of subsidiary	Section	Main location of activity	Rate of holdings in capital and in voting		Value of holdings at stock market prices		Amount of investment in investee (*)	
			As of December 31		As of December 31		As of December 31	
			2024	2023	2024	2023	2024	2023
			%		NIS thousands		NIS thousands	
Amot Investments Ltd.	c	Israel	51.05%	51.15%	4,968,433	4,814,373	4,660,711	4,506,094
Energix Renewable Energies Ltd.	d	Israel	50.24%	50.31%	3,375,762	3,688,174	1,112,324	1,151,225
Brockton Everlast Limited Inc. (**)	e	UK	84.90%	83.41%	-	-	2,989,406	2,656,530

(*) The Company's share in the consolidated companies' equity, after adjustments in accordance with IFRS 10.
(**) Through Brockton Holdings LP, a partnership in Guernsey.

2 With the exception of land whose fair value is measured using the comparison method according to the price per acre.

Note 6 – Investments in Investees (continued)

B. Subsidiaries that have non-controlling interests that are material to the Group

The following is condensed financial information from Amot's statements:	As of December 31	
The following amounts are before inter-company cancellations:	2024	2023
	NIS thousands	NIS thousands
Rate of non-controlling interests (in equity and voting)	48.95%	48.85%
Current assets	368,375	768,310
Non-current assets	20,526,413	19,391,878
Current liabilities	909,557	904,171
Non-current liabilities	10,820,466	10,418,405
Total assets, net	9,164,765	8,837,612
Book value of Amot's non-controlling interests	4,485,632	4,315,489

	For the year ended December 31		
	2024	2023	2022
	NIS thousands	NIS thousands	NIS thousands
Revenue from rental fees and management of investment property	1,166,416	1,110,874	1,028,138
Fair value adjustments of investment property, net	552,072	244,722	984,285
Profit	919,002	682,607	1,171,146
Total comprehensive income	919,002	682,607	1,171,146
Profit attributed to Amot's non-controlling interests	449,684	311,478	538,712
Net cash flows provided by operating activities	842,712	789,822	589,637
Net cash flows used in investing activities	(389,079)	(190,835)	(1,167,948)
Net cash flows provided by (used in) financing activities	(686,487)	(758,510)	832,648
Dividend paid to non-controlling interests	299,616	295,530	299,187

Note 6 – Investments in Investees (continued)

The following is condensed financial information from Energix's statements:	As of December 31	
The following amounts are before inter-company cancellations:	2024	2023
	NIS thousands	NIS thousands
Rate of non-controlling interests (in equity and voting)	49.76%	46.99%
Current assets	741,670	1,394,608
Non-current assets	10,428,777	8,416,270
Current liabilities	2,001,662	2,048,868
Non-current liabilities	6,860,624	5,390,856
Total assets, net	2,308,161	2,371,154
Book value of Energix's non-controlling interests	1,195,824	1,185,744

	For the year ended December 31		
	2024	2023	2022
	NIS thousands	NIS thousands	NIS thousands
Total revenues	897,628	681,906	527,325
Profit	338,008	258,068	235,910
Other comprehensive income (loss)	(57,971)	68,466	(17,844)
Total comprehensive income	280,037	326,534	218,066
Profit attributed to Energix's non-controlling interests	168,246	127,930	113,695
Net cash flows provided by operating activities	338,174	505,813	284,687
Net cash flows used in investing activities	(944,697)	(3,099,284)	(1,085,158)
Net cash flows provided by financing activities	521,446	2,648,166	666,754
Dividend paid to non-controlling interests	163,870	125,017	51,567

Note 6 – Investments in Investees (continued)

The following is condensed financial information from BE's statements:	As of December 31	
The following amounts are before inter-company cancellations:	2024	2023
	NIS thousands	NIS thousands
Rate of non-controlling interests (in equity and voting)	15.10%	16.59%
Current assets	213,467	168,004
Non-current assets	5,224,791	5,282,680
Current liabilities	402,640	937,901
Non-current liabilities	1,508,716	1,329,531
Total assets, net	3,526,902	3,183,252
Book value of BE's non-controlling interests	537,496	526,722

	For the year ended December 31		
	2024	2023	2022
	NIS thousands	NIS thousands	NIS thousands
Revenue from rental fees and management of investment property	224,346	214,977	192,828
Fair value adjustments of investment property, net	57,522	(1,168,887)	(295,598)
Net loss	(125,478)	(1,192,651)	(184,016)
Other comprehensive income (loss)	(7,187)	(24,886)	34,481
Total comprehensive loss	(132,665)	(1,217,537)	(149,535)
Loss attributed to BE's non-controlling interests	(21,314)	(198,831)	(32,363)
Net cash flows provided by operating activities	85,856	21,650	51,015
Net cash flows used in investing activities	(156,581)	(114,971)	(570,740)
Net cash flows provided by financing activities	117,573	29,345	619,444
Dividend paid to non-controlling interests	9,077	11,834	2,985

C. Information regarding material consolidated companies - Amot Investments Ltd. (hereinafter - "**Amot**")

1. Amot's business

Amot is a public company whose securities are traded on the Tel Aviv Stock Exchange Ltd., and is a directly-controlled subsidiary of the Company. Amot deals, directly and indirectly, through corporations under its control, in the rental, management and maintenance of income-generating properties in Israel and in the development of land for its own use for rental properties. Amot owns, directly and indirectly, real estate assets that include offices, commercial centers, supermarkets, central bus stations, industrial parks and industrial and logistics buildings.

2. The Company's holdings in Amot

In 2022, Amot raised capital in the amount of NIS 618 million, of which the Company invested a total of NIS 159 million. In November 2023, the Company sold, in an off-exchange transaction, 12 million of Amot's ordinary shares for a total of approx. NIS 220 million. As of December 31 2024, the rate of the Company's holdings in Amot was 51.1% and fully diluted, taking into account convertible securities issued by Amot, the rate of holdings was 50.45% (in 2023: 51.1% and 50.86%, respectively, and in 2022: 53.79% and 53.16%, respectively).

Near the publication of the financial statement, the Company's rate of holdings in Amot's share capital is 51.05% (approx. 50.45% fully diluted).

Note 6 – Investments in Investees (continued)

3. Amot's dividend distribution policy

In January 2007, Amot's Board of Directors adopted a dividend policy, according to which during the first quarter of each calendar year, Amot will announce the minimum dividend distribution amount planned for that year. The dividends will be distributed at the end of each quarter (the relative portion), subject to the decision of Amot's Board of Directors, as long as the dividend distribution does not harm Amot's cash flow, and taking into account Amot's future investment plans that may exist from time to time and subject to the law. As part of the above decision, Amot's Board of Directors decided that it would be permitted at any time, taking into account business considerations and the provisions of the law, to change the dividend policy, and to change the dividend amounts distributed or to decide not to distribute them at all. In accordance with this decision, each year Amot declares the minimum dividend to be paid that year.

In accordance with the decisions made by Amot's Board of Directors regarding the years 2022-2024, in 2022 Amot paid its shareholders a current dividend and an additional dividend (for 2021) in an aggregate amount of NIS 649 million (the Company's share - NIS 329 million), in 2023 a current dividend and an additional dividend (for 2022) in an aggregate amount of NIS 639 million (the Company's share - NIS 344 million) and in 2024 a current dividend and an additional dividend (for 2023) in an aggregate amount of NIS 612 million (the Company's share - NIS 313 million).

In February 2025, Amot's Board of Directors stated that in 2025 Amot intends to distribute a minimum annual dividend of NIS 1.08 per share, to be paid in 4 equal quarterly payments in the amount of NIS 0.27 per share, subject to a specific decision of the Board of Directors at the end of each quarter.

In accordance with this policy, in March 2025 Amot will pay a dividend for the first quarter of 2025 in the amount of NIS 0.27 per share (approx. NIS 127 million, the Company's share - approx. NIS 65 million). In addition, in March 2025, Amot will pay an additional dividend for 2024 in the amount of NIS 0.23 per share (NIS 108 million, the Company's share - NIS 55 million).

4. Management fee agreement with Amot

In June 2022, after approval by the Company's Audit Committee and Board of Directors, and approval by the Audit Committee, Board of Directors and General Meeting of Amot, the Company signed a management agreement with Amot for the years 2022-2024, according to which the management fees for each of these years will be NIS 10.3 million per year, linked to the CPI for the month of December 2021. As of the date of the report, the annual management fees according to the management agreement amount to NIS 11.8 million.

The annual management fees were paid in four quarterly payments. It should be clarified that the amount of services provided to Amot is according to Amot's changing needs, from time to time, and with no hourly limit (minimum or maximum). In this context, it should be noted that the Company has committed to make available to Amot all the inputs that will be required for the provision of management services, as required by Amot (hereinafter in this section - the "**Management Agreement**"). If during the period of the management agreement there will be a substantial reduction in the amount of work invested by the Company's officers, at a rate exceeding 25% cumulatively per year of activity (in relation to the estimated amount of work invested by the aforementioned officers for the provision of management services prior to the approval of the management agreement), Amot will have the right to cancel the management agreement. In addition, according to the management agreement, the Company will be entitled to end it at any time with prior written notice of 120 days. In addition, as was the case until now, each party may end it with a prior written notice of 60 days to the other in the event that the Company ceases to have control over Amot.

On February 10, 2025, after approval by Amot's Audit Committee, Amot's Board of Directors approved and recommended that Amot's General Meeting approve the extension of the Management Agreement 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 (AFFO) is less than 6%, the management fees for that year will be reduced by NIS 600 thousand. The remaining terms of the management agreement will remain unchanged (hereinafter in this section - the "**Updated Agreement**"). The updated agreement is subject to the approval of Amot's General Meeting and to the approval of the Company's Audit Committee and board of Directors.

Regarding the revaluation of Amot's properties, please see Note 18b below.

Note 6 – Investments in Investees (continued)

D. Information regarding material consolidated companies - Brockton Everlast Inc. Limited (hereinafter - "BE")[3]

1. BE's business

In February 2018, the Company (through wholly owned subsidiaries of the Company) engaged with senior partners in Brockton Capital LLP (hereinafter - "Brockton" and "**BE Managers**") in a series of agreements according to which the Company, together with BE Managers, established a new company called Brockton Everlast Inc. Limited (hereinafter - "**BE**"), a private company engaged in the acquisition, development, improvement, construction, management and maintenance of income-generating property in the metropolitan area of London, Cambridge and Oxford in the UK. At the same time, Brockton continues to manage the Brockton Fund III until completion of the realization of all their investments, a process that is expected to be completed in the coming years.

On February 22, 2022, the Company, BE and the BE Managers signed a set of binding agreements with corporations from the Menora Mivtachim Group (hereinafter - "**Menora**"), under which Menora invested the amount of GBP 112 million in BE's capital, which gave Menora a holding of 13.6% in BE's capital on that date. Regarding provisions determined in connection with corporate governance and restrictions on offenses, please see Subsections 4 and 5 below, respectively.

As of December 31, 2024 and close to the date of publication of the report, the Company indirectly held approx. 84.9% of the rights in BE.

The total fair value of BE's properties as of December 31, 2024 is GBP 1.1 billion (NIS 5.1 billion). Regarding the revaluation of Amot's properties, please see Note 18b below.

2. The Company's holdings in BE

From BE's establishment until the date of publication of the report, the Company has invested GBP 749 million in BE's capital, of which a total of GBP 112.5 million (approx. NIS 526 million) was invested during 2024.

3. BE's dividend distribution and capital reduction policy

BE is defined as a REIT for UK tax purposes and must meet certain conditions which include, among other things, a dividend distribution of at least 90% of its adjusted current taxable income.

In 2022, 2023 and 2024, BE distributed to its shareholders a dividend of GBP 16 million (approx. NIS 70 million), GBP 16 million (approx. NIS 70 million) and GBP 12 million (approx. NIS 60 million), respectively (the Company's share - approx. NIS 67 million, NIS 59 million and NIS 51 million, respectively).

During the second half of 2025, BE is expected to distribute a dividend to its shareholders in the amount of GBP 12 million (approx. NIS 56 million, the Company's share - approx. NIS 48 million).

4. Corporate governance in BE and in the BE Group

In the set of agreements entered into by the Company, BE, BE Managers and Menora, several provisions were determined regarding the corporate governance at BE, as follows: (a) The BE Board of Directors will consist of 3 Company representatives (including the Chairman) and 2 BE Managers representatives. In addition, the Company and Menorah will have the right to appoint an observer on their behalf (with respect to Menorah, the right to appoint an observer is conditional on a minimum holding of 5%. The Company has the right to appoint the observer as a director at any time); (b) As a rule, decisions will be made by a simple majority except for the following decisions: interested party transactions with the Alony-Hetz Group involving a benefit to the Alony-Hetz Group (with the exception of indemnification and insurance of directors), amendment of the employee remuneration plan, which expires at the end of 2025; a decision to dissolve BE in court proceedings and a decision on a drastic change in business strategy. Additionally, BE has Board committees in which Company representatives will constitute the majority.

3 BE is held through Brockton Holdings LP.

Note 6 – Investments in Investees (continued)

5. Limitation on the transferability of rights

In the partnership agreement between the Company, the BE Managers and Menora, several limitations were determined on the transferability of rights in BE, as follows: (1) In a four-year period ending in March 2026, there will be no transfer of rights in BE, except by "authorized transfers", to certain transferees and under conditions specified in the partnership agreement (the "**lock-up period**"; (2) After the lock-up period, the Company will have the right to sell or transfer all of its rights in BE to a third party, and to drag along the other rights holders, subject to conditions specified in the partnership agreement; (3) After the lock-up period, the Company will have the right to sell or transfer some or all of its rights in BE to a third party, subject to the granting of a tag along right to the BE Managers and to Menora. In such a case, the BE Managers and Menora will have the right to join the sale, under the same conditions and in equal proportion to the sale of rights by the Company, provided that if Aloni Hetz's holdings fall below 25% following the sale, Menora will have the right to sell all of its holdings as part of that sale; (4) As of the end of the lock-up period, all transfers of rights in BE by the BE Managers will be subject to the Company's right of first refusal, while transfers of rights in BE by Menora will be subject to the Company's right of first offer (ROFO).

6. Non-compete commitment

The Company has made a commitment not to compete with BE's business as long as it holds at least 25% of the capital and as long as Menora holds at least 5% of BE's capital.

E. Information regarding material consolidated companies - Energix Renewable Energies Ltd. (hereinafter - "Energix")

1. Energix's business

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

Energix engages in the planning, development, financing, construction, management and operation of electricity-generation and storage systems from renewable energy sources (photovoltaic systems and wind farms) and the sale of electricity produced in these facilities, with the intention of holding them for the long term. As of the date of the report, Energix has operations in Israel, the United States and Poland. As of the date of the report, the total capacity of its photovoltaic and wind energy systems amounts to approx. 1.3 GW and 189 MWh (storage) in commercially operated projects, approx. 761 MW and 206 MWh (storage) in projects in development or pre-construction and 843 MW and 121MWh 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. 10.6 GWh. Please see Notes 7 and 8 below.

Regarding financing agreements for the projects, please see Note 12d.

2. The Company's holdings in Energix

In 2022, Energix raised capital in the amount of NIS 676 million. In addition, in 2022, the Company invested in Energix as part of Energix's offerings, in stock market purchases and in the exercise of options it held, a total of NIS 203 million.

As of December 31 2024, the rate of the Company's holdings in Energix was 50.24% and fully diluted, taking into account convertible securities issued by Energix, the rate of holdings will be 48.63% (in 2023: 50.3% and 46.14%, respectively, and in 2022: 50.39% and 46.45%, respectively).

Close to the publication of the financial statement, the Company's rate of holdings in Energix's share capital is 50.24% (approx. 48.66% fully diluted).

Note 6 – Investments in Investees (continued)

3. Energix's dividend distribution policy

In March 2021, Energix's Board of Directors adopted a dividend policy taking into account the continued growth of Energix and depending on its needs, according to which, close to the approval of its annual reports each year, Energix will announce the amount of the dividend planned for that year. The amount of the annual dividend will be divided into 4 quarterly payments, taking business considerations into account and in accordance with the provisions of any law, the Board of Directors may at any time make adjustments or change the amount of the dividends distributed, or decide not to distribute them at all.

In accordance with the above decision, Energix paid its shareholders in 2022, 2023 and 2024 a current dividend in the aggregate amount of NIS 107 million, NIS 251 million and NIS 219 million, respectively (the Company's share - NIS 55 million, NIS 127 million and NIS 111 million, respectively).

In addition, in view of Energix's operating results for 2023, Energix distributed an additional dividend in the first quarter of 2024 for 2023 in the amount of NIS 0.20 per share (NIS 110 million, the Company's share - NIS 55 million).

In March 2025, Energix's Board of Directors determined that in 2025 Energix intends to distribute an annual dividend of NIS 0.40 per share to be paid in four quarterly payments of NIS 0.10 per share, subject to a specific decision by Energix's Board of Directors at the end of each quarter.

In accordance with the above, Energix announced a dividend for the first quarter of 2025 in the amount of NIS 0.10 per share (approx. NIS 55 million) (the Company's share - approx. NIS 27.7 million), to be paid in March 2025.

4. Energix's lease agreements for electricity generation facilities

Energix leases land and rooftops of buildings for the installation and operation of photovoltaic systems and leases land for the installation and operation of wind systems. Regarding accounting policy - please see Note 2i. Regarding the lease of rooftops from Amot - please see Note 19f.

5. Management fee agreement with Energix

The Company has a management agreement with Energix for a three-year period ending on June 30, 2026 (hereinafter - the "**Management Agreement**"). The management agreement amends and extends the previous management agreement that ended on June 30, 2023, effective July 1, 2023.

According to the management agreement, for the management services, Energix pays the Company a management fee consisting of a fixed payment of NIS 1.325 million per quarter (linked to the CPI)[4] and a variable payment of 0.045% per quarter (i.e. 0.18% on an annual basis) of the original cost in Energix's books for its electricity-generating facilities, which are actually generating electricity (Energix's share), which were and/or will be added to Energix from July 1, 2020 onwards. In total, the variable payment will not exceed the amount of NIS 5.2 million per year (linked to the CPI)[4]. The maximum annual management fee ceiling will be the amount of NIS 10.5 million (linked to the CPI)[4].

The engagement in the management agreement with Energix was approved by the Audit Committee and the Company's Board of Directors at their meetings in May 2023 and by Energix's General Assembly in July 2023.

The management fees paid to the Company in 2022, 2023 and 2024 amounted to NIS 7.7, NIS 10.1 and NIS 10.9 thousand, respectively.

4 The base index is the index published on July 15, 2023 for June 2023.

Note 6 – Investments in Investees (continued)

F. Investments in associates and joint ventures

1. Composition of investments

Name of investee	Section	Accounting treatment	Country of incorporation	Holding rate in investee's capital		Amount of investment in investee	
				As of December 31		As of December 31	
				2024	2023	2024	2023
				%		NIS thousands	
Carr Properties Holdings LP (**)	g	Jointly controlled entity	USA	52.34%(*)	52.35%(*)	1,302,056	1,568,555
OPG 125 Summer REIT Investor (DE) LLC	h	Jointly controlled entity	USA	55%(*)	55%(*)	262,936	264,537
OPG 745 Atlantic REIT Investor (DE) LLC	h	Jointly controlled entity	USA	55%(*)	55%(*)	(18,538)	63,700
Davenport REIT Investor (DE) LLC	h	Jointly controlled entity	USA	55%(*)	55%(*)	101,983	197,574
Aviv Venture Capital Fund 2 ("Aviv 2 Fund")		Associate	Israel	10.00%	10.00%	4,396	9,929
Others (mainly Amot's joint ventures)						432,152	446,205
						2,084,985	2,550,500

(*) Voting rights - 50%.

2. Composition of the Group's share in the profits of associates, net

Name of investee	Section	Equity gains		
		For the year ended December 31		
		2024	2023	2022
		NIS thousands		
Carr Properties Holdings LP	g	(263,716)	(1,383,740)	(780,842)
OPG 125 Summer REIT Investor (DE) LLC	h	(78,443)	(145,973)	(95,331)
OPG 745 Atlantic REIT Investor (DE) LLC	h	(109,193)	(74,124)	(53,189)
Davenport REIT Investor (DE) LLC	h	(90,116)	(64,084)	(39,046)
Aviv Venture Capital Fund 2 ("Aviv 2 Fund")		(5,403)	(3,128)	(2,898)
Others (mainly Amot's joint ventures)		6,693	(32,948)	17,717
		(540,178)	(1,703,997)	(953,589)

Note 6 – Investments in Investees (continued)

G. The Company's holdings in Carr (joint ventures)

1. General

Carr Properties Holdings LP (hereinafter - "**Carr Holdings**") is a partnership jointly controlled by the Group and an investment fund managed by the Special Situation Property Fund of JP Morgan Chase Bank (hereinafter - "**JPM**"). As of the publication of the report, Carr Holdings is held directly and indirectly by the Company at a rate of 52.34%, by JPM at a rate of 38.89% and by Clal Insurance at a rate of 8.78%[5].

Carr Holdings has full control (through a corporation under its full control) and holdings of 91.39% in the Carr Properties Partnership (hereinafter - "**Carr**" or "**Carr Properties**").

As of December 31, 2024, the Company's effective holdings in Carr Properties is 47.83%, JPM's is 35.54% and Clal Insurance's is 13.94%[6].

On the date of the investment in Carr Holdings (August 2013), the Company and JPM entered into several agreements regarding Carr Holdings' corporate governance as well as joint control arrangements. Furthermore, agreements exist between Carr Holdings shareholders that include mechanisms for the limitation of the transfer of rights. For additional information, please see Section 8 below.

In view of the above, the Company's investment in Carr Holdings is considered a joint venture presented in the Company's Financial Statements according to the book value method starting from the third quarter of 2013.

2. 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 of a binding agreement, the Company's holding 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.

3. Investments in Carr in the reporting periods

The total cost of the Group's cumulative investment in Carr Holdings as of December 31, 2024 amounts to USD 872 million (NIS 3,172 million). The Company's investment in Carr Holdings as of December 31, 2024, which is presented in the Group's financial statements based on the equity method, amounts to USD 357 million (NIS 1.3 billion).

4. Carr's Business

Carr engages in the investment, acquisition and developing of income-generating property for rental purposes, including the management and maintenance of office buildings under its ownership in urban areas in the Washington D.C. metropolitan area, in Boston, Massachusetts and in Austin, Texas in the United States.

Carr fully or partially owns 12 income-generating office buildings with a total rental space of 3.3 million sq.ft. (306 thousand sq.m.) (Carr's share) and a value of USD 1.7 billion (Carr's share). The properties are rented to hundreds of tenants for various time periods. As of December 31, 2024, the occupancy rate is 89.4%.

As of December 31, 2024, Carr owns two residential rental projects in development in Virginia with a total area of 379 thousand sq.ft. (379 thousand sq.ft. - Carr's share) whose value in the financial statements as of December 31, 2024 is USD 48 million (Carr's share).

5 The balance is held by five individuals.
6 The balance of 2.69% is held by others.

Note 6 – Investments in Investees (continued)

The following are the main transactions carried out by Carr during and after the reporting period:

- **Midtown Center building - Washington D.C.**

  As of the date of the report, Carr leases 714 thousand sq.ft. of office space at Midtown Center to Fannie Mae, the property's main tenant. In the fourth quarter of 2023, Fannie Mae exercised several options to gradually reduce the area by 149 thousand sq.ft. (between May 2025 and May 2028), and to terminate the lease agreement early on the remaining area (565 thousand sq.ft.) in May 2029 (instead of May 2033), in exchange for a compensation payment of USD 71 million, which is recognized as income over the remaining lease term.

  Carr secured a re-lease of approx. 579 thousand sq.ft. through a binding lease agreement with Fannie Mae for the re-lease of approx. 342 thousand sq.ft., for a period of 16 years beginning in May 2029, and through the leasing of an additional 237 thousand sq.ft. to several tenants under long-term lease agreements.

- **425 Montgomery Street Building (formerly: 901 Pitt Street)**

  In February 2024, Carr acquired a property located in northern Virginia for approx. USD 19.5 million, with the intention of developing a residential rental project on the site. By the date of the report, demolition work on the existing structure was completed.

  Subsequent to the date of the Statement of Financial Position, on January 31, 2025, Carr entered into a joint venture agreement with a partner (hereinafter - the "Partner") for the residential project's development, 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.

- **Realization of assets:**

  During the reporting period, Carr disposed of three properties (75-101 Federal, Boston; Penn 2001, Washington D.C. Metropolitan Area; and Columbia Center, Washington D.C. Metropolitan Area) for nominal consideration (or transferred control of them). Following these transactions, Carr recorded a profit of approx. USD 81 million (the Group's share - USD 39 million).

5. Fair value adjustments of investment property

In the reporting period, Carr recorded a net negative revaluation in its financial statements of USD 202 million (Carr's share)[7]. The Group's share of the aforementioned negative revaluation before tax is approx. USD 96 million (NIS 354 million).

The negative revaluations of Carr's properties in the reporting period were due mainly to the increase in the properties' discount cash flow rate and terminal cap rate.

The following is a sensitivity analysis of the impact of a 0.25% change in the weighted discount rate on the value of Carr's income-generating properties:

An increase (decrease) of 0.25% in the weighted discount rate on the value of Carr's income-generating properties (not including property in development and projects in initiation) will result in a loss (profit) for Carr in a total amount of approx. USD 38 million (the Company's share - USD 19 million).

6. Carr's financial debt

As of December 31, 2024, Carr and its investees had loans from banking corporations and a utilized credit facility totaling USD 1.3 billion (Carr's share) at a weighted interest rate of 3.98% and for an average duration of 1.84 years. Of the above amount, 61.9% bears fixed interest, after interest rate fixing transactions are taken into account.

7 The amount includes a profit of approx. USD 81 million, which stems from the exit of subsidiaries from the consolidation.

Note 6 – Investments in Investees (continued)

7. Condensed financial information on Carr Holdings

	For the year ended December 31		
	2024	2023	2022
	USD thousands	USD thousands	USD thousands
Revenues (not including real estate valuations)	165,444	216,216	203,448
Adjustment of investment property value (*)	(202,130)	(846,240)	(550,249)
Net loss from ongoing activity	(145,080)	(757,718)	(463,417)
Other comprehensive income (loss)	(7,661)	(12,370)	25,865
Total comprehensive loss (including the share of non-controlling interests in profit (loss))	(152,741)	(770,088)	(437,552)
Company's share in Carr's net profit (loss) in USD thousands	(71,984)	(370,433)	(225,155)
Company's share in Carr's comprehensive loss in USD thousands	(75,452)	(376,033)	(214,002)
Company's share in Carr's comprehensive loss in NIS thousands	(263,716)	(1,383,740)	(780,842)
Company's share in Carr's comprehensive loss in NIS thousands	(276,588)	(1,404,679)	(743,763)

(*) 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 December 31	
	2024	2023
	USD thousands	
Investment property	1,712,421	1,191,124
Property in development and land for development	48,111	23,379
Investment in investees	100,455	435,546
Other non-current assets	133,397	162,534
Other current assets	52,621	60,778
Total assets	**2,047,005**	**1,873,361**
Current liabilities	59,090	160,576
Non-current liabilities	1,158,353	826,915
Total liabilities	1,217,443	987,491
Equity attributed to shareholders	682,043	826,172
Non-controlling interests	147,519	59,698
Equity (including non-controlling interests)	829,562	885,870
Total liabilities and equity	**2,047,005**	**1,873,361**
Company's share in net assets - in USD thousands	357,020	432,466
Book value of investment - in NIS thousands	1,302,056	1,568,555

Note 6 – Investments in Investees (continued)

8. Material agreements

The Company and JPM have several agreements in connection with the corporate governance of a corporation that is 100% controlled by Carr Holdings (in this section only - "**Carr**") and their relationship as holders of rights in Carr's capital. This includes, among other things, the following provisions were determined (or were carried out, respectively):

A. Corporate governance

- Carr's Board of Directors will consist, at all times, of nine representatives (including, among others, three representatives appointed by the Company and three representatives appointed by JPM).
- The Board of Directors quorum required to approve operations is the presence of at least two representatives appointed by the Company and at least two representatives appointed by JPM.
- All decisions under the authority the Board of Directors of Carr and its subsidiaries will require the agreement of all members of the Board of Directors appointed by the Company participating in the meeting and of all of the Board members appointed by JPM participating in the meeting.
- The Board of Directors established an Operations Committee consisting of three members - one representative appointed by the Company, one representative appointed by JPM and Oliver Carr (Carr's CEO). Any decision by the Operations Committee will require the approval of the two representatives appointed by the Company and JPM.
- The Board of Directors established an Audit Committee consisting of two members - one representative appointed by the Company and one representative appointed by JPM.
- Nathan Hetz serves as Chairman of Carr's Board of Directors, with the Chairman of Carr's Board of Directors not having a deciding vote. The Company and JPM have the right to replace the serving chairman as their own representative every two years.

B. Provisions regarding the transferability of rights between the Company and JPM

Any transfer of direct or indirect rights in Carr's capital by one party to a third party is subject to a right of first offer in the other party's favor. When a party wishes to transfer their rights (hereinafter - the "**Offeror**"), the other party (the "**Offeree**") may purchase the rights at a price suggested by the Offeror (hereinafter - the "**Offered Price**"). In the event that the Offeree decides not to purchase the rights, the Offeror may offer (a) to transfer the share capital to an accredited institutional investor that meets the definition in the agreement and (b) to activate a drag along procedure as detailed below, in order to cause the Offeree sell their rights in Carr along with the Offeror to a third party. In the event that a drag along procedure is carried out, the consideration paid to the dragged along party for the exercise of its rights will not be less than: (a) Carr's net asset value (NAV) determined in accordance with IFRS principles; or (b) the offered price, whichever is higher. The limitation on the transferability described above will end on the date of the initial public offering (IPO) of Carr shares, raising equity in an amount exceeding USD 100 million (hereinafter - "**Approved Offering**").

C. Provisions regarding the transferability of rights between the Company and JPM, and Clal[8]

As part of Clal's investment agreement (please see this Note above), a specific provision is included pertaining to the relationship between the Company and Clal. In addition, the investment agreement includes provisions regarding Clal's right to join the Company (on a pro rata basis) in cases in which the Company sells rights in Carr on a tag-along basis for sales to a third party or to JPM or if the Company acquires rights from JPM as a result of exercising its right of first offer granted by JPM, as described above.

D. Provisions regarding non-controlling interests

- A non-controlling interest may transfer his rights in the partnership, with the consent of the Company and JPM, provided that any such agreed-upon transfer will be to an institutional investor and will be subject to the Company's and JPM's right of first refusal.

As of December 31, 2024, Clal Insurance holds (for itself and for entities under its management) 13.94% in Carr.8

Note 6 – Investments in Investees (continued)

- Until the date of an approved offering, a non-controlling interest (except Clal) is entitled to compel the partnership to acquire his rights in the partnership (in certain cases the partnership has the right to reject the obligation). The purchase price of the rights will be equal to the net asset value (NAV) of his rights in the partnership; compared to non-controlling interests who are not Carr employees, it will be 97% of the NAV of these rights in the partnership. Therefore, these rights are presented in Carr's financial statements as a liability.

H. The Company's holdings in Boston - associates

1. General

As of December 31, 2024, the Company holds approx. 55% of the equity rights and 50% of the controlling rights (through wholly owned corporations), in three companies that collectively hold two office towers and a life science laboratory building in development, (2 in Boston's CBD - the Central Business District - and one in East Cambridge) the total value of which at the end of 2024 is USD 512 million (NIS 1.9 billion) (hereinafter collectively - the "**Boston Partnerships**").

During the reporting period, the Company invested the amount of approx. USD 33.5 million (approx. NIS 124 million) in two of the Boston partnerships. The balance of the Group's investment in the Boston Partnerships as of December 31, 2024 amounts to USD 95 million (NIS 346 million). Subsequent to the date of the Statement of Financial Position, the Company invested an additional approx. USD 1.5 million (approx. NIS 5 million) in the Boston partnerships.

2. 745 Atlantic Building in Boston

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 34 million. As of the date of the Statement of Financial Position, no space has been leased yet in the building.

3. The total rental area of the two other buildings (not including the 745 Atlantic building) is 696 thousand sq.ft. (65 thousand sq.m.) and the weighted occupancy rate as of December 31, 2024 is 86.42%, and as of the date of approval of the report, it rose to 93%. The two buildings generated a total annual NOI in 2024 in the amount of USD 22.2 million (approx. NIS 51 million).

4. Fair value adjustments of investment property

In 2024, negative property revaluations were recorded for the three properties in the cumulative amount of approx. USD 143 million (before tax) (the Company's share - a negative revaluation of approx. USD 78.7 million (approx. NIS 293 million)).

The negative revaluations of properties in the reporting period resulted mainly from the increase in the discount rate of the properties' projected cash flow of 0.25%-0.50%.

The following is a sensitivity analysis of the impact of a 0.25% change in the weighted discount rate on the value of the Boston Partnerships' income-generating properties (not including property in development):

An increase (decrease) of 0.25% in the weighted discount rate will result in a loss (profit) in a total amount of approx. USD 10 million (the Company's share - approx. USD 21 million).

5. Additional information regarding financing

The Boston Partnerships took long-terms loans whose balance, as of December 31, 2024, amounts to approx. USD 366 million (NIS 1.3 billion) at 5.82% weighted interest (after taking into account the interest-fixing transaction). Further to Section 2 above regarding the 745 Atlantic building in Boston, subsequent to the reporting period, an agreement in principle was signed that constitutes an outline for a new loan (a replacement for the existing loan, whose balance at the end of 2024 was USD 160 million with a maturity date of July 2025), the amount of which at the time of its issuance will be USD 133 million with a maturity date (including the extension option) of July 2029. According to the agreement, the loan amount may be increased up to a total amount of USD 180 million, depending on the future pace of rentals. The new loan will bear 7% annual interest.

In order to obtain the above loan, the Company and Oxford Properties will inject a total amount of USD 27 million, which will be used to repay the existing loan.

Accordingly, all loans in Boston affiliates are payable in the years 2027-2029.

Note 6 – Investments in Investees (continued)

The Company's partner in the Boston corporations is the Oxford Properties Group (hereinafter - "**Oxford**"), which provides asset management services under agreed terms identical to market terms.

6. Limitation on the transferability of rights

As part of the series of agreements the Company entered into, through its partially and/or wholly owned companies with Oxford in connection with the Boston Partnerships, a number of provisions were determined in connection with the limitation on the transferability of rights in the three Boston Partnerships as follows:

- **Right of first offer** - The sale of rights will be by way of selling all rights to a qualified investor, as defined in the agreement, subject to the granting of the right of first offer to the remaining partner, as specified in the agreement, with the exception of a sale or transfer to related parties, which is not subject to the right of first offer.
- **Compelled sale** - The sale of rights to a third party, subject to the granting the right of first offer to the remaining partner, as noted above, will grant the selling party the right to compel the remaining party to sell their rights to the same third party, subject to terms specified in the agreement.
- **Purchase-Sale** - Each of the partners will have the right to activate a purchase-sale mechanism, through an irrevocable notice to the other partner, as specified in the agreement.

7. Dividend distribution and capital reduction policy

The foreign corporations through which the Group holds office buildings (the "**Boston REITs**") are defined as REITs for US tax law purposes and must meet certain conditions which include, among other things, a dividend distribution of at least 90% of their adjusted taxable income.

In 2024, the Group received dividends and payments in respect of capital reductions from the Boston REITs in the total amount of USD 7.6 million (approx. NIS 27 million).

In 2023, the Group received dividends and payments in respect of capital reductions from the Boston REITs in the total amount of USD 6.8 million (NIS 25 million).

In 2022, the Group received dividends and payments in respect of capital reductions from the Boston REITs in the total amount of USD 15 million (NIS 51 million).

I. Companies accounted for according to the equity method, whose statements were / were not attached to the Company's financial statements

The Company attaches Carr Holdings' financial statements to its own financial statements.

The Company does not attach to its financial statements the statements of the Aviv Fund, OPG 125 Summer REIT Investor (DE) LLC, OPG 745 Atlantic REIT Investor (DE) LLC, Davenport REIT Investor (DE) LLC, Brockton Capital LLP and of the joint ventures with Amot, and no summarized financial information is provided, partly because the quantitative conditions for the merger were not met and because they are not of significant importance to the Company's business, and partly because the quantitative conditions were not met in the previous year and are not expected to be met in the next reporting year.

Note 7 – Connected Electricity-generating Facilities, Fixed Assets and a Right-of-use Asset

A. Composition and movement:

	Photovoltaic systems	Wind systems	Total electricity-generating facilities	Right-of-use asset	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Cost					
Balance as of January 1, 2023	2,103,280	1,204,085	3,307,365	431,980	3,739,345
Reclassification of systems in development to connected systems	1,817,025	338,225	2,155,250	-	2,155,250
Disposals during the year	(451)	-	(451)	-	(451)
Effect of changes in exchange rate (*)	1,305	201,071	202,376	26,247	228,623
Additions during the year (**)	103,734	1,655	105,389	119,905	225,294
Balance as of December 31, 2023	4,024,893	1,745,036	5,769,929	578,132	6,348,061
Reclassification of systems in development to connected systems	651,957	2,482	654,439	-	654,439
Linkage differences	-	-	-	14,355	14,355
Effect of changes in exchange rate (*)	12,150	(57,679)	(45,529)	(5,412)	(50,941)
Additions during the year (**)	22,618	2,560	25,178	121,682	146,860
Balance as of December 31, 2024	4,711,618	1,692,399	6,404,017	708,757	7,112,774
Accumulated depreciation					
Balance as of January 1, 2023	252,850	144,387	397,237	40,993	438,230
Additions during the year	78,006	51,880	129,886	18,228	148,114
Effect of changes in exchange rate	(3,218)	29,290	26,072	7,468	33,540
Balance as of December 31, 2023	327,638	225,557	553,195	66,689	612,252
Additions during the year	134,062	57,388	191,450	25,096	216,546
Effect of changes in exchange rate	(5,326)	(9,335)	(14,661)	(994)	(15,655)
Balance as of December 31, 2024	456,374	273,610	729,984	90,791	612,252
Depreciated cost					
Balance as of December 31, 2024	4,255,244	1,418,789	5,674,033	617,966	6,291,999
Balance as of December 31, 2023	3,697,255	1,519,479	5,216,734	511,443	5,728,177

(*) Changes in exchange rates are due mainly to the Group's operations in the United States and in Poland. The change in exchange rates was recorded to a capital reserve in respect of translation differences.

(**) Including the amount of approx. NIS 92,073 thousand in respect of credit costs capitalized to systems in development in the reporting period, of which NIS 67,925 thousand were capitalized in respect of non-specific credit.

Note 7 – Connected Electricity-generating Facilities, Fixed Assets and a Right-of-use Asset (continued)

B. Information regarding Energix systems:

Country		Energix's share	Rate	Date of operation	Revenues for the year ended December 31 2024	Revenues for the year ended December 31 2023	Connected electricity-generating facilities as of December 31 2024	Connected electricity-generating facilities as of December 31 2023
					NIS million	NIS million	NIS million	NIS million
Israel	Photovoltaic and photovoltaic with combined storage	190 MWh + 383 MWp	0.202-2.051	2010-2024	161	147.4	1,198	922
USA	Photovoltaic	636 MWp	Market prices (fixing transactions)	2020-2024	140	39.5	3,057	2,775
Poland	Wind farm	301 MWp	Electricity - Price on the Electricity Exchange in Poland or in price-fixing agreements	2020-2023	483	420.2	1,419	1,520
Total					784	607.1	5,674	5,217

C. Photovoltaic projects in Israel and in the United States

General

As of the date of the report, Energix's entire photovoltaic activity in Israel, the United States and Poland is under the full ownership of Energix.

Israel - Energix has projects in commercial operation, based on regulations published by the Electricity Authority, according to which projects owned by Energix are entitled to a fixed rate for periods of 20-23 years, CPI-linked, depending on the regulation under which the projects were established (a feed-in tariff quota or a win of a fixed tariff for a quota as part of a competitive tariff procedure ("**Tariff Regulation**")), as well as photovoltaic projects with combined storage in commercial operation and in development in accordance with the market model regulation detailed below.

According to the Electricity Authority's announcement, starting in 2020, competitive procedures for a guaranteed rate for the construction of photovoltaic facilities in Israel are combined with storage. n accordance with the regulation published by the Electricity Authority for the opening of the electricity market, starting on January 1, 2024, a market model entered into effect in Israel according to which generation and storage facilities connected and/or integrated into the distribution network will be able to associate the production facility they own with a private supplier who will sell directly to end consumers, through commercial agreements between the project companies and private suppliers, for a period and in exchange for an electricity price to be determined between the parties as part of a commercial agreement.

United States - Energix's activity is based on revenue from the sale of electricity generated in Energix's projects and from the sale of green certificates to which renewable energy projects (RECs) are entitled. Electricity and green certificates can be sold at market prices or as part of long-term contracts, including by way of engagements in price hedging transactions, determining a minimum price or future sale transactions at a fixed price based on a commitment to generation capacity (shape) or based on generation capacity as generated. In addition, additional revenue may be received in exchange for a commitment to system availability for the production of electricity (capacity) towards the local electricity company. In addition, photovoltaic projects in the United States may be eligible for a federal tax credit (ITC - Investment Tax Credit), at a rate of 30%-50% of the total construction costs of those projects, depending on meeting the criteria that were updated during the reporting period under the Inflation Reduction Act of 2022 (instead of 6% if additional criteria are not met). In order to realize the tax benefit, Energix usually enters into agreements with tax partners who, in exchange for investment in the project, benefit, among other things, from the tax benefit. Energix is also entitled to sell the tax benefit to which it is entitled to third parties. For additional information regarding the engagement with a tax partner, please see Note 13 below.

