



AZRIELIGROUP

AZRIELI GROUP LTD.

Quarterly Report Q2/2025

Dated 30 June 2025





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Part A | Board Report

Part B | Update of the Description
of the Corporation's Business

Part C | Consolidated Financial Statements
Dated 30 June 2025

Part D | Effectiveness of Internal Control over
the Financial Reporting and Disclosure



PART A

Board Report

Azrieli Group

BUSINESS CARD

The Azrieli Group is Israel's largest real estate company, focusing on income-producing real estate.

In the shopping mall sector, the Group owns and operates some of Israel's leading malls, including Azrieli Jerusalem Mall, Azrieli Tel Aviv Mall, Azrieli Ayalon Mall, and Azrieli Mall Hayam in Eilat. In addition, the Group holds and manages prime office buildings, including some of the country's most iconic properties, such as Azrieli Tel Aviv Center and Azrieli Sarona Tower. The Group also has a significant presence in the senior housing sector, managing four active senior homes as of the report date.

In the rental housing sector, the Group owns residential buildings in Tel Aviv and Modi'in, and is currently developing a new project in Glil Yam, Herzliya. Additionally, Azrieli Group holds full ownership of Green Mountain, a company operating in the data center industry in Norway, England, and Germany.

In the United States, the Group owns several office buildings, primarily located in Houston and Austin, Texas.

Furthermore, the Group is developing the Mount Zion Hotel project in Jerusalem and acquired the Red Rock Hotel in Eilat in 2023.

Azrieli Group maintains an extraordinary development pipeline encompassing hundreds of thousands of square meters of office, retail, rental housing, and senior housing space, supporting significant future growth. At the same time, the Group remains committed to preserving the quality and value of its existing property portfolio.

As of the report date, the Group also holds a ~2.3% stake in Bank Leumi, reflecting a diversified financial holding.

Azrieli Group's financial strength puts it in a class of its own among real estate companies. The Group maintains low leverage, with a net debt-to-assets ratio of only 37%. Committed to securing prime locations for its properties, the Group emphasizes optimal access to transportation and integration within the urban environment, ensuring that each project delivers long-term value for tenants and visitors alike.

As Israel's leading real estate group, Azrieli Group is dedicated to continuing its leadership in the development and management of high-quality, modern, and innovative income-producing properties, both in Israel and internationally. Looking ahead, the Group will continue to focus on its core real estate business, while also investing in new growth engines and advanced technologies to drive sustained growth and innovation.

Established in **1983**

NIS 7.4 billion distributed in dividends
since the IPO in 2010

~ **1.5 million sqm** of GLA**
and ~**0.7 million sqm** under development

Israel's largest real estate company with
total assets of **NIS 59.7 billion**

Shareholders Equity
NIS 24.4 billion

96% occupancy rate*
on average in Israel

* Net of properties under lease-up for the first time.

** GLA (gross leasable area) is based on the Company's share.

23 MALLS

379 thousand sqm | 99% Occupancy*



17 OFFICE BUILDINGS

655 thousand sqm | 94% Occupancy*



4 SENIOR HOMES

115 thousand sqm | 98% Occupancy*



8 OFFICE BUILDINGS OVERSEAS

245 thousand sqm | 66% Occupancy



DATA CENTERS COMPANY OVERSEAS



100%

3 RESIDENTIAL RENTAL PROPERTIES

34 thousand sqm | 100% Occupancy*



DEVELOPMENT PIPELINE – 10 PROJECTS

687 thousand sqm |

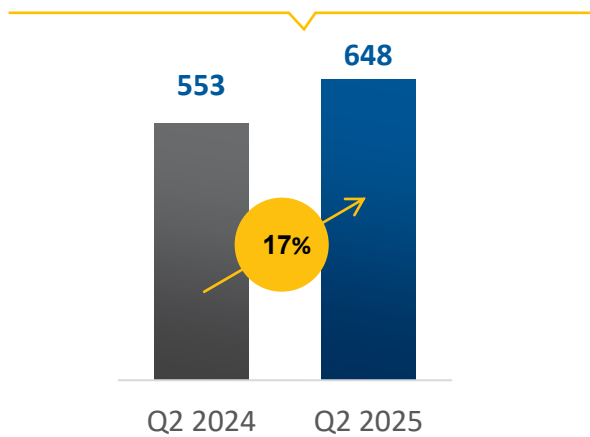




PERFORMANCE SUMMARY AND FINANCIAL HIGHLIGHTS FOR THE REPORT PERIOD

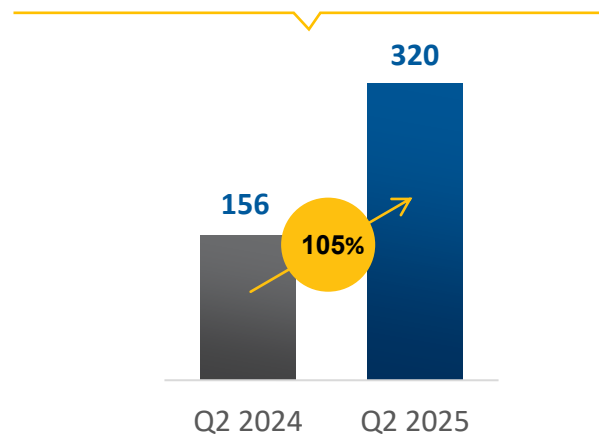
Increase of approx. 17% in Q2 2025 NOI to NIS 648 million compared with NIS 553 million in Q2 2024

NOI

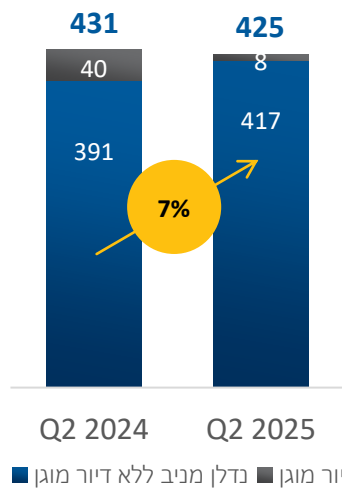


An increase of 105% in Net Profit totaled NIS 320 million in Q2 2025 compared with NIS 156 million Q2 2024

Net Profit



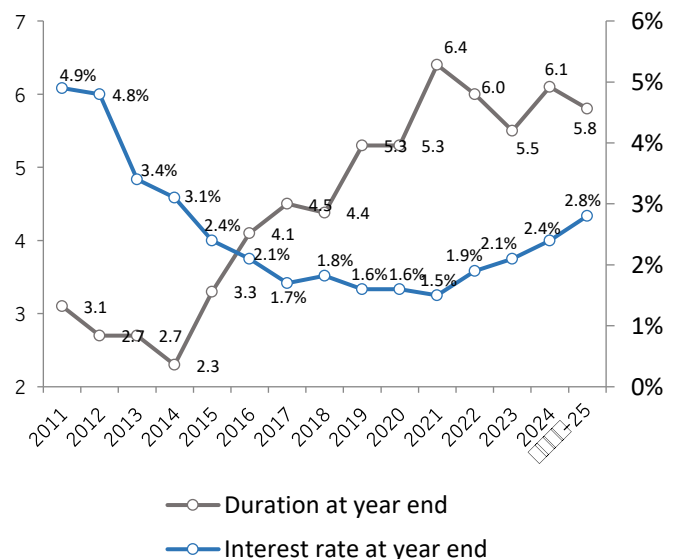
Increase of approx. 7% in Q2 2025 FFO excluding the contribution of the Senior Housing to NIS 417 million compared with Q2 2024 FFO from income-producing real estate business



■ דיר מוגן ■ נדלן מניב ללא דיר מוגן

Average debt duration extended while reducing the interest rate

Average interest vs. average duration



*According to the ISA, the FFO is NIS 77 million compared with NIS 29 million in Q2 2024

In May 2025, the Company distributed a NIS 800 million dividend

1 | THE BOARD OF DIRECTORS' EXPLANATIONS ON THE STATE OF THE CORPORATION'S BUSINESS

1.1. General

The board of directors of Azrieli Group Ltd. (the **"Company"**; the Company jointly with all corporations directly and/or indirectly held thereby shall be referred to as the **"Group"** or the **"Azrieli Group"**) hereby respectfully submits the board of directors' report for the six and three months ended 30 June 2025 (the **"Report Period"** and the **"Quarter"**, respectively), in accordance with the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the **"Regulations"**).

The review presented below is limited in scope and refers to events and changes in the state of the Company's affairs that occurred during the Report Period and have a material effect. The review should be read in conjunction with the Description of the Corporation's Business chapter in the periodic report as of 31 December 2024, the financial statements and the board of directors' report on the state of the Company's affairs for the year ended on the same date¹ (the **"2024 Periodic Report"**), and the update to the Corporation's Business chapter and the financial statements as of 30 June 2025.

Unless otherwise stated herein, the terms defined in Chapter A of the 2024 Periodic Report shall be afforded the meanings set forth alongside them.

The information in the board of directors' report is based on the consolidated financial statements as of 30 June 2025². The Company's financials and results of operations are affected by the financials and results of operations of the companies held thereby. In some cases, we present details of events that occurred subsequently to the date of the financial statements as of 30 June 2025 and up to the date of release of the report (the **"Report Release Date"), while indicating the same, or additional figures and details that are strictly at Company-level. The materiality of the information included in this report has been examined from the Company's perspective. In some cases, an additional and detailed description is given to provide a comprehensive picture of the described issue, which the Company believes to be material for the purposes of this report.**

¹ See the Company's report of 20 March 2025 (Ref. 2025-01-018529), which is incorporated herein by reference.

² The attached financial statements are prepared according to the International Financial Reporting Standards (IFRS). For further details, see Note 2 to the financial statements as of 30 June 2025.

1.2. Key Information from the Description of the Corporation's Business

1.2.1. Summary of Reported Operating Segments for the Six and Three Months Ended 30 June 2025

In the Report Period and as of the Report Release Date, Azrieli Group continued to focus its business operations on various real estate sectors, and primarily on the leasable office (and other) space in Israel segment, the retail centers and malls in Israel segment, the data centers segment, the senior housing in Israel segment, the income-producing property overseas (mostly in the U.S.) segment, and the rental housing in Israel segment. The Company is also developing several hotels. The Company additionally has minority interest holdings in Bank Leumi Le-Israel Ltd. ("**Bank Leumi**").

The Group's primary growth driver is the development of income-producing real estate projects: malls, offices, senior housing, data centers and rental housing in Israel. As of the report date, the Company has 10 projects at various development stages in Israel, the planned area of which is ~687 thousand sqm, as well as land for development.

Below is a brief description of the Group's six reported operating segments, as well as additional operations ("**Others**"):

1. **Retail centers and malls in Israel** – The Group has 23 malls and retail centers in Israel.

2. **Leasable office and other space in Israel** – The Group has 17 income-producing office properties in Israel.

3. **Income-producing properties in the U.S.** – The Group has 8 office properties overseas, mainly in the U.S.

4. **Senior housing** – The Group has 4 active senior homes in Israel.

5. **Data centers** – The Company owns (indirectly) 100% of the issued and paid-up share capital of GM which operates in Norway and Germany, as well as the entire share capital (100%) of a company operating in the data center industry in England.

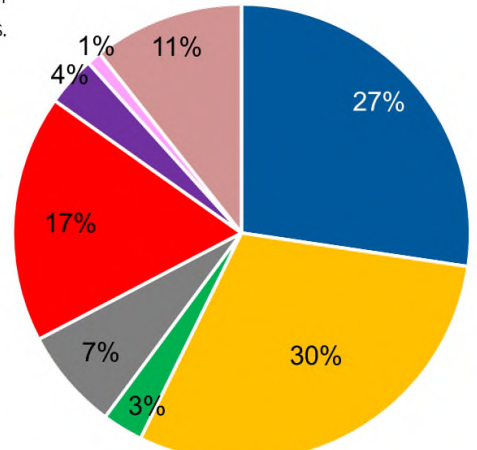
6. **Rental housing in Israel** – The Group has 3 income-producing projects in the rental housing in Israel segment.

Additional operations – As of the Report Release Date, the Group is developing several hotels and also holds ~2.3% of Bank Leumi shares.

1.2.2. Breakdown of Asset Value by Operating Segment

Below is a breakdown of the total balance sheet assets by operating segment:³

Breakdown of Total Balance Sheet Assets by Operating Segments

Comparison of Segment Assets			Percentage of Segment Assets out of Total Assets	
As of	30 June 2025	31 Dec. 2024	30 June 2025	
Retail centers and malls in Israel	16,326	16,145	 <ul style="list-style-type: none"> ■ Retail centers and malls in Israel ■ Leasable office and other space in Israel ■ Income-producing properties in the U.S. ■ Senior housing ■ Data centers ■ Rental housing in Israel ■ Hotels ■ Others and adjustments 	
Leasable office and other space in Israel	17,865	17,282		
Income-producing properties in the U.S.	1,719	1,858		
Senior housing	4,277	3,571		
Data centers	10,452	8,966		
Rental housing in Israel	2,099	2,056		
Hospitality	607	571		
Others and adjustments	6,357	7,484		
Total	59,702	57,933		

Figures are presented in millions of NIS.

The Company's assets in the leasable office and other space segment constitute ~30% of the total balance sheet assets, the assets of the retail centers and malls segment constitute ~27% of the total balance sheet assets. The other income-producing real estate segments constitute, collectively, ~31% of the total balance sheet assets.

1.2.3. Summary of the Main Developments during and after the Report Period

1.2.3.1. Development pipeline

In the Report Period, the Group continued to invest in the development and construction of new properties as well as in expansion and renovation of existing properties. For details on developments in the Group's development pipeline during the Report Period, see Section 4.1 below.

1.2.3.2. Changes in the office of senior officers of the Company

In January 2025, Mr. Israel Keren, COO, stepped down from his position at the Company, and Mr. Tamir Amar assumed office as COO at the Company.

In May 2025, Mr. Daniel Koren stepped down from his position at the Company. Ms. Tsviya Orenstein Kacen was appointed to the role of VP Marketing at the Company and is expected to assume office in September 2025.

On 1 April 2025, Mr. Eyal Henkin stepped down as CEO of the Company, and assumed office as CEO of GMG⁴.

