

**Azrieli Group Ltd.**  
(the “Company”)

July 4, 2022

To  
The Israel Securities Authority

To  
Tel Aviv Stock Exchange Ltd.

Via Magna

Via Magna

Re: An Immediate Report on the Convening of an Annual and Special General Meeting of the Company in accordance with the Companies Law, 5759-1999 (the “Companies Law”), the Companies Regulations (Notice and Announcement of General Meetings and Class Meetings in Public Companies and the Addition of an Issue to the Agenda), 5760-2000, the Companies Regulations (Voting in Writing and Position Statements), 5766-2005 (the “Voting in Writing Regulations”), the Securities Regulations (Transaction between a Company and a Controlling Shareholder thereof), 5761-2001 (the “Controlling Shareholders Regulations”) and the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the “Reports Regulations”)

Notice is hereby given (the “**Notice of Meeting Report**”) of the convening of an annual and special general meeting of the Company’s shareholders (the “**Meeting**”), which shall be held on **Monday, August 8, 2022, at 4:00 PM** (Israel time), in the Company’s offices at Azrieli Center, Tel Aviv (Round Tower, Floor 48) (the “**Company’s Offices**”), for the adoption of resolutions on the agenda items, as specified below.

**Part A – Annual and Special General Meeting**

**The issues on the agenda of the Meeting and a summary of the proposed resolutions:**

1. **Approval of updated compensation policy**

Proposed language of resolution: To approve the Updated Compensation Policy for the Company’s officers, pursuant to Section 267A of the Companies Law, in the language attached as **Annex A** hereto, effective as of August 11, 2022. For further details, see Part B hereof.

2. **Approval of update and extension of the terms and conditions of the management agreement with the Active Chairwoman of the Company’s Board**

Proposed language of resolution: To approve the update and extension of the existing Management Agreement between the Company and a company controlled by the Company’s active Chairwoman of the Board, Ms. Danna Azrieli, effective as of August 11, 2022, as specified in Part C hereto.

3. **Approval of the appointment of Ms. Orli Garti Seroussi as a new outside director of the Company**

Following her signing a declaration as required under Sections 224B and 241 of the Companies Law, it is proposed to appoint Ms. Orli Garti Seroussi as an outside director of the Company for a first three-year term of office, starting on August 23, 2022. The said declaration is attached as **Annex B** hereto.

Ms. Orli Garti Seroussi was classified by the Company's board of directors on July 3, 2022 as having accounting and financial expertise as determined by the Companies Regulations (Conditions and Tests for a Director Having Accounting and Financial Expertise and a Director Having Professional Qualifications), 5766-2005 (the "**Qualification Regulations**"). Furthermore, on the same date, the Company's board of directors approved that subject to the approval of her appointment by the Meeting, Ms. Orli Garti Seroussi shall be appointed as a member of the audit committee, compensation committee, enforcement committee and financial statements review committee.

For her office as an outside director of the Company, the Company shall pay Ms. Orli Garti Seroussi annual remuneration and participation remuneration in the amount of the maximum sums set forth with respect to an expert outside director in the Companies Regulations (Rules on External Directors' Remuneration and Expenses), 5760-2000 (the "**Remuneration Regulations**"), as being from time to time, and according to the Company's equity ranking as it shall be from time to time. As of the date hereof, the Company's equity ranking is E. In addition, Ms. Orli Garti Seroussi shall be entitled to a reimbursement of expenses, as stipulated in Regulation 6 of the Remuneration Regulations and the policy approved by the Company's audit committee.

In addition, subject to the approval of her appointment, the Company shall grant Ms. Orli Garti Seroussi a letter of exemption and indemnification as customary at the Company, in the language customary at the Company with respect to all officers and directors who are not controlling shareholders of the Company and/or their relatives, as specified in the Company's immediate report dated March 23, 2017 (Ref.: 2017-01-028392), which is incorporated herein by way of reference, and furthermore, Ms. Orli Garti Seroussi shall be included in the D&O liability insurance that is customary at the Company.

Below are details pursuant to Regulations 26 and 36B(a)(10) of the Reports Regulations, in respect of Ms. Orli Garti Seroussi:

<b>Name of candidate for the position of outside director:</b>	<b>Orli Garti Seroussi</b>
I.D.:	056381981
Date of birth:	February 16, 1960

Citizenship:	Israeli
Membership in board committees:	Subject to the approval of her appointment by the Meeting, shall be appointed as a member of the audit committee, compensation committee, enforcement committee and financial statements review committee
Outside director:	Subject to the approval of her appointment by the Meeting
Having accounting and financial expertise or professional qualifications	Having accounting and financial expertise
Expert outside director	Subject to the approval of her appointment by the Meeting,
An employee of the Company, a subsidiary of the Company, an affiliate of the Company or of an interested party of the Company:	No
The date on which her office as a director of the Company begins:	August 23, 2022
Education:	B.A. in Economics and Accounting, Tel Aviv University; M.B.A. in Organizational Management and Financing, Tel Aviv University; M.P.A. in Strategy and Process Management, Harvard University, U.S.A. A Certified Public Accountant.
Main occupations in the past five years:	Professional director, public representative in the Regional Labor Court in Tel Aviv, appointed board member of the Mei Kfar Saba Cooperative Society
Other companies in which you serve as a director	Outside director of Mishorinm – Real Estate Investments, E.S. Australia (Israel) Holdings Ltd., Avrot Industries Ltd., 3DM Digital Manufacturing Ltd. and UNET Credit Financial Services Ltd. Professional director of Meuhedet

	Health Fund
A family member of another interested party of the Company:	No
A director who is considered by the Company as having accounting and financial expertise in order to comply with the minimum number set forth by the board according to Section 92(a)(12) of the Companies Law:	Yes

Proposed language of resolution: to appoint Ms. Orly Garti-Seroussi as an outside director of the Company for a first three-year term of office, starting on August 23, 2022.

4. **Approval of the extension of office of Mr. Joseph Shachak as an outside director of the Company**

Following his signing a declaration as required under Sections 224B and 241 of the Companies Law, it is proposed to appoint Mr. Joseph Shachak as an outside director of the Company for a second three-year term of office, starting on August 23, 2022. The said declaration is attached as **Annex C** hereto.

Mr. Joseph Shachak was classified by the Company's board of directors on July 4, 2019 as having accounting and financial expertise as determined by the Qualification Regulations. Furthermore, on the same date, the Company's board of directors approved that subject to the approval of his appointment by the Meeting, Mr. Joseph Shachak shall be appointed as a member of the audit committee, compensation committee, enforcement committee and financial statements review committee.

For his office as an outside director of the Company, the Company pays Mr. Joseph Shachak annual remuneration and participation remuneration in the amount of the maximum sums set forth with respect to an expert outside director in the Remuneration Regulations, as being from time to time, and according to the Company's equity ranking as it shall be from time to time. As of the date hereof, the Company's equity ranking is E. In addition, Ms. Joseph Shachak is entitled to a reimbursement of expenses, as stipulated in Regulation 6 of the Remuneration Regulations and the policy approved by the Company's audit committee.

In addition, the Company granted Mr. Joseph Shachak a letter of exemption and indemnification as customary at the Company, in the language customary at the Company with respect to all officers and directors who are not controlling shareholders of the Company and/or their relatives, as specified in

the Company's immediate report dated March 23, 2017 (Ref.: 2017-01-028392), which is incorporated herein by way of reference, and furthermore, Ms. Joseph Shachak is included in the D&O liability insurance that is customary at the Company.

For details in respect of Ms. Joseph Shachak as required by Regulations 26 and 36B(a)(10) of the Reports Regulations, see Regulation 26 of Part D of the 2021 Periodic Report that was released by the Company on March 23, 2022 (Ref.: 2022-01-033196) (the "**Company's Periodic Report for 2021**"), which is incorporated herein by way of reference. To the Company's best knowledge, there were no changes in the details of Mr. Joseph Shachak, as described in the Company's Periodic Report for 2021.

Proposed language of resolution: to appoint Mr. Joseph Shachak as an outside director of the Company for a second three-year term of office, starting on August 23, 2022.

5. **Approval of the appointment of Ms. Varda Levi as an independent director of the Company**

On May 18, 2022, the term of office of Ms. Tzipora Carmon as an independent director of the Company has expired, having completed, on the same date, a nine-year term of office as a director of the Company.

Following her signing a declaration as required under Section 224B of the Companies Law, it is proposed to appoint Ms. Varda Levi as an independent director of the Company for a term of office from August 23, 2022 until the end of the next annual meeting of the Company's shareholders, unless the office shall have expired earlier pursuant to the provisions of the Companies Law or the Company's articles of association (the "**Company's Articles**"). The said declaration is attached as **Annex D** hereto.

The Company's audit committee has approved on July 3, 2022 that Ms. Varda Levi fulfils the qualification terms and conditions stipulated by Section 240(b) and (f) of the Companies Law, as required for her classification as an independent director.

Ms. Varda Levi was classified by the Company's board of directors on July 3, 2022 as having accounting and financial expertise as determined by the Qualification Regulations. Furthermore, on the same date, the Company's board of directors approved that subject to the approval of her appointment by the Meeting, Ms. Varda Levi shall be appointed as a member of the audit committee, enforcement committee and financial statements review committee.

For her office as a director of the Company, the Company shall pay Ms. Varda Levi annual remuneration and participation remuneration in the amount of the maximum sums set forth with respect to an expert outside director in the Remuneration Regulations, as being from time to time, and according to the Company's equity ranking as it shall be from time to time. As of the date hereof, the Company's equity ranking is E. In addition, Ms. Varda Levi shall

be entitled to a reimbursement of expenses, as stipulated in Regulation 6 of the Remuneration Regulations and the policy approved by the Company's audit committee.

In addition, subject to the approval of her appointment, the Company shall grant Ms. Varda Levi a letter of exemption and indemnification as customary at the Company, in the language customary at the Company with respect to all officers and directors who are not controlling shareholders of the Company and/or their relatives, as specified in the Company's immediate report dated March 23, 2017 (Ref.: 2017-01-028392), which is incorporated herein by way of reference, and furthermore, Ms. Varda Levi shall be included in the D&O liability insurance that is customary at the Company.