Note 7 – Connected Electricity-generating Facilities, Fixed Assets and a Right-of-use Asset (continued)

Initiation activity, engagement in agreements for the sale of electricity - The backlog of projects owned by Energix is based primarily on projects that are fully developed by Energix (Greenfield) or acquired at various stages of development.

Rights to the land - The projects are located on areas that are leased for periods of 25 to 40 years. In this framework, in projects in Israel, in some cases the landowners are offered to take an active part as partners in the project at a variable rate (as owners or holders of rights in the project's available cash flow) while Energix holds the control in the projects.

Financing - In Israel, the projects are usually financed through project financing on a non-recourse basis at a rate of 80% -85% of the total construction cost of the projects (including payments to related parties). For information regarding Energix's financing agreements, please see Note 12d. In the United States, project financing is carried out within the framework of an agreement with tax partners as described above and through back leverage financing and bridging financing until the tax partner invests. For information, please see Note 13.

Construction and operation - The planning, construction and operation of the projects owned by Energix is carried out through Energix's construction and operation system in Israel and in the United States, as relevant, which provides services to all the photovoltaic projects it owns, and which engages if necessary with suitable subcontractors to carry out the work in the field. In Israel, Energix provides performance guarantees and guarantees for the operating services to ensure the proper functioning of the projects under its construction and operation, as is customary in this sector.

The construction and operation services provided by Energix for projects in Israel may be priced at the cost of construction and/or operation services, plus a margin as is customary in the sector.

For information regarding projects in development and in advanced initiation, including photovoltaic projects with combined storage in operation and development, please see Note 8 below. For information regarding the eligibility for federal tax benefits and the adoption of a law to promote renewable energies in the United States, please see Note 13.

Additional information regarding material projects in the commercial operation stage

E3 Projects with a total capacity of approx. 412 MWp: This backlog includes 5 photovoltaic facilities with a capacity of approx. 412 MWp in the states of Virginia and Pennsylvania. Energix has an electricity sale agreement with the city of Philadelphia for a period of 20 years in relation to a capacity of 106 MWp, and for the remaining capacity of 306 MWp there are agreements for the sale of all electricity and green certificates to be issued for the production of electricity (on an "as generated" basis) with an end consumer and with a local electric company for periods of 12, 15 and 25 years.

For information regarding the financing transaction for a tax partner bridging loan and back leverage in the amount of up to USD 480 million, please see Note 12d below.

For information regarding engagements with tax partners, please see Note 13 below.

Note 7 – Connected Electricity-generating Facilities, Fixed Assets and a Right-of-use Asset (continued)

D. Wind energy projects in Poland

General

Energix's wind activity in Poland is based on various regulations, depending on the date of the projects' development and construction.

Energix has two wind farms with a capacity of approx. 119 MW, which are subject to the provisions of the regulation that was in effect in Poland until the end of June 2016 (the "**previous regulation**"). According to the terms of the previous regulation, these projects are entitled, in addition to the sale of the electricity produced by them, to receive green certificates, traded on the Green Certificates Exchange, for a period of 15 years from the date of commencement of commercial operation of the wind farm. In addition, Energix has three wind farms with a capacity of approx. 181 MW, which were established under a regulation based on tariff tenders published by the Polish Electricity Authority, after winning a tender for a guaranteed rate for electricity generation. Under the terms of the tender, each of the wind farms is eligible, upon commercial operation, for a guaranteed index-linked rate for 15 years relative to the electricity output submitted to the tender. The balance will be sold on the free market and/or within the framework of electricity sales agreements and/or financial price fixing transactions.

Rights to the land - In general, the projects are located on areas that are leased for periods of up to 30 years, or on land owned by Energix.

Financing - Energix usually seeks project financing on a non-recourse basis to finance its wind farms in Poland. The financing is provided to SPVs that own the wind farm, at a rate of up to 80% of the total construction cost of the projects. For information regarding Energix's financing agreements, please see Note 12d below.

Construction and operation - The construction and operation of the projects is carried out through a construction and operation system established by Energix in Poland. For the construction of a wind farm in Poland, Energix engages with civil work contractors, and a turbine supplier who is also responsible for the operation of the turbines for 20-25 years.

Additional information regarding projects in the commercial operation stage

Energix owns five wind farms in Poland in commercial operation with a total capacity of 301 MW - the Banie 1+2 wind farm (106 MW), the Ilawa wind farm (13.2 MW, the Banie 3 wind farm (82 MW), the Sepopol wind farm (44 MW) and the Banie 4 wind farm (56 MW). Energix's revenues from the Banie 1+2 wind farm (106 MW) and the Ilawa wind farm (13.2 MW) are in accordance with the previous regulation, while the remaining wind farms were awarded a guaranteed rate in the amount of PLN 280-310 per 1 MWh. As part of the tender terms, each of the wind farms that won and completed their entry into the tender regulation will be entitled to a guaranteed index-linked rate during their commercial operation, for a period of 15 years from the date of entry into the tender and in relation to electricity output at an average rate of approx. 65% of the electricity generation expectations at the relevant wind farm. The balance will be sold by Energix at market prices, or as part of price fixing transactions, similar to transactions such as in connection with the electricity output of Energix's projects in commercial operation.

In February 2024, Energix completed the requirements for entering the tender procedure and in this framework committed to sell electricity at a capacity of 17%-20% of the electricity generation expectations at the two wind farms for the first 5 years and approx. 82%-85% of the generation expectations in the remaining 10 years. If Energix does not meet at least 85% of its commitment in relation to the generation expectations for 3 years in the aggregate, Energix is expected to be subject to penalties.

For information regarding Energix's engagement in a financing transaction in the amount of up to PLN 830 million to finance the construction of the 2 wind farms detailed above, on a non-recourse basis, please see Note 12d below.

Note 7 – Connected Electricity-generating Facilities, Fixed Assets and a Right-of-use Asset (continued)

Energix has the right not to enter the tender process and waive the guaranteed rate until mid-March 2025. A decision on the matter is expected to be made near the final decision date, depending on the state of the electricity market at that time.

Engagement for the sale of electricity and green certificates

a. Temporary legislation to limit electricity prices in Poland in 2023 - In view of the gas crisis and high electricity prices in Europe, as well as the European Union's decision to adopt a ceiling on the electricity prices that certain electricity producers in EU countries will receive, legislation was adopted in Poland, according to which, for the period from December 1, 2022 to December 31, 2023, the sale of electricity was subject to a price ceiling, in an amount between (i) PLN 345 per 1 MWh of electricity generated from wind energy and (ii) PLN 405 per 1 MWh of electricity generated from photovoltaic facilities. Accordingly, any difference between the actual electricity price and the ceiling amount was transferred to a designated fund that was used by the Polish government to reduce electricity prices for end consumers. In view of the above, in 2023, Energix transferred surplus revenues totaling approx. NIS 42 million for the sale of electricity to the designated fund. The temporary price limit on electricity sales prices expired on December 31, 2023 and was not extended thereafter.

B. Energix's electricity sales agreements and their updates in the reporting period, engagement in price-fixing transactions - In accordance with the electricity sales agreements in which Energix is engaged with a local broker, the electricity will be sold by Energix according to the electricity price on the local electricity exchange or according to a fixed price that will be determined as part of a price fixing transaction between the parties, as Energix chooses, net of adjustments stipulated in the agreement. In addition, Energix sells the green certificates allocated to it under the previous regulation and/or by virtue of entitlement to green certificates for the generation of electricity from renewable energy (Goos) as part of electricity sales agreements with a local broker, at market prices and/or within the framework of financial price-fixing transactions in relation to capacity and periods agreed upon between the parties.

The following are price-fixing transactions under electricity sales agreements executed by Energix, for the total generation capacity for the years 2023-2024, which are in effect as of the date of approval of the report:

Year	Fixed rate from wind farm generation capacity (*)	Average price (**)
2023	41%	280
2024	72%	670

(*) Energix's wind farms which, as of the date of approval of the report, are in commercial operation.

(**) Average price in PLN per 1 MWh, before adjustments to the actual production profile.

Energix's dedicated project corporation that owns the Banie 1+2 wind farms with a capacity of 106 MW ("**Banie 1+2**") engaged with the broker in price-fixing transactions for 7 years, for the years 2025-2031, for a capacity that reflects a rate of approx. 90% of the annual electricity generation expectations at Banie 1+2 ("**long-term price-fixing transactions**") at a price of PLN 460-480 per 1 MWh.

The following are price-fixing transactions from the total generation capacity for the years 2023-2024, which are in effect as of the date of the report:

The following is the fixed price percentage in green certificate price-fixing transactions:

Year	Percentage of fixed price from wind farm generation capacity (*)	Average price (**)
2023	99%	162
2024	7%	243

(*) Expected amount of green certificates issued in Energix's two wind farms in commercial operation as of the date of the report.

(**) Average price in PLN per certificate.

Note 8 – Electricity-generating Facilities in Development, Pre-construction and in Advanced Initiation

	Cost as of December 31	Cost as of December 31
	2024	2023
	NIS thousands	NIS thousands
Photovoltaic projects in Israel	642,686	491,596
Wind project in Israel - ARAN	537,382	517,604
Photovoltaic projects in the United States	1,183,747	299,067
Photovoltaic Projects in Poland	45,037	-
Other PV and wind projects in development in Israel, the US and Poland	1,211,678	1,062,632
Total assets, net	3,620,530	2,370,899

A. Photovoltaic projects in Israel

As stated in Note 7 above, Energix's entire photovoltaic activity in Israel is wholly owned by Energix (except for rights held by localities that provided Energix with the land, in accordance with the requirements of the Israel Land Authority).

1. Extra-high-voltage project with a capacity of approx. 87 MWp - As of the date of the report, is in the midst of construction work on the Julis project, a photovoltaic project with a capacity of approx. 87 MWp at extra-high voltage, which is being promoted as a national infrastructure project under the guaranteed rate quota won by Energix as part of the first competitive procedure issued by the Electricity Authority for extra-high voltage. In July 2023, an agreement was signed for the receipt of financing for the project's construction for an initial total amount of up to NIS 215 million. For additional information, please see Note 12d below.

As of the date of the report, Energix has recognized assets in the amount of NIS 296 million in respect of this project, which were recorded under the 'systems in development and initiation' item.

3. **The winning projects under Competitive Procedure 2 for the construction of photovoltaic facilities with combined storage capacity (approx. 81 MWp and 299 MWh)** - During the reporting period and 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 189 MWh, commenced 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. Energix is committed to the construction of the facilities it is building under Competitive Procedure 2 (Storage) no later than the updated maximum date, which is April 2026 as of the date of publication of the report, subject to possible extensions to this date at the discretion of the Electricity Authority.

Note 8 – Electricity-Generating Facilities in Development, Predevelopment and in Advanced Development (continued)

In view of Energix's decision to associate the projects it will construct under Competitive Procedure 2 (Storage) with the market model regulation, Energix, through corporations under its full ownership, entered into electricity sales agreements with Electra Power Supergas Ltd. (the "**Supplier**") in relation to eight projects being established under this competitive procedure. In the agreements, Energix undertook to sell to the Supplier all the electricity generated in the photovoltaic projects (on an "as generated' basis), and the full storage capacity of those projects for a period of 20 years from the date of commencement of electricity supply in each of the projects. As part of the agreements, the parent companies of the parties provided mutual guarantees to secure the obligations of the project companies under the electricity sales agreements. According to the terms of the market regulation, the association of the facilities with the regulation is possible only after their construction is completed and all the conditions and obligations are met in accordance with the provisions of Competitive Procedure 2 (Storage), while as of the date of the report and the date of approval of the report, Energix has associated five projects that have reached commercial operation.

As of the date of the report, Energix has recognized assets in the amount of NIS 466 million in respect of this project, which were recorded under the 'systems in development and initiation' item.

In March 2024, an agreement was signed for the receipt of financing for the projects in the amount of up to NIS 400 million.

B. Wind project in Israel - ARAN, with a capacity of approx. 104 MW

Energix has a project for the establishment of a wind farm in the Golan Heights with a capacity of approx. 104 MW (Energix's share - 100% of the management shares and 80.5% of the shares conferring residual economic rights in the project) (hereinafter - the **"Project Company"** and the **"ARAN Project"**, respectively).

The ARAN Project was promoted as a national infrastructure project by the National Infrastructure Committee ("**NIC**") and has the permits and approvals required for its establishment. The project is entitled to a guaranteed rate of NIS 0.29116 per 1 KWh, for a period of 20 years, CPI-linked (with the base index being June 2022). As of the date of publication of the report, the guaranteed rate is approx. NIS 0.33 per 1 KWh.

In 2023, the project began construction work, after Energix entered into agreements for the purchase of the main equipment for the project and with construction contractors. Against the backdrop of objections from the Druze community to the start of construction work on the project and the fact that this requires dedicated police support and assessments, and in view of the Iron Swords War and the lack of availability of the Israeli government, the Israel Police and the security forces, who are not available to the project company during this period, construction work on the project was temporarily suspended. As of the date of approval of the report, construction work on the project had not yet resumed. In view of the temporary suspension of construction work, initiation and financing costs of approx. NIS 24 million incurred in 2024 for the project were recorded to profit and loss. With the entry into force of the ceasefire in the north and geopolitical changes in Syria, Energix is examining its alternatives and is preparing to resume construction work on the project. Energix is conducting several civil legal proceedings relating to the ARAN project. Energix estimates that these proceedings will not have a material impact on the advancement of the project and its results.

Impairment test of a system under construction - During the fourth quarter of 2024, Energix identified signs of impairment of the investment in the ARAN project, in accordance with International Accounting Standard IAS 36, due to the temporary suspension of the project's construction work and Energix's assessment that the massive start of the construction work will be postponed and will begin depending on the availability of the police, and since the project's construction schedules are expected to be extended. As part of an impairment test conducted by Energix, it was found that the recoverable amount of the project, calculated according to the value in use as of December 31, 2024, exceeds the book value of the project. Therefore, there was no impairment of the project assets' value and no need to recognize an impairment of the assets. The value in use was calculated using the discounted cash flow (DCF) method, in which the projected cash flows that will result from the continued use of the project were estimated and discounted to their present value using a discount rate appropriate for these future cash flows.

As of the date of the report, the remaining investment in the project amounts to approx. NIS 540 million, which is presented under the "Systems in development and initiation" item.

Regarding Energix's engagement in a financing transaction for the construction of the ARAN project in the total amount of up to NIS 650 million, please see Note 12d(3) below.

Note 8 – Electricity-Generating Facilities in Development, Predevelopment and in Advanced Development (continued)

C. Photovoltaic projects in the United States

- **E4 and E5 portfolio with a total capacity of approx. 482 MWp** - Energix is in the midst of construction work on 9 projects in Virginia and Pennsylvania with a total capacity of approx. 482 MWp. The electricity in projects with a capacity of 70 MWp will be sold under a dedicated contract for the sale of electricity and green certificates with one of the electric companies in Virginia for a period of 20 years, while the electricity in projects with a capacity of 140 MWp will be sold under electricity sales agreements signed during the reporting period as part of the strategic cooperation with Google, as detailed in Note (d) below. As of the date of the report, Energix has recognized assets in the amount of NIS 1,183 million in respect of this project backlog, which were recorded under the 'systems in development and initiation' item.

- **Acquisition of a photovoltaic project in Ohio** - During the reporting period, Energix signed for the acquisition of a photovoltaic project in Ohio with a capacity of 150 MWp and a total cost of approx. USD 19 million, which is in advanced initiation stages.

- **Acquisition of a projects backlog in Pennsylvania with a total capacity of approx. 425 MWp** - In December 2024, Energix, through a wholly owned American subsidiary, entered into an agreement with a leading global energy company to acquire full ownership of 4 photovoltaic projects with a total capacity of approx. 425 MWp in Pennsylvania, where two of the projects have the option of integrating storage facilities with a total capacity of up to 260 MWh. A project with a capacity of approx. 60 MWp is nearing construction, and the remaining projects under the transaction are in advanced stages of initiation. The rights to the project backlog were acquired against payment of consideration of up to USD 34 million.

D. Strategic cooperation with Google for the sale of electricity, green certificates and a tax partner investment

On May 30, 2024, Energix entered into a framework agreement with the global company Google for a long-term strategic cooperation regarding the sale of electricity, green certificates and a tax partner investment in relation to future Energix projects in the United States that are expected to reach commercial operation from 2025 onwards (hereinafter, in this section - the "**Framework Agreement**" and the "**Strategic Cooperation**", respectively).

The framework agreement regulates the commercial terms agreed upon between the parties in relation to each project that Energix, through companies it owns, will provide the strategic cooperation that will meet the threshold conditions set for this purpose in the framework agreement.

The framework agreement will be in effect from the date of its signing until December 31, 2030 or its termination by either party after the start of construction of projects with a capacity of at least 1.5 GWp, whichever is earlier.

During the reporting period, the two first agreements were signed for the sale of electricity as part of this cooperation, in relation to projects in development in the United States with a capacity of 142 MWp.

<u>The following are the main points of the framework agreement</u>:

- **Electricity sales** - The sale of electricity in relation to each project within the framework of the strategic cooperation will be subject to the signing of a long-term electricity purchase agreement between the parties or their related companies, each for a certain period at a market-adjusted price with a minimum price guarantee mechanism, as stipulated in the framework agreement.
- **Green certificate sales** - The sale of the green certificates allocated for the generation of electricity in each project will be subject to the signing of a long-term sales agreement between the parties or their related companies, each for a certain period and at a price stipulated in the framework agreement, depending on the date of commencement of commercial operation of each project.
- **Tax Partner Investment (ITC)** - The tax partner investment will be provided in relation to each project for which agreements for the sale of electricity and the sale of green certificates have been signed by Google (by itself and/or together with other corporations), in accordance with each project's eligibility for the ITC tax benefit and the terms generally accepted for transactions of this type.
- **Additional terms** - The framework agreement and its accompanying agreements include additional provisions that are customary for agreements of this type, including commitments to schedules, representations and warranties, guarantees and mutual remedies for breach of obligations under the agreements.

Note 8 – Electricity-Generating Facilities in Development, Predevelopment and in Advanced Development (continued)

E. Purchasing panels

- **Engagement with First Solar for the purchase of panels** - As part of Energix's ongoing panel purchasing activities, Energix entered into several agreements with First Solar in 2022-2024 for the purchase of panels with a total cumulative capacity of over 7 GWp[9] for photovoltaic projects (mainly in the US) that are in development and initiation during the years 2023-2030, at a cost of approx. USD 2 billion, depending on the final capacity of the panels to be purchased and the territory in which the ordered panels will be manufactured (in or outside the US), recognized under "systems in development and initiation" item in the reports.

The information in this Note 8 above, in relation to electricity generation projects in development, predevelopment and in advanced development, regarding the expected amount of electricity generation, the expected amount of green certificates to be issued, the expected dates for their construction and for the commercial operation of the projects and the expected construction cost, are forward-looking information, based on the assessments of the Energix management and for which Energix has no control over its actual existence as described.

Note 9 – Other Long-Term Assets

A. Designated and pledged deposits:

As of the date of the report, the balance of long-term restricted cash is mostly cash that Energix has deposited into reserve funds for debt service as required according to the terms of the financing agreements in connection with loans taken from financial institutions. For additional information, please see Note 14.

B. Other assets:

	As of December 31	
Item composition:	**2024**	**2023**
	NIS thousands	**NIS thousands**
Derivative financial instruments (please see Note 23)	240,219	107,109
Long-term loans to others	8,978	150,006
Long-term rental fees receivable	36,720	38,732
Deferred revenue	89,400	-
Others	62,213	111,508
	437,530	407,355

Note 10 – Additional Information regarding Current Liability Items

Item composition:

a. Short-term credit and current maturities of long-term loans	Annual interest as of December 31	As of December 31	
	2024	**2024**	**2023**
	%	**NIS thousands**	**NIS thousands**
Short-term loans in unlinked NIS (variable interest)		329,750	854,259
Current maturities of long-term loans	Note 12a	480,056	950,841
Interest component in bond expansion		40,445	27,463
		850,251	1,832,563

9 Energix has the right to increase (subject to availability) or decrease the panel capacity purchased by 200 MWp per year starting in 2026, not exceeding 1,000 MWp in total.

Note 10 – Additional Information regarding Current Liability Items (continued)

b. Payables and credit balances	As of December 31	
	2024	**2023**
	NIS thousands	**NIS thousands**
Interest payable	251,794	240,931
Suppliers and service providers	956,248	486,269
Employees and institutions in respect of salaries	49,233	47,095
Institutions	45,391	23,645
Deferred revenue	80,692	75,618
Expenses payable	21,170	38,782
Accounts payable in respect of investment property	56,012	47,126
Derivative financial instruments designated as hedges (please see Note 23)	167,780	334,345
Liabilities to partners	1,532	1,511
Others	14,828	14,034
	1,644,680	1,309,356

Note 11 – Bonds

A. Composition:

	As of December 31 2024			As of December 31 2023		
	Current maturities	Long-term bonds	Total	Current maturities	Long-term bonds	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Bonds (Series I) - b. below	155,864	316,975	472,839	239,580	734,194	973,774
Bonds (Series J) - c. below	200,055	402,498	602,553	349,845	1,057,427	1,407,272
Bonds (Series K) - d. below	-	159,227	159,227	-	158,910	158,910
Bonds (Series L) - e. below	-	1,940,205	1,940,205	-	1,670,479	1,670,479
Bonds (Series M) - f. below	-	1,304,493	1,304,493	-	860,490	860,490
Bonds (Series O) - g. below	-	1,057,366	1,057,366	-	1,013,882	1,013,882
Amot bonds (Series D) - h. below	158,728	489,440	648,168	389,935	1,208,391	1,598,326
Amot bonds (Series E) - i. below	190,277	133,280	323,557	238,560	409,832	648,392
Amot bonds (Series F) - j. below	268,266	2,385,762	2,654,028	-	2,557,750	2,557,750
Amot bonds (Series G) - k. below	-	1,145,094	1,145,094	-	1,121,518	1,121,518
Amot bonds (Series H) - l. below	-	2,847,092	2,847,092	-	2,579,838	2,579,838
Amot bonds (Series I) - m. below	-	827,749	827,749	-	-	-
Amot bonds (Series J) - n. below	-	267,864	267,864	-	-	-
Energix bonds (Series A) - p. below	74,871	372,559	447,430	74,871	443,573	518,444
Energix bonds (Series B) - q. below	-	543,122	543,122	-	536,280	536,280
	1,048,061	14,192,726	15,240,787	1,292,791	14,352,564	15,645,355

The Company

B. Bonds (Series I)

During 2015-2022, the Company issued 1,541 million PV of bonds (Series I), both through the issuance of bonds and through the expansion of the bond series and through the exercise of bond options (Series 14) for bonds (Series I), for a net amount of NIS 1,651 million (the above includes the consideration for the bonds (Series I), the consideration for the options (Series 14), and the consideration received for the interest accrued for as of the above series expansion dates and net of issue expenses).

In September 2024, the Company repurchased, through an exchange purchase offer report, approx. NIS 251 million PV of bonds (Series I), in exchange for the issuance of approx. NIS 294 million PV of bonds (Series L).

The balance of the bonds (Series I) in circulation as of December 31, 2024 was NIS 468 million PV, and as of the date of publication of the financial statements, NIS 312 million PV.

The bonds (Series I) are repayable in four annual payments (at a rate of 25% of the principal balance, each), in February of each of the years 2024-2027 (inclusive), bearing annual interest at a rate of 3.85% and are unlinked. The total effective interest rate for the bonds (Series I) is 2.83%. The bonds include the following interest update mechanism: the lower the Company's rating below A-, the annual interest rate borne by the outstanding principal balance of the bonds (Series I) will increase by 0.25% for each drop of one "abandoner", but no more than the addition of a single percentage point.

Note 11 – Bonds (continued)

In addition, the Company performed cross currency swap transactions with an financial body in Israel that converted the NIS cash flows of some of the bonds (Series I) with a balance of NIS 153 million to USD cash flows for the life span of the bonds at an annual interest rate (in USD) of 3.69%. These transactions are intended for accounting hedging of net investments in foreign activity. For information, please see Note 23.

The bonds (Series I) include financial covenants and additional generally accepted conditions for their immediate redemption, identical to the financial stipulations and additional terms for bond Series J, K, L, M and O. Please see Subsection (g) below.

C. Bonds (Series J)

During 2015-2019, the Company issued 1,399 million par value bonds (Series J), both through the issuance of bonds and through the expansion of the bond series for a net amount of NIS 1,487 million (the above includes the consideration for the bonds (Series J) and the consideration received for the interest accrued for as of the above series expansion dates and net of issue expenses).

In December 2024, the Company repurchased, through an exchange purchase offer report, approx. NIS 449 million PV of bonds (Series J), in exchange for the issuance of approx. NIS 464 million PV of bonds (Series M).

The PV balance of the bonds (Series K) as of December 31, 2024 was NIS 600 million PV, and as of the date of publication of the financial statements, NIS 400 million PV.

The bonds (Series J) are repayable in four annual payments at a rate if 25% of the principal in February of each of the years from 2024-2027 (inclusive), bearing variable annual interest at a margin of 2.24% above the weighted Bank of Israel interest rate for the period. As of December 31, 2024, the total effective interest rate for the bonds (Series J) was 6.53%.

The bonds include the following interest update mechanism: the lower the Company's rating below A-, the annual interest rate borne by the outstanding principal balance of the bonds (Series J) will increase by 0.25% for each drop of one "abandoner", but no more than the addition of a single percentage point.

The bonds (Series J) include financial covenants and additional generally accepted conditions for their immediate redemption, identical to the financial covenants and additional terms for bond Series I, K, L, M and O. Please see Subsection (g) below.

D. Bonds (Series K)

In August, 2019, the Company issued NIS 201 million PV of bonds (Series K) for a gross consideration of NIS 201 million (before issuance expenses).

The PV balance of the bonds (Series K) as of December 31, 2024 and as of the date of publication of the financial statements was NIS 161 million PV.

The bonds (Series K) are in NIS and are not linked (principal and interest) to any index or currency. The bonds (Series K) will be repaid in four installments (in cash or in Company shares, at the Company's sole discretion) on February 28 of the following years and at the following rates: (1) 31.25% of the PV balance in each of the years 2028 and 2029; (2) 18.75% of the PV balance in each of the years 2030 and 2031. The unpaid principal of the bonds will bear fixed annual interest of 2.66% and this will be paid (in cash or in Company shares at the Company's sole discretion) on February 28 of each of the years from 2024 to 2031 (inclusive). The effective interest rate for the bonds (Series K) is 2.89%. As of the date of publication of the reports, the Company has not exercised its aforementioned authority to pay the interest starting on February 28, 2022 in Company shares instead of in cash.

The bonds (Series K) include financial covenants and additional generally accepted conditions for their immediate redemption, identical to the financial covenants and additional terms for bond Series I, J, L, M and O. Please see Subsection (g) below.

The bonds (Series K) include mechanisms for updating interest rates if the Company's rating is lower than A- or in the event that the Company fails to comply with the financial covenants in Subsection (g) below.

Note 11 – Bonds (continued)

E. Bonds (Series L)

During 2019-2023, the Company issued NIS 2,103 million PV bonds (Series L) for a total amount of NIS 2,036 million (the above includes the consideration for the bonds (Series L) and the consideration received for the interest accrued for as of the above series expansion dates and net of issue expenses). During 2024, the Company issued NIS 294 million PV of bonds (Series L) in consideration for NIS 251 million PV (Series I), through an exchange purchase offer.

The PV balance of the bonds (Series L) as of December 31, 2024 and as of the date of publication of the financial statements was NIS 2,055 million PV.

The bonds (Series L) are in NIS and are not linked (principal and interest) to any index or currency. The amortization schedule of the bonds (Series L) is identical to the amortization schedule of the bonds (Series K) above. The unpaid principal of the bonds will bear fixed annual interest at a rate of 2.41%. The weighted effective interest rate for the bonds (Series L) is 3.81%.

The bonds (Series L) include financial covenants and additional generally accepted conditions for their immediate redemption, identical to the financial covenants and additional terms for bond Series I, J, K, M and O. Please see Subsection (g) below.

The bonds (Series L) include mechanisms for updating interest rates if the Company's rating is lower than A- or in the event that the Company fails to comply with financial covenants, as detailed in Subsection g below.

F. Bonds (Series M)

During 2022-2023, the Company issued NIS 898 million PV bonds (Series M) by issuing bonds for a total amount of NIS 825 million (the above includes the consideration for the bonds (Series L) and the consideration received for the interest accrued for as of the above series expansion dates and net of issue expenses). During 2024, the Company issued NIS 464 million PV of bonds (Series M) in consideration for NIS 449 million PV (Series J), through an exchange purchase offer.

The PV balance of the bonds (Series M) as of December 31, 2024 and as of the date of publication of the financial statements was NIS 1,362 million PV.

The bonds (Series M), denominated in NIS and are not linked (principal and interest) to any index or currency, are payable in 10 equal payments at a rate of 10% each payment on February 28 of each of the years 2028 to 2037 (inclusive) and bear a fixed annual interest rate of 4.94%. The interest on the outstanding principal balance of the bonds (Series M) will be repaid on February 28 of each of the years 2023 to 2037 (inclusive). The first interest payment will be on February 28, 2023. The weighted effective interest rate for the bonds (Series M) is 5.71%.

The bonds (Series M) include financial covenants and additional generally accepted conditions for their immediate redemption, identical to the financial covenants and additional terms for bond Series I, J, K, L and O. Please see Subsection (g) below.

The bonds (Series M) include mechanisms for updating interest rates if the Company's rating is lower than A- or in the event that the Company fails to comply with financial covenants, as detailed in Subsection (g) below.

G. Bonds (Series O)

During 2022-2023, the Company issued NIS 1,050 million PV bonds (Series O) for a total net amount of NIS 1,015 million. The PV balance of the bonds (Series O) as of December 31, 2024 and as of the date of publication of the financial statements was NIS 1,050 million PV.

The bonds (Series O) are denominated in NIS and linked (principal and interest) to the CPI for July 2022 (as published in August 2022). The bonds (Series O) are payable in 10 equal payments at a rate of 10% each payment on February 28 of each of the years 2028 to 2037 (inclusive) and bear a fixed annual interest rate of 2.56%. The weighted effective interest rate for the bonds (Series O) is 3.53%.

Note 11 – Bonds (continued)

In addition, the bonds (Series O) include generally accepted conditions for their immediate repayment including the following events: (1) there has been a material deterioration in the Company's business compared to its situation at the time of the issuance, and there is real concern that the Company will not be able to repay its debts; (2) structural change and merger; (3) liquidation, bankruptcy and asset realization, stay of proceedings and execution; (4) change in control under certain conditions; (5) trading halt and suspension of trading in bonds; (6) cessation of payments; (7) cross default; (8) failure to publish financial statements; (9) rating cessation; (10) delisting from trade or the Company ceases being a reporting corporation as defined in the Securities Law; (11) distribution of dividends when the equity is lower than a certain threshold, etc.

The bonds (Series O) include financial covenants, the main ones of which are detailed below, and failure to comply will also constitute grounds for immediate repayment of the bonds[10]:

A. The Company's equity (net of non-controlling interests) according to its Consolidated Financial Statements, may not be less, on the date of the Financial Statements and for four consecutive quarters, than an amount in NIS equal to NIS 2.2 billion[11].

B. The ratio between the net financial debt and the value of the Company's holdings, based on the expanded solo statements as detailed in the Company's financial statements, may not exceed 0.8 for four consecutive quarters.

C. The ratio between the Company's net financial debt and the FFO on the Company's expanded solo basis, in accordance with the calculation format as set forth in the trust deed for the bonds (Series O), will not exceed 25 for two consecutive calendar years.

D. The Company will declare a distribution that would result in the reduction of equity below NIS 2.2 billion[12].

E. The Company will declare a distribution in an amount exceeding the permitted amount (as defined in the trust deed) at a time when the Company's equity (net of non-controlling interests), including as a result of the distribution, will be less than an amount in NIS equal to NIS 2.6 billion[13].

F. If the bond rating is lower than the BBB minus rating for two consecutive quarters (with the exception of a technical lowering of the rating, as defined in the trust deed).

Notwithstanding the above, the covenants in subsections (b) and (c) above will not be valid in the event that the Company, if the events mentioned in (b) and (c) above occur by the end of the remedy period for these events, pledges assets with a senior lien in favor of the bondholders and for as long as the lien is in effect.

As of the date of the report, the Company is in compliance with all financial covenants regarding the bonds (Series I), the bonds (Series J), the bonds (Series K), the bonds (Series L), the bonds (Series M) and the bonds (Series O).

Collateral - The bonds (Series I), the bonds (Series J), the bonds (Series K), the bonds (Series L), the bonds (Series M) and the bonds (Series O) are not secured by liens.

Within the framework of the bond issues (Series I, Series J, Series K, Series L, Series M and Series O), the Company committed in a negative pledge that it would not create any floating liens on all of its whole property, unless it would create a floating lien of the same level pari passu in favor of the bondholders (Series I, Series J, Series K, Series L, Series M and Series O).

10 In general, the description of the above financial covenants applies to all of the Company's bonds.

11 A minimum equity of NIS 1.8 billion was determined for the bonds (Series I) and for the bonds (Series K) and (Series L) a minimum equity of NIS 2.1 billion was determined, but since there is a cross default between the series, the actual minimum equity for all of the series is NIS 2.2 billion.

12 A minimum equity of NIS 1.8 billion was determined for the bonds (Series I) and (Series J) and for the bonds (Series K) and (Series L) a minimum equity of NIS 2.1 billion was determined for a dividend distribution, but since there is a cross default between the series, the actual minimum equity for all of the series is NIS 2.2 billion.

13 A minimum equity of NIS 2.1 billion was determined for the bonds (Series I) and (Series J) and for the bonds (Series K) and (Series L) a minimum equity of NIS 2.5 billion was determined for a dividend distribution, but since there is a cross default between the series, the actual minimum equity for all of the series is NIS 2.6 billion.

Note 11 – Bonds (continued)

Amot

H. Amot bonds (Series D)

During the years 2014-2022, Amot issued NIS 1,754 million PV of bonds (Series D), linked to the CPI (for July 2014) and bearing annual interest at a rate of 3.2%. The bond principal is payable in six (6) unequal annual payments, which were paid / to be paid (as relevant) on July 2 of each of the years from 2023 to 2028 (inclusive), as follows: (a) two payments of 20% of the par value of the bond principal, each, were paid on July 2 of each of the years 2023 and 2024 (inclusive). (b) Four payments of 15% of the par value of the bond principal, each, will be paid on July 2 of each of the years 2025 through 2028 (inclusive). The interest will be paid on July 2 of each of the years from 2015 to 2028 (inclusive). The effective interest on the bonds is 2.09%.

In December 2024, Amot exchanged NIS 500 million PV of bonds (Series D) (constituting 48% of the total bonds (Series D) in circulation) in exchange for NIS 574 million PV of bonds (Series I), by way of an exchange purchase offer. The exchange ratio of the bonds (Series D) determined in the tender is 1.148. The par value amount as of the date of the exchange is NIS 552 million.

The Amot bonds (Series D) include financial covenants and additional generally accepted conditions for their immediate redemption, as detailed in Subsection (o) below.

I. Amot bonds (Series E)

During the years 2016-2018, Amot issued NIS 1,085 million PV bonds (Series E). The bond principal (Series E) is payable in six annual payments: 2 payments of 10% of the principal, each, on January 4 of each of the years from 2021 to 2022 (inclusive), 4 payments of 20% of the principal, each, on January 4 of each of the years from 2023 to 2026 (inclusive). The annual interest on the bonds (Series E) at a rate of 3.39% were paid / will be paid in annual payments on January 4 of each of the years from 2017 through 2026 (inclusive). The principal and interest on Amot's bonds (Series E) are not linked to any index or currency.

In December 2024, Amot exchanged NIS 107 million PV of bonds (Series E) (constituting 25% of the total bonds (Series E) in circulation) in exchange for NIS 105 million PV of bonds (Series J), by way of an exchange purchase offer. The exchange ratio of the bonds (Series E) determined in the tender is 0.976. The par value amount as of the date of the exchange is NIS 163.4 million PV.

As of the date of publication of the report, the principal balance is NIS 324 million.

Following the issuance of Amot's bonds (Series E), Amot carried out hedging transactions with financial bodies in Israel, which converted the annual NIS interest rate of 3.39% into a CPI-linked principal and a linked interest rate of 2.125%-2.49%, with a principal amount of NIS 875 million.

The Amot bonds (Series E) include financial covenants and additional generally accepted conditions for their immediate redemption, as detailed in Subsection (o) below.

J. Amot bonds (Series F)

During the years 2019-2022, Amot issued bonds (Series F) to the public totaling NIS 2,363 million PV. The total net proceeds received by Amot in respect of the bonds (Series F) amount to a total of approx. NIS 2,324 million. The bonds (Series F) reflect a CPI-linked effective interest rate of 1.6%.

Amot's bonds (Series F) are linked to the CPI (for May 2019) and bear annual interest at a rate of 1.14%. The bonds are repayable in 5 annual payments, two payments of 10% each, payable on October 3, 2025 and on October 3, 2026, two payments at a rate of 30% each, payable on October 3, 2027 and on October 3, 2028. The fifth and final payment at a rate of 20% will be paid on October 3, 2029. The interest will be paid on October 3 of each of the years from 2019 to 2029 (inclusive).

The Amot bonds (Series F) include financial covenants and additional generally accepted conditions for their immediate redemption, as detailed in Subsection (o) below.

Note 11 – Bonds (continued)

K. Amot bonds (Series G)

During the years 2020-2023, Amot issued bonds (Series G) to the public, through an issuance and through the exercise of Amot options (Series 10) for bonds (Series G) in the total amount of NIS 1,215 million PV. The total net proceeds received by Amot for the issuance of the bonds (Series G) amounts to approx. NIS 1,148 million.

The principal of the Amot bonds (Series G) is payable in four annual payments at a rate of 25% of the principal, each, on January 5 of each of the years from 2029 to 2032 (inclusive). The interest on the Amot bonds (Series G) at a rate of 2.44% per year was paid / will be paid (as relevant) in annual payments on January 5 of each of the years from 2021 to 2032 (inclusive). The principal and interest on the bonds (Series G) are not linked to any index or currency.

Following the issue of the bonds (Series G), Amot carried out hedging transactions with financial bodies in Israel, which converted the annual NIS interest rate of 2.44% into a CPI-linked principal and a linked interest rate of 0.09%-1.365%, with a principal amount of NIS 1,156 million.

The Amot bonds (Series G) include financial covenants and additional generally accepted conditions for their immediate redemption, as detailed in Subsection (o) below.

L. Amot bonds (Series H)

During the years 2021-2024, Amot issued bonds (Series H) to the public totaling NIS 2,587 million PV. The total net proceeds received by Amot for the issuance of the bonds (Series H) amount to a total of approx. NIS 2,592 million. The bonds (Series H) reflect a CPI-linked effective interest rate of approx. 1.81%.

The Amot bonds (Series H) are linked to the CPI (for January 2021) and bear annual interest at a rate of 0.92%. The Amot bonds (Series H) are repayable (the principal) in four (4) equal annual payments on January 5 of each of the years from 2029 to 2032 (inclusive) such that each of the payments will constitute 25% of the total par value of the bonds (Series H). The interest payments will be made on January 5 of each of the years from 2022 to 2032 (inclusive).

The Amot bonds (Series H) include financial covenants and additional generally accepted conditions for their immediate redemption, as detailed in Subsection (o) below.

M. Amot bonds (Series I)

During the reporting period, Amot issued to the public, both by way of an initial offering and by way of a series expansion following the exchange of bonds (Series D), approx. NIS 819 million PV of bonds (Series I) for a total net consideration of approx. NIS 822 million.

The bonds (Series I) are CPI-linked, bear CPI-linked effective interest at a rate of 3.4% and have an average duration of approx. 9 years.

The bond principal (Series I) is payable in five annual payments at a rate of 20% of the principal, each, on January 5 of each of the years from 2033 to 2037 (inclusive). The annual interest on the bonds (Series I) at a rate of 3.2% will be paid in annual payments on January 5 of each of the years from 2025 through 2037 (inclusive).

The Amot bonds (Series I) include financial covenants and additional generally accepted conditions for their immediate redemption, as detailed in Subsection (o) below.

N. Amot bonds (Series J)

During the reporting period, Amot issued to the public, both by way of an initial offering and by way of a series expansion following the exchange of bonds (Series E), approx. NIS 267 million PV of bonds (Series I) for a total net consideration of approx. NIS 267 million.

The bond principal (Series J) is payable in five annual payments at a rate of 20% of the principal, each, on January 5 of each of the years from 2033 to 2037 (inclusive). The annual NIS interest on the bonds (Series J) at a rate of 5.79% will be paid in annual payments on January 5 of each of the years from 2025 through 2037 (inclusive). The principal and interest on the bonds (Series J) are not linked to any index or currency.

Following the issue of the bonds (Series J), Amot carried out hedging transactions with financial bodies in Israel, which converted the annual NIS interest rate of 5.79% into a CPI-linked principal and a linked interest rate of 3.23% with a principal amount of NIS 160 million.

