Azrieli Group Ltd.

(the "**Company**")

~~21 March~~15 April 2024

The Israel Securities Authority

Via Magna

Tel Aviv Stock Exchange Ltd.

Via Magna

Re: Amending Immediate Report on the Convening of a 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 Items to the Agenda), 5760-2000 ("Notice of Meeting Regulations"), the Companies Regulations (Voting in Writing and Position Statements), 5766-2005 (the "Voting in Writing Regulations"), the Securities Regulations (Private Placement of Securities of a Listed Company), 5760-2000 ("Private Placement Regulations") and the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the "Reports Regulations")

~~Notice is hereby given (the "**Notice of Meeting Report**")~~Further to the Company's notice of 21 March 2024 on the convening of a special general meeting of the Company's shareholders (the "**Original Notice of Meeting Report**" and the "**Meeting**", respectively), which shall be held on **Thursday, 2 May 2024, at 16:00** (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, the Company respectfully reports on updates to the Original Notice of Meeting Report made, *inter alia*, after discussions with institutional entities and with the advisors of institutional entities which are Company shareholders, marked in this report below.

It is clarified that, other than the changes marked in this report below, there is no change in the details and the language released in the Original Notice of Meeting Report, including in reference to the relevant dates for the convening of the Meeting and participation therein.

Part A – Special General Meeting

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

1. **Approval of payment of a special bonus in deviation from the Company's compensation policy to the Company's CEO, Mr. Eyal Henkin**

   Proposed language of resolution: To approve the payment of a special bonus, in the amount of approx. NIS 5.3 million (approx. 13.5 times the cost of employment), to the Company's CEO Mr. Eyal Henkin, in deviation from the Company's Current Compensation Policy, in view of his special contribution to the Company, its operations and results in 2023. For further details, see Part B hereof.

2. **Approval of updated compensation policy**

Proposed language of resolution: To approve the Updated Compensation Policy for the Company's officers in accordance with Section 267A of the Companies Law, in the language attached as **Annex A** hereto, effective as of the date of approval thereof by the Meeting. For further details, see Part C hereof.

3. **<u>Approval of update to the management agreement with the Company's CEO</u>**

<u>Proposed language of resolution</u>: Subject to approval of the Updated Compensation Policy of the Company by the Meeting, as set forth in Agenda Item 2, to approve an update to the terms of employment of Mr. Eyal Henkin as the Company's CEO, effective as of the date of approval by the Meeting, as specified in Part D hereof.

4. **<u>Approval of the grant of options to the Company's CEO, Mr. Eyal Henkin</u>**

<u>Proposed language of resolution</u>: Subject to approval of the Updated Compensation Policy of the Company by the Meeting, as set forth in Agenda Item 2, to approve the grant of options to the Company's CEO, Mr. Eyal Henkin, as specified in Part E hereof.

5. **<u>Approval of the appointment of Mr. Nechamia (Chemi) Jacob Peres and Ms. Irit Sekler-Pilosof as directors of the Company</u>**

On 16 January 2023 the Company's board of directors appointed Mr. Nechamia (Chemi) Jacob Peres and Ms. Irit Sekler-Pilosof as directors of the Company (Mr. Peres and Ms. Sekler-Pilosof shall be jointly referred to as the "**Proposed Directors**"), in accordance with Article 19.3 of the Company's articles of association. Pursuant to Article 19.3 of the Company's articles of association, every director appointed by the board of directors holds office until the first general meeting following the appointment. The appointment of the Proposed Directors is presented for the approval of this Meeting, until the Company's next annual meeting.

For details about the Proposed Directors, as 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 2023, which was released by the Company on 21 March 2024 (Ref. 2024-01-029448) (the "**Company's Periodic Report for 2023**"), which is incorporated herein by way of reference. To the best of the Company's knowledge, no changes have occurred in the details of the Proposed Directors as described in the Company's Periodic Report for 2023.

The Proposed Directors have signed declarations as mandated by Section 224B(a) of the Companies Law, and, *inter alia*, Mr. Peres has stated that he satisfies paragraphs (1) and (2) of the definition of "independent director" in Section 1 of the Companies Law. The declarations of the proposed directors are attached hereto as **<u>Annex B</u>**.

For their office as directors, the Company shall pay the Proposed Directors 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, the Proposed Directors are 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 approval of the appointments, the Company shall grant the Proposed Directors a letter of exemption and indemnification as per the Company's standard practice, in the language used by the Company with respect to all officers and directors who are not controlling shareholders of the Company and/or their relatives; furthermore, the Proposed Directors shall be included in the D&O liability insurance as per the Company's standard practice.

5.1. ~~[המספור בעברית שונה בטעות]~~Appointment of Mr. Nechamia (Chemi) Jacob Peres as a director of the Company (independent director)

<u>Proposed language of resolution</u>: To approve the appointment of Mr. Nechamia (Chemi) Jacob Peres as a director of the Company until the end of the next annual meeting of the Company's shareholders, unless the office shall have ended earlier pursuant to the provisions of the Companies Law or the Company's articles of association.

5.2. Appointment of Ms. Irit Sekler-Pilosof as a director of the Company

<u>Proposed language of resolution</u>: To approve the appointment of Ms. Irit Sekler-Pilosof as a director of the Company until the end of the next annual meeting of the Company's shareholders, unless the office shall have ended earlier pursuant to the provisions of the Companies Law or the Company's articles of association.

It is clarified that voting shall be conducted separately for each candidate.

Part B – Approval of special bonus payment to the Company's CEO

6. Details are presented below with respect to the proposed resolution to approve the payment of the special bonus to Company's CEO, Mr. Eyal Henkin, in deviation from the Current Compensation Policy.

~~6.~~

6.1. **<u>General</u>**

6.1.1. As part of the terms of his office and employment, Mr. Eyal Henkin is entitled to an annual bonus as set forth in the Current Compensation Policy, in the amount of nine times the monthly cost of employment of the CEO, where the annual discretionary bonus is up to 3 times the monthly management fee, and the balance, i.e. 6 times the monthly management fee, is payable for meeting measurable targets (the FFO target according to the management's approach and the NOI target).

~~6.1.2. [ריק]~~

~~6.1.3.~~6.1.2. The Company's CEO is not entitled to the special bonus under either the Current Compensation Policy or the Updated Compensation Policy.

~~6.1.4.~~6.1.3. The special bonus proposed to be granted to Mr. Henkin is in the amount of NIS 5.3 million (the "**Special Bonus**").

~~6.1.5.~~6.1.4. The Special Bonus deviates from the Company's compensation policy (the Current Compensation Policy and the Updated Compensation Policy), and shall be granted to Mr. Henkin, subject to receipt of the above approvals, for his significant contribution to important business processes carried out in the Company and its subsidiaries (collectively, the "**Group**") in 2023 in connection with the disposition of the Company's holdings in Compass.

6.2. **Details pursuant to the Sixth Schedule to the Immediate and Periodic Reports Regulations**

For details regarding the remuneration to the Company's CEO, see Section 8.6 below.

6.3. **Summary of the reasons of the compensation committee and board of directors for approval of the award of the Special Bonus to the Company's CEO**

6.3.1. From the date of commencement of his office, Mr. Henkin has been implementing, *inter alia*, the strategy of the Company's board of directors to enter operating segments tangential to the Group's core business (income-producing real estate), including the data center industry ("**Data Centers**"), which continues to be a significant growth engine for the Group's operations in recent years and as of the present date;

6.3.2. The transaction involving the investment in Compass Holdco, LLC ("**Compass**") marked the Group's first step into the data center industry, and enabled the Company and its officers to study the field, and subsequently carry out further purchases, including the acquisition of Green Data AS (which holds Green Mountain), acquisition of data center companies in the UK, engagement in joint ventures in the data center industry, etc.;

6.3.3. Mr. Henkin led the Group's investment in the data center industry, and specifically in Compass, and oversaw and assisted the development of Compass, including through the creation of new business opportunities for Compass, which led to its improvement;

6.3.4. Mr. Henkin served as a director on behalf of the Group in Compass. As part of his office, he spent a great deal of time traveling overseas, in addition to the firm leadership of all of the Group's operations in Israel;

6.3.5. The disposition of the Company's holdings in Compass earned the Company a significant cash flow in the gross amount of approx. NIS 3.2 billion (the net cash flow, after provision for tax and expenses, is NIS 2.7 billion), while the net accounting profit from the transaction as of 31 December 2023 is approx. NIS 0.96 billion, bringing the Company's net profit in 2023 to NIS 2,218 million~~thousand; ["מיליוני" צריך להיות (ותורגם) "אלפי"]~~;

6.3.6. The Special Bonus is intended to reward Mr. Henkin for the Company's results in 2023 in view of the sale of Compass and recognizing his extensive and significant contribution to these achievements, including his initiative, promotion of processes and multiple business moves, from the acquisition of Compass to the disposition of the Company's holdings in Compass; the CEO's experience, dedication and sizable contribution were key factors in the Company's achievements in 2023, which derive, *inter alia*, from the disposition of the holdings as noted. The members of the compensation committee and board of directors are of the opinion that the CEO should be compensated for his exceptional contribution and efforts, and that the Special Bonus justifies a deviation from the Company's compensation policy;

6.3.7. Furthermore, Mr. Henkin is deeply familiar with the Company and its diverse operations, with all of its business endeavors and operating segments;

6.3.8. Mr. Eyal Henkin's performance, responsibilities, critical contribution to the Group's results, expected continued contribution to the accomplishment of the Company's targets; the results of the Group's operations since he took office and the growth in the scale of its operations and assets, considering the business environment and the state of the markets, and the scale of projects under development and examination of the proposed terms of the management agreement relative to the promotion of the Company's policies, work plans and objectives from a long-term perspective, and creation of a proper incentive for Mr. Henkin, bearing in mind, *inter alia*, the Company's size and the nature of its operations, and considering the Company's aspirations to expand its operations in the data center segment;

6.3.9. In view of all of the foregoing, the members of the Company's compensation committee and board of directors are of the opinion that approving the payment of the Special Bonus to Mr. Henkin is in the Company's best interests and is reasonable and fair in the circumstances, despite deviating from the Current Compensation Policy.

6.4. **<u>Names of the directors who participated in the meetings of the compensation committee and the board of directors</u>**

In the meeting of the Company's compensation committee of 18 March 2024, the participants in which were Messrs. Joseph Shachak, Varda Levy and Dan Isaac Gillerman, the payment of the Special Bonus to the Company's CEO in deviation from the compensation policy was approved unanimously. ~~[במקור נקודה כפולה]~~

Accordingly, in the meeting of the Company's board of directors of 20 March 2024, the participants in which were Messrs. Danna Azrieli, Sharon Azrieli, Naomi Azrieli, Josheph Shachak, Varda Levy, Dan Isaac Gillerman, Dr. Ariel Kor, Irit Sekler-Pilosof, Nechemia (Chemi) Jacob Peres and Menachem Einan ("**All Incumbent Directors**"), the payment of the Special Bonus to the Company's CEO in deviation from the compensation policy was unanimously approved.

6.5. **<u>The approvals required for authorization of the payment of the Special Bonus to the Company's CEO</u>**

The approvals required for authorization of the payment of the Special Bonus to the Company's CEO are the approval of the Company's compensation committee and board of directors, which were given, as aforesaid, on 18 and 20 March 2024, and the approval of the Meeting summoned hereunder.

Note that the Company's compensation committee and board of directors may approve the payment of the Special Bonus to the

Company's CEO even if the Meeting objects thereto, in accordance with Section 272(c1)(1)(c) of the Companies Law.

The Company is not a public second-tier company.

Part C – Approval of an Updated Compensation Policy

7. Details are presented below with respect to the resolution proposed as Item 2 on the agenda of the Meeting – approval of an updated compensation policy for the Company:

7.1. **General**

7.1.1. The general meeting of the Company, after the approval of the Company's board and the recommendations of the Company's compensation committee, adopted a compensation policy for the first time in September 2013. The compensation policy has been updated from time to time, and its latest update took effect on 11 August 2022, with the approval of the general meeting of the Company's shareholders (the "**Current Compensation Policy**").[1]

7.1.2. The Company wishes to update the Current Compensation Policy, as shall be detailed below. Thus, on 20 March 2024, having accepted the recommendation of the Compensation Committee, the Company's board of directors approved the updated compensation policy (the "**Updated Compensation Policy**" or the "**Updated 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 which includes, with tracked changes relative to the language attached as Annex A to the Original Notice of Meeting Report, the Company's updates arising, *inter alia*, from requests of institutional entities which are Company shareholders, and their advisors.

7.1.3. It is clarified that the provisions of the Updated Policy which refer to annual bonuses in cash (including discretionary bonuses) shall apply to the bonuses of the officers for all of 2024 (and not from the date on which the compensation policy shall take effect). The remaining provisions set forth in the Updated Compensation Policy shall take effect commencing from the date of approval of the Updated Policy by the Company's general meeting.

7.1.4. It is noted that this is a new compensation policy of the Company, which is presented for approval by the Meeting after the incorporation of new economic content, as well as new measurable criteria and provisions, which constitute a new

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[1] For further details see the supplementary notice of meeting report released by the Company on 25 July 2022 (Ref. 2022-01-094888), to which the Current Compensation Policy was attached, the provisions of which are included in this report by way of reference.

basis for the various compensation components specified therein, *inter alia*, in relation to the fixed compensation and the variable compensation (including discretionary compensation and equity-based compensation), and therefore, the Updated Compensation Policy does not indicate the changes compared with the Current Compensation Policy.

7.1.5. The Policy was drawn up taking into account the nature of the Company as a global company, which operates primarily in the income-producing real estate sector, and its being a member of the largest corporate group in the Israeli economy, which is listed on the TA-35 Index and the TA-RealEstate Index.

7.1.6. The Updated Compensation Policy is intended to establish a sufficiently broad framework that will allow the compensation committee, the board and the Company's CEO, as applicable, and subject to any law, to determine for each of the officers a personal compensation plan, according to the Company's needs and in conformance with the best interests of the Company, its employees and shareholders and the Company's overall strategy for the long term.