On 1 April 2025, Mr. Ron Avidan assumed office as CEO of the Company⁵.

In April 2025, Mr. Rafi Wunsh stepped down as VP International Real Estate at the Company, and assumed office as Chief Investments Officer at GMG.

On 29 April 2025, Mr. Amihay Kilstein assumed office as Head of Property at the Company.

³ In its financial statements, the Company applied IFRS 8 – Operating Segments.

⁴ For further details, see the Company's immediate report of 9 March 2025 (Ref. 2025-01-015317), which is incorporated herein by reference.

⁵ For further details, see the Company's immediate report of 9 March 2025 (Ref. 2025-01-015317), which is incorporated herein by reference.

On 7 August 2025, the general meeting of the shareholders approved the appointment of Yossef Shachak and Varda Levy for an additional three-year term of office as outside directors from 23 August 2025.

On 17 August 2025, the Company's CEO, Mr. Ron Avidan, informed the Company's Board of Directors that earlier that day he had notified the Chairwoman of the Board, Ms. Danna Azrieli, of his wish to step down as CEO of the Company, for personal reasons.

Subject to the approval of the Company's General Meeting, which is expected to convene on 21 September 2025, the Chairwoman of the Board, Ms. Danna Azrieli, shall be appointed as Acting CEO of the Company, with no additional compensation, effective as of the date of such meeting's approval and for a period of up to six months.

Mr. Avidan will remain in office pending the approval of such General Meeting. For further details, see the Company's immediate reports of 17 August 2025 (Ref: 2025-01-061044 and 2025-01-061049).

For further details regarding the senior officers of the corporation, see details in Sections 26 and 26A of Chapter D of the 2024 Periodic Report.

1.2.3.3. Update to the agreement for the provision of DC services to TikTok and engagement in an agreement for the financing of the project

In March 2023, GM, through a wholly-owned subsidiary thereof (the "**Service Provider**"), engaged in a service agreement with TikTok Norway AS, a Norwegian company that is part of a group of companies with global operations (the "**Customer**"), which is not affiliated with the Company, for the provision of 90MW of DC services on a campus built by GM in Norway (the "**Agreement**" and the "**Project**", as the case may be).

On 18 December 2024, the Service Provider engaged with two foreign banking corporations in a non-recourse loan agreement (the "**Loan Agreement**") for €371 million in financing for the Project. Provision of the loan was contingent, *inter alia*, on an amendment to the Agreement being signed with the Customer. On 14 January 2025, the amendment to the Agreement was signed, and on 6 February 2025, the loan was provided.

In addition, the Customer has given notice of exercise of the option to increase the Project's capacity by another 30MW, up to a total of 120MW. GM is examining the exercise notice and there is no certainty that the capacity increase will indeed go ahead.

For further details regarding the Agreement with the Customer and the amendment thereto, the Loan Agreement and the terms and conditions thereof and exercise of the option to increase the capacity, see the Company's immediate reports of 8 March 2023 (Ref. 2023-01-024873), 3 July 2024 (Ref. 2024-01-068701), 19 December 2024 (Ref. 2024-01-625507), 15 January 2025 (Ref. 2025-01-004247), 28 January 2025 (Ref. 2025-01-007395) and 6 February 2025 (Ref. 2025-01-009240), which are incorporated herein by reference.

1.2.3.4. Award of a tender for the construction of a senior housing project in Sde Dov

On 19 February 2025, the Company reported that it had learned that it had won a tender of the Israel Land Authority (ILA) for the purchase of leasehold rights in a lot in Tel Aviv, for the construction of a senior housing project and retail areas, in consideration for approx. NIS 550 million, plus VAT, and that the award is contingent on the taking effect of the zoning plan that applies to the lot. The land is designated for the construction of a senior housing project comprising ~350 apartments and retail areas. According to the terms and conditions of the tender, the Company shall pay, in addition to the cost of the land, approx. NIS 46 million for development costs. On 19 March 2025, the Company reported that final confirmation of the award has been received from the ILA. In June 2025, the balance of the consideration was paid.

For further details, see the Company's immediate reports of 19 February and 19 March 2025 (Ref. 2025-01-011815 and 2025-01-018468), which are incorporated herein by reference.

1.2.3.5. Negotiations with an international technology company for the provision of DC services by GM

On 21 December 2023, the Company released an immediate report incidentally to exploring the possibility of a bond raising,

regarding negotiations being conducted by GM with a leading international technology company (in this section: the “**Customer**”), for engagement in an agreement for the provision of ~120MW of DC services to the Customer, on a campus to be built by GM in Norway.

On 19 February 2025, the Company reported that due to a decision not to grant a regulatory permit required for the land on which GM was considering building the campus, GM is exploring other land alternatives for the construction of the project.

As of the Report Release Date, and as reported by the Company on 25 March 2025, until and insofar as an appropriate alternative is found for the Customer, the negotiations for the transaction in the current format are suspended.

The Company will continue reporting, as required by law, on any material development in connection with the transaction, if any.

For further details regarding the negotiations, see immediate reports of 21 December 2023, 3 July 2024, 19 February 2025 and 25 March 2025 (Ref. 2023-01-138762, 2024-01-068701, 2025-01-011820 and 2025-01-020091, respectively), which are incorporated herein by reference.

1.2.3.6. Engagement in a merger agreement for the acquisition of shares of Z.M.H Hammerman Ltd.

On 31 October 2024, the Company submitted to Z.M.H Hammerman Ltd., a public company whose securities are traded on the Tel Aviv Stock Exchange Ltd. and which is engaged, *inter alia*, in the enterprise, development and construction of residential real estate projects for sale in Israel (“**ZMH Hammerman**”), a proposal to conduct negotiations for engagement in a reverse triangular merger for acquisition of part of ZMH Hammerman shares.

ZMH Hammerman notified the Company that on 1 November 2024, ZMH Hammerman’s board of directors had decided to negotiate with the Company in connection with the engagement in a transaction through an independent board committee established thereby.

On 31 March 2025, the Company’s Board, and ZMH Hammerman’s board of directors and audit committee (as the Company was informed by ZMH Hammerman) approved the continued conduct of the negotiations for the merger agreement, based on a value for ZMH Hammerman in the transaction of NIS 855 million, subject to adjustments as shall be determined in the final agreement, and subject to completion of the due diligence on ZMH Hammerman by the Company.

On 19 June 2025, the parties entered into a binding merger agreement, and the Company engaged with the controlling shareholders of ZMH Hammerman (the “**Managers Group**”) in a shareholders’ agreement with respect to the parties’ holdings in ZMH Hammerman and management thereof after the closing of the transaction. According to the merger agreement, the Company shall acquire and hold ordinary shares of ZMH Hammerman in a quantity that shall constitute ~66.67% of its issued share capital, out of which shares constituting ~10% of ZMH Hammerman’s share capital shall be sold by the Managers Group. The remaining shares, constituting ~33.33% of the issued share capital of ZMH Hammerman, shall continue to be held by the Managers Group. In addition, according to the merger agreement and the amendment thereto signed on 6 August 2025, the value of ZMH Hammerman in the transaction was linked to the CPI from 31 March 2025 until the transaction closing date, plus NIS 5 million, totaling, according to the known index as of the date of the amendment to the agreement, approx. NIS 873 million.

The closing of the transaction is subject to various conditions precedent, and on 6 August 2025, the Competition Commissioner’s approval for the transaction was received, and on 7 August 2025, the approval of the meeting of ZMH Hammerman’s shareholders for the merger by a supermajority was received. For further details, see the Company’s immediate reports of 3 November 2024, 31 March 2025, 22 June 2025, 6 August 2025 and 7 August 2025 (Ref. 2024-01-613198, 2025-01-023164, 2025-01-043998, 2025-01-058261, 2025-01-058445, 2025-01-058568 and 2025-01-058860, respectively), which are incorporated herein by reference.

1.2.3.7. Campus for SolarEdge Technologies Ltd.

Further to the Company’s immediate report of 11 May 2021 (Ref. 2021-01-082779) in connection with the construction and lease of a campus for SolarEdge Technologies Ltd. (“**SolarEdge**”), on 20 March 2025, the Company reported that it had engaged with SolarEdge in an agreement whereby the estimated date for commencement of the term of the lease will be postponed, such that it will begin at the start of 2027, and SolarEdge will remain in the existing leased premises of the Company at “Azrieli Herzliya Business Park” until commencement of the lease. For further details, see the Company’s immediate report of 20

March 2025 (Ref. 2025-01-018904), which is incorporated herein by reference.

1.2.3.8. Motion for class certification

On 18 May 2025, the Company received a motion for class certification against the Company and officers therein. The Motion raises claims with respect to the disclosure in the Company's reports regarding the negotiations specified in Section 1.2.3.5 above. For further details, see the immediate report of 18 May 2025 (Ref. 2025-01-034759), which is incorporated herein by reference.

1.2.3.9. Shelf prospectus

On 28 May 2025, the Company published a shelf prospectus bearing the date 29 May 2025, after having received a permit therefor from the Securities Authority (ISA) (the **"2025 Shelf Prospectus"**).

1.2.3.10. Engagement in a term sheet for the purchase of rights in a solar-plus-storage facility and for the purchase of green electricity on a long-term basis

On 25 May 2025, the Company signed a term sheet (the **"Term Sheet"**) with Shikun & Binui Energy Ltd. (**"SBEN"**), for a combined transaction, for the acquisition of 50% of the rights in a project for the construction of a solar facility with an expected (not final) capacity of ~126 MW (DC), which includes an energy storage capacity of ~350 MWh, in the Ramat Beka region over an area of ~847 thousand sqm (the **"Project"** or the **"Facility"**), which is currently under development and whose commercial operation is expected during 2028-2029; the sale of all of the power that is produced and stored in the Facility to a corporation wholly held by SBEN (the **"Supplier"**); and the purchase of all of the power that is produced in the Facility by the Company and the purchase of an additional quantity of power that is supplied by the Supplier to the Company from various sources, throughout the Facility's commercial operation period.

According to the Term Sheet, in consideration for the sale of 50% of the rights in the Project, SBEN will be entitled to reimbursement of 50% of the total development costs incurred thereby in connection with the Project to date, and to receive additional consideration in accordance with the mechanisms agreed between the parties, subject to the terms and conditions, the periods, and the milestones set forth in the Term Sheet and that shall be set forth also in the detailed agreement.

As part of the said transaction, 50% of the rights in a joint entity that shall hold the Project shall be transferred to the Company. The Term Sheet determines, *inter alia*, the manner in which the costs and expenses shall be borne, agreement regarding the signing of a power purchase agreement, agreement that an electricity supply agreement shall be signed between the Supplier and the Company. All the arrangements and agreements are in accordance with, and subject to, the principles agreed in the Term Sheet and the terms and conditions that shall be set forth in a detailed agreement, which shall be signed (if signed) within 120 days from the date of signing of the Term Sheet, or any other date on which the parties agree in writing.

For further details, see an immediate report of 26 May 2025 (Ref. 2025-01-036963), which is incorporated herein by reference.

1.2.3.11. Financing transactions

On 3 July 2025, the Company released a shelf offering report for the issuance and listing on TASE of up to approx. NIS 1,959,942 thousand par value, offered by way of expansion of the Company's Series I bond series, under the 2025 Shelf Prospectus. On 6 July 2025, the Company announced that, in accordance with the results of the offering, an additional approx. NIS 1,816,513 thousand par value of Series I bonds had been allotted, in consideration for approx. NIS 2 billion (approx. NIS 1,917.7 million net of issue expenses). For further details, see the Company's immediate reports of 3 July 2025 and 6 July 2025 (Ref. 2025-01-048474 and 2025-01-049221, respectively), which are incorporated herein by reference.

On 17 July 2025, the Company released a shelf offering report for the issuance and listing on TASE of up to approx. NIS 577 million par value of the Company's Series J bonds, under the 2025 Shelf Prospectus. On 20 July 2025, the Company announced that, in accordance with the results of the offering, approx. NIS 500 million par value of Series J bonds had been allotted, in consideration for approx. NIS 500 million (approx. NIS 496 million net of issue expenses). For further details, see the Company's immediate reports of 17 July 2025 and 20 July 2025 (Ref. 2025-01-053287 and 2025-01-053819), which are incorporated herein by reference.

1.2.3.12. Engagement in a financing agreement for development and expansion of a DC campus in England

On 13 June 2025, Green Mountain DC UK Ltd., a company wholly owned (indirectly) by the Company entered into an agreement with a lender for the receipt of financing in the sum total of £100 million for expansion of an existing DC campus in England, to be drawn in installments according to the terms and conditions of the agreement.

For further details, see immediate reports of 3 July 2024 and 15 June 2025 (Ref. 2024-01-068701 and 2025-01-042463, respectively), which are incorporated herein by reference.

1.2.3.13. Engagement in agreements for the provision of DC services

On 8 August 2025, a joint entity in which the Company holds a 50% stake entered into a set of agreements for the supply of 36 MW of DC services at a campus currently being built by the joint entity in the Frankfurt region of Germany.

For further details, see immediate reports of 2 July 2025 and 10 August 2025 (Ref. 2025-01-047754 and 2025-01-058928), which are incorporated herein by reference.

1.2.3.14. The Swords of Iron war

For further details in connection with the war's impact on the Company's operations, see Section 2.2 below.

1.2.4. Dividends distributed by the Company

	Date of Approval	Date of Payment	Total Dividend
Azrieli Group	19 March 2025	6 May 2025	NIS 800 million ⁶

On 19 March 2025, the Company's Board decided to approve a dividend distribution of NIS 800 million. For further details see the Company's immediate report of 20 March 2025 (Ref. 2025-01-018681), which is incorporated herein by reference.

1.2.5. Dividends distributed to the Company

	Date of Approval	Date of Payment	Company's Share of Total Dividend Distributed
Bank Leumi	3 March 2025	20 March 2025	Approx. NIS 16.4 million
Bank Leumi	19 May 2025	10 June 2025	Approx. NIS 16.8 million

⁶ As of 30 June 2025, the Company has distributable retained earnings in the sum of approx. NIS 21 billion (which balance also includes real estate revaluation profits).