The bonds (Series J) reflect an effective CPI-linked interest rate of 3.3% (including hedging transactions) and have an average duration of approx. 8 years.

The Amot bonds (Series J) include financial covenants and additional generally accepted conditions for their immediate redemption, as detailed in Subsection (o) below.

Note 11 – Bonds (continued)

O. Financial covenants and conditions for immediate repayment of the Amot bonds

The Amot bonds (Series D), bonds (Series E), bonds (Series F), bonds (Series G), bonds (Series H), bonds (Series I) and bonds (Series J) (hereinafter collectively - the "**Amot bonds**") include conditions, essentially similar, for their immediate repayment in the occurrence of certain events which include, among other things, the following events:

- Change in control under certain conditions;
- Amot's equity is less than NIS 2.8 billion as of the date of the relevant financial statements and for two consecutive quarters[14];
- The net financial debt ratio (net of investment property in development value) to annual standardized NOI exceeds 14 for two consecutive quarters; (Net financial debt: Amot's aggregate debt to banking corporations, to other financial institutions and to holders of all types of bonds, net of cash and cash equivalents, deposits, monetary funds, tradable securities, all according to their value in Amot's Consolidated Statement of Financial Position;
- The bond rating (Series H) is equal or less than BBB- for two consecutive quarters;
- Equity plus net deferred tax liability is less than 22.5% of Amot's total balance sheet net of cash and cash equivalents and net of tradable securities for two consecutive quarters;
- The value of the non-pledged assets is less over the course of two consecutive quarters than: (a) the amount of NIS 1 billion, or (b) 125% of the balance of the bonds (from the relevant series), whichever is higher.
- A demand for the immediate payment, that has not been withdrawn, of a material loan or of bonds traded on the Tel Aviv Securities Exchange.

  In addition, the Amot bonds include provisions regarding restrictions on the distribution of dividends under certain conditions;

The Amot bonds also include additional accepted conditions for their immediate repayment including the following events: (1) structural change and merger; (2) liquidation, bankruptcy and asset realization and execution proceedings; (3) trading halt; (4) cross default, etc.

As of the date of the report, Amot is in compliance with all financial covenants.

Collateral - The Amot bonds are not secured by liens.

As part of the issuance of the above bonds, Amot undertook in a negative pledge that it would not create any floating liens on all of its property and all of its existing and future rights in favor of any third party, unless it notifies the trustee in writing prior to creating the lien, and at the same time as creating the lien in favor of the third party it will also create a floating lien of the same degree pari passu in favor of the holders of the same bonds to secure the full debt to them in accordance with the ratio of the debts to the third party and to the bondholders.

Restriction on dividend distribution - The Amot bonds include certain restrictions on the distribution of dividends by Amot in an amount exceeding the permitted amount at a time when Amot's equity, including as a result of the dividend distribution, will be less than NIS 2.4 billion (the "**permitted amount**" is Amot's FFO plus profit from the sale of assets net of dividends declared, all from the beginning of the calendar year in aggregate, with respect to Amot) or in a distribution of dividends by Amot that would result in Amot's equity decreasing below NIS 2.2 billion or that would result in a violation of the financial ratios to which Amot has committed. As of the date of the report, these restrictions do not exist.

14 In Series D - NIS 1 NIS billion; in Series E - NIS 1.2 billion; in Series F - NIS 2 billion; in Series G and H - NIS 2.2 billion and in Series I and J - NIS 2.8 billion.

Note 11 – Bonds (continued)

Energix

P. Energix Bonds (Series A)

In the years 2019-2021, Energix issued bonds (Series A) in the total amount of NIS 670 million PV for net proceeds (net of direct commissions and costs in respect of the bonds) of approx. NIS 668 million. The bond principal (Series A) will be repaid in 18 (eighteen) equal semi-annual payments, payable on February 1 and August 1 of each of the years 2022 to 2030 (inclusive). The bonds bear annual interest of 2.05% (unlinked), which will be paid in twice annually on February 1 and on August 1 of each of the years from 2020 to 2030 (inclusive). The bonds are not secured by a lien and the principal and interest on the bonds are not linked to any index or currency. As part of the issue of the bonds (Series A), Energix undertook in a negative pledge that it would not create any floating liens on all its assets, unless it would create a floating lien of the same degree in favor of the bondholders (Series A) pari passu. The effective interest on the bonds is 2.2%.

The PV balance of the Energix bonds (Series A) as of December 31, 2024 was NIS 449 million PV.

In addition, in January 2020, Energix performed cross currency swap transactions with a financial body in Israel through which it converted the NIS cash flows of some of the bonds (Series A) in the amount of NIS 272 million with annual fixed interest of 2.05% (unlinked) to cash flows in the amount of approx. PLN 300 for the life span of the bonds at an annual fixed interest rate (in PLN) of 4.11%.

In November 2021, Energix performed cross currency swap transactions with a financial body in Israel through which it converted the NIS cash flows of some of the bonds (Series A) in the amount of NIS 233 million at fixed annual interest of 2.05% (unlinked) to a cash flow in the amount of approx. USD 75 million at a fixed interest rate of 2.984%.

The currency swap dates for the principal and interest in relation to the two transactions described above are carried out in accordance with the dates set in the issuance of the bonds (Series A).

These transactions are intended for accounting hedging of net investments in foreign activity.

Regarding financial and other covenants of the bonds (Series A), please see Subsection (q) below.Q

Q. Energix convertible bonds (Series B)

In the years 2020-2021, Energix issued convertible bonds (Series B) in the total amount of NIS 567 million PV. The convertible bonds (Series B) are repayable in one payment on August 1, 2027 and bear a fixed annual interest rate of 0.25% (unlinked). The interest will be paid twice annually from February 1, 2021 to August 1, 2027 (inclusive). The bonds (Series B) are convertible into Energix shares from the date of issue until December 31, 2022, such that every NIS 18 par value of the bonds can be converted into one share of Energix common stock and from January 1, 2023 until July 22, 2027, every NIS 100 par value can be converted into one share of Energix common stock (all subject to the adjustments detailed on the bonds (Series B)). The bonds are not secured by a lien and the principal and interest on the bonds are not linked to any index or currency. As of December 31, 2024, the adjusted conversion price (after adjustments resulting from dividend distributions) is NIS 87.95.

The Energix convertible bonds (Series B) as aforesaid constitute a complex financial instrument, which at the date of issue is separated into a liability component presented in long-term liabilities (with the exception of the current maturities, which are presented in current liabilities) and a capital component presented within the Company's capital. Energix determined the fair value of the liability component based on the interest rate for similar debt instruments, which do not include a conversion option. This component is treated prospectively at amortized cost according to the effective interest method (at a weighted rate of 1.9%). The balance of the consideration in respect of the convertible bonds was attributed to the conversion option inherent in the bonds. This component was recorded to capital, net of the effect of income taxes, and is not remeasured in subsequent periods. The issue costs were allocated in proportion to the components of the complex financial instrument consistent with the allocation of the consideration.

Regarding financial and other covenants of the bonds (Series B), please see Subsection (q) below.Q

Note 11 – Bonds (continued)

R. Energix Convertible Bonds (Series B)

The bonds (Series A) and the bonds (Series B) of Energix include similar financial covenants, of which the main ones are detailed below, and the violation of which will constitute grounds for immediate repayment of the bonds:

- The equity may not be less than NIS 360 million (in relation to the bonds (Series A)) and NIS 500 million (in relation to the bonds (Series B)) over a period of two consecutive quarters.
- The ratio of net solo financial debt to net solo balance sheet may not exceed a rate of 80% for a period of four consecutive quarters.
- The ratio of net consolidated financial debt, net of systems in development and initiation, and the adjusted EBITDA may not exceed 18 for a period of four consecutive quarters.
- It should be noted that the financial covenants detailed above are also included as breach covenants in other loan agreements of Energix, and as a result, a breach of any of the aforementioned financial covenants may constitute grounds for immediate repayment of other Energix loans, in an aggregate amount of NIS 1,827 million as of the date of the report.

The Energix bonds also include additional accepted conditions for their immediate repayment including the following events: (1) structural change and merger; (2) liquidation, bankruptcy and asset realization and execution proceedings; (3) trading halt; (4) cross default; (5) change in control, etc.

It should be noted that in the trust deeds for the bonds (Series A and Series B) criteria were determined, non-compliance with which will result in compensation in the interest rate, criteria regarding non-distribution of dividends, and a mechanism for adjusting interest in the event of a rating downgrade.

As part of the issuance of the bonds (Series A) and the bonds (Series B), Energix committed in a negative pledge that it would not create any floating liens on its entire assets, unless it creates a floating lien of the same degree in favor of the bondholders pari passu.

As of the reporting date, Energix is in compliance with all financial covenants to which it committed.

As of the reporting date, no event occurred in Energix that gives holders the right to demand immediate payment of the bonds.

S. Liens - Please see Note 14 below.

Note 12 – Loans from Banking Corporations and Others, Credit Facilities and Financial Covenants

A. Composition, linkage terms and interest rates:

	As of December 31, 2024	As of December 31, 2024			As of December 31, 2023		
	Annual interest (*)	**Current maturities**	**Long-term loans**	**Total**	**Current maturities**	**Long-term loans**	**Total**
	%	**NIS thousands**	**NIS thousands**	**NIS thousands**	**NIS thousands**	**NIS thousands**	**NIS thousands**
Loans from banking corporations							
In or linked to foreign currency							
In USD	SOFR + (0.25% - 2.5%)	56,539	1,424,316	1,480,855	19,509	1,115,778	1,135,287
In GBP	Please see Section (d) below	266,079	1,428,119	1,694,198	830,874	1,245,864	2,076,738
In PLN	WIBOR + 6M (1.75% - 2.27%)	88,368	1,219,486	1,307,854	33,386	671,131	704,517
Total in foreign currency		**410,986**	**4,071,921**	**4,482,907**	**883,769**	**3,032,773**	**3,916,542**
CPI-linked (*)	0.6%- 7.1%	69,070	1,919,454	1,988,524	67,072	1,621,288	1,688,360
Total loans from banking corporations		**480,056**	**5,991,375**	**6,471,431**	**950,841**	**4,654,061**	**5,604,902**

(*) Please see Section b(3) below.

The WIBOR rate on the PLN for six months (in annual terms) as of December 31, 2024, was approx. 5.79%.

The SONIA daily rate on the GBP (in annual terms) as of December 31, 2024, was approx. 4.8%.

Note 12 – Loans from Banking Corporations and Others, Credit Facilities and Financial Covenants

B. The Company's financing agreements

As of December 31, 2024, the Company has three unutilized credit facility agreements totaling NIS 550 million

A. **NIS 150 million facility with a bank in Israel** for a utilization period until May 2025 and for repayment until May 2027. The credit utilized in this facility will bear annual interest at the rate of the bank's cost of raising funds (prime and/or SOFR and/or SONIA, depending on the currency utilized) ("**cost of raising funds**"), plus a margin of 2.2% for credit whose maturity date is for a period of up to one year and a margin of 2.5% for credit whose maturity date exceeds one year from the date of its issuance.

B. **NIS 250 million facility with an institutional entity in Israel** for the period ending June 30, 2025. The utilized credit in this facility will bear annual interest at a rate of the gross yield to maturity of two series of NIS-denominated government bonds with the closest average duration to maturity of one year, plus a margin of 1.75%.

C. **NIS 150 million facility with another bank in Israel** for a utilization period until September 29, 2025 and final repayment until September 29, 2027. The credit utilized in this facility will bear annual interest at the rate of the cost of the financing plus a margin of 2%.

The main financial criteria to which the Company has committed under the credit facility agreements are as follows:

- The ratio of equity to balance sheet of at least 30;
- The ratio of dividend income to cash flow interest expenses (on an extended solo basis) in the 12-month period prior to the examination date of at least 1.2;
- The ratio of net financial debt (LTV) to FFO[15] not to exceed 25 for two consecutive years;
- The ratio of the Company's net financial debt (LTV) ratio (on an extended solo basis) to the value of the Company's holdings not to exceed 70% at any time;
- Minimum equity of NIS 1.8 - 2.2 billion;
- Irrevocable undertaking by the Company not to create any general floating lien on all of its assets in favor of a third party.

All the agreements are not secured by liens and include customary covenants regarding changes in control and structure. In addition, the agreements include customary covenants for various cash flow and operational financial ratios in the Group and in investees; "Cross Default"; an undertaking not to carry out a merger/split without obtaining consent; absence of insolvency, liquidation, etc.; non-cessation of business management / change of area of activity and/or sale of most assets; rating above BBB- (minus) and absence of trading suspension.

As of December 31, 2024, the Company is in compliance with all financial covenants and does not utilize any of the facilities.

Events subsequent to the date of the Statement of Financial Position

In February 2025, the Company signed a credit facility agreement with a bank in Israel in the amount of NIS 200 million for a utilization period until February 26, 2026. The utilized credit will bear variable interest at a nominal annual rate not exceeding Prime plus a margin of 0.8% calculated annually. 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 above. In addition, in March 2025, the credit facility with the institutional entity mentioned in Section A(b) above was terminated early by agreement of the parties.

C. Amot financing agreements

Loan agreement with a banking institution

In October 2021, Amot signed an agreement with a banking institution according to which the bank provided Amot with a loan in the amount of approx. NIS 500 million, with an average duration of 8.5 years. The loan, which is not guaranteed by any liens, is CPI-linked and bears CPI-linked annual interest at a rate of 0.6%. The loan principal will be repaid by Amot in four equal annual payments during the years 2029 to 2032. Under the loan agreement, Amot undertook to comply with financial covenants similar to the financial covenants determined in Amot's bonds (Series H) traded on the Tel Aviv Stock Exchange. The average duration of the loan and the repayment dates of the principal are similar to those of the Amot bonds (Series H). For additional information regarding financial covenants, please see Note 11o above.

15 In this regard, FFO is FFO according to the management approach as presented in the Board of Directors' Report as of September 30, 2022.

Note 12 – Loans from Banking Corporations and Others, Credit Facilities and Financial Covenants (continued)

Short-term credit facilities

Lines of credit - The Amot Group has five credit facilities from commercial banks and financial entities in Israel in the amount of NIS 1,080 million, which expire in 2025.

To utilize these credit facilities, Amot must meet the following conditions:

- The rate of equity from the Company's total balance sheet (net of cash and cash equivalents, net of short-term investments and net of securities related to discontinued activity) on a consolidated basis will not at any time fall below 25%.
- The Company is the controlling shareholder in Amot.
- The ratio of Amot's net financial debt to the CAP will not exceed 70%;
- The ratio of Amot's net financial debt (net of investment property in development) to Amot's NOI will not exceed 10 at any time;

In addition, Amot committed to compliance with various financial covenants, mainly: changes in control of Amot under certain circumstances; Amot's minimum equity of NIS 1.2 billion; various financial cash flow and operational ratios; cross default; Amot's commitment not to create any general floating lien on all of its assets in favor of a third party (with the exception of a floating lien associated with a fixed lien). The agreements include customary grounds for immediate repayment of the credit, such as material legal proceedings (liquidation, receivership, merger, etc.).

As of December 31, 2024, Amot has unutilized credit facilities in the amount of NIS 1,050 million. In addition, Amot is in compliance with all financial covenants.

D. Energix's financing agreements

General

Project financing transactions to which Energix is a party are based on the establishment of a designated corporation - SPV, which holds all the rights and obligations of the financed project(s) and usually has no additional activity beyond the activity subject to the financing. The project financing is provided on a non-recourse basis, according to which the repayment of the financing is guaranteed only by the SPV's assets and the rights therein, except for customary exceptions such as the injection of equity to which the owner in the SPV has committed, a commitment to avoid cost overruns in the projects' construction, and sometimes even several commitments (some of which are limited in amount) that Energix has taken on in relation to that financing in accordance with the commercial agreements between the parties (please see guarantees regarding land financed by ARAN below). In addition, where Energix serves as the construction contractor for a project (such as projects in the United States), or to the extent Energix manages the construction activity for a project (such as the construction of a project in the joint venture), Energix may provide guarantees on behalf of the construction and operating contractor, in favor of the designated corporation, as is customary in the sector.

Note 12 – Loans from Banking Corporations and Others, Credit Facilities and Financial Covenants (continued)

The following table lists Energix's main material loans:

Project name	Banie 1+2 & Ilawa	Virginia 3 + PA1	E4
Lender	Syndication of 2 lenders led by Santander CIB	Santander CIB	Consortium of 3 lenders including Bank of America, Mizrahi Tefahot Bank and another leading international bank
Loan/facility amount	Up to PLN 830 million (up to NIS 780 million)	Up to PLN 256 million (up to approx. NIS 955 million)	Up to USD 222 million: Loan for the construction period - approx. USD 100 million (approx. NIS 370 million) which will be converted to a long-term loan upon completion of the projects' construction Bridging loan - approx. USD 120 million (approx. NIS 440 million) LC facility - approx. USD 5 million (approx. NIS 18 million)
Date of engagement in the financing agreement	August 2024	April 2023	December 2024
Date of provision of financing	August - October 2024	April 2024	December 2024
Loan balance as of December 31, 2024	NIS 667.5 million	NIS 953.3 million	NIS 348.8 million
Loan balance as of December 31, 2023	-	NIS 1605.0 million	-
Repayment schedule	Semi-annual repayments	Semi-annual payments	Semi-annual payments for long-term loans, one payment at the end of the loan life for bridging loans
End of loan life	December 2035	Long-term loans will be repaid for a period of approx. 60 months (5 years from the date of conversion of the construction loans, in October 2029) according to a repayment schedule for a period of 22 years.	The construction loans will be converted to long-term loans upon connection of each project, or will be repaid on the date determined in accordance with the expected construction schedules for each project. Long-term loans will be repaid in semi-annual payment for a period of approx. 60 months (5 years from the date of the conversion), according to a repayment schedule for a period of 22 years. The bridging loans will be repaid upon connection of each of the two projects, during the second quarter of 2025 and the first quarter of 2026, the expected date for receipt of the tax partner's investment.

Note 12 – Loans from Banking Corporations and Others, Credit Facilities and Financial Covenants (continued)

Annual Interest Rate	Semi-annual WIBOR plus a margin of 1.8%-2.2%. The base interest rate was replaced through an IRS transaction with a 5-year variable interest rate at 70% of the loan amount. The base interest rate received from the hedging transaction is approx. 4.78%. The interest rate of the loan after the hedging is in the range of 6.6%-7%.	Semi-annual SOFR plus a margin of 2.0%-2.1%. The base interest rate was hedged according to the debt repayment schedule (up to 22 years) at 75% of the loan amount. The interest rate of the loan after the hedging is in the range of 5%-5.6%.	Loan for the construction period and bridging loans: a margin at a rate ranging from 1.4%-1.6% over the base interest rate (6-month SOFR). Long-term loan: a margin at a rate ranging from 1.6%-1.9% over the base interest rate (6-month SOFR) which will increase by 0.125% after 3 years from the loan start date. The base interest rate was replaced through a variable interest IRS transaction for the entire loan period (up to 20 years) at 100% of the loan amount. The base interest rate received from the hedging transaction, for the entire debt period is 4%. The interest rate of the loan after the hedging is in the range of 5.3%-5.9%.
Restrictions on payments and distributions to shareholders	Semi-annual payments subject to compliance with financial covenants and other conditions as is customary in transactions of this type.	Payments subject to free cash flow and compliance with financial covenants and other conditions as is customary in transactions of this type.	Payments subject to free cash flow and compliance with financial covenants and other conditions as is customary in transactions of this type.
<u>Main financial covenants</u>:[6]			
Minimal amount of reserve funds[1]	6 months of debt service, secured by a bank letter of credit	6 months of debt service, secured by a bank letter of credit	6 months of debt service, secured by a bank letter of credit
Minimum annual ADSCR to debt ratio	Preceding year - Higher than 1.05, Actual 1.47 Following year - Higher than 1.1, Calculated 1.26	-	-
Minimum LLCR to debt ratio[4]	Higher than 1.15, Actual 1.23	-	-
Collateral	The financing was provided on a non-recourse basis, except in relation to several liabilities (some of which are limited in amount) that Energix has undertaken. The financing is secured by a lien on all assets of the project companies, and Energix's rights in the project companies.	The financing was provided on a non-recourse basis, except for several matters defined as customary in transactions of this type.	The financing was provided on a non-recourse basis, except for several matters defined as customary in transactions of this type.
Book value of the pledged asset in the project company's books	NIS 406.1 million	NIS 2,121.7 million	NIS 691.5 million
Type of lien	Fixed senior lien	Fixed senior lien on the rights in the borrower	Accepted liens in project financing transactions for full rights and holdings in projects and in corporations that hold projects until the date of repayment of the construction loan and its conversion to long-term. At that time, the lien will be replaced by a lien on Energix's share in the tax partnership. In addition, an owner's guarantee will be provided to secure the tax partner's investment until the tax partner's set of agreements is signed in relation to all 5 projects.
Reference for additional information	For information regarding the systems, please see Note 7.		-

Notes and explanations

1. Debt Service Reserve Account.
2. ADSCR - Annual Debt Service Cover Ratio - The ratio of the cash flow surplus for debt service for the period of the year preceding the calculation date or the year following the calculation date, and the total principal and interest balance of the loan for that period.
3. DSCR - Debt Service Cover Ratio - The ratio of the cash flow surplus available for debt service for the period of the quarter preceding the calculation date or the quarter following the calculation date, and the total principal and interest balance of the loan for that period.
4. LLCR - Loan Life Cover Ratio - The ratio of the present value of the cash flow surplus available for debt service and the cash balances in Energix accounts in the loan period, and the loan balance on the calculation date.
5. As of the date of the report and the date of approval of the financial statement, Energix (Group) is in compliance with all financial covenants.

Note 12 – Loans from Banking Corporations and Others, Credit Facilities and Financial Covenants (continued)

The following is additional information regarding Energix's project financing activities in the United States:

1. **E3 Projects (Virginia 3 and PA1 with a total capacity of 412 MWp) (in commercial operation)** - In April 2024, the tax partner's investment in the projects in the amount of approx. USD 275 million was completed and accordingly the bridging loan provided to finance the construction costs of the projects by CIB Santander in the amount of approximately approx. USD 221 million was repaid in full. In addition, on the same date, the short-term loan for the construction period provided by CIB Santander in the amount of approx. USD 260 million was converted into a long-term back leverage loan in the amount of approx. USD 256 million.

2. **E4 Projects (Projects in Virginia and Pennsylvania with a capacity of approx. 210 MWp) (in development)** - On December 20, 2024, Energix, through a structure of wholly owned American companies, entered into a set of agreements for the receipt of financing in a total amount of up to USD 225 million. The financing transaction was signed with a consortium of three lenders including the Bank of America, Mizrahi-Tefahot Bank and another leading international bank. The financing transaction will be carried out through the provision of a back leverage construction loan (short-term and long-term) for all projects, and a bridging loan for the tax partner's investment in relation to 2 projects with a capacity of approx. 140 MWp. In December 2024, Energix withdrew a total of approx. USD 95 million from the construction loan. The balance of the financing amount is expected to be received upon Energix's compliance with the conditions for additional withdrawals.

The following is additional information regarding Energix's project financing activities in Israel:

3. **Engagement in a financing transaction for the ARAN project (104 MWp)** - In June 2022, Energix (through the project company) signed an agreement with Israel Discount Bank Ltd. for the receipt of financing for the project's construction in an initial total amount of up to NIS 650 million. The financing transaction is at accepted terms for Project Finance transactions and is guaranteed with the full rights in the project and a lien on all the borrower's assets and rights therein, subject to the provisions of the conditional license and the law. The loan will be provided on a non-recourse basis, except in relation to several commitments which Energix undertook for the benefit of the lenders, such as for the financing of cost overruns, etc. In addition, subject to the provisions of the financing agreement, Energix provided a corporate guarantee up to the full amount of the financing in respect of (i) violations during the project's construction period and until the end of a two-year inspection period and (ii) real estate events that affect the land interest required for the construction and operation of the project, for the entire financing period. Energix has the right to increase leverage in the amount of up to NIS 50 million subject to the terms of the financing agreement. As of the date of the report, Energix made its first withdrawal under the financing facility, in the amount of approx. NIS 18 million.

   As of the date of the report and the date of approval of the report, the project's construction work has not been advanced, and the balance of the loan facility will not be utilized until the project's construction work resumes.

4. **Financing agreement for projects to build photovoltaic facilities with combined storage capacity (approx. 81 MWp and 298 MWh)**

   In March 2024, Energix signed an agreement with Bank Leumi LeIsrael Ltd. for the receipt of financing for the project's construction in an initial total amount of up to NIS 400 million. The financing transaction is at accepted terms for project finance transactions and is guaranteed with the full rights in the project and by a lien on all assets of the borrower and the project corporations held by the borrower, including the rights in the borrower and the project corporations, subject to the provisions of the law. The financing is provided on a non-recourse basis, except with respect to specific issues agreed upon between the parties in the financing documents, including aspects relating to a designated risk with respect to the private supplier with whom Energix entered into an agreement and Energix's guarantee to secure the obligations of the construction and operating contractor. Half of the loan is a CPI-linked NIS loan and half of the loan is a NIS loan that is not linked to the CPI, both for a period of 19 years from the date of commercial operation of each project. The loan will be provided on a non-recourse basis, except in relation to several liabilities (some of which are limited in amount) that Energix has undertaken. The financing will be provided throughout the construction period, depending on compliance with the conditions for withdrawal as is customary in transactions of this type, including compliance with financial ratios determined for a carve-out of the loan. The loan will be repaid in quarterly payments and will bear interest at a rate of 2.2%-2.7% over the yield of an CPI-linked/non-CPI-linked government bond (as applicable) with the same average duration.

Note 12 – Loans from Banking Corporations and Others, Credit Facilities and Financial Covenants (continued)

The financing agreement stipulates that the coverage ratios for ADSCR violation (minimum forecast and historical) and minimum LLCR are less than 1.05 and the coverage ratios for ADSCR (minimum forecast and historical) and minimum LLCR for the purpose of making distributions are at a rate of at least 1.17. The financing agreement includes a cross-breach mechanism, whereby Energix's failure to comply with the financial covenants, which constitutes grounds for placing Energix's Series B bonds for immediate repayment, will constitute a breach event of the financing agreement. In the reporting period, Energix made withdrawals in the amount of approx. NIS 262 million from a total facility of up to NIS 400 million to finance the construction of these projects. Subsequent to the date of the report, Energix made an additional withdrawal from the financing facility, in the amount of approx. NIS 90 million.

The following is additional information regarding Energix's project financing activities in Poland:

5. **Financing for the Banie 1+2 and Il'awa wind farms with a total capacity of approx. 119 MW (in commercial operation) -** In August 2024, Energix, through two designated corporations, signed an agreement for the receipt of financing in a total amount of PLN 830 million (approx. NIS 780 million). During the reporting period, the full amount of the loan was withdrawn as a repayment of equity invested in the wind farm, which will be used to finance the Group's ongoing operations.

E. BE's financing agreements

In order to finance the acquisition of the properties under its ownership, BE took non-recourse[16] loans whose balance, as of the date of the report, is a total of approx. GBP 374 million (approx. NIS 1.7 billion). To guarantee the loan, BE pledged the properties in favor of the lender with a senior lien. The following are additional details regarding the loans:

			Interest rate hedging				Main financial covenants	
	Amount in GBP thousands	Interest rate	Hedge amount	Type of transaction	Hedging conditions	Repayment date	Maximum LTV ratio	Minimum interest coverage ratio
1.	34,062	SONIA + 2.5%	35,100	SWAP	Fixed SONIA of 3.96%	October 2026	45%-48%	2.1
2.	67,441	SONIA + 2.%-3%	75,000	CAP	Fixed SONIA of 4%	June 2028	60%	N/A
3.	50,000	SONIA + 2.75%	50,000	CAP	Maximum SONIA of 5.75%	September 2026	65%	0.80
4.	46,030	SONIA + 2.12%	48,780	CAP	Maximum SONIA of 1.88%	February 2025	75%	2.0
			48,074	SWAP	Fixed SONIA of 0.48%			
5.	111,000	SONIA + 2.10%	62,926	CAP	Maximum SONIA of 1.85%	June 2026	72.5%	N/A
6.	65,000	SONIA + 2.00%	65,000	SWAP	Fixed SONIA of 1.18%	November 2026	60%	1.50

16 Except for the amounts of GBP 35 and GBP 50 million in respect of two loans that are guaranteed by BE Midco Limited, a company wholly owned by BE and without recourse to the Company.

Note 12 – Loans from Banking Corporations and Others, Credit Facilities and Financial Covenants (continued)

Financing agreements subsequent to the date of the Statement of Financial Position:
BE took a loan in the amount of GBP 45 million (NIS 202 million), replacing a loan of GBP 46 million, which was due (please see Subsection 12e(4) in the above table). 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 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).

F. Liens - Please see Note 14.

Note 13 – Engagements with a Tax Partner for Project Financing in the United States

	As of December 31	
	2024	2023
	NIS thousands	NIS thousands
Short term		
Deferred revenue in respect of agreement with the tax partner	228,112	186,381
Financial liability in respect of agreement with the tax partner	47,095	34,296
Total short term	275,207	220,677
Long term		
Deferred revenue in respect of agreement with the tax partner	549,025	473,343
Financial liability in respect of agreement with the tax partner	96,989	126,388
	646,014	599,731
Total balances with a tax partner	921,221	820,408

Engagement with a tax partner

Between 2019 and 2023, Energix entered into a series of agreements with Morgan Stanley as the tax partner for a project backlog in Virginia and Pennsylvania with a total capacity of 609 MWp. In accordance with the terms of the agreements, as of the date of this report, Morgan Stanley has invested USD 377 million. The amount invested by Morgan Stanley is presented in the "deferred revenue" and "financial liability for agreement with the tax partner" items, long term and short term, according to the projected settlement dates of the aforementioned liabilities.

The tax partner's investment was carried out against the receipt of certain rights in the above projects, as is customary in transactions of this type, mainly the Federal Tax Benefit (ITC) and depreciation expenses for tax purposes in respect of the projects, as well as a proportional share of the projects' free cash flow for the period specified in the agreement. In addition, as part of the engagement and as is customary in transactions of this type, Energix provided corporate guarantees to secure Energix's full indemnity obligations.

Regarding the framework agreement between Energix and Google for tax partner engagements in projects in development, please see Note 7c.

Note 14 – Liens, Collateral and Guarantees

A. The following is a description of the liabilities secured by liens on Group assets or for which the Group has provided some security for their repayment and a description of the assets pledged or provided as collateral as of December 31, 2024:

	Pledged asset	Book value of liability	Book value of pledged asset	Type of lien	Comments
		NIS thousands			
Liabilities of consolidated companies:					
Energix's liabilities					
A total of NIS 5,201 million in respect of 11 loans, some of which have not yet been fully withdrawn	(1) Lien on all assets of the project companies and Energix's rights in the project companies bearing the loans.	4,297,222	7,058,085	Fixed senior lien	
	(2) Parent company guarantee for 3-6 months of debt service.				
BE's liabilities					
6 loans in the total amount of approx. GBP 374 million	Investment property, including shares in the property companies and the revenues derived from the properties	1,694,198	3,921,547	Fixed senior lien and floating lien	Please see Note 12d

B. Guarantees provided by the Group

The following guarantees exist as of December 31, 2024 and 2023

	As of December 31	
	2024	2023
	NIS thousands	NIS thousands
Guarantees provided by consolidated companies	647,383	320,491

Note 15 – Other Long-term Liabilities

	As of December 31	
Composition:	2024	2023
	NIS thousands	NIS thousands
Deferred revenue and deposits from building tenants and lease fees payable	30,733	29,766
Derivative financial instruments designated as hedge items (please see Note 24)	476,808	494,981
Liability for evacuation and rehabilitation	157,937	134,095
Others	200,186	104,212
	865,664	763,054

Note 16 – Engagements and Contingent Liabilities

A. Legal and tax proceedings against the Amot Group

Pending against the Amot Group and other parties, as of the reporting date and as of the approval of the financial statements, are 13 lawsuits, tax procedures and property tax charges, excises and levies pertaining to investment property totaling approx. NIS 44 million, with the Amot Group's share as a defendant amounting to approx. NIS 4 million.

For claims filed against the Amot Group and for exposure to tax levies, provisions were recorded in Amot's financial statements in the amount of approx. NIS 17 million as of December 31, 2024 and December 31, 2023 (in the 'provisions' item and the 'expenses payable' item). The Amot Group management is of the opinion, based on the opinion of its legal and professional counsel, that these provisions are sufficient under the circumstances.

B. Long-term incentive plan settled in cash in BE

Under the **Long Term Incentive Plan** ("**LTIP**") adopted by BE, BE executives and employees are entitled to an amount equal to 12% of the excess capital return beyond the threshold of 6% per year to be paid by BE with reference to the period beginning January 1, 2023 and ending December 31, 2027. The LTIP includes a maximum grant ceiling (for all BE employees) of GBP 48 million. As of the date of the report, the balance of the provision in the books in respect of the LTIP plan is negligible.

C. Engagement with First Solar for the purchase of panels

Regarding an engagement for the purchase of panels, please see Note 8e above.

D. Main liabilities and covenants

Regarding the Group's main liabilities and covenants to banks and others, please see Notes 11 and 12 above.

Note 17 – Equity

A. Composition of share capital in nominal NIS

	As of December 31, 2024		As of December 31, 2023	
	Registered	Issued and paid-up	Registered	Issued and paid-up
	Thousands of shares		Thousands of shares	
Common stock of NIS 1 PV each (*)	500,000	215,119	500,000	179,808

(*) The shares are listed and traded on the Tel Aviv Stock Exchange. The number of shares includes dormant shares held by the Company.

B. Developments in share capital

- In July 2024, the Company issued, in an offering to the public through a shelf offering report, 13,310,900 of the Company's ordinary shares of NIS 1 PV each, and 6,655,450 options (Series 16), each exercisable for NIS 1 PV ordinary share for an exercise price of NIS 33 (unlinked, subject to adjustments) until December 31, 2025 ("**options (Series 16)**". For the issuance, the Company received a total of approx. NIS 323.5 million (gross). The future (gross) consideration that the Company will receive, to the extent that the above options (Series 16) are exercised for ordinary shares, will amount to approx. NIS 220 million (gross and subject to adjustments).

Note 17 – Equity (continued)

- In October 2024, the Company entered into an investment agreement according to which the Company issued, in a private placement, 22 million ordinary shares (the "**allocated shares**") and 3.6 million options (Series 16) (the "**allocated options**") to Equity Finance and Investments Ltd.[17], a foreign company in which Mr. Aaron Frenkel holds, directly and indirectly, all of the share capital and voting rights, which is a third party, unrelated to the Company (the "**Investor**"), in consideration for a total (gross) amount of NIS 684,600 thousand. The allocated shares constitute approx. 10.23% of the Company's issued and paid-up capital, after the allocation.

  To the extent that the allocated options are exercised for 3.6 million ordinary shares, the Company will receive an additional gross consideration in the amount of NIS 118 million (before adjustments reducing the exercise price for dividends, if any are distributed).

  The allocated shares, the allocated options and the resulting exercise shares are subject, in accordance with the investment agreement, to blocking provisions and transfer restrictions that are longer than those stipulated by law.

The following are developments in the Corporation's share capital over the past three years:

Date	**Details**	**PV in thousands**	**Proceeds (gross) in NIS thousands**	**Share price in NIS**
2022	Exercise of employee options	365	13,625	37.33
2022	Issuance of capital	5,319	271,182	51.0
2024	Issuance of capital (*)	13,311	323,455	24.3
2024	Issuance of capital (**)	22,000	684,600	31.1

(*) As part of the issue, 13,311 thousand shares and 6,655 thousand options (Series 16) exercisable for shares were offered to the public. The share price presented above represents the package price including options issued free of charge.

(**) As part of the issue, 22,000 thousand shares and 3,600 thousand options (Series 16) exercisable for shares in a private offering. The share price presented above represents the package price including options issued free of charge.

C. Balance of Company shares held by the Company

As of December 31, 2023 and 2024, the Company holds 85 thousand shares of the Company's ordinary shares of NIS 1 PV each, which constitute 0.047% and 0.039% of its issued and paid-up share capital as of those dates, respectively.

D. Dividend paid and dividends declared subsequent to the date of the Statement of Financial Position

In March 2001, the Company's Board of Directors decided to adopt a policy according to which the Company's management will announce, at the beginning of each year, the dividend amount the Company intends to distribute (subject to the law) in that year. The annual dividend amount will be divided into 4 payments to be made at the end of each calendar quarter, and talking into account the Company's operating results according to its latest financial statements, the Board of Directors may make adjustments to the amount distributed. It should be emphasized that the Board of Directors may at any time, taking into account business considerations and in accordance with the provisions of any law, change the amounts to be distributed as dividends or decide not to distribute them at all.

In March 2024, the Company's Board of Directors made a decision regarding the dividend policy for 2024 in the amount of NIS 0.72 per share, which will be paid in four quarterly payments of NIS 0.18 per share each. Accordingly, during 2024, the Company paid its shareholders a dividend in the total amount of NIS 138.1 million.

17 According to information provided by the investor, Equity Finance and Investments Ltd. is a foreign company incorporated under the laws of Malta.

Note 17 – Equity (continued)

In March 2025, the Company's Board of Directors adopted a resolution regarding the dividend policy for 2025, according to which the Company intends to pay a dividend during 2025 in a total amount of NIS 0.96 per share, to be paid in 4 quarterly payments of NIS 0.24 per share each (subject to a specific resolution of the Board of Directors at the end of each quarter, taking business considerations into account and in accordance with the provisions of any law).

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

As of December 31, 2024, the Company has retained earnings (distributable profits) of NIS 1.7 billion.

The following are details of the dividends paid by the Company, from its distributable profits, over the past three years:

Payment date	Declaration date	Dividend per share	NIS thousands
December 4, 2022	March 22, 2022	0.75	130,760
June 14, 2022	May 24, 2022	0.31	54,065
September 14, 2022	August 17, 2022	0.32	55,809
December 15, 2022	November 22, 2022	0.32	57,511
March 30, 2023	December 3, 2023	0.5	89,861
December 6, 2023	May 22, 2023	0.32	57,511
March 9, 2023	August 14, 2023	0.32	57,511
December 14, 2023	November 19, 2023	0.32	57,511
April 3, 2024	March 13, 2024	0.18	32,350
June 10, 2024	May 21, 2024	0.18	32,350
September 12, 2024	August 14, 2024	0.18	34,746
December 17, 2024	November 19, 2024	0.18	38,706
Total		3.88	698,691

E. Share-based payment

The following is information regarding officer and employee remuneration plans in effect as of December 31, 2024:

1. Capital Remuneration Framework Plan

At the shareholders' meeting of October 9, 2018, a remuneration policy for the Company's officers was approved for the years 2019-2021, in accordance with the provisions of Amendment 20 to the Companies Law (hereinafter - "**Remuneration Policy for 2019-2021**"). On October 6, 2021, the shareholders' meeting approved a remuneration policy for the Company's officers for the years 2022-2024, which is not fundamentally different from the remuneration policy for the years 2019-2021 (hereinafter - the "**remuneration policy for 2022-2024**")[18]. On December 31, 2024, the shareholders' meeting approved a remuneration policy for the Company's officers for the years 2025-2027, which is not fundamentally different from the remuneration policy for the years 2022-2024 (hereinafter - the "**remuneration policy for 2025-2027**"). (The remuneration policy for 2019-2021, the remuneration policy for 2022-2024 and the remuneration policy for 2025-2027, will be referred to collectively, hereinafter -the "**remuneration policy**").

18 The remuneration policy for the years 2022-2024 determined several changes in relation to the capital remuneration, among other things, as follows: (1) The annual portion allocated will be for a vesting period of two years and will be exercisable until the end of 3 years and 3 months from the grant date; (2) The exercise price of the options will be at least the higher of the following: (a) The average of the Company's share prices on the stock exchange in the 30 trading days ending one day before the Board of Directors' decision to grant the options (a weighted average of 20 trading days has passed, according to the remuneration policy for 2019-2021) (b) 4% above the share price at the end of the trading day on the stock exchange that preceded the day of the Board of Directors' decision to grant the options; these changes were applied, respectively, in the Board of Directors' decision dated March 22, 2022 regarding the allocation of options to the Company's employees, its officers and its directors. Non-material amendments were made to the remuneration policy for 2025-2027, in accordance with the General Meeting resolution of December 2024.

Note 17 – Equity (continued)

The Company has a multi-year remuneration framework on a capital basis for Company employees and officers from February 2018, as amended in October 2021 (hereinafter - the "**Framework Plan**"), according to which each year near the publication of the yearly report Company employees and executives would be allocated non-tradable options of a economic value determined from time to time by the relevant Company organs (hereinafter - the "**annual portion**").

The framework plan determines that the vesting period of the options will end at the end of a period determined by the Board of Directors but in any case not more than five years from the date of the Board of Directors' specific decision to a particular beneficiary and will be exercisable from their vesting until a date to be determined by the Board of Directors. The framework plan also determines that the exercise price of the options will be as determined by the Board of Directors from time to time, subject to the remuneration policy as it will be from time to time.

The remuneration policy for 2022-2024 and the remuneration policy for 2025-2027 determine that the exercise price of any option will be the higher of the following: (1) an average of the Company's share price on the stock exchange in the 30 days of trade ending the day before the decision to grant the annual portion; (2) the share price at the end of the day of trading on the stock exchange prior to the Board of Directors' decision to grant the options, plus 4%. The exercise price is nominal adjusted for dividends.