7.1.7. 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.

7.1.8. The provisions of the policy apply solely to the Company’s officers.

7.1.9. In the process of preparation of the Updated Compensation Policy, the members of the compensation committee and board of directors were presented with comparative figures in respect of officers in benchmark companies.

~~7.1.10.~~ At the Company’s compensation committee meeting of 18 March 2024, attended by Messrs. Joseph Shachak (outside director), Varda Levy (outside director) and Dan Isaac Gillerman (independent director), the Updated Compensation Policy was discussed, and it was unanimously resolved to recommend its approval to the Company’s board of directors. According to the recommendation of the compensation committee, in the Company’s board of directors meeting of 20 March 2024, in which All Incumbent Directors participated, the Updated Compensation Policy was unanimously approved.

7.2. **Main Differences between the Current Compensation Policy and the Updated Compensation Policy**

The Updated Compensation Policy is based, similarly to the Current 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.

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

<table>
<tr><th>Description of issue</th><th>Section in the Current Compensation Policy</th><th>Section in the Updated Compensation Policy</th><th>Nature of the change</th></tr>
<tr><td>Change of the fixed component caps[2]</td><td></td><td></td><td>The table below compares between the fixed component caps for the relevant officers with respect to whom there has been a change in the Updated Compensation Policy compared with the Current Compensation Policy:
<table>
<tr><th>Type of officer</th><th>Current Compensation Policy</th><th>Updated Compensation Policy (***)</th></tr>
<tr><td>Company CEO</td><td>NIS 313 thousand (*)</td><td>NIS 389 thousand</td></tr>
<tr><td>The most senior officer (who is not a director or CEO)[3]</td><td>NIS 279 thousand (**)</td><td rowspan="2">NIS 300 thousand</td></tr>
<tr><td>The other officers</td><td>NIS 179 thousand (**)</td></tr>
</table>
(*) According to the aforesaid, as of the date hereof, the said cap is approx. NIS 451 thousand, reflecting Mr. Henkin's possible monthly management fee cap linked to the rate of increase in the Consumer Price Index (CPI) for the month of June 2016 as published in July 2016, with an annual increase of said cap by 5% (over and above the CPI linkage). Thus, effectively, there is no increase in the fixed salary component of the Company's CEO.</td></tr>
</table>

[2] Monthly cost of employment according to full-time position.

[3] In the Updated Compensation Policy, the separate reference to "the most senior officer (who is neither a director nor CEO)" and "to the other officers" was deleted, and was merged into "Deputy CEO or VP or another officer who is not a director". In this context, see Section 4.2 of the Updated Compensation Policy.

<table>
<tr><th>Description of issue</th><th>Section in the Current Compensation Policy</th><th>Section in the Updated Compensation Policy</th><th>Nature of the change</th></tr>
<tr><td></td><td></td><td></td><td>(**) Linked to the increase in the CPI for the month of April 2019 as published on 15 May 2019, with an addition to the said cap of ~~. Furthermore, an addition of~~ 5% ~~will be allowed~~ each year (over and above the CPI linkage). Accordingly, the said caps, as of the date of convening of this Meeting, are approx. NIS 395 thousand and approx. NIS 253 thousand, respectively.

(***) Linked to the increase in the CPI for the month of February 2024 as published on 15 March 2024, with an annual increase of 5% (over and above the CPI linkage).</td></tr>
<tr><td>Variable component (measurable and discretionary bonus) for officers[4]</td><td>6.1</td><td>5.3</td><td>The table below compares between the bonus caps for the relevant officers with respect to whom a change has occurred relative to the annual (measurable and discretionary) bonus in the Current Compensation Policy compared with those in the Updated Compensation Policy:
<table>
<tr><th>Type of officer</th><th>Current Compensation Policy</th><th>Updated Compensation Policy</th></tr>
<tr><td>Company CEO</td><td>Bonus targets – meeting the NOI target and the FFO target according to the management's approach, which will be approved by the compensation committee and the board each year ("NOI Target" and "FFO Target", respectively);

The bonus cap – up to 9 times the monthly cost of employment, out of which 4</td><td>Bonus targets – the measurable bonus will be calculated based on meeting the financial and/or strategic/functional targets specified in Section 5.3.1.2 of the Updated Compensation Policy, where the weight of the financial targets compared to the strategic/functional targets will be determined by the compensation committee and the board and in such a manner that financial targets or strategic/functional targets alone or in</td></tr>
</table></td></tr>
</table>

[4] The Current Compensation Policy determines that the total bonuses in a calendar year (cash and equity-based) will not exceed 30 gross salaries in the aggregate.

Description of issue	Section in the Current Compensation Policy	Section in the Updated Compensation Policy	Nature of the change		
				times the monthly cost of employment for fully meeting the NOI Target, 2 times the monthly cost of employment for fully meeting the FFO Target, as shall be determined during the first quarter of each year, and 3 times the monthly cost of employment for a discretionary bonus.	combination of the two, will be taken into account or a combination of both. Also, the targets will be determined each year in advance by the compensation committee and the board of directors; The bonus cap – up to 12 gross salaries, of which up to 3 gross salaries are for a discretionary bonus. The bonus cap is identical to the bonus cap in the current policy, such that the total bonus cap remains unchanged.[5]
			Another officer who is not a director or CEO	Up to 6 times the monthly cost of employment, of which 3 times the monthly cost of employment for meeting predetermined targets and 3 times the monthly cost of employment for a discretionary bonus.	Up to 12 gross salaries for a measurable bonus in accordance with predetermined financial and/or strategic/functional targets detailed in Section 5.3.1.2 of the Updated Compensation Policy, of which up to 3 gross salaries as a discretionary bonus.

[5] The identity of the bonus caps in both the Current Compensation Policy and the Updated Compensation Policy derives from the quotient resulting from a division of the annual bonus cap prescribed in the Updated Compensation Policy by a factor of 1.33 (12 gross salaries divided by 1.33 equals 9).

Description of issue	Section in the Current Compensation Policy	Section in the Updated Compensation Policy	Nature of the change
			A precondition to payment of the measurable bonus which is based on achievement of financial targets is conditioned on achievement of 90% of the financial targets as determined for the officer receiving the bonus by the relevant organs. The officer's entitlement shall be calculated linearly according to the percentage of achievement of the financial targets, such that, insofar as the measurable bonus as determined for such officer is based on achievement of financial targets and achievement of strategic/functional targets then, for full achievement of the financial targets, the officer shall be entitled to the full proportionate portion of the measurable bonus which is based on achievement of financial targets, and for achievement of 90% of the financial targets, the officer shall be entitled to 90% of such proportionate portion.

<table>
<tr>
<td>Retroactive changes in targets upon the occurrence of predetermined events</td>
<td>-</td>
<td>5.3.1.3</td>
<td>A provision has been added that allows the relevant authorized organs to decide on retroactive changes in the targets set for a specific officer, insofar as certain events occur during the year, that establish the need to update/or adjust the targets set in advance.</td>
</tr>
<tr>
<td>Equity-based compensation for officers</td>
<td>-</td>
<td>5.3.4</td>
<td>
<table>
<tr><th>Type of officer</th><th>Current Compensation Policy</th><th>Updated Compensation Policy</th></tr>
<tr><td>Company CEO</td><td>-</td><td>A sum equal to up to 18 gross salaries for each vesting year (equal to approx. 13.5 times the monthly cost of employment)</td></tr>
<tr><td>Another officer who is not a director or CEO</td><td>-</td><td>A sum equal to up to 6 gross salaries for each vesting year</td></tr>
</table>
The exercise price shall be the average price of the Company's shares on the Tel Aviv Stock Exchange Ltd. ("TASE"), during the 30 trading days preceding the date of the resolution of the board on the granting of the options.
The securities' vesting period will be no less than 3 years from the date of their grant in a straight line over the vesting period, provided that the exercise period for the first portion will be no less than 12 months after the grant date.
The maximum dilution for the securities to be awarded under the plan, during the affective period of the compensation policy, shall not exceed 5% of the Company's issued capital at the time of grant of the securities and in consideration thereof.
The Company shall be entitled to establish, subject to receipt of the approvals required by law, provisions regarding full acceleration of the vesting periods of the equity compensation in cases of
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<tr><td></td><td></td><td></td><td>death, disability, medical reasons, as well as in the case of a transfer of control of the Company, as a result of which trading in the Company's shares has been stopped. In addition, the board shall be entitled to determine provisions regarding the acceleration of the vesting periods of the equity compensation in the event of termination of employment ~~of the Company's officers due to death (Heaven forbid), disability, or~~ due to ~~the~~ transfer of control, in which case acceleration will be possible, upon the approval of the compensation committee and board of directors, for the next portion of securities that has not yet vested until the occurrence of the said event.</td></tr>
<tr><td>Special bonus</td><td>6.1.1</td><td>5.3.2</td><td>
<table>
<tr><th>Type of officer</th><th>Current Compensation Policy</th><th>Updated Compensation Policy</th></tr>
<tr><td>Another officer who is not a director or CEO</td><td>Up to 3 times the gross monthly salary</td><td>Up to 18 gross salaries during the term of the compensation policy. The special bonus will be paid for one-time and exceptional events as specified in Section 5.3.2 of the Updated Compensation Policy.</td></tr>
<tr><td></td><td></td><td></td></tr>
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<table>
<tr><th>Description of issue</th><th>Section in the Current Compensation Policy</th><th>Section in the Updated Compensation Policy</th><th>Nature of the change</th></tr>
<tr><td>Related benefits</td><td>5.5 and 7</td><td>5.2</td><td>
<table>
<tr><th>Type of officer</th><th></th><th>Current Compensation Policy</th><th>Updated Compensation Policy (***)</th></tr>
<tr><td rowspan="2">CEO</td><td>Advance notice</td><td>1-6 months (*)</td><td>Up to 6 months</td></tr>
<tr><td>Adjustment period</td><td>0-9 months in office (*)</td><td>Up to 9 months of gross salaries</td></tr>
<tr><td rowspan="2">Another officer who is not a director or CEO</td><td>Advance notice</td><td>1-6 months (**)</td><td>Up to 6 months</td></tr>
<tr><td>Adjustment period</td><td>0-3 months in office (*)</td><td>Up to 6 months of gross salaries</td></tr>
</table>
(*) According to the provisions of the Current Compensation Policy, the advance notice period and the adjustment period with respect to the Company's CEO shall not exceed 12 months in the aggregate.
(**) According to the provisions of the Current Compensation Policy, the advance notice period and the adjustment period with respect to an officer (who is not a director or CEO) shall not exceed 9 months in the aggregate.
(***) It is clarified that in any event, the advance notice period in accordance with Section 5.2.8 of the Updated Compensation Policy and the adjustment period in accordance with Section 5.2.9 of the Updated Compensation Policy, shall not exceed 12 months in the aggregate for each officer of the Company.
</td></tr>
</table>

Description of issue	Section in the Current Compensation Policy	Section in the Updated Compensation Policy	Nature of the change
Ratio between variable and fixed components in the compensation package	3.7	6	In the Updated Policy, the Company determined that the ratio between the fixed compensation components and the variable compensation components, in a calendar year, shall be as follows: - With respect to an active chairman of the board (who is not entitled to equity-based compensation) – the variable compensation component shall not exceed 51% of the total annual compensation package. - With respect to the Company's CEO – the variable compensation component shall not exceed 67% of the total annual compensation package. - With respect to the other officers (who are not directors of the Company) – the variable compensation component shall not exceed 67% of the total annual compensation package. The above is in lieu of the provisions of Section 3.7 of the current policy, whereby the fixed component is required to carry the main weight in the total maximum compensation package of the Company's officers.

7.3. **<u>The reasons of the compensation committee and the board for approving the Updated Compensation Policy</u>:**

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

7.3.1. The Updated Compensation Policy is intended to help achieve the Company's goals, policy and work plans, *inter alia* in order to:

7.3.1.1. Give sound, proper and fair compensation to the Company's officers, considering their duties and responsibilities.

7.3.1.2. 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;

7.3.1.3. That the compensation of officers corresponds, *inter alia*, with the size of the Company and the nature of its business.

7.3.2. 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.

7.3.3. 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 of officers with specific expertise and significant experience in their specialty fields.

7.3.4. The Policy is mostly based on principles similar to those underlying the Current Compensation Policy, while adapting the Policy to the Company's view whereby the granting of options and other equity instruments to officers, if any, will enable the Company to encourage them to contribute to the business development of the Company and increase their identification with the Company and its success.

7.3.5. 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.

7.3.6. The ratio between the cost of terms of office and employment of the officers and the cost of salary of the other employees of the Company, who are employed by the Company, and specifically the ratio to the average salary and the median salary of such employees, and the impact of the gaps on the work relations, as specified in Section 2.2.3 of the Updated Compensation Policy, is reasonable and is not expected to have an effect on the employment relations in the Company.

7.4. **Implementation of the Current Compensation policy**

Throughout the entire period of the Company's Current Compensation policy, the Company implemented the Current Compensation Policy in its entirety and did not deviate therefrom. Note that if the Meeting summoned hereunder will approve the payment of the special bonus to the CEO, as specified in Part E below, this special bonus shall be paid in deviation from the Current Compensation Policy.

Below are details regarding the ratio between the remuneration actually received by the Company's Chairwoman and the Company's CEO, and the remuneration caps that were placed by the Current Compensation policy, in 2023:[6]

Name	Position	Renumeration caps set forth in the Current Compensation Policy (NIS in thousands)		Renumeration actually paid (NIS in thousands)		Ratio (%) between the cap in the Current Compensation Policy and the actual remuneration
		Fixed	Variable	Fixed	Variable	
Danna Azrieli	**Chairwoman of the Board**	4,212	9 times the cost of employment, i.e., NIS 3,294	4,212	9 times the cost of employment, i.e., NIS 3,294	100%

[6] The data in the table represent the ratio (in %) between the caps set in the Current Compensation Policy and the remuneration actually paid. It is clarified that the data presented in the table does not include the payment of the proposed special bonus to the Company's CEO, as specified in Part E hereof.