2.1. Business Environment

The business environment in which the Company operates is described in Section 6 of Chapter A of the 2024 Periodic Report, which is incorporated herein by reference. The macroeconomic forecast of the Research Department of the Bank of Israel of July 2025 analyzes the principal macroeconomic variables (GDP, inflation and interest rates), and was formed after declaration of the ceasefire at the end of Operation Rising Lion (*Am KeLavi*), and under the assumption that it will hold. Operation Rising Lion impacts the forecast both because of the economic effect it had while it was ongoing, and has on forward-looking forecasts. Regarding the fighting in Gaza, the forecast was formed under the assumption that the agreement under discussion at the time for a ceasefire in Gaza would result in no intense fighting in Gaza in the forecast horizon, from July. Based on the said assumptions, the GDP is expected to increase in 2025 and 2026 by 3.3% and 4.6% (respectively), the expected rate of inflation in 2025 and 2026 is 2.6% and 2% (respectively), and the monetary interest rate is expected to be 3.75% in Q2/2026. The forecast is characterized by a particularly high level of uncertainty, with both positive and negative possibilities, both in the geopolitical sphere and in the context of the U.S. government's tariff plan, and at this stage, there is also significant uncertainty regarding the government's decisions concerning the state budget in 2025 and 2026, and the forecast is based on assessments and working assumptions formed at the Research Department regarding the decisions that shall be made⁷.

The Company has loans and bonds that are linked to the Consumer Price Index (CPI). During the Report Period, the CPI in Israel rose by 1.28%, leading to an increase in the Company's financing costs. Conversely, the Company's income-producing real estate in Israel, which as of the report date is estimated at approx. NIS 36.3 billion, is leased under CPI-linked lease agreements, and from an economic point of view, the Company considers this to be long-term inflationary protection. Consequently, as a rule, a rise in the CPI results in an increase in the Company's revenues from the lease of properties in Israel and an increase in the fair value of these properties, accordingly.

In view of the trend of easing of the inflation rate in Israel, in January 2024, the Bank of Israel decided to reduce the interest rate by 0.25%, and since then the Bank of Israel has decided to leave the interest rate unchanged, such that as of the Report Release Date, the Bank of Israel interest rate is 4.5%.⁸ The Company funds its operations mainly by fixed-interest loans, and the amount of variable-interest loans is negligible. As a result, exposure to changes in short-term interest is low.

The Company determines the fair value of its properties, *inter alia*, using the cash flow discounting method, in which the future cash flows from the properties are discounted using a cap rate. The cap rate can be affected, *inter alia*, by the market risk-free interest rate. The margin between the weighted cap rate and the weighted cost of debt or the current marginal financing cost of the Company remains high, also compared to previous periods.

The Residential, Retail and Office Construction Input Indices also rose in the Report Period by 4.1% and 1.62%, respectively. The increase in the Construction Input Indices causes a rise in the Company's construction costs in the various projects across the country, because the agreements in which the Company engages with the construction contractors are linked to these indices.

2.2. The Swords of Iron War and Operation Rising Lion and their Impact

The war has impacted the Israeli economy as reflected, *inter alia*, in the temporary closing of businesses, restrictions on work at building sites, restrictions on the activity of the education system, significant recruitment of reservists, drops in prices on TASE, an increase in State expenditure and in the government deficit, and a rise in the yield on corporate bonds. The effects of the war on the Israeli economy have led to an increase in the State's risk premium, accompanied by negative rating actions by all the international rating agencies. Thus, in February 2024, the rating agency Moody's removed the credit rating of the State of Israel from its watchlist, downgraded the rating from 'A1' to 'A2', and changed the rating outlook to negative, and in May 2024 affirmed the rating, following which, in September 2024, it downgraded Israel's credit rating to 'Baa1' with a

⁷ Bank of Israel – press release of 7 July 2025, Macroeconomic Forecast of the Research Department, July 2025. The Bank of Israel website: [Research Department Staff Forecast, July 2025 | בנק ישראל - הבנק המרכזי של ישראל](#)

⁸ Bank of Israel – press release of 1 January 2024, on 1 January 2024 the Monetary Committee decided to reduce the interest rate by 0.25 percentage points to 4.5%. The Bank of Israel website: <https://www.boi.org.il/en/communication-and-publications/press-releases/a01-01-24/>

negative outlook. In April 2024, the rating agency Fitch removed the credit rating of the State of Israel from its watchlist, affirmed Israel's 'A+' credit rating, but changed the rating outlook to negative, and in August 2024 it downgraded Israel's credit rating to A, leaving the negative rating outlook. In April 2024, the rating agency S&P also downgraded Israel's credit rating from 'AA-' to 'A+', leaving the negative rating outlook, and in October 2024, it downgraded Israel's long-term rating to A.

Since the outbreak of the war, the Company has proceeded with its operations, subject to the circumstances and with ongoing monitoring of the security developments and in accordance with the instructions of the Home Front Command. At present, the uncertainty as to the duration and development of the war precludes any possibility of assessing the extent of the war's future impact on business activity in Israel and/or on the Company's activity and business results.

Operation Rising Lion's impact on the retail centers and malls segment – Operation Rising Lion, which was carried out in June 2025, led to the closure of operations of some of the tenants in the Company's malls. As of the date of this report, the Company estimates the impact of the operation on the results of the retail centers and malls segment at approx. NIS 13 million. Further to the above, in the Report Period there was a decrease in the store revenues reported by the tenants in the Group's malls compared with the same period last year. For further details, see Section 2.9 below.

The war's impact on property development – The Company is continuing to develop and initiate the construction of new properties, and to expand and renovate existing properties. In this context, it is noted that given the fact that work on some of the properties was halted for some time at the start of the war and during Operation Rising Lion, and later resumed, in some cases on a partial basis, and given the shortage of workers in the construction industry, as of the Report Release Date, the Company estimates that some of the projects may be delayed.

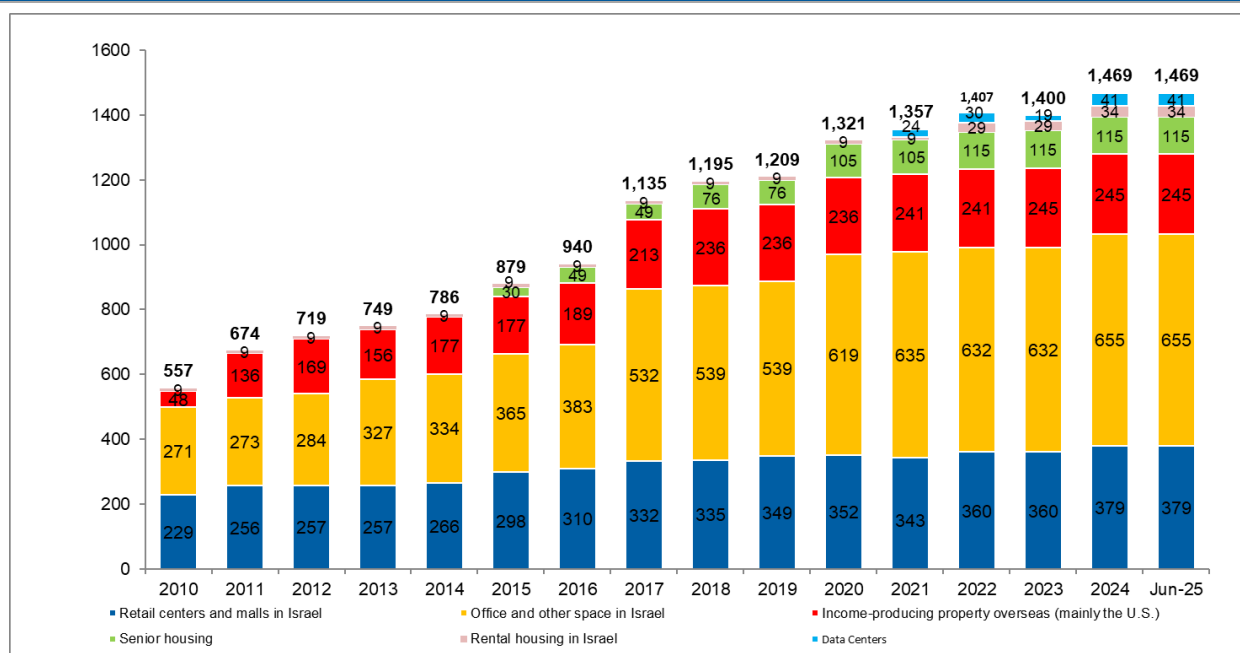
Aid and donations – Since the war broke out, the Group has given support both by financial donations and in-kind donations for civil aid on all fronts, including aid for evacuated families and for businesses in its properties. In this context, up to the Report Release Date, the Group made donations in cash and cash equivalents totaling approx. NIS 20 million.

As of the Report Release Date, and in view of the fact that these events are dynamic and characterized by significant uncertainty as to, *inter alia*, the development and scope of the war and its future impact on the Israeli economy, the Company cannot assess the said impact on its future business, since the extent of the impact depends on the extent and scope of materialization thereof. In the Company's estimation, such factors may have material adverse effects on the domestic economy, including some of the markets and sectors in which the Company operates, as well as on some of the tenants in the Group's properties. The Company's management estimates that in view of its financial strength, as reflected in the total cash and cash equivalents available thereto, low leverage and a significant portfolio of unmortgaged properties, a long loan duration and its ability to raise financing under favorable conditions, and in view of the extensive diversification of the Company's asset portfolio, the variety of tenants and business segments, the Company will be able to continue financing its activity and meeting its liabilities.

The Group's above estimations with regards to the effects of the war on the Group's results, including the delays in projects under development, are merely subjective estimations of the Company's management and are forward-looking information, as defined in the Securities Law, 5728-1968 (the "Securities Law"). Actual results and effects may materially differ from the aforesaid estimations and from what they imply, for various reasons which are beyond the Company's control, including prolongation of the war and its expansion to additional fronts, a decline in demand, a deterioration of the economic situation in Israel, and more.

2.3. Consolidated GLA (Gross Leasable Area) Data

As of 30 June 2025



Figures represent thousands of sqm. Area data represent the Company's share.

2.4. Average Occupancy Rates in the Income-Producing Properties

Below are the average occupancy rates in the Group's income-producing properties by operating segments as of 30 June 2025⁹:

- Retail centers and malls in Israel – ~99%;
- Leasable office and other space in Israel – ~94%;¹⁰
- Income-producing properties in the U.S. – ~66%;
- Senior housing in Israel – ~98%;
- Data centers – ~99%;¹¹
- Rental housing in Israel – ~100%.

2.5. NOI of the Properties

Net Operating Income (NOI) is a metric that presents the net operating income of the properties: income after the deduction of the property's operating expenses and prior to the deduction of taxes and interest. This metric is one of the most important parameters in the valuation of income-producing real estate companies, as division thereof by the appropriate cap rate for the properties provides an indication for determination of the value of income-producing properties.¹² In addition, after deduction of current maintenance expenses incurred to preserve the property's condition, NOI is used to measure the free and available cash flow for the service of financial debt undertaken to fund the purchase of the property.

⁹ Excluding areas in properties whose construction has been completed, and which are in lease-up stages for the first time.

¹⁰ Mainly in view of the departure of a major tenant of the Sarona project.

¹¹ The average occupancy rate was calculated based on the figures of the lease agreements as of 30 June 2025 according to a weighted average of GM. The occupancy rate does not include areas under construction.

¹² Additional indications are, for example: The market value of similar properties in the same area, and the sale prices of similar properties in recent transactions.

It is emphasized that these parameters do not present cash flows from operating activities according to generally accepted accounting principles, nor do they reflect cash available for the funding of all of the Group's cash flows (including its ability to make distributions), and they are not meant to be deemed as a substitute for the net income in the evaluation of the results of the Group's operations.

2.5.1. NOI Data

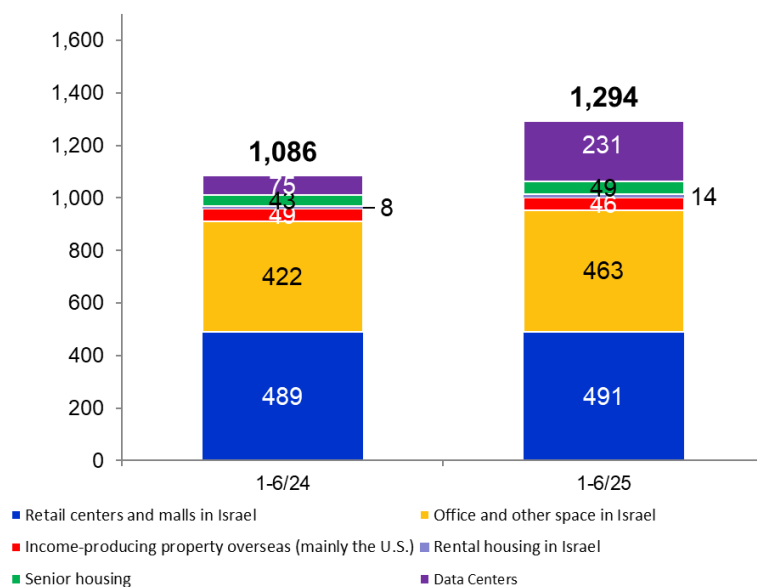
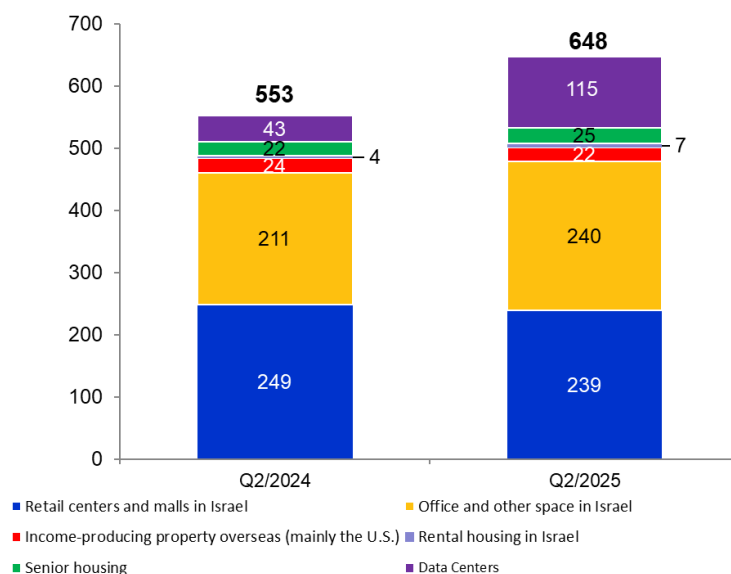
For the purpose of calculating the NOI, on the revenues side – all of the income from tenants (including rent, management fees and other payments) is taken into account, and for the purpose of calculating the costs – all operating expenses in respect of the properties are taken into account, including management, maintenance and other costs.¹³

The NOI figures for the income-producing real estate portfolio are as follows:¹⁴

¹³ The Group prepares its financial statements based on international standards, and consequently, in the calculation of the cost of leasing and operating the properties classified as investment property, depreciation was not taken into account. Furthermore, for the purpose of calculating the aforesaid parameters, profit from the revaluation of properties was not taken into account.