In the remuneration policy, as it was from time to time, and the capital remuneration framework plan, in the last five years, the Company allocated annual portions from the capital remuneration framework plan, as follows:

	Number of recipients	Number of options	Economic value on the grant day, in NIS thousands	Exercise premium per option in NIS (before adjustments)	Vesting period in years	Expiry date
2021	15 (*)	365,010	3,399	44.96	2	April 30, 2024
2022	16 (*)	272,879	3,626	58.32	2	June 21, 2025
2023	16 (*)	962,621	4,322	35.01	2	June 11, 2026
2024	16 (*)	786,031	4,331	27.43	2	June 11, 2027
2025	19 (**)	635,479	4,258	34.25	2	June 10, 2028

(*) Including the Chairman of the Board of Directors and 5 directors. For additional information on the remuneration of directors and officers, please see Note 19.

(**) Including the Chairman of the Board of Directors and 7 directors. For additional information on the remuneration of directors and officers, please see Note 19.

2. Parameters used in calculating the benefit inherent in the options

The cost of the total benefit inherent in all the options in effect as of December 31, 2024 (the March 2022, March 2023 and March 2024 plans), based on the fair value on the date of granting, has been estimated at a total of NIS 12.3 million, of which a total of NIS 9.3 million has been recorded to profit and loss as of December 31, 2024. This amount is recorded to profit and loss to the Statement of Income over the vesting periods. The fair value of the options issued as denoted above has been estimated via the application of the Black & Scholes model. The parameters used to apply the model are as follows:

Plan	March 2025	March 2024	March 2023	March 2022	March 2021	March 2020
Share price (in NIS)	31.8	26.38	30.75	56.08	43.23	38.66
Exercise price (in NIS)	34.25	27.43	35.01	58.32	44.96	49.64
Expected weighted volatility (*)	37.22%	34.64%	29.83%	34.60%	34.09%	20.66%
Life span of options (in years)	2.00	2.00	2.00	3.00	2.88	2.87
Risk-free interest rate	4.15%	3.95%	3.91%	1.43%	0.27%	0.43%
Total benefit (NIS thousands)	4,258	4,331	4,322	3,626	3,399	3,413
Amortization amount (NIS thousands)						
In 2024	-	1,509	1,908	444		
In 2023	-	-	1,935	1,809	404	
In 2022	-	-	-	1,373	1,721	425

(*) The expected volatility is determined based on historical volatility in the price of the Company's share. The lifespan of the average option is determined based on management's forecast regarding the duration of the holding period of options by option receivers taking their position in the Company and the Company's past experience regarding employee departure into consideration.

Note 17 – Equity (continued)

3. The following are developments in the options granted to Company employees and officers:

	2024		2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	In thousands	NIS	In thousands	NIS
Balance as of January 1	1,581	38.76	2,145	46.19
Grants during the year	786	27.43	963	35.01
Expiry during the year	(372)		(1,527)	
Balance as of December 31	1,995	33.36	1,581	38.76
Options exercisable as of December 31	267		347	
Expected proceeds from the exercise of options outstanding as of December 31 (in NIS thousands) (1)	52,005		47,263	

(1) For a total of 267,156 options outstanding in 2024 stemming from the March 2022 plan which are out-of-the-money and which expire in April 2025, no future consideration was taken.

Note 18 – Additional Information on Income and Expense Items

A. Revenue from rental fees and management of investment property

	For the year ended December 31		
	2024	2023	2022
	NIS thousands	NIS thousands	NIS thousands
Rental fees (1)	1,257,615	1,208,529	1,114,087
Property management	131,569	115,534	105,091
	1,389,184	1,324,063	1,219,178

1. **Revenues from future minimum rental fees** - the aggregate amount of future minimum rental fee revenues based on signed irrevocable rental agreements in effect as of December 31, 2024 is as follows:

	As of December 31	As of December 31
	2024	2023
	NIS thousands	NIS thousands
First year	1,123,853	1,070,889
Second year	927,417	894,489
Third year	685,522	715,335
Fourth year	475,912	511,058
Fifth year	346,754	343,730
Sixth year and thereafter	926,454	948,716
	4,485,912	4,484,217

Note 18 – Additional Information on Income and Expense Items (continued)

B. Fair value adjustments of investment property

	For the year ended December 31		
	2024	2023	2022
	NIS thousands	NIS thousands	NIS thousands
Fair value adjustment of Amot properties	572,740	246,018	999,764
Fair value adjustment - amortization of Amot's transaction costs	(23,053)	(3,300)	(18,248)
Fair value adjustment of BE properties	57,521	(1,168,887)	(281,683)
Fair value adjustment - amortization of BE's transaction costs	-	-	(13,915)
	607,208	(926,169)	685,918

1. **Fair value adjustment of Amot properties** - In 2022-2024, Amot recorded profits from the fair value adjustment of investment property (before the amortization of transaction costs), which was mainly due to an increase in NOI from the properties, which was partially offset by an increase in the discount rate.

2. **Fair value adjustment of BE properties** - In 2023, BE recorded a loss of GBP 252 million (NIS 1,169 million) from the fair value adjustment of investment property, which was mainly due to the increase in the discount rate of BE properties.

C. Cost of investment property rental and operation

	For the year ended December 31		
	2024	2023	2022
	NIS thousands	NIS thousands	NIS thousands
Property maintenance and management costs	131,957	118,514	110,819
Taxes and fees	14,007	15,552	7,856
Salaries and related expenses	26,774	25,276	21,587
Others	7,722	9,552	6,538
	180,460	168,894	146,800

D. Net losses from investments in securities measured at fair value through profit and loss

During the reporting period, the Group recorded a loss of approx. GBP 12 million (NIS 58 million) from the write-off of its entire investment in the Brockton Fund I, as well as a loss of approx. GBP 34 million (NIS 159 million) from the write-off of the balance of a loan given to the Brockton Fund I (please see Note 5). The losses were recorded to "Net losses from investments in securities measured at fair value through profit and loss". The write-off was made in view of the Group's assessment that the rate and proceeds of sales of luxury apartments in the project held by the Fund are not sufficient to recover the Group's share in the project.

E. Administrative and general expenses

	For the year ended December 31		
	2024	2023	2022
	NIS thousands	NIS thousands	NIS thousands
Salaries and related expenses, management fees and bonuses	116,829	87,700	94,692
Expense in respect of share-based payment	27,220	29,290	16,288
Directors' salaries and related expenses	1,520	1,162	1,490
Professional services	48,022	34,534	27,585
Charitable donations	10,920	6,442	6,748
Others	62,298	42,670	32,279
	266,809	201,798	179,082

Note 18 – Additional Information on Income and Expense Items (continued)

F. Financing expenses

	For the year ended December 31		
	2024	2023	2022
	NIS thousands	NIS thousands	NIS thousands
Interest in respect of short-term credit	5,972	6,561	8,901
Interest in respect of long-term bank loans and lease liability	312,623	230,816	129,742
Interest (including discount amortization) in respect of bonds	438,025	385,899	276,074
Total interest expenses	756,620	623,276	414,717
CPI-linkage differences in respect of loans	59,855	55,092	71,116
Linkage differences in respect of bonds	324,979	296,112	388,692
Total credit costs	1,141,454	974,480	874,525
Net of credit costs capitalized to systems in development	(92,073)	(106,418)	(60,889)
Net of financing capitalized to self-constructed investment property	(52,934)	(39,648)	(55,049)
	996,447	828,414	758,587
Miscellaneous, net	82,991	59,701	34,135
	1,079,438	888,115	792,722

G. Financing income

	For the year ended December 31		
	2024	2023	2022
	NIS thousands	NIS thousands	NIS thousands
Interest on bank deposits, ETFs and monetary funds	49,398	54,789	14,208
Exchange rate differences, net	12,370	8,121	-
Interest in respect of loans to associates and others	22,961	29,135	26,720
Profits from transactions in financial derivatives	5,188	-	38,081
Profit from negotiable debentures held for trade	1,542	3,722	-
Miscellaneous, net	681	823	1,069
	92,140	96,590	80,078

Note 19 – Transactions with Related Parties and Interested Parties

A. Management agreement with the Company CEO

In December 2021, the Company entered into a management agreement (which replaced a previous agreement from November 2018) with Adva Financial Consulting Ltd. (hereinafter in this subsection: "**Adva**" or the "**Management Company**") (a company owned by Mr. Nathan Hetz (the Company CEO, director and a controlling shareholder until November 26, 2019) and by his wife Mrs. Clara Hetz equally) to receive management services provided by Mr. Nathan Hetz for a three-year period starting January 1, 2022 (the "**management agreement**"), the main terms of which are as follows:

1. **Fixed component** - Monthly management fees of NIS 275 thousand linked to the CPI for December 2018, plus VAT (in any case, the management fees will not be less than this nominal amount). Management fees for December 2024 amounted to a total of NIS 318 thousand.

   The management fees will also be paid for periods in which the management company will not provide management services to the Company, as follows: (1) 25 days for Mr. Nathan Hetz's annual vacation period; (2) up to 30 business days per calendar year for Mr. Nathan Hetz's sick days (which can be accumulated up to 90 days).

2. **Annual bonus** - A bonus of NIS 2.4 million, linked to the CPI for December 2018, which will be paid in the following manner and under the following conditions:

   - NIS 1.2 million will be paid each year in which the annual [19]FFO yield exceeds 6% (according to the equity[20] at the beginning of that year).
   - The balance of the bonus, which is not paid in any annual measurement, will be paid at the end of the 3-year agreement if the average FFO yield during the three-year agreement period exceeds 6%. At the request of Uri Kava, describe what FFO we are talking about since there is a new FFO indicator

   In 2024, the Company paid the management company an amount of NIS 1.2 million as a cash bonus for 2023 linked to the CPI for December 2018. In April 2025, the Company will pay the Management Company a cash bonus for 2024 in the amount of NIS 1.2 million, linked to the CPI for December 2018 (as of the date of publication of the report - NIS 1.4 million), as well as the additional deferred bonus for the years 2022-2024 in the total amount of NIS 3.6 million, linked to the CPI for December 2018 (as of the date of publication of the report - NIS 4.2 million).

3. **Additional conditions:**

   1. In any event of termination of the agreement (whether due to its expiry or its cancellation by any of the parties), the Management Company will be entitled to receive what it is owed in accordance with the agreement for 3 additional months from the end of the agreement, including an annual bonus, until the end of the additional 3 months.
   2. The Company and/or the Management Company have the right to cancel the agreement at any time before the end date, with 6 months advance written notice (during which the management agreement will continued to apply and Mr. Nathan Hetz will continue to provide the Company with management services), regarding its desire to end the agreement.
   3. The Company will provide Mr. Nathan Hetz with a vehicle and bear its maintenance costs, the cost of the tax for providing the vehicle to Mr. Nathan Hetz will be borne by Mr. Nathan Hetz. The Company will also bear all expenses of Nathan Hetz and/or the management company for Nathan Hetz's activity as Company CEO as is customary in the Company.
   4. In accordance with Amendment 20 to the Companies Law, 1999 (hereinafter - "**the Companies Law**") and the remuneration policy, the agreement includes a provision according to which the management company will repay or receive, as the case may be, amounts it was paid or which were supposed to have been paid under the terms of the agreement, if the amounts it was paid were paid on the basis of data that turned out to be incorrect and were restated in the Company's statements. The Company will be entitled to deduct the amount of the repayment due to it from any amount it must pay to the management company / Mr. Natan Hetz.

---

19 In this regard, FFO means FFO according to the management approach, in the format published by the Company in its periodic reports up to and including 2024.

20 Company capital - Capital net of non-controlling interests as of the beginning of the relevant year (December 31, 2023), plus capital raising and net of special dividends during the same year, all time-weighted.

Note 19 – Transactions with Related Parties and Interested Parties (continued)

5. It was also determined in the remuneration policy and in the agreement that in the event of a material change in legislation/regulation/accounting standards, the financial data in the financial statements that affect the bonus will be calculated in accordance with the legislation/regulation/accounting standards prior to the change.

6. In return or his service as Company officer, Nathan Hetz shall be entitled to compensation and insurance as these are defined in Mark C of Chapter Three, Part Six of the Companies Law at sums and scopes set from time to time by the Company. The above insurance will provide Nathan Hetz with coverage during his entire term as an officer and for a period of seven years after he ceases to serve as officer. In return or his service as Company officer, Nathan Hetz will be entitled to an exemption as this is defined in Mark C of Chapter Three, Part Six of the Companies Law, as will be customary at the Company from time to time, except in respect of all events and causes that occurred until October 11, 2011.

7. On November 18, 2024, the Company's Board of Directors, in accordance with the recommendation of the Remuneration Committee, approved the extension of the management agreement with the Company's CEO for an additional 3 years (i.e., until December 31, 2027), without a change in its commercial terms, using the Companies Regulations (Easements in Transactions with Interested Parties), 2000.

B. Management agreement with the Chairman of the Company's Board of Directors

In November 2021, the Company entered into an agreement with Orwer Ltd. (hereinafter: "**Orwer**" or "**the Management Company**") (a company owned by Mr. Aviram Wertheim (Chairman of the Company's Board of Directors) and his wife, in equal parts) to receive management services by Mr. Aviram Wertheim, as the Chairman of the Company's Board of Directors, in partial position in the amount required to fulfill his duties[21] for the period starting January 1, 2022 and ending December 31, 2024, as long as Mr. Aviram Wertheim serves as the Chairman of the Company's Board of Directors, as approved by the General Assembly in October 2021 (the "**Management agreement**"). The management agreement replaced a previous agreement for the years 2019-2021.

The following are the main terms of the management agreement, on the basis of which the Company paid Orwer for the management services of the Chairman of the Board of Directors, in 2024:

1. **Fixed component** - Monthly management fees of NIS 60 thousand, plus VAT, linked to the CPI for December 2018, but no less than the above nominal amount. As of December 31 2024, the monthly management fees amounted to NIS 69 thousand.

2. **Annual cash bonus** - (for the years 2022-2024) to be derived from the Company's annual FFO return on the Company's capital[22], where the minimum bonus (with a 6% FFO yield) is NIS 430 thousand and the maximum bonus (with an FFO yield of 10% or more) is NIS 720 thousand. When calculating the annual bonus, a negative FFO balance from previous years accumulated during Aviram Wertheim's tenure as Chairman of the Board of Directors will be offset. The FFO is the FFO according to the management approach (in accordance with the remuneration policy) to be published by the Company in its Board of Directors' Reports for the years 2022-2024. The above bonus amounts are linked to the CPI for December 2018 and will not be less than the nominal amounts. The amount of the bonus between floor and ceiling is calculated linearly. The annual bonus, determined according to the FFO yield as stated above, will be increased or decreased according to the Company's rating by the credit rating companies, so the credit rating could lead to a decrease in the bonus even to the canceling of the Chairman's bonus on the one hand (in the event that the rating drops below B- (Maalot rating), B3 (Midroog rating)) or to its increase by up to 10% on the other hand (in the event that the rating exceeds AAA (Maalot rating) or Aa1 (Midroog rating). In the event that the rating companies' rating is not identical, the calculation will be made according to the average factor of the two rating companies;

   In 2024, the Company paid Orwer the amount of NIS 570 thousand (NIS 637 thousand after CPI-linkage) for a cash bonus for 2023. In April 2025, the Company will pay NIS __ thousand for the cash bonus for 2024, linked to the CPI for December 2018 (as of the date of publication of the report - NIS 832 thousand), in accordance with the grant formula detailed above.

21 The position is currently estimated at 50%.

22 "Company capital" - The capital, net of non-controlling interests at the beginning of the relevant year, plus capital raising and net of additional dividends during the year, all time-weighted.

Note 19 – Transactions with Related Parties and Interested Parties (continued)

3. **Additional conditions** - Orwer is entitled to a retirement grant equal to management fees for 6 additional months from the end of the agreement, including an annual bonus (calculated on a relative basis), until the end of the 6 additional months. According to the agreement, in return or his service as a Company officer, Aviram Wertheim will be entitled to indemnity and insurance as these are defined in Mark C of Chapter Three, Part Six of the Companies Law, at amounts and scope as determined from time to time by the Company. This insurance will cover Aviram Wertheim for the entire period of his service as officer and for a period of seven years after he ceases his service as an officer. In return or his service as Company officer, Aviram Wertheim will be entitled to an exemption as this is defined in Mark C of Chapter Three, Part Six of the Companies Law, as will be customary at the Company from time to time.

   Regarding the capital remuneration granted to Mr. Aviram Wertheim in recent years, in accordance with the decision of the General Assembly, please see Note 19c(2) below.

   According to Amendment 20 to the Companies Law and the remuneration policy, the agreement includes a provision according to which Orwer will repay or receive, as the case may be, amounts it was paid or which were supposed to have been paid under the terms of the agreement, if the amounts it was paid were paid on the basis of data that turned out to be incorrect and were restated in the Company's statements. The Company will be entitled to deduct the amount of the repayment due to it from any amount it must pay to Orwer / Mr. Aviram Wertheim[23].

   On December 31, 2024, the General Meeting approved the Company's engagement in a management agreement with Orwer / Mr. Aviram Wertheim, with no time limit, and as long as Aviram Wertheim serves as Chairman of the Board of Directors, without a material change in the terms compared to the existing agreement, all subject to the Company's remuneration policy, as it may be from time to time.

C. Remuneration of directors

1. **Remuneration of directors -**

On January 11, 2010, the Company's Board of Directors decided, following the approval of the Audit Committee on that day according to the Companies Regulations (Rules regarding Remuneration and Expense Reimbursement of External Directors), 2000 (the "**Remuneration Regulations**") and according to the Companies Regulations (Easements in Transactions with Interested Parties), 2000 (the "**Easements Regulations**"), that as of April 1, 2010, the Company will pay the external directors, and the other directors who are not external directors and who are not employed by the Company, an annual remuneration equal to the maximum amount as detailed in the Second Supplement to the Remuneration Regulations, as will be applicable from time to time, depending on the Company's rating as it will be from time to time. The participation remuneration for attendance at meetings of the Board of Directors and its committees is at the fixed amount as specified in the Third Supplement to the Remuneration Regulations. For attendance at meetings of the Board of Directors and/or Board committees via telecommunications and for participation in the decisions of the Board of Directors and of its committees without actually convening, these directors will be paid a relative portion of the fixed amount as determined in Regulation 5 of the Remuneration Regulations.

The decision by the Company's Board of Directors to compensate Board members, as detailed above, is also compatible with the Company's remuneration policy for the years 2022-2024 and with the Company's remuneration policy for the years 2025-2027. As of the date of publication of these financial statements, the maximum annual remuneration is NIS 123.7 thousand and the fixed participation remuneration is approx. NIS 3.7 thousand (these amounts are updated from time to time according to the updating mechanism in the Remuneration Regulations).

23 It should be noted that according to the terms of the 2022 Agreement, in the event of a material change in legislation/regulation/accounting standards during the period of the 2022 Agreement, the financial data will be calculated in the financial statements affecting the grant, in accordance with the legislation/regulation/accounting standards before the change.

Note 19 – Transactions with Related Parties and Interested Parties (continued)

The total payments made to the Company's external directors and directors (with the exception of Mr. Nathan Hetz and Mr. Aviram Wertheim), for 2023 (6 directors[24], not including Mr. Nathan Hetz and Mr. Aviram Wertheim, as stated) amounted to NIS 798 thousand. The total payments to which the external directors and directors of the Company are entitled (with the exception of Mr. Nathan Hetz and Mr. Aviram Wertheim), for 2024 (6 directors[25], not including Mr. Nathan Hetz and Mr. Aviram Wertheim, as stated) amounted to NIS 887 thousand[26].

2. Capital remuneration of directors -

On February 19, 2018, the Company's Board of Directors adopted an options plan in accordance with Section 102 of the Income Tax Ordinance in a capital plan with a trustee (hereinafter - the "**framework plan**"); on October 10, 2021, the framework plan was amended (please see Note 18e(1) above).

At the meetings of the General Assembly dated October 9, 2018, October 6, 2021 and December 31, 2024, a decision was made to approve the granting of options, to the directors (including Adva Sharvit (daughter of Nathan Hetz, who was one of the Company's controlling shareholders, until November 26, 2019) who are not employed by the Company, in accordance with the Company's option plan in effect as determined by the Board of Directors in the years 2019-2021, 2022-2024 and 2025-onwards (subject to the Company's remuneration policy, as it will be from time to time), respectively. The value of the options to be granted each year will be an amount equal to one half (50%) of the annual remuneration to which the directors are entitled as member of the Board of Directors (not including remuneration for meeting attendance) for the calendar year ending before granting the options. The exercise price, the vesting period, the exercise dates, the right to exercise options that have yet to be realized in the event of the end of service, and the other terms of the options will be determined in accordance with the remuneration policy in effect on the grant date.

In accordance with the principles of the remuneration policy and the resolutions of the General Assembly mentioned above, in the years 2021-2024, the eligible directors were granted options in accordance with the terms of the framework plan.

In addition, according to the decision of the authorized Company entities, each year from 2022 to 2025, he was/will be granted a capital bonus through the allocation of non-tradable options at economic value (calculated according to an accepted economic model) in the amount of NIS 360 thousand (linked to the CPI for December 2018, and in any event no less than the above nominal amount).

24 It should be noted that Ms. Mia Likvernik ended her service in the Company in March 2023, and Ms. Rony Patishi-Chillim began her service in the Company in May 2023.

25 It should be noted that Mr. Ilan Gifman began his service on October 9, 2024, Ms. Batsheva Moshe began her service on November 18, 2024, Mr. Amos Yadlin ended his service on November 22, 2024, and Mr. Samer Haj Yehia began his service on December 31, 2024.

26 Not including the value of option benefits not paid in cash. Please see Note 19c(2).

Note 19 – Transactions with Related Parties and Interested Parties (continued)

The following is a list of the options granted or for which a decision has been made to grant them to the directors and the Chairman of the Board of Directors in accordance with the above, in the years 2022-2025:

Date of the decision	**Offeree directors** (Entitled directors serving on the date of the decision regarding the grant)	**Number of Board members**	**Number of options granted** (Includes 50% of the annual remuneration paid to each of the above directors (not including participation remuneration)	**Option exercise price on allocation date in NIS** (Unlinked, subject to adjustments)	**The cost of the total benefit included in the options issued to directors based on fair value according to the Black & Scholes Model on the granting date in accordance with guidelines in IFRS 2 - "Share-Based Payment" in NIS**
Board of Directors decision of March 22, 2022	Zvi Eckstein, Gittit Guberman (*), Amos Yadlin, Mia Likvernik, Shlomi Shuv and Adva Sharvit	5	22,430	58.32	298,046
	Aviram Wertheim	1	28,069	58.32	372,979
Board of Directors decision of March 12, 2023	Zvi Eckstein, Amos Yadlin, Mia Likvernik, Shlomi Shuv and Adva Sharvit	5	57,186	35.01	256,770
	Aviram Wertheim	1	86,950	35.01	390,405
Board of Directors decision of March 12, 2024	Zvi Eckstein, Amos Yadlin, Rony Patishi-Chillim, Shlomi Shuv and Adva Sharvit	5	54,505	27.43	300,310
	Aviram Wertheim	1	72,724	27.43	400,709
Board of Directors decision of March 10, 2025	Zvi Eckstein, Ilan Gifman, Samer Haj Yehia, Rony Patishi-Chillim, Batsheva Moshe, Shlomi Shuv and Adva Sharvit	7	64,610 (**)	34.25	432,873
	Aviram Wertheim	1	61,915 (**)	34.25	414,830

(*) Regarding Gittit Guberman, options with an economic value of NIS 20.5 thousand were allocated, in respect of the relative period until the end of her service (May 15, 2022).

(**) Options have yet to be allocated.

The options were granted under the terms detailed above and subject to the terms of the applicable framework plan.

Note 19 – Transactions with Related Parties and Interested Parties (continued)

D. Insurance, indemnity and exemption[27] [28]

Insurance arrangement for directors and officers in the Company, Amot and Energix -

In the period from July 1, 2018 to July 1, 2024, the Alony-Hetz Group had an insurance arrangement for directors and officers (hereinafter - the "**2018 Arrangement**"). The 2018 Arrangement is an umbrella arrangement for the entire Group, which also included, among others, the directors and officers of Amot and Energix[29].

On May 2, 2024, the Company's General Meeting approved the new Group umbrella arrangement, for an unlimited period [30](hereinafter - the "**New Arrangement**"). (the "**2018 Arrangement**" and the "**New Arrangement**" will be referred to collectively, for convenience, the "**Arrangement**")

The limit of liability for insurance under the Arrangement is up to USD 75 million per case and period, plus legal expense coverage. In addition, the Company, Amot and Energix were given the option, each at its sole discretion, to purchase directors and officers insurance policies in an amount of additional insurance coverage of up to USD 25 million for directors and officers serving in each of the above companies (alone or together with any of the Group companies).

The policies that were / will be purchased (as applicable) under the arrangement will insure the liability of the officers of the Company and the subsidiaries who serve as directors on behalf of the Company in companies that are not subsidiaries. In addition, the policies that were / will be purchased under the Arrangement will also be insured in respect of events that can be insured according to the Streamlining of ISA Enforcement Procedures Law (Legislative Amendments), 2011 (hereinafter - the "**Enforcement Procedures Law**"), according to the Economic Competition Law, 1988 (the "**Competition Law**"), and/or according to any other law regarding officers' insurance in general and/or officers' insurance for administrative enforcement in particular, including and without detracting from the generality of that stated, according to Section 56h of the Securities Law and/or the provisions of Section 50p of the Competition Law.

According to the Arrangement, the Company will maintain the above insurance (according to the format as it will be determined from time to time) for the entire duration of an officer's service as well as for a period of 7 years from the end of service, will renew the policy on the proper date and bear all premium expenses and any associated or related expenses.

The amount of the annual premium and the amount of the deductible[31] will be in accordance with the prevailing market conditions on the date of purchase of each insurance policy. The engagement to purchase an insurance policy will be made with an insurance company that is not a related party of the Company or any of the Group companies.

According to the principles determined in the Arrangement, the Company purchases such insurance policies from time to time, with the last two policies it purchased (for the year from July 15, 2023 to July 14, 2024, and for the year from July 15, 2024 to July 14, 2025) having a limit of liability in the amount of USD 65 million per case and per period in addition to legal expense coverage under Section 66 of the Insurance Contract Law, 1981 and at a cost of USD 365 thousand and USD 295 thousand, respectively.

---

27 This section applies to all Company officers (including those who are not directors).

28 In return for his service as a Company officer, Mr. Nathan Hetz (CEO and director) and Aviram Wertheim (Chairman of the Company's Board of Directors) will be entitled to indemnity and insurance as these are defined in Mark C of Chapter Three, Part Six of the Companies Law, at amounts and scope as determined from time to time by the Company. The above insurance will provide Nathan Hetz and Aviram Wertheim with coverage during their entire term as officers and for a period of seven years after they serving as officers. Regarding the exemption to which Mr. Nathan Hetz (CEO and Director) and Mr. Aviram Wertheim (Chairman of the Board) are entitled, please see below.

29 The 2018 Arrangement was approved by the General Meeting at its meeting on July 12, 2018. The Remuneration Committee, at its meeting on May 17, 2018 and the Company's Board of Directors at its meeting on May 23, 2018, as well as the Remuneration Committees and the Board of Directors of Amot and Energix, approved (each company in relation to itself) the application of all of the 2018 Arrangement also in relation to directors who are controlling shareholders or their relatives as they are or will be from time to time. The general meetings of Amot and Energix (after approval by the Remuneration Committee and the Board of Directors of each of the above companies) approved the joining of the 2018 Arrangement and the new arrangement and the participation of Amot and Energix in the premium for the policies to be purchased as part of the arrangement.
The Company's Board of Directors, at its meeting on March 12, 2024 (after approval by the Remuneration Committee), approved the application of the new arrangement also to the Company's CEO (in his capacity as the Company's CEO, distinct from his service as a Company director and Chairman of the Board of Directors of Amot and Energix), under Regulation 1A1 of the Companies Regulations (Easements in Transactions with Interested Parties), 2000 (hereinafter - the "**Easements Regulations**").30 Accordingly, as long as the policies purchased under the new arrangement are in accordance with the terms of the Easements Regulations (as will be examined and determined by the Company's active management in accordance with the authorization of the Company's Remuneration Committee and Board of Directors), the approval of the General Meeting is not required for the application of the new arrangement to the Company's CEO.

31 According to the terms of the Arrangement, no deductible will apply to the officers and the Company will bear the deductible in an amount to be agreed with the insurer.

Note 19 – Transactions with Related Parties and Interested Parties (continued)

Insurance in Carr: From time to time, Carr purchases a directors', officers' and corporate liability insurance policy for a period of one year (each time). The liability limit purchased in recent years is in the amount of USD 10 million per year, including coverage for legal expenses.

Insurance in BE: From time to time, BE purchases a directors', officers' and corporate liability insurance policy for a period of one year (each time). The liability limit purchased in recent years has been GBP 21 million per year, including separate coverage (of GBP 1 million) for legal expenses.

Indemnity and exemption:

The Company, Amot and Energix granted letters of indemnity and exemption to their officers, including directors who were also controlling shareholders at the time[32] [33]or their relatives, including officers serving in subsidiaries. According to the letters of indemnity, the indemnification amount will not exceed 25% of the equity of the Company, Amot or Energix (as applicable) according to the latest financial statements published prior to the payment date. In March 2018, the Audit/Remuneration Committees (as applicable) and the Boards of Directors of Amot and Energix approved changes to the insurance, indemnity (and in Amot, also regarding the exemption) arrangement[34] for directors and officers. The changes were also approved by the General Assemblies of Amot and Energix of May 2018, and regarding part of the insurance issue (i.e. the umbrella insurance policies for directors and officers throughout the Group), they were also approved by the relevant organs in these companies.

Regarding the Company's existing remuneration arrangement:

On July 12, 2018 the Company's General Assembly approved the replacement of the letter of indemnity that existed at the time in the Company with a new letter of indemnity, granted by the Company to the directors and the other officers, as they may exist from time to time, including replacing the letters of indemnity of the directors and officers at the Company who are controlling shareholders or their relatives, and as they may be from time to time, all relative to the grounds occurring from the General Assembly's approval date (July 12, 2018) and thereafter. It should be clarified that the previous letter of indemnity will continue to apply to grounds that occurred up to the General Assembly's approval date (July 12, 2018).

Regarding the Company's existing exemption arrangement:

On July 12, 2018, the Company's General Assembly approved a new arrangement for the granting of new letters of exemption to Company directors and officers, including Company directors and officers who are controlling shareholders in the Company or their relatives, serving on the date of the General Assembly's approval and as may serve from time to time, as long as the letters of exemption granted by the Company to directors and officers who are not controlling shareholders or their relatives up to the date of the General Assembly approval and which are still in effect, will continue to apply in full, unchanged, regarding all grounds covered thereby that occurred up to the General Assembly approval date and the exemption granted by the Company to directors and officers who were controlling shareholders or their relatives on that date (i.e., Mr. Nathan Hetz and his daughter Adva Sharvit, who serves as a Company director), will continue to apply in full, unchanged, regarding all grounds covered thereby occurring up to October 11, 2011.

---

32 Regarding the Company, the continued application of the letters of indemnity for the controlling shareholders and their relatives serving and who may serve from time to time was approved by the General Meeting in its October 6, 2014 meeting for a period of 3 years from October 11, 2014 to October 10, 2017 and in the General Meeting of October 3, 2017 for a 3-year period from October 11, 2017 to October 10, 2020. On the other hand, the continued application of the exemption with respect to directors and officers who are controlling shareholders or their relatives in the same format was not renewed. Regarding a new exemption arrangement, please see below.

Regarding Amot, the continued application of the letters of indemnity to the controlling shareholders and their relatives serving and who may serve from time to time was approved by the General Assembly in its February 16, 2015 meeting for a period of 3 years from November 15, 2014 to November 14, 2017. In its February 16, 2015 meeting, Amot's General Meeting did not approve the exemption for Company directors and officers who are controlling shareholders or related to controlling shareholders in the same format.

On May 2, 2018, Amot's General Assembly approved new letters of indemnity for directors and officers, which replaced the previous letters of indemnity. The General Assembly of May 2, 2018, also approved the granting of new letters of exemption, which will replace the existing letters of exemption from the granting date, in relation to events only from the granting date. The Assembly's approval is in relation to all directors and officers, as they will be from time to time (including directors and officers who are controlling shareholders or their relatives).

33 The continued application of the letters of indemnity to the controlling shareholders and their relatives serving and who may serve from time to time was approved by Energix's General Meeting in its October 4, 2014 meeting for a period of 3 years from April 6, 2014 to April 5, 2017 and in Energix's General Meeting of July 9, 2017 for a 3-year period from April 6, 2017 to April 5, 2020. The continued application of the exemption with respect to directors and officers who are controlling shareholders or their relatives, was not approved in Energix's July 30, 2014 General Assembly. In addition, at Energix's General Assembly of July 9, 2017, the meeting approved the issuing of new letters of exemption to Energix's directors and officers, including directors and officers who are controlling shareholders or their relatives, serving on the date of the meeting's approval and who will serve from time to time (regarding the controlling shareholders, the approval is for 3 years starting from the meeting's approval from July 9, 2017 to July 8, 2020).

34 The exemption in its new format was approved by Energix's General Assembly on July 9, 2017.

Note 19 – Transactions with Related Parties and Interested Parties (continued)

The exemption in accordance with the new arrangement will not apply to an action or failure to act of a director and/or officer in connection with a decision or transaction in which the controlling shareholder or any Company officer (including an officer other than one granted the letter of exemption) has any personal interest.

Indemnity in Carr:

The Articles of Association of Carr and its subsidiaries state that Carr will compensate its directors, officers, employees and representatives, past and present, for any liability imposed on them or an expense they may bear subject to the fact that they have acted in accordance with the law in their positions as directors, officers, employees or representatives, as the case may be, in the broadest manner allowed according to the laws of the State of Delaware.

Indemnity in BE:

In February 2020, the BE Board of Directors approved the granting of letters of indemnity to BE's directors and in any legal entity in which BE is a shareholder (hereinafter, in this subsection - "**Related Entity**"). According to the letter of indemnity, subject to English law, BE undertakes, among other things, to indemnify the director of BE or of an entity related thereto, subject to the foregoing, up to the maximum limit permitted by applicable law, for any liability or expense, as detailed in the indemnity letter, to be imposed due to or in connection with an action he performed in his capacity as a director, officer, employee or agent of BE or of a related entity or of another legal entity where the director serves at any time at the request of BE or a related entity, as of February 6, 2018 or from the date of his appointment as director, the later of the two.

In any case, the amount of indemnity to be paid by BE, to all directors of BE or an entity related thereto, as a group, will not exceed 25% of BE's equity according to BE's current financial statements published before the date of payment under the indemnity letter (in addition to amounts received by the director under an insurance policy or otherwise).

E. Additional information -

For additional information regarding remuneration amounts paid to Company directors for the years 2022-2024, please see Note 19h below.

1. Regarding the management fee agreement with Amot, please see Note 6.c.
2. Regarding the management fee agreement with Energix, please see Note 6.e.

Note 19 – Transactions with Related Parties and Interested Parties (continued)

F. Rental agreements

In December 2015, the Company and Energix entered into rental agreements with Amot (each of the companies separately), as updated from time to time, according to which the Company and Energix rented from Amot during the reporting period, at rental terms customary in Amot in relation to building tenants ("**Market Terms**") (as they were at the time of the engagement) and in the normal course of business, offices with an area that at present (after the updates) is approx. 772 sq.m. (the Company) and approx. 1,055 sq.m. (Energix), on the 40th floor of the "Amot Atrium Tower" in Ramat Gan (the "**Building**"), as well as parking spaces in the building's parking garage. After a rental period of 5 years, the option given to the Company and Energix to extend the rental period by an additional 5 years was exercised, such that the lease period according to the agreement will end on April 14, 2026.

The Company's annual rental cost and for management components amounted to approx. NIS 1.9 million in 2024 and Energix's amounted to approx. NIS 2.1 million.

In December 2023, Amot entered into an agreement with Energix for the rental of approx. 1,067 sq.m. (gross) on the 18th floor of the "Amot Holon Campus" as well as parking spaces in the building's parking lot, for a period of 10 years with the right to exit after 7.5 years (from the date of commencement of the agreement) against payment of an agreed compensation. In November 2024, Energix's engagement was approved with an amendment to the agreement for the rental of additional space, so that in total Energix is renting an area of 1,060 sq.m. The rental is at market conditions. The expected annual revenue to Amot from the above rental agreement and the management component is approx. NIS 1,149 thousand (including the management component).

Amot also leases to Energix rooftops it owns, on which 30 small photovoltaic systems and 2 medium-sized systems for electricity generation are installed for a period of 20 years from the date of commercial operation of the facility, in exchange for 10% of the receipts that Energix actually receives for electricity generation in the relevant system.In 2024 and 2023, Energix paid Amot, under the aforementioned rooftop rental agreements, a total of NIS 876 thousand and NIS 863 thousand, respectively.

G. Negligible transaction

1. The Company's Board of Directors has determined that a negligible transaction would be one meeting the following conditions:
   A. It takes place in the ordinary course of the Company's business;
   B. The transaction takes place under market conditions - the terms of the engagement are terms customary in the relevant market;
   C. The transaction's projected contribution to profit and loss in annual terms (before the tax effect) or its annual financial scope in the event that the transaction is not recorded through the Statement of Income does not exceed 0.125% of the Company's equity according to its audited consolidated financial statements published as of December 31 of the year preceding the date on which the transaction was reported, or 0.5% of the Company's average profit or loss in absolute terms in the three calendar years preceding the date on which the transaction was reported according to the Company's audited consolidated financial statements; whichever is lower, whether in a single engagement or a series of engagements on the same issue over the course of the year; for this purpose, in the event that the Company does not have the full rights and obligations in the transaction, the transaction will be examined according to the Company's relative share in the transaction.
   D. The transaction was approved by the Company's Board of Directors and the controlling shareholder/officer has informed the Company of his interest in the transaction (unless the personal interest is due solely to the presence of personal interest by a "**relative**" as defined in the Companies Law in a non-exceptional transaction).
2. The Company, Amot and Energix engage from time to time with Value Base Issuing Underwriting and Management Ltd. ("**Value Base**") (a company whose parent company's shareholders include, among others, Nathan Hetz (15.76% as of the date of the Statement of Financial Position), the CEO and a director in the Company, Chairman of the Amot Board of Directors and Chairman of the Energix Board of Directors), to receive advice and for the management of an offering and/or for the distribution of an offering. It should be noted that the engagement is usually made as part of a comprehensive engagement with several distributors.

Note 19 – Transactions with Related Parties and Interested Parties (continued)

H. Benefits to key management personnel of the Company

	Number of Recipients	For the year ended December 31		
	2024	2024	2023	2022
		NIS thousands	NIS thousands	NIS thousands
Management fees and grants	4	13,924	13,712	13,501
Amortization of benefits relating to share-based payments	9	2,525	2,577	2,418
Salary of other directors	6	1,137	783	1,069
Directors' and officers' insurance	17	383	379	421
		17,969	17,451	17,409

I. Additional information on transactions with related parties

	As of December 31	
	2024	2023
	NIS thousands	NIS thousands
In current assets		
In other receivables	145	103
In current liabilities		
In payables and credit balances	765	500

Note 20 – Earnings per Share

	For the year ended December 31		
	2024	2023	2022
	NIS thousands	NIS thousands	NIS thousands
Profit used to calculate basic earnings per share from ongoing activity	(346,199)	(2,392,409)	(281,467)
Adjustments:			
Adjustment of diluted profit from consolidated companies	(599)	(6,679)	(12,023)
Profit used to calculate diluted earnings per share	(346,798)	(2,399,088)	(293,490)
	Thousands of shares	**Thousands of shares**	**Thousands of shares**
Weighted average number of ordinary shares used to calculate basic earnings per share from ongoing activity	191,054	179,722	176,049
Adjustments:			
Options	-	-	-
Weighted average number of shares of common stock used to calculate diluted earnings per share	191,054	179,722	176,049
Weighted average number of securities excluded from the calculation of diluted earnings per share, as their effect was anti-dilutive:			
Options	6,870	1,581	2,144
	6,870	1,581	2,144

Note 21 – Taxes on Income

A. Composition of tax expenses

	For the year ended December 31		
	2024	2023	2022
	NIS thousands	NIS thousands	NIS thousands
Current taxes			
Current tax expenses	137,253	228,973	46,973
Taxes for previous years	(10,256)	(21,667)	(1,736)
Total current taxes	126,997	207,306	45,237
Deferred taxes	164,472	(60,038)	(34,986)
Tax income from a tax partner	(213,834)	(69,452)	(57,815)
Total tax expenses recognized in the statement	77,635	77,816	(47,564)

B. Tax laws applicable to the Group

The provision for current taxes made by the Company and its subsidiaries in Israel was determined based on the provisions of the Income Tax Ordinance (New Version) 1961.

The provision for current taxes of consolidated companies operating outside of Israel was determined taking into account the tax laws applicable in those countries.

C. Tax rates applicable to the Group

1. **Tax rates applicable to companies in Israel:**

The income tax rate applicable to the Company and the consolidated companies in Israel in 2022-2024 is 23%.