Eyal Henkin	**CEO of the Company**	5,412	9 times the cost of employment, i.e., NIS 4,059	4,574	9 times the cost of employment, i.e., NIS 3,501	85%

7.5. **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 is released concurrently with the release hereof.

7.6. **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 Incumbent Directors 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.

7.7. **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 20 March 2024, after accepting the compensation committee's recommendation to approve the proposed Updated Compensation Policy, and approval by the Meeting summoned hereunder.

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, if the compensation committee followed by the board of directors decide, based on specified reasons and after rediscussing the Updated Compensation Policy, that 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 D – Approval of Update of the Management Agreement with the Company's CEO

8. Details are presented below with respect to the proposed resolution to approve an update to the management agreement between the Company and the Company's CEO, Mr. Eyal Henkin (the "**Company's CEO**") regarding the compensation components to which he is will be entitled.

8.1. **Description of the current terms of office and employment of the Company's CEO (the "Current Terms of Office and Employment")**

The Company's CEO has been in office since 1 January 2018. His terms of office and employment were last approved by the Company's general meeting of 11 August 2019, the highlights of which are as follows:

- Compensation: Fixed monthly management fee of NIS 313,000, linked to the rate of increase in the Consumer Price Index (CPI) for the month of June 2016 as published in July 2016 (the publication date of the CPI that was determined in the Current Compensation Policy), with an optional annual increase of said cap by 5% (over and above linkage to the CPI). As of the release date of the Notice of Meeting, the monthly management fee of the Company's CEO, after the aforesaid linkage mechanism, is NIS 389,039.

  Granting of indemnification and exemption conditions in accordance with the compensation policy and as is customary with respect to the other officers of the Company (who are not directors that are controlling shareholders),[7] and his inclusion in the insurance policy of the Company's officers.

- Car: The Company will make available to the Company's CEO a suitable level 7 vehicle. The Company shall bear the full cost of use of the vehicle.

- Expenses: The Company shall indemnify the Company's CEO, as is customary in these positions, for actual expenses to be incurred by him in the context of the provision of the CEO services to the Company, all in accordance with the Company's procedures and against presentation of proper evidence. Reimbursement of such expenses shall not exceed a maximum amount as determined, from time to time, by the audit

[7] For details regarding the letters of indemnification and exemption granted by the Company to the officers as of the date hereof, see Notes 33(d)(1)-(2) to the financial statements as of 31 December 2023 included in the Company's Periodic Report for 2023, which is incorporated herein by way of reference.

committee, and which shall be determined thereby as appropriate, taking into account the Company's operations and size.

- Cellular phone: The Company shall provide the Company's CEO a cellular phone and shall bear the full cost and cost of use thereof.

- Termination of agreement and prior notice: Each one of the parties may terminate the agreement, for whatever reason, subject to prior written notice of three (3) months.

- Adjustment compensation: In addition to the advance notice period, the Company's CEO shall be entitled to adjustment compensation in an amount equal to nine (9) monthly payments of the fee.

- Bonus: In accordance with the Company's Current Compensation Policy, the CEO shall be entitled to an annual discretionary bonus in the amount of up to 3 times the monthly cost of employment, in accordance with the recommendation of the Chairwoman of the board and as approved by the compensation committee and the board, in accordance with criteria that will be established in advance for each year. In addition, he shall be entitled to an annual bonus based on a threshold condition of meeting 90% of two measurable targets (NOI and FFO according to the management's approach), as they shall be approved by the compensation committee and the board of directors in the first quarter of each year for which the measurable bonus is granted ~~(the "**Measurable Bonus**") [נראה כי יש למחוק את ההגדרה כאן לאור ההגדרה בסעיף 8.3.2.2 - ר' הסבר בסעיף 8.3.2.2]~~. The total annual discretionary bonus together with the annual measurable bonus will not exceed 9 times the monthly cost of employment of the CEO.

8.2. **Details regarding his education and professional experience**

For details regarding the education and professional experience of the Company's CEO, see Regulation 26A of Chapter D of the Company's Periodic Report for 2023, incorporated herein by way of reference.

8.3. **The change in the conditions of the management agreement of the Company's CEO brought the approval of the Meeting**

8.3.1. The monthly management fee, which as of the date hereof is approx. NIS 389 thousand, shall remain unchanged, and shall be linked to the Consumer Price Index (CPI) for February 2024 as published on 15 March 2024 (in lieu of linkage of the management fee to the CPI for June 2016 as published on 15 July 2016). Further, the management fee shall be increased by an annual rate of 5% (over and above the linkage to the CPI). In case of a CPI decrease in a certain month, the management fee shall not be reduced, but the decrease shall be offset against future CPI increases.

8.3.2. In addition, as part of the change to the Current Compensation Policy which is brought to the approval of the Meeting hereunder, as specified in Sections 2 and 7 above, and mainly the change of the targets whose fulfillment entitle the Company’s CEO to an annual bonus, along with the annual bonus cap, which remains unchanged, as specified in Section 7.2, and the introduction of an entitlement to equity-based compensation, as specified in Section 7.2, it is proposed to update the conditions of the management agreement of the Company’s CEO, such that the components of his terms of office and employment (including the annual bonus to which he shall be entitled, along with the targets and preconditions prescribed for his entitlement thereto, as well as the equity-based bonus to which he shall be entitled) shall be as forth in the Updated Compensation Policy, which prescribes as follows (the “**Updated Terms of Employment**”):

8.3.2.1. The Company’s CEO shall be entitled to an annual discretionary bonus in the amount of up to 3 gross salaries, in accordance with the recommendation of the Chairwoman of the board and as approved by the compensation committee and the board of directors, in accordance with criteria that will be established in advance for each year (the "**Discretionary Bonus**").

8.3.2.2. In addition, the Company’s CEO shall be entitle to a measurable bonus that shall be based on the meeting of financial and/or strategic/functional targets specified in the Section 5.3.1.2 of the Updated Compensation Policy, where the degree of weight of the financial targets compared to the strategic/functional targets will be determined by the compensation committee and the board of directors and in such a manner that only financial targets or strategic/functional targets can be taken into account or a combination of both (the “**Measurable Bonus**”; ~~[שימו לב שהמענק המדיד לפי תנאי ההעסקה הנוכחיים (לפני העדכון) הוגדר כבר באופן זהה ("המענק המדיד") בפסקה האחרונה לסעיף 8.1. בדאי למחוק את ההגדרה בסעיף 8.1 (לא נראה שיש בה שימוש)]~~ and together with the

Discretionary Bonus, in this section: the "**Annual Bonus**").

~~8.3.2.2.~~8.3.2.3. A precondition to payment of the Measurable Bonus which is based on achievement of financial targets is conditioned on achievement of 90% of the financial targets as determined for the Company's CEO by the relevant organs. The Company's CEO's entitlement shall be calculated linearly according to the percentage of achievement of the financial targets, such that, insofar as the Measurable Bonus for the Company's CEO is based on achievement of financial targets and achievement of strategic/functional targets then, for full achievement of the financial targets, the Company's CEO shall be entitled to the full proportionate portion of the Measurable Bonus which is based on achievement of financial targets, and for achievement of 90% of the financial targets, the Company's CEO shall be entitled to 90% of such proportionate portion

~~8.3.2.3.~~8.3.2.4. The Annual Bonus shall be in an amount equal to up to 12 gross salaries, of which up to 3 gross salaries for the Discretionary Bonus (in this section: the "**Bonus Cap**"). The Bonus Cap is identical to the bonus cap prescribed by the current policy, such that the amount of the measurable bonus cap remains unchanged.[8]

~~8.3.2.4.~~8.3.2.5. The Company's CEO shall be entitled to equity-based compensation in the amount of 18 gross salaries (equal to 13.5 times the monthly employment cost) for each vesting year (the "**Equity-Based Bonus**"). For details regarding the Equity-Based Bonus proposed to be granted to the Company's CEO, see item 4 on the Meeting's agenda.

~~8.3.2.5.~~8.3.2.6. In any case, in no calendar year will the bonuses in total (Equity-Based Bonus and Annual Bonus) exceed the aggregate of 30 times the gross salary.

[8] As Mr. Henkin provides services to the Company against payment of management fee, and in accordance with the provisions of Section 1.1.10 of the Current Policy, the gross salary will be calculated according to the quotient of division of the monthly fixed compensation component, namely, the management fee, by a factor of 1.33.

~~8.3.2.6.~~8.3.2.7. Adjustment compensation: the Company's CEO shall be entitled to adjustment compensation in an amount equal to 9 times of gross salary.[9]

8.3.3. On 18 and 20 of March 2024, the compensation committee and the board of directors of the company (respectively) approved the update of the management agreement between the Company and the Company's CEO in connection with the Annual Bonus to which he shall be entitled as aforesaid.

8.3.4. The resolution regarding the Updated Terms of Employment is subject to the approval of the Meeting summoned hereunder, including its approval of the Updated Compensation Policy as aforesaid.

[9] In lieu of 9 times the employment cost (i.e., the management fee).

8.4. **Additional details that were presented to the compensation committee and the board of directors in connection with the update of the management agreement**

8.4.1. The ratio between the variable component and the fixed component in the terms of the proposed management agreement

The ratio between the variable component and the fixed component in the terms of the proposed management agreement of the Company's CEO is approx. 1.88. In other words, the variable component constitutes approx. 65% of the total compensation package.

8.4.2. The ratio between the salary cost[10] of the Company's CEO and the salary cost of the Company's other employees[11] – As of the date hereof and subject to the approval of the update to the terms and conditions of the management agreement of the Company's CEO, the ratio between the current salary cost of the Company's CEO and the average salary and median salary of the Company's other employees, is approx. 22.9 and 38.9, respectively, calculating the maximum cost of the proposed terms of office and employment (approx. NIS 13.4 million).

8.4.3. The members of the compensation committee and the board of directors were presented with a benchmark study regarding the compensation figures paid to CEOs, from among a sample of Israeli benchmark companies in 2022. The benchmark study was prepared by PwC Advisory Ltd, ("**PwC**") that examined 26 relevant traded companies included in the TA-35 index, excluding financial companies and foreign companies (the "**Benchmark Study**" and "**Benchmark Companies**", respectively).

The figures of PwC's Benchmark Study attest that:

8.4.3.1. According to the Benchmark Study, the Company ranks fourth in market cap among the Benchmark Companies, boasting a significant lead over those ranked below. The Company's equity as of 30 September 2023 ranks third among the Benchmark Companies and total assets as of that date rank second among the Benchmark Companies.

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[10] Within the definition of such term in Section (3) of Part A of the First Schedule to the Companies Law.
[11] Based on the following assumptions: (a) The data were calculated in respect of the Company's employees; (2) Partial positions were standardized to full-time positions; (3) The updated terms of the Company's 'EO's management agreement were taken into account.

8.4.3.2. The amount of the present fixed component (approx. NIS 4,668 thousand) is reasonable and lower than the average of the fourth quartile[12], which is about NIS 4,880 thousand, and also, about NIS 3,593 thousand lower than the maximum for CEOs of 23 of the relevant companies in the TA-35 index;

8.4.3.3. The amount of the ~~maximum~~ Annual Bonus ~~for measurable targets [שימו לב ש-"המענק השנתי" מוגדר בסעיף 8.3.2.2 בכולל הן את "המענק המדיד" והן את "המענק בשיקול דעת" כפי שהוגדרו באותו סעיף ובסעיף שלפניו; כלומר, נראה שיש לשנות את הנוסח כאן, ו-"המענק השנתי בגין יעדים מדידים" צריך להיות "המענק המדיד" (בהגדרתו בסעיף 8.3.2.2]~~ (NIS 3,501 thousand), is reasonable and about NIS 9,937 thousand lower than the maximum for the CEOs of the 23 relevant companies on the TA-35 index, which is about NIS 13,438 thousand and is lower than the average of NIS 3,771 thousand, and also lower than the 75th percentile, which is about NIS 4,935 thousand;

8.4.3.4. The amount of the proposed equity-based compensation (maximum annual Equity-Based Bonus of NIS 5,265 thousand) is reasonable and lower by about NIS 627 thousand and NIS 49 thousand (respectively) than the average and the 75th percentile, which are at NIS 5,892 thousand and NIS 5,314 thousand (respectively). Furthermore, the proposed equity-based compensation for the Company's CEO is lower by approx. NIS 10,404 thousand than the average of the fourth quartile, which is about NIS 15,669 thousand, and also lower by NIS 28,331 thousand than the maximum for the CEOs of the 23 relevant companies on the TA-35 index, which is about NIS 33,596 thousand;

8.4.3.5. The proposed maximum aggregate compensation, (about NIS 13,434 thousand) is lower than the fourth quartile ~~["הרביעי הרביעי" תורגם "הרביע הרביעי"~~] average, which is about NIS 27,194 thousand, and also lower

[12] The analysis based on which the Benchmark Study was prepared was based on quartiles. For the purpose of the analysis, the Benchmark Companies were rated in ascending order, beginning with the company in which the officer compensation component is the lowest. The Companies were then divided into four groups, such that the bottom (first) quartile includes the Companies with the lowest compensation component, and the top (fourth) quartile includes the Companies with the highest compensation component.

than the 75th percentile, which is about NIS 14,090 thousand.

8.5. **Summary of the reasons of the compensation committee and board of directors for approval of the update to the terms of office and employment of the Company's CEO**

The Company's compensation committee and the board of directors found that the update of the management agreement of the Company's CEO as part of the terms of office and employment offered to him is appropriate, reasonable and fair considering the size of the Company and the nature of its business, its long-term goals and the many challenges it faces, as well as, considering the nature of the position and responsibility assigned to the CEO, for the following reasons:

8.5.1. The members of the Company's compensation committee and the board of directors examined the ratio between the proposed terms of office and employment and the salary of the Company's other employees engaged by the Company, and namely the ratio to the average salary and the median salary of the employees and the effect of such gap on the work relations. In their assessment, the said ratios are reasonable and are not expected to have an impact on work relations in the Company.