¹⁴ Including properties from the segments: Retail centers and malls in Israel; leasable office and other space in Israel; income-producing properties in the U.S.; senior housing; data centers and rental housing in Israel.

NOI



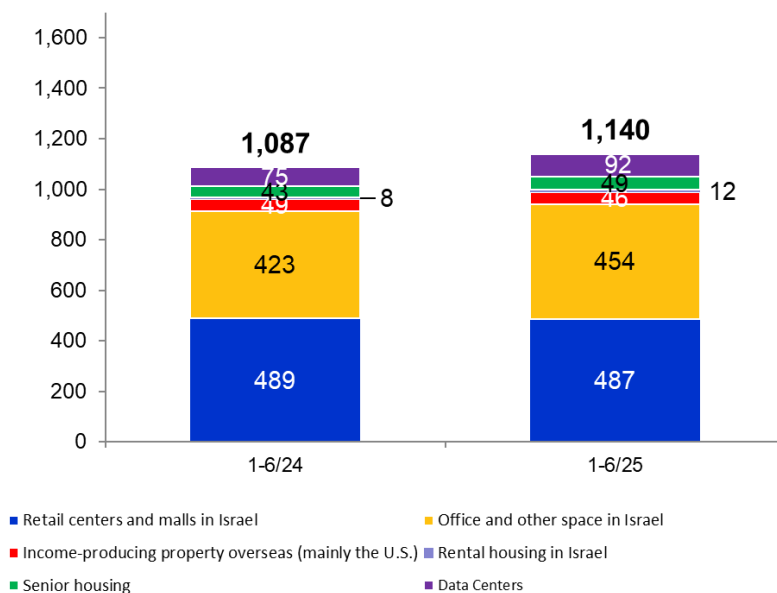
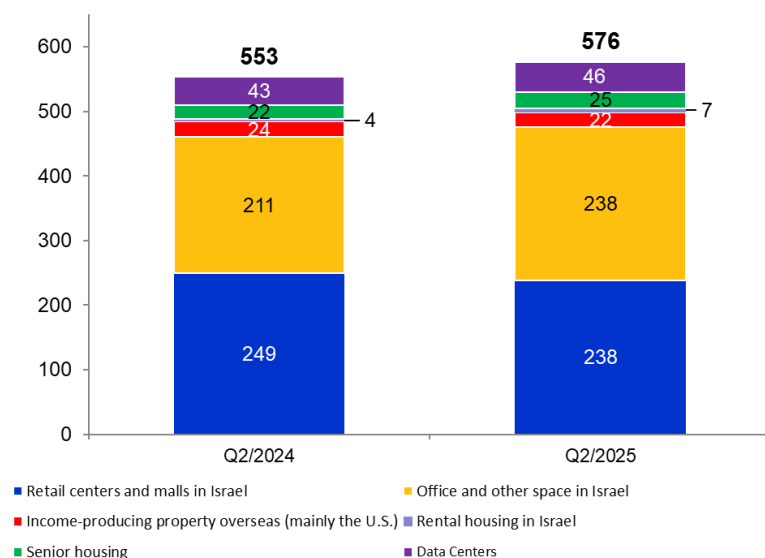
Figures are presented in millions of NIS.

For explanations with respect to the change in the NOI, see Sections 2.9, 2.10, 2.11, 2.12, 2.13 and 2.14 below.

2.5.2. Same-Property NOI Data

NOI is affected by changes in the property portfolio. In other words, the sale of a property or the addition of a new property to the Company's portfolio is reflected in a change in the NOI. Conversely, the same-property NOI metric discounts such changes and allows for an examination of changes in the profitability of the same portfolio of the Group's properties over time. For the purpose of calculation thereof, only properties that were part of the Group's property portfolio throughout the analysis period are taken into account. In the Report Period and the same period last year, this metric was as follows:

Same-Property NOI



Figures are presented in millions of NIS.

The increase in the same-property NOI was mainly affected by an increase in the office and other space in Israel segment which derived from rent increases upon tenant changeovers, from rises in the CPI owing to the fact that the lease contracts are linked to the CPI, from one-time compensation from a departing tenant net of the loss of revenues due to its departure, and from growth in the DC segment, net of a decrease in the retail centers and malls in Israel segment in view of the effects of the war. With respect to the results of the half-year period and the Quarter, the results of the TikTok property were not included in the DC properties.

2.6. Weighted Cap Rate

The following table shows the calculation of the weighted cap rate derived from all of the income-producing real estate, excluding senior housing¹⁵, excluding data centers¹⁶, excluding rental housing¹⁷ and excluding hotels¹⁸ of the Group, as of 30 June 2025:

Calculation of the Weighted Cap Rate for the Report Period	
Total investment property in the statement	50,668
Net of value attributed to investment property under construction	3,851
Net of value attributed to land reserves	1,933
Net of value attributed to income-producing senior housing	3,004
Net of value attributed to DC properties	8,581
Net of value attributed to building rights in income-producing properties and value attributed to income-producing properties not assessed according to cash flow discounting	1,702
Total value of income-producing investment property (including the fair value of vacant space)	31,597
Actual NOI in the Quarter ended 30 June 2025 (excluding senior housing, data centers and rental housing)	501
Additional future quarterly NOI ⁽¹⁾	51
Total standardized NOI	552
Proforma annual NOI based on the standardized NOI (excluding senior housing, data centers, and rental housing)	2,209
Weighted cap rate derived from income-producing investment property (including vacant space) ⁽²⁾	6.99%

Financials are presented in millions of NIS.

- (1) The figure includes adjustment to the NOI as included in the valuations as of 30 June 2025, and therefore includes, *inter alia*, additional NOI for vacant space not yet fully occupied and space that was and shall be occupied in 2025 for a full year (the main amounts in this item are in respect of the Group's overseas properties, the office building in Holon on HaManor Street, the Modi'in West site project, and due to a period of tenant replacements to change the tenant mix in some of the malls and office buildings).
- (2) Standardized annual NOI rate out of total income-producing investment property (including vacant space). This figure does not constitute the Company's NOI forecast for 2025, and its sole purpose is to reflect the NOI assuming full occupancy for a full year in all the income-producing properties.

The Company's estimations as mentioned in this section include forward-looking information, as defined in the Securities Law. This information is uncertain and is based, inter alia, on information pertaining to contractual engagement with tenants as of the report date, parameters in the calculation of fair value and the Company's estimations regarding the occupancy of areas. Actual results may materially differ from the foregoing estimations and from what they imply, for various reasons which are not dependent on the Company, including immediate termination of lease agreements or a business crisis of any of the tenants, or a change in the fair value parameters or non-compliance with development or occupancy targets or the effects of the war.

¹⁵ Since the value of senior housing properties is derived from the FFO metric, rather than the NOI metric, these properties were not included in this calculation. The weighted senior housing cap rate as of the date of the report is 8.25%.

¹⁶ The DC properties are in stages of development and were therefore not included in the investment property. For some of the income-producing properties, the weighted cap rate is 7.35%.

¹⁷ A different valuation methodology was used for rental housing properties, which were therefore excluded from this calculation.

¹⁸ Presented as fixed assets and not measured at fair value because they are excluded from the definition of investment property.

2.7. Real Estate Business FFO¹⁹

Funds from Operations (FFO) is a metric that presents the cash flow from the real estate business. It is widely used worldwide and provides an adequate basis for comparing income-producing real estate companies. This metric is intended to reflect the Company's economic and operating results from its current core business of lease and management of real properties, and to provide investors with a tool for consistent and comparable evaluation.

This report presents the FFO in respect of the Group's income-producing real estate business.

It should be emphasized that the FFO does not reflect cash flow from operating activities according to generally accepted accounting principles, nor does it reflect cash held by the Company and its ability to distribute the same, and it is no substitute for the reported net income. It is further clarified that this metric is not a figure audited by the Company's auditors.

FFO from the Income-Producing Real Estate Business					
	For the Three Months Ended		For the Six Months Ended		For the Year Ended
	30 June 2025	30 June 2024	30 June 2025	30 June 2024	31 Dec. 2024
Net income for the period attributable to shareholders	320	156	777	620	1,477
Profit adjustments:					
Net increase in the value of investment property and fixed assets	(193)	(65)	(445)	(318)	(909)
Depreciation and amortization	2	2*	4	4*	8
Net non-cash flow financing and other income	(74)	(97)*	(108)	(139)*	(256)
Tax expenses	32	9	163	108	352
Non-recurring expenses (income) ⁽¹⁾	(10)	24	48	39	74
Total profit adjustments	(243)	(127)	(338)	(306)	(731)
Total nominal FFO according to the provisions of the Fourth Schedule to the Prospectus Details Regulations, attributable to the income-producing real estate business, excluding the cash flow of financing the development pipeline⁽³⁾	77	29*	439	314*	746
Expenses due to share-based payment	7	3	9	3	8
Special bonus for restructuring and establishment of GMG	28	-	28	-	-
Special bonus for sale of Compass	-	8	-	8	8
Total cash flow of financing the development pipeline ⁽⁵⁾	36	40	65	75	141
Linkage differentials and exchange rate differentials on assets and liabilities (net of tax effect)	286	326	344	403	744
Cash flow from incoming resident deposits net of outgoing resident deposits ⁽²⁾	6	39	22	49	119
Net of income from forfeiture of resident deposits	(15)	(14)	(30)	(27)	(57)
Total FFO attributed to the income-producing real estate business, according to the management's approach⁽⁴⁾	425	431*	877	825*	1,709

Financials presented in NIS in millions.

(1) In the present Quarter, mainly revenues due to the sale of Compass net of costs that were written off due to non-consummation of a transaction, in 2024, and in the corresponding quarter mainly due to the sale of Compass and from e-commerce operations.

(2) Senior housing residents' deposits will be deemed as incoming or outgoing on the date on which the agreement is signed or terminated, as applicable, and not as they are presented in the cash flow report.

(3) Attributable to the shareholders only.

(4) Including FFO from the senior housing segment in the sum of approx. NIS 25 million and approx. NIS 8 million in the six and three months ended 30 June 2025 (approx. NIS 50 million and approx. NIS 40 million in the six and three months ended 30 June 2024 and approx. NIS 119

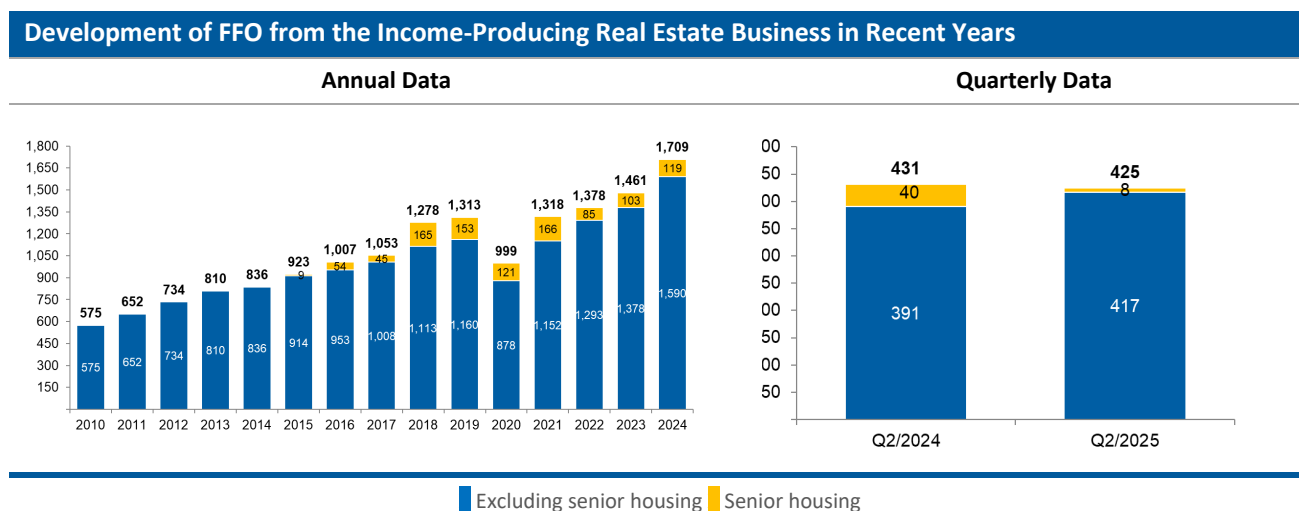
¹⁹ On 16 January 2025, the ISA released guidelines on the calculation and presentation of the FFO ("FFO According to the ISA's Approach"). The data presented in this section, including the comparison data, are presented in accordance with the FFO According to the ISA's Approach.

million in Y2024).

(5) Calculated based on real credit costs in respect of the development pipeline.

* The comparison figures were updated following the position paper of the ISA of 16 January 2025 on calculation and presentation of the FFO metric.

The following chart depicts the development of the FFO of the Group's income-producing real estate business in recent years:



Figures are presented in millions of NIS.

Net of real credit costs in respect of the development pipeline.

Comparison figures were updated following the position paper of the ISA on FFO.

2.8. The EPRA (European Public Real Estate Association) Indices

Azrieli Group is included in the EPRA Indices. EPRA is an organization that brings together the public income-producing real estate companies in Europe and worldwide. Being listed in the EPRA indices provides Azrieli Group greater exposure to international investors, according to its weight in the index.