2. **Tax rates applicable to companies operating outside of Israel:**

- The tax rates applicable to companies operating in the United States range mainly between 21% and 30.8%. A dividend distributed by investments in the US (Carr and the Boston Partnerships) originating from operating profits and capital gains will be subject to withholding tax in the in the US at a rate of 30% and 21%, respectively, and taxed in Israel at the corporate tax rate while receiving a credit for the withholding tax deducted in the United States.
- BE operates as a REIT under applicable UK tax regulations. The tax rate applicable in the UK when distributing a dividend is 15%.
- On December 31, 2024, a Canadian company wholly owned by the Company distributed a dividend to the Company in the amount of approx. CAD 227 million. The Company recorded current tax expenses in the amount of approx. NIS 30 million in respect of the distribution. The tax rate applicable to Energix's activity in Poland is 19%, and in the United States federal tax is 21% and state tax is 5%.

Note 21 – Taxes on Income (continued)

D. Tax Assessments

1. In December 2021, the Company signed an assessment agreement with the Income Tax Authority for the years 2015-2019, following which the Company paid taxes in the total amount of NIS 175 million in January 2022. The Company's books had full provisions, except for NIS 32 million which were recorded as tax expenses from previous years in 2021..
2. The consolidated companies in Israel and a wholly-owned consolidated corporation in Canada have self-assessments that are considered final up to and including 2019.
3. The wholly-owned consolidated corporations in the United States have self-assessments that are considered final up to and including 2020.
4. In December 2021, Amot signed final tax assessment agreements with the Income Tax Authorities for the years 2016-2019, after which Amot paid taxes in the amount of approx. NIS 134 million (not including interest and linkage, Amot had full provisions, except for NIS 37 million which were recorded in tax expenses for previous years). As part of the agreement, Amot's losses were recognized for carrying forward in the amount of approx. NIS 255 million, to be utilized over the years 2020 onwards.
5. In December 2024, 10 of Amot's consolidated companies signed final tax assessment agreements with the Income Tax Authority for the years 2019-2022 following which Amot paid taxes in the amount of NIS 2 million (for which Amot had made full provisions). As part of the agreement, Amot's losses were recognized for carrying forward in the amount of approx. NIS 27 million, to be utilized over the coming years.
6. Amot has been issued final tax assessments up to and including the 2019 tax year, 10 of Amot's consolidated companies have been issued final tax assessments up to and including the 2022 tax year, a consolidated company of Amot was issued final assessments up to and including the 2020 tax year, 15 of Amot's consolidated companies and 8 companies accounted for according to the equity method have been issued tax assessments considered final up to and including the 2019 tax year.
7. Energix has tax assessments considered final up to and including the 2019 tax year. Energix's consolidated companies in Israel and in the United States have yet to receive final tax assessments since their establishment. Energix's consolidated companies in Poland have tax assessments considered final up to and including the 2018 tax year. Energix has final income tax payroll withholding assessments up to and including the 2017 tax year. Energix is in the midst of assessment discussions with tax authorities, and it estimates that no provision is required in the financial statements for these discussions.

E. Tax balances presented in the Statement of Financial Position

	As of December 31	
	2024	**2023**
	NIS thousands	**NIS thousands**
Tax balances presented in the Statement of Financial Position		
Current assets (liabilities):		
Current tax assets	29,777	19,632
Current tax liabilities	(133,592)	(174,700)
	(103,815)	(155,068)
Non-current assets (liabilities) (*):		
Deferred tax asset	233,675	209,184
Deferred tax liability	(2,038,435)	(1,858,015)
	(1,804,760)	(1,648,831)

(*) Deferred taxes in respect of depreciation differences, income and expense timing differences, losses for tax purposes and expected capital gains were recorded according to expected tax rates of mainly 23%.

Note 21 – Taxes on Income (continued)

F. Composition and movement in deferred taxes

For 2024	As of December 31, 2023	Allocated to profit and loss	Allocated to other comprehensive income	As of December 31, 2024
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Investment property	(1,825,911)	(126,976)	-	(1,952,887)
Electricity-generating facilities	(209,480)	4,906	(12,398)	(216,972)
Associates	(61,864)	11,570	(58)	(50,352)
Financial assets measured at fair value through profit and loss	(1,107)	(41)	-	(1,148)
Projects in the United States (*)	209,475	(6,050)	1,197	204,622
Hedging	(23)	2,681	(8,769)	(6,111)
Tax losses	158,314	(44,301)	27,569	141,582
Others	81,765	(4,685)	(574)	76,506
	(1,648,831)	(162,896)	6,967	(1,804,760)

(*) Mainly deferred taxes in connection with electricity-generation projects in the United States, including in connection with a liability in respect of an agreement with the tax partner and in connection with the development and initiation profits for the projects.

For 2023	As of December 31, 2022	Allocated to profit and loss	Allocated to other comprehensive income	Classified against current tax liabilities	As of December 31, 2023
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Investment property	(1,764,520)	(61,314)	(77)	-	(1,825,911)
Electricity-generating facilities	(170,564)	(34,896)	(4,020)	-	(209,480)
Associates	(198,415)	137,383	(832)	-	(61,864)
Financial assets measured at fair value through profit and loss	2,604	(3,580)	(131)	-	(1,107)
Projects in the United States (*)	26,385	158,569	24,521	-	209,475
Hedging	36,608	(25,458)	(11,173)	-	(23)
Tax losses	289,576	(175,739)	44,906	(429)	158,314
Others	15,526	66,907	(668)	-	81,765
	(1,762,800)	61,872	52,526	(429)	(1,648,831)

(*) Mainly deferred taxes in connection with electricity-generation projects in the U.S., including in connection with an obligation in respect of an agreement with the tax partner.

G. Losses for tax purposes carried forward to the coming years

As of December 31, 2024, the Company and its subsidiaries in Israel and abroad (not including companies in the Amot Group, Energix and BE) have losses for tax purposes that can be carried forward to future years in the amount of NIS 1,111 million. Amot and its subsidiaries have losses for tax purposes that can be carried forward to future years in the total amount of approx. NIS 285 million. Energix has losses for tax purposes that can be carried forward to future years in Israel and abroad in the amount of approx. NIS 200 million. BE has losses for tax purposes that can be carried forward to future years in the amount of approx. NIS 310 million.

Note 21 – Taxes on Income (continued)

H. Amounts for which deferred taxes were not recognized

Amounts for which deferred tax assets were not recognized **(in terms of loss - before tax)**:

	As of December 31	
	2024	2023
	NIS thousands	NIS thousands
Losses for tax purposes	1,451,238	1,203,463
Deductible temporary differences	2,280,816	1,822,500
	3,732,054	3,025,963

(*) in 2024 and 2023, including temporary differences in respect of investments in investees for which deferred tax liabilities were not recognized.

Temporary differences in respect of investments in investees for which deferred tax liabilities were not recognized (in terms of profit, net - before tax):

As of December 31, 2024, the Company had temporary differences in connection with investments in investees in the amount of NIS 556 million for which deferred tax liabilities were not created due to the lack of expected realization of these investments and the decision not to distribute taxable dividends in the foreseeable future. In the event that the profits of investees abroad are distributed in the future as a dividend, they will be taxed at a rate of 23% while receiving a tax credit in respect of the tax deducted at source overseas, or alternatively, corporate tax on the inherent dividend, and receipt of an indirect credit for the tax paid by the distributing company abroad and the tax deducted at source, all in accordance with the conditions specified in Section 126(c) of the Income Tax Ordinance.

I. Taxes on income related to other comprehensive income components:

For the year ended December 31, 2024	Amounts before tax	Tax effect	Amounts net of tax
	NIS thousands	NIS thousands	NIS thousands
Other comprehensive income:			
Profit from the translation of financial statements of associates constituting foreign activities	(23,218)	-	(23,218)
Profit (loss) from exchange rate differences in respect of credit and derivatives designated for the hedging of investments in companies that constitute foreign activity, net of tax	(76,218)	10,745	(65,473)
Profit from exchange rate differences and changes in fair value of instruments used for cash flow hedging	(40,097)	13,248	(26,849)
Company share in other comprehensive income (loss) of associates	(15,648)	-	(15,648)
Total	(155,181)	23,993	(131,188)

Note 21 – Taxes on Income (continued)

For the year ended December 31, 2023	Amounts before tax	Tax effect	Amounts net of tax
	NIS thousands	NIS thousands	NIS thousands
Other comprehensive income:			
Profit from the translation of financial statements of associates constituting foreign activities	719,644	-	719,644
Profit (loss) from exchange rate differences in respect of credit and derivatives designated for the hedging of investments in companies that constitute foreign activity, net of tax	(727,121)	62,385	(664,736)
Profit from exchange rate differences and changes in fair value of instruments used for cash flow hedging	24,868	(7,063)	17,805
Company share in other comprehensive income (loss) of associates	(22,212)	3,587	(18,625)
Total	(4,821)	58,909	54,088

For the year ended December 31, 2022	Amounts before tax	Tax effect	Amounts net of tax
	NIS thousands	NIS thousands	NIS thousands
Other comprehensive income:			
Profit from the translation of financial statements of associates constituting foreign activities	697,288	-	697,288
Profit (loss) from exchange rate differences in respect of credit and derivatives designated for the hedging of investments in companies that constitute foreign activity, net of tax	(587,469)	104,653	(482,816)
Profit from exchange rate differences and changes in fair value of instruments used for cash flow hedging	(49,922)	16,512	(33,410)
Company share in other comprehensive income (loss) of associates	41,975	(9,382)	32,593
Total	101,872	111,783	213,655

Note 21 – Taxes on Income (continued)

J. Theoretical tax

The difference between the tax amount calculated according to regular tax rates and the amount of provisions for taxes is explained as follows:

	For the year ended December 31		
	2024	**2023**	**2022**
	NIS thousands	**NIS thousands**	**NIS thousands**
Profit before taxes on income	326,841	(2,074,022)	291,008
Statutory tax rate	23.00%	23.00%	23.00%
	75,173	(477,025)	66,932
Group share in the profits of associates for which deferred taxes were not recognized	(302)	8,297	(3,408)
ITC revenues - please see Note 7	(164,652)	(53,478)	(44,518)
Exempt income, non-deductible expenses, taxable income not recorded in the books and expenses not recorded in the books but recognized for tax purposes	37,699	11,250	(978)
Tax effect in respect of temporary differences for which deferred taxes were not recorded (deferred taxes created against losses carried forward)	114,664	41,674	(3,853)
Taxes for previous years	(10,256)	(21,666)	(1,736)
Effect of deferred taxes created at tax rate different from the main tax rate	(15,473)	(3,175)	(8,841)
Differences relating to investment property (*)	44,393	556,331	(40,295)
Others, net	(3,611)	15,608	(10,867)
	2,462	554,841	(114,496)
	77,635	77,816	(47,564)
Effective tax rate	23.75%	(3.75%)	(16.34%)

(*) Differences relating to investment property stem from the investment property in the following companies:

(1) BE - In 2024, the Group did not record deferred tax expenses in the amount of NIS 13 million (in 2023 - deferred tax income of NIS 269 million; in 2022 - deferred tax income of NIS 68 million).

(2) Amot - Mainly the impact of the CPI on the change in the deferred tax reserves of investment property assets due to the adjustment of the properties' tax base to the CPI. In 2024, 2023 and 2022, a decrease in tax reserves in the amount of NIS 69 million, NIS 69 million and NIS 108 million, respectively).

(3) Carr and Boston Partnerships - In accordance with the accounting policy described in Note 2n, the Company records deferred taxes in respect of the properties of Carr and Boston Partnerships. In 2024, the Group did not record deferred tax assets in the amount of NIS 127 million due to the fact that they are not expected to be utilized.

Note 22 – Operating Segments

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

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

Note 22 – Operating Segments (continued)

Segment revenues and results

	For the year ended December 31, 2024							
	Income-Generating Property segment				Energy segment			
	Amot	Carr	BE	Others	Energix	Unattributed results	Adjustments	Total
	NIS thousands							
Group share in the profits of investees, 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 on 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 6g 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 22 – 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 22 – Operating Segments (continued)

Segment revenues and results

	For the year ended December 31, 2023							
	Income-Generating Property segment				Energy segment	Unattributed results	Adjustments	Total
	Amot	Carr	BE	Others	Energix			
	NIS thousands							
Group share in the profits of investees, net	371,116	(1,383,740)	(993,819)	(284,180)	130,138	(3,128)	459,616	(1,703,997)
Net losses from investments in securities measured at fair value through profit and loss	-	-	-	(10,275)	-	(14)	(7,010)	(17,299)
Revenues from decrease in holdings in investees	-	449	-	-	-	-	-	449
Other revenues, net (*)	11,086	-	-	-	10,050	-	1,058,670	1,079,806
	382,202	(1,383,291)	(993,819)	(294,455)	140,188	(3,142)	1,511,276	(641,041)
Administrative and general	-	-	-	-	-	32,137	169,661	201,798
Financing expenses, net	-	-	-	-	-	230,862	560,663	791,525
Other expenses, net (*)	-	-	-	-	-	-	439,658	439,658
	-	-	-	-	-	262,999	1,169,982	1,432,981
Profit before tax	382,202	(1,383,291)	(993,819)	(294,455)	140,188	(266,141)	341,294	(2,074,022)
Additional information regarding segment results:								
Revenues (in the investee's books) including revaluation profits (losses)	1,355,596	(2,328,985)	(953,911)		681,906			
Revaluation profits (losses) (in the investee's books), before tax (**)	244,722	(3,124,860)	(1,168,887)		-			
Revenues from the tax partner	-	-	-		69,452			
Net profit (loss) (in the investee's books)	682,607	(2,830,161)	(1,192,651)		258,068			
Company share in net profits (loss)	371,116	(1,383,740)	(993,819)		130,138			

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

Note 22 – Operating Segments (continued)

Segment assets and liabilities:

	As of December 31, 2023							
	Income-Generating Property segment				Energy segment	Unattributed assets and liabilities	Adjustments	Total
	Amot	Carr	BE	Others	Energix			
	NIS thousands							
Assets:								
Investment in investees	4,506,094	1,568,555	2,656,530	525,811	1,147,571	9,929	(7,863,990)	2,550,500
Investment in securities measured at fair value through profit and loss	-	-	-	165,382	-	3	56,837	222,222
Other assets	-	-	-	-	-	1,063,965	34,894,479	35,958,444
	4,506,094	1,568,555	2,656,530	691,193	1,147,571	1,073,897	27,087,326	38,731,166
Liabilities	-	-	-	-	-	6,651,740	21,015,303	27,667,043

Note 22 – Operating Segments(continued)

Segment revenues and results

	For the year ended December 31, 2022							
	Income-Generating Property segment				Energy segment	Unattributed results	Adjustments	Total
	Amot	Carr	BE	Others	Energix			
	NIS thousands							
Group share in the profits of investees, net	629,678	(780,842)	(151,653)	(187,566)	122,215	(2,898)	(582,523)	(953,589)
Net losses from investments in securities measured at fair value through profit and loss	-	-	-	(6,891)	-	(127)	5,667	(1,351)
Revenues from decrease in holdings in investees	-	2,293	-		-		18,098	20,391
Other revenues, net (*)	10,629	-	-	394	7,743	-	2,413,856	2,432,622
	640,307	(778,549)	(151,653)	(194,063)	129,958	(3,025)	1,855,098	1,498,073
Administrative and general	-	-	-	-	-	35,210	143,872	179,082
Financing expenses, net	-	-	-	-	-	142,218	570,426	712,644
Other expenses, net (*)	-	-	-	-	-	-	315,339	315,339
	-	-	-	-	-	177,428	1,029,637	1,207,065
Profit before tax	640,307	(778,549)	(151,653)	(194,063)	129,958	(180,453)	825,461	291,008
Additional information regarding segment results:								
Revenues (in the investee's books) including revaluation profits (losses)	2,012,423	(1,205,884)	(102,770)		527,325			
Revaluation profits (losses) (in the investee's books), before tax (**)	984,285	(1,889,877)	(295,598)		-			
Revenues from the tax partner	-	-	-		57,815			
Net profit (loss) (in the investee's books)	1,171,146	(1,607,059)	(184,016)		235,910			
Company share in net profits (loss)	629,678	(780,842)	(151,653)		122,215			

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

Note 22 – Operating Segments (continued)

Geographic information

	For the period ended December 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	1,164,838	-	224,346	-	-	-	-	1,389,184
Fair value adjustments of investment property	549,686	-	57,522	-	-	-	-	607,208
The Group's 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 22 – 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.

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

Note 22 – Operating Segments (continued)

Geographic information (continued)

	For the period ended December 31, 2023							
	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	1,109,087	-	214,976	-	-	-	-	1,324,063
Fair value adjustments of investment property	242,718	-	(1,168,887)	-	-	-	-	(926,169)
The Group's share in profits (losses) of associates, net	24,177	(1,667,921)	(57,125)	-	-	-	(3,128)	(1,703,997)
Revenue from sale of electricity and green certificates	-	-	-	153,296	479,287	48,130	-	680,713
Other	(7)	448	(17,284)	1,192	-	-	-	(15,651)
	1,375,975	(1,667,473)	(1,028,320)	154,488	479,287	48,130	(3,128)	(641,041)
Costs and expenses								
Cost of investment property rental and operation	143,532	-	25,362	-	-	-	-	168,894
Initiation, maintenance and operation costs of electricity-generating facilities	-	-	-	32,858	56,943	21,000	-	110,801
Depreciation and amortizations	3,658	-	2,225	53,805	57,742	36,182	6,351	159,963
	147,190	-	27,587	86,663	114,685	57,182	6,351	439,658
Administrative and general expenses	61,386	-	40,332	3,186	28,637	10,768	57,489	201,798
Financing expenses, net	378,626	-	108,447	47,671	20,061	14,238	222,482	791,525
Profit before taxes on income	788,773	(1,667,473)	(1,204,686)	16,968	315,904	(34,058)	(289,450)	(2,074,022)

Note 22 – Operating Segments (continued)

Geographic information

	As of December 31, 2023							
	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)	18,943,253	-	4,953,648	-	-	-	-	23,896,901
Investments in associates	419,816	2,094,366	26,389	-	-	-	9,929	2,550,500
Connected electricity-generating facilities	-	-	-	921,775	1,519,479	2,775,480	-	5,216,734
Electricity-generating facilities in development	-	-	-	1,289,195	89,187	992,517	-	2,370,899
Right-of-use asset	-	-	-	198,241	132,834	180,368	-	511,443
Securities measured at fair value through profit and loss (**)	-	-	222,222	-	-	-	-	222,222
	19,363,069	2,094,366	5,202,259	2,409,211	1,741,500	3,948,365	9,929	34,768,699

(*) The balance is in respect of an investment in Carr in the amount of NIS 1,568,555 thousand and for an investment in Boston in the amount of NIS 525,811 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 22 – Operating Segments (continued)

Geographic information (continued)

	For the period ended December 31, 2022							
	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	1,026,351	-	192,827	-	-	-	-	1,219,178
Fair value adjustments of investment property	981,516	-	(295,598)	-	-	-	-	685,918
The Group's share in profits (losses) of associates, net	24,208	(968,407)	(6,491)	-	-	-	(2,899)	(953,589)
Revenue from sale of electricity and green certificates	-	-	-	130,099	353,835	41,503	-	525,437
Other	(320)	2,295	(830)	19,984	-	-	-	21,129
	2,031,755	(966,112)	(110,092)	150,083	353,835	41,503	(2,899)	1,498,073
Costs and expenses								
Cost of investment property rental and operation	129,600	-	17,200	-	-	-	-	146,800
Initiation, maintenance and operation costs of electricity-generating facilities	-	-	-	22,939	25,025	8,177	-	56,141
Depreciation and amortizations	3,237	-	2,020	48,310	29,000	25,404	4,427	112,398
	132,837	-	19,220	71,249	54,025	33,581	4,427	315,339
Administrative and general expenses	57,112	-	42,370	831	5,597	16,012	57,160	179,082
Financing expenses, net	469,693	-	18,376	68,450	21,330	15,554	119,241	712,644
Profit before taxes on income	1,372,113	(966,112)	(190,058)	9,553	272,883	(23,644)	(183,727)	291,008

Note 23 – Financial Instruments

A. Capital management policy

The Group manages the capital to ensure that the Group's companies will be able to continue to operate as a going concern while maximizing the return for shareholders and optimizing the Company's debt and equity balances.

The Company's capital structure includes debt instruments, cash and cash equivalents and the equity of the Company's majority shareholders. The Company's Board of Directors and the Company's CEO regularly monitor the Company's capital structure. This monitoring includes, among other things, an examination of the cost of capital and an examination of the risks associated with each of the capital components. Based on the Board of Directors' recommendations, the Group manages its capital structure by paying dividends, issuing capital, raising debt and repaying debt.

The Company's bonds (Series I, J, K, L, M and O) are rated AA- with a negative rating outlook by Maalot the Israel Securities Rating Company Ltd. (hereinafter - "**Maalot**"). The issuer's rating is the same.

The Company's bonds (Series I, J, L, M and O) are rated Aa3 (with a negative outlook) by Midroog Ltd. (hereinafter - "**Midroog**"). The issuer's rating is the same.

Amot's bonds (Series D, E, F, G, H, I and J) are rated Aa2 with a stable rating outlook by Midroog Ltd., and are rated AA with a stable rating outlook by Maalot, the Israel Securities Rating Company Ltd.

Energix's bonds (Series A and B) are rated A2 with a stable rating outlook by Midroog Ltd. and are rated A with a stable rating outlook by Maalot, the Israeli Securities Rating Company Ltd.

Regarding the main financial covenants related to the bonds, please see Note 11.

Regarding the main financial covenants with banks, please see Note 12.

B. Financial instrument groups

Financial instrument balances by category

	As of December 31	
	2024	**2023**
	NIS thousands	**NIS thousands**
Financial assets		
Cash and cash equivalents	1,524,326	2,197,677
Deposits (including pledged deposits)	60,945	661,562
Loans and receivables	421,697	483,652
Derivative financial instruments	307,279	168,023
Financial assets measured at fair value through profit and loss	218,459	222,222
	2,532,706	3,733,136
Presented under current assets	1,879,811	3,117,855
Presented under non-current assets	652,895	615,281
Financial Liabilities		
Derivative financial instruments	644,588	829,326
Lease liability	712,628	593,048
Financial liability in respect of agreement with the tax partner	144,084	160,684
Contingent liability in respect of success fees	90,103	82,192
Loans, bonds and other financial liabilities at amortized cost	23,475,759	22,927,460
	25,067,162	24,592,710
Presented under current liabilities	3,532,415	4,401,632
Presented under non-current liabilities	21,534,747	20,191,078

Note 23 – Financial Instruments (continued)

C. Financial risk management

The Group's activities expose it to risks related to various financial instruments, such as market risk (including currency risk, fair value interest rate risk, cash flow risk for interest rates, and changes in the CPI), liquidity risk and credit risk. The Group's risk management plan focuses on minimizing potential adverse effects on the Group's financial performance. In some cases, the Group uses derivative financial instruments to hedge certain exposures to risks.

Risk management is primarily carried out by the CEO and the CFO through regular monitoring of developments in the relevant markets.

The following is information regarding the risks associated with financial instruments:

1. Credit risk

Credit risk refers to the risk that the opposing party will fail to meet its contractual obligations and cause a financial loss to the Group. The Group's management estimates that the Group's credit risk as of the reporting date is low for the following reasons:

- Cash and cash equivalents, deposits, monetary funds and derivative financial instruments in Israel and abroad are held in institutions which the Company management believes estimates possess a high level of financial strength.
- In Israel and the UK, the Group has a policy that ensures that the revenues from rental fees and property management are received after contracting with clients who have an appropriate payment history, while providing appropriate collateral to secure future payments. In some of the cases the rental fees are paid in advance.
- Most of the Group's revenues from the sale of electricity in Israel are received from the essential service provider, the Electric Company.
- Most of the Group's revenues from the sale of electricity and green certificates in Poland are received from an international broker. Based on the Group's past experience, payments from the broker are made regularly to the Group. As a rule, the Group works to engage with companies with stable financial strength and low credit risk.
- Electricity and green certificates are sold in the United States to a financially strong local electric company with a high credit rating.

2. Liquidity risk

Liquidity risk management

Liquidity risk refers to the risk that the Group will have difficulty meeting obligations related to its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management is the responsibility of the companies' managements, which manages short-, medium- and long-term financing and liquidity risk management plans according to the needs of the Group companies. The Group manages liquidity risk by maintaining appropriate cash surplus levels, by performing financial projections and by comparing future yields from financial assets and financial liabilities.

The ultimate responsibility for liquidity risk management is that of the Board of Directors, which has established an appropriate work plan for the management of liquidity risk in relation to management requirements regarding short-, medium- and long-term financing and liquidity. The Group manages liquidity risk by managing the available credit facilities (please see Note 12), bank and loan instruments, through continuous supervision of actual and expected cash flows and adjusting the maturity characteristics of financial assets and liabilities. The Group also maintains high accessibility to the capital market and public and private debt.

Note 23 – Financial Instruments (continued)

Interest and liquidity risk tables:

Financial liabilities (projected principal and interest) that do not constitute derivative financial instruments:

The following table presents the flow of financial liabilities (principal and interest) that do not constitute derivative financial instruments, by projected maturity dates:

	As of December 31, 2024						
	Average stated interest rate	First year	Second year	Third year	Fourth year	Fifth year and thereafter	Total
	%	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Utilized credit facilities in NIS	6.66	329,749	-	-	-	-	329,749
NIS loans - CPI-linked with fixed interest	2.47	107,634	124,856	129,744	128,815	2,009,104	2,500,153
GBP loans	4.73	340,216	1,286,668	80,912	187,555	-	1,895,351
USD loans	5.64	140,334	117,758	127,276	288,289	1,829,999	2,503,656
PLN loans	6.40	191,963	183,434	183,646	182,496	1,323,081	2,064,620
NIS bonds - unlinked with variable interest	6.74	230,347	216,863	203,379	-	-	650,590
NIS bonds and convertible bonds - unlinked with fixed interest	2.17	380,102	372,517	931,583	1,028,748	3,272,467	5,985,417
NIS bonds - CPI-linked with fixed interest	2.07	786,605	777,790	1,111,552	1,210,206	7,542,490	11,428,644
Others - mainly lease liabilities	7.04	103,204	164,169	91,657	90,472	1,985,738	2,435,239
		2,610,154	3,244,055	2,859,750	3,116,581	17,962,879	29,793,419

	As of December 31, 2023						
	Average stated interest rate	First year	Second year	Third year	Fourth year	Fifth year and thereafter	Total
	%	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Utilized credit facilities in NIS	6.87	192,411	-	-	-	-	192,411
NIS loans - CPI-linked with fixed interest	2.04	97,802	104,256	99,620	98,815	1,586,263	1,986,756
GBP loans	3.93	904,174	260,795	1,082,757	-	-	2,247,726
USD loans	5.99	749,570	85,599	88,068	98,496	1,570,291	2,592,024
PLN loans	5.25	87,095	75,939	77,602	78,672	933,566	1,252,874
NIS bonds - unlinked with variable interest	6.74	426,592	402,819	379,239	355,660	-	1,564,311
NIS bonds and convertible bonds - unlinked with fixed interest	2.88	450,394	440,273	430,000	986,404	3,398,171	5,705,242
NIS bonds - CPI-linked with fixed interest	1.88	791,054	938,495	920,217	1,182,135	7,038,227	10,870,128
Others - mainly lease liabilities	5.49	46,845	75,813	101,544	42,195	1,283,018	1,549,414
		3,745,938	2,383,989	3,179,047	2,842,376	15,809,536	27,960,886

(*) The above loans bear variable interest. The Group fixed the interest rate for the balance of the loans at a fixed interest rate using hedging instruments (SWAP and CAP options) - For information, please see Note 12e.

(**) The above loans bear variable interest. The Group entered into a CAP option for approx. 70% of the loan amount - For information, please see Note 12d.

(***) The above loans bear variable interest. The Group engaged in a SWAP transaction - Please see Note 12d.

The above tables do not include cross currency swaps with financial entities in Israel for the conversion of part of the Company's and Energix's bonds into liabilities in USD, GBP and PLN.

Note 23 – Financial Instruments (continued)

Financial assets:

The Group has several main sources for repayment of its financial liabilities. As of December 31, 2024, the sources include cash and cash equivalents in the amount of NIS 1.5 billion and unutilized lines of credit in the amount of NIS 2.1 billion. The Company also has unencumbered tradable assets in the amount of NIS 8.4 billion.

3. Market risk

Market risk is the risk that a change in market prices such as: price, foreign currency exchange rates, the CPI and interest rates will affect the Group's revenues or the value of its holdings in financial instruments. The purpose of market risk management is to manage and supervise exposure to market risk using accepted parameters.

The following are the groups exposed to market risk:

A. Foreign currency risks

The Group operates internationally and is exposed to currency risk resulting from changes in the exchange rates of various foreign currencies, mainly the USD, the GBP and the PLN. Currency risk stems from transactions denominated in foreign currency and from the existence of financial assets and financial liabilities denominated in foreign currency that is not the Company's functional and reporting currency (NIS).

The Company's practice is to hedge its exposure to foreign currency for investments abroad, as follows:

1. The investment component financed in foreign capital is hedged through credit in the investment currency or through financial derivatives (forward and cross currency swap transactions). Therefore, this component is not exposed to changes in the foreign currency against the NIS.
2. The investment component financed by equity is exposed to the functional currency of the same investment and is therefore exposed to changes in foreign exchange rates against the NIS.
3. The investment ratio is determined according to market value.

The Company's CEO and CFO routinely monitor the net position of all foreign currency activities and, as necessary, derivative transactions are executed on the same currency. From time to time, the Group has a positive or negative cash flow from the payment of transactions in the above currencies. The currency exposure stemming from the expected net cash flow is mainly managed through currency swap transactions between the various currencies.

Energix routinely hedges its net investments in projects exposed to changes in foreign exchange rates against the NIS, so that no more than 20% of the equity invested in those projects, relative to an individual currency, will be exposed to foreign currency. The net hedge of the investment is executed through derivative transactions.

The following is information regarding the main foreign currency risk hedging agreements:

Hedge of investment in foreign activity:

- Foreign currency risk for investments in foreign activity (for holdings in Carr and in the Boston property companies as an investment in an associate), the balance of which, as of December 31, 2024, is USD 452 million, is partially hedged by forward transactions in foreign currency in the amount of USD 106 million and by a cross currency swap transaction in foreign currency in the amount of USD 90 million. The Company also engaged in a CALL option in the amount of USD 27 million, which was not designated as an accounting hedge.
- Foreign currency risk for investments in foreign activity (for holdings in BE as an investment in an investee), the balance of which, as of December 31, 2024, is GBP 654 million, is partially hedged by forward transactions in foreign currency in the amount of GBP 241 million and by a cross currency swap transaction in foreign currency in the amount of GBP 12 million. The Company also engaged in a CALL option in the amount of GBP 16 million, which was not designated as an accounting hedge.
- Foreign currency risk in respect of investments in the Brockton Funds (as securities measured at fair value through profit and loss) the balance of which, as of December 31, 2024, is GBP 48 million (the part held directly by the Company) is fully hedged by forward transactions in foreign currency in the amount of GBP 48 million.

Note 23 – Financial Instruments (continued)

- Foreign currency risk for Energix's activity in Poland, the foreign currency exposure balance of which, as of December 31, 2024, is PLN 217 million (before hedging transactions), is partially hedged by forward transactions in foreign currency in the amount of PLN 30 million and by cross currency swap transactions in foreign currency in the amount of PLN 200 million.
- Foreign currency risk for Energix's activity in the United States, the foreign currency exposure balance of which, as of December 31, 2024, is USD 567 million (before hedging transactions), is partially hedged by forward transactions in foreign currency in the amount of USD 392 million and by cross currency swap transactions in foreign currency in the amount of USD 50 million.

The following table lists the foreign currency swap derivative transactions as of December 31, 2024:

Settlement date	Type of transaction	Sale	Sale currency (Delivery)	Purchase	Purchase currency (Receipt)	Average exchange rate	Fair value
In thousands	In thousands	In thousands	In thousands	In thousands	In thousands	NIS thousands	NIS thousands
Short-term	Forward	498,100	USD	1,789,679	NIS	3,593	(18,477)
Short-term	Forward	195,130	GBP	819,717	NIS	4,201	(68,969)
Short-term	Forward	30,000	PLN	20,692	NIS	0,690	(5,563)
Long-term	Forward	93,700	GBP	410,725	NIS	4,383	(6,016)
Short-term	CALL option	27,000	USD	89,505	NIS	3,315	(8,507)
Short-term	CALL option	15,637	GBP	69,781	NIS	4,463	(2,768)
(*)	CCS	139,800	USD	472,800	NIS	3,382	(39,222)
(*)	CCS	200,000	PLN	181,260	NIS	0,906	4,799
(*)	CCS	12,200	GBP	51,728	NIS	4,240	(4,431)

The following table lists the foreign currency swap derivative transactions as of December 31, 2023:

Settlement date	Type of transaction	Sale	Sale currency (Delivery)	Purchase	Purchase currency (Receipt)	Average exchange rate	Fair value
In thousands	In thousands	In thousands	In thousands	In thousands	In thousands	NIS thousands	NIS thousands
Short-term	Forward	490,975	USD	1,578,660	NIS	3,215	(179,580)
Short-term	Forward	111,434	GBP	446,570	NIS	4,007	(62,314)
Short-term	Forward	697,500	PLN	563,416	NIS	0,808	(55,683)
Long-term	Forward	89,400	USD	287,760	NIS	3,219	(29,535)
Long-term	Forward	204,780	GBP	825,897	NIS	4,033	(95,456)
Long-term	Forward	50,000	PLN	38,040	NIS	0,761	(6,345)
(*)	CCS	118,333	USD	385,579	NIS	3,258	(45,080)
(*)	CCS	233,333	PLN	211,470	NIS	0,906	(3,795)
(*)	CCS	12,200	GBP	51,728	NIS	4,240	(7,137)

(*) The Company engaged in cross currency swap transactions with a financial entity in Israel so that some of the bonds (Series I) were converted into a liability in USD. The transactions are settled in parts according to the repayment schedule of the bonds (Series I).

(*) The Company engaged in cross currency swap transactions with a financial entity in Israel so that some of the bonds (Series M) were converted into a liability in GB{. The transactions are settled in parts according to the repayment schedule of the bonds (Series M).

Energix engaged in cross currency swap transactions with a financial entity in Israel so that some of the bonds (Series A) were converted into a liability in PLN and in USD. The transactions are settled in parts according to the repayment schedule of the bonds (Series A).

Note 23 – Financial Instruments (continued)

Sensitivity analysis of financial instruments to changes in exchange rates

The following table lists sensitivity tests for changes of 10% in the main foreign currency exchange rates against the NIS and their effect on equity (before the tax effect) as of December 31, 2024 and 2023 (before the tax effect). 10% is the rate that is analyzed because the Company's management believes that it represents the reasonably possible change in the exchange rates.

As of December 31, 2024	**Effect on the comprehensive income**			
	In USD	**In PLN**	**Other (mainly EUR)**	**In GBP**
10% change (+/-)	**NIS thousands**	**NIS thousands**	**NIS thousands**	**NIS thousands**
Assets				
Cash and cash equivalents	22,818	14,946	1,488	13,152
Designated cash and pledged deposits	2,793	271	-	-
Financial assets at amortized cost	1,835	6,935	8	6,959
Financial assets measured at fair value through profit and loss	-	-	-	21,845
Derivative financial instruments - in respect of interest rate hedging and in respect of electricity hedging	14,570	6,227	-	4,112
Liabilities				
Financial liabilities at amortized cost	(229,758)	(139,880)	(531)	(177,246)
Others - Lease liability, for an agreement with the tax partner and in respect of a contingent liability to non-controlling interests in the US	(49,528)	(14,185)	-	(7,539)
Derivative financial instruments - in respect of interest rate hedging and in respect of electricity hedging	(20,471)	-	-	-
	(237,270)	(125,686)	965	(138,717)

- **The effect of a change in the exchange rate on foreign currency swap derivative financial instruments (which are not presented in the above table) is as follows:**

  An increase (decrease) of 5% and 10% in the USD will reduce (raise) the value of the derivative financial instruments by NIS 121 million and by NIS 243 million, respectively.

  An increase (decrease) of 5% and 10% in the GBP will reduce (raise) the value of the derivative financial instruments by NIS 72 million and by NIS 145 million, respectively.

  An increase (decrease) of 5% and 10% in the PLN will reduce (raise) the value of the derivative financial instruments by NIS 10 million and by NIS 20 million, respectively.

Note 23 – Financial Instruments (continued)

As of December 31, 2023	Effect on the comprehensive income			
	In USD	In PLN	Other (mainly EUR)	In GBP
10% change (+/-)	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Assets				
Cash and cash equivalents	40,674	9,092	4,685	8,522
Designated cash and pledged deposits	62,822	12	-	-
Financial assets at amortized cost	1,461	7,096	-	19,394
Financial assets measured at fair value through profit and loss	-	-	-	22,222
Derivative financial instruments - in respect of interest rate hedging and in respect of electricity hedging	1,650	6,314	-	7,273
Liabilities				
Financial liabilities at amortized cost	(226,123)	(78,820)	(779)	(213,148)
Others - Lease liability, for an agreement with the tax partner and in respect of a contingent liability to non-controlling interests in the US	(30,591)	(14,140)	-	(7,808)
Derivative financial instruments - in respect of interest rate hedging and in respect of electricity hedging	(12,948)	-	-	-
	(163,055)	(70,446)	3,906	(163,545)

- **The effect of a change in the exchange rate on foreign currency swap derivative financial instruments (which are not presented in the above table) is as follows:**

  An increase (decrease) of 5% and 10% in the USD will reduce (raise) the value of the derivative financial instruments by NIS 127 million and by NIS 254 million, respectively.

  An increase (decrease) of 5% and 10% in the GBP will reduce (raise) the value of the derivative financial instruments by NIS 76 million and by NIS 152 million, respectively.

  An increase (decrease) of 5% and 10% in the PLN will reduce (raise) the value of the derivative financial instruments by NIS 45 million and by NIS 90 million, respectively.

B. Market risks - Price risk

Exposure to changes in market prices of electricity and green certificates

Energix's operations in Israel are based on fixed rate tenders and on electricity sales to a private supplier. In Israel, Energix is exposed to changes in the electricity generation component. This exposure is moderated by the existence of a minimum electricity price as determined in agreements with the supplier. In Poland and in the United States, Energix is exposed to changes in electricity prices and in green certificates in the market, regarding the generated capacity that is not subject to a fixed rate according to a tender (in projects in Poland) or to sales agreements for electricity and/or green certificates at predetermined prices (in Energix's projects in the US and in Poland). Energix mitigates this exposure by entering into price hedging transactions for various periods. This exposure may affect Energix's revenues, its cash flow, and accordingly also its compliance with various criteria and coverage ratios which it undertook as part of the financing agreements.

Note 23 – Financial Instruments (continued)

As part of the management of such exposure, Energix uses various means:

- Fixing the prices of electricity and green certificates it sells by entering into transactions for the sale, at future dates and at a fixed price, of part of the electricity capacity and green certificates that it is expected to generate. The outputs are sold to the purchasing entity at a fixed price.
- Hedging of electricity prices through swap transactions in which Energix entered into an agreement with a third party (who does not directly purchase the electricity or certificates), to replace the market price with a predetermined price.
- Hedging of electricity prices by entering into agreements with a minimum floor price for electricity to which Energix is entitled.

For information regarding Energix's engagement in transactions to hedge changes in electricity prices in the United States, please see Note 7b above.

Such transactions are treated as an accounting cash flow hedge transaction.

The following table shows the effect of a 10% increase or decrease in relevant electricity prices in the United States on the comprehensive income in respect of derivative financial instruments exposed to electricity price risk in the United States (before the tax effect):

	As of December 31, 2024	
	10% increase	**10% decrease**
	Comprehensive income (NIS thousands)	
Financial derivatives - SWAP transaction for electricity price hedging in the United States	(124,508)	127,811

C. Market risks - Interest risk

Fair value risk - The Group has investments in financial instruments bearing fixed interest, as well as financial liabilities classified as long-term loans and bonds issued by the Company, Amot and Energix bearing fixed interest. The Group does not have exposure to the risk of a change in the fair value of these financial instruments, which will affect the Company's profit and loss, as these financial instruments are measured at amortized cost.

Cash flow risk - Financial liabilities bearing variable interest rates expose the Group to cash flow risk due to changes in interest rates. As of December 31, 2024, 93% of the long-term financial liabilities (loans and bonds) bear fixed interest (as of December 31, 2023 - 92%).

The interest rate risk is managed by the Group companies' management by maintaining a mix of fixed- and variable-interest loans as well as by examining engagement in interest-rate swaps.

Interest rate sensitivity analysis

The following table details the effect of an increase of 3% in the SONIA/WIBOR/ Bank of Israel interest rate on the profit and loss in respect of financial liabilities exposed to cash flow risk due to a change in interest rate (before the tax effect)[35]:

	As of December 31, 2024		As of December 31, 2023	
		3% increase		**3% increase**
	Book balance	**Loss**	**Book balance**	**Loss**
	NIS thousands	**NIS thousands**	**NIS thousands**	**NIS thousands**
USD loans	238,375	7,151	-	-
PLN loans	327,317	11,047	203,661	6,585
Variable interest bonds	602,553	18,005	1,407,272	41,981
Total	1,168,245	36,203	1,610,933	48,566

35 After the impact of transactions (SWAP and CAP options) in which the Group entered into an agreement to hedge the exposure to interest rate increases - Please see Note 12 above.