8.5.2. The development of the Company's global business due to its entry into data centers, which requires the Company's CEO to frequently travel overseas, *inter alia*, for the development of the Company's business in this segment, ongoing supervision of the operations of the Norwegian subsidiary, Green Mountain throughout Europe, etc.

8.5.3. According to the benchmark data presented to the Company's compensation committee and board of directors, the total compensation for Mr. Henkin as CEO of the Company, and especially in view of the increase in the variable component, compared to the terms of employment of CEOs in the Benchmark Companies, is in the fourth quartile of the Benchmark Companies . Due to the fact that the Company is one of the largest companies in the TA-RealEstate Index, which also includes a number of companies significantly smaller than the Company, in the opinion of the members of the compensation committee and board of directors, the TA-35 Index is a more relevant benchmark index for the Company. It is emphasized that the overall compensation to Mr. Henkin, compared to the Benchmark Companies, is significantly lower than the fourth quartile average of the Benchmark Companies.

8.5.4. In such examination, the members of the compensation committee and board of directors also examined separately the benchmark data referring to the variable component only, and found that the maximum compensation that could be awarded to Mr. Henkin for the variable component only, compared to the terms of employment of CEOs in the Benchmark Companies, is in the fourth quartile of the Benchmark Companies. It is emphasized that the compensation for the variable component to Mr. Henkin, compared to the Benchmark Companies, is lower than the average of the fourth quartile of the said Benchmark Companies.

8.5.5. The proposed amendment is reasonable and acceptable under the circumstances, *inter alia* in view of the current scope of the Company's operations, which has been in constant growth in recent years, including the further development of additional businesses for the company (such as: data centers, senior housing and rental housing) that require managerial inputs and additional expertise.

8.6. Remuneration details

Details are presented below, in accordance with the Sixth Schedule to the Reports Regulations, of the renumeration to which the Company's CEO will be entitled, in terms of the annual cost to the Company (figures are presented in thousands of NIS):

	Details of remuneration recipient				Renumeration for services							Other remuneration			
Name	**Position**	**Year**	**Position percentage**	**Rate of holdings in the Company's equity**	**Salary**	**Bonus (a)**	**Share-based payment (b)**	**Management fee (c)**	**Consulting fee**	**Commission**	**Other (d)**	**Interest**	**Rent**	**Other**	**Total**
Eyal Henkin	Company's CEO	2023		-		3,501		4,817			232				8,550
		2024[13]				3,501	3,553	4,873			-				11,927

(a) For 2023 – assuming the grant of the **maximum** bonus amount possible under the Current Compensation Policy; for 2024 – assuming the grant of the **maximum** bonus amount possible under the Updated Compensation Policy, subject to the approval thereof by the Meeting, as specified under Item 2 on the agenda of the Meeting and without the Special Bonus as specified under Item 1 on the agenda of the general meeting. Assuming approval of the payment of the Special Bonus for disposition of the Compass Holdings as specified under Item 1 on the agenda of the general meeting, the total compensation for the Company's CEO in 2024 will amount to approx. NIS 17,178 thousand.

[13] Assuming approval of (a) the proposed terms of office and employment for Mr. Henkin as set forth under Item 3on the agenda of the Meeting; and (b) the equity-based compensation as set forth under Item 4 on the agenda of the general meeting and without payment of the Special Bonus as set forth under Item 1 on the Meeting's agenda.

(b) The fair value of the Options, when equally divided ~~["מוחלק" תורגם "מחולק"]~~ by the number of vesting years. The expense in respect of the grant of Options attributed to 2024, according to GAAP, is approx. NIS 7,063 thousand.

(c) The management fee component includes the following components: Cost of monthly management fee, social benefits, standard related and social provisions, car maintenance and reimbursement of communications and other expenses.

(d) Reflecting expenses in 2023 in respect of adjustment pay.

8.7. **<u>Names of directors who participated in the meetings of the compensation committee and the board of directors</u>**

In the meeting of the Company’s compensation committee of 18 March 2024, in which the participants were Messrs. Joseph Shachak, Varda Levy and Dan Isaac Gillerman, the update of the management agreement of the Company’s CEO was presented for approval, and a unanimous resolution to approve it was adopted.

Accordingly, All Incumbent Directors participated in the meeting of the Company’s board of directors of 20 March 2024, wherein the update to the management agreement of the Company’s CEO was unanimously approved.

8.8. **<u>The approvals required for authorization of the update to the management agreement with the Company’s CEO</u>**

The approvals required for authorization of the update to the management agreement with the Company’s CEO are the approval of the Company’s compensation committee and board of directors, which were given, as aforesaid, on 18 and 20 March 2024, and the approval of the Meeting summoned hereunder.

Note that according to Section 272(c1)(1)(c) of the Companies Law, the compensation committee and the board of directors may, in special cases, approve the update of the management agreement with the Company's CEO even if the Meeting objects to its approval, if the compensation committee followed by the board so decide, based on specified reasons after rediscussing the transaction and examining, *inter alia*, the objection of the Meeting ("**Approval under Section 272(c1)(1)(c) of the Companies Law**").

The Company is not a public second-tier company.

It is further noted that the existing management agreement with the Company's CEO is in effect and therefore, as long as the update of the management agreement with the Company's CEO is not approved by the meeting, and as long as Approval under Section 272(c1)(1)(c) of the Companies Law is not granted, the provisions of the existing management agreement with the Company's CEO shall continue to apply.

Part E – Details in connection with the Grant of Options to the Company's CEO

9. Details are presented below, *inter alia*, in accordance with Section 20 of the Private Placement Regulations, in respect of the resolution proposed under Item 4 of the Meeting's agenda: a material private placement (as defined in the Private Placement Regulations) of options to the Company's CEO, Mr. Eyal Henkin.

9.1. **Grantee**

The Grantee is the Company's CEO, Mr. Eyal Henkin (the "**Grantee**"). The Grantee is an officer of the Company.[14]

9.2. **Interest holder**

To the Company's best knowledge, as of the date hereof, the Grantee is not an interest holder in the Company, within the meaning of the term in Section 270(5) of the Companies Law, and will neither become an interest holder nor an interested party by virtue of his holdings in the Company following the said private placement.

9.3. **Quantity and terms of the offered securities**

9.3.1. The Company shall grant the Grantee, for no consideration, a total number of 234,350 options, which are not listed for trade, exercisable into up to 234,350 registered ordinary shares of the Company of NIS 0.1 par value each (the "**Options**" and the "**Option Shares**", as applicable).

9.3.1.1. The Option Shares shall constitute, subject to their exercise in full, approx.0.19% of the Company's issued and paid-up share capital and 0.19% of the voting rights therein, and approx. 0.19% of the Company's issued and paid-up share capital and approx. 0.19% of the voting rights therein, on a fully-diluted basis.[15]

9.3.1.2. The Option Shares shall be equal in rights, for all intents and purposes, to the Company's existing shares which are registered for trade on TASE, and they shall confer on the Grantee, assuming the exercise of the Options (in full or in part), all of the rights attached thereto, and the record date of the

[14] No employment relationship exists between the Company and Mr. Eyal Henkin.

[15] Assuming all the securities convertible and/or exercisable into Company shares, as of the date of release of the Notice of Meeting Report, shall have been converted and/or exercised into Company shares. As of the report release date, the Company has no securities that are convertible and/or exercisable into Company shares.

right to receive them begins on the date of allotment of the Option Shares and thereafter.

9.3.1.3. The Option Shares shall be issued to the Grantee if he exercises the Options (in full or in part) and shall be registered in the name of Tel Aviv Stock Exchange Nominee Company Ltd. The Option Shares shall be registered for trade on TASE immediately after the date of allotment thereof.

9.3.1.4. The Options shall be granted to the Grantee in accordance with the provisions of the Company's Option Plan (the "**Plan**") and under Section 102 of the Income Tax Ordinance [New Version] (the "**Income Tax Ordinance**"), in a capital gain track (through a trustee) and subject to receipt of the approvals specified in Section 9.3.7 below.

9.3.1.5. The grant of the Options to the Grantee and their terms and conditions are consistent with the Company's Updated Compensation Policy.[16]

9.3.1.6. The exercise price of each Option is NIS 249.7, reflecting the average closing price of the Company's share on TASE in the 30 trading days preceding the date of the board's resolution approving the grant of the Options (the "**Exercise Price**").

9.3.1.7. The Options shall be exercisable pursuant to a net exercise (cashless) mechanism only, as specified below:

$$\frac{(A*B) - (A*C)}{B-D}$$

Where –

A – The number of Options that the Grantee wishes to exercise and which is set forth in the exercise notice;

B – The closing price in NIS of the Company's share on TASE on the trading day preceding the exercise date (the "**Closing Price**");

[16] Assuming that the Updated Compensation Policy is approved under Item 2 on the agenda of the general meeting to which this notice report pertains.

C – The Exercise Price;

D – The par value of the Company’s share.

9.3.1.8. The Grantee shall not be required to pay the Exercise Price, but rather the aggregate par value of the Option Shares actually received (it is noted that the par value of the Company’s shares is NIS 0.1 each).

9.3.1.9. According to this mechanism, upon exercise of the Options, the Grantee shall not be allotted all the shares deriving from the exercise of the Options, but rather only shares in the quantity produced by the formula for calculation of the quantity of the allotted shares.

9.3.1.10. Upon exercise of the Options in accordance with the aforesaid mechanism, the Company shall deem the Option Shares as fully paid-up.

9.3.1.11. In any case where fractional shares result from the calculation of the “net exercise” mechanism, the Company shall not allot fractional shares, and the number of Option Shares that actually allotted to the Grantee shall be rounded (down or up, as applicable) to the nearest whole number.

9.3.1.12. The Options shall vest and become exercisable, for the Grantee, at the following times, provided that the Grantee holds office in the Company on the vesting date:

9.3.1.12.1. 25% of the Options shall become exercisable 12 months after the date of allotment (the “**First Portion**”);

9.3.1.12.2. 25% of the Options shall become exercisable 24 months after the date of allotment (the “**Second Portion**”);

9.3.1.12.3. 25% of the Options shall become exercisable 36 months after the date of allotment (the “**Third Portion**”);

9.3.1.12.4. 25% of the Options shall become exercisable 48 months after the date of allotment (the “**Fourth Portion**”).

9.3.1.13. The First Portion Options that vest but are not exercised within three years of their vesting date shall be cancelled. The Second Portion, Third Portion and Fourth Portion Options that vest but are not exercised within two years of their vesting date shall be cancelled. Options that are exercised shall be deemed cancelled from the date of allotment of the Option Shares in respect thereof.

9.3.1.14. If the Grantee is given notice of the end of his office and/or employment and/or termination of the engagement under the management agreement and/or if the Grantee gives notice of his resignation and/or of termination of the engagement under the management agreement (the "**Notice**"), the Company may, with approval from the compensation committee and board of directors of the Company, determine that the CEO is entitled to accelerated vesting of an ~~the E~~equity-b~~B~~ased b~~B~~onus ~~["מענק הוני" תורגם "המענק ההוני" בהנחה שהכוונה למונח המוגדר]~~ vesting within the 6~~12~~ months after the employment termination date ~~[מוצע להחליף "ממועד סיום ההעסקה" ב-"ממועד סיום היחסים" כדי לכסות את כל האפשרויות]~~.

9.3.1.15. The Grantee shall be entitled to exercise the Options to which he is entitled as set forth above, by the expiration of 270 days after the actual date of termination of the office and/or employment and/or engagement or by the end of the term of the Options, whichever is earlier (except in such circumstances as set forth in the Option Plan, in which case the Options shall expire immediately for all intents and purposes at the date of termination of the relationship, regardless of whether or not the Grantee was entitled to exercise part of the Options at the termination date of the relationship).

9.3.1.16. **Adjustments**

The Options are subject to the following adjustments:

Adjustment for share split or consolidation. In the event of a change in the Company's issued share capital by way of a share split or consolidation, the number and type of shares exercisable as a result of the exercise of the Options and the Exercise Price shall be adjusted accordingly, in order to proportionately maintain the number of shares and/or relative Exercise Price of each Option.

Adjustment for distribution of bonus shares. In the event that the Company distributes bonus shares to its shareholders, the record date for the distribution of which shall take place after the issue date of the Options but before the exercise and expiration thereof, the Grantee's rights shall be reserved such that the number of shares deriving from the exercise of the Options shall increase by the number of shares to which the Grantee would have been entitled as bonus shares (had he exercised the Options prior to the record date for distribution of the bonus shares). The Exercise Price determined for each Option shall not change as a result of the increase in the number of Option Shares as aforesaid. It is hereby clarified that the number of Option Shares to which the Grantee shall be entitled will be adjusted only in the event of a distribution of bonus shares as set forth in this section, but not in the event of any other offering (including offerings to interested parties).

Adjustment for a dividend distribution. If the Company distributes a dividend where the record date for entitlement to receive this dividend (in this section: the "**Record Date**") falls before the end of the exercise period of the options, the Exercise Price will be adjusted by reducing the Exercise Price for each Option as aforesaid, by a sum equal to the amount of the dividend distributed for each share. The Exercise Price will not be less than the par value of the Company's share or the minimum price per share stipulated in the bylaws and guidelines of TASE, whichever is higher.

Adjustment for a rights issuance. In the case of a rights issuance by the Company to its shareholders, the number of shares arising from the exercise of the Options shall be adjusted to the benefit component of the rights, as expressed by the ratio between the stock's closing price on TASE on the last trading day before the "X day", and the base stock price "x-rights".

Notwithstanding the foregoing, the Options may not be exercised on the record date for the distribution of bonus shares, rights offering, dividend distribution, capital consolidation, capital split or reduction of capital (each of the aforementioned events shall be called a "**Company Event**"). Where the X-day of a Company Event falls before its record date, no conversion shall be made on such X- day.