Below are details pursuant to Regulations 26 and 36B(a)(10) of the Reports Regulations, in respect of Ms. Varda Levi:

<b>Name of candidate for the position of independent director:</b>	<b>Varda Levi</b>
I.D.:	057089369
Date of birth:	May 26, 1961
Address for service of process	12 Arlosoroff Street, Ra'anana
Citizenship:	
Membership in board committees:	Subject to the approval of her appointment by the Meeting, shall be appointed as a member of the audit committee, enforcement committee and financial statements review committee
Outside director:	No
Having accounting and financial expertise or professional qualifications	Having accounting and financial expertise
An employee of the Company, a subsidiary of the Company, an affiliate of the Company or of an interested party of the Company:	No
The date on which her office as a director of the Company begins:	August 23, 2022
Education:	B.A. in Economics and Accounting, Tel Aviv University;

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Main occupations in the past five years:	Outside director of Mendelson Infrastructures & Industries Ltd. Term of office – 9 years, until February 2021; outside directors of Related Commercial Portfolio Ltd. (office held until July 2021, when the company became a private company), independent consultant.
Other companies in which you serve as a director	None.
A family member of another interested party of the Company:	No

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A director who is considered by the Company as having accounting and financial expertise in order to comply with the minimum number set forth by the board according to Section 92(a)(12) of the Companies Law:	Yes
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Proposed language of resolution: to appoint Ms. Varda Levi as an independent director of the Company for a term from August 23, 2022 until the end of the next annual meeting of the Company's shareholders, unless the office shall have expired earlier pursuant to the provisions of the Companies Law or the Company's Articles.

6. **Reappointment of the directors currently holding office as directors of the Company (who are not the outside directors) until the end of the Company's next annual general meeting**

Approval of the reappointment of the following directors currently serving on the Company's board (who are not outside directors), for an additional term of office, until the end of the next annual meeting of the Company's shareholders, unless the office shall have expired earlier pursuant to the provisions of the Companies Law or the Company's Articles (an "Additional Term of Office"):

6.1. **Ms. Danna Azrieli (Chairman of the Board)**

Proposed resolution: To approve the reappointment of Ms. Danna Azrieli as a director of the Company for an Additional Term of Office.

6.2. **Ms. Sharon Azrieli**

Proposed resolution: To approve the reappointment of Ms. Sharon Azrieli as a director of the Company for an Additional Term of Office.

6.3. **Ms. Naomi Azrieli**

Proposed resolution: To approve the reappointment of Ms. Naomi Azrieli as a director of the Company for an Additional Term of Office.

6.4. **Mr. Menachem Einan**

Proposed resolution: To approve the reappointment of Mr. Menachem Einan as a director of the Company for an Additional Term of Office.

6.5. **Mr. Dan Isaac Gillerman**

Proposed resolution: To approve the reappointment of Mr. Dan Isaac Gillerman as a director of the Company for an Additional Term of Office.

6.6. **Mr. Oran Dror (independent director)**

Proposed resolution: To approve the reappointment of Mr. Oran Dror as a director of the Company for an Additional Term of Office.

Each of the aforesaid directors has signed a declaration as mandated by Section 224B(a) of the Companies Law, and, *inter alia*, the independent directors have declared that they satisfy the provisions of paragraphs (1) and (2) of the definition of “independent director” in Section 1 of the Companies Law. The directors’ declarations are attached to the Notice of Meeting Report as **Annex E**.

For details about the directors whose office is presented for renewal as set forth in Sections 6.1-6.6 above, which details are required pursuant to Sections 26 and 36B(a)(10) of the Reports Regulations, see Regulation 26 of Part D of the Company’s Periodic Report for 2021<sup>1</sup>, which is incorporated herein by way of reference.

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<sup>1</sup> Under the Company’s existing compensation policy and updated compensation policy, the remuneration of directors of the Company who are not controlling shareholders of the Company and who do not receive a salary or management fees, as serving from time to time, shall be the maximum remuneration as prescribed by the Remuneration Regulations, as updated from time to time, and consistent with the Company’s rank, as being from time to time. For this purpose, it shall be considered whether the director is an expert, according to the definition of expert outside director in the Remuneration Regulations. Furthermore, the aforesaid directors shall be entitled to reimbursement of expenses in accordance with the Remuneration Regulations and with the policy approved by the Company’s audit committee. The remuneration of Ms. Naomi Azrieli and Ms. Sharon Azrieli, who are among the Company’s controlling shareholders, is the remuneration approved by the Company’s remuneration committee and board of directors in May 2022. For details see immediate report dated



To the Company's best knowledge, there were no changes in the details of the directors, compared with their details as described in the Company's Periodic Report for 2021, with the exclusion of: in respect of Mr. Dan Isaac Gillerman – he is also a member of the Company's compensation committee.

7. **Reappointment of the accounting firm Deloitte Brightman, Almagor, Zohar & Co. as the Company's auditor until the end of the Company's next annual general meeting**

Under the Company's Articles, the Company's board is authorized, after receiving the recommendation of the Company's audit committee, to set the fees of the auditor for audit functions and additional services according to the nature and scope of the services rendered and to be rendered to the Company. For details with respect to the fees paid to the auditor in respect of 2021, see Section 7 of the Corporate Governance chapter in the Company's Periodic Report for 2021, which is included in the Notice of Meeting Report by way of reference.

Proposed resolution: To approve the reappointment of the accounting firm Deloitte Brightman, Almagor, Zohar & Co. as the Company's auditor until the end of the Company's next annual general meeting.

8. **Discussion of the audited financial statements and the board of directors' report on the Company's affairs for the year ended December 31, 2021**

The aforementioned reports, which are included in the Company's Periodic Report for 2021, are available for inspection. There shall be no vote on this issue, but only a discussion.

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May 31, 2022 (Ref.: 2022-01-067546), which is incorporated herein by way of reference. The current remuneration of Ms. Danna Azrieli, the Company's Chairman of the Board and one of the Company's controlling shareholders, was most recently approved in a meeting of the Company's shareholders held on August 11, 2019 and is submitted for reapproval and update of terms and conditions in the Meeting contemplated herein (as specified in Part C hereof). For details about the current remuneration of Ms. Danna Azrieli, see Note 33(c)(1) to the financial statements as of December 31, 2021, which were included in the Company's Periodic Report for 2021, which is included in the Notice of Meeting Report by way of reference. In addition to the directors' remuneration as set forth above, the Company's directors are included in an officers' liability insurance policy and the Company granted them letters of indemnification and exemption, and all subject to the provisions of the Companies Law and the Company's Articles. For details see Note 33(d) of the financial statements as of December 31, 2021, which is included in the Company's Periodic Report for 2021, which is included in the Notice of Meeting Report by way of reference.

## **Part B – Further Details with respect to Approval of Updated Compensation Policy**

9. Details are presented below with respect to the resolution proposed as Item 11 on the agenda of the Meeting – Approval of Updated Compensation Policy for the Company:

### 9.1. **General**

9.1.1. The Company's Board, after receiving the recommendations of the compensation committee (the "**Compensation Committee**") and the Company's General Meeting, adopted a compensation policy for the first time in September 2013. The Compensation Policy was updated from time to time, and its last update took effect on August 11, 2019, upon its approval by the General Meeting of the Company's shareholders (it is noted that in December 2021, an amendment was made on the issue of officers' insurance which did not change the policy's expiration date) (the "**Existing Compensation Policy**").

9.1.2. Towards the 3rd anniversary of the Existing Compensation Policy, on July 3, 2022, having accepted the recommendation of the Compensation Committee, the Company's board of directors approved and updated compensation policy (the "**Updated Compensation Policy**" or the "**Policy**"), which is submitted for approval by the Meeting as specified in the Notice of Meeting Report, and pursuant to Section 267A of the Companies Law and as specified below.

9.1.3. The Policy was drafted in consideration of the Company's character as a global company operating mainly in the income-producing property segment, and its being one of the largest companies in the Israeli economy, that is included in the TA-35 index and in the TA-Real Estate index.

9.1.4. Generally, the Policy is based mostly on principles similar to those underlying the Existing Compensation Policy, while adapting the Policy to the requested changes to the terms and conditions of the management agreement with the Company's active chairman of the board, as stated in Section 2 of the agenda for the Meeting and as specified in Part C hereof.

9.1.5. The Policy is based on many years of experience in the management of the Company, in its field of business and business volume, and on determinations arising from the implementation over many years of a unique management method, which has led the Company to impressive achievements.

- 9.1.6. The provisions of the Policy apply solely to the Company's officers.
- 9.1.7. The Policy is drafted in the masculine for reasons of convenience only, but its provisions apply equally to both men and women.
- 9.1.8. In the context of forming the Updated Compensation Policy, members of the compensation committee and board of directors were presented with comparative figures in respect of officers in benchmark companies.
- 9.1.9. At the Company's Compensation Committee meeting of July 3, 2022, attended by Messrs.: Joseph Shachak (outside director), Ehud Rassabi (outside director) and Dan Isaac Gillerman (independent director), the Updated Compensation Policy was discussed and it was resolved to recommend to the Company's board of directors to approve it. According to the recommendation of the compensation committee, the Updated Compensation Policy was approved at the Company's board of directors meeting of July 3, 2022, attended by Messrs.: Ehud Rassabi, Joseph Shachak, Oran Dror, Dan Isaac Gillerman and Menachem Einan. Due to Ms. Danna Azrieli being a beneficiary of the compensation policy in a manner different than the remuneration paid to the other directors, and due to Mses. Naomi Azrieli and Sharon Azrieli being Ms. Danna Azrieli's sisters, they did not participate, for the sake of cautiousness only, at the board meeting when it approved the Updated Compensation Policy. The resolution to recommend to the Company's board of directors to approve the Updated Compensation Policy and the resolution to approve the Updated Compensation Policy, as applicable, was adopted unanimously by both the Company's Compensation Committee and board of directors.

9.2. **Main Differences between the Existing Compensation Policy and the Updated Compensation Policy**

The Updated Compensation Policy is based, similarly to the Existing Compensation Policy, on the following main compensation components: a fixed component, social and related benefits, a variable component (bonuses), arrangements for retirement and exemption, insurance and indemnity. In addition, both the Existing Compensation Policy and the Updated Compensation Policy include general provisions.

Below is a summary of the main changes in the Updated Compensation Policy relative to the Existing Compensation Policy (components to which no material change was made are not mentioned):

9.2.1. Fixed component for officers**(Active) Chairwoman of the Board**

The monthly management fees of the active chairwoman, in Section 4.2.1 of the Updated Compensation Policy were adjusted to the terms of office proposed in the terms and conditions of the management agreement with the Company's Active Chairwoman, as per Item 2 on the agenda of the Meeting, and as specified in Part C hereof.