Note 23 – Financial Instruments (continued)

D. Market risks - Risks due to changes in the CPI

CPI-linked loans expose the Group to cash flow risk due to changes in the CPI that are not accompanied by a corresponding change in the fair value of the financial instruments. As of December 31, 2024, approx. 55% of the long-term financial liabilities (loans and bonds) are CPI-linked (as of December 31, 2023 - approx. 53%).

The effect of a 3% increase in the CPI on profit and loss for financial liabilities exposed to such risk (before the tax effect) is as follows:

	As of December 31, 2024		As of December 31, 2023	
		3% increase		3% increase
	Book balance	Loss	Book balance	Loss
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
CPI-linked loans	1,988,525	(59,656)	1,688,361	(50,651)
CPI-linked bonds	9,931,721	(297,952)	9,583,197	(287,496)
Total	11,920,246	(357,607)	11,271,558	(338,147)

(*) Including NIS bonds in the amount of approx. NIS 2 billion that were converted to CPI-linked bonds through a swap transaction.

E. Collateral - For information on the book value of financial assets used as collateral for the liabilities listed above, please see Note 14.

D. Expanded Solo information

Financial instrument balances by category

	As of December 31	
	2024	2023
	NIS thousands	NIS thousands
Financial assets		
Cash and cash equivalents	641,762	1,024,887
Loan to a consolidated company	-	-
Other receivables	5,188	9,441
Derivative financial instruments	27,894	10,432
Financial assets measured at fair value through profit and loss	218,459	165,385
	893,303	1,210,145
Presented under current assets	661,262	1,042,821
Presented under non-current assets	232,041	167,324
Financial Liabilities		
Derivative financial instruments	180,754	381,446
Other payables	131,673	121,648
Short-term credit, long-term loans and bonds	5,559,218	6,106,542
	5,871,645	6,609,636
Presented under current liabilities	641,467	965,369
Presented under non-current liabilities	5,230,178	5,644,267

Note 23 – Financial Instruments (continued)

D. Expanded Solo information (continued)

Liquidity risk:

Financial liabilities (projected principal and interest) that do not constitute derivative financial instruments:

The following table presents the flow of financial liabilities (projected principal and interest) that do not constitute derivative financial instruments, by contractual maturity dates:

	As of December 31, 2024						
	Average stated interest rate	Projected cash flow	First year	Second year	Third year	Fourth year	Fifth year and thereafter
	%	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
NIS bonds - unlinked with variable interest	**6.74%**	650,590	230,347	216,863	203,379	-	-
Unlinked fixed-interest NIS bonds	**3.44%**	4,935,409	294,989	288,939	282,938	949,656	3,118,887
Linked fixed-interest NIS bonds	**2.56%**	1,374,765	28,904	28,904	28,904	141,812	1,146,240
		6,960,764	554,240	534,706	515,222	1,091,468	4,265,127

	As of December 31, 2023						
	Average stated interest rate	Projected cash flow	First year	Second year	Third year	Fourth year	Fifth year and thereafter
	%	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
NIS bonds - unlinked with variable interest	**6.74%**	1,564,311	426,592	402,819	379,239	355,660	-
Unlinked fixed-interest NIS bonds	**3.39%**	4,583,315	367,534	358,386	349,087	339,863	3,168,445
Linked fixed-interest NIS bonds	**2.56%**	1,357,181	27,947	27,947	27,947	27,947	1,245,393
		7,504,807	822,074	789,152	756,273	723,470	4,413,838

The Company, expanded solo, has several main sources for repayment of its financial liabilities. As of December 31, 2024, the sources include cash and cash equivalents in the amount of NIS 0.6 billion and unutilized credit facilities of NIS 550 billion. The Company also has non-pledged tradable assets in the amount of NIS 8.4 billion.

Note 24 – Fair Value of Financial Instruments

The Group's financial instruments mainly include cash and cash equivalents, deposits, tradable securities, customers, other receivables, long-term investments in tradable securities, short-term credit, other payables and long term financial liabilities (mainly loans and bonds), transactions in derivatives.

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

The following table lists the book value and fair value of financial assets and liabilities presented in the financial statements, not at fair value. Except as 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 December 31, 2024		As of December 31, 2023	
	Book value	Fair value	Book value	Fair value
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Financial liabilities				
Long-term loans (including maturities)	6,554,750	6,370,065	5,664,380	5,365,126
Bonds (including maturities)	15,521,427	14,895,755	16,101,306	15,256,035
	22,076,177	21,265,820	21,765,686	20,621,161

- The balance of long-term loans includes variable-interest loans that were converted into fixed-interest loans through SWAP transactions and CAP options on the interest.
- The fair value of long-term loans is determined according to discounted cash flows. Interest rates used for discounting are based on a quote obtained from a financial institution for a loan under similar conditions. Calculation of the fair value of long-term fixed-interest loans is according to Level 2. The fair value of the Group's variable interest loans is approximately equal to their book value, and therefore these loans are not presented in the above note.
- Bonds in the above table include only the liability component of convertible bonds (Series B) issued by Energix. The fair value of the bonds is determined by discounting the expected cash flows according to interest rates of similar debt instruments that do not include a conversion option and is in accordance with Level 2.
- The fair value of the traded bonds, except for Energix's convertible bonds (Series B), is determined based on prices quoted on the stock exchange in Israel and is in accordance with Level 1.

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

For the purpose of measuring the fair value of financial instruments, the Group classifies its financial instruments, which are measured in the Statement of Financial Position according to their fair value, to a hierarchy that includes the following three levels:

Level 1: Quoted prices (unadjusted) in active markets for identical financial assets and liabilities.

The fair value of tradable securities is determined according to the closing rates as of December 31, 2024 and 2023, quoted on the TASE, multiplied by the quantity of the tradable financial instrument held by the Group on that date.

Level 2: Data that are not the quoted prices included in Level 1, that are observed directly (i.e. prices) or indirectly (data derived from prices) regarding financial assets and liabilities.

Financial derivatives (forward contracts, SWAP and CCS) - The fair value of assets and liabilities is determined according to quotes from banking institutions with which the Group has engaged or by an independent appraiser. These quotes are derived from spot rates and interest rate differences between the currencies in the transactions.

Level 3: Data regarding financial assets and liabilities not based on observable market data.

The fair value of other non-negotiable investments is determined according to the present value of future cash flows discounted at a discount rate that reflects the level of risk inherent in the financial instrument.

Classification of financial instruments measured at fair value is based on the lowest level at which significant data was used to measure the fair value of the entire instrument.

Note 24 – Fair Value of Financial Instruments (continued)

The Group's financial instruments measured at fair value, by level:

	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	-	-	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	-	-	(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 acquisition of assets in the US	-	-	(90,103)	(90,103)
	-	(447,338)	(287,353)	(734,691)

Note 24 – Fair Value of Financial Instruments (continued)

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

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

2. Description of valuation processes used to determine the fair value of Brockton Real Estate Investment Funds:

Brockton Fund III:

Investment in the Brockton Fund III is recorded in the Company's books according to the Company's share in the Fund's equity, which approximates the Fund's fair value. The fair value of the Fund's assets is measured based on various valuation methodologies, the common valuation methodologies including:

- Use of an EBITDA multiplier based on multipliers used in fair value assessments in traded companies or in data from the most recent transactions carried out in the market.
- Discounting of cash flows from net rental revenues according to discount rates used for the most recent real estate transactions.
- For properties in development, a property's fair value is determined by estimating the fair value of the property after its completion, net of the present value of estimated construction costs expected for its completion.

3. Description of valuation processes used to determine fair value of SWAP contract for electricity price-fixing in the United States:

In the fair value measurement of hedging transactions on electricity prices in the United States, the Group uses observable market data as well as estimates and assessments based on unobservable data, such as yield curves and future electricity prices in the US electricity market, as well as the historical standard deviation of electricity prices in the market. These estimates include assumptions regarding future electricity prices for periods in which there are no observable electricity prices in the market, as well as assumptions regarding the discount rates that are used for determining the fair value of these derivatives. Changes in such estimates and assessments may result in material changes in the fair value. These basic assumptions are the result of the exercising of subjective judgment in an environment of uncertainty, sometimes particularly significant, and therefore changes in the basic assumptions may result in changes in the fair value of these derivatives, sometimes materially, and therefore affect the Group's financial position as of December 31, 2024 and its results of operations for that year.

	As of December 31, 2024	As of December 31, 2023
	Range	Range
Main assumptions used in the fair value calculation		
Discount rate	4.47%-4.09%	5.61%-3.50%
Standard deviation	41.26-58.30	-
Future electricity price range	23.11-120.09	28.08-110.1
Fixed price range in agreements (*)	26.25-85.77	26.25-49.00
Lifespan (in years)	2.47-16.3	3.47-16.14

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

Note 24 – Fair Value of Financial Instruments (continued)

	As of December 31, 2023			
	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)	-	6,372	-	6,372
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	-	861	-	861
Financial derivatives (forward contract for foreign currency swap) designated for hedging	-	8,401	-	8,401
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging	-	-	5,684	5,684
Financial derivatives (CAP options for hedging the exposure to variable interest)	-	98,284	-	98,284
Financial derivatives (Swap contract swapping variable interest with fixed interest) designated for hedging	-	48,419	-	48,419
Financial assets measured at fair value through profit and loss:				
Tradable securities	3	-	-	3
Real estate investment funds (1)	-	-	222,219	222,219
	3	162,337	227,903	390,243
Financial liabilities at fair value				
Derivatives:				
Financial derivatives (swap contract, swapping NIS principal and interest with CPI-linked principal and interest) designated for hedging	-	(205,024)	-	(205,024)
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging	-	-	(121,966)	(121,966)
Financial derivatives (swap contract, swapping the NIS principal and interest with USD principal and interest) designated for hedging	-	(45,080)	-	(45,080)
Financial derivatives (swap contract, swapping the NIS principal and interest with GBP principal and interest) designated for hedging	-	(7,137)	-	(7,137)
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	-	(4,656)	-	(4,656)
Financial derivatives (Swap contract swapping variable interest with fixed interest) designated for hedging	-	(7,510)	-	(7,510)
Financial derivatives (forward contract for foreign currency swap) designated for hedging	-	(437,952)	-	(437,952)
Contingent consideration for a transaction carried out by Energix with non-controlling interests in the US	-	-	(82,192)	(82,192)
	-	(707,359)	(204,158)	(911,517)

Note 24 – Fair Value of Financial Instruments (continued)

1. **Financial instruments at fair value measured according to Level 3:**

	For the year ended December 31, 2023
	NIS thousands
Balance as of January 1, 2023	19,686
Amounts recorded to profit and loss in the period	(522)
Amounts recorded to other comprehensive income in the period	4,581
Balance as of December 31, 2023	23,745

The fair value of non-traded financial instruments is estimated using accepted pricing models, such as the present value of future cash flows discounted at discount rates reflecting, according to the Company's management, the level of risk inherent in the financial instrument. The Company relies partially on discount interest rates quoted in an active market as well as on various valuation techniques based, among other things, on interest quotes from financial bodies. The fair value estimate was calculated by estimating future cash flows and determining the discount rate according to rates close to the date of the Statement of Financial Position and based, among other things, on assumptions by the Company's management. Therefore, for most of the financial instruments, the fair value estimate below is not necessarily an indication of the realization value of the financial instrument as of the end of the reporting period. The fair value assessment was prepared in accordance with discount rates close to the date of the Statement of Financial Position and does not take into account the interest rate fluctuations from the calculation date until the date of publishing of the financial statements. Under other discount rate assumptions, fair values will be received that may be significantly different from those estimated by the Company's management, mainly with regards to financial instruments at fixed interest or those bearing no interest. Furthermore, in determining fair value, the Company did not account for commissions that may be payable upon repayment of the instrument nor do they include the tax effect. The gap between the balances in the Statement of Financial Position as of December 31, 2024 and 2023 and the fair value balances as estimated by Company's management may not necessarily materialize.

B. The main methods and assumptions used to calculate the fair value of financial instruments (whether for the purpose of determining their value in the financial statements or for the presentation of their fair value in this note only):

1. **Financial instruments included under current asset items** - (cash and cash equivalents, deposits, trade receivables and other receivables) - The balance in the Statement of Financial Position as of December 31, 2024 and 2023 approximates the fair value.

2. **Financial instruments included under current liability items** - (short term credit and other payables) - The balance in the Statement of Financial Position as of December 31, 2024 and 2023 approximates the fair value.

3. **Financial Instruments included under non-current liabilities** - Please see Note 24b above.

Note 25 – Changes in Liabilities due to Financing Activity

	Balance as of December 31, 2023	Cash flows from financing activities	Change in fair value	Exchange rate differences	Other changes	Balance as of December 31, 2024
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Credit from banking corporations and other credit providers	881,722	(552,181)	-	(23,962)	64,616	370,195
Bonds	15,645,355	(744,755)	(29,603)	-	369,790	15,240,787
Loans from banking corporations	5,604,902	808,433	-	(30,206)	88,303	6,471,432
Lease liability	593,048	(19,851)	-	(5,573)	145,004	712,628
Liability for an agreement with the tax partner	820,407	289,383	-	2,826	(191,394)	921,222
Liability in respect of contingent consideration	82,192	-	(59,954)	305	67,560	90,103
	23,627,626	(218,971)	(89,557)	(56,610)	543,879	23,806,367

	Balance as of December 31, 2022	Cash flows from financing activities	Change in fair value	Exchange rate differences	Other changes	Balance as of December 31, 2023
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Credit from banking corporations and other credit providers	21,129	879,590	-	(18,997)	-	881,722
Bonds	14,677,923	672,399	(13,740)	-	308,773	15,645,355
Loans from banking corporations	3,867,372	1,388,028	-	237,303	112,199	5,604,902
Lease liability	458,336	(22,211)	-	26,440	130,483	593,048
Liability for agreement with the tax partner	243,771	651,032	-	(2,326)	(72,070)	820,407
Liability in respect of contingent consideration	-	-	-	-	82,192	82,192
	19,268,531	3,568,838	(13,740)	242,420	561,577	23,627,626

Note 26 – Events Subsequent to the Date of the Statement of Financial Position

1. Regarding the Board of Directors' decision on the dividend policy for 2025, and regarding the dividend distribution for the first quarter of 2025, please see Note 17d.

2. Regarding the decision of the Company's Board of Directors on capital remuneration for directors, officers and employees in 2025, please see Note 17e.

3. Regarding the signing of a new credit facility agreement with a bank in Israel in the amount of NIS 200 million, please see Note 12b.

4. Regarding Carr's engagement in a non-binding memorandum of understanding (MOU) with JPM, please see Note 6g(2).

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

Annual Report on the Effectiveness of the Internal Control on Financial Reporting and Disclosure according to Regulation 9B(a) of the Securities Regulations (Periodic and Immediate Reports), 1970, for 2024

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

In this regard, the members of management are:

1. Nathan Hetz, CEO;
2. Moti Barzilay, VP of Business Development;
3. Oren Frenkel, Chief Financial Officer;
4. Hanan Feldmus, Legal Counsel;

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

Internal control includes, among other things, controls and procedures designed to ensure that information the Corporation is required to disclose has been accumulated and passed on to the Corporation's management, including the CEO and the senior executive in finance or whoever actually performs these functions, in order to allow decisions to be made in a timely manner, taking the disclosure requirement into consideration.

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

Management, under the supervision of the Board of Directors, conducted an examination and assessment of the internal control over financial reporting and disclosure in the corporation and its effectiveness.

The assessment of the effectiveness of the internal control over financial reporting and disclosure conducted by management under the supervision of the Board of Directors was carried out with the implementation of the guidelines published by the Securities Authority in November 2010 in connection with the implementation of the evaluation of the effectiveness of internal control over financial reporting and disclosure by the Board of Directors and management, in accordance with Regulation 9b of the Securities Regulations (Periodic and Immediate Reports), 1970.

Management's assessment of the effectiveness of internal control over financial reporting and disclosure under the supervision of the Board of Directors: A process based on the Corporation's assessment of risks pertaining to the financial reporting and disclosure.

The Company's management, under the supervision of the Board of Directors, examined the potential risks of material misstatement in the financial statements, based on its knowledge of the Corporation, its operations, organizational structure and its various processes, and based on its understanding of the Corporation's reporting and disclosure risks. The Corporation's management focused on the financial reporting items and on disclosure items which may be more likely to include a material error. The Corporation's management, under the supervision of the Board of Directors, has also examined the planning and operational effectiveness of the controls and the procedures that adequately address these risks.

The Corporation's assessment of the effectiveness of the internal control was based on the following four components:

1. Organization-level controls;
2. General information system controls;
3. Controls over the processes for closing the accounting period and preparing financial statements and disclosure;
4. Controls in very significant business processes:
    - Very significant business process – investments in companies.
    - Very significant business process - accounts and debt management.
    - Very significant business processes in the subsidiary Amot Investments Ltd. (hereinafter - "**Amot**"): investment property and revenues from rental fees and investment property management.
    - Very significant business processes in the subsidiary Energix Renewable Energies Ltd. (hereinafter - "**Energix**"): procurement for projects and revenues from the sale of electricity and green certificates.
    - Very significant business processes in the subsidiary Brockton Everlast Inc. Limited (hereinafter - "**BE**"): investment property and revenues from rental fees of investment property.

Evaluation of the general effectiveness, including: Updating of the document "Mapping and Identifying the Accounts and Business Processes" regarding the processes which the Corporation's management considers to be very significant for the financial reporting and disclosure.
Updating of the processes and controls, examining key controls and examining the effectiveness of controls in the context of internal control components.
Performing a validation (testing) process for the effectiveness of internal control on the financial reporting and disclosure.

The management of the subsidiaries - Amot, Energix and BE - independently performed, each in relation to itself, a process of assessing the effectiveness of the internal control over financial reporting and disclosure under the supervision of the Amot, Energix and BE Boards of Directors, respectively. With regard to Amot, Energix and BE, the Company's Board of Directors and management relied on the process of examining and assessing the effectiveness of internal control and the report on the effectiveness of the internal control over the financial reporting and disclosure reported by the Amot management, the Energix management and the BE management, respectively.

Based on the management's assessment of the effectiveness under the supervision of the Board of Directors as described above, and based on the assessment of the effectiveness of the Amot management, the Energix management and the BE management under the supervision of the Amot Board of Directors, the Energix Board of Directors and the BE Board of Directors, respectively, **the Corporation's Board of Directors and management have concluded that the internal control over the financial reporting and disclosure in the Corporation, as of December 31, 2024, is effective.**

Executive statements:

(a) Statement of the CEO in accordance with Regulation 9B(d)(1) of the Securities Regulations (Periodic and Immediate Reports), 1970

Executive Statement

Statement of the CEO

I, Nathan Hetz, do hereby state that:

1. I have reviewed the periodic reports of Alony-Hetz Properties and Investments Ltd. (hereinafter - the "**Corporation**") for 2024 (hereinafter - the "**Reports**");

2. To the best of my knowledge, the statements do not include any misrepresentation of a material fact nor do they lack the representation of a material fact that is necessary so that the representations included therein, in view of the circumstances in which those representations were included, will not be misleading with respect to the reporting period;

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

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

   A. All significant deficiencies and weaknesses in the determination or operation of internal controls over financial reporting and disclosure that are reasonably likely to negatively impact the Corporation's ability to collect, process, summarize and report financial information in a manner that would cast doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the law, and –
   B. Any fraud, whether material or not, involving the CEO or his direct subordinates or other employees who have a significant role in the internal control over financial reporting and disclosure;

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

   A. I have established controls and procedures, or have verified the establishment and existence of controls and procedures under my supervision, designed to ensure that material information referring to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, brought to my attention by others in the Corporation and in its consolidated companies, particularly during the preparation period of the reports; and –
   B. I have established controls and procedures, or have verified the establishment and existence of controls and procedures under my supervision, designed to reasonably assure the reliability of the financial reporting and preparation of financial statements in accordance with provisions of the law, including generally accepted accounting principles;
   C. I have assessed the effectiveness of internal control over the financial reporting and disclosure, and have presented in this report the conclusions of the Board of Directors and management regarding the effectiveness of internal control as of the reporting date.

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

March 19, 2025 --
Signature, Nathan Hetz, CEO

(b) Statement of the Most Senior Finance Officer in accordance with Regulation 9B(d)(2) of the Securities Regulations (Periodic and Immediate Reports), 1970.

Executive Statement

Statement of the Most Senior Finance Officer

I, Oren Frenkel, do hereby state that:

1. I have examined the financial statements and other financial information contained in the reports of Alony-Hetz Properties and Investments Ltd. (hereinafter - the "**Corporation**") for the year 2024 (hereinafter - the "**Reports**");

2. To the best of my knowledge, the financial statements and other financial information included in the reports do not include any misrepresentation of a material fact and do not lack the representation of a material fact that is necessary in order that the representations included therein, in view of the circumstances in which those representations are included, not be misleading in relation to the reporting period;

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

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

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

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

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

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

   B. I have established controls and procedures, or have verified the establishment and existence of controls and procedures under our supervision, designed to reasonably assure the reliability of the financial reporting and preparation of financial statements in accordance with provisions of the law, including generally accepted accounting principles;

   C. I have assessed the effectiveness of internal control over the financial reporting and disclosure, as it relates to the financial statements and other financial information included in the reports as of the reporting date; my conclusions regarding my assessment have been brought up before the Board of Directors and management, and are integrated into this report.

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

March 19, 2025

Signature, Oren Frenkel, Chief Financial Officer;


CARR / MIDTOWN CENTER / WASHINGTON DC, USA

ADDITIONAL INFORMATION ON THE CORPORATION

ALONY HETZ PROPERTIES & INVESTMENTS LTD

AlonyHetz
Properties & Investments Ltd

Additional Information on the Corporation

In accordance with the Securities Regulations (Periodic and Immediate Reports), 1970

(Hereinafter - the "**Regulations**")

Contents

Regulation 10c – Use of Proceeds from Securities with Reference to Proceeds' Designation according to the Prospectus	2
Regulation 11 – Investments in Material Subsidiaries and Material Associates as of the date of the Statement of Financial Position	2
Regulation 12 – Changes in Investments in Material Subsidiaries and Material Associates in the Reporting Period	3
Regulation 13 – Income from Material Subsidiaries and Associates and the Corporation's Income from them for the Year ended December 31, 2024	3
Regulation 20 – Trading on a Stock Exchange - Securities Listed for Trade - Dates and Reasons for Suspension of Trade	3
Regulation 21 – Remuneration of Interested Parties and Senior Officers	4
Regulation 21A – The Company's Controlling Shareholders	9
Regulation 22 – Transactions with Controlling Shareholders or Transactions in which Controlling Shareholders have a Personal Interest	9
Regulation 24 – Shares and Other Company Securities Held by the Interested Parties and Senior Officers in the Corporation	10
Regulation 24A – Registered and Issued Capital and Convertible Securities, as of March 10, 2025	10
Regulation 24B – Shareholders' Registry	10
Regulation 25A – Registered Address	10
Regulation 26 – The Corporation's Directors	11
Regulation 26A – Senior Corporate Officers	15
Regulation 26B – Independent Authorized Signatories	16
Regulation 27 – The Corporation's Accountant	16
Regulation 28 – Amendment of the Company's Memorandum or Articles of Association	16
Regulation 29 – Recommendations and Decisions by the Board of Directors	17
Regulation 29A – Company Decisions	18

Company name:	Alony-Hetz Properties and Investments Ltd.
Company registration no.:	520038506
Address:	Address: Amot Atrium Tower, 2 Jabotinsky Street, Ramat Gan
Telephone:	03-7521115
Fax:	03-7514730
Email:	office@alony-hetz.com
Website:	www.alony-hetz.com
Balance sheet date:	December 31, 2024
Date of the report:	March 10, 2025
Reporting period:	The year ended December 31, 2024

All data in this report is presented in the presentation currency, as defined in Note 2(e) to the financial statements, unless stated otherwise.

Regulation 10c – Use of Proceeds from Securities with Reference to Proceeds' Designation according to the Prospectus

In the Company's shelf prospectus dated April 17, 2024 (the "**Shelf Prospectus**") and in the previous shelf prospectus, no amount was raised. In the above shelf prospectuses, it was determined that if securities are offered according to the shelf prospectuses, the proceeds received from these offerings will be designated for various purposes, as the Company decides from time to time and/or as specified in the shelf offer report. During 2024, the Company raised capital and debt through shelf offering reports. The consideration received in respect of these issues is intended for the Company's ongoing operations, including the recycling of existing debt and/or investing, according to the decisions of the Company's Board of Directors and/or the Company's management from time to time.

Regulation 11 – Investments in Material Subsidiaries and Material Associates as of December 31, 2024

A.

Company name	Number of shares/ participation units	Market value as of December 31, 2024 NIS thousands	Balance sheet value as of December 31, 2024 NIS thousands	Ownership as of the date of the Statement of Financial Position	Right to appoint directors
Amot Investments Ltd.	240,718,672	4,968,433	4,660,711	51.05%	51.05%
Energix - Renewable Energies Ltd.[1]	276,060,936	3,450,762	1,112,313	50.24%	50.24%
Carr properties Holdings LP	8,804,840	-	1,302,056	52.33%	50%
Brockton Everlast Inc.	696,442,794	-	2,989,406	84.90%	Regarding the right to appoint directors in BE, see Note 6.d.4 to the financial statements.

B. Material loans and material capital notes issued (received) by the Company to subsidiaries and associates:
As of December 31, 2024, the Company has capital notes to subsidiaries, wholly-owned by the Company, in the amount of NIS 3,837 million.

Regulation 12 – Changes in Investments in Material Subsidiaries and Material Associates in the Reporting Period

Date	Description	Company name	Number of shares/units/options	Cost (proceeds) in NIS thousands
March 2024	Investment in units (*)	Brockton Everlast Inc.	57,007,051	257,451
July 2024	Investment in units (*)	Brockton Everlast Inc.	16,863,350	75,850
September 2024	Investment in units (*)	Brockton Everlast Inc.	8,642,520	40,497
October 2024	Investment in units (*)	Brockton Everlast Inc.	15,764,490	73,618
December 2024	Investment in units (*)	Brockton Everlast Inc.	18,559,400	78,709

(*) Indirectly, through wholly owned private subsidiaries. The investment is in units of Brockton Holding LP, which owns BE.

Regulation 13 – Income from Material Subsidiaries and Associates and the Corporation's Income from them for the Year ended December 31, 2024 (in NIS thousands) (*)

Company name	Net profit (loss) for the period	Other comprehensive income (loss) for the period	Dividend / capital reduction received	Management fees and participation in expenses, net	Interest income (expenses), net
Amot Investments Ltd.	919,002	__	312,934	11	-
Energix - Renewable Energies Ltd.	338,008	(57,971)	165,636	11	-
Carr Properties Holdings LP (*)	(536,535)	(45,747)	__(**)	592	-
Brockton Everlast Inc.	(125,478)	(7,187)	50,621	756	-

(*) The data for net income for the period and other comprehensive income include non-controlling interests.

(**) Not including DRIP - Please see Section 2.3.9 of the Board of Directors' Report.

Regulation 20 – Trading on a Stock Exchange - Securities Listed for Trade - Dates and Reasons for Suspension of Trade

- During 2024, no non-tradable options, which were issued to directors, officers and employees, were exercised.
- In July 2024, the Company issued to the public and listed for trading 13,310,900 ordinary shares and 6,655,450 options (Series 16) exercisable until December 31, 2025 (each) for one ordinary share of the Company with a par value of 1.
- In September 2024, the Company issued to the public and listed for trading approx. NIS 294 million PV of bonds (Series L), following the results of an exchange purchase offer after which the Company purchased approx. NIS 251 million PV of bonds (Series I).
- In October 2024, the Company issued in a private placement and listed for trading 22 million ordinary shares and 3.6 million options (Series 16).
- In December 2024, the Company issued to the public and listed for trading approx. NIS 464 million PV of bonds (Series M), following the results of an exchange purchase offer, after which the Company purchased approx. NIS 449 million PV of bonds (Series J).
- There was no suspension of trading during the reporting period, except in respect of the publication of financial statements.

Regulation 21 – Remuneration of Interested Parties and Senior Officers

21.1. The following is information regarding the remunerations granted in the reporting year, as recognized in the Company's financial statements for the reporting year, which were paid to each of the seven highest remunerated senior officers of the Company or in a corporation under its control that were granted in connection with their term in the Company or in a corporation under the Company's control (of which, 3 officers serve in the Company itself) (the data are in NIS thousands):

Recipient name	Position	Employment percentage	Holdings in Company capital[2]	Remuneration for management fees / salaries[3]	Remuneration for annual bonus	Remuneration for deferred bonus	Total remuneration	Benefit in respect of share-based payment	Value of additional benefits	Total
Mr. Nathan Hetz	CEO	Full time	12.52%	3,748	2,773	-	6,521	-	169	6,690
Mr. David Marks	CEO Brockton Everlast Inc.	Full time	-	4,347	-	-	4,347	2,907	51	7,305
Mr. Richard Selby	Chief Investment Manager Brockton Everlast Inc.	Full time	-	4,347	-	-	4,347	2,907	100	7,354
Mr. Asa Levinger	CEO of Energix Renewable Energies Ltd.	Full time	-	1,704	-	-	1,704	4,753	155	6,611
Mr. Shimon Abudraham	CEO, Amot Investments Ltd.	Full time	-	2,615	1,700	-	4,315	1,110	-	5,425
Mr. Moti Barzilay	VP of Business Development	Full time	-	2,327	1,200	-	3,527	1,135	167	4,829
Mr. Oren Frenkel	CFO	Full time	-	1,776	901	-	2,677	871	160	3,708

21.2. Additional information on the terms of employment of senior officers

21.2.1. Background - remuneration policy:

On October 6, 2021, the Company's General Meeting approved the remuneration policy for officers for the years 2022-2024, which is based on the remuneration policy for 2019-2021 (hereinafter - the "**Existing Remuneration Policy**"). For additional information regarding the existing remuneration policy, please refer to the Immediate Report for the convening of the General Meeting on August 25, 2021 (Ref: 2021-01-137562) and to the Immediate Report on the Results of the General Meeting published on October 6, 2021 (Ref: 2021-01-152283) (collectively - the "**October 2021 Meeting Reports**"). On July 29, 2023, the General Meeting approved an amendment to the existing remuneration policy. For additional information regarding the amendment, please refer to the Immediate Report for the convening of the General Meeting published by the Company on August 15, 2023 (Ref: 2023-01-094089) and to the Immediate Report on the Results of the General Meeting published by the Company on September 27, 2023 (Ref: 2023-01-110379) (collectively - the "**2023 Meeting Reports**").

On December 31, 2024, the General Meeting approved a remuneration policy for officers for the years 2025-2027 (hereinafter - the "**New Remuneration Policy**"). For additional information regarding the new remuneration policy, please refer to the Immediate Report for the convening of the General Meeting published by the Company on November 19, 2024 (Ref: 2024-01-616686) and to the Immediate Report on the Results of the General Meeting published by the Company on December 31, 2024 (Ref: 2024-01-628898) (collectively - the "**2024 Meeting Reports**").

21.2.2. **Company CEO.**

On October 6, 2021, the General Meeting confirmed terms of engagement between the Company and the Company's CEO for a three-year period starting January 1, 2022. On November 18, 2024, the Board of Directors, in accordance with the

[2] Holdings in Company capital as of December 31, 2024 (not including reference to options in circulation of each officer).
[3] With the exception of David Marks and Richard Selby, who receive remuneration as salaries, the other remunerations recipients receive management fees.

recommendation of the Remuneration Committee, approved the extension of the management agreement with the Company's CEO for an additional 3 years (until December 31, 2027). For additional information, please see the 2021 Meeting Reports, the Immediate Report published by the Company on November 19, 2024 (Ref: 2024-01-616687) and Note 18(a) to the financial statements.

1. **Other senior officers**
   VP of Business Development

The Company has an agreement with Mr. Moti Barzilay dated June 26, 2019 (as amended from time to time), for management services as the Company's VP of Business Development. Under the agreement, each party may terminate the agreement at any time, with written notice of 6 months. According to the agreement, as amended in May 2022, the monthly management fees for April 2022 and thereafter were updated to the amount of NIS 180 thousand, CPI-linked, with the base index being the CPI for February 2022 (the management fees will not be less than the above nominal amount). The monthly management fees for February 2025 amounted to approx. NIS 201 thousand (including linkage differences). In addition, according to the agreement, on the date of approval of the Company's annual financial statements, the Company's Board of Directors (after a discussion in the Remuneration Committee, to the extent it is required by law) will discuss the eligibility of the VP of Business Development for an annual cash bonus and a capital remuneration in the Company's securities, in accordance with the existing remuneration policy and the new remuneration policy, respectively. At their March 2025 meetings, the Remuneration Committee and the Board of Directors decided the following:

a) An annual cash bonus for 2024 in the amount of NIS 1,200 thousand, according to the annual bonus formula in the existing remuneration policy and with the addition of a discretionary bonus, in accordance with the existing remuneration policy, as amended.
b) A capital bonus for 2025 with an economic value of NIS 1,200 thousand, in accordance with the new remuneration policy - please see subsection 3 below.

Regarding the officers liability insurance and provision of exemptions and indemnities to the VP of Business Development, see Note 19(d) to the financial statements.

2. **Chief Financial Officer**

The Company has an agreement with Mr. Oren Frenkel dated June 26, 2019 (as amended from time to time), for management services as the Company's CFO. Under the agreement, each party may terminate the agreement at any time, with advanced written notice of 6 months. According to the agreement, as amended in May 2022, the monthly management fees for April 2022 and thereafter were updated to the amount of NIS 135 thousand, CPI-linked, with the base index being the CPI for February 2022 (the management fees will not be less than the above nominal amount). The monthly management fees for February 2025 were approx. NIS 151 thousand (including linkage differences). In addition, according to the agreement, on the date of approval of the Company's annual financial statements, the Company's Board of Directors (after a discussion in the Remuneration Committee, to the extent it is required by law) will discuss the eligibility of the CFO for an annual cash bonus and a capital remuneration in the Company's securities, in accordance with the existing remuneration policy and the new remuneration policy, respectively. At their March 2025 meetings, the Remuneration Committee and the Board of Directors decided the following:

a) An annual cash bonus for 2024 in the amount of NIS 901 thousand, according to the annual bonus formula in the existing remuneration policy and with the addition of a discretionary bonus, in accordance with the existing remuneration policy, as amended.
b) A capital bonus for 2025 with an economic value of NIS 900 thousand, in accordance with the new remuneration policy - please see subsection 3 below.

Regarding the officers liability insurance and provision of exemptions and indemnities to the CFO, see Note 19(d) to the financial statements.

3. **Capital remuneration for the VP of Business Development and for the CFO**

The following are details on option warrants (non-tradable) exercisable into Company shares, which, according to the existing remuneration policy, have been allocated to the Company's VP of Business Development and to the CFO and have not yet been exercised as of the date of publication of this report, and options for which a decision was made for their allocation on March 10, 2025, in accordance with the new remuneration policy, but have not yet been allocated:

Date of the Board of Directors' decision to grant the options	VP of Business Development - Economic value of the options in NIS thousands on the grant date	VP of Business Development - Number of options	CFO - Economic value of the options in NIS thousands on the grant date	CFO - Number of options	Exercise price as of December 31, 2024 (in NIS)	Expiry date
March 22, 2022	1,080	81,276	810	60,957	54.44	June 21, 2025
March 12, 2023	1,130	251,670	1,320	293,987[4]	32.8303	June 11, 2026
March 12, 2024	1,160	210,526	1,230	223,231[5]	26.7152	June 11, 2027
March 10, 2025	1,200	179,104	900	134,328	34.2520	June 10, 2028

According to the agreements signed with the Company's VP of Business Development and the CFO, they are entitled to a company car and mobile phone. In addition, the agreements with them determine that management fees will also be paid for up to 22 business days (monthly gross) per calendar year, in which the management services are not provided and that failure to provide management services for a period of up to 18 business days per calendar year (which can be accumulated up to a total of 90 days) as a result of illness will not impact the payment of full management fees.

The management agreements with the Company's VP of Business Development and the CFO determine that the officers will repay the company or receive from the company, as applicable, amounts paid or which should be paid to them as a capital bonus or a cash bonus, if the amounts paid to them were paid on the basis of data that turned out to be misrepresented and restated in the Company's financial statements[6].

4. **Senior executives at Brockton Everlast Inc.**

David Marks (BE CEO) and Richard Selby (Chief Investment Manager) constitute the active senior management team of Brockton Everlast Inc. (hereinafter - "**BE Managers**" and "**BE**", respectively), and hold 1% and 0.5% of BE, respectively, as of December 31, 2024 and as of the date of the report.

The main terms of engagement with the BE managers until the end of 2027 are as follows:

a) An annual remuneration for each of the BE managers, including related expenses, of GBP 900,000 in return for their work at BE. BE Managers will be entitled to this salary for absence for annual vacation and for sick leave.

b) Under the Long Term Incentive Plan ("**LTIP**") adopted by BE, BE Managers are entitled to 40% of an amount equal to 12% of future growth in BE's NAV above a threshold of 6% per year for the period beginning on January 1, 2024 and ending on December 31, 2027 (hereinafter - the "**Relevant Period**"). The LTIP includes a maximum bonus cap of GBP 48 million for all BE employees, including BE Managers. The BE managers are committed to investing in BE 50% of the proceeds they receive (net of tax) as part of the LTIP plan, against the allocation of BE shares[7].

c) Under the capital remuneration plan, BE Managers are entitled to receive, between 2022 and 2027, options exercisable for units in BE (hereinafter - the "**Option Grant Period**" and the "**Options**", as applicable). The options will be granted during the period starting in May 2023 and ending with the approval of BE's financial statements for 2027 (the "**Option Grant Period**"). The terms of the option grant are as follows: Each year, each BE Manager will be granted an amount of options equivalent to GBP 500,000, so that during the option grant period, each BE Manager will be granted an amount of options exercisable for units in BE equivalent to GBP 3,000,000. The calculation of the number of units will be made on the basis of the NAV known on the date of approval of BE's annual financial statements for the relevant year preceding the options grant date (i.e. for the years 2022 up to and including 2027). The options will be exercisable for units in BE in exchange for the amount of GBP 0.01, during a period starting on the date of approval of BE's financial statements for 2027 and ending on December 31, 2032 (hereinafter - the "**Exercise Period**"). In addition, there is a mechanism for adjusting the number of options that have been allocated but not yet exercised in any case of distribution of a dividend to partners in BE. In addition, there is a mechanism for accelerating the exercise of the options on dates prior to the start of the exercise period, subject to certain events including a merger, listing for trading, change in control of Alony-Hetz in BE or cases of termination of employment of any of the BE Managers (in which case the exercise acceleration applies only to that BE Manager).

d) BE Managers are committed to confidentiality, non-solicitation of employees and non-competition. The agreement with them includes a mechanism determining different results, including expropriation of their

[4] Of which, 105,791 options are exercisable immediately.

[5] Of which, 65,336 options are exercisable immediately.

[6] The Company will be entitled to deduct the amount of the repayment due to it from any amount it must pay to the Company's VP of Business Development and/or to the VP of Finance, as the case may be. According to the amendment to the management agreements dated February 2025, the VP of Business Development and the CFO will not demand that the Company repay funds paid for periods prior to 3 years from the date of the demand, and that the date and terms of the repayment will be determined by the Company's Board of Directors, taking into account the amount to be repaid.

[7] The share price will be determined according to the equity per share (IFRS) on the date of the investment, in relation to the relevant period.

holdings in BE, in the event that one of them ceases working at BE on a date before 2027, whether voluntarily or if they violated their commitment to BE.

5. **CEO of Energix Renewable Energies Ltd.**

Mr. Asa (Assi) Levinger, the Energix CEO, is employed according to an employment agreement signed between him and Energix and which is updated from time to time. In August 2022, the Energix General Meeting approved a remuneration package and the terms of employment of the Energix CEO (following the approval of the Energix Remuneration Committee and Board of Directors). According to the terms of the above remuneration package, the terms of employment of the Energix CEO, in effect for six years starting July 1, 2022, are as follows:

a) The Energix CEO's (gross) salary is NIS 120 thousand. The monthly salary of the Energix CEO is linked (on a monthly basis) to the last known CPI published as of the date of approval of the Energix General Meeting, as long as it is no less than NIS 120 thousand, plus the related terms, social benefits and company car. His monthly salary cost will amount to a total of NIS 150 thousand ("**Salary Cost**").

b) The Energix CEO will be entitled to a measurable annual bonus ceiling in a fixed amount of up to 6 months of the salary cost, with the actual amount of remuneration being dependent on performance according to the measurable component of the remuneration plan. It should be clarified that the annual bonus may be paid in cash or as a capital remuneration instead of cash.

c) The Energix CEO will be entitled to a long-term capital remuneration at a value of NIS 3,000 thousand per year, for 6 years. Accordingly, after the approval of Energix's General Meeting, the Energix CEO was granted options to purchase Energix's ordinary shares with a total value of NIS 18,000 thousand, which will vest for exercise over a period of 4, 5 and 6 years from the date of approval of Energix's Board of Directors. The exercise price will be NIS 17.68, the exercise of the options is in a cashless mechanism and is subject to achieving a target price per share of NIS 21.44, reflecting a price which is twice the share price prior to the approval of the Energix Board of Directors (subject to adjustments and dividend distributions) (the "**long-term capital remuneration**").

d) It should be noted that the long-term capital remuneration granted to the Energix CEO is in addition to and in continuation of the long-term capital remuneration awarded to the Energix CEO as part of the 2019 remuneration package, which includes long-term capital remuneration for three years starting in June 2022, with a total value of NIS 3,375 thousand.

e) The employment agreement of the Energix CEO expires on July 1, 2028, or earlier, subject to advance notice of 90 days by Energix or 6 months by the Energix CEO. In the event that the employment of the Energix CEO is terminated by Energix (not under circumstances that disqualify him for severance pay), the Energix CEO will be entitled to a 3-month adaptation period, during which he will be entitled to full pay, including the related conditions.

f) The salary cost of the Energix CEO (employer cost, not including bonuses and options) in 2024 amounted to approx. NIS 1,942 thousand (in 2023 - approx. 1,795).

g) In accordance with the request of the Energix CEO, he will not be awarded an annual bonus for 2024.