9.3.2. **The fair value of the Options**

The fair value and the model based on which the fair value is calculated	NIS 89.86; Black–Scholes model
The parameters used in applying the model:	
Share price (in NIS) as of the grant date	NIS 263
Exercise price (in NIS)	NIS 249.7
Expected volatility rate	29.63% for the First Portion and Second Portion; 29.01% for the Third Portion; 27.61% for the Fourth Portion
Option life (in years)	First Portion and Second Portion - 4 Years. Third Portion - 5 years. Fourth Portion - 6 years.
Risk-free interest rate	3.9% for the First Portion and Second Portion; 3.97% for the Third Portion; 4.04% for the Fourth Portion.

9.3.3. **Details pursuant to the Sixth Schedule to the Immediate and Periodic Reports Regulations**

For details regarding the remuneration to the Company's CEO, see Section8.6 above.

9.3.4. **<u>The Company's share capital; quantity and rate of holding of the Grantee and interested parties in the Company</u>**

9.3.4.1. The Company's registered share capital as of the date hereof is NIS 12,750,150 divided into 127,501,500 ordinary share of NIS 0.1 par value each, of which the issued and paid-up share capital that is registered for trade is 121,272,760 shares.

9.3.4.2. Below is a specification of the holdings of the Grantee and interested parties in the Company's share capital and voting rights therein, the total holdings of the Company's other shareholders, immediately prior and immediately subsequent to the private placement, and the holdings of the Company's other shareholders after the allotment and assuming that only the Grantee shall exercise the offered Options: ~~[פה נשארה בעברית הערה פנימית]~~

Classification	Name of Holder	Quantity and rate of holding in the share capital and voting rights prior to the proposed allotment						Quantity and rate of holding in the share capital and voting rights subsequent to the proposed allotment						Quantity and rate of holding in the share capital and the voting rights subsequent to the proposed allotment and assuming that the Grantee (and him alone) shall exercise the offered Options					
		Ordinary shares	Options	Not fully diluted		Fully diluted		Ordinary shares	Options	Not fully diluted		Fully diluted		Ordinary shares	Options	Not fully diluted		Fully diluted	
				% capital	% voting	% capital	% voting			% capital	% voting	% capital	% voting			% capital	% voting	% capital	% voting
Grantee	Eyal Henkin	-	-	-	-	-	-	-	234,350	-	-	0.19	0.19	234,350	-	0.19	0.19	0.19	0.19
Interested parties (excluding the Grantee)	Azrieli Holdings Inc.	67,452,724	-	55.62	61.31	55.62	61.31	67,452,724	-	55.62	61.31	55.51	61.91	67,452,724	-	55.51	61.91	55.51	61.91
	The Azrieli Foundation	10,373,638	-	8.55	8.55	8.55	8.55	10,373,638	-	8.55	8.55	8.54	8.54	10,373,638	-	8.54	8.54	8.54	8.54
	Azrieli Foundation Israel, R.A.	6,902,000	-	5.69	-	5.69	-	6,902,000	-	5.69	-	5.68	-	6,902,000	-	5.68	-	5.68	-
	Israel Keren	1,210	-	0.001	0.001	0.001	0.001	1,210	-	0.001	0.001	0.001	0.001	1,210	-	0.001	0.001	0.001	0.001
Other shareholders (public)	36,543,188		-							30.13	30.13	30.07	30.07	36,543,188			30.07	30.07	30.07
Total	121,272,760		-	100%	100%	100%	100%	121,272,760	234,350	100%	100%	100%	100%	121,507,110		100%	100%	100%	100%

9.3.5. **The consideration and the method by which it was determined**

9.3.5.1. The Options are granted to the Grantee for no consideration. The Exercise Price for each Option is as set forth in Section 9.3.1.6 hereof.

9.3.5.2. The Options are granted to the Grantee as part of the Option Plan, which is intended to incentivize the Company's officers, employees and service providers, retain them in the Company over time, and align their interests with those of the Company's shareholders in respect of the Company's development and success.

9.3.5.3. Considering these objectives, the Company's compensation committee and board of directors resolved that the Options be granted to the Grantee for no consideration.

9.3.5.4. The cost of the compensation to the Grantee deriving from the grant of the Company's Options, is consistent with the provisions of the Company's Updated Compensation Policy.

9.3.6. **The name of any significant shareholder or Company officer who has a personal interest in the consideration**

To the Company's best knowledge, no significant shareholder or Company officer has a personal interest in the consideration, with the exception of the Grantee himself who is an officer of the Company and who shall receive the Options as aforesaid, for no consideration.

9.3.7. **The approvals required for the grant of the Options**

9.3.7.1. At its meeting of 20 March 2024, the Company's board of directors approved the grant of the Options to the Grantee, after the Company's compensation committee approved the same at its meeting of 18 March 2024.

9.3.7.2. The grant of the Options to the Grantee is subject to the approval of the Company's general meeting summoned hereunder.[17]

9.3.7.3. In addition, the grant of the Options to the Grantee is subject to receipt of the approval of TASE for the trading registration of the Options Shares that will result from the exercise of the Options.

9.3.7.4. Also, the grant of the Options is subject to the approval of the Company's equity-based compensation plan by the tax authorities.

9.3.8. **No Agreements**

To the Company's best knowledge, and as it was informed by the Grantee, there are no agreements, whether written or oral, between the Grantee and another shareholder of the Company, or between the Grantee and others, for the purchase or sale of securities of the Company or pertaining to voting rights therein.

9.3.9. **Restrictions or limitations on transactions in the offered securities**

9.3.9.1. The sale of the Option Shares shall be subject to the limitations set forth in the Securities Law and the Securities Regulations (Details regarding Sections 15A to 15C of the Law), 5760-2000, as follows ("**Lock-up Provisions**"):

9.3.9.1.1. In the six-month period, beginning on the date of allotment of the Options (the "**Full Lock-Up Period**"), the Grantee may not offer the Option Shares during trade on TASE other than pursuant to a prospectus, the publication of which was permitted by the Israel Securities Authority (ISA) ("**Prospectus**");

9.3.9.1.2. In the six consecutive quarters after the end of the Full Lock-Up Period, the Grantee may offer for trade on TASE, without publication of a Prospectus, on

[17] According to an Approval under Section 272(c1)(1)(c) of the Companies Law, the compensation committee and the board of directors may, in special cases, approve the grant of the Options to the Company's CEO, even if the general meeting objects to its approval, provided that the compensation committee followed by the board of directors so decide, based on specified reasons, after rediscussing the grant of the Options and examining, *inter alia*, the objection of the general meeting.

any trading day, no more than the daily average of the volume of trading of the Company's ordinary shares on TASE over the eight-week period preceding the date of the offer, provided that the total number of Option Shares offered in any quarter shall not exceed 1% of the Company's issued and paid-up share capital, as of the date of the offer. For these purposes, "issued and paid-up share capital": excluding shares deriving from the conversion or exercise of convertible securities allotted up to the date of the offer and have not yet been exercised or converted.

9.3.9.2. The Lock-Up Provisions shall not apply to OTC transactions. However, any person who purchased the Option Shares shall step into the shoes of the Grantee (or any of them, as applicable) for purposes of compliance with the Lock-Up Provisions, as set forth in Section 9.3.9.1 above.

9.3.10. **The date of the allotment of the securities**

Upon the fulfillment of the conditions specified in Section 9.3.7 above, the Company shall act to grant the Options to the Grantee.

9.3.11. **Summary of the reasons of the compensation committee and board of directors for approval of the granting of the Options to the Company's CEO**

9.3.11.1. The type of compensation, according to which the Grantee will be allotted Options exercisable into shares, serves the Company by tying the offered compensation to the Company's financial results and the performance of the Company's shares, and it creates a proper and balanced incentive that serves the Company's objectives and long-term plans.

9.3.11.2. An economic valuation of the options was presented to the members of the Company's compensation committee and board of directors and their impact on the Company's financial statements was disclosed. The members of the compensation committee and board of directors believe that equity-based compensation is a proper way to compensate the grantee without impacting the Company's cash flow.

9.3.11.3. The terms and conditions of the allotment, including the Exercise Price of the Options, are consistent with the Updated Compensation Policy of the Company.

9.3.11.4. The members of the compensation committee and the board of directors were presented with the Benchmark Study performed by PwC, including a compilation of comparative information on compensation paid to CEOs in the sample of Benchmark Companies, which demonstrates the reasonableness of the proposed equity compensation.

9.3.12. **Names of directors who participated in the meetings of the compensation committee and the board of directors**

In the meeting of the Company's compensation committee of 18 March 2024, in which the participants were Messrs. Joseph Shachak, Varda Levy and Dan Isaac Gillerman, the grant of the Options to the Grantee was presented for discussion and unanimously approved. Accordingly, in the meeting of the Company's board of directors of 20 March 2024, in which the participants were All Incumbent Directors, the grant of the Options to the Grantee was unanimously approved.

9.3.13. **Names of directors who have a personal interest in the granting of the Options to the Company's CEO, and the nature of their personal interest**

To the Company's best knowledge, the members of the board of directors who participated at the meetings specified in Section 9.3.12 above, do not have a personal interest in the approval of the granting of the Options to the Company's CEO.

Part F – Further Details about the Meeting

10. **The required majority**

10.1 The majority required at the Meeting for approval of the resolutions specified in Agenda Items 1, 2, 3 and 4 above, is a majority of all the votes of the shareholders present in the Meeting, provided that one of the following is also satisfied: (a) the count of the majority votes in the Meeting includes a majority of all the votes of shareholders who are not controlling shareholders of the Company nor have a personal interest in approval of the payment of the Special Bonus, or approval of the ~~compensation policy [~~Updated Compensation Policy~~]~~, or approval of the terms of office and employment, or approval of the grant of the Options (as applicable), participating in the vote (the count of the total votes of such shareholders shall exclude the abstaining votes); (b) the total of dissenting votes from among the shareholders specified in subparagraph (a) above shall not exceed a rate of two percent (2%) of all the voting rights in the Company.

It is noted that under the provisions of the Companies law, the Company's board of directors may approve the ~~new compensation policy [~~Updated Compensation Policy~~]~~ even if the Meeting objects thereto, by way of Approval under Section 267A(c) of the Companies Law.

It is noted that under the provisions of the Companies law, the Company's board of directors may approve the Agenda Items 1, 3 and 4 even if the Meeting objects thereto, by way of Approval under Section 272(c1)(1)(c) of the Companies Law.

10.2 The majority required at the Meeting for approval of the resolutions specified under Agenda Items 5.1 and 5.2 above is a simple majority of all the votes of the shareholders who are allowed to vote and shall have voted in the Meeting. It is noted that as of the date hereof, the controlling shareholders of the Company (Mses. Sharon Azrieli, Naomi Azrieli and Danna Azrieli) hold approx. 61.31% of the voting rights in the Company,[18] which rate allows for the majority required for adoption of the resolutions specified under Agenda Items 5.1 and 5.2.

11. **Meeting and Voting Procedures**

11.1. **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

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[18] For details regarding the control of the Company, see Section 7.5 above.

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).

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

The Meeting shall convene on Thursday, 2 May 2024, 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 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 on Thursday, 28 March 2024 (the "**Record Date**").

11.3. **Proxy for the vote**

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 secretariat up to forty-eight (48) hours before the time of the Meeting, namely until 30 April 2024, at 4:00 pm. Such deposit, referring to the time scheduled for the Meeting, shall be valid also with respect to the adjourned meeting.

11.4. **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 ~~[ISA's]~~ 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 ~~[ISA's]~~ 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 22 April 2024. The last date for delivery of the board's response to position statements (if any are 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 27 April 2024. 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).

11.5. **Electronic Voting**

As noted above, 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 identification number and an access code, as well as additional information in connection with the Meeting, and after a secure identification process, he may vote via 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 Thursday, 2 May 2024, at 10:00 AM), or until such earlier time as shall 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.

On 29 October 2023, the ISA's Corporations Department published a news release to companies regarding temporary restrictions that may apply to access from overseas to the reporting site and the Electronic Voting System due to the prevailing security situation in Israel, and as part of the ISA's policy to increase protection of its information systems and computer infrastructure during this time (the "**News Release**").[19]

[19] For the full News Release in English, see the following link: https://www.isa.gov.il/sites/ISAEng/1489/1511/Documents/Evoting_System.pdf

According to the News Release, any holder of securities that encounters an access problem as aforesaid (and could not solve it), is requested to use the alternative available methods: voting by proxy as set forth in Section 11.3 hereof or voting via Voting Card as set forth in Section 11.4 hereof. In addition, the security holder may contact the ISA's support center at Tel. 077-2238333.

11.6. **<u>Notice of a personal interest by virtue of the voter being a controlling shareholder</u>**

A shareholder participating in the vote with respect to the resolutions in Sections 1 to 4 above shall indicate in Part B of the voting card, in the designated space therefor, and if the vote is via the Electronic Voting System – shall indicate in 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).

11.7. **<u>Confirmation of ownership</u>**

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 is entitled to 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 11.4 above, shareholders are required to deliver such Confirmation of Ownership, together with the Voting Card, at the Company's Offices, such that it reaches the Company's Offices no later than four (4) hours before the time of convening of the Meeting, i.e., by Thursday, 2 May 2024, at 12:00.

11.8. **<u>Changes to the agenda; the last date for delivery of a shareholder's request to include an item on the agenda</u>**

After release of the Notice of Meeting Report, there may be changes to the agenda, including the addition of agenda items, position statements may be released, and the updated agenda and the position statements may be inspected in the Company's reports as posted on the ~~[ISA's]~~ distribution site and the TASE website. A shareholder's request 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 so submitted, the item may possibly be added to the agenda and the details thereof shall be posted on the ~~[ISA's]~~ distribution site, in which case, the Company will issue an amended Voting Card together with an amended notice report, no later than seven (7) days after the last date for delivery of a shareholder's request to include an agenda item as noted.

12. **<u>Details of the Company's representative in charge of the immediate report</u>**

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.

13. **<u>Inspection of documents</u>**

Company shareholders may, per their request, inspect documents that are relevant to the items on the agenda of the Meeting, after prior coordination by telephone: 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.