9.2.2. Variable component (bonuses) for officers**(Active) Chairwoman of the Board**

In view of the growth in the financial results of the Company and the growth in its business and assets compared with these figures prior to the appointment of Ms. Danna Azrieli as active Chairwoman of the Company's board and compared to the date of the last approval of the Management Agreement (August 2019) and in order to enable the Company's Compensation Committee and Board to annually determine the measurable targets for a bonus to the Active Chairwoman, it is hereby proposed to update Section 6.2 of the Compensation Policy, as follows:

<b>Active Chairwoman of the board</b>	<b>Existing Compensation Policy</b>	<b>Updated Compensation Policy</b>
<b>Fixed component – monthly cost of employment (based on full-time position)</b>	NIS 250 thousand, linked to the Consumer Price Index for the month of April 2019 which was published on May 15, 2019, plus a possible increase of up to 7% every year, (over and above the linkage to the CPI), subject to the approvals required by law.	NIS 330 thousand linked to the Consumer Price Index for the month of May 2022, as published on June 15, 2022, with the addition of 5% to the said cap every year (over and above the linkage to the CPI).
<b>Variable component – measurable</b>	A cap of NIS 2 million, if the adjusted profit in the	The (Active) Chairwoman of the Board will be entitled to a measurable

<p><b>bonus</b></p>	<p>relevant year shall be over NIS 1,015 million, according to the formula prescribed by Section 6.2 of the Existing Compensation Policy.</p>	<p>annual bonus (only), according to the fulfilment of conditions and criteria to be determined, in the amount of up to 9 times the monthly cost of employment.</p> <p>The Company's Compensation Committee and Board may determine targets for a bonus for the active Chairwoman of the Board, in the following case:</p> <p>Approval of measurable targets based on data in the financial statements (including by way of calculation) from among: meeting FFO targets, meeting NOI targets, return on equity, current cash flow, adjusted profit and/or balance sheet ratios, and which apply uniformly to the active Chairwoman of the Board and to at least 2 other officers (the "<b>Other Officers</b>"), provided that all of the following are fulfilled:</p> <ol style="list-style-type: none"> <li>a. The potential bonus that may be derived for all of the Other Officers, jointly, is at least 2 times higher than the potential bonus that may be derived for the active Chairwoman of the Board from the same targets.</li> <li>b. The cost of the bonuses of the active Chairwoman of the</li> </ol>
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		<p>Board together with the Other Officers, multiplied by the rate of the holdings of the Company’s controlling shareholders, is at least 2 times higher than the sum of the bonus to which she shall be entitled if the targets are met.</p> <p>c. The bonus of the active Chairwoman of the Board and the Other Officers shall be subject to the same target/s in practice, and not only to the same type/s of target/s, and targets which do not apply in an identical manner to the active Chairwoman of the Board shall not apply to the Other Officers. The aforesaid does not derogate from the fact that the caps on the bonuses for each one of the active Chairwoman of the Board and the Other Officers may be different.</p> <p>The Compensation Policy shall apply to the bonuses of the active Chairwoman of the Board for all of 2022 (and not only from the date it takes effect).</p>
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9.3. **The Board’s reasons for approving the Updated Compensation Policy:**

Below is a summary of the reasons of the Company’s Compensation Committee and board of directors in designing and approving the Updated Compensation Policy:

- 9.3.1. The Updated Compensation Policy is intended to help achieve the Company's goals, policy and work plans, *inter alia* in order:
- 9.3.1.1. To give sound, proper and fair compensation to the Company's officers, considering their duties and responsibilities.
  - 9.3.1.2. To enable the Company to recruit and retain first-class, top senior managers, having specific professional knowledge and specialties, and the ability to lead the Company to business success and to confront the challenges it faces;
  - 9.3.1.3. That the compensation of officers correspond, *inter alia*, to the size of the Company and the nature of its business.
- 9.3.2. The Updated Compensation Policy is designed to maintain the proper balance between the entity-wide vision of the Company and its targets, as determined from time to time, and the creation of an adequate set of incentives for the recruitment and retention of top-rate managerial manpower in senior management positions for the long-term, as required by the Company for its future development and business success.
- 9.3.3. In putting together the Updated Compensation Policy consideration was given, *inter alia*, to the levels of compensation and terms of employment for officers as practiced by the Company in previous years. It is noted in this context that the Company's group of officers is a relatively small group, most of which is employed by the Company for long periods of time, and comprises officers with specific expertise and significant experience in their specialty fields.
- 9.3.4. The Updated Compensation Policy confers no rights on the officers of the Company and the officers shall have no inherent right by virtue of the fact of adoption of the Policy, to receive any of the compensation components set forth therein. The compensation components to which the officer shall be entitled shall be only those specifically approved/to be approved for him, by the Company's organs having lawful authority therefor.
- 9.4. **Method of determination of the compensation – principles and rules**

In examining and approving the Updated Compensation Policy, the members of the Company's Compensation Committee and board of directors took into consideration, *inter alia*, the following parameters:

9.4.1. The ratio between the cost of the terms of office and employment of the Officers and the cost of salary of the other employees of the Company employed by the Company<sup>2</sup>, and specifically the ratio to the average salary and to the median salary of the said employees, and the effect of such difference on the work relations. The Company's compensation committee and board of directors did the said examination as of the date of approval of the Policy and determined that the ratio<sup>3</sup> is reasonable and shall not adversely affect the Company's work relations (for further details, see: Section 3.6 of the Updated Compensation Policy).

9.4.2. In the discussions towards the formation of the Policy, the compensation committee and the board of directors examined comparative data of a number of public companies, insofar as relevant data was published thereby. The comparative data included remuneration paid to senior officers in Israeli public companies, *inter alia* companies included in the Tel Aviv 35 index, the data being based on the periodic reports for 2021.

#### 9.5. **Implementation of the existing compensation policy**

Throughout the entire period of the Company's existing compensation policy, the Company implemented the existing compensation policy in its entirety and did not deviate therefrom.

Below are details regarding the ratio between the remuneration received *de facto* by the Company's Chairwoman of the Board and the Company's CEO, and the remuneration caps that were placed by the existing compensation policy, in the years 2019-2021<sup>4</sup>:

##### 9.5.1. **Chairwoman of the Board**

<b>Remuneration component</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Management fees (fixed	100%	96%	87.5%

<sup>2</sup> "Cost of salary" – Within the meaning thereof in the First Schedule A to the Companies Law.

<sup>3</sup> The calculation of the aforesaid ratio includes payments for 2021 to the Company's employees as well as the officers of the Company who receive consideration for their service as officers (except for directors who receive remuneration in accordance with the Remuneration Regulations). In relation to such officers, the conditions of office include, for purposes of calculating the ratio, the maximum variable annual bonus possible, in accordance with the provisions of Sections 6.1 and 6.2 of the policy, but without a special bonus, and in relation to the chairman of the board, the monthly management fees that are presented for approval at the Meeting were included, as detailed in Part C of the Notice of Meeting Report.

<sup>4</sup> The data in the table represent the ratio (in %) between the maximums set in the existing compensation policy and the remuneration actually paid, as of the end of each year.



component)			
Bonus	58%	0%	51%

### 9.5.2. Company's CEO

<b>Remuneration component</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Management fees (fixed component)	100%	100%	100%
Annual Bonus	100%	93%	100%

### 9.6. Details regarding the Company's controlling shareholders

As of the date hereof, Mses. Sharon Azrieli, Naomi Azrieli and Danna Azrieli are the controlling shareholders of the Company. For details on their controlling interest in the Company, including their holdings of voting rights and the Company's issued and paid-up capital, and voting agreements pertaining to the said voting rights, see the Company's immediate report on the status of holdings of the Company's interested parties and senior officers, which was released on January 6, 2022 (Ref.: 2022-01-003709), which is incorporated herein by way of reference.

### 9.7. Personal interest

With respect to the participation of directors in the discussions of the Compensation Committee and the board of directors and their resolutions in respect of the approval of the Updated Compensation Policy, all the directors who are entitled to identical remuneration under the Updated Compensation Policy, with the exclusion of Mses. Sharon Azrieli and Naomi Azrieli, as stated in Section 9.1.9 above, participated in the discussions of the Compensation Committee and the board of directors and voted on the Updated Compensation Policy notwithstanding the personal interest they have in the adoption of the Company's compensation policy, due to the fact that the Policy also regulates the remuneration of directors. Due to Ms. Danna Azrieli being a beneficiary of the compensation policy in a manner different than the remuneration paid to the other directors, and due to Mses. Naomi Azrieli and Sharon Azrieli being Ms. Danna Azrieli's sisters, they did not participate, for the sake of cautiousness only, at the board meeting when it approved the Updated Compensation Policy.

### 9.8. The approvals required for the approval of the Updated Compensation Policy

The approvals required for the authorization of the Updated Compensation Policy are approval by the Company's board of

directors, which was given, as aforesaid, on July 3, 2022, following the compensation committee's recommendation to approve the proposed Updated Compensation Policy, and approval by the Meeting summoned by this Notice of Meeting Report.

It is noted that, in accordance with Section 267A(c) of the Companies Law, the board of directors may approve the Updated Compensation Policy even if the Meeting objects thereto, insofar as the compensation committee, followed by the board of directors, decide, based on detailed explanations and after they re-discuss the Updated Compensation Policy, that the approval of the Updated Compensation Policy, despite the Meeting's objection, is in the best interests of the Company ("**Approval under Section 267A(c) of the Companies Law**").

The Company is not a public second-tier subsidiary.

**Part C – Approval of Update and Extension of the Terms and Conditions of the Management Agreement with the Company’s Active Chairwoman of the Board**

10. Below are details regarding the proposed resolution to approve the update and extension of the terms and conditions of the management agreement with the Company’s Active Chairwoman, Ms. Danna Azrieli.

10.1. **General**

An update is hereby submitted for approval, of the terms and conditions of the existing management agreement between the Company and a company controlled by the Company’s Active Chairwoman of the Board, Ms. Danna Azrieli, who is an indirect controlling shareholder in the Company, for a three-year period beginning on August 11, 2022 (the “**Proposed Employment Agreement**”).

10.1.1. Ms. Danna Azrieli serves as the Company’s Active Chairwoman of the Board. The management agreement of Ms. Danna Azrieli as the Company’s Active Chairwoman of the Board was approved by the Company’s general shareholders meeting on December 28, 2014, and entered into effect on January 1, 2015.

10.1.2. On October 6, 2016, the general meeting of the Company’s shareholders approved (following the approval by the Company’s compensation committee and board of directors on August 22, 2016 and August 24, 2016, respectively) the extension of Ms. Danna Azrieli’s management agreement as the Company’s Active Chairwoman of the Board for an additional three-year term from the date of approval by the meeting as aforesaid; also, on August 11, 2019, the general meeting of the Company’s shareholders approved (following the approval by the Company’s compensation committee and board of directors on July 4, 2019) the update and extension of the management agreement, in effect until August 10, 2022 (the “**Existing Management Agreement**”).

10.1.3. To emphasize, until 2019 there were no changes to the terms and conditions of the management agreement that was approved in December 2014. In 2019, minor changes were made to the terms and conditions of the management agreement, after having received the approval by the general meeting of August 11, 2019, as aforesaid.

10.1.4. According to the Existing Management Agreement, the management services shall be provided to the Company by Ms.

Danna Azrieli, through a company wholly owned by her (the “**Management Company**”).