6. **CEO, Amot Investments Ltd.**

Mr. Shimon Abudraham ("**Mr. Abudraham**"), serves as the Amot CEO on a full-time basis, starting September 1, 2020, in accordance with the employment agreement signed between him and Amot and updated from time to time. In September 2024, Amot's General Meeting approved the terms of office and employment of Mr. Abudraham as the Amot CEO, retroactively from January 1, 2024 for a period of 3 years ending on December 31, 2026 (hereinafter in this subsection - the "**Employment Agreement**"), in accordance with Amot's remuneration policy for this period. The employment agreement will continue and be automatically extended annually, unless otherwise agreed.

The following is a breakdown of Mr. Abudraham's terms of office (all amounts are linked to the CPI for the month of May 2024):

- **Monthly base salary cost** - approx. NIS 217 thousand.[8]
- **Measurable annual bonus** - a bonus not exceeding NIS 2 million, calculated based on meeting three company targets/indicators (of Amot), as follows:

Target/index	Weight in the bonus	Bonus amount range (the highest amount constitutes a ceiling for each index) NIS thousands	Performance benchmark In percentages	Performance result in relation to 2024 NIS thousands
NOI target - An operational parameter based on meeting the NOI target set in the Company's annual work plan, as approved by the Remuneration Committee and the Board of Directors during the first quarter of each year for which the annual bonus is granted, and whose weight in the bonus will be 45%. In order to calculate compliance with the NOI target, the NOI target will be adjusted to the actual index if the difference between the forecast index (i.e. the index that served as the basis for the annual work plan) and the actual index exceeds 0.5% (whether above or below). In addition, acquisitions or disposals of properties that were not included in the Company's annual work plan targets will not be taken into account in the calculation of compliance with the NOI target.	45%	600-900	90-105	819
FFO target - An operational parameter based on meeting the FFO target set in the Company's annual work plan, as approved by the Remuneration Committee and the Board of Directors during the first quarter of each year for which the annual bonus is granted, and whose weight in the bonus will be 35%. In order to calculate compliance with the FFO target, no interest adjustment will be made in connection with the costs of raising funds and/or deposits, etc., but the FFO target will be adjusted to the actual index if the difference between the forecast index (i.e. the index that served as the basis for the annual work plan) and the actual index exceeds 0.5% (whether above or below). In addition, acquisitions or disposals of properties that were not included in the Company's annual work plan targets will not be taken into account in the calculation of compliance with the FFO target.	35%	400-700	90-105	682
Performance targets - A balance sheet parameter based on meeting the performance targets (including the establishment of properties in initiation and the realization of properties) that were determined in the Company's annual work plan, as will be approved by the Remuneration Committee and the Board of Directors during the first quarter of each year for which the annual bonus is granted.	20%	100-400	90-105	199

[8] Including benefits and mandatory payments as is customary in Amot (including a company car, full maintenance expenses, cell phone, reimbursement of expenses incurred in the course of the job, an advanced study fund, and more).

In addition, there is a mechanism that enables the granting of a bonus attributed to excess performance in a certain index (in a linear calculation) (hereinafter - the "**additional amount**"), in whole or in part, for a shortfall in performance in another index, provided that the additional amount does not exceed three months of salary costs, and subject to an overall ceiling of NIS 2 million.

Mr. Abudraham may convert the annual cash bonus, in whole or in part, into capital remuneration through the allocation of options, in the value of the annual bonus, in whole or in part, within the framework of the Company's capital remuneration plan.

The total annual bonus approved for Mr. Abudraham for 2024 amounted to NIS 1.7 million.

- **Capital remuneration** - An annual granting of options as part of the capital gains track under Section 102 of the Income Tax Ordinance, in accordance with the terms of the capital remuneration plan existing at Amot, with an economic value of NIS 2 million per year. During 2024 and up to the date of the report, Amot's Board of Directors decided to grant capital remuneration to Mr. Abudraham, as follows:

Date of grant decision	Number of options subject to allocation	Exercise price in NIS (unlinked, subject to adjustments)	Fair value according to Black and Scholes model
February 7, 2024	245,409	19.48	approx. NIS 1 million
August 5, 2024	301,791	15.92	approx. NIS 1 million
February 10, 2025	400,802	22.51	NIS 2 million

- **Advance notice and retirement conditions** - Termination of Mr. Abudraham's employment before the termination date of the agreement is subject to a (mutual) advance notice of 4 months (except in special circumstances). Mr. Abudraham will be entitled to severance pay in accordance with the law.

21.3. Details of the remuneration granted to interested parties in the Company not listed in Section 1 above, by the Company or by a corporation under its control

21.3.1. Chairman of the Company's Board of Directors

On October 6, 2021, the General Meeting approved changes in the terms of the management agreement of the Chairman of the Company's Board of Directors for the years 2022-2024. On December 31, 2024, the General Meeting approved the management agreement of the Chairman of the Company's Board of Directors for the period starting on January 1, 2025 and for as long as he serves as Chairman of the Company's Board of Directors, subject to the remuneration policy, as it may be from time to time (the "**New Management Agreement**"). For additional information on the existing management agreement and regarding the new management agreement with the Chairman of the Company's Board of Directors and for the capital remuneration granted to the Chairman of the Board of Directors, please see the 2021 Meeting Reports, the 2024 Meeting Reports and Note 18b to the financial statements.

21.3.2. Remuneration of directors

For details regarding the remuneration of directors and capital remuneration of directors, please see Note 19c to the financial statements.

21.3.3. Exemption and indemnity

Regarding letters of exemption and letters of indemnity that were given to the Company's directors and officers, see Note 19d to the financial statements.

21.3.4. Liability insurance for officers

Regarding officers' liability insurance, including directors' liability insurance, see Note 19d to the financial statements.

Regulation 21A – The Company's Controlling Shareholders

The Company does not have a controlling shareholder.

Regulation 22 – Transactions with Controlling Shareholders or Transactions in which Controlling Shareholders have a Personal Interest

As stated in Section 21A above, the Company does not have a controlling shareholder.

Regulation 24 – Shares and other Company Securities Held by Interested Parties and Senior Officers in the Corporation

For information regarding holdings of interested parties and senior officers in shares and other securities of the Company, and in the securities of Amot and Energix dated December 31, 2024, please see the Immediate Reports published by the Company on January 7, 2025 (Ref: 2025-01-002392 and 2025-01-002404) (hereinafter, in this section collectively - the "**Immediate Reports**"). The information in the immediate reports is hereby provided by way of reference.

Regulation 24A – Registered and Issued Capital and Convertible Securities, as of March 10, 2025

	NUMBER OF CONVERTIBLE SHARES/SECURITIES
Registered capital	1,000,000,000 (*)
Issued capital (ordinary shares)	215,118,712
Issued capital held by shareholders who are not the Company or a subsidiary	215,033,372 **
Issued capital owned by the Company (dormant shares)	85,340
Non-tradable options to employees and officers[9]	1,994,936
Options (Series 16)	10,255,450

(*) Of which 500,000,000 are regular shares and 500,000,000 are preferred shares.

(**) This total does not include 85,340 dormant shares owned by the Company.

Regulation 24B – Shareholders' Registry

For the Company's shareholders' registry, please see the Immediate Report published by the Company on March 2, 2025 (Ref: 2025-01-013707). The information presented in the report is presented here by way of reference.

Regulation 25A – Registered Address

See the beginning of first page of this report for Additional Information Regarding the Corporation (Page 2 above).

9 It should be noted that on March 10, 2025, the Company's Board of Directors approved the allocation of 4,257,703 option warrants to the Chairman of the Company's Board of Directors, to the directors, officers and employees, which, as of the publication of this periodic report, have not yet been allocated and which have not been taken into account.

Regulation 26 – The Corporation's Directors as of the Date of the Report

THE DIRECTOR	AVIRAM WERTHEIM CHAIRMAN OF THE BOARD OF DIRECTORS	NATHAN HETZ	ADVA SHARVIT	ZVI ECKSTEIN	SHLOMI SHUV	RONY PATISHI-CHILLIM	ILAN GIFMAN	BATSHEVA MOSHE	SAMER HAJ-YEHIA
ID no.	055585277	51673192	33433152	001331206	028951192	027237296	059757013	037101557	024770364
Date of birth	October 25, 1958	October 7, 1952	October 8, 1976	April 9, 1949	September 25, 1971	August 10, 1974	July 7, 1965	July 10, 1985	September 28, 1969
Address	8 Hatarbut, Ramat Hasharon	12 Litvinsky, Ramat Gan	1 Simtat HaRimon, Rishpon	22a Hatet-Zayin, Tel Aviv	1 Yafe Nof, Givatayim	2 Nana, Bnei Zion	16 HaZeitim, Givat Shmuel	14/31 HaThiya, Pardes Hanna	14 Derech HaAviv, Kfar Shmaryahu
Citizenship	Israeli	Israeli	Israeli	Israeli	Israeli	Israeli	Israeli	Israeli	Israeli and American
Membership on Board of Directors committees	No	No	No	Member of the Audit Committee (Chairman), Financial Statement Review Committee and the Remuneration Committee	Member of the Audit Committee, Financial Statement Review Committee (Chairman) and the Remuneration Committee (Chairman)	Member of the Audit Committee and the Remuneration Committee	Member of the Financial Statement Review Committee	No	Member of the Audit Committee and the Remuneration Committee
Independent/external director	No	No	No	Yes - external director	Yes - external director	Yes - independent director	No	Yes - independent director	Yes - external director
Employed by the corporation, a subsidiary, a related company or an interested party	Active salaried Chairman of the Board of Directors	Company CEO since January 1, 1993	No	No	No	No	Serves as a director in companies owned by Mr. Aaron Frenkel, an interested party in the Company, and in a private company owned by him that provides services to foreign private companies owned by Mr. Aaron Frenkel.	No	No
In office as of	November 26, 1996	October 28, 1990	August 16, 1998	May 13, 2018	July 12, 2018	May 23, 2023	October 13, 2024	November 18, 2024	December 31, 2024
Education	BA Degree in Business Administration and Accounting - College of Management, Academic Studies, Certified Public Accountant.	BA in Economics and Business Administration, Bar Ilan University, BA in Accounting, Tel Aviv University, Certified Public Accountant.	Ph.D in Neuroscience, Haifa University, MBA in Business Administration, the Hebrew University of Jerusalem, MSc in Neurobiology (Neuroscience),	BA in Economics, Tel Aviv University, PhD in Economics, University of Minnesota	BA in Business Administration with Specialization in Accounting, College of Management Academic Studies MBA in Business	MBA in Business Administration with a specialization in Finance from Boston University and a BA in Business Administration and	BA in Economics and Accounting, Bar-Ilan University MA in Real Estate, Netanya Academic College Certified Public Accountant	BA in Communications and Human Services, Haifa University, MA in Organizational Consulting, Haifa University, Directors Course	BA in Accounting and Economics, BA of Law (Hebrew University), MA of Business Administration and Macroeconomics (Hebrew University), MA

THE DIRECTOR	AVIRAM WERTHEIM CHAIRMAN OF THE BOARD OF DIRECTORS	NATHAN HETZ	ADVA SHARVIT	ZVI ECKSTEIN	SHLOMI SHUV	RONY PATISHI-CHILLIM	ILAN GIFMAN	BATSHEVA MOSHE	SAMER HAJ-YEHIA
			Haifa University, BSc in Marine Biology from Ruppin College.		Administration, Ben Gurion University	General and Comparative Literature from the Hebrew University		Certificate from HAMIL - The Israeli Management Center Ltd.	Diploma in Auditing and Accounting (Tel Aviv University) and PhD of Economics (MIT - specializing in Macroeconomics and Financial Econometrics). Qualified as an attorney in Israel and holds the CFA charter.
Employment over the past five years	Alony-Hetz Properties and Investments Ltd.	Company CEO from January 1, 1993, Chairman of the Board of Directors of Amot Investments Ltd., Chairman of the Board of Directors of Energix Renewable Energy Ltd., Chairman of the Board of Directors of Carr Properties and Chairman of the Board of Directors of Brockton Everlast.	PhD student of Neuroscience - Haifa University. Chairman of the Hetz Center at the Givat Olga Technoda, CEO of Hetz Umatara NGO and Director the Pitt Foundation Limited Partnership.	Professor of Economics, Head of the Aharon Institute for Economic Policy at Reichman University, lecturer on Economics at Wharton School of Business Administration at the University of Pennsylvania, academic and strategic advisor at the Center for Financial Growth, Bank Hapoalim.	Head of the Accounting program and Deputy Dean of the Arison School of Business Administration at Reichman University, academic supervisor for accounting courses and academic consultant for accounting at the Open University, the Department of Management and Economics, owner and CEO of IFRS Consulting.	Partner at the venture capital fund Israel Cleantech Management Ltd; VP Finance at Adama Agricultural Solutions Ltd. ("**Adama**") until 2021; CEO of Licord until 2020 (from the Adama Group);	External director at Shikun & Binui Energy, from 2023 to the present. CEO and Director of Golden Star Properties BV, from 2015 to the present. Director at Gav-Yam Land Corp. Ltd. from 2021 to 2022.	Currently - Managing business operations in the Middle East, Eastern Europe and the Nordic countries at the high-tech company Wix; In 2015-2019, CEO of Unistream; in 2019-2021, member of the Board of Directors of "Poalim in the Community" (a non-profit organization of Bank Hapoalim); in 2019-2020, Strategic Advisor (head of staff) to the Chairman of Bank Hapoalim; in 2020-2021, member of the Board of Directors of "Poalim Assets" (wholly-owned by Bank Hapoalim);	Business manager; In 2019-2023 - Chairman of Bank Leumi Board of Directors From 2023 - Director at Lemonade; Consultant at Herzog Law Firm.

THE DIRECTOR	AVIRAM WERTHEIM CHAIRMAN OF THE BOARD OF DIRECTORS	NATHAN HETZ	ADVA SHARVIT	ZVI ECKSTEIN	SHLOMI SHUV	RONY PATISHI-CHILLIM	ILAN GIFMAN	BATSHEVA MOSHE	SAMER HAJ-YEHIA
								and in 2020-2021, head of the Poalim High-Tech Division at Bank Hapoalim. Chairwoman of the Yozmot Atid Association, member of the Board of Directors of the Ofanim Association, member of the Board of Directors of the Sapir College, member of the Board of Directors of the Or Movement, and member of the Board of Directors of the ICA Philanthropic Foundation.	
Serves on the board of directors of	The Company (Chairman), Amot Investments Ltd., Energix Renewable Energies Ltd., Carr Properties Corporation and director in consolidated companies of the Company, of Carr, in joint Alony-Hetz Properties and Investments and Oxford Properties companies and in private companies owned by him and by family members.	The Company, Amot Investments Ltd. (Chairman), Energix Renewable Energy Ltd. (Chairman), Carr Properties Corporation (Chairman), Brockton Everlast Inc. (Chairman), director in the consolidated companies of the Company, of Energix, and of Carr, in joint companies of Alony-Hetz	The Company, Feat Fund Investments - Limited Partnership.	External director in the Company.	External director in the Company, Director at the Israeli Association of Valuators (Non-Profit), external director at Midroog Ltd.	The Company, a member of the Investment Committee at the "Neome Women Investment Club", a member of the Advisory Board of the startup company EVA Environmental Viable Applications, Director at Imagindairy Ltd., Chairwoman of the Board of Directors of Gavan Technologies Ltd.	Golden star properties 1 BV; Infinity Metro 3 BV; Golden star properties 4 (Amersfoort) BV; Golden star properties 5 BV; Gifman Investments Ltd and External Director at Shikun & Binui Energy.	Chairwoman of the Yozmot Atid Association, member of the Board of Directors of the Ofanim Association, member of the Board of Directors of the Sapir College, member of the Board of Directors of the Or Movement, and member of the Board of Directors of the ICA Philanthropic Foundation.	Lemonade and S.H. Eden Business Management and Consulting (his wholly-owned company)

THE DIRECTOR	AVIRAM WERTHEIM CHAIRMAN OF THE BOARD OF DIRECTORS	NATHAN HETZ	ADVA SHARVIT	ZVI ECKSTEIN	SHLOMI SHUV	RONY PATISHI-CHILLIM	ILAN GIFMAN	BATSHEVA MOSHE	SAMER HAJ-YEHIA
		Properties and Investments Ltd. and of Oxford Properties and director in private companies under its ownership and under the ownership of his family and in Mind Israel (Public Benefit Company).							
Family member of another interested party in the corporation	No	Father of Adva Sharvit	Daughter of Nathan Hetz	No	No	No	No	No	No
Does the Company consider them as having accounting and financial expertise for the purpose of complying with the minimum number on the Board of Directors	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
Cyber expertise	No	No	No	No	No	No	No	No	No

Regulation 26A – Senior Corporate Officers

SENIOR OFFICERS	MOTI BARZILAY	OREN FRENKEL	HANAN FELDMUS	NAAMA EMMANUEL	MORAN SADEH	MARY ABU HANA	YAGEL EMERGY	YISRAEL GEWIRTZ
ID no.	022939276	023944176	055080428	039265327	037058443	037791548	038185179	033762139
Date of birth	September 13, 1967	July 24, 1968	January 25, 1958	December 15, 1983	March 6, 1985	August 2, 1983	February 9, 1986	19/02/1977
In office as of	October 2005	April 2008	March 2007	April 2014	October 2022	May 2024	November 2024	May 2017
Position at the corporation:	VP of Business Development	CFO	Legal Counsel	Accountant	Accountant	Accountant	Comptroller	Internal Auditor
Position in the corporation's subsidiary or interested party	Director at Amot, director at Energix, director at Carr Properties Corporation, director at joint Alony-Hetz Properties and Investments and Oxford Properties companies, director at Brockton Everlast Inc. and director at Company subsidiaries. Member of Brockton Capital Funds steering committees	Director at Energix, director at Brockton Everlast Inc. and director at consolidated companies of the Company and Energix.	None	None	None	None	None	Internal Auditor at Energix Renewable Energies Ltd.
Interested party or family member of interested party or senior officer in the corporation	No	No	No	No	No	No	No	No
Education	MBA, BA in Economics and Accounting, Tel Aviv University. Certified Public Accountant	Master's degree (MST) with a specialization in taxation from the University of California, San Jose. BA in Business	Attorney, BA of Law, Tel Aviv University.	BA in Accounting, Management and Economics, Tel Aviv University. Certified Public Accountant	MA in Finance for Accountants, the Academic Track of the College of Management. BA in Business Administration	BA in Economics and Accounting, Haifa University Certified Public Accountant	BA in Law and Business Administration (Accounting) Certified Public Accountant	BA in Accounting and Economics, Bar Ilan University. Certified Public Accountant. Certification in Risk Management

SENIOR OFFICERS	MOTI BARZILAY	OREN FRENKEL	HANAN FELDMUS	NAAMA EMMANUEL	MORAN SADEH	MARY ABU HANA	YAGEL EMERGY	YISRAEL GEWIRTZ
		Administration and Accounting, College of Management Certified Public Accountant			with specialization in Accounting, College of Management Academic Studies Certified Public Accountant			Assurance (CRMA) and Certified Internal Auditor (CIA) from the U.S. Institute of Internal Auditors
Employment over the past five years:	Current position	Current position	Current position Until March 2022, also served as the Company Secretary.	Current position	Comptroller at Energix - Renewable Energies Ltd., Manager of financial reporting at El Al.	Managing Director at Deloitte	Comptroller at an investment fund and at Amot Investments Ltd.	Partner in Fahn Kanne Management and Control Ltd.

Regulation 26B – Independent Authorized Signatories

The Company has no independent authorized signatories.

Regulation 27 – The Corporation's Accountant

Deloitte Brightman Almagor Zohar & Co., 1 Azrieli Center, Tel Aviv

Regulation 28 – Amendment of the Company's Memorandum or Articles of Association

There were no changes made to the Company's Memorandum or Articles of Association in 2024.

For a current version of the Company's Articles of Association, please see the Immediate Report published by the Company on July 12, 2018 (Ref: 2018-01-063447).

Regulation 29 – Recommendations and Decisions of the Board of Directors

a)

1. At its meeting on March 12, 2024, the Company's Board of Directors decided to approve the distribution of a quarterly dividend in the amount of NIS 0.18 per share for the first quarter of 2024, in accordance with the dividend policy for 2024.
2. At its meeting on May 20, 2024, the Company's Board of Directors decided to approve the distribution of a quarterly dividend in the amount of NIS 0.18 per share, for the second quarter of 2024, in accordance with the dividend policy for 2024.
3. The Company's Board of Directors decided at its meeting on June 30, 2024, to approve a public offering of up to 16,500,000 million of the Company's ordinary shares and up to 8,250,000 million options (Series 16) through the Shelf Offering Report. For additional information regarding the public offering and its results, please see the Immediate Reports published by the Company on July 2, 2024 (Refs: 2024-01-067371 and 2024-01-067704).
4. At its meeting on August 13, 2024, the Company's Board of Directors decided to approve the distribution of a quarterly dividend in the amount of NIS 0.18 per share for the third quarter of 2024, in accordance with the dividend policy for 2024.
5. The Company's Board of Directors decided, at its meeting on August 27, 2024, to authorize the Company to make an exchange purchase offer, whereby the Company will offer all holders of the bonds (Series I) to exchange the bonds they own (all or part of them) for bonds (Series L) of the Company, by way of an expansion of the existing series of bonds (Series L). For additional information regarding the public offering and its results, please see the Immediate Reports published by the Company on August 27, 2024 (Ref: 2024-01-094855), on September 3, 2024 (Ref: 2024-01-600670) and on September 5, 2024 (Ref: 2024-01-601161).
6. The Company's Board of Directors decided at its meeting on October 9, 2024 to approve the allocation of 22 million ordinary shares and 3.6 million options (Series 16) to the company owned by Mr. Aaron Frenkel, by way of private allocation. For additional information, please see the Immediate Report published by the Company on October 9, 2024 (Ref: 2024-01-609067).
7. The Company's Board of Directors decided at its meeting on November 18, 2024, to approve the distribution of a quarterly dividend in the amount of NIS 0.18 per share, for the fourth quarter of 2024, in accordance with the dividend policy for 2024.
8. The Company's Board of Directors decided, at its meeting on December 15, 2024, to authorize the Company to make an exchange purchase offer, whereby the Company will offer all holders of the bonds (Series J) to exchange the bonds they own (all or part of them) for bonds (Series M) of the Company, by way of an expansion of the existing series of bonds (Series M) for NIS 600 million PV. For additional information regarding the public offering and its results, please see the Immediate Reports published by the Company on December 15, 2024 (Ref: 2024-01-624470, as amended by a Corrective Immediate Report on December 17, 2024, Ref: 2024-01-624821), on December 23, 2024 (Ref: 2024-01-626613) and on December 25, 2024 (Ref: 2024-01-627086).
9. The Company did not engage in transactions with interested parties that are not in accordance with market conditions. For information regarding transactions between the Company and its interested parties, please see Note 19 to the financial statements and Regulation 21.

b) In 2024, no Special General Meetings were held at which decisions were made contrary to the recommendation of the Board of Directors.

c) For information regarding the resolutions of the Special General Meeting convened on May 2, 2024, regarding the reappointments of Mr. Zvi Eckstein and Mr. Shlomi Shuv (External Directors) and approval of a new insurance arrangement for directors and officers, please see the Immediate Report published by the Company on May 2, 2024 (Ref: 2024-01-042478).

Regulation 29A – Company Decisions

10. Regarding Company decisions on the subject of indemnification, exemption and insurance, see Note 19 to the financial statements.

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

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 December 31, 2024

Regarding the status of liabilities by repayment dates as of December 31, 2024, please see the Immediate Report dated March 11, 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.

Consolidated Financial Statements as of December 31, 2024 and 2023 and for the years ended December 31, 2024 and 2023

CARR PROPERTIES HOLDINGS L.P.

Table of Contents

Report of Independent Auditors	1
Consolidated Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Operations and Comprehensive Income (Loss)	4
Consolidated Statements of Changes in Equity	5
Consolidated Statements of Cash Flows	6-7
Notes to Consolidated Financial Statements	8-35

Report of Independent Auditors

To the Management of Carr Properties Holdings L.P.

Opinion

We have audited the accompanying consolidated financial statements of Carr Properties Holdings L.P. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations and comprehensive income (loss), of changes in equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern for at least, but not limited to, twelve months from the end of the reporting period, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial

PricewaterhouseCoopers LLP, 655 New York Ave NW, Suite 1100, Washington, District Of Columbia 20001
T: (202) 414 1000, www.pwc.com/us

likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

Washington, District Of Columbia
February 20, 2025

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

	Notes	December 31, 2024	December 31, 2023
ASSETS			
Non-current assets			
Investment properties, at fair value			
Income generating properties	4,11	$ 1,712,421	$ 1,191,124
Properties in development	4,11	48,111	23,379
Investments in associates and joint ventures	6	100,455	435,546
Goodwill	8	9,326	9,326
Derivative assets	12	5,406	18,045
Straight-line rent receivable		91,185	100,608
Deferred leasing costs and other, net		27,480	34,555
		1,994,384	1,812,583
Current assets			
Trade receivables, net	10	6,428	9,185
Prepaid expense and other assets		9,010	16,572
Restricted cash	10	428	1,705
Cash and cash equivalents	10	33,355	31,050
Derivative assets	12	3,400	2,266
		52,621	60,778
Total assets		$ 2,047,005	$ 1,873,361
EQUITY			
Equity attributable to common shareholders	18	$ 1,666,082	$ 1,666,082
Equity reserve from increase in CPP		9,737	9,725
Accumulated other comprehensive income (loss)		(10,923)	(4,298)
Retained earnings (accumulated deficit)		(982,853)	(845,337)
Equity attributable to non-controlling interests	5	147,519	59,698
Total equity		829,562	885,870
LIABILITIES			
Non-current liabilities			
Credit facility, net of deferred financing fees	9,10	$ 473,345	$ 396,620
Notes payable, net of deferred financing fees	9,10	661,832	244,818
Lease liabilities	7	9,184	150,617
Redeemable non-controlling interests	17	—	24,194
Security deposits		2,546	3,388
Other liabilities		11,446	7,278
		1,158,353	826,915
Current liabilities			
Notes payable, net of deferred financing fees	9,10	1,726	127,854
Lease liabilities	7	1,383	360
Redeemable non-controlling interests	17	20,046	2,251
Rent received in advance		6,723	6,335
Trade and other payables		29,212	23,776
		59,090	160,576
Total liabilities		1,217,443	987,491
Total equity and liabilities		$ 2,047,005	$ 1,873,361

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

Eric Tracy — *Eric Tracy* — Chief Financial Officer

Financial Statements Approval Date February 20, 2025

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

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

	Notes	For the Years Ended December 31, 2024	2023
Revenues			
Rental revenue		$ 121,290	$ 175,780
Recoveries from tenants		24,644	21,915
Parking income		7,189	10,687
Property management fees and other		12,321	7,834
Total revenues		$ 165,444	$ 216,216
Operating expenses			
Property operating expenses			
Direct payroll and benefits		6,900	8,311
Repairs and maintenance		8,852	10,475
Cleaning		4,586	5,656
Utilities		7,009	8,623
Real estate and other taxes		26,063	35,102
Other expenses		12,493	31,818
Total property operating expenses		65,903	99,985
Non-property general and administrative expenses	13	20,995	18,496
Total operating expenses		$ 86,898	$ 118,481
Other operating loss			
Net loss on investment properties	4	(129,392)	(573,670)
Income (loss) from investments in associates and joint ventures	6	(46,078)	(249,504)
Total other operating loss		(175,470)	(823,174)
Operating loss		$ (96,924)	$ (725,439)
Other (expense) income			
Other income		788	788
Revaluation of redeemable non-controlling interests	17	6,576	26,660
Interest expense	9	(53,599)	(59,762)
Pre-tax loss		(143,159)	(757,753)
Income and franchise tax expense (benefit)		1,921	(35)
Net loss		$ (145,080)	$ (757,718)
Attribution of net income (loss)			
Common shareholders		(137,516)	(707,670)
Non-controlling interests		(7,564)	(50,048)
		$ (145,080)	$ (757,718)
Other comprehensive income			
Items that may be subsequently reclassified to income or loss:			
Unrealized gain (loss) on cash flow hedges	12	5,281	5,186
Hedging gain reclassified to net income	12	(12,942)	(17,556)
Other comprehensive income (loss)		(7,661)	(12,370)
Total comprehensive loss		$ (152,741)	$ (770,088)
Attribution of comprehensive income (loss)			
Common shareholders		(144,141)	(718,368)
Non-controlling interests		(8,600)	(51,720)
		$ (152,741)	$ (770,088)

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

CARR PROPERTIES HOLDINGS L.P.
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, 2022		1,480,494	$ 1,666,533	$ 9,488	$ 6,400	$ (137,667)	$ 1,544,754	$ 114,400	$ 1,659,154
Issuance of preferred shares by a subsidiary, net of offering costs		—	—	—	—	—	—	106	106
Non-controlling interest partner distribution	5,6	—	—	—	—	—	—	(2,722)	(2,722)
Issuance of common shares from stock splits	17	672	—	—	—	—	—	—	—
Issuance of common shares, non-cash		—	—	—	—	—	—	—	—
Redemption of non-controlling interests		(432)	(451)	—	—	—	(451)	—	(451)
Change in equity reserve from increase in CPP		—	—	237	—	—	237	3,668	3,905
Net loss		—	—	—	—	(707,670)	(707,670)	(50,048)	(757,718)
Other comprehensive income	12	—	—	—	(10,698)	—	(10,698)	(1,672)	(12,370)
Reverse stock split	18	(1,465,262)	—	—	—	—	—	—	—
Dividends	18	—	—	—	—	—	—	(4,034)	(4,034)
Balance as of December 31, 2023		15,472	$ 1,666,082	$ 9,725	$ (4,298)	$ (845,337)	$ 826,172	59,698	$ 885,870

	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
Issuance of preferred shares by a subsidiary, net of offering costs		—	—	—	—	—	—	(141)	(141)
Non-controlling interest partner distribution	5,6	—	—	—	—	—	—	(2,204)	(2,204)
Issuance of common shares from stock split	18	1,348	—	—	—	—	—	—	—
Change in equity reserve from increase in CPP		—	—	12	—	—	12	4,009	4,021
Net loss		—	—	—	—	(137,516)	(137,516)	(7,564)	(145,080)
Other comprehensive loss	12	—	—	—	(6,625)	—	(6,625)	(1,036)	(7,661)
Non-controlling interest partner contribution		—	—	—	—	—	—	98,874	98,874
Dividends	18	—	—	—	—	—	—	(4,117)	(4,117)
Balance as of December 31, 2024		16,820	$ 1,666,082	$ 9,737	$ (10,923)	$ (982,853)	$ 682,043	$ 147,519	$ 829,562

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

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

		For the Years Ended December 31,	
	Notes	**2024**	**2023**
Cash flows from operating activities			
Net loss		**$ (145,080)**	**$ (757,718)**
Adjustments to reconcile net loss to net cash provided by operating activities			
Net loss on investment properties		129,392	573,670
(Income) loss from investments in associates and joint ventures	6	46,078	249,504
Return on investments in associates and joint ventures	6	6,686	—
Income and franchise tax expense (benefit)		1,921	(35)
Interest expense	9	53,599	59,762
Amortization of deferred leasing costs and lease incentives		8,715	6,205
Amortization of other non-cash items		457	631
Provision for bad debt expense		294	454
Impairment of straight-line rent receivable		650	7,689
Straight-line rent		(10,474)	(6,498)
LTIP Compensation/(Revaluation)		967	(1,188)
Revaluation of redeemable non-controlling interests		(6,576)	(26,660)
Changes in assets and liabilities			
Trade receivables		3,184	(5,125)
Purchase of interest rate cap		(9,700)	—
Prepaid expense and other assets		7,562	(2,670)
Trade and other payables		(2,135)	3,964
Rent received in advance		284	(563)
Cash generated by operations		**85,824**	**101,422**
Cash paid for interest		(41,951)	(52,291)
Net cash provided by operating activities		**43,873**	**49,131**
Cash flows from investing activities			
Proceeds from sale of income generating property	4	—	246,524
Consolidation of cash and cash equivalents	4	4,010	—
Deconsolidation of cash and cash equivalents	4	(5,858)	(8,255)
Contributions to investment in associates and joint ventures	6	(2,727)	(33,285)
Return of capital from investments in associates		—	19,949
Acquisition of development property		(19,473)	—
Additions to deferred leasing costs		(3,209)	(4,238)
Additions to tenant improvements		(6,017)	(21,866)
Additions to construction in progress, including capitalized interest		(8,304)	(2,941)
Other capital improvements on income generating properties		(14,836)	(14,949)
Decrease in restricted cash		29	277
Net cash (used in) provided by investing activities		**(56,385)**	**181,216**
Cash flows from financing activities			
Redemption of redeemable non-controlling interest	17	(1,784)	(20,734)
Distribution to non-controlling interest	5	(2,204)	(2,722)
Contribution from non-controlling interest	5	2,249	—
Principal portion of lease payments	7	(1,139)	(291)
Borrowings under credit facility	9	86,000	132,000
Repayments under credit facility	9	(11,000)	(340,500)
Borrowings on notes payable	9	6,671	—
Repayments of notes payable	9	(62,955)	(2,758)
Payment of deferred financing fees		(784)	(899)
Dividends to preferred shareholders		(96)	(128)

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

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

	Notes	For the Years Ended December 31, 2024	2023
Issuance of preferred shares of consolidated subsidiary, net of offering costs		(141)	106
Net cash provided by (used in) financing activities		**14,817**	**(235,926)**
Net increase (decrease) in cash and cash equivalents		**2,305**	**(5,579)**
Cash and cash equivalents, beginning of the period		**31,050**	**36,629**
Cash and cash equivalents, end of the period		**$ 33,355**	**$ 31,050**
Supplemental disclosures of non-cash information:			
Capitalized interest	9	$ 2,282	$ 312
Interest expense attributable to ground leases	9	1,123	2,563
Accrual of retainage liabilities and construction requisitions for income generating properties and development projects		2,318	202
Lease liabilities arising from obtaining/revaluing right-of-use assets	7	341	2,184
Disposition of 300 E Second	4	—	(11,218)
Deconsolidation of property and other assets	4	(126,414)	(124,602)
Deconsolidation of debt and other liabilities	4	211,097	138,935
Issuance of redeemable non-controlling interests	17	1,961	2,401
DRIP reinvestment of non-controlling interests at CPP	17	4,021	3,906
Non-controlling interests on consolidation of a subsidiary	5	96,625	—
Derecognition of investment in associate	6	(287,988)	—
Consolidation of property and other assets	4	949,513	—
Consolidation of debt and other liabilities	4	(567,023)	—

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 an 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 December 31, 2024, CPH had 12 consolidated properties and 2 non-consolidated 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 December 31, 2024, were 52.33%, 38.89%, and 8.76%, respectively. The remaining interests were held by five additional investors.

2. Basis of Presentation and Summary of Significant Accounting Policies

(a) Statement of Compliance

The accompanying Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

For the year ended December 31, 2024, CPH combined the presentation of "Net loss from fair value adjustment of investment properties" and "Net realized loss on sale of investment properties" into a single line item, "Net loss on investment properties". This change was made to enhance the consistency in how gains and losses on our Investment properties are presented. Results for the year ended December 31, 2023, have also been reclassified to conform to current year presentation.

(c) Principles of Consolidation

General

The 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, which are generally supported by independent third-party appraisals, and reflect the estimated price that would be received to sell the underlying property in an orderly transaction between marketplace participants at the measurement date. CPH’s share of profits or losses is recorded within "Income (loss) from investments in associates and joint ventures" on the 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 investment 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 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 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 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 Consolidated Statement 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 Right-of-Use Asset ("ROUA") and a lease liability on the Consolidated Balance Sheets at the lease commencement date. 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.

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 Consolidated Statements of Operations and Comprehensive Income (Loss).

(e) Acquisitions of Investment Property

Acquisitions

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 loss on investment properties" on the 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 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 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.

It may be difficult to reliably determine the fair value of an investment property in development. 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.

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.

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.

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 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 completion of agreed-upon events, tasks, or time-lines as specified in the respective agreements. For purposes of the Consolidated Statements of Cash Flows, changes in restricted cash are classified according to their nature.

(i) Derivative Instruments

CPH uses interest rate swap and interest rate cap agreements to manage its interest rate risk, and these instruments are carried at fair value in "Derivative Assets" on the Consolidated Balance Sheets. CPH does not enter into hedging derivative transactions for trading or other speculative purposes.
When qualifying derivative instruments are executed to hedge CPH's anticipated interest payments, CPH assesses the effectiveness of the derivative instruments both at inception and on an on-going basis. When these derivative instruments are deemed to be highly effective, CPH designates them as qualifying "Cash Flow Hedges". CPH defers the effective portion of changes in fair value of the Cash Flow Hedges to "Other Comprehensive Income (Loss)" on the Consolidated Statements of Operations and Comprehensive Income (Loss), which is subsequently reclassified into "Interest Expense" in the period the hedged forecasted transactions affect earnings. CPH recognizes the ineffective portion of the change in fair value of interest rate derivatives directly in "Interest Expense". If a derivative is not in a qualifying hedge transaction ("Non-designated Cash Flow Hedges"), CPH recognizes changes in fair value as a component of "Interest Expense".

(j) 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 years ended December 31, 2024 and 2023.

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. If a fair value measurement requires the use of unobservable inputs and is not based on observable market information, that measurement falls under Level 3 of the fair value hierarchy.

Investment Properties

The fair value of an investment property 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. Investment properties are valued based upon various fair value assumptions and valuation techniques, including income capitalization and sales comparison approaches. CPH also considers 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, CPH considers multiple valuation techniques when measuring the fair value of an investment property. However, in certain circumstances, a single valuation technique may be appropriate. As part of the valuation process, CPH evaluates factors that may adversely impact the fair value assessments, 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 our 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 and itself. 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 itself and 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.

(k) Revenue Recognition

Rental Revenue

CPH leases office space to tenants under various non-cancelable operating leases with remaining lease terms expiring through May 31, 2045. Revenue from rental properties is comprised of minimum base rent, straight-line rent adjustments, lease termination fee income, and lease incentive amortization.

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 Consolidated Statements of Operations and Comprehensive Income (Loss).

Impairment losses on CPH's straight-line rent receivable balances totaled $2.1 million and $10.2 million for the years ended December 31, 2024 and 2023, respectively.

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

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.

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 December 31, 2024 are as follows:

Years Ending December 31,	Amount
2025	139,067
2026	146,319
2027	145,937
2028	132,786
2029	131,747
Thereafter	1,018,460
	$ 1,714,316

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.

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

(l) Deferred Financing Fees and Notes Payable

CPH defers the costs incurred to obtain debt financing. These costs are amortized over the terms of the underlying obligation using the straight-line method, which approximates the effective interest method, to "Interest expense" on the Consolidated Statements of Operations and Comprehensive Income (Loss). Deferred financing costs are netted against the related loan balance on the Consolidated Balance Sheets. Deferred financing fees, net of accumulated amortization, were $2.5 million and $3.8 million at December 31, 2024 and 2023, respectively. Amortization expense totaled $2.4 million and $2.0 million for the years ended December 31, 2024 and 2023, respectively.

CPH initially recognizes notes payable at fair value, net of transaction costs incurred within "Notes payable, net of deferred financing fees" on the Consolidated Balance Sheets. Notes payable are subsequently measured at amortized cost.

CPH initially recognizes draws on the credit facility at fair value, net of transaction costs incurred within "Credit facility, net of deferred financing fees" on the Consolidated Balance Sheets. Amounts outstanding are subsequently measured at amortized cost.

(m) Deferred Leasing Costs

CPH defers incremental costs incurred to obtain new tenant leases or to extend existing tenant leases that would not otherwise have been incurred, including third-party commissions. Deferred leasing costs are amortized over the life of the related lease. If a tenant terminates its lease prior to its contractual termination, the unamortized balance of any previously deferred leasing costs are expensed in the period the lease is terminated. Deferred leasing costs, net of accumulated amortization, are recorded within "Deferred leasing costs and other, net" on the Consolidated Balance Sheets. Amortization expense on deferred leasing costs is recorded within "Other expenses" on the Consolidated Statements of Operations and Comprehensive Income (Loss).

(n) Trade Receivables

Trade receivables are recorded initially at cost and are carried net of a provision for bad debt expense. CPH applies the simplified approach to measuring expected credit losses. The determination as to the collectability of trade receivables and, correspondingly, the adequacy of this allowance is based primarily upon evaluations of individual receivables, current economic conditions, historical experience, days past due, and other relevant factors. The allowance for doubtful accounts is increased or decreased through bad debt expense, reported in "Other expenses" on the Consolidated Statements of Operations and Comprehensive Income (Loss). Accounts receivable are written off when they are deemed to be uncollectible and CPH is no longer actively pursuing collection.