Azrieli Group Ltd.
Officer Compensation Policy

1. **Introduction**

1.1. **General Background**

1.1.1. The Compensation Policy concerns the Terms of Office and Employment of Officers of Azrieli Group Ltd. only.

1.1.2. The Compensation Policy was prepared bearing in mind the side of the Company and nature of its operations, the objectives of the Company, its work plan and risk management policy, as defined by the Company's board of directors ("**Board**").

1.1.3. The Compensation Policy is intended to provide a sufficiently broad framework to allow the Company's Compensation Committee, Board and CEO, as applicable, to determine a personal compensation plan for each one of the Officers, according to the Company's needs and in keeping with the best interests of the Company, its employees and its shareholders and the Company's overall long-term strategy.

1.1.4. The Compensation Policy specifies the principal considerations that guided the Compensation Committee and the Board in its formulation, as well as the rules for implementation of their decisions regarding the grant of compensation to all Officers of the Company and to each of them separately. The various compensation components are intended to encourage and secure the continued employment of the Company's Officers, as well as to allow for the recruitment of new officers who are able to contribute to the Company and the values of excellence and integrity it has set as a maxim, to promote its business goals, to adhere to the high standard of corporate governance that serves as its guiding principle, all while maintaining an appropriate relation between the Company's performance and the salary and compensation granted to Officers.

1.1.5. If and insofar as, after approval of the Compensation Policy in accordance with the provisions of the Companies Law, relaxations are determined in the Companies Law, regulations or orders issued thereunder and/or position statements of the Israel Securities Authority (ISA) in relation to mandatory requirements or threshold conditions that are required to be included in the Compensation Policy as of the date of approval hereof, such relaxations shall be deemed to be included in the Compensation Policy notwithstanding any other provision stipulated herein, all subject to approval by the Board. Insofar as an amendment that is stricter with the Company is applicable, such update will not apply retroactively.

1.1.6. The Compensation Policy does not constitute an agreement in favor of any third party, and it does not confer on any serving or future Officer and/or director of the Company any legal rights vis-à-vis the Company, and the rights and obligations of any Officer and/or director shall be determined in an agreement between them and the Company, insofar as duly approved and signed.

1.1.7. The Compensation Policy is worded in the masculine gender for solely for convenience, and applies to men and women alike, without any distinction.

1.1.8. Nothing in the Compensation Policy shall derogate from the provisions of employment agreements and terms of office of Officers of the Company that were approved prior to the approval hereof. However, the renewal or update of such preexisting agreements and terms as well as the approval of discretionary bonuses under preexisting agreements shall be conducted bearing in mind the provisions of the Compensation Policy and/or in accordance with any law.

1.1.9. The Compensation Policy shall be revised as needed and approved once every 3 years, as required by the Companies Law in this regard.

1.1.10. The Compensation Policy shall apply to all Officers of the Company, which Officers may be Company employees and/or independent contractors that provide services thereto. Insofar as an Officer provides the Company services in consideration for management fees, the provisions of the Compensation Policy shall apply *mutatis mutandis*. The compensation shall be paid to the Officer against an invoice and the compensation components shall be calculated so as to conform, from an overall economic perspective, with the provisions of this policy, provided that this has no adverse effect on the Company's best interests, condition and plans. In this context, and unless specifically stated otherwise, wherever this policy mentions gross salary regarding an Officer providing the Company with services for management fees, the gross salary shall be calculated according to the result of the division of the monthly fixed compensation component, i.e. – the management fees, by a factor of 1.33.

1.2. **Definitions**

1.2.1. “**Company**” – Azrieli Group Ltd.

1.2.2. “**Group**” – The Company and the companies held thereby.

1.2.3. “**Companies Law**” – The Companies Law, 5759-1999.

1.2.4. “**Securities Law**” – The Securities Law, 5728-1968.

1.2.5. “**Remuneration Regulations**” – The Companies Regulations (Rules on Remuneration and Expenses for Outside Directors), 5760-2000.

1.2.6. “**Compensation Policy**” – This compensation policy.

1.2.7. “**Compensation Committee**” – The compensation committee the composition of which is as required by law, as specified in Section 118A of the Companies Law. An audit committee that satisfies the conditions required by law for this purpose may additionally serve as the compensation committee.

1.2.8. “**Officer**” – As defined in Section 1 of the Companies Law.

1.2.9. “**Terms of Office and Employment**” – As this term is defined in the Companies Law.

1.2.10. “**Monthly Employment Cost**” – The aggregate cost, in terms of employer cost, for a full-time (100%) position, of a fixed base payment per month together with all the fixed related benefits per month, and together with the ‘13th salary’ insofar as paid. It is clarified that the reimbursement/payment of expenses, including vehicle, telephone and communication expenses, bonuses (whether cash or equity-based), special related benefits, V.A.T. (in the case of payment against invoice) are not included in the monthly employment cost.

2. **Considerations, Criteria and Provisions for Examination and Determination of the Terms of Office and Employment of Officers**

As part of the examination of the terms of office offered to Officers, the authorizing functions in the Company will examine the following considerations among others:

2.1. **Considerations**

2.1.1. Promotion of the Company’s objectives, work plan and policies from a long-term perspective.

2.1.2. Creation of proper incentives for the Company's Officers, considering, *inter alia*, the Company's risk management policy.

2.1.3. The size of the Company and the nature of its operations.

2.1.4. For the purpose of Terms of Office and Employment that include variable components – the contribution of the Officer to the accomplishment of the Company's goals and maximization of its profits, and all from a long-term perspective and in accordance with the position of the Officer.

2.2. **Factors that must be taken into account**

2.2.1. The Officer's education, qualifications, expertise, professional experience and achievements.

2.2.2. The Officer's position, responsibilities and previous compensation agreements signed with the Officer.

2.2.3. The ratio between the cost of the Terms of Office and Employment of the Officer and the Salary Cost[1] of other employees of the Company, and particularly the ratio to the average salary and median salary of such employees and the effect of the disparities between them on the working relationships in the Company.

The Compensation Committee and Board of the Company have conducted such an examination as of the date of approval of the Compensation Policy and have determined that the ratio[2] is reasonable considering, *inter alia*, the nature of the Company and its mix of employees, including the responsibilities of the Officers of the Company with respect to all of the Company's employees and not expected to affect the working relationships in the Company. The following table presents the aforesaid ratio as of the date of approval of the Compensation Policy:

[1] "Salary Cost" – Any payment for employment, including employer provisions, payments for departure, vehicle and vehicle usage expenses and any benefit or other payment.

[2] The calculation of such ratio included the Company's employees and Company Officers who receive consideration for holding office as Officers (with the exception of directors who receive compensation in accordance with the Remuneration Regulations). For the purpose of calculating the ratio, as relating to such Officers, the maximum possible variable compensation as specified in Section 4.4 below, albeit without the special bonus and equity compensation, was included in the Terms of Office and Employment, and as relating to the Company's CEO, the Terms of Office and Employment included were the ones presented for approval by the shareholders meeting in which this Compensation Policy is also presented for approval, without a special bonus, insofar as shall be approved in deviation from the currently-effective compensation policy.

Position	Ratio relative to the Average Salary	Ratio relative to the Median Salary
Active Chairman of the Board	12.3	22.2
CEO	22.9	38.9
Other Officers[3]	Not over 3.7	Not over 7.1

2.2.4. Where the Terms of Office and Employment include variable components – the possibility to reduce the variable components according to the Board's discretion and the possibility to determine a cap for the exercise value of equity-based variable components that are not cash-settled.

2.2.5. Where the Terms of Office and Employment include departure benefits – the term of office or employment of the Officer, the Officer's Terms of Office and Employment during such term, the Company's performance during such term, the Officer's contribution to the accomplishment of the Company's goals and the maximization of its profits and the circumstances of departure.

2.3. **For variable components of the Terms of Office and Employment:**

2.3.1. Basing the components on performance from a long-term perspective and according to measurable criteria and/or discretionary criteria, as specified in Section 5.3 below.

2.3.2. The ratio between the variable components and the fixed components and a cap for the value of variable components on the date of payment thereof, as specified in Section 6 below; however, for equity-based variable components that are not cash-settled – a cap for their value at the grant date thereof.

2.4. A clause whereby the Officer will repay the Company, on the conditions stipulated in the Compensation Policy, amounts that shall have been paid to the Officer as part of the Terms of Office and Employment, if they shall have been paid based on data that were found to be incorrect and were restated in the Company's financial statements, as specified in Section 5.3.3.6 below.

2.5. A minimal term of holding or vesting of equity-based variable components in the Terms of Office and Employment, addressing proper incentives from a long-term perspective, as specified in Section 5.3.4 below.

[3] With the exception of directors who receive compensation in accordance with the Remuneration Regulations.

2.6. A cap for departure benefits, as specified in Sections 5.2.8 and 5.2.9 below.

3. **<u>Mapping of Positions of Company Officers to which the Compensation Policy applies</u>**

3.1. The Compensation Policy applies to the Company's Officers as exist from time to time.

A switch from employment relations to a service provision relationship and vice versa by Officers of the Company in any position (including ones if they are controlling shareholders or relatives of controlling shareholders), all without the Company's employment costs increasing due to the change of the form of engagement, will not require approval by the general meeting of shareholders and will be approved by the Compensation Committee only.

4. **<u>Compensation of Officers of the Company</u>**

The total compensation of Officers may comprise several components:

4.1. **Fixed base payment** – This is intended to compensate Officers for the services provided to the Group and the time dedicated to the performance of their job on an ongoing basis. The base pay takes the Officer's qualifications into account as well as the demands of the position and the responsibilities and authorities borne by the Officer. In addition, insofar as concerning an incumbent Officer, the Officer's term of office and the unique experience the Officer has accumulated at the Group and the need to retain the Officer will also be examined.

4.2. **Fixed related benefits** – Some of these benefits are defined and determined by law (e.g., pension savings, provisions for severance, income protection insurance, days of leave, sick leave, recuperation, etc.) and some arise from market conditions or a generally accepted practice in the job market relevant to the Company's Officers (e.g., study fund savings).

The cap for the Monthly Employment Cost of Officers of the Company shall be as follows (NIS in thousands):

Position	Monthly Employment Cost Cap
Active Chairman of the Board	330(*)
CEO	389(**)
Deputy CEO or VP or other non-director Officers	300(**)

(*) The said amount will be linked to the rate of increase of the Consumer Price Index (CPI) for May 2022 as released on June 15, 2022, plus an increase of 5% every year on top of the said cap from August 2022 (over and above indexation).

(**) The amounts will be linked to the rate of increase of the Consumer Price Index (CPI) for February 2024 as released on 15 March 2024, plus an increase of 5% every year on top of the said cap (over and above indexation).

4.3. **Special related benefits** – Special related benefits may be added to the related benefits (e.g., vehicle use, cell phone and communication expenses, signing bonus, exemption, indemnification and insurance, prior notice and departure benefits, holiday gifts, expense reimbursement and other benefits), which are not included in the Monthly Employment Cost cap.

4.4. **Variable compensation** – This compensation is intended to reward Officers for their achievements and contribution to the accomplishment of the Company's goals during the period for which the variable compensation is paid. The weight of this component in the total compensation package may vary between one Officer and the next.

Cash variable compensation component – An annual, measurable and/or discretionary incentive, which is based on the Group's performance from a long-term perspective and on the Officer's contribution and incentivizes the Officer to act for promotion of the Group's business results, in general, and for promotion of the business matters entrusted to and within the responsibility of the Officer by virtue of the Officer's position, in particular.

Equity-based variable compensation component – An incentive that ties the Officer's compensation to the creation of value for the Company's shareholders and is designed for incentivizing the Officer to promote the best interests of the Company and the best interests of the stakeholders thereof and the maximization of its profits in the long term.

In order to ensure correspondence between the entire compensation package and the contribution of the Officer, the Compensation Committee and the Board, when deliberating approval, will be presented with each one of the components of the Officer's compensation and the Officer's entire compensation package.

The cap for the value of variable components of Officers of the Company shall be as follows (on an annual basis)[4]:

Position	Variable Components		
	Annual Bonus (including a Discretionary Bonus)****	Special Bonus***	Equity Compensation*
Active Chairman of the Board	An amount equal to 9 times the Monthly Employment Cost (without a discretionary bonus)	-	-
CEO**	A total equal to up to 12 gross salaries, of which up to 3 times the gross salary may be designated for a discretionary bonus	-	A total equal to up to 18 gross salaries for every year of vesting
Deputy CEO, VP or other non-director Officers	A total equal to up to 12 gross salaries, as a measurable bonus, of which up to 3 times the gross salary may be designated for a discretionary bonus	A total equal to up to 18 gross salaries during the term of the compensation policy	A total equal to up to 6 gross salaries for every year of vesting

* As concerns the calculation of the equity-based variable component, as listed in the above table, the aggregate annual fair value of the equity compensation to be granted to Company Officers, at the grant date, which will be valuated according to the total economic value at the grant date divided equally by the number of years until full vesting, and which is not necessarily consistent with the expense amounts recorded in the financial statements according to the accounting principles applicable to the Company. In cases of cash-settled equity compensation (such as "phantom" options), the total fair value of the equity compensation will be calculated according to the total economic value at the payment date (as opposed to the value at the grant date).

[4] The gross salary, for the purpose of calculating the cap of the bonuses (annual, special, and equity) according to this section, with respect to Company Officers (who are not the Chairman of the Board) who provide services to the Company in consideration for management fees, shall be the result of the division of the fixed monthly compensation component, i.e. – management fees, by a factor of 1.33.

** In any case, in no calendar year will the bonuses in total (cash and equity) exceed 30 times the gross salary in the aggregate.

*** A special bonus will be paid, insofar as paid, for exceptional one-time events as specified in Section 5.3.2 below.

**** The gross salary ,for the purpose of calculating the annual bonus, shall be the gross salary as of 31 December of the year of the relevant bonus.