In view thereof, the Group has decided to adopt the position paper published by EPRA with the purpose of improving the transparency, uniformity and comparability of financial information reported by real estate companies listed in the index. A report regarding three financial indicators calculated according to such position paper follows.

It is emphasized that the following indicators exclude the component of expected profit from projects under construction not yet recorded in the financial statements.

These figures do not constitute a valuation of the Group, are not audited by the Group's auditors and are no substitute for the figures in the financial statements.

2.8.1. EPRA NRV

The EPRA NRV index is a metric that reflects the net reinstatement value of the Company's net assets on a long-term basis, assuming continuation of future activity and non-disposal of real estate, therefore requiring certain adjustments, such as exclusion of the deferred taxes resulting from the revaluation of investment property.

EPRA NRV		
	30 June 2025	30 June 2024
Equity attributable to the Company's shareholders in the financial statements	24,405	23,259
Goodwill created against a reserve for deferred taxes	(227)	(236)
Plus a tax reserve in respect of the revaluation of investment property to fair value (net of minority interests)	5,820	5,416
EPRA NRV	29,998	28,439
EPRA NRV per share (NIS)	247	234
Figures are presented in millions of NIS, unless stated otherwise.		

2.8.2. EPRA NTA

The EPRA NTA index is a metric that reflects the Company's net tangible asset value. The assumption underlying the index is that entities buy and sell assets, leading to adjustment of only part of the deferred taxes resulting from the revaluation of investment property.

EPRA NTA		
	30 June 2025	30 June 2024
Equity attributable to the Company's shareholders in the financial statements	24,405	23,259
Goodwill created against a reserve for deferred taxes	(227)	(236)
The balance of goodwill which is not against a reserve for deferred taxes as stated in the Company's balance sheet	(1,291)	(1,361)
Other intangible assets	(1)	(2)
Plus 50% of the tax reserve in respect of the revaluation of investment property to fair value (net of minority interests)	2,910	2,708
EPRA NTA	25,796	24,368
EPRA NTA per share (NIS)	213	201
Figures are presented in millions of NIS, unless stated otherwise.		

2.8.3. EPRA NDV

The EPRA NDV index reflects the net disposal value of the Company's assets in case of sale of properties and repayment of liabilities. The index calculation takes into account all of the deferred taxes in respect of appreciation of the value of the properties that will apply upon sale of the properties, and an adjustment to fair value of the financial liabilities is made. This index should not be deemed as the net value of the Company's assets in dissolution, since in many cases the fair value does not represent the value of the properties in dissolution.

EPRA NDV		
	30 June 2025	30 June 2024
Equity attributable to the Company's shareholders in the financial statements	24,405	23,259
Goodwill created against reserve for deferred taxes	(227)	(236)
Balance of goodwill that is not against a reserve for deferred taxes as stated in the Company's balance sheet	(1,291)	(1,361)
Adjustment of the value of financial liabilities to fair value	914	1,460
EPRA NDV	23,801	23,122
EPRA NDV per share (NIS)	196	191

Figures are presented in millions of NIS, unless stated otherwise.

AZRIELI GROUP'S INCOME PRODUCING REAL ESTATE*

MALLS & SHOPPING CENTERS

Ayalon Mall	Azrieli Haifa Mall
Azrieli Hod Hasharon Mall	Azrieli Akko Mall
Azrieli Herzliya Outlet	Azrieli Or Yehuda Outlet
Azrieli Givatayim Mall	Azrieli Hanegev Mall
Azrieli Jerusalem Mall	Azrieli Rishonim Mall
Azrieli Modi'in Mall	Azrieli Sarona Mall
Azrieli Mall	Palace Modi'in
Azrieli Holon Center	Palace Lehavim
Azrieli Holon Mall	Azrieli TOWN
Azrieli Ramla Mall	Azrieli Modi'in West Complex
Azrieli Eilat Mall	Check Post Haifa
Azrieli Ra'anana	

OFFICES & OTHERS in Israel

Azrieli Towers	Azrieli Givatayim
Azrieli Sarona	Azrieli Hanegev
Azrieli Holon Business Center	Azrieli Rishonim Center
Azrieli Caesarea	Azrieli TOWN
Azrieli Herzliya Center	Azrieli Holon Hamanor
Azrieli Modi'in	Mikve-Israel Tel Aviv
Azrieli Petach Tikva	Azrieli Akko
Azrieli Jerusalem	Azrieli Modi'in West Complex
Azrieli TOWN building E	

OVERSEAS

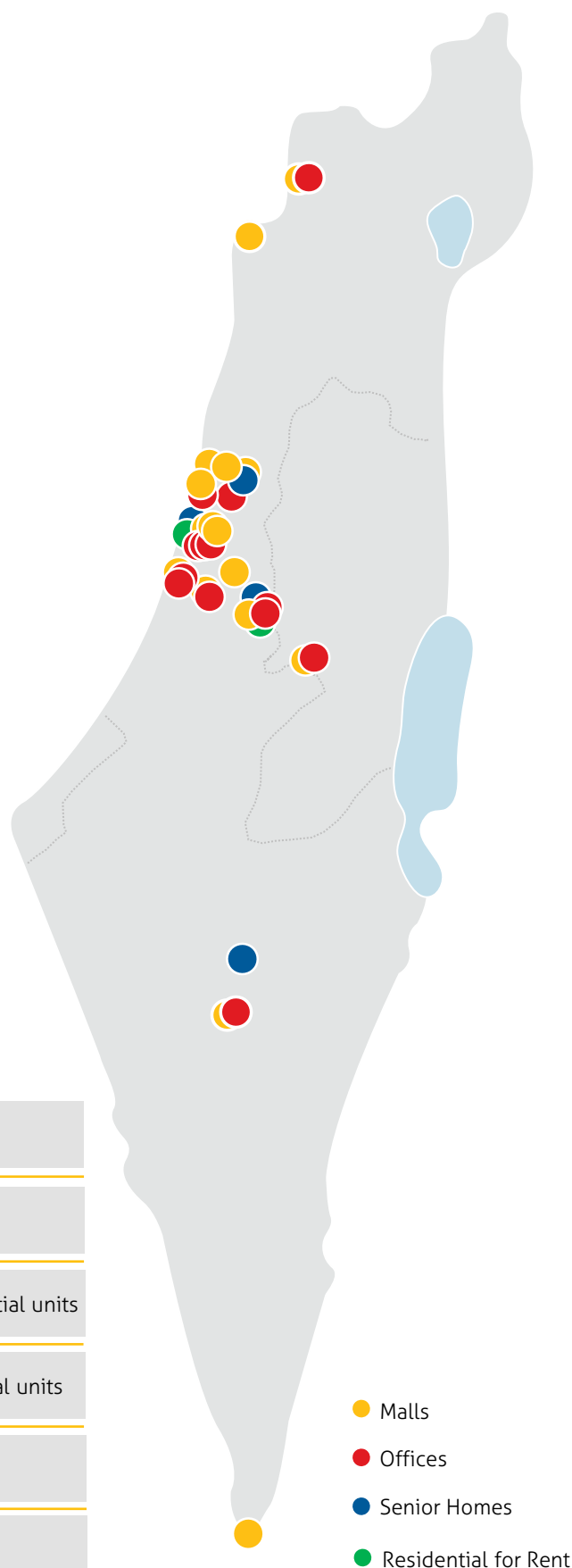
Galleria
1 Riverway
3 Riverway
Plaza
8 West
Aspen Lake II
San Clemente
Leeds

SENIOR HOMES

Palace Tel Aviv
Palace Ra'anana
Palace Modi'in
Palace Lehavim

RESIDENTIAL FOR RENT

Azrieli TOWN
Azrieli Modi'in
Azrieli TOWN Modi'in



23 malls

379 thousand sqm

17 office buildings

655 thousand sqm

4 senior homes

115 thousand sqm 1,141 residential units

3 Residential for rent properties 34 thousand sqm 357 residential units

8 office buildings overseas

245 thousand sqm

Total

1,428 thousand sqm

- Malls
- Offices
- Senior Homes
- Residential for Rent

As of June 30, 2025.

GLA (gross leasable area) is based on the Company's share excludes DCs.



Green
Mountain

100%
Ownership

AZRIELI GROUP'S DATA CENTERS INVESTMENTS ⁽¹⁾

OSL1-Enebakk, Norway

Data center located 20 km outside
Norway's capital



Max Sellable IT Power **76 MW**

SVG1-Rennesoy, Norway

A former NATO ammunition storage facility
converted into a unique, high-security colocation
mountain hall data center



Max Sellable IT Power **25 MW**

RJU1-RJUKAN, Norway

Colocation data center located at the nexus of
hydro-electric power in a historic region of Norway



Max Sellable IT Power **33 MW**

OSL2-Hamar, Norway

One of Europe's most sustainable data centers
located in Norway



Max Sellable IT Power **120+30 MW**

FRA1-Mainz, Germany ⁽²⁾ ⁽³⁾

A partnership between Green Mountain and
KMW creating a strong sponsorship for a
revolutionary sustainable data center,
including a leading concept of district heating.



Max Sellable IT Power **54 MW**

LON1-Romford, England

Existing operational data center, with significant
potential for additional capacity.



Max Sellable IT Power **40 MW**

(1) As of June 30, 2025.

(2) Illustration

(3) GM and KMW JV (50%-50%)

2.9. Retail Centers and Malls in Israel Segment

Azrieli Group owns and manages a portfolio of high-quality malls and retail centers throughout the country, which are located in city centers, with convenient access to transportation and often in proximity to train stations. The Company takes a long-term view with respect to its properties, from the stage of locating the land, through development and construction of properties, to the holding, management and betterment of the properties over the years.

The store revenues reported by the Group's mall tenants in the period between January and May 2025 were ~1.5% lower year-over-year.

The Group's malls are mostly characterized by the following:

- **Diverse and changing mix** – the malls segment has a dynamic retail mix that is renewed according to the market needs and public preferences. For example, malls were once characterized by significant presence of supermarkets or electronics stores, whereas today the tenant mix in malls has changed. In fashion it is evident that new brands periodically take the place of those which have become less relevant, with international fashion chains becoming more dominant in the market than local brands. The high-quality property portfolio, and the management thereof, grant the Company an advantage which enables it to get leading international fashion brands and to open their flag stores in the Group's malls.
- **A trend of increased store space** – in recent years, increased retail space is demanded by international brands, followed by domestic ones, which seek to combine complementing brands in one store in order to expand the product mix and create an improved customer experience, while increasing the sales.
- **Malls as entertainment venues** – the Company acts to improve the entertainment and dining experience in the malls, through a selection of restaurants and cafés in the malls and renovation of the fast-food courts, modern design and added crowd-attracting entertainment options such as the "Zappa" club and cinemas. The Group further acts to create family entertainment and service spaces in its malls, including play areas, diaper changing and nursing rooms.
- **Innovation** – in recent years the Company has been implementing technological improvements into the shopping experience and striving for leadership and innovation in the mall segment, including by way of creating a unique application which grant exclusive discounts to mall attendants and enables direct marketing based on customer preferences. The goal of technological innovation is to enhance customer experience in the mall while combining both digital and physical worlds.
- **Gift cards** – the Group's designated gift card, Azrieli Time, can be used in the Group's malls. The card is accepted in all the Group's malls, offering a huge range of more than 100 dining and entertainment, fashion, footwear and cosmetics brands.

The retail areas in Azrieli Group's malls and retail centers are leased to ~1,850 tenants.

Performance of the retail centers and malls in Israel segment and changes in value

Azrieli Group has 23 malls and retail centers in Israel with a total GLA of ~379 thousand sqm.

Balance of the properties in the retail centers and malls in Israel segment – totaled approx. NIS 16.3 billion on 30 June 2025, compared with approx. NIS 16.1 billion on 31 December 2024. The change mainly derives from investments in the segment assets and from revaluation profits due to the rise in the CPI. The properties are presented according to valuations prepared by an independent appraiser as of 30 June 2025.

Change due to fair value adjustment of the segment's investment property and investment property under construction – the profit from fair value adjustment of the segment's investment property and investment property under construction in the Report Period totaled approx. NIS 42 million and mainly derived from the effect of the rise in the CPI on the value of the properties, compared with a profit of approx. NIS 78 million in the same period last year.

The table below presents a summary of the business results of the retail centers and malls in Israel segment:

Summary of the Business Results of the Retail Centers and Malls in Israel Segment							
	For the Three Months Ended			For the Six Months Ended			For the Year Ended
	Rate of Change	30.6.2025	30.6.2024	Rate of Change	30.6.2025	30.6.2024	31.12.2024
Revenues	(3%)	310	320	2%	631	621	1,285
NOI	(4%)	239	249	-	491	489	1,009

Figures are presented in millions of NIS.

NOI in the retail centers and malls in Israel segment was mainly affected by the Rising Lion war in June 2025.

The table below presents the segment's NOI development:

Development of NOI of the Retail Centers and Malls in Israel Segment				
	For the Three Months Ended		For the Six Months Ended	
	30.6.2025	30.6.2024	30.6.2025	30.6.2024
NOI from segment properties owned by the Company at beginning of period	238	249	487	489
NOI from properties whose construction was completed in 2024	1	-	4	-
Total NOI from all properties	239	249	491	489

Figures are presented in millions of NIS.

NOI in the retail centers and malls in Israel segment was mainly affected by the Rising Lion war in June 2025.

2.10. Office Segment

The Company's portfolio of properties of leasable office space mostly comprises office towers classified as Class A properties, which are generally located in CBDs, in proximity to major traffic arteries in the heart of the city. The location, quality and positioning of the office space enable the Company to maintain high occupancy rates, and over time increase the rent. The Company develops and builds office projects in significant scopes, which meet the international standards of employment centers in the world's largest cities, in all aspects pertaining to the management of the property and the quality thereof. Furthermore, the Company has leasable office areas which are part of malls, in which small tenants offer services to the public (e.g. medical institutes, health funds and independent service providers). The combination of offices and retail increases customer traffic in these properties.