10.2. **The changes proposed to the terms and conditions of the proposed Management Agreement versus the Existing Management Agreement**

The changes that are hereby proposed to the management agreement come down to an update of the fixed component, the variable component and the definition of business arrangement, as follows:

10.2.1. Update of the fixed component:

It is hereby proposed to increase the fixed component such that after the change, the annual management fees will be in the sum of approx. NIS 3.96 million (nominal) (which constitute, as of today, monthly management fees in the sum of approx. NIS 330 thousand) plus VAT as required by law, linked to the rise in the CPI for the month of May 2022, which was published on June 15, 2022, plus 5% every year (above the CPI linkage) (in this section: the “**Fixed Management Fees**”) (in the case of a decline in the CPI in a certain month, there shall be no reduction of the consideration but the reduction will be deducted from future CPI rises). The Fixed Management Fees will be paid every current calendar month.

As stated in Section 10.1.3 above, the Fixed Management Fees have changed only once since January 1, 2015, and the said update reflects an average annual increase of approx. 5% per year in this component.

10.2.2. Update of the variable component:

10.2.2.1. In view of the growth in the financial results of the Company and the growth in its business and assets compared with these figures prior to the appointment of Ms. Danna Azrieli as active Chairwoman of the Company's board and compared to the date of the last approval of the Management Agreement (August 2019) and in order to enable the Company's compensation committee and board to annually determine the measurable targets for a bonus to the Management Company, it is hereby proposed to update the bonus cap, and link the annual bonus targets to the targets of other officers of the Company, all as specified in the table below.

10.2.2.2. In addition, it is noted that the Company attaches considerable importance to the creation of a link

between the Company's performance and the compensation paid to Ms. Danna Azrieli through the Management Company. Therefore, the variable component targets will be determined annually in the first quarter of the year, similarly to other officers of the Company, and will be based on the meeting of financial targets determined in the Company's work plan for the same year, thus ensuring that the amount of the variable component corresponds with the Company's performance.

**10.2.2.3. The new variable component cap, i.e. 9 times the monthly cost of employment, and the targets determined at the beginning of the year for the Company's CEO, Mr. Eyal Henkin, and for other officers, shall apply for all of 2022 in lieu of the variable component mechanism and variable component cap approved by the shareholders meeting of August 11, 2019.**

10.2.2.4. Accordingly, following is a breakdown of the measurable targets for a bonus to Ms. Danna Azrieli, through the Management Company, for 2022:

The Management Company shall be entitled to an annual bonus for 2022, based on the two following components and calculated as follows:

- a. **Meeting the FFO target** – An operating parameter based on meeting the FFO target set forth in the Company's annual work plan for 2022, as approved by the Company's Compensation Committee and Board in Q1/2022, in the sum of NIS 1,303 thousand (the "**FFO Target**"). In the calculation of achievement of the FFO Target, a conversion shall be made between the rent model and the deposit model in senior housing.

A prerequisite for receiving this component of the bonus is meeting 90% of the FFO Target. The Management Company's eligibility for the bonus for 2022 shall be calculated in a linear manner in accordance with the extent to which the FFO Target is met, whereby for full achievement of the FFO Target the Management Company shall be entitled to a bonus in the sum of 3 times the monthly cost of employment, i.e. NIS 990 thousand, and for achievement of 90% of the FFO Target, the Management Company shall be

entitled to 90% of the said amount, i.e. NIS 891 thousand.

- b. **Meeting the NOI target** – An operating parameter based on meeting the NOI target set forth in the Company's annual work plan for 2022, as approved by the Company's Compensation Committee and Board in Q1/2022, in the sum of NIS 1,815 thousand (the "**NOI Target**").

A prerequisite for receiving this component of the bonus is meeting 90% of the NOI Target. The Management Company's eligibility for the bonus for 2022 shall be calculated in a linear manner in accordance with the extent to which the NOI Target is met, whereby for full achievement of the NOI Target the Management Company shall be entitled to a bonus in the sum of 6 times the monthly cost of employment, i.e. approx. NIS 1.98 million, and for achievement of 90% of the NOI Target, the Management Company shall be entitled to 90% of the said amount, i.e. NIS 1.782 million.

#### 10.2.3. Update of the definition of business arrangement:

In view of the group's entry to new areas of business and/or expansion of some of its areas of business, it is proposed to update the definition of business arrangement, so as to add restrictions with respect to the following areas: (1) development, holding and/or management of a senior home in Israel with at least 100 rooms; and/or (2) development, holding and/or management of a hotel in Israel with at least 100 rooms; and/or (3) development, holding and/or management of a Data Center site in Israel or overseas with capacity of over 5 MW.

The update of the definition of business arrangement shall also apply to the sisters of Ms. Danna Azrieli, Mses. Sharon Azrieli and Naomi Azrieli, who serve on the Board of the Company and are controlling shareholders thereof.

It is emphasized that other than the aforesaid, the Proposed Management Agreement contains no further change to the terms and conditions of the engagement between the Management Company and the Company and/or to the scope of her position, services provided by her to the Company and powers vested in her, compared with the Existing Management Agreement.

**Below is a table detailing the terms and conditions of the Existing Management Agreement versus the Proposed Management Agreement:**



<u>Topic</u>	<u>Current terms of office</u>	<u>The proposed change to the management agreement</u>
<b>Scope of position</b>	Full time position (100%)	No change
<b>Description of position</b>	<ul style="list-style-type: none"> <li>❖ Active Chairwoman of the board of directors;</li> <li>❖ Chairwoman of the Executive Management Committee;</li> <li>❖ Supervision of the implementation of strategic decisions, formulation of business and managerial decisions in respect of the development and management of the Company's assets, business development, financing and budget, targets and the examination of new areas of business;</li> <li>❖ Provision of ongoing managerial and professional advice to the Company's management and heads of the principal areas of business;</li> <li>❖ Oversight, leading and analysis of business opportunities and leading transactions and acquisitions in Israel and abroad;</li> <li>❖ Oversight of development and construction and of the business development overseas;</li> <li>❖ Oversight of existing projects and monitoring of their progress;</li> <li>❖ Responsibility for the outlining of the Company's ties with the community and representing the Company in conferences in Israel and abroad.</li> </ul>	No change
<b>Fixed component</b>	Annual management fees in the amount of approx. NIS 3 million (nominal) (reflecting, as of the date hereof, monthly management fees in the amount of approx. NIS <b>250</b> thousand) plus lawful VAT, linked to the Consumer Price Index for the month of April 2019 which was published on May 15, 2019 (in	Annual management fees in the amount of approx. NIS 3.96 million (nominal) (reflecting, as of the date hereof, monthly management fees in the amount of approx. NIS <b>330</b> thousand) plus lawful VAT, linked to the Consumer Price Index for the month of May 2022 which was published on June 15, 2022, plus

<u>Topic</u>	<u>Current terms of office</u>	<u>The proposed change to the management agreement</u>
	<p>this section: the "<b>Fixed Management Fees</b>") (in the event of a decrease in the CPI in a certain month, there shall be no reduction of consideration, but the decrease shall be deducted from future increases in the CPI). The Fixed Management Fees will be paid in each current calendar month. As of the date hereof, the monthly management fees are NIS 262 thousand.</p>	<p>5% every year (over and above the CPI linkage) (in this section: the "<b>Fixed Management Fees</b>") (in the event of a decrease in the CPI in a certain month, there shall be no reduction of consideration, but the decrease shall be deducted from future increases in the CPI). The Fixed Management Fees will be paid in each current calendar month.</p>
<p><b>Ratio of the fixed component out of the maximum compensation</b></p>	<p>Approx. 62%</p>	<p>Approx. 50%</p>
<p><b>Variable component</b></p>	<p>For the Management Services, the Management Company will be entitled to an annual bonus, for every calendar year, deriving from the Adjusted Profit, as specified below:</p> <p><u>Bonus threshold:</u> In a year in which the Adjusted Profit is lower than NIS <b>1,015</b> million – there is no bonus entitlement. To clarify, also if the Adjusted Profit is higher than such bonus threshold, no bonus shall be paid due to Adjusted Profit in the sum of up to NIS <b>1,015</b> million.</p> <p><u>Bonus brackets:</u> In a year in which the Adjusted Profit is in the sum of NIS <b>1,015</b> million and up to NIS <b>1,140</b> million – a bonus shall be paid at the rate of 0.5% of the difference between NIS <b>1,015</b> million and the actual Adjusted Profit; In a year in which the Adjusted Profit exceeds an amount of NIS <b>1,140</b> million – an aggregate annual bonus shall be paid, as follows:</p> <p>a. For Adjusted Profit in the sum of up to NIS <b>1,015</b> million – no bonus shall be</p>	<p>For the Management Services, the Management Company will be entitled to a maximum annual bonus, for every calendar year, in the sum of 9 times the monthly cost of employment</p> <p>The Company's Compensation Committee and Board shall determine measurable targets for a bonus for the Management Company, based on data in the financial statements (including by way of calculation) from among: meeting FFO targets, meeting NOI targets, return on equity, current cash flow, adjusted profit and/or balance sheet ratios, and which apply uniformly to the Management Company and to at least 2 other officers (the "<b>Other Officers</b>"), provided that all of the following are fulfilled:</p> <p>a. The potential bonus that may be derived for all of the Other Officers, jointly, is at least 2 times higher than the potential bonus that may be derived for the Management Company from the same targets.</p>

<u>Topic</u>	<u>Current terms of office</u>	<u>The proposed change to the management agreement</u>
	<p>paid;</p> <p>b. For such part of the Adjusted Profit between NIS <b>1,015</b> million and NIS <b>1,140</b> million – a sum at the rate of 0.5% of the difference between NIS <b>1,015</b> million and NIS <b>1,140</b> million, shall be paid;</p> <p>c. For such part of the Adjusted Profit exceeding NIS <b>1,140</b> million – a sum at the rate of 0.75% of the difference between the Adjusted Profit and NIS <b>1,140</b> million shall be paid.</p> <p><u>Maximum bonus cap: NIS 2 million.</u></p> <p>In 2021, the Adjusted Profit was approx. NIS 1,193 million and therefore the total annual bonus to which the Management Company was entitled in respect of the 2021 results was NIS 1,026 thousand.</p>	<p>b. The cost of the bonuses of the Management Company together with the Other Officers, multiplied by the rate of the holdings of the Company's controlling shareholders, is at least 2 times higher than the sum of the bonus to which it shall be entitled if the targets are met.</p> <p>c. The bonus of the Management Company and the Other Officers shall be subject to the same target/s in practice, and not only to the same type/s of target/s, and targets which do not apply in an identical manner to the Management Company shall not apply to the Other Officers. The aforesaid does not derogate from the fact that the caps on the bonuses for each one of the Management Company and the Other Officers may be different.</p> <p><b>The new variable component cap, i.e. – 9 times the monthly cost of employment, and the targets determined at the beginning of the year for the Company's CEO, Mr. Eyal Henkin, and for other officers, shall apply for all of 2022 in lieu of the variable component mechanism and variable component cap approved by the shareholders meeting of August 11, 2019.</b></p> <p>Accordingly, following is a breakdown of the measurable targets for a bonus to the Management Company for 2022:</p> <p>The Management Company shall be entitled to an annual bonus for 2022, based on the two following components and calculated as</p>