5. **Compensation Components**

5.1. **Base pay (fixed components)**

5.1.1. **Setting the base pay for Officers**

An Officer's base pay will be determined during the negotiation toward hiring the Officer to hold a position with the Company, will be updated from time to time according to the Company's practices and, together with the related benefits, will be within the range specified in this policy and subject to the provisions of the law. The pay level determined, within the aforesaid range, will reflect the qualifications of the intended or incumbent Officer (as applicable) and the degree of the Officer's suitability for the demands of the position held or intended to be held by the Officer.

5.1.2. **Principles for periodic examination and update of the compensation**

5.1.2.1. To the extent necessary and according to the discretion of the Company's management, the compensation of Company Officers will be examined and updated, and such update shall be presented for approval by the Company's institutions required by law.

5.1.2.2. An immaterial change in the Terms of Office and Employment of an Officer directly reporting to the CEO of the Company, as provided in Section 272(c)-(d) of the Companies Law, which meets the limits set forth in the Compensation Policy, shall be approved by the Company's CEO alone. It is clarified that an update of the monthly salary for an Officer reporting to the CEO of the Company meeting the caps determined in Section 4.2 above, shall be deemed as an immaterial change in the terms of office.

5.1.2.3. In the event of an Officer employed in a part-time position, the amounts will be calculated proportionately, according to the partialness of the position, but the competent organs may decide to pay the Officer more than the proportionate amount resulting from such calculation.

5.2. **Related and additional benefits for Officers**

In addition to the base pay, the Company may bear social and other related benefits as specified below, which will be determined in accordance with the relevant criteria and considerations listed in Section 2 above and will be subject to the provisions of any law, including expansion orders, to the extent applicable to the Company:

5.2.1. **Pension provisions, income protection insurance and study fund** – The Company may make provisions for a pension fund, managers' insurance, study fund and/or income protection insurance according to the provisions of the law or the practice applicable to this matter.

5.2.2. **Vehicle** – The Company may make a vehicle available to the Officer for the purpose of performing the Officer's duties or pay the Officer an equivalent amount *in lieu* of the vehicle. Where the Company provides a vehicle to the Officer as noted, it may, according to its discretion, bear the expenses of its maintenance (subject to the Company's procedures as established from time to time) and may also gross-up the value of the benefit for tax purposes.

5.2.3. **Cell phone** – The Company may make a cell phone device available to the Officer for the Officer's use. The Officer will be entitled to reimbursement of all maintenance and usage expenses of the cell phone. The Company may gross-up the value of the benefit for tax purposes.

5.2.4. **Annual leave** – Officers will be entitled to such annual leave as specified in their respective personal employment agreements, up to a cap of 30 days per year and no less than as prescribed by law, including entitlement to accumulate days of leave and to cash out days of leave.

5.2.5. **Sick leave** – Officers will be entitled to such sick leave as specified in their respective personal employment agreements, up to a cap of 35 days per year and no less than as prescribed by law, including entitlement to accumulate sick days and with no entitlement to cash out sick days.

5.2.6. **Recuperation pay** – Officers will be entitled to such recuperation pay and such recuperation day value as specified in their respective personal employment agreements, up to a cap of 30 days per year and no less than as prescribed by law.

5.2.7. **Other benefits** – The Company may grant Officers, from time to time, additional reasonable related benefits and other benefits (e.g., holiday gifts, medical/dental insurance, comprehensive annual medical checkups, subscription to professional literature, subscription to economic newspapers, training, seminars, including payment of the costs of academic studies, professional bodies' membership fees, professional liability insurance, internet connection, 10bis/Cibus card (or similar arrangements), etc.), as per the Company's standard practice, including gross-up of the value of such benefits for tax purposes.

5.2.8. **Office termination conditions** – Each of the Officers is entitled to prior notice as specified under their respective personal employment agreements and no more than a prior notice period of 6 months for Officers.

During and up to the expiration of the prior notice period, the Officer will continue to work at the Company, unless the Company chooses not to engage the Officer during this period or to engage the Officer for a shorter period, in which case the Company may (but will not be obligated to) pay the consideration owing to the Officer *in lieu* of prior notice, in one payment, upon the Officer's actual departure.

5.2.9. **Adjustment period** – The Company may grant Officers an adjustment period that will be determined for every Officer on an individual basis (if determined), during which period they will continue to be entitled to their Terms of Office and Employment as noted above, without being required to continue performing their duties at the Company in practice, which period shall be no longer than 9 months of gross salary for the CEO and 6 months of gross salary for other Officers (except for the Active Chairman of the Board), over and above the prior notice period. The Company may (but will not be obligated to) pay the adjustment period terms, in whole or in part, at once.

It is clarified that in any case, the prior notice period under Section 5.2.8 above and the adjustment period under Section 5.2.9 above shall not exceed 12 months in the aggregate for any Officer of the Company.

5.2.10. **Signing bonus** – The Company's Compensation Committee and Board will have the power to authorize, in special circumstances that justify the same, a one-time signing bonus during the Compensation Policy period for Officers the amount of which shall not exceed 6 times the Monthly Employment Cost.

5.2.11. **Severance pay** – Officers will be entitled to severance pay under the Severance Pay Law, 5723-1963, including in accordance with the provisions of Section 14 of the Severance Pay Law, 5723-1963 and subject to the Company's discretion, as specified in the Officers' respective employment agreements.

5.2.12. **Reimbursement of expenses** – Officers will be entitled to reimbursement/payment of expenses actually expended by them in the context of their duties in accordance with the Company's policy (including the Company's policy on capping of such reimbursement) as determined from time to time.

5.2.13. **Use of private flight services** – The Company may procure international private flight services for Officers, in the context of their duties in the Company. Flight services shall be acquired from a third party that is not related to the Company and the Company shall bear all the expenses involved in the operation of the flight.

5.2.14. **Liability insurance, indemnification and exemption** – The Company may insure the liability of Officers who are serving and/or will serve thereat from time to time, including in respect of their holding office on behalf of the Company or per its request as officers of any of the companies of the Group, by directors and officers' liability (D&O) insurance, including Officers who are controlling shareholders or relatives of controlling shareholders and the Company's CEO. Furthermore, the Company may grant such Officers or any of them letters of indemnification and/or exemption in such standard form as used by the Company from time to time, provided that the exemption undertaking not apply to a resolution or transaction in which the controlling shareholder of the Company or an Officer of the Company has a personal interest.

5.2.14.1. Without derogating from the foregoing, Officers will be covered by such D&O insurance as shall be acquired by the Company from time to time.

5.2.14.2. The aggregate liability cap in such insurance policies shall not exceed $150 million per claim and for the term of the insurance.

5.2.14.3. The amount of the annual premium paid by the Company and the amount of the deductible will be in keeping with market prices at the date on which the relevant policy is taken out and at a cost that is not material to the Company.

5.2.14.4. Furthermore, subject to the provisions of the Companies Law and the Company's articles of association, Officers of the Company may receive insurance coverage under a D&O insurance policy, including a "Claims Made" insurance policy, or any other insurance coverage to apply to Officers of the Company.

5.2.14.5. D&O run-off insurance – In a case where the Company sells its operations (in whole or in part) and/or in the event of merger of the Company, split or entry into another significant business combination, the Company may acquire a D&O run-off insurance policy for the directors and Officers who shall have served in relation to the relevant operations, subject to the following conditions: (a) The insurance period will not exceed 7 years; (b) The amount of the insurance coverage will not exceed $150 million nor fall below the cap of the previous policy; (c) The premium and deductible to be borne by the Company will be in keeping with market prices and at a cost that is not material to the Company.

5.2.14.6. It is clarified that any purchase or renewal of any officers' insurance policy as noted above during the term of the Compensation Policy shall not be presented for further approval by the Company's shareholders meeting, provided that the Compensation Policy shall have been duly approved and that the Company's Compensation Committee shall have confirmed that the insurance policies being purchased do indeed satisfy the conditions specified above in the Compensation Policy.

5.2.14.7. Notwithstanding the foregoing, the Company may increase the liability cap of any insurance policy over and above the said amounts as long as the annual premium for the Company's insurance policies and the amount of the deductible are in keeping with market prices and at a cost that is not material to the Company.

5.2.14.8. Letters of exemption and indemnification to Officers, including Officers who are ad/or are among the controlling shareholders of the Company and the Company's CEO, shall be given according to The Company's standard practice and with identical language for all the Officers in the Company.

5.3. **Variable components**

5.3.1. Annual bonus in cash (including a discretionary bonus)

5.3.1.1. The Company may grant Company Officers bonuses, both according to criteria that are based on measurable targets ("**Measurable Bonus**") and according to discretion based on unmeasurable criteria ("**Discretionary Bonus**") in accordance with the following criteria and up to the maximum amounts specified in Section 4.4 above. It is noted that the eligibility for the Measurable Bonus with respect to Officers reporting to the CEO shall be determined according to the recommendation of the Chairman of the Board and the Company's CEO and approved by the Compensation Committee and the Board, and with respect to the Company's CEO, it shall be determined according to the recommendation of the Chairman of the Board and approved by the Compensation Committee and the Board. It is clarified that bonuses will not be deemed as salary for any intent or purpose and will confer no social benefits.

5.3.1.2. The annual bonus will be a Measurable Bonus and/or a Discretionary Bonus. As concerns the Company's Officers, the Discretionary Bonus component shall not exceed three gross salaries and as concerns the Active Chairman of the Board – targets for the grant of a Measurable Bonus may be determined also for a period that is longer than a year.

The Measurable Bonus will be calculated according to compliance with financial and/or strategic/functional targets as specified below, with the proportionate weight of the financial targets as compared with the strategic/functional targets determined by the relevant organs in relation to every Officer in a manner allowing for consideration of the financial targets or the strategic/functional targets only or a combination of both:

Financial targets – Financial targets are budgetary targets of the Group and/or of the relevant business operations, as applicable, which are determined every year in the Company's annual work plan as approved from time to time by the Board, and they will be designated every year by the relevant organs in relation to every Officer during the first quarter of every year for which the Measurable Bonus is granted: Meeting of budgetary targets; meeting of FFO targets according to the management approach; meeting of NOI targets; return on capital; current cash flow; adjusted profit; balance sheet ratios. The degree to which each of the financial targets was satisfied will be scored according to a "scoring scale" that will reflect the degree to which the financial target (as approved from time to time by the Board) was accomplished in practice, according to the managerial reports in respect of the calendar year for which the Measurable Bonus is calculated. The total financial target score each year will be determined as a weighted average of the financial target scores, according to the weight of each financial target. The weight of each financial target will be determined by the relevant organs in relation to every Officer and in the event of combination of several financial targets the weights of all financial targets will total 100%. For the purpose of examining the degree to which the financial target was accomplished in practice, uncertain events may be discounted, as specified below.

Strategic/functional targets – Functional targets are targets required of the Officer in the context of the Officer's duties in order to accomplish the Group's strategic goals, and they will be designated every year by the relevant organs in relation to every Officer during the first quarter of every year for which the Measurable Bonus is granted. The degree to which each of the strategic/functional targets was satisfied will be scored according to a "scoring scale" that will reflect the degree to which the strategic/functional target was accomplished in practice. The total strategic/functional target score each year will be determined as a weighted average of the strategic/functional target scores, according to the weight of each strategic/functional target. The weight of each strategic/functional target will be determined by the relevant organs in relation to every Officer, in the event of combination of several strategic/functional targets, the weights of all strategic and/or functional targets will total 100%.

Discounting of uncertain events – The Compensation Committee and the Board may "discount" the following events from the calculation of performance for the purpose of the bonus: Changes in accounting standards in the course of the year or in interpretation by the accounting bodies or ISA with respect to the manner of application thereof, early application of accounting standards, an event that requires restatement of the comparable figures of previous years or previous quarters which has an effect on the results of the reported period, and the like; discounting of the effect of accounting results that were not budgeted, such as: mergers, acquisitions or dispositions; discounting of the effect of issues or bond raising or redemption of securities that were not budgeted; discounting of the effect of *force majeure* events and/or security events that have a material effect on the results of the Group during the reporting period; closedown of all or some of the Company's properties due to an external event (such as the decision of a government agency); regulatory changes in the business environment; changes in the tax rates imposed on the Group ("**Discounted Events**"). Discounting the effects of the Discounted Events may increase or decrease the bonus according to the nature and effect of the Discounted Event.

5.3.1.3. The bonus of every Officer will be determined according to the degree to which the Officer met targets determined for the Officer for a up to one year (or longer, if so determined by the work plan), ending in the year for which the bonus is paid.– In addition, a precondition to payment of the Measurable Bonus which is based on achievement of financial targets is conditioned on achievement of 90% of the financial targets as determined for each one of the officers by the relevant organs. The officer's entitlement shall be calculated linearly according to the percentage of achievement of the financial targets, such that, insofar as the Measurable Bonus as determined for the officer is based on achievement of financial targets and achievement of strategic/functional targets then, for full achievement of the financial targets, the officer shall be entitled to the full proportionate portion of the Measurable Bonus which is based on achievement of financial targets, and for achievement of 90% of the financial targets, the officer shall be entitled to 90% of such proportionate portion. ~~; s~~Such targets will be determined as forward-looking targets that do not take into account previously accomplished results or performance.

Notwithstanding the foregoing, the competent organs relevant for the purpose of setting the targets for any of the Officers may decide to make retroactive changes in the targets set for certain Officers, insofar as certain events shall have occurred during the year's course which give rise to the need to update and/or adjust the predetermined targets.

Furthermore, notwithstanding the foregoing, the relevant organs may authorize the applicability of the Compensation Policy to the bonuses of Officers, including the Active Chairman of the Board, for the entire year of 2024 (rather than only as of the date on which it takes effect).