The Company's leasable office properties are mostly characterized by the following:

- **Positioning:** among the Company's properties are projects which are considered to be leading and very significant in the field of leasable office spaces in Israel, and are an icon in Israeli landscape in general, and in Tel Aviv in particular, such as the Azrieli Tel Aviv Center and the Azrieli Sarona Tower.
- **Location:** the Company engages in the development of leasable office spaces and works to locate, develop and build its properties in this segment in areas which enjoy a high demand for offices. The Company's projects are mostly located in the heart of Israel's CBDs and in proximity to city centers and are characterized by convenient access by both private and public transportation. For example, the Company has several projects in Tel Aviv's northern CBD with both income-producing projects and projects under development and construction.
- **Large floors:** the Company's property portfolio includes a number of projects that can offer large floor spaces. These projects can meet the growing demand by large companies that are interested in creating one central site for employees, and their spread over a smaller number of floors. The planning of the Azrieli Sarona project and the Azrieli Holon center, for example, enables tenant to unite several sites which were previously spread across the country.

- **Building standard:** the Group persistently applies high building standards to all of its properties, as expressed in the architectural design, the properties' functionality and the meticulous attention to high building qualities as well as to details such as new and fast elevators, advanced lighting and more. This is rooted in the long-term vision of properties that will be owned and managed by the Group for many years to come. The Group also complies with international green building standards (LEED) which guide the design, construction and operation of the Group's properties in the segment. Thus, for example, Azrieli Sarona, Azrieli Town and Azrieli Holon HaManor were built in compliance with the LEED Gold standard and Azrieli Rishonim was built in compliance with the LEED Silver standard.
- **Operational efficiency:** the size of the Company's properties facilitates operational efficiency which is reflected, *inter alia*, in the ability to implement technological improvements and infrastructure upgrades, including the installation of complex communication networks and energetic efficiency (LEED certification), enabling large international companies that require compliance with rigorous standards to lease space in the Company's properties. Thus, for example, the strict LEED O&M Gold standards certification has been received for existing properties at Azrieli Tel Aviv Towers, Azrieli Rishonim, Azrieli Herzliya Buildings G and E and Azrieli Holon Business Center, and LEED O&M Platinum certification has been received for Azrieli Town and Azrieli Sarona, with Azrieli Sarona being the first project in the Middle East and North Africa to receive LEED O&M Platinum V5 certification and one of only 11 projects worldwide to receive such certification.
- **Management:** all of the Group's leasable office spaces are managed by management companies which are subsidiaries of the Company and are committed to high service standard.

Azrieli Group's office areas in Israel are leased to ~690 different tenants. In each one of the Group's properties, there is a mix of tenants coming from various sectors. Some of the Company's office tenants are domestic or international mega-companies.

2.10.1. Performance of the Leasable Office and Other Space in Israel Segment and Changes in Value

Azrieli Group has 17 income-producing properties in this segment in Israel, with a total GLA of ~655 thousand sqm.

Balance of the Group's investment property in the leasable office and other space in Israel segment – totaled approx. NIS 17.9 billion on 30 June 2025, compared with approx. NIS 17.3 billion on 31 December 2024. The change mainly derives from investments in the segment properties and from an increase in the value of the segment properties. The properties are presented according to valuations prepared by an independent appraiser as of 30 June 2025.

Change due to fair value adjustment of the segment's investment property and investment property under construction – the profit from fair value adjustment of the segment's investment property and investment property under construction in the Report Period totaled approx. NIS 200 million and mainly derived from the effect of the rise in the CPI on the value of the properties, compared with a profit of approx. NIS 43 million in the same period last year, which mainly derived from the effect of the rise in the CPI on the value of the properties and from an increase in the value of the SolarEdge campus, which derives from adjustment of the expected rent based on the areas that shall actually be built, net of an increase in the cap rate, and from the adjustment performed in the Sarona project in view of departure notice by a major tenant occupying an area of ~31 thousand sqm.

The table below presents a summary of the business results of the leasable office and other space in Israel segment:

Summary of the Business Results of the Leasable Office and Other Space Segment							
	For the Three Months Ended			For the Six Months Ended			For the Year Ended
	Rate of Change	30.6.2025	30.6.2024	Rate of Change	30.6.2025	30.6.2024	31.12.2024
Revenues	12%	290	258	9%	563	515	1,064
NOI	14%	240	211	10%	463	422	865

Figures are presented in millions of NIS.

NOI in the office and other space in Israel segment was mainly affected by the rise in the CPI, owing to the fact that the lease contracts are linked to the CPI, and by one-time compensation from a departing tenant net of the loss of revenues due to its departure in the sum of approx. NIS 14 million, net.

The table below presents the segment's NOI development:

Development of the NOI of the Leasable Office and Other Space in Israel Segment				
	For the Three Months Ended		For the Six Months Ended	
	30.6.2025	30.6.2024	30.6.2025	30.6.2024
NOI from segment properties owned by the Company at beginning of period	238	211	454	423
NOI from a property slated for demolition	2	-	4	(1)
NOI from properties that were purchased or whose construction was completed in 2024	-	-	5	-
Total NOI from all properties	240	211	463	422

Figures are presented in millions of NIS.

Same-property NOI in the office and other space in Israel segment was mainly affected by rent increases upon tenant changeovers and by the rise in the CPI, owing to the fact that the lease contracts are linked to the CPI, and by one-time compensation from a departing tenant net of the loss of revenues due to its departure in the sum of approx. NIS 14 million, net.

2.11. Senior Housing Segment

The acquisition of land in Modi'in in 2014 marked the Group's entry into the senior housing segment, followed by the acquisition in 2015 of an operating senior home – Palace Tel Aviv, one of the most luxurious senior homes in Israel. Since the acquisition of Palace Tel Aviv, the Group has operated under the "Palace" brand in this segment and owns four running senior homes: Palace Tel Aviv, Palace Ra'anana, Palace Modi'in (construction of which was completed in Q3/2018) and Palace Lehavim. In addition, the Group is building another project in Rishon LeZion, as specified below, and has won a tender for the construction of a senior housing project in Sde Dov, as specified in Section 1.2.3.4 above.

2.11.1. Performance of the Senior Housing Segment and Changes in Value

Azrieli Group has four operating senior homes with aboveground built-up areas of ~115 thousand sqm (excluding areas attributed to the LTC unit and to retail areas), which comprise ~1,141 senior housing units. The Company is also building another project in Rishon LeZion with ~274 apartments of a total area of ~31 thousand sqm (excluding areas attributed to the LTC unit and to retail areas). For further details, see Section 4.1.1 below. The Company has also won a tender for the construction of a senior housing project comprising ~350 apartments. For further details, see Section 1.2.3.4 above.

Balance of the Group's properties in the senior housing segment – totaled approx. NIS 4.3 billion on 30 June 2025, compared with approx. NIS 3.6 billion on 31 December 2024. The increase mainly derives from the purchase of land in Sde Dov. The properties are presented according to the valuations prepared by an independent appraiser as of 31 December 2024.

Change due to fair value adjustment of the segment's investment property and investment property under construction – loss from a NIS 33 million property value adjustment which derives from deduction of purchase tax expenses for the purchase of land in Sde Dov compared with no change in the value in the same period last year.

The table below presents a summary of the business results of the senior housing segment:

Summary of the Business Results of the Senior Housing Segment							
		For the Three Months Ended			For the Six Months Ended		For the Year Ended
	Rate of Change	30.6.2025	30.6.2024	Rate of Change	30.6.2025	30.6.2024	31.12.2024
Revenues	9%	73	67	9%	143	131	267
NOI	14%	25	22	14%	49	43	87

Figures are presented in millions of NIS.

The increase in revenues in the Report Period derives from continued resident move-ins at Palace Lehavim, and an increase in the occupancy rate in Palace Tel Aviv in the Report Period.

The table below presents the segment's NOI development:

Development of the NOI of the Senior Housing Segment				
	For the Three Months Ended		For the Six Months Ended	
	30.6.2025	30.6.2024	30.6.2025	30.6.2024
NOI from segment properties owned by the Company at beginning of period	25	22	49	43
NOI from properties whose construction was completed in 2024	-	-	-	-
Total NOI from all properties	25	22	49	43

Figures are presented in millions of NIS.

2.12. Income-Producing Properties in the U.S. Segment

2001 marked the beginning of Azrieli Group's diversification of its investments in income-producing real estate overseas. In the previous decade, the Group expanded its activity significantly through the acquisition of office buildings in Houston and in Austin, Texas.

Most of the Group's overseas properties are concentrated in strong metropolitan areas, with a population of at least 2 million. The type of properties on which the Group focuses are offices. As of the Report Release Date, the Company is exploring the possibility of disposal of properties in this segment.

Most of the properties in the U.S. are financed separately from corporate finance, by means of dollar non-recourse loans, except in unusual circumstances as defined in the loan agreement and deemed acceptable in the U.S. market. It is noted in this context that in view of non-compliance with the terms of the non-recourse loan for funding the 1 Riverway property, the Company conducted negotiations with the lender in order to change the terms of the loan, which were completed in the Report Period, such that the terms of the non-recourse loan have been updated, and as of the report date, the Company is in compliance with the terms and conditions of the loan.

The downward trend in office occupancy rates in Houston continued also in the Report Period, albeit to a lesser degree than 2024. Since the Covid pandemic and the rise of remote work, many tenants in the market have begun relocating from older offices and buildings to higher-quality buildings, and reducing their footprint. Market uncertainty, amid unclear U.S. tariff policies together with a high interest rate environment, contributed to weakness in leasing activity in the local market. However, the West Houston area continues to show lively activity due to an increasing concentration of energy sector tenants, and there is noticeable growing demand for office space also in the area of the city known as "The Galleria".

The office occupancy rate in Austin remains at historically low levels, due to increased supply of new office buildings intended for large tech tenants, combined with reduced demand from these tenants due to the rise of remote work. Leasing activity in the city remains strong but over smaller areas than before, and is negatively impacted by the existing stock of sublease spaces, mainly of technology companies.

2.12.1. Performance of the Income-Producing Properties in the U.S. Segment and Changes in Value

As of the report date, Azrieli Group has 8 income-producing properties in this segment, mostly in the U.S. with a total GLA of ~253 thousand sqm (on a consolidated basis) and ~245 thousand sqm (the Company's share) leased to ~140 tenants.²⁰

Balance of the Group's investment property in the segment – totaled approx. NIS 1.7 billion on 30 June 2025, compared with approx. NIS 1.9 billion on 31 December 2024. The change mainly derives from a decline in the dollar exchange rate as of 30

²⁰ The "Company's share" – net of minority interests in certain companies.

June 2025 compared with 31 December 2024. The properties are presented according to valuations prepared by an independent appraiser as of 31 December 2024.

Change due to fair value adjustment of the segment's investment property – profit from a NIS 1 million property value adjustment compared with a profit of NIS 2 million in the same period last year.

The table below presents a summary of the business results of the income-producing properties in the U.S. segment:

Summary of the Business Results of the Income-Producing Properties in the U.S. Segment							
	For the Three Months Ended			For the Six Months Ended			For the Year Ended
	Rate of Change	30.6.2025	30.6.2024	Rate of Change	30.6.2025	30.6.2024	31.12.2024
Revenues	(4%)	54	56	(3%)	110	113	222
NOI	(8%)	22	24	(6%)	46	49	92

Figures are presented in millions of NIS.

The table below presents the segment's NOI development:

Development of the NOI of the Income-Producing Properties in the U.S. Segment				
	For the Three Months Ended		For the Six Months Ended	
	30.6.2025	30.6.2024	30.6.2025	30.6.2024
NOI from segment properties owned by the Company at beginning of period	22	24	46	49
NOI from properties purchased in 2024	-	-	-	-
Total NOI from all properties	22	24	46	49

Figures are presented in millions of NIS.

Same-property NOI in the income-producing properties in the U.S. segment mainly derives from the effect of the decline in the average U.S. dollar exchange rate.

2.13. Data centers

In 2019, after studying the market and the key players in the data centers (DC) sector, the Company made the decision to invest in a company engaged in this sector, while noting the growth potential that exists in the sector and with the intention that it would serve as another growth driver for the Company's business.

The first step of the Company's entry into the DC industry was made through an equity investment in Compass, which mainly operates in the DC industry in North America and also has operations in EMEA. In 2023, the Company liquidated all of its holdings in Compass²¹.

Further to the aforesaid, and as part of the Company's strategy to launch DC operations in Europe, in 2021, the Company closed the (indirect) acquisition of 100% of the share capital of GM, which operates in the industry in Norway²².

In addition, in 2023, the Company closed the (indirect) acquisition of two U.K. companies: a company that leases land from a third party on which an operating data center stands, located in East London, England, and another company that owns vacant land that is adjacent to the operating data center²³.

²¹ For further details regarding the disposition, see the Company's immediate reports of 20 June and 4 October 2023 (Ref. 2023-01-067815 and 2023-01-112559, respectively), which are incorporated herein by reference.

²² For further details, see the Company's immediate reports of 13 and 19 July 2021 and 24 August 2021 (Ref. 2021-01-116121, 2021-01-118377 and 2021-01-136974, respectively), which are incorporated herein by reference.

²³ For further details, see the Company's immediate reports of 26 June 2022, 25 December 2022 and 24 January 2023 (Ref. 2021-01-078271, 2022-01-154633 and 2023-01-010848, respectively), which are incorporated herein by reference.

As of the Report Release Date, the companies held by the Group in the DC segment have 5 income-producing properties, 4 of which in Norway, through the Company's holdings in GM, as well as an active DC campus in East London, as specified in the properties map following Section 2.8 of the Board of Directors' Report.

In 2024 and in the Report Period, work began to expand the leasable capacity at the active DC campus in East London by 14 MW. On 13 June 2025, the subsidiary engaged with a lender in a financing agreement for financing in the sum total of £100 million for the project, to be drawn in instalments according to the terms and conditions of the financing agreement. For further details, see Section 1.2.3.12 above.

As of the Report Release Date, the Company is working to consolidate its holdings in the DC segment in Europe under Green Mountain Global Ltd., a foreign special purpose holding company fully controlled by the Company. In the Company's estimation, the DC segment is expected to grow at a significant pace and can serve as a major growth engine for the Group's operations, while consolidating the holdings will enable it to raise capital from investors to support the accelerated development of the DC business.