<u>Topic</u>	<u>Current terms of office</u>	<u>The proposed change to the management agreement</u>
		<p>follows:</p> <p>a. <b>Meeting the FFO target</b> – An operating parameter based on meeting the FFO target set forth in the Company’s annual work plan for 2022, as approved by the Company's Compensation Committee and Board in Q1/2022, in the sum of NIS 1,303 thousand (the “<b>FFO Target</b>”). In the calculation of achievement of the FFO Target, a conversion shall be made between the rent model and the deposit model in senior housing.</p> <p>A prerequisite for receiving this component of the bonus is meeting 90% of the FFO Target. The Management Company’s eligibility for the bonus for 2022 shall be calculated in a linear manner in accordance with the extent to which the FFO Target is met, whereby for full achievement of the FFO Target the Management Company shall be entitled to a bonus in the sum of 3 times the monthly cost of employment, i.e. – a sum of NIS 990 thousand, and for achievement of 90% of the FFO Target, the Management Company shall be entitled to 90% of the said amount, i.e. NIS 891 thousand.</p> <p>b. <b>Meeting the NOI target</b> – An operating parameter based on meeting the NOI target set forth in the Company’s annual work plan for 2022, as approved by the Company's Compensation Committee and Board in Q1/2022, in the sum of NIS</p>

<u>Topic</u>	<u>Current terms of office</u>	<u>The proposed change to the management agreement</u>
		<p>1,815 thousand (the “<b>NOI Target</b>”).</p> <p>A prerequisite for receiving this component of the bonus is meeting 90% of the NOI Target. The Management Company’s eligibility for the bonus for 2022 shall be calculated in a linear manner in accordance with the extent to which the NOI Target is met, whereby for full achievement of the NOI Target the Management Company shall be entitled to a bonus in the sum of 2/3 of the bonus cap, i.e. approx. NIS 1.98 million, and for achievement of 90% of the NOI Target, the Management Company shall be entitled to 90% of the said amount, i.e. NIS 1.782 million.</p>
<p><b>Bonus for a year in which management services shall have been provided only during a part of the year</b></p>	<p>If management services shall have been provided to the Company during part of a calendar year, the Management Company shall be entitled to a bonus that shall be calculated according to the proportionate share in the results of the annual calculation, on the basis of 365 days in the year, according to that part of the year in which the management services were provided and on the basis of the annual consolidated statements for the year in which the management agreement began or ended.</p>	<p>No Change</p>
<p><b>Reimbursement of compensation</b></p>	<p>If, and insofar as it shall have transpired, in retrospect, that the figures on which the Company relied at the time of granting of the said annual bonus to the Management Company are incorrect and should be restated</p>	<p>No Change</p>

<b><u>Topic</u></b>	<b><u>Current terms of office</u></b>	<b><u>The proposed change to the management agreement</u></b>
	in the Company's financial statements, the Management Company shall repay the Company the difference between the sum of the bonus paid thereto based on such incorrect figures and the sum of the annual bonus to which it is entitled based on the figures after their restatement as aforesaid.	
<b>Term of the agreement</b>	3 years, until August 10, 2022	3 years, until August 10, 2025
<b>Prior notice</b>	The agreement will be terminable by the Management Company on the one hand, and by the Company through a board resolution on the other hand, subject to a 6 months advance notice.	No change
<b>Immediate termination of the agreement</b>	The Company's board of directors may adopt a resolution to terminate the Management Agreement immediately, in any case in which Ms. Danna Azrieli and/or the Management Company have been convicted with an infamous crime or fundamentally breached the fiduciary duty towards the Company and/or the subsidiaries and/or affiliated companies thereof.	No Change
<b>Insurance</b>	As long as the Management Agreement is in force, the Company shall, at its own expense, include in the annual insurance policy covering the liability of directors and officers, if existing and duly approved, insurance coverage for any person on behalf of the Management Company with officers insurance on identical terms to the maximum terms applicable to officers of the	No Change

<u>Topic</u>	<u>Current terms of office</u>	<u>The proposed change to the management agreement</u>
	Company, and it shall further ensure to maintain valid insurance up to seven years after the expiry of the service provision period pursuant to the Management Agreement, of such type and scope as customary in the market for companies of the business type and segment of the Company.	
<b>Exemption and indemnification</b>	The Company shall provide the Management Company and/or Ms. Danna Azrieli a letter of exemption and indemnification in the accepted language as granted to the other officers of the Company, all subject to the provisions of the Companies Law and the approvals required thereunder, the Company's articles of association and the compensation policy.	No change
<b>Reimbursement of expenses</b>	The Company shall bear all of the expenses of the Management Company within the provision of the Management Services, including hosting expenses, travel and per diem expenses in Israel and abroad, all according to the Company's procedures and against the presentation of proper reference up to a maximal amount as shall be determined by the Company's audit committee from time to time and which will be specified thereby as appropriate, considering the Company's business and scope thereof.	No change
<b>Car and communication expenses</b>	The Company shall provide the Management Company, for the purpose of providing the Management Services, an appropriate grade 7 car. The car maintenance and use expenses will be paid by the Company. In	No change

<u>Topic</u>	<u>Current terms of office</u>	<u>The proposed change to the management agreement</u>
	<p>addition, the Company will bear the costs of usage of landline and mobile phones and communication by Ms. Azrieli and may further grant Ms. Danna Azrieli, from time to time and according to the compensation policy, related benefits e.g. laptop, internet connection, financial and daily newspaper subscriptions, payment for participation in professional conferences, professional literature, advanced studies and more. Reimbursement for car and communication expenses will not exceed a maximal amount as shall be set forth from time to time at the audit committee and which will be specified thereby as appropriate, considering the Company's business and scope.</p>	
<p><b>Definition of business</b></p>	<p>Ms. Danna Azrieli undertook in the framework of her engagement in the Management Agreement that as long as she provides Management Services to the Company and/or to the Group's companies, and for a period of 6 months thereafter, as long as not otherwise resolved by the Company's board of directors, she will not act in the Company's Areas of Business, as defined below, by way of purchase, investment, consultation, management and/or provision of services, whether directly or indirectly. For purposes of this Section, the "Company's Areas of Business" shall mean: (1) development, holding and/or management of a retail center and/or mall in Israel, whose area exceeds 12,000 sqm of commercial leasable area; and/or (2) development, holding and/or management of leasable office space in Israel, whose area exceeds 8,000 sqm of</p>	<p>Ms. Danna Azrieli undertook in the framework of her engagement in the Management Agreement that as long as she provides Management Services to the Company and/or to the Group's companies, and for a period of 6 months thereafter, as long as not otherwise resolved by the Company's board of directors, she will not act in the Company's Areas of Business, as defined below, by way of purchase, investment, consultation, management and/or provision of services, whether directly or indirectly. For purposes of this Section, the "Company's Areas of Business" shall mean: (1) development, holding and/or management of a retail center and/or mall in Israel, whose area exceeds 12,000 sqm of commercial leasable area; and/or (2) development, holding and/or management of leasable office space in Israel, whose area exceeds 8,000 sqm of commercial leasable area; and/or</p>



<u>Topic</u>	<u>Current terms of office</u>	<u>The proposed change to the management agreement</u>
	<p>commercial leasable area; and/or (3) development, holding and/or management of income-producing properties in Israel, combining retail and office areas, whose area exceeds 10,000 sqm of commercial leasable area. The aforesaid notwithstanding, the transactions and/or properties and/or projects specified below shall not be deemed as seizing business opportunities of the Company by Ms. Danna Azrieli: (a) holding properties and/or projects owned and/or controlled by Ms. Danna Azrieli, directly and/or indirectly, as of the date of the IPO published by the Company on May 12, 2010; (b) purchase of up to 10% of properties within the Company's Areas of Business, as aforesaid, and/or purchase of up to 10% of a corporation holding such properties, provided that Ms. Danna Azrieli shall not be actively involved in the management of such property; (c) purchase of holdings in a corporation whose scope of assets in the Company's Areas of Business does not exceed 10% of the total scope of its assets, and the scope of its income from business in the Company's Areas of Business during the year preceding the purchase date does not exceed 10% of its total income; (d) holdings in a corporation as stated in sub-section (c) above, even if after the purchase, which was made according to the provisions of sub-section (c) above, the scope of its assets in the Company's Areas of Business and/or the scope of its income from business in the Company's Areas of Business exceed 10% of the its total income; and/or (e) performance of transactions and/or purchase of properties</p>	<p>(3) development, holding and/or management of income-producing properties in Israel, combining retail and office areas, whose area exceeds 10,000 sqm of commercial leasable area; and/or (4) development, holding and/or management of a senior home in Israel with at least 100 rooms; and/or (5) development, holding and/or management of a hotel in Israel with at least 100 rooms; and/or (6) development, holding and/or management of a Data Center site in Israel or overseas with capacity of over 5 MW. The aforesaid notwithstanding, the transactions and/or properties and/or projects specified below shall not be deemed as seizing business opportunities of the Company by Ms. Danna Azrieli: (a) holding properties and/or projects owned and/or controlled by Ms. Danna Azrieli, directly and/or indirectly, as of the date of the IPO published by the Company on May 12, 2010; (b) purchase of up to 10% of properties within the Company's Areas of Business, as aforesaid, and/or purchase of up to 10% of a corporation holding such properties, provided that Ms. Danna Azrieli shall not be actively involved in the management of such property; (c) purchase of holdings in a corporation whose scope of assets in the Company's Areas of Business does not exceed 10% of the total scope of its assets, and the scope of its income from business in the Company's Areas of Business during the year preceding the purchase date does not exceed 10% of its total income; (d) holdings in a corporation as stated in sub-section (c) above, even if after the purchase, which was made</p>

<u>Topic</u>	<u>Current terms of office</u>	<u>The proposed change to the management agreement</u>
	<p>and/or projects and/or activities in the area of residential real-estate in Israel. Ms. Danna Azrieli has business in the field of real-estate overseas, and her above undertaking applies only to the business in Israel.</p> <p>Nevertheless, it is clarified that if and insofar as Ms. Danna Azrieli would wish to operate in one or more of the Company's Areas of Business, which are not part of the above specified transactions, in such manner that may create business, legal or other prevention of the performance of certain transactions and acts by the Company and/or the Group's companies, she undertakes to present the outline of the proposed transaction to the Company's audit committee. In such case, if the Company's audit committee will resolve that the Company is not interested in the proposed transaction, Ms. Danna Azrieli would then be allowed to execute the proposed transaction, whether herself or through companies owned by her, without this being deemed as using a business opportunity of the Company. The aforesaid shall not derogate from the fiduciary duty of any director of the Company, under Section 254 of the Companies Law.</p>	<p>according to the provisions of sub-section (c) above, the scope of its assets in the Company's Areas of Business and/or the scope of its income from business in the Company's Areas of Business exceed 10% of its total income; and/or (e) performance of transactions and/or purchase of properties and/or projects and/or activities in the area of residential real-estate in Israel. Ms. Danna Azrieli has business in the field of real-estate overseas, and her above undertaking, other than with respect to data centers, applies only to the business in Israel. Nevertheless, it is clarified that if and insofar as Ms. Danna Azrieli would wish to operate in one or more of the Company's Areas of Business, which are not part of the above specified transactions, in such manner that may create business, legal or other prevention of the performance of certain transactions and acts by the Company and/or the Group's companies, she undertakes to present the outline of the proposed transaction to the Company's audit committee. In such case, if the Company's audit committee will resolve that the Company is not interested in the proposed transaction, Ms. Danna Azrieli would then be allowed to execute the proposed transaction, whether herself or through companies owned by her, without this being deemed as using a business opportunity of the Company. The aforesaid shall not derogate from the fiduciary duty of any director of the Company, under Section 254 of the Companies Law.</p>
<b>Insurance</b>	As long as the Management Agreement is in force, the	No Change