5.3.2. Special bonus

5.3.2.1. The Company's Board, at the recommendation of the Compensation Committee (after a recommendation from the Chairman of the Board and the CEO) shall be entitled to decide on the grant of a special bonus ("**Special Bonus**") to an Officer (one or more) reporting to the CEO. The following are examples, which do not constitute a closed and exhaustive list, of events which may be considered events that may entitle the Officers to a Special Bonus: carrying out special projects, such as a strategic agreement related to the Company's operations, identifying opportunities, exceeding performance targets, including due to another business move/s which have a significant impact on the Company, investing an unusual and exceptional effort in promoting and implementing a project of the Company, and in the event of new material investments / acquisitions and/or material sales and/or dispositions and/or a development on a material scale to the Company.

5.3.2.2. The Special Bonus will be awarded considering the Officer's contribution to the promotion of the Special Bonus event, the contribution of the event which is the subject of the Special Bonus in creating value for the Company's investors in the long term, and the total compensation to which the Officer is entitles after the end of the Special Bonus event.

5.3.2.3. It is emphasized that the Special Bonus is in addition to the Annual Bonus and shall not exceed a cap of 18 gross salaries during the term of the compensation policy.

5.3.2.4. **The competent organs for setting Measurable Bonus targets**

The authority for setting Measurable Bonus targets for Company Officers shall be as follows:

Officer	Competent Organ for Authorizing Measurable Targets for the Grant of Bonuses
Active Chairman of the Board	The Compensation Committee, the Board and the general meeting (apart from the following exceptions)
CEO	The Compensation Committee and the Board
The rest of the Officers	The CEO

Notwithstanding the foregoing, the Compensation Committee and the Board may set targets for the bonus of the Active Chairman of the Board in either of the following cases:

5.3.2.4.1. Approval of measurable targets that are based on data found in the financial statements (including by way of calculation) that uniformly apply to the

Chairman of the Board and to at least 2 other Officers (the "**Other Officers**"), provided that all of the following are satisfied:

(a) The potential bonus that may be derived for all the Other Officers together is at least 2 times the potential bonus that may be derived for the Active Chairman of the Board from the same targets.

(b) The cost of the bonuses of the Active Chairman of the Board together with the Other Officers, when multiplied by the Company's controlling shareholders' holding rate, is at least 2 times the sum of the bonus to which the Active Chairman of the Board will be entitled if the targets are met.

(c) The bonuses of the Active Chairman of the Board and the Other Officers will be subject to the same target/s in practice, not only to the same type/s of target/s, and the Other Officers will not be subject to targets that do not equally apply to the Active Chairman of the Board. The foregoing does not derogate from the fact that the bonus caps may vary for each of the Active Chairman of the Board and the Other Officers.

5.3.2.4.2. Approval of measurable targets for a bonus of immaterial amount upon satisfaction of all the following conditions:

(a) The bonus is based on measurable targets only.

(b) The amount of the potential bonus is not material (up to three times the Monthly Employment Cost).

(c) The targets were predetermined by the Compensation Committee and the Board.

(d) The decision is consistent with the Compensation Policy.

5.3.2.5. **The competent organs for the grant of Discretionary Bonuses**

The power to authorize the grant of Discretionary Bonuses to Officers of the Company shall be vested as follows:

Officer	Competent Organ for Authorizing Discretionary Bonuses
CEO	The Compensation Committee and the Board, in accordance with the recommendation of the Chairman of the Board
The rest of the (non-director) Officers	The Compensation Committee and the Board, in accordance with the recommendation of the Chairman of the Board and the CEO

5.3.3. **General provisions in connection with cash bonuses**

5.3.3.1. Bonus payment date – The bonuses which are paid in cash shall be paid shortly after the release of the annual financial statements for the year for which the bonus is being awarded (other than regarding the Special Bonus, which may be awarded to the Officers shortly after the completion of the Special Bonus event).

5.3.3.2. Payment schedule – The Board will reserve the right to annually review the timing of the payment of bonuses which are paid in cash, their payment in installments over the following years and their conditioning on the continued employment of the Officer on the date of actual payment.

5.3.3.3. Bonus reduction – It is clarified that the Compensation Committee and Board may, according to their absolute discretion, decide to grant a bonus amount smaller than the amount authorized for the Officer or to grant no bonus at all to the Officer, in the event of special circumstances justifying such reduction. Such circumstances may include, inter alia, negative business results of the Company which were not reflected in the bonus formula, changes for the worse in the state of the economy in Israel and globally, and a disparity between the results of the bonus formula and the assessment of the Officer's contribution.

5.3.3.4. The Compensation Committee and the Board shall be entitled to revoke the entitlement of an Officer to a bonus in the event of termination of employment by the Company under circumstances that confer, according to law, the right to fire an employee without payment of severance pay.

5.3.3.5. Proportionate bonus or no entitlement – In a case where it is decided to pay a bonus relating to a calendar year in the course of which employment relations between the Officer and the Company shall have been terminated, the aforesaid criteria will be proportionately updated according to the actual term of employment of the Officer that year.

5.3.3.6. Clawback – If and insofar as it transpires after the fact, in the course of the three-year period following the date of payment of the annual bonus, that the data on which the Company relied when granting the annual bonus were incorrect and are required to be restated in the Company's financial statements, the Officer will then repay the Company the difference between the amount of the bonus paid to the Officer based on such incorrect data and the amount of the annual bonus to which the Officer is entitled based on the data so restated. The manner of repayment of the amounts to the Company, including the repayment dates, indexation and so forth, will be determined by the Compensation Committee and the Board. Such clawback will not apply in the event of restatement of the Company's financial statements that results from a change in accounting standards.

5.3.3.7. For the avoidance of doubt, if a bonus is paid to an Officer pursuant to the Compensation Policy, it neither does nor will constitute part of the Officer's salary nor will it serve as a basis for calculation and/or entitlement and/or accrual of any related benefit, and *inter alia* (without derogating from the generality of this provision), it will not serve as a component for the purpose of leave pay, severance pay, provisions to provident funds and the like, unless it shall have been preapproved in the context of the employment agreement by the Compensation Committee and the Board.

5.3.4. **Equity compensation**

Subject to approval by the competent organs in the Company, the Company may offer Officers participation in a plan for the grant of equity compensation of the Company, including Company stock options, stock[5], restricted stock, restricted stock units, phantom options, and the like. The grant or vesting of restricted stock or restricted stock units will be contingent on compliance with performance targets in accordance with the nature of the Company's operations and their value, in any case, shall not exceed 25% of the total equity compensation granted to Officers of the Company. The grant of equity compensation will be in keeping with the then-effective plan for the grant of equity compensation, as adopted from time to time, and in keeping with the following principles:

5.3.4.1. The maximum economic value (at the date of the Board's allotment resolution) of all options to be granted to an Officer in a calendar year will not exceed the amounts specified in the table in Section 4.4.

5.3.4.2. Exercise price – In the case of option allotment, the exercise price shall be the average price of the Company's stock on the Tel Aviv Stock Exchange during the 30 trading days preceding the date of the board's resolution on the granting of the options[6]. Without derogating from the generality of the foregoing, it is clarified that subject to the resolution of the Board, in circumstances where the allotment of securities to a certain Officer requires approval by

[5] Insofar as restricted stock and/or restricted stock units (RSU) are granted, their granting shall be conditioned on performance targets relevant to the nature of the Company's operations. Notwithstanding the foregoing, the competent institutions of the Company shall be entitled to approve the grant of ~~determine that such~~ restricted stock and/or restricted stock units ~~shall be granted~~as aforesaid which are not conditioned on performance, insofar as ~~they constitute "compensation" for a low fixed component~~their fair value on the grant date shall not exceed the higher of 25% of the equity bonus cap or three gross salaries.

[6] Subject to adjustments of the exercise price which will be determined in the context of the Company's equity compensation plan, including (but not only) adjustments for dividend distribution, bonus stock, changes in capital, rights offering, restricting of the Company, etc.

the general meeting, the exercise price may be calculated, in accordance with the aforesaid principles, in relation to the date of approval by the general meeting. Furthermore, in circumstances where the specific plan of a certain Officer determines a specific grant date which is later than the date of approval by the Board or general meeting (as applicable), the exercise price may be calculated, in accordance with the aforesaid principles, in relation to the grant date specified in the plan.

5.3.4.3. The Board may determine instructions regarding the full acceleration of the vesting periods of the equity compensation in the events of death, disability, medical reasons, and in the event of change of control in the Company, as a result of which the trading of the Company's stock is stopped. Furthermore, the Board may determine instructions regarding the acceleration of the vesting periods of the equity compensation in the event of the termination of an Officer in the Company due to ~~death, disability or~~ change of control, and in such event the acceleration of the next portion of securities that has not yet vested by the said event, shall be allowed.

5.3.4.4. Vesting period – The vesting period of securities will be no less than 3 years as of the grant date thereof linearly over the vesting period, subject to the vesting period with respect to one portion shall be no less than 12 months from the grant date.

5.3.4.5. Exercise period – The Company shall be entitled to grant securities that may be exercised within a period of no more than ten (10) years as of the grant date thereof (provided that they have not expired earlier), and the Company will establish provisions in relation to the expiration of all or some of the options in the event that the Officer ceases to be employed by the Group and/or provide services to the Group.

5.3.4.6. The maximum dilution rate due to securities to be granted in the context of such plan, during the term in which the Compensation Policy is effective, shall not exceed 5% of the issued capital of the Company at the time of grant of the securities and taking them into account and shall not exceed the fair value specified in the table in Section 4.4 above.

5.3.4.7. Furthermore, the Company may establish a mechanism whereby at the exercise date, the securities holder will receive the benefit to which the holder is entitled in the amount of the difference between the price of the Company's stock at the exercise date and the exercise price determined for the securities, without being required to actually pay the exercise price (a cashless mechanism).

5.3.4.8. It is possible that the Company will stipulate that the vesting of all or some of the options of any of the option recipients will be contingent on the achievement of targets to be determined at the allotment date, subject to and notwithstanding the provisions of Section 5.3.4.4 above regarding determination of vesting periods.

5.3.4.9. In the event of termination of the employment of an Officer whose term of employment with the Group exceeds 5 years (other than in circumstances of dismissal of the Officer which the Compensation Committee and the Board deem as granting the Company a right to dismiss the Officer without severance pay by law), the Company may, with the approval of the Compensation Committee and the Board, determine that the Officer will be entitled to early vesting of an equity grant that will vest within ~~12~~ 6 months of the employment termination date, and may also extend the period for exercise of the equity grant by an additional period of up to 180 days.

5.3.4.10. The aforesaid principles reflect the main terms and conditions of the equity compensation of the Officers in the Company. The other provisions relevant to granting the equity compensation (including provisions regarding taxation, adjustment of the exercise price, the manner of execution etc.) shall be determined in the context of an equity compensation plan and/pr in the equity compensation granting documents which will be approved by the Company's Board.

5.3.4.11. The Compensation Committee and the Company's Board shall be entitled to determine additional instructions in connection with the equity compensation granting plan and/or the equity compensation granting documents, and also update their terms and provisions from time to time, provided that the aforesaid change or update does not deviate from the provisions of this Compensation Policy.

6. **The Ratio between Variable and Fixed Components in the Compensation Package**

The mix of compensation components is designed to create a balance and proper proportion between the fixed compensation and the variable compensation of Officers, with the aim of creating an appropriate compensation package and a proper incentive for Officers. Accordingly, the Company believes that the ratio between the fixed compensation components and the variable compensation components in any calendar year should be as follows[7]:

6.1. For an Active Chairman of the Board (who is not entitled to equity compensation) – The variable compensation component shall not exceed 51% of the total annual compensation package.

6.2. For the CEO – The variable compensation component shall not exceed 67% of the total annual compensation package.

6.3. For the rest of the (non-director) Officers – The variable compensation component shall not exceed 67% of the total annual compensation package.

7. **Compensation of directors**

Outside directors and other directors, who do not receive a salary or management fees, shall be compensated in accordance with the Remuneration Regulations, with the amount of compensation determined in accordance with the Remuneration Regulations according to the Company's equity bracket as specified in the Remuneration Regulations (as being from time to time) and not exceeding the maximum limit prescribed by the Remuneration Regulations. The answer to the question whether the director is an expert according to the Remuneration Regulations' definition of "expert outside director" shall be taken into account for this purpose. Furthermore,

[7] The variable compensation components are based on the variable compensation caps, as established in the Compensation Policy, with the equity component per year calculated according to the economic value, it being equally divided by the number of years until the full vesting. The ratios specified in this section below represent desirable compensation, but, in practice, the variable compensation component, both cash and equity-based, may be lower than the rates specified below (for example, in a year when an annual bonus is not awarded and/or as long as no equity grant is awarded), in which case, the fixed component may take a larger part in the compensation mix than the rates specified below.

such directors will be entitled to expense reimbursement in accordance with the Remuneration Regulations.

In addition, the directors shall be entitled to indemnification, exemption, and insurance under the same conditions as the other Officers in in the Company, in accordance with the decisions of the competent organs in the Company.

Subject to the provisions of the law, the Company may enter into an agreement with a director (including the Chairman of the Board) who is not an outside director, whereby the director will be entitled to other compensation (for being employed by the Company or for services rendered to the Company) *in lieu* of or in addition to the directors' remuneration.

8. **Miscellaneous**

8.1. It is clarified that the compensation components specified in the Compensation Policy do not relate to various components occasionally given by the Company to all or some of its employees, such as parking spaces, vacations, Company events, and so forth, and the Company will not be restricted in connection therewith.

8.2. The Compensation Policy grants no legal rights to the Company's employees in general and the Company's Officers and directors in particular. It is clarified that the compensation components specified in the Compensation Policy serve merely as a framework and a top bar in relation to which the personal compensation plans of each of the Officers will be established. It is emphasized that the Company is not obligated to grant the Officers or any of them, including directors, all the components specified in the Compensation Policy (except as mandated by law) nor is it obligated to grant the maximum amount/ maximum cap determined for each of the components. A case where an Officer is granted compensation that falls below the compensation described in the Compensation Policy for an Officer holding a similar position with the Company shall not constitute a deviation from the provisions of the Compensation Policy.

8.3. In this context, it is noted that exception or deviation from the Compensation Policy shall be approved by the competent organs of the Company in accordance with the provisions of the Companies Law.

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