Dr. Ariel Kor, a director of the Company, holds office as Chairman of the Board of GMG, and on 24 September 2024, the special general meeting of the Company's shareholders approved his terms of office and employment in connection with his role as Chairman of the Board of GMG²⁴. On 1 April 2025, Mr. Henkin assumed the role of CEO of GMG, concurrently with his stepping down as CEO of the Company²⁵.

On 7 March 2023, GM, through a company wholly owned thereby (the "**Service Provider**"), engaged in a service agreement with TikTok Norway AS, a Norwegian company that is part of a group of companies with global operations (the "**Customer**"), which is not affiliated with the Company, for the provision of 90 MW of DC services on a campus built by GM in Norway (the "**Agreement**" and the "**Project**", as the case may be). In 2024, handover to the Customer of all 90 MW was completed. On 18 December 2024, the Service Provider engaged with two foreign banking corporations in a non-recourse loan agreement (the "**Loan Agreement**") for €371 million in financing for the Project. Provision of the loan was conditioned, *inter alia*, on the signing of an amendment to the Agreement with the Customer. On 14 January 2025, the amendment to the Agreement was signed, and on 6 February 2025, the loan was provided. In addition, the Customer has given notice of exercise of the option to increase the Project's capacity by another 30 MW, up to a total of 120 MW. GM is examining the exercise notice and there is no certainty that the capacity increase will indeed go ahead²⁶.

In addition, in 2023, GM engaged in an agreement for the construction of a DC campus to comprise several buildings in the Frankfurt region of Germany, in the context of a joint venture with a German company, in which the Company holds a 50% stake (the "**Joint Venture**" or the "**Joint Company**"), in respect of which the Joint Company conducted negotiations for engagement in an agreement for the provision of DC services to an international technology company (the "**Customer**"). On 25 June 2025, the Joint Company received a signed copy of the first of two agreements with the Customer. The first agreement relates to 18 MW of DC services. The first and second agreements (the "**Agreements**") are both governed by German law and jointly relate to a total of 36 MW of DC services, with an option for expansion to 54 MW at the campus currently being built by the Joint Company. Shortly after delivery of the first agreement, the Customer requested that the Joint Company introduce changes to the technical specification of the services set forth in the Agreements.

On 8 August 2025, the Joint Company entered into a set of agreements with the Customer, which includes the second agreement and addenda to the amendment to the first agreement and the second agreement, for the provision of 36 MW of DC services, with an option for the Customer to increase the capacity by 18 MW to a total capacity of 54 MW (the "**Project**")²⁷. The construction of the first building in the Project, with a planned capacity of 18 MW, is currently underway.

²⁴ For further details, see a notice of meeting report of 19 August 2024 (Ref. 2024-01-089680), which is incorporated herein by reference.

²⁵ For further details, see the Company's immediate reports of 19 August 2024, 18 November 2024 and 9 March 2025 (Ref. 2024-01-089761, 2024-01-616452, 2025-01-015315 and 2025-01-015317, respectively), which are incorporated herein by reference.

²⁶ For further details regarding the Agreement with the Customer and the amendment thereto, the Loan Agreement and the terms and conditions thereof and exercise of the option to increase the capacity in the Project, see the Company's immediate reports of 8 March 2023 (Ref. 2023-01-024873), 3 July 2024 (Ref. 2024-01-068701), 19 December 2024 (Ref. 2024-01-625507), 15 January 2025 (Ref. 2025-01-004247), 28 January 2025 (Ref. 2025-01-007395) and 6 February 2025 (Ref. 2025-01-009240), which are incorporated herein by reference.

²⁷ For further details, see the Company's immediate reports of 2 April 2023 (Ref. 2023-01-037008), 3 July 2024 (Ref. 2024-01-068701), 2 July 2025 (Ref. 2025-01-047754) and 10 August 2025 (Ref. 2025-01-058928), which are incorporated herein by reference.

As of the Report Release Date, the Joint Company is in negotiations with lenders regarding financing for the Project. In addition, as of the Report Release Date, GM is in negotiations with a lender to obtain financing of approx. NOK 4,600 million (approx. €400 million) which is intended to refinance two existing loans of GM as a single senior debt loan.

On 21 December 2023, the Company released an immediate report, incidentally to exploring a possible bond raising, with respect to negotiations being conducted between GM and an international technology company for engagement in an agreement for the provision of ~120MW of DC services to the said international company on a campus to be built by GM in Norway. For further details, see Section 1.3.4 of this Chapter A. On 19 February 2025, the Company reported that due to a decision not to grant a regulatory permit required for the land on which GM was considering building the campus, GM is exploring other land alternatives for the construction of the project. As of the Report Release Date, and as the Company reported on 25 March 2025, until and insofar as an appropriate alternative is found for the Customer, the negotiations for the transaction in the current format are suspended.

It is emphasized that as of the Report Release Date, there is no certainty that the negotiations specified in this section above, in whole or in part, will lead to binding transactions, and there is no certainty as to the terms and conditions and scope thereof. The Company shall report as required by law on any material development in connection with the said negotiations.

The Company's assessments in this section regarding the growth potential in the DC industry and that concentration of the holdings in GMG will allow it to raise capital from investors are forward-looking information, as defined in the Securities Law, based on subjective estimates of the Company as of the Report Release Date and on sources of information external to the Company, and there is no certainty that they will materialize, in whole or in part, and they may materialize in a materially different manner, inter alia due to changes in project schedules, their actual scope and their marketing and due to factors beyond its control, including changes in the global DC market, regulatory delays or as a result of materialization of any of the risk factors specified in Section 29 of the 2024 Periodic Report.

2.13.1. Performance of the DC Segment and Changes in Value

As aforesaid, as of the report date, the companies held by the Group in the DC segment have 5 income-producing properties, 4 of which in Norway, through the Company's holdings in GM, and an active DC campus in East London.

Balance of the Group's properties in the segment – totaled approx. NIS 10.5 billion on 30 June 2025, compared with approx. NIS 9 billion on 31 December 2024. The change mainly derives from investments in the segment properties and from the revaluation profits recognized in the period. The properties are presented according to valuations prepared by independent appraisers as of 30 June 2025.

Change due to fair value adjustment of the segment's investment property – the profit from fair value adjustment of the segment's investment property totaled approx. NIS 228 million in the Report Period, and mainly derived from lower cap rates in view of progress in the construction of the segment's properties, compared with a profit of approx. NIS 196 million in the same quarter last year.

The table below presents a summary of the business results of the DC segment:

Summary of the Business Results of the DC Segment							
	For the Three Months Ended			For the Six Months Ended			For the Year Ended
	Rate of Change	30.6.2025	30.6.2024	Rate of Change	30.6.2025	30.6.2024	31.12.2024
Revenues	188%	213	74	204%	423	139	417
NOI	167%	115	43	208%	231	75	230

Figures are presented in millions of NIS.

The increase in revenues and in NOI in the DC segment in the Report Period derives from the commencement of income production from new contracts in the existing properties coupled with the commencement of income production from TikTok.

The table below presents the DC segment's NOI development:

Development of the NOI of the DC Segment				
	For the Three Months Ended		For the Six Months Ended	
	30.6.2025	30.6.2024	30.6.2025	30.6.2024
NOI from segment properties owned by the Company at beginning of period	46	43	92	75
NOI from properties whose construction was completed in 2024	69	-	139	-
Total NOI from all properties	115	43	231	75

Figures are presented in millions of NIS.

2.14. Rental Housing in Israel Segment

The Group's operations in the rental housing in Israel segment focus mainly on the development, purchase, lease, management and maintenance of projects designated for long-term rental housing, as well as the operation and provision of high-standard related services (security, sports complexes, apartment fit-out, business services, and so forth). The Company deems the rental housing in Israel segment to be synergetic with its other businesses, while using the know-how accumulated by the Group's head office in its areas of business in income-producing real estate and the operating experience accumulated by the Company in senior housing. The Company intends to work on building a platform for long-term rentals while distinguishing its product and providing high-standard services.

In 2023, the Company won a tender issued by *Dira Lehaskir* – The State-Owned Housing & Rental Company Ltd. and the ILA (the "Tender"), for acquisition of leasehold rights in a site situated in Herzliya in consideration for approx. NIS 85 million plus VAT. According to the terms of the Tender, the Company will bear payment of development costs in the sum of approx. NIS 19 million. For further details with respect to the Tender won, see the immediate report released by the Company on 30 April 2023 (Ref. 2023-01-045585), which is incorporated herein by reference,

In May 2024, the Company began the process of occupancy of the apartments in the Modi'in West project and it is fully occupied as of the date of release of the reports.

2.14.1. Performance of the Rental Housing in Israel Segment and Changes in Value

As of the report date, Azrieli Group has 3 income-producing properties in this segment in Israel, with a GLA of ~34 thousand sqm.

Balance of the Group's investment property in the rental housing in Israel segment – totaled NIS 2.1 billion as of 30 June 2025, similarly to the balance on 31 December 2024.

Change due to fair value adjustment of the segment's investment property and investment property under construction – increase in profit from fair value adjustment of the segment's investment property and investment property under construction in the sum of NIS 7 million in the Report Period compared with a loss of approx. NIS 1 million in the corresponding period. The properties are presented according to valuations prepared by an independent appraiser as of 30 June 2025.

The table below presents a summary of the business results of the rental housing in Israel segment:

Summary of the Business Results of the Rental Housing in Israel Segment							
	For the Three Months Ended			For the Six Months Ended			For the Year Ended
	Rate of Change	30.6.2025	30.6.2024	Rate of Change	30.6.2025	30.6.2024	31.12.2024
Revenues	50%	9	6	55%	17	11	26
NOI	75%	7	4	75%	14	8	19

Figures are presented in millions of NIS.

The increase in revenues and in the NOI in the Report Period derives from continued resident move-ins in the residential tower in the Azrieli Town Tel Aviv project and Modi'in West.

The table below presents the rental housing in Israel segment's NOI development:

Development of the NOI of the Rental Housing in Israel Segment				
	For the Three Months Ended		For the Six Months Ended	
	30.6.2025	30.6.2024	30.6.2025	30.6.2024
NOI from segment properties owned by the Company at beginning of period	7	4	12	8
NOI from properties whose construction was completed in 2024	-	-	2	-
Total NOI from all properties	7	4	14	8

Figures are presented in millions of NIS.

2.15. Income-Producing Real Estate – Additional Operations

2.15.1. Hotels

As aforesaid, as part of the Company's business strategy, the Company periodically examines entry into operating segments tangent to its income-producing real estate operations. The Company explored expanding its operations into the hospitality industry, and after a review process conducted thereby, on 9 February 2020, the Company completed the first key step of its entering the hospitality industry through the acquisition of the Mount Zion hotel in Jerusalem (in this section: the "Hotel").

From the acquisition closing date and until 17 March 2020, the Company operated the Hotel through a wholly-owned management company. The Hotel's operation included ongoing management and operations, including the provision of accommodation, food and beverage, leisure services and other hospitality services.

On 17 March 2020, the Company closed the Mount Zion hotel in view of the encumbering directives imposed on the operation of hotels due to Covid. As of the Report Release Date, the Hotel is closed and the Company is working on planning the Hotel's renovation and exercise of the building rights for its expansion, such that it will comprise 341 rooms and an underground car park with ~210 parking spaces. The Hotel's renovation and expansion are subject to receipt of a building permit, and in November 2021 an excavation and shoring permit was received, and the work began. After its renovation and expansion, the Hotel is expected to be reopened. In April 2025, a building permit was received for the entire hotel.

In addition, in 2023, the Company acquired the Red Rock Hotel in Eilat. For further details, see Section 1.2.2.6 of Chapter B of the 2023 Periodic Report.

As part of the Company's operations in the hospitality industry, the Company plans to build hotels within Group-owned mixed-use projects that confer, *inter alia*, building rights designated for hospitality, as follows: development of a hotel in the city of Modi'in (Modi'in West), situated near the Azrieli Modi'in mall, which comprises ~85 hotel rooms and suites and has been leased to a third party and was recently opened; and development of a hotel in the expansion of Azrieli Center (the Spiral Tower) in Tel Aviv, which is expected to comprise ~250 hotel rooms and suites.

The Company's assessments and intentions regarding the construction of hotels that are characterized by mixed use are forward-looking information, as defined in the Securities Law, which is based on subjective estimates of the Company as of the Report Release Date and on information sources that are external to the Company, and there is no certainty that they will materialize, in whole or in part, and may materialize in a materially different manner, inter alia due to factors that are beyond the Company's control, including changes in market conditions, in the hospitality industry and in the construction industry.

3 | NON-REAL ESTATE BUSINESS

3.1. Additional Activities

3.1.1. Investments in Financial Corporations

Azrieli Group has holdings in the financial sector by means of an investment in Bank Leumi. Below is a summary of changes in the investments in the Report Period:

Changes in Investments in Financial Companies	
	Bank Leumi ⁽¹⁾
Investment value in the financial statements as of 31 December 2024	1,516
Sale proceeds	-
Investment	-
Change in fair value in the Report Period	674
Fair value of the investment as presented in the financial statements as of 30 June 2025	2,190
Income from dividend recorded in the Report Period	33

Figures are presented in millions of NIS.

(1) The fair value of the investment in Bank Leumi was determined according to the value of the stock on TASE as of 30 June 2025.

4 | BUSINESS DEVELOPMENT – GROWTH ENGINES

4.1. Review of the Business Development Operations

4.1.1. Development of Income-Producing Properties

Azrieli Group's primary growth engine is expertise in development and unique architectural design of income-producing real estate projects: malls, offices, senior housing and rental housing. As of the report date, the Group has ten projects at various development stages in Israel.