<u>Topic</u>	<u>Current terms of office</u>	<u>The proposed change to the management agreement</u>
	<p>Company shall, at its own expense, include in the annual insurance policy covering the liability of directors and officers, if existing and duly approved, insurance coverage for any person on behalf of the Management Company with officers insurance on identical terms to the maximum terms applicable to officers of the Company, and it shall further ensure to maintain valid insurance up to seven years after the expiry of the service provision period pursuant to the Management Agreement, of such type and scope as customary in the market for companies of the business type and segment of the Company.</p>	
<b>Exemption and indemnification</b>	<p>The Company shall provide the Management Company and/or Ms. Danna Azrieli a letter of exemption and indemnification in the accepted language as granted to the other officers of the Company, all subject to the provisions of the Companies Law and the approvals required thereunder, the Company's articles of association and the compensation policy.</p>	No change

### 10.3. Additional details regarding the remuneration

Below are details, for the purpose of simulation only, pursuant to the Sixth Schedule of the Reports Regulations, of the compensation to which the Management Company shall be entitled, in terms of annual cost to the Company:

Name	Position	Scope of position (%)	Rate of holdings in the Company's equity (%)	Management fees	Bonus (***)	Share based payment	Other (****)	Total
The Management Company	Active Chairwoman of the Board	100(*)	(**)	3,960	2,970	-	-	6,930

\*To clarify, Ms. Danna Azrieli may continue performing additional acts, including philanthropic acts in which she is involved, from time to time, provided that the performance thereof shall not compromise the fulfilment of her position with the Company.

\*\* for details regarding the controlling of the Company, see Section 9.6 above.

\*\*\* Assuming the granting of the maximum possible bonus, subject to the approval of the Proposed Management Agreement by the Meeting.

\*\*\*\* The Company pays for related benefits, e.g.: Car expenses and communication expenses

#### 10.4. **Additional details that were presented to the compensation committee and the board of directors**

##### 10.4.1. The ratio between the variable component and the fixed component determined in the terms and conditions of the proposed Management Agreement

The variable component constitutes approx. 43% of the maximum compensation.

##### 10.4.2. The ratio between the cost of salary<sup>5</sup> of the Management Company, and the cost of salary of the other employees of the Company<sup>6</sup>

As of the date hereof and subject to the approval of the update of the terms and conditions of the Proposed Management Agreement of the Management Company, the ratio between the cost of salary of Ms. Danna Azrieli and the salary of the other employees of the Company, relative to the average is approx. 12.5 and relative to the median is approx. 23.2, in a maximum cost calculation according to the proposed terms of office (approx. NIS 6.93 million).

##### 10.4.3. **Simulation for 2021 of the terms and conditions of the Proposed Management Agreement (based on the FFO**

<sup>5</sup> As this term is defined in Section (3) of Part A of the First Schedule A to the Companies Law.

<sup>6</sup> According to the following assumptions: (1) The figures were calculated with respect to payments made for 2021 to the employees of the Company; (2) Part-time positions were adjusted to full-time positions; (3) Data was taken from the terms and conditions of the Proposed Management Agreement.

**Target and the NOI Target determined for 2022 according to the Company's 2021 results)<sup>7</sup>:**

	2021
<b>FFO Target determined for 2022</b>	1,303
<b>FFO for 2021</b>	1,318
<b>FFO Target achievement rate</b>	101%
<b>NOI Target determined for 2022</b>	1,815
<b>NOI for 2021</b>	1,590
<b>NOI Target achievement rate</b>	88%
<b>Fixed component</b>	3.96
<b>Bonus for achievement of FFO Target</b>	0.990
<b>Bonus for achievement of NOI Target</b>	Less than the 90% threshold entitling to a bonus
<b>Total variable component</b>	0.990
<b>Total fixed + variable components</b>	4.95

10.4.4. The members of the Compensation Committee and board of directors were presented with a comparative research paper prepared by PwC, examining 12 Israeli benchmark companies, i.e. – Israeli public companies listed on the Tel Aviv Stock Exchange (“TASE”) on the Tel Aviv 35 index, other than financial companies, and have an active chairman of the board (the “Comparable Companies” and “Comparison Paper”) as detailed below:

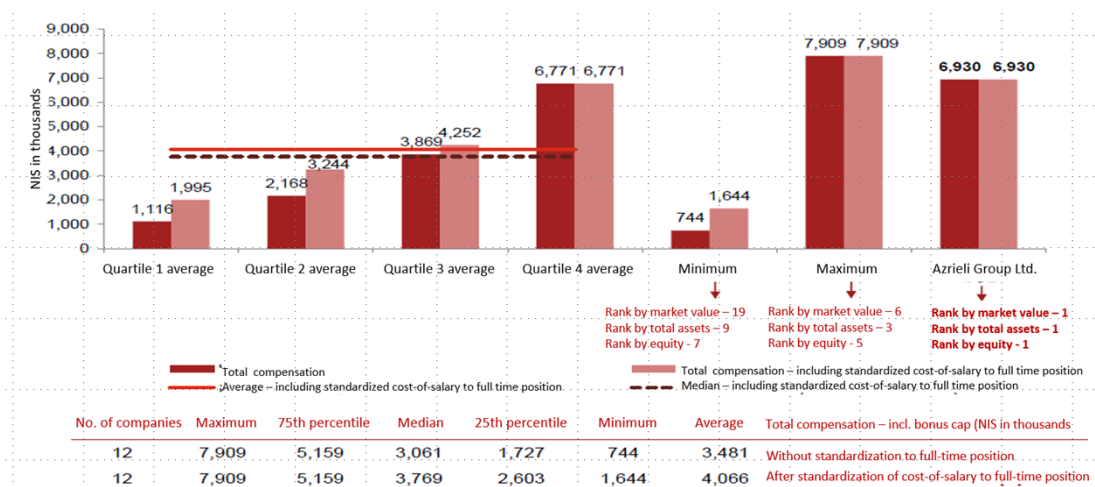
<sup>7</sup> NIS in millions and in nominal terms.

Corporation name	Industry	Total assets as of March 31, 2022**	Equity as of March 31, 2022**	Market value as of June 9, 2022*
<b>Azrieli Group Ltd.</b>	<b>Real estate and construction – income-producing real estate in Israel</b>	<b>(1)43,397,000</b>	<b>(1)20,608,000</b>	<b>29,275,244</b>
<b>Bezeq Israeli Telecom. Company Ltd.</b>	Trade and services – communications and media	(8)14,067,000	(11)1,420,000	14,712,692
<b>Melisron Ltd.</b>	Real estate and construction – Income-producing real estate in Israel	(4)23,752,000	(3)9,339,000	11,118,413
<b>Shapir Engineering and Industry Ltd.</b>	Industry – metal and construction products	(9)12,003,285	(7)3,192,445	9,824,684
<b>Strauss Group Ltd.</b>	Industry – food	(12)7,107,000	(10)2,521,000	9,709,937
<b>Big Shopping Centers Ltd.</b>	Real estate and construction – Income-producing real estate in Israel	(3)27,069,047	(5)8,745,917	9,103,823
<b>Alony-Hetz Assets and Investments Ltd.</b>	Real estate and construction – Income-producing real estate in Israel	(2)32,989,358	(2)12,808,267	8,005,128
<b>Ashtrom Group Ltd.</b>	Real estate and construction – construction	(6)16,411,261	(6)4,150,777	7,384,340
<b>OPC Energy Ltd.</b>	Energy and oil and gas exploration – energy	(11)8,005,000	(9)3,080,000	7,180,334
<b>Airport City Ltd.</b>	Real estate and construction – Income-producing real estate in Israel	(5)17,420,801	(4)9,181,675	7,173,026
<b>Electra Ltd.</b>	Investment and holdings	(10)9,437,053	(12)1,362,715	6,913,507
<b>Maytronics Ltd.</b>	High-tech – technology – robotics and 3D	(13)1,751,069	(13)641,576	6,758,790
<b>Shufersal Ltd.</b>	Trade and services – marketing chains	(7)14,834,000	(8)3,138,000	6,038,332

\* The companies are listed by market value (from high to low)

\*\* The numbers in parentheses represent the position of the relevant company (from high to low)

Below is analysis of data with respect to the total compensation for active Chairmen of the board, from the Comparison Paper:



The data of the comparison paper attest that:

10.4.4.1. As of June 9, 2022, the Company's market value is first among the Comparable Companies, and as of March 31, 2022 both the Company's equity and the Company's total assets are first among the Comparable Companies. The difference in each one of the said 3 parameters between the Company and the next company from among the Comparable Companies is about 50%, 38% and 24%, respectively.

10.4.4.2. The amount of the proposed fixed component (NIS 3,960 thousand) is reasonable and is a very little (about 0.3%) higher than the maximum (approx. NIS 3,948 thousand) for the Active Chairman of Comparable Companies;

10.4.4.3. The amount of the proposed variable component (maximum annual bonus of NIS 2,970 thousand) is reasonable and is about 15.1% lower than the maximum variable component for chairmen in the Comparable Companies (NIS 3,500 thousand);

10.4.4.4. The total maximum compensation proposed (NIS 6,930 thousand) is about 12.4% lower than the maximum total annual compensation of chairmen in the Comparable Companies (approx. NIS 7,909 thousand). It is noted that the actual total compensation in accordance with the simulation presented for 2021, is even lower than the said comparison (see Section 10.4.3 above).

It is noted that relative to the terms of office and employment customary in the Comparable Companies for 2021, the terms and conditions proposed to the Management Company, in particular after the changes proposed to the fixed and variable components, as specified above, are clearly reasonable.

10.5. **Name of controlling shareholder and the nature of his personal interest**

For details regarding the controlling shareholders who have a personal interest in the resolution, see Section 9.6 above, and with respect to the nature of their personal interest, see Section 10.11 below.