Bad debt expense, net of recoveries, totaled $0.3 million and $0.5 million for the years ended December 31, 2024 and 2023, respectively.

The aging analysis of trade receivables, net of the provision for bad debts of $0.5 million and $5.0 million as of December 31, 2024 and 2023, respectively, is as follows:

	December 31,	
Trade receivables	**2024**	**2023**
Current	$ 6,366	$ 7,881
30 - 90 days	427	873
Over 90 days	104	5,418
AR allowance (1)	(469)	(4,987)
Trade receivable, net	$ 6,428	$ 9,185

(1) AR allowance is not inclusive of straight-line rent allowance and lease incentive allowance, which is reflected in "Straight line rent receivable" on the Consolidated Balance Sheets.

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

(o) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and demand deposits, and short-term investments with original maturities of three months or less and are subject to an insignificant risk of changes in value. The majority of CPH's cash and cash equivalents are held at major commercial banks which may at times exceed the Federal Deposit Insurance Corporation limit. CPH has not experienced any losses to date on its invested cash. For the purpose of the Consolidated Statements of Cash Flows, cash and cash equivalents are comprised of the following:

	December 31,	
	2024	2023
Cash on hand and demand deposits	$ 33,093	$ 30,813
Short-term investments	262	237
Cash and cash equivalents	$ 33,355	$ 31,050

(p) Prepaid Expenses and Other Assets

Prepaid expenses and other assets include deposits, prepaid insurance and other prepaid operating expenses.

(***q) 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.

(r) Security Deposits

Certain leases require tenants to pay a deposit as a guarantee to return the property at the end of the lease term in a good condition or to cover a portion of future lease payments. Such deposits are treated as financial liabilities and are recorded at face value as defined in the terms of the lease agreements, which approximates fair value. Security deposits are maintained as a non-current liability until refunded to the tenant. Amounts expected to be refunded within the next 12 months are recorded in "Trade and other payables" on the Consolidated Balance Sheets.

(s) Income Taxes

CPH owns 100% interest in CPC, which has elected to be treated as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended. CPH is a flow-through entity for income tax purposes and generally will not be subject to federal income tax on its taxable income. The only provision for federal income taxes in the accompanying consolidated financial statements relates to CPH's indirect ownership in the taxable REIT subsidiaries ("TRSs") of CPC.

No provision has been made in the consolidated financial statements for federal, state, or local income taxes, for which the partners of CPH are individually responsible for reporting and paying directly, nor for non-income measure taxes (which include the net worth tax in Massachusetts and the gross margin tax in Texas). CPH is directly liable for certain taxes, primarily District of Columbia, Texas, and Massachusetts taxes and federal and state taxes of its TRS. CPH files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, CPH is subject to examination by federal, state, and local jurisdictions, where applicable. The tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year 2020 forward (with limited exceptions). If such examinations result in changes to CPH's profits and losses, the tax liability of the partners could be changed accordingly. Deferred income tax assets and liabilities are provided for using the liability method on temporary differences between the tax basis and carrying amounts of assets and liabilities. Deferred income tax liabilities are measured at the tax rates that are expected to apply to the year when the liability is settled, based on the tax rates and laws that have been enacted at the balance sheet date.

CPH's primary investment is the units it owns in CPC, whose primary investment is the units it owns in CPP, a limited partnership that is taxed as a partnership for federal and state income tax purposes. While the majority of CPP's net income is not taxed at the entity level and is passed through to the partners, CPP is liable for its share of federal income taxes on the taxable income of the TRSs it owns, which are taxed as a corporation for federal and state income tax purposes.

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

The significant components of CPH's deferred tax assets and liabilities, which are included within "Deferred leasing costs and other, net" and "Other liabilities", respectively, on the Consolidated Balance Sheets are as follows:

	December 31,	
Deferred tax assets:	**2024**	**2023**
Deferred tax assets	$ 309	$ 2,248
Deferred tax liabilities:		
Deferred tax liabilities	$ (1)	$ (2)

The Deferred tax assets for the year ended December 31, 2024, relate primarily to activity at the TRSs, including net operating losses, general business credits, and depreciation timing differences. The Deferred tax assets for the year ended December 31, 2023, primarily relate to the net operating losses reflected on the District of Columbia tax return filed by CPH (approx. $2.0 million), with the remainder originating from other TRS operations.

The tax provision is as follows:

	For the Years Ended					
	December 31, 2024			December 31, 2023		
Provision	**Federal**	**State**	**Total**	**Federal**	**State**	**Total**
Current(1)	$ —	$ —	$ —	$ —	$ —	$ —
Deferred(1)	(23)	1,916	1,893	94	8	102
	$ (23)	$ 1,916	$ 1,893	$ 94	$ 8	$ 102

(1) This tax provision excludes net worth and gross margin tax expense of $0.0 million and $0.1 million for the years ended December 31, 2024 and 2023 which is included within "Income and franchise tax expense (benefit)" on the Consolidated Statements of Operations and Other Comprehensive Income (Loss).

The tax loss carryforward of $61.2 million and $24.0 million ($5.1 million and $2.0 million deferred tax asset) as of December 31, 2024 and 2023, respectively, primarily relates to tax losses incurred in the District of Columbia prior to August 19, 2013 which was initially accounted for as a purchase price adjustment as of Inception, and for losses incurred in 2014 and 2019. The DC tax loss carryforward generated during tax years before 2018 begins to expire in 2028 whereas the tax loss carryforward generated in subsequent years do not expire. As of December 31, 2024, the Company has recorded a $5.1 million valuation allowance related to the tax loss carryforward.

(t) Preferred Stock

Various consolidated entities of CPH issue preferred stock for tax planning purposes. These entities have authorized and issued 939 and 1,063 shares of 12.5% cumulative preferred stock as of December 31, 2024 and 2023, respectively. Total proceeds from the issuances were $0.0 million and $0.1 million for years ended December 31, 2024 and 2023, respectively. The net proceeds and related dividends were classified as non-controlling interests. Dividends are paid semi-annually at a rate of 12.0%-12.5% per year on all preferred stock.

(u) Performance Plan Accruals

All employees of CPH participated in an annual performance bonus plan (the "Bonus Plan") under which employees were awarded bonuses based on their performance against assigned goals and objectives. The estimated cost of the bonus is accrued ratably over the year, and the accrual is adjusted based upon actual performance at the end of the respective year. Bonus payments are made in the first quarter following the performance year. As of December 31, 2024 and 2023, CPH accrued $4.2 million and $4.6 million, respectively, for payments due under the Bonus Plan. The accrued bonus is recorded within "Trade and other payables" on the Consolidated Balance Sheets, and within "Direct payroll and benefits" and "Non-property general and administrative expenses" on the Consolidated Statements of Operations and Comprehensive Income based upon the employee's job function. Amounts capitalized as part of development projects are classified as part of "Investment properties, at fair value."

Some of CPH's employees participate in the 2018 Equity Incentive Plan (the "Equity Incentive Plan"). The Equity Incentive Plan provides for the issuance of Long-Term Incentive Plan ("LTIP") Units which may be in the form of Service Units ("LTIP Service Units"), Performance Units ("LTIP Performance Units") or both. See Note 15 - "Commitments and Contingencies" for further disclosure.

(v) Property Operating Expenses

Expenses classified as "Property operating expenses" on the Consolidated Statements of Operations and Comprehensive Income consists of expenses directly and indirectly associated with operating the properties, including payroll, repairs and maintenance, cleaning, utilities, real estate and other taxes, and other various expenses.

(w) Retirement Plans

CPH operates a defined contribution plan qualified under Section 401(k) of the US Internal Revenue Code. Participants may contribute a portion of their compensation each pay period not exceeding a limit set annually by the Internal Revenue Service. CPH matches 100% of the first 4% of contributions made by employees. CPH has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense each pay period, and are recorded within "Direct payroll and benefits" and "Non-property general and administrative expense" on the Consolidated Statements of Operations and Comprehensive Income based upon the classification of the employee.

(x) Use of Estimates

The preparation of the financial statements requires CPH to make certain estimates and assumptions that affect the carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of revenue and expenses for the reporting periods. Actual results could differ from those estimates. The material judgments that CPH has made in the process of applying CPH's accounting policies and that have the most significant effect on the amounts recognized in the financial statements are set forth below:

- Investment properties and the real estate investments owned by associates are carried at fair value as determined by management, using independent third-party appraisals, and reflect the price that an underlying property would bring in a competitive open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the prices are not affected by undue stimulus. Factors beyond CPH's control may cause significant swings in assigned values, resulting in significant changes in reported earnings. Most of CPH's properties are located in the Greater Washington, D.C. metropolitan area, making CPH vulnerable to changes in economic conditions in the region, including the adverse impact of decreased government spending and utility of office space. Any adverse change in the region's economic conditions may reduce the ability of CPH to renew expiring leases, lease vacant space or re-lease space on a timely basis or on comparable or better terms, significantly decreasing cash flow.

- CPH determines whether joint arrangements should be accounted for as joint operations or joint ventures, associates, or consolidated non-wholly owned entities and determines which investments should be reported as assets held for sale.

(y) 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 IASB issued IFRS 18, Presentation and disclosure in Financial Statements, which replaces 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 as 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. For the year ended December 31, 2024, CPH invested an additional $3.6 million on capital expenditures for 425 Montgomery.

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 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 Consolidated Statements of Operations and Comprehensive Income (Loss).

Dispositions and Deconsolidations

On June 30, 2023, CPH elected to permanently cease development activities for a ground lease located at 300 E. Second Street, in Austin, Texas. CPH wrote off all costs incurred, which resulted in a loss of $10.9 million within "Net loss on investment properties" in the accompanying Consolidated Statement of Operations and Comprehensive Income (Loss).

On August 25, 2023, CPH sold a multifamily building located at 4710 Elm St, Bethesda, Maryland, in Bethesda, Maryland ("The Elm") and its accompanying assets and liabilities at a contractual price of $250.0 million. CPH used the proceeds to pay down $234.5 million of the credit facility. CPH incurred $3.6 million of transaction costs in connection with the disposition.

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

On December 1, 2023, CPH deconsolidated the subsidiary that owns a commercial office building located at 1615 L Street NW, Washington, D.C. ("1615 L Street"). CPH lost the power to affect the returns of 1615 L Street in conjunction with an event of default on the loan encumbering the asset, but retained significant influence over the subsidiary. See Note 9 - "Debt" for additional detail regarding the default. A gain of $6.1 million was recorded upon deconsolidation within "Net loss on investment properties" in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss) for the year ended December 31, 2023. As of both December 31, 2023 and December 31, 2024, 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.

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, but retained significant influence over the subsidiary. See Note 9 - "Debt" for additional detail regarding the loan modification. A gain of $15.3 million was recorded upon deconsolidation within "Net loss on investment properties" in the accompanying 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 Consolidated Statements of Operations and Comprehensive Income (Loss). As of December 31, 2024, 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. 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, 2022	**$**	**2,107,521**
Capital expenditures, additions, and other		36,636
Net loss from fair value adjustment of income generating properties		(564,959)
Sale of The Elm		(250,096)
Reclassification of redevelopment asset to properties in development [(1)]		(23,379)
Deconsolidation of 1615 L Street		(114,599)
Balance, December 31, 2023	**$**	**1,191,124**
Capital expenditures, additions, and other		26,564
Net loss from fair value adjustment of income generating properties		(209,462)
Deconsolidation of Columbia Center		(60,032)
Disposition of 75-101 Federal Street		(134,306)

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

Deconsolidation of 2001 Pennsylvania Ave		(49,914)
Consolidation of One Congress		948,447
Balance, December 31, 2024	**$**	**1,712,421**

(1) In December 2023, we reclassified an existing income generating property located in Arlington, Virginia to 'Properties in development' in conjunction with its planned re-development into a multifamily asset.

Properties in Development

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

Balance, December 31, 2022	**$**	**8,876**
Capital expenditures additions and other		2,342
Disposition of 300 E Second		(11,218)
Reclassification of redevelopment asset to properties in development (1)		23,379
Balance, December 31, 2023	**$**	**23,379**
Capital expenditures, additions, and other		7,029
Net loss from fair value adjustment of development properties		(1,770)
Acquisition of 425 Montgomery Street (land and building improvement)		19,473
Balance, December 31, 2024	**$**	**48,111**

(1) In December 2023, we reclassified an existing income generating property located in Arlington, Virginia to 'Properties in development' in conjunction with its planned re-development into a multifamily asset.

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 December 31, 2024, 2311 Wilson was 100% leased. During the year ended December 31, 2024, the consolidated non-wholly owned operating property distributed a total of $5.4 million, of which $2.2 million was distributed to the non-controlling interests, and $3.2 million to CPH. During the year ended December 31, 2023, the consolidated non-wholly owned operating property distributed a total of $5.5 million, of which $2.2 million was distributed to the non-controlling interests, and $3.3 million to CPH.

As of July 1, 2024, CPH became the controlling partner of One Congress. As of December 31, 2024, One Congress was 99% leased. See Note 4 - "Investment Properties" for additional information. During the six months ended December 31, 2024, since the consolidation of One Congress, contributions of $9.0 million were made into the consolidated non-wholly owned operating property, of which $6.7 million was contributed by CPH, and $2.2 million by the non-controlling interests.

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

	As of December 31, 2024						For The Year Ended December 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	$ 36,832	$ 14,429
2311 Wilson	60.00 %	2,807	81,200	1,035	80,721	2,251	9,335	(5,859)
		$ 12,613	$1,056,04[illegible]	$ 12,271	$ 644,209	$ 412,180	$ 46,167	$ 8,570
Less interest held by non-controlling interests						(103,373)		(1,263)
Equity attributable to CPH						$ 308,807		$ 7,307

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

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

(1) On July 1, 2024, CPH consolidated One Congress in its consolidated financial statements. Revenues and net income (loss) 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.

	As of December 31, 2023						For The Year Ended December 31, 2023	
Property	**Percent Owned**	**Current Assets**	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Equity**	**Revenues**	**Net Income (Loss)**
2311 Wilson	60.00 %	2,644	94,156	1,053	80,690	15,057	9,448	(10,567)
Less interest held by non-controlling interests						(6,022)		4,230
Equity attributable to CPH						$ 9,035		$ (6,337)

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, 2022	**$ 671,714**
Contributions	33,285
Distributions	(19,949)
Share of fair value adjustment of underlying properties	(272,570)
Share of net income (excluding fair value adjustment)	23,066
Balance, December 31, 2023	**$ 435,546**
Contributions	2,727
Distributions	(6,701)
Share of unrealized loss on valuation of underlying properties	(72,738)
Share of net income (excluding unrealized loss on valuation)	29,609
Reduction in net assets from consolidation of One Congress	(287,988)
Balance, December 31, 2024	**$ 100,455**

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

	As of December 31, 2024						For The Year Ended December 31, 2024	
Property	**Percent Owned**	**Current Assets**	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Equity**	**Revenues**	**Net Income (Loss)**
Midtown Center [1]	51.00 %	$ 25,863	$ 642,875	$ 12,500	$ 528,488	$ 127,750	$ 78,835	$ 43,007
100 Congress	51.00 %	8,405	212,440	9,096	140,540	71,209	27,238	(39,829)
One Congress [2]	75.00 %	—	—	—	—	—	36,324	(61,251)
		$ 34,268	$ 855,315	$ 21,596	$ 669,028	$ 198,959	$ 142,397	$ (58,073)
Less: interest held by third-parties						(98,504)		11,995
Amounts per financial statements						$ 100,455		$ (46,078)

(1) Fannie Mae leases 713,500 square feet of office space at Midtown Center. In the fourth quarter of 2023, Fannie Mae exercised multiple contraction options to give back 149,000 square feet on a staggered basis from May 2025 to May 2028. Fannie Mae also exercised its early termination option to shorten the lease term for the remainder of its space from May 2033 to May 2029. In conjunction with exercising these options, Fannie Mae paid $70.7 million of fees to the joint venture that own's Midtown Center, which will be amortized into income over the remaining term of the lease. In the third quarter of 2024, Fannie Mae entered into a new lease for 342,000 square feet, which extends the term on a portion of their leased space through May 2045.

(2) Revenues and net income (loss) reflect the results of One Congress from January 1, 2024 to June 30, 2024, the period immediately preceding consolidation on July 1, 2024.

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

	As of December 31, 2023						For The Year Ended December 31, 2023	
Property	Percent Owned	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Equity	Revenues	Net Income (Loss)
Midtown Center	51.00 %	$ 6,602	$ 686,464	$ 9,497	$ 590,452	$ 93,117	$ 78,073	$ (236,039)
100 Congress	51.00 %	7,585	255,100	10,716	140,932	111,037	28,730	(60,618)
One Congress	75.00 %	6,154	1,031,609	512,800	80,948	444,015	22,460	(130,916)
		$ 20,341	$1,973,173	$ 533,013	$ 812,332	$ 648,169	$ 129,263	$ (427,573)
Less: interest held by third-parties						(212,623)		178,069
Amounts per financial statements						$ 435,546		$ (249,504)

Debt

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

			Principal Balance as of [3]	
Property	Contractual Rate	Maturity	December 31, 2024	December 31, 2023
Midtown Center	3.09%	10/11/2029	$ 267,750	$ 267,750
100 Congress	3.30%	11/1/2026	70,980	71,200
One Congress [1]	SOFR + 1.75%	12/10/2026 [2]	—	368,828
			$ 338,730	**$ 707,778**

(1) 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.
(2) 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 terms and conditions. See Note 9 - "Debt" for additional information.
(3) Principal balances represent CPH's ownership share in the outstanding debt.

7. Leases as Lessee

The 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:

	December 31, 2024	December 31, 2023
Non-current assets		
Income generating properties, net of ROUA	$ 1,706,721	$ 1,112,824
ROUA, at fair value	5,700	78,300
Income generating properties, at fair value	1,712,421	1,191,124
Properties in development	48,111	23,379
Total investment properties, at fair value	**1,760,532**	**1,214,503**
Current assets		
Prepaid expense and other assets, net of ROUA	6,678	13,526
ROUA, net of accumulated depreciation	2,332	3,046
Prepaid expense and other assets	**$ 9,010**	**$ 16,572**

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

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 at January 1, 2022	**$ 120,629**	**$ 908**	**$ 121,537**
Fair value adjustment [(1)]	(42,329)	—	(42,329)
ROUA Additions, net	—	2,559	2,559
Accumulated Depreciation	—	(421)	(421)
Balance as of December 31, 2023	**$ 78,300**	**$ 3,046**	**$ 81,346**
Fair value adjustment	(300)	—	(300)
ROUA Additions, net	—	(375)	(375)
Accumulated Depreciation	—	(339)	(339)
Deconsolidation of Columbia Center	(68,800)	—	(68,800)
Deconsolidation of 2001 Penn	(3,500)	—	(3,500)
Balance as of December 31, 2024	**$ 5,700**	**$ 2,332**	**$ 8,032**

(1) Fair Value adjustment of "Ground Lease and Air Rights, at fair value" includes 300 E Second write-off of related right-of-use asset balance. Depreciation and interest paid on lease liabilities was capitalized at the entity.

As of December 31, 2024, the ground lease has a remaining term of 82 years. The equipment and copier leases have remaining terms ranging between one to five years.

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

	Discount		**Carrying Value as of**	
Property	**Rate**	**Maturity**	**December 31, 2024**	**December 31, 2023**
Columbia Center [(1)]	4.93%	2120	$ —	$ 135,504
1701 Duke Street	5.20%	2107	8,141	8,001
2001 Penn [(2)]	4.94%	2087	—	4,427
Other equipment leases	Various	Various	2,426	3,045
Total lease liabilities			10,567	150,977
Less current portion			1,383	360
Lease liabilities, net of current portion			**$ 9,184**	**$ 150,617**

(1) CPH deconsolidated Columbia Center on May 8, 2024, which included the derecognition of the corresponding ground lease liability. See Note 4 - "Investment Properties" for additional information.
(2) CPH deconsolidated 2001 Penn on March 12, 2024, which included the derecognition of the corresponding air rights liability. See Note 4 - "Investment Properties" for additional information.

Future Lease Maturities	**December 31, 2024**
Maturity analysis - contractual undiscounted cash flows	
Less than one year	$ 1,737
One to five years	2,218
More than five years	54,971
Total undiscounted lease liabilities as of December 31, 2024	$ 58,926

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

Lease expense costs were as follows:

	For the Years Ended December 31,	
Lease Expense	**2024**	**2023**
Amounts recognized in profit or loss		
Interest expense on lease liabilities	$ 2,821	$ 7,092
Equipment lease depreciation	339	421
Total lease expense	**$ 3,160**	**$ 7,513**

	For the Years Ended December 31,	
Cash Flows	**2024**	**2023**
Amounts recognized in the statements of cash flows		
Principal portion of lease payments	$ 1,139	$ 291
Interest paid on lease liabilities	1,698	4,529
Total cash outflows related to leases	**$ 2,837**	**$ 4,820**

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 December 31, 2024 and December 31, 2023. No impairment losses were recognized in the years ended December 31, 2024 and 2023, respectively.

9. Debt

CPH's debt obligations consist of the following:

			Principal Balance as of	
Borrower/Facility	**Contractual Rate**	**Maturity**	**December 31, 2024**	**December 31, 2023**
Credit facility [1]:				
Revolver	SOFR +1.36% to 2.11% [2]	7/1/2026 [3]	$ 275,000	$ 200,000
Term Loan	SOFR +1.31% to 2.01% [2]	7/1/2026	200,000	200,000
75-101 Federal [4]	SOFR +1.61%	3/12/2025	— [5]	143,639
One Congress	SOFR +1.75%	12/10/2026 [6]	563,303 [7]	— [7]
1700 New York Avenue [4]	SOFR +1.61%	4/25/2024 [8]	— [8]	61,260
2001 Penn [4]	4.10%	8/1/2024	— [9]	65,000 [9]
Clarendon Square [4]	4.66%	1/5/2027	26,130 [10]	28,235
2311 Wilson [4]	SOFR +1.46% [11]	3/27/2027	75,000	75,000
Total Debt			1,139,433	773,134
Less unamortized deferred financing fees			2,529	3,842
Total Debt, net of unamortized deferred financing fees			**1,136,904**	**769,292**
Less current portion, net of unamortized deferred financing fees [12]			1,726	127,854
Debt obligations, net of current portion			**$ 1,135,178**	**$ 641,438**

(1) On April 13, 2023, the credit facility was amended to switch the reference rate from the London Interbank Offer Rate ("LIBOR") to the Secured Overnight Financing Rate ("SOFR"). As part of the amendment, a credit spread adjustment of 0.1145% was added to the spread range. SOFR was 4.49% and 5.38% as of December 31, 2024 and December 31, 2023, respectively. As of December 31, 2024, the premium was 1.71% for the Revolver and 1.61% for the Term Loan, each inclusive of the additional credit spread. As of December 31, 2023, the premium was 1.45% for the Revolver and 1.40% for the Term Loan, each inclusive of the additional credit spread.

(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 December 31, 2024, CPH expects to be eligible for the one-year extension to July 1, 2026.

(4) The fair value of the collateral pledged to these notes was $100.9 million and $400.8 million as of December 31, 2024, and December 31, 2023, respectively. The collateral pledged as of December 31, 2024, excludes value from 75-101 Federal and 2001 Penn, which were both sold during the year ended December 31, 2024, and 1700 New York Avenue, whose mortgage note was repaid on April 25, 2024.

(5) On April 1, 2024, CPH sold its interest in 75-101 Federal Street, which included the assignment of its interest in the mortgage note encumbering the property and the related interest rate cap. See Note 4 - "Investment Properties" for additional information.

(6) 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 December 31, 2024, CPH expects to be eligible for the second one-year extension to extend the construction loan's maturity to December 10, 2026.

(7) 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.

(8) On April 25, 2024, the mortgage note encumbering 1700 New York Avenue was repaid.

(9) On March 12, 2024, CPH deconsolidated 2001 Penn, which included the mortgage note encumbering the property. On October 31, 2024, CPH sold 2001 Penn and its accompanying assets and liabilities. See Note 4 - "Investment Properties: for additional information.

(10) As of December 31, 2024 and 2023, the carrying value of the mortgage note encumbering Clarendon Square included a premium of $0.0 million and $0.4 million, respectively.

(11) On May 12, 2023, CPH amended the mortgage note and associated interest rate swap agreement encumbering 2311 Wilson to modify the reference rate from LIBOR to SOFR, effective in June 2023. The amendment also added a credit spread adjustment of 0.1145%. As of December 31, 2024, an interest rate swap with a notional amount of $75 million fixes SOFR at 2.01% through March 27, 2027.

(12) The current portion of unamortized deferred financing fees was $0.0 million and $0.1 million as of December 31, 2024,and December 31, 2023, respectively.

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

2001 Penn Debt

On March 12, 2024, CPH modified the mortgage note encumbering 2001 Penn, 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. CPH deconsolidated 2001 Penn on March 12, 2024 as a result of the modification. On October 31, 2024, CPH sold 2001 Penn and its accompanying assets and liabilities. See Note 4 - "Investment Properties" for additional information.

1615 L Street Debt

On September 1, 2023, CPH entered into an event of default on the mortgage note encumbering 1615 L Street, as the debt matured and was not repaid. As a result of the default, the lender is sweeping all cash flows from the property. On December 1, 2023, CPH deconsolidated 1615 L Street. See Note 4 - "Investment Properties" for additional information.

Credit Facility

CPH has no outstanding letters of credit as of December 31, 2024 and December 31, 2023.

On September 6, 2023, CPH converted $100.0 million of Term Loans into a balance drawn on the Revolver, thereby reducing the capacity of the Credit Facility from $800.0 million to $700.0 million.

As of December 31, 2024, CPH had capacity to borrow an additional $225.0 million under the Credit Facility. Subsequent to December 31, 2024 through February 20, 2025, CPH paid down $16.0 million on the Revolver, and re-paid $4.3 million of the Term Loan.

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

Interest Expense

Interest expense is comprised of the following:

Description	For the Years Ended December 31, 2024	2023
Credit facility	$ 24,636	$ 30,641
Notes payable	24,136	18,067
Distributions to redeemable non-controlling interests	1,933	2,285
Lease liabilities	2,821	7,092
Amortization of deferred financing fees	2,484	2,002
Gross interest expense	**$ 56,010**	**$ 60,087**
Capitalized interest expense		
Capitalized deferred financing fees	(129)	(13)
Capitalized interest	(2,282)	(312)
Total capitalized interest expense	**(2,411)**	**(325)**
Net interest expense	**$ 53,599**	**$ 59,762**

Future Maturities of Debt

Scheduled annual maturities of debt outstanding, including principal and interest and excluding the effect of extension options, as of December 31, 2024 are as follows:

Years Ending December 31,	Amount
2025 (1)	$ 901,596
2026 (1)	213,518
2027	98,698
2028	—
2029	—
Thereafter	—
	$ 1,213,812

(1) When the effect of extension options that the Company expects to be eligible are incorporated, scheduled annual maturities of $838.3 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 year ended December 31, 2024:

	Borrowings	Leases	Subtotal
Net Debt, December 31 2022	(1,113,832)	(146,522)	(1,260,354)
Cash flows	212,157	291	212,448
New leases	—	(2,184)	(2,184)
Deconsolidation of 1615 L Street	134,250	(72)	134,178
Other changes	$ (1,867)	$ (2,490)	$ (4,357)
Net Debt, December 31 2023	$ (769,292)	$ (150,977)	$ (920,269)
Cash flows	(4,192)	1,142	(3,050)
New leases	—	(341)	(341)
Credit facility	(75,000)	—	(75,000)

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

Repayment of 1700 New York Ave	61,260	—	61,260
Deconsolidation of 2001 Penn Ave	65,000	4,464	69,464
Sale of 75-101 Federal Street	143,639	—	143,639
Deconsolidation of Columbia Center	—	135,504	135,504
Consolidation of One Congress	(556,632)	(223)	(556,855)
Other changes	$ (1,686)	$ (136)	$ (1,822)
Net Debt, December 31 2024	$ (1,136,903)	$ (10,567)	$ (1,147,470)

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. Credit facility and 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 December 31, 2024 and December 31, 2023, in the accompanying Consolidated Financial Statements are set forth in the table below:

		December 31, 2024		December 31, 2023	
	Fair Value Level	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets					
Cash and cash equivalents	Level 1	$ 33,355	$ 33,355	$ 31,050	$ 31,050
Restricted cash	Level 1	428	428	1,705	1,705
Trade receivables, net	Level 3	6,428	6,428	9,185	9,185
Liabilities, including current portion					
Credit facility (1)(2)	Level 3	$ 475,000	$ 475,000	$ 400,000	$ 400,000
Notes payable (1)(2)	Level 3	664,434	653,805	372,725	348,517
Redeemable non-controlling interests	Level 3	20,046	20,046	26,445	26,445

(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 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**

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

The following assets, measured at fair value as of December 31, 2023, are classified as follows:

Description	Level 1	Level 2	Level 3
Assets:			
Investments in income generating properties	$ —	$ —	$ 1,191,124
Investments in properties in development	—	—	23,379
Derivative assets	—	20,311	—
Total Assets	**$ —**	**$ 20,311**	**$ 1,214,503**

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."

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 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**			

The following table sets forth quantitative information about the Level 3 fair value measurements as of December 31, 2023:

Description	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Avg)
Investments in income generating properties	$1,191,124	Discounted cash flow - Income capitalization	Discount Rate	7.00 - 12.5% (7.73%)
			Exit Capitalization Rate	6.25% - 7.25% (6.58%)
Investments in properties in development	23,379	Discounted cash flow - Income capitalization	Discount Rate	7.00%
Total	**$1,214,503**			

12. Derivative Instruments

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

	December 31, 2024		December 31, 2023	
	Interest Rate Caps	Interest Rate Swaps	Interest Rate Caps	Interest Rate Swaps
Notional balance	$ 400,000	$ 75,000	$ 400,000	$ 276,260
Weighted average interest rate (1)	2.50 %	2.01 %	2.50 %	1.34 %
Earliest maturity date	July 1, 2025	March 27, 2027	July 1, 2025	April 1, 2024
Latest maturity date	July 1, 2025	March 27, 2027	July 1, 2025	March 27, 2027

(1) Represents the weighted average interest rate that was fixed on the hedged debt. As of December 31, 2024, the weighted average interest rate at which LIBOR and SOFR was fixed on the hedged debt.

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

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 years ended December 31, 2024 and 2023.

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

	For the Years Ended December 31,	
Description	**2024**	**2023**
Unrealized gain on cash flow hedges	$ 5,281	$ 5,186
Swap hedging (gains) reclassified to net income	(5,849)	(11,236)
Interest rate cap hedging (gains) reclassified to net income	(12,811)	(10,163)
Amortization of interest rate cap	5,718	3,843
Other Comprehensive Loss	**$ (7,661)**	**$ (12,370)**

For the year ended December 31, 2024, "Other comprehensive income" on the Consolidated Statements of Changes in Equity included $(16.6) million of unrealized loss on cash flow hedges for intrinsic value, $3.2 million of unrealized loss on cash flow hedges for time value, and $5.7 million of interest rate cap amortization, net of hedging (gains) losses reclassified to net income for the year ended December 31, 2024. For the year ended December 31, 2023, "Other comprehensive income" included $(14.8) million and $(1.5) million of unrealized loss on cash flow hedges for intrinsic value and time value, respectively, and $3.8 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:

	For the Years Ended December 31,	
Description	**2024**	**2023**
Personnel and compensation	$ 12,862	$ 11,836
Professional fees	3,913	3,085
Information technology	917	1,016
Other corporate	3,303	2,559
Total non-property general and administrative	**$ 20,995**	**$ 18,496**

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 the years ended December 31, 2024 and 2023 totaled $4.1 million and $5.6 million, respectively. Construction management fees the years ended December 31, 2024 and 2023 totaled $0.7 million and $0.4 million, respectively. Lease commissions for the years ended December 31, 2024 and 2023 totaled $4.4 million and $0.0 million, respectively. Fees for asset management, property management, construction management, leasing, and development services are recorded in "Property management fees and other" on the Consolidated Statements of Operations and Comprehensive Income (Loss). Outstanding related party receivables pertaining to these fees were $2.0 million and $3.4 million for December 31, 2024 and December 31, 2023, respectively.

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

On April 21, 2023, a related party of CPH exercised its contractual redemption right of Redeemable Non- Controlling Interests in CPP totaling $10.0 million. The partial redemption includes a 2 year lock out period for the remaining units. These units will have the right to be redeemed in April 2025. See Note 17 - "Redeemable Non- Controlling Interests" for additional information.

On April 28, 2023, a related party of CPH exercised its contractual redemption right of Redeemable Non-Controlling Interests in CPH totaling $0.1 million.

On September 1, 2023, a related party of CPH exercised its contractual redemption right of Redeemable Non-Controlling Interests in CPP totaling $8.1 million. The partial redemption includes a 2 year lock out period for the remaining units. These units will have the right to be redeemed in August 2025.

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 December 31, 2024, CPH had $1.6 million in performance bonds outstanding with commitment terms expiring through June 24, 2025.

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 December 31, 2024, this recourse is limited to 7.5% of the principal balance or $42.2 million.

As of December 31, 2024, 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	70.2
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	13.4
2022 service units	27	Jun 2022	Mar 2025	21.9
2022 performance units	27	Jun 2022	Mar 2025	27.4
2023 service units	74	Jun 2023	March 2026, March 2027, March 2028	66.2
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				**388.4**

(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 were 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 is dependent upon CPH achieving certain return thresholds based on NAV over a three-year performance period. A cumulative return per annum below 4.5% will result in no LTIP Performance Units being earned. A cumulative return per annum between a 4.5% and 7.5% will result in earning between 75% to 125% of LTIP Performance Units granted based on linear interpolation within that range, while a cumulative return per annum in excess of 7.5% will result in 125% of LTIP Performance Units granted being 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 LTIP activity during the years ended December 31, 2024 and 2023 is presented below:

	Total Units (in thousands)
LTIP units outstanding, December 31, 2022	**26,692**
LTIP unit reverse split[(1)]	(26,425)
LTIP units granted during the period	73
LTIP units converted	(23)
LTIP units forfeited	(47)
LTIP units outstanding, December 31, 2023	**270**
LTIP units granted	195
LTIP units converted	(37)
LTIP units forfeited	(40)
LTIP units outstanding, December 31, 2024	**388**

(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 Consolidated Balance Sheets.

During the year ended December 31, 2024, the Company recognized $1.1 million of LTIP expense, of which $0.2 million was capitalized, and $1.0 million of LTIP dividend expense.

During the year ended December 31, 2023, the Company recognized $(1.1) million of LTIP expense, of which $0.1 million was capitalized, and $0.8 million of LTIP dividend expense.

16. Corporate Officer's Compensation

Salary and bonus expense for the Company's corporate officers totaled $3.0 million for the years ended December 31, 2024 and 2023. Additional employee benefit expense for these officers was less than $0.2 million for the years ended December 31, 2024 and 2023. LTIP expense was $0.6 million for the year ended December 31, 2024 and $(0.7) million for the year ended December 31, 2023. No long-term compensation or retirement contributions were paid. These amounts are included in "Non-property general and administrative expenses" in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss).

17. Redeemable Non-Controlling Interests

2024 Redemptions

During the year ending December 31, 2024, LTIP unit holders redeemed 37 thousand LTIP units totaling $1.8 million.

2023 Redemptions

During the year ending December 31, 2023, related parties of CPH exercised contractual redemption rights of certain Redeemable Non-Controlling Interests in CPP and CPC totaling $20.7million.

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 Consolidated Balance Sheets. As of December 31, 2024, the value of current and non-current redeemable non-controlling interests were $20.0 million and $0.0 million respectively. The current portion of "redeemable non-controlling interests" include interests held by CP OC/Columbia LP, which partially redeemed in April 2023, and CS Investment Group, which partially redeemed in August 2023. Both redemptions included a two year lock out period for the remaining units and will have the right to be redeemed in April 2025 and

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

August 2025, respectively. As of December 31, 2023, the value of current and non-current redeemable non-controlling interests were $2.3 million and $24.2 million respectively.

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

	Shares	Value
Balance, December 31, 2022	**67,961**	**$ 70,987**
LTIP Vesting	23	2,401
Redemptions	(210)	(20,747)
Reverse Stock Split	(67,279)	—
Revaluation/Other	—	(26,196)
Balance, December 31, 2023	**495**	**$ 26,445**
LTIP Vesting	37	1,961
Redemptions	(37)	(1,784)
Revaluation/Other	—	(6,576)
Balance, December 31, 2024	**495**	**$ 20,046**

18. Equity

2023 Reverse Stock Split

Effective January 1, 2023, CPH executed a reverse stock split at a ratio of 1 unit of common shares for every 100 units outstanding.

Dividends

Distributions are declared and paid upon the declaration of the Board of Directors. During the year ended December 31, 2024, our Board of Directors declared an annual dividend of $4.00 per common share, which included $1.9 million of dividends paid to redeemable non-controlling interests and $1.0 million of dividends paid to holders of unvested LTIPs. As of December 31, 2024, CPH had no unpaid dividends.

During the year ended December 31, 2023, the Board of Directors declared cash dividends totaling $4.00 per common share, which included $3.1 million of dividends paid to redeemable non-controlling interests and $0.8 million of dividends paid to holders of unvested LTIPs. As of December 31, 2023, CPH had no unpaid dividends.

As of December 31, 2024, certain investors of CPP elected to receive additional units of CPP in lieu of a cash dividend.

The ownership interests of CPP as of December 31, 2024, after share issuance are as follows:

Partner/Investor	2024 Units Issued	Ownership Percent
Carr Properties Corporation	1,348	91.39 %
Clal ENP REIT, LP	88	5.94 %
Other Investors	—	2.67 %
	1,436	100.00 %

Subsidiary REITs

CPH maintained nine subsidiary REITs as of December 31, 2024 in which there are preferred shareholder interests.

19. Credit and Other Risks

Curbed lending activity, higher interest rates and the sustained shift towards hybrid office and remote work arrangements have contributed to a decline in the fair value of CPH's investments and reduced demand for commercial office space over the last two years. While interest rates and lending activity have started to normalize in the second half of 2024, CPH continues to monitor the affects of these trends on its business, including:

- the ability and willingness of CPH's tenants to meet their contractual obligations;
- CPH's ability to maintain occupancy in its properties and obtain new leases for unoccupied space;
- CPH's access to debt and equity capital on desired terms or at all;
- the supply of products or services from CPH's vendors; and
- ability to continue or complete planned development, including the potential for delays in labor or material supply necessary for development.

CPH collected approximately 96% and 97% of contractual rent from its tenants during the years ended December 31, 2024 and 2023, respectively. CPH continues to closely monitor tenant credit risk and maintains close communication with certain tenants as it assesses the potential impacts that may arise if unable to make timely rental payments.

Market Leasing Risk

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

Credit Risk

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

20. Capital Management

CPH manages its capital, taking into account its long-term business objectives. CPH’s capital structure currently includes common shares, preferred shares, mortgage notes and its Credit Facility, which together provide CPH with financing flexibility to meet its capital needs. Primary uses of capital include development activities, acquisitions of operating properties, capital improvements, leasing costs and principal repayments on CPH's mortgage notes and Credit Facility. The actual level and type of future financings to fund these capital requirements will be determined based on prevailing interest rates, various costs of debt and/or equity capital, capital market conditions and management’s general view of the optimal leverage in the business.

21. Subsequent Events

CPH evaluated subsequent events through February 20, 2025, the date the consolidated financial statements were available to be issued.

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.

CPH concluded that no additional subsequent events have occurred that would require additional recognition or disclosure in the 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

Date: March 10, 2025

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

Dear Madam/Sir,

Re: Letter of consent regarding the shelf prospectus of Alony-Hetz Properties and Investments Ltd. (hereinafter - the "Company") of April 2024

We hereby inform you that we agree to the inclusion (including by way of reference) of our reports detailed below in connection with the shelf prospectus of April, 2024:

(1) The Report of the Independent Auditor dated March 10, 2025 regarding the Company's consolidated financial statements as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024.

(2) The Report of the Independent Auditor dated March 10, 2025 regarding the audit of components of internal control over the Company's financial reporting as of December 31, 2024.

Respectfully,

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

תל אביב - משרד ראשי
מרכז עזריאלי 1 תל אביב, ת.ד. 16593 תל אביב 6116402 | טלפון: 03-6085555 | info@deloitte.co.il

משרד ירושלים
קרית המדע 3
מגדל הר חוצבים
ירושלים, 914510
טלפון: 02-5018888
פקס: 02-5374173
info-jer@deloitte.co.il

משרד חיפה
מעלה השחרור 5
ת.ד 5648
חיפה, 3105502
טלפון: 04-8607333
פקס: 04-8672528
info-haifa@deloitte.co.il

משרד אילת
המרכז העירוני
ת.ד 583
אילת, 8810402
טלפון: 08-6375676
פקס: 08-6371628
info-eilat@deloitte.co.il

משרד נצרת
מרג' אבן עאמר 9
נצרת, 16100
טלפון: 073-3994455
פקס: 073-399445
info-nazareth@deloitte.co.il

בית שמש
יגאל אלון 1
בית שמש 9906201

pwc

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) Report of Independent Auditors dated February 20, 2025, regarding the Consolidated Financial Statements of Carr Properties Holdings L.P. as of December 31, 2024 and 2023, and for the years then ended.

PricewaterhouseCoopers LLP

Washington, District of Columbia
March 7, 2025