10.6. **The manner in which the compensation was determined**

10.6.1. The terms and conditions of the Proposed Management Agreement with the Management Company were negotiated between the Company and Ms. Danna Azrieli, and are based on the substance and scope of the management services and the responsibility entailed thereby, and in consideration of her experience and unique contribution to the Company. The terms and conditions of the Proposed Management Agreement were approved by the Company's Compensation Committee and board of directors following in-depth discussions thereof, preparation of data, comparisons and simulation, and inspection *inter alia* of the criteria listed in Section 267B(a) of the Companies Law, while addressing the issues specified in Parts A and B of the First Schedule A to the Companies Law.

10.6.2. In examining the extension of the Existing Management Agreement and its update according to the Proposed Management Agreement, the Company's compensation committee and board examined comparative data in respect of management fees and salaries paid to active chairmen in the Comparable Companies, while distinguishing between various compensation components, average figures of the companies reviewed by the Comparison Paper, as well as minimum and maximum figures.

10.7. **The approvals required for the authorization of the extension and update of the management agreement**

The resolution regarding the entry into the Proposed Management Agreement was approved by the Company's Compensation Committee and board of directors on July 3, 2022. In addition, the resolution requires the approval by the Meeting summoned hereby.



10.8. **Similar transactions in the past two years, or still in effect**

As aforesaid, the Company is a party to the Existing Management Agreement with the Management Company, in effect from January 1, 2015.

10.9. **Summary of the reasons for approval of the resolution by the compensation committee and board of directors**

10.9.1. In examining the update and extension of the management agreement, the members of the compensation committee and board of directors examined and took into consideration, *inter alia*, the following parameters:

10.9.1.1. The education, skills, expertise, professional experience and achievements of Ms. Danna Azrieli in leading the Company;

10.9.1.2. Ms. Danna Azrieli's functions, areas of responsibility and her anticipated continued contribution in achieving the Company's goals;

10.9.1.3. The terms and conditions of the existing Management Agreement;

10.9.1.4. Evaluation of Ms. Danna Azrieli's contribution to the Company's business, performance, goodwill and profitability;

10.9.1.5. The Group's results of operations in recent years, its entry into new areas of business and the increase in the volume of its operations and properties, taking into consideration the business environment and the state of the markets and the scope of the projects under development and examination of the terms and conditions of the Proposed Management Agreement in terms of promotion of the Company's objectives, its work plans and the creation of the appropriate incentive;

10.9.1.6. Comparative data regarding the terms of office of active chairmen of the board of the Comparable Companies, compared with the proposed terms of compensation for the Management Company as part of the Proposed Management Agreement;

10.9.1.7. The ratio between the fixed and variable compensation components, as well as capping the

value of the variable component at the date of payment thereof;

- 10.9.1.8. The fact that since January 1, 2015 only minor changes were made to the terms and conditions of the Management Agreement, such that the rate of increase in the fixed management fees since they were approved by the Company's general meeting in December 2014 until the date hereof, reflects a moderate annual increase of the Fixed Management Fees of approx. 5% only.
- 10.9.1.9. The ratio between the Proposed Management Agreement and employment and the salary of the other employees of the Company employed by the Company, and specifically the ratio to the average salary and to the median salary of the employees, and the effect of such difference on the work relations.
- 10.9.2. The members of the Company's compensation committee and board of directors believe that the education, skills, expertise, deep familiarity with the Company's area of activity and the extensive experience acquired by Ms. Danna Azrieli, as part of her office as Chairwoman of the Company's Board, contributed and shall contribute significantly to the Company's business and to the achievement of its goals.
- 10.9.3. Based on the findings of the Comparison Paper presented to them, the members of the Company's compensation committee and board of directors have reached the opinion that also in comparison to the customary terms of office and employment at the Comparable Companies relative to the Company it is evident that the terms and conditions of the Proposed Management Agreement are reasonable and customary.
- 10.9.4. The members of the compensation committee and board of directors found that the proposed ratio between the fixed and variable components creates a fair and proper compensation with the goal of encouraging the Chairwoman of the Company's Board to maximize the Company's profits and promote its business goals.
- 10.9.5. With regard to the proposed variable component, the members of the compensation committee and board of directors found great importance in creating a close link between the Company's performance and the compensation of the Chairwoman of the Company's Board.
- 10.9.6. The members of the compensation committee and board of directors also noted that the setting of goals, which are based on

the Company's work plans each year, and their equation to the variable component targets of other officers of the Company, coupled with the fact that such targets will be based on figures from the Company's financial statements, create an alignment of interests between the Chairwoman of the Board and other officers, and present challenging performance-based goals in a manner that ensures conformance between the amount of the variable component and the Company's performance.

10.9.7. The members of the Company's compensation committee and board of directors are of the opinion that in view of Ms. Danna Azrieli's significant contribution to the Company, her deep knowledge of the Company's business and her vast experience, the cost of the terms and conditions of the Proposed Management Agreement and the ratio between the cost of the terms and conditions of the Proposed Management Agreement and the cost of salary of the other employees is reasonable and shall not adversely affect the Company's work relations.

10.9.8. Approval of the Company's entering into the Proposed Management Agreement does not include distribution, as this term is defined in Section 1 of the Companies Law.

10.10. **Names of directors who participated in the discussions of the compensation committee and the board of directors for the approval of the resolution**

10.10.1. At the meeting of the Company's compensation committee of July 3, 2022, attended by Messrs.: Ehud Rassabi (outside director), Joseph Shachak (outside director) and Dan Isaac Gillerman (independent director), the Company's entering into the Proposed Management Agreement was discussed, and a resolution to approve the same was adopted. According to the resolution of the compensation committee, at the meeting of the Company's board of directors of July 3, 2022, attended by Messrs.: Ehud Rassabi, Joseph Shachak, Dan Isaac Gillerman, Oran Dror and Menachem Einan, the Company's entering into the Proposed Management Agreement was approved.

10.10.2. The resolution to enter into the Proposed Management Agreement was adopted unanimously by both the Company's compensation committee and board of directors.

10.11. **Names of directors who have a personal interest in the resolution, and the nature of their personal interest**

Ms. Danna Azrieli has a personal interest in the adoption of the resolution on the agenda, being a party to the Proposed Management Agreement. Mses. Naomi Azrieli and Sharon Azrieli have a personal

interest in the adoption of the said resolution, being the sisters of Ms. Danna Azrieli.

## **Part D – Further Details with respect to the Meeting**

### **11. The required majority**

- 11.1. The majority required at the Meeting for approval of the resolution on the agenda item specified in Section 1 above is a majority of all the votes of the shareholders who are present in the Meeting, provided that one of the following is also satisfied: (a) The count of the majority votes in the Meeting shall include a majority of all the votes of shareholders, who are not controlling shareholders of the Company nor have a personal interest in the approval of the Compensation Policy, who participate in the vote (the count of the total votes of such shareholders shall exclude abstaining votes); (b) The total of dissenting votes among the shareholders specified in subparagraph (a) above shall not exceed a rate of two percent (2%) of the all voting rights in the Company.
- 11.2. The majority required at the Meeting for approval of the resolution on the agenda item specified in Section 2 above is a simple majority of all the votes of the shareholders who are present in the Meeting, provided that one of the following is also satisfied: (a) The count of the majority votes in the Meeting shall include a majority of all the votes of shareholders, who do not have a personal interest in the approval of the transaction, who participate in the vote (the count of the total votes of such shareholders shall exclude abstaining votes); (b) The total of dissenting votes among the shareholders specified in subparagraph (a) above shall not exceed a rate of two percent (2%) of the all voting rights in the Company.
- 11.3. The majority required at the Meeting for approval of the resolutions on the agenda items specified in Sections 3 and 4 above is a simple majority of all the votes of the shareholders who are eligible to vote and who participate in the vote, provided that one of the following is also satisfied: (a) The count of the majority votes in the Meeting shall include a majority of all the votes of shareholders, who are not controlling shareholders of the Company nor have a personal interest in the approval of the appointment, other than a personal interest that does not derive from their relations with the controlling shareholder, who participate in the vote (the count of the total votes of such shareholders shall exclude abstaining votes); (b) The total of dissenting votes among the shareholders specified in subparagraph (a) above shall not exceed a rate of two percent (2%) of the all voting rights in the Company.
- 11.4. The majority required at the Meeting for approval of the resolutions on the agenda items specified in items 5, 6.1-6.6 and 7 above is a simple majority of all the votes of the shareholders who are eligible to vote

and who participated in the vote. It is noted that as of the date hereof, the controlling shareholders in the Company (Ms. Sharon Azrieli, Naomi Azrieli and Danna Azrieli) hold approx. 61.31% of the voting rights in the Company<sup>8</sup>, which rate provides the majority required for the adoption of the resolutions specified in items 5, 6.1-6.6 and 7 on the agenda.

- 11.5. As aforesaid, with respect to item 8 on the agenda, there shall be no vote but only a discussion.

12. **Meeting and Voting Procedures**

12.1. **Voting method**

A shareholder who is registered as a shareholder in the Company's shareholders' register ("**Registered Shareholder**") is entitled to vote at the Meeting in person (participation in the meeting), by proxy, via a voting card within the meaning thereof in Section 87 of the Companies Law, whose language is attached hereto ("**Voting Card**"). A shareholder pursuant to Section 177(1) of the Companies Law (i.e., a person to whose credit a share is registered with a TASE member, which share is included among the shares registered in the shareholders' register in the name of the transfer agent) ("**Unregistered Shareholder**") may vote using the methods specified above, as well as via an electronic voting card to be delivered to the Company via the electronic voting system which operates in accordance with Title B of Chapter G2 of the Securities Law, 5728-1968 ("**Electronic Voting**", "**Electronic Voting System**", "**Electronic Voting Card**", respectively).

12.2. **Date of the Meeting; adjourned meeting; record date**

The Meeting shall convene on Wednesday, August 10, 2022, at 4:00 pm, at the Company's Offices.

No discussion shall commence at the Meeting, unless a quorum is present when the Meeting begins.

The quorum for commencing the discussion at the Meeting shall be one or more shareholders, who is/are present in person or by proxy or via Voting Card (including an Electronic Voting Card), and holds or represents (or hold or represent, if more than one shareholder is present) at least fifty-one percent (51%) of the voting rights in the Company. If two hours shall have lapsed from the time scheduled for the Meeting and no quorum is present, the Meeting shall be postponed to the third business day after the date of the Meeting, to the same time and place, or to a later date and time or a different place, as shall be determined by the board in a notice to the shareholders. The Company

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<sup>8</sup> For details regarding the control of the Company, see Section 9.6 above.

shall give notice of postponement of the Meeting and the date of the adjourned meeting through an immediate report. If no quorum is present at the adjourned meeting as aforesaid, quorum shall be one or more shareholders, who is/are present, in person at the adjourned meeting or by proxy or via a Voting Card (including an Electronic Voting Card), and holds or represents (or hold or represent, if more than one shareholder is present) at least forty percent (40%) of the voting rights in the Company, unless the Meeting shall have been convened upon the request of shareholders pursuant to the provisions of the Companies Law. If no quorum is present at the adjourned meeting that was convened upon the request of the shareholders as aforesaid, quorum shall be at least one shareholder, who is present at the adjourned meeting in person or by proxy or via a Voting Card (including an Electronic Voting Card).

The record date that determines the entitlement of a shareholder of the Company to vote at the Meeting as provided in Section 182(b) of the Companies Law and in Section 3 of the Voting in Writing Regulations, is the TASE trading day occurring Wednesday, July 13, 2022 (the “**Record Date**”).

### 12.3. **Proxy**

A shareholder may appoint a proxy to vote in his stead, who need not be a shareholder of the Company.

The appointment of a representative or proxy to participate and vote at the Meeting on behalf of the shareholder shall be in writing, signed by the shareholder or by his lawful representative who was appointed in writing, or if the principal is a corporation, the proxy shall be signed in the same manner in which such corporation signs documents that bind it. If the principal is a corporation, attorney certification shall be attached to the proxy, whereby the proxy was signed in accordance with the articles of association of such corporation. Voting according to the terms and conditions of the proxy shall be lawful notwithstanding the prior demise or declaration of bankruptcy or incapacitation of the principal or his having canceled the letter of appointment or transferred the share in respect of which it was granted, or, in the case of a corporation, appointment therefor of a liquidator or receiver, unless a written notice (certified to the satisfaction of the Company’s directors) regarding the said change shall have been received at the Company’s Offices, at least one hour before the time of the Meeting. However, the chairman of the Meeting may accept written notice as aforesaid also during the Meeting, provided that, at his discretion, there is an adequate reason for the delay in delivery of such notice. A letter of appointment of a proxy and a power of attorney or another certificate (if any) or a copy certified by a notary, shall be deposited at the Company’s Offices with the Company’s secretaries up to forty-eight (48) hours before the time of the Meeting, namely until August 8, 2022, at 4:00 pm. Such deposit, referring to the time

scheduled for the Meeting, shall be valid also with respect to the adjourned meeting.



12.4. **Voting in writing; position statements**

A shareholder may vote at the Meeting for approval of the resolutions on the agenda also via a Voting Card. A written vote will be made via the second part of the Voting Card, attached hereto.

The Voting Card and the position statements, within the meaning thereof in Section 88 of the Companies Law, insofar as provided, may be inspected on the distribution site and on the TASE website. Each shareholder may approach the Company directly and receive therefrom the language of the Voting Card and the position statements (insofar as provided).

A TASE member shall send, free of charge, via e-mail, a link to the language of the Voting Card and the position statements (if provided) on the distribution site to any shareholder of the Company who is not registered in the shareholders' register of the Company and whose shares are registered with such TASE member, unless the shareholder shall have given notice that he is not interested therein or that he is interested in receiving Voting Cards by mail in consideration for payment of a delivery fee, provided that the notice was given in respect of a specific securities account and on a date prior to the Record Date.

The Voting Card and the documents that must be attached thereto, as specified in the Voting Card, must be delivered to the Company's Offices (including via registered mail) together with the Confirmation of Ownership (and with respect to a Registered Shareholder – together with a photocopy of an I.D. card, passport or certificate of incorporation, as the case may be) up to four hours (4) before the time of convening of the Meeting. For this purpose, the "delivery date" is the date on which the Voting Card and the documents attached thereto arrive at the Company's Offices. In addition, a shareholder who is not registered will be entitled to deliver the Confirmation of Ownership via the Electronic Voting System, as stated in this section below.

A Voting Card to which no Confirmation of Ownership is attached (or alternatively the Confirmation of Ownership was not delivered via the Electronic Voting System), or – as concerns a Registered Shareholder – to which no photocopy of an I.D. card, passport or certificate of incorporation, as the case may be, is attached, will be invalid.

A shareholder may contact the Company's Offices, up to twenty-four (24) hours before the time of convening of the Meeting, and after having proven his identity to the satisfaction of the Corporate Secretary or another employee appointed for this purpose, withdraw his Voting Card and his Confirmation of Ownership.

One of more shareholders holding shares at a rate constituting five percent or more of the sum total of the voting rights in the Company (i.e., 6,063,638 shares), and any person holding such a rate out of the sum total of the voting rights which are not held by the Company's controlling shareholder (i.e., 2,345,902 shares), is entitled, after the convening of the Meeting, to inspect the Voting Cards and the voting records, via the Electronic Voting System, that reached the Company, as specified in Section 10 of the Voting in Writing Regulations.

The last date for delivery of position statements to the Company by the Company's shareholders is up to ten days before the date of the Meeting, i.e., by July 31, 2022. The last date for delivery of the board's response to position statements (if provided), if and insofar as the board chooses to submit its response to the said position statements, is no later than five (5) days before the date of the Meeting, i.e., by August 5, 2022. A shareholder may contact the Company directly and receive therefrom, free of charge, the language of the Voting Card and the position statements (if provided).

#### 12.5. **Electronic Voting**

As aforesaid, an Unregistered Shareholder may vote also via the Electronic Voting System. An Unregistered Shareholder is entitled to receive from the TASE member through which he holds his shares, an I.D. no. and an access code, as well as additional information in connection with the Meeting, and after a secure identification process, he may vote on the Electronic Voting System. The address of the Electronic Voting System is: <http://www.votes.isa.gov.il>.

Voting via the Electronic Voting System will be possible from the end of the Record Date up to six (6) hours before the time of the convening of the Meeting (i.e., until Wednesday, August 10, 2022, at 10:00 AM), or until an earlier time to be determined by the ISA, provided that it is no more than twelve (12) hours before the time of convening of the Meeting (the "**System Lockdown Time**"), when the Electronic Voting System will be closed. The vote via the Electronic Voting System may be changed or cancelled until the System Lockdown Time, and it will not be possible to change it via the Electronic Voting System after such time.

Pursuant to Section 83(d) of the Companies Law, if a shareholder shall have voted via more than one method, his later vote will be counted, while for this purpose, a vote of a shareholder, in person or by proxy, shall be deemed later than a vote via a Voting Card or the Electronic Voting System.

#### 12.6. **Notice of a personal interest by virtue of the voter being a controlling shareholder**

A shareholder participating in the vote with respect to the resolutions of Sections 1, 2, 3 and 4 above shall mark in Part B of the voting card, in the designated space therefor, and if the vote is via the Electronic Voting System – shall mark the designated space in the Electronic Voting Card, whether or not he is deemed to have a personal interest in the approval of the resolution on the agenda, and whether or not he is a controlling shareholder in the Company, a senior officer of the Company or an institutional investor (as they are defined in the Written Vote Regulations. If no such notice is given by a shareholder, or shall he fail to provide a description of his personal interest (if any), his vote shall not be counted.

If a controlling shareholder, senior officer or institutional investor shall have voted as aforesaid, via a voting card, he shall also specify in the voting card the following details: full name (in Hebrew and English); I.D. number and type of identification; place of incorporation (in the case of corporations); passport country (if the I.D. number is a passport number).

12.7. **Confirmation of ownership**

An Unregistered Shareholder will be entitled to participate in the Meeting only if he delivers to the Company, before the Meeting, an original certificate from the TASE member with which his right to the share is registered, regarding his ownership of the Company's shares on the Record Date, in accordance with the form in the Schedule to the Companies Regulations (Proof of Ownership of a Share for Purposes of Voting at a General Meeting), 5760-2000 (the "**Confirmation of Ownership**") or alternatively, if he sends the Company Confirmation of Ownership via the Electronic Voting System. An Unregistered Shareholder may obtain the Confirmation of Ownership from the TASE member through which he holds his shares at a branch of the TASE member or by mail to his address in consideration for a delivery fee only, if he so requests, provided that a request in this regard is given in advance for a specific securities account. An Unregistered Shareholder may also instruct that his Confirmation of Ownership be delivered to the Company via the Electronic Voting System.

As stated in Section 12.4 above, such Confirmation of Ownership, together with the Voting Card, must be delivered to the Company's offices by shareholders, such that it arrives at the Company's Offices no later than four (4) hours before the time of convening of the Meeting, i.e., by Wednesday, August 10, 2022, at 12:00 PM.

12.8. **Changes to the agenda; the last date for delivery of a request to include an item on the agenda by a shareholder**

After publication of the Notice of Meeting Report, there may be changes to the agenda, including the addition of an item to the agenda, position statements may be published, and the current agenda and the

position statements may be perused in the Company's reports that shall be released on the distribution site and the TASE website. A request of a shareholder pursuant to Section 66(b) of the Companies Law to include an item on the agenda of the Meeting will be delivered to the Company up to seven (7) days after the summoning of the Meeting. If a request is submitted as aforesaid, the item may be added to the agenda and the details thereof shall appear on the distribution site, in which case, the Company shall publish an amended Voting Card together with an amended notice report, no later than seven (7) days after the last date for delivery of a request of a shareholder for the inclusion of an item on the agenda as aforesaid.

13. **Powers of the Israel Securities Authority (ISA)**

- 13.1. Pursuant to the Controlling Shareholders Regulations, within 21 days of the filing of the Notice of Meeting Report, the ISA, or an employee authorized thereby to do so ("ISA") may order the company to give, within a period prescribed by the ISA, explanation, details, information and documents with respect to the transaction specified in Item 2 on the agenda, and to order the Company to amend the Notice of Meeting Report in all aspects pertaining to such engagement, in such manner and on such time as determined thereby.
- 13.2. If an order to amend the Notice of Meeting Report is issued as aforesaid, the ISA may order that the Meeting is deferred to a date not earlier than the passing of 3 business days and no later than 35 days from the date of release of the amendment to the Notice of Meeting Report.
- 13.3. If the Company was required to amend the Notice of Meeting Report as aforesaid, the Company shall give notice of the amendment.
- 13.4. If an order was issued in respect of deferred date of the Meeting, the Company shall release an immediate report regarding such order.

14. **Details of the Company's representative in charge of the immediate report**

The Company's representative in charge of the Notice of Meeting Report is Adv. Nirit Zeevi, VP, General Counsel and Corporate Secretary, whose address is at the Company's Offices. Tel. for inquiries: 03-6081383, fax: 03-6081380.

15. **Inspection of documents**

A copy of any and all documents pertaining to the transaction proposed in Item 2 on the agenda, including the documents that were provided to the compensation committee and the board of directors within the deliberation and adoption of resolution on the matter, is available for inspection in the offices of the Company, after prior coordination on Tel: 03-6081300, Sundays through Thursdays, 09:00 to 17:00, until the date of convening of the Meeting.

**Sincerely,  
Azrieli Group Ltd.**

Signed on the date of the Notice of Meeting Report by: Adv. Nirit Zeevi, VP, General Counsel and Corporate Secretary.