Summary of the Information on the Development Pipeline

Name of Property	Use	Marketable Sqm ⁽¹⁾	Estimated Completion	Book Value of Project ⁽²⁾	Cost Invested ⁽³⁾	Estimated Construction Cost including Land ⁽³⁾
Development projects under construction in the short term						
Development projects in the medium term						
Rishon LeZion Senior Home	Senior housing & retail	37,300	2025	498	444	540-560
Modi'in (Lot 10)	Offices & retail	37,000	2026	212	206	570-580
SolarEdge Campus	Offices	43,000	2027	745	650	820-840
Herzliya Glil Yam	Rental housing and retail	19,630	2027	126	129	380-400
Mount Zion hotel	Hospitality	⁽⁸⁾ 34,000	2028	464	407	985-1,015
Expansion of Azrieli Tel Aviv Center (Spiral Tower)	Retail, offices, hospitality & residence	⁽⁴⁾ 150,000	2028	2,385	1,491	3,030-3,230
Sde Dov	Senior housing & retail	42,000	2030	597	630	1,200-1,300
Total		362,930		5,027	3,957	7,525-7,925
Development projects under planning						
Name of Property	Use	Marketable Sqm ⁽¹⁾	Estimated Completion	Book Value of Project ⁽²⁾	Cost Invested ⁽³⁾	Estimated Construction Cost including Land ⁽³⁾
Azrieli Town Building E	Offices	⁽⁵⁾ 21,000	TBD	382	362	TBD
Holon 3 – Holon Industrial Zone	Retail & offices	⁽⁶⁾ 250,000	TBD	632	567	TBD
Petach Tikva land ⁽⁷⁾	Offices & retail	53,000	TBD	97	101	TBD
Total		324,000		1,111	1,030	
Total		686,930		6,138	4,987	

Cost and value figures are presented in millions of NIS. Holding rate is 100% for all properties (except Azrieli Town Building E, which excludes ~450 sqm of office space).

1. With respect to uses of the senior housing and/or rental apartments, the figure represents rights in sqm.
 2. As of 30 June 2025.
 3. Includes land and excludes capitalizations and tenant fit-outs as of 30 June 2025.
 4. In April 2018, a zoning plan was validated which increases the building rights of the fourth tower and expansion of the mall by ~80 thousand sqm, to total building rights of ~150 thousand sqm.
 5. The building rights were purchased in the context of acquisition of the income-producing property in May 2018. The Company is working on increasing the building rights to ~90,520 sqm.
 6. Includes additional land (~27,000 sqm of marketable space) that was originally purchased in the framework of an ILA tender and was part of the Holon Manor land. In the context of consolidation of parcels, the building rights in the lot increased by ~30,000 sqm (such that the building rights in the consolidated lot total ~250,000 sqm).
 7. The data presented relate to the existing zoning plan for the land. The Group is in the process of increasing the building rights in the project to 280,000 sqm.
 8. Includes both the existing area and the additional rights, since the Company intends to expand and renovate the entire Hotel.
-

During the Report Period, the Group proceeded with the work on development and construction of its foregoing properties and with its efforts to obtain the approvals required for their continued development, on schedule and without significant delays. Furthermore, the Group is conducting negotiations and entering into agreements for the lease of the areas under construction, as specified below.

Description of the properties under construction and the land reserves

Palace Rishon LeZion senior home – The land, located in the Givat HaRakafot neighborhood in east Rishon LeZion, of an area of ~3,400 sqm, was purchased in March 2016 in a tender held by the ILA for the purchase of the leasehold rights in the land. The project is under construction. On the land, the Company plans to build a senior home which is expected to comprise up to 274 apartments, an LTC unit and ~3,000 sqm of retail space. In April 2018, the recommendation of the Local Committee was received for the deposit of a zoning plan for additional rights and was referred for discussion at the District Committee. In November 2018, the decision of the District Committee on the conditional deposit of the zoning plan was received. In April 2019, the zoning plan was published for objections, and in September 2019, a hearing was held at the District Committee on the objections that were submitted. In February 2020, the plan was published for validation and was approved in the Official Gazette.

In March 2020, the Company submitted an application for an excavation and shoring permit for the project. In June 2020, the permit was received and in early 2021 the work began. In May 2021, the Company filed an application for a basement permit that was conditionally approved in September 2021, and the permit was received in March 2022. In October 2021, the Company filed an application for a building permit for the entire project, which was received in January 2023, and the work for construction of the project is ongoing.

Mount Zion hotel – On 9 February 2020, the Company closed a transaction for the acquisition of the Mount Zion hotel in Jerusalem. The Company is working on planning the hotel's renovation and exercise of the building rights for expansion of the hotel to comprise 350 rooms and an underground car park with ~210 parking spaces. The hotel's renovation and expansion are subject to receipt of a building permit, and in November 2021, an excavation and shoring permit was received, and the work began. In April 2025, a building permit was received for the entire hotel.

SolarEdge campus – On 17 January 2022, a transaction was closed for the acquisition of a company which holds leasehold rights in land located in the North Gllot site, on part of which the Company will build a campus for SolarEdge Technologies Ltd. ("**SolarEdge**"). The project will include ~43,000 sqm of above-ground areas and 950 parking spaces. The Company engaged in an agreement with SolarEdge for the lease of the campus for 15 years, with extension options up to a total period of 24 years and 11 months. From the date of handover of possession of the campus, SolarEdge will be responsible for the management and maintenance of the campus. In June 2022, an excavation and shoring permit was received, and the work began. In April 2023, receipt of a full building permit for the project was conditionally approved, and in October 2023, the building permit for the entire project was received. For further details, see the Company's immediate reports of 11 May 2021 (Ref. 2021-01-082779) and 18 January 2022 (Ref. 2022-01-007851), which are incorporated herein by reference. In the Report Period, the Company and SolarEdge agreed on postponement of the estimated date of commencement of the term of the lease of the campus, such that it shall begin at the start of 2027, as specified in Section 1.2.3.7 above.

Land in Modi'in (Lot 10) – On 6 October 2019, the Company won a tender held by the ILA for the acquisition of leasehold rights in a lot located in the CBD of Modi'in-Maccabim-Re'ut, the area of which is ~17,000 sqm, designated for the construction of a retail and office project, with rights for ~37,000 sqm above-ground, in consideration for approx. NIS 51 million. According to the terms of the tender, the Company paid, in addition to the cost of the land, approx. NIS 37 million for development costs. The Company is working on promoting a plan for the project to be built on the land, and in October 2020, it submitted to the Local Committee a zoning plan for additional usages on the lot. In April 2021, a discussion was held on the plan, and it was decided on the conditional deposit thereof. In June 2021, the plan was deposited for objections. In October 2021, the plan was discussed and conditionally approved. In January 2022, the Local Committee finally approved the plan.

In addition, the Company submitted a building plan to the Local Committee which was conditionally approved, and also submitted an application for an excavation and shoring permit which was received in March 2022, and work began. In 2024, the Company entered into an agreement for the construction of a new medical center that will be leased to Clalit Health Fund on an area of ~8,100 sqm on part of the land. The Company promoted a plan for the addition of ~8,000 sqm below ground, which was approved in February 2024. In May 2024, a conditional building permit was approved for all areas of the project, and in November 2024, the full building permit was received, and the work on construction of the project is ongoing.

Expansion of Azrieli Tel Aviv Center (Spiral Tower) – The land, comprising an area of ~8,400 sqm, was acquired in May 2013, and construction commenced in September 2016. The land, which is adjacent to the Azrieli Tel Aviv Center, will allow for construction of the fourth tower and expansion of Azrieli Tel Aviv mall. In April 2018, a zoning plan was validated with an urban-mixed designation, which allows uses of retail, offices, hotels, residence and senior housing with above-ground building rights of ~147,260 sqm (gross), and, in addition, ~3,000 sqm of main retail areas underground.

As part of the zoning plan, the Company was required to approve an architectural design and development plan for the project, as a condition for an above-ground building permit. The Company also undertook to allocate from the said rights in the project a public floor for the City of Tel Aviv-Jaffa, and undertook to pay and perform various tasks in the vicinity of the project, including in Azrieli Center. The Company intends to construct retail space that will serve to expand the existing mall and a multi-story tower, the Spiral Tower. In January 2020, a basement permit was received for the project. In January 2021 the design plan was signed by the approving functions at the City of Tel Aviv. In July 2021, the Company filed an application for an aboveground building permit for the entire project, and in December 2021, the Local Committee's decision, conditionally approving the permit, was received. In June 2023, the aboveground building permit was received, and the construction work is ongoing.

Rental housing project in Herzliya – in April 2023, the Company won a tender of *Dira Lehaskir* – The State-Owned Rental Housing Company Ltd. and the ILA, for the purchase of leasehold rights in a site located in Herzliya (near Kibbutz Glil Yam). According to the provisions of the tender, the land is designated for multi-family residential buildings, for long-term rentals for a period of no less than 20 consecutive years from the date of completion of construction. The project is expected to include 147 apartments, as well as retail areas. One half of the apartments in the project will be leased for price-controlled rent that will amount to 80% of the market-rate rent. The Company is working on promotion of building permits for the project. In April 2025, a full building permit was conditionally approved for lot 102, and the Company is working on fulfilling the conditions. In addition, in May 2025, an excavation and shoring permit was conditionally approved for lot 102, and the Company is working on fulfilling the conditions.

Sde Dov – On 19 February 2025, the Company reported that it had learned that it had won a tender of the ILA for the purchase of leasehold rights in a lot in Tel Aviv, for the construction of a senior housing project and retail areas, in consideration for approx. NIS 550 million, plus VAT. The land is designated for the construction of a senior housing project comprising ~350 apartments and retail areas. On 19 March 2025, the Company reported that final confirmation of the award has been received from the ILA. For further details, see Section 1.2.3.4 above.

Azrieli Town Building E – On 14 May 2018, the Company closed a transaction for the acquisition of rights in land located on Menachem Begin Road in Tel Aviv, on which a four-story building is built above a retail ground floor, of a total area of ~5,500 sqm and basement floors. The property is leased in its entirety. The property includes unutilized building rights according to the zoning plan that applies to the land at a total scope of ~21,000 sqm of additional rights. In July 2021, the Company purchased the land of the gas station which is located on the property (which was not included in the original transaction for its acquisition) which is located on the property and whose activity has been stopped. In December 2022, the Company

deposited, for objections, a zoning plan for building rights totaling 90,520 sqm (gross) of aboveground areas. In June 2023, after a discussion was held on the objections, the Local Committee's decision was received, conditionally approving the plan, and the Company has completed fulfillment of the conditions. An administrative appeal was filed from the Local Committee's decision, and in December 2024, the decision of the administrative appeals committee was received, whereby 1,019 sqm, constituting 13,043 sqm of gross built-up above-ground areas, will be deducted from the area of the plan for the calculation of rights, and that a leasable area allocated to the City will be converted into a public area. In April 2025, the administrative appeals committee re-heard a specific component of the administrative appeals committee's decision, and the committee's final decision has not yet been received. Earlier, in January 2025, an administrative petition was filed by the appellant in the administrative appeal against the decision of the administrative appeals committee of December 2024, which, as of the Report Release Date, is expected to be heard in court in November 2025.

Holon 3 - Holon Industrial Zone – The land is of an area of ~57,500 sqm, and the purchase thereof was closed in April 2016. Construction in the project commenced in March 2018 and excavation and shoring work in the project commenced in June 2018. In October 2018, a building permit was received for the project's underground parking levels, and in July 2019 a permit for additional underground parking levels was received. In May 2019, work began on the construction of the underground parking levels in the eastern part of the project, and a Form 4 (occupancy permit) with respect thereto was received in November 2020. In April 2021, a certificate of completion was received for the car parks. The land is located in proximity to the Azrieli Holon Center, on which the plan is to build a very large commercial and retail project, which will comprise ~250,000 sqm of leasable office space and a family-friendly entertainment and shopping complex. The project is in proximity to major traffic arteries.

Land in Petach Tikva – The land, which was purchased in November 2017, of an area of 19,000 sqm (the "Vacant Land"), is situated in the eastern part of the Kiryat Aryeh Industrial Zone in Petach Tikva, near an existing office project owned by the Group. The Vacant Land includes building rights for ~53,000 sqm as well as parking basements.

In July 2019, an application was filed for a shoring, excavation and basement permit. In January 2020, the Local Committee decided to grant conditional approval for the shoring, excavation and basement permit application.

In view of the approval of the Petach Tikva Kiryat Aryeh outline plan, the Local Committee and the Company jointly decided to promote a zoning plan subject to local jurisdiction only, for approval of the building rights to include 280 thousand sqm, which will mainly be used for offices and are planned to be built both on the Vacant Land and on the land on which the office project is located, in lieu of two other plans previously promoted by the Company. In April 2022, the zoning plan was discussed at the Local Committee and conditionally approved. The Company has fulfilled the required conditions and is awaiting the Committee's final approval.

The Company's assessments in this Section 4.1.1 above, with regards, inter alia, to the expected costs of and investments in properties under construction, the method of financing the projects, construction completion dates, receipt of various regulatory approvals required for the promotion of projects under construction or the results of administrative and legal proceedings, are forward-looking information, as defined in the Securities Law, which is based on the Company's subjective estimates as of the report date, and there is no certainty that they will materialize, in whole or in part, and may materialize in a materially different manner, inter alia for reasons which are beyond the Company's control, including changes in market conditions, changes in the Company's plans, the time required for approval of construction plans for execution, and changes in construction input prices.

The Company's management is acting to continue leading the income-producing real estate market, *inter alia* through the purchase of land reserves, the expansion of existing properties and the purchase of additional similar properties as aforesaid, in order to further increase the Company's future operating cash flow, insofar as the Company's Board shall deem fit, as well as to explore development of related and/or synergetic segments.

DEVELOPMENT PIPELINE*

* For further details, including in connection with the scope of the building rights in the development pipeline, see the footnotes in the development pipeline table above.

EXPANSION OF AZRIELI TEL AVIV CENTER (SPIRAL TOWER)



Use	Retail, offices, hotel and residence	Estimated completion	2028
GLA	150,000 sqm	Status	Under Construction

AZRIELI HOLON 3



Use	Retail and offices
GLA	250,000 sqm
Estimated completion	TBD
Status	In planning

MOUNT ZION HOTEL JERUSALEM



Building rights	34,000 sqm
No. of Rooms	350
Estimated completion	2028
Status	Under Construction

PALACE RISHON LEZION SENIOR HOME



Building rights	37,300 sqm
No. of residential units	275
Estimated completion	2025
Status	Under construction

DEVELOPMENT PIPELINE*

* For further details, including in connection with the scope of the building rights in the development pipeline, see the footnotes in the development pipeline table above.

SOLAREGE CAMPUS RAMAT HASHARON



Use
GLA

| Offices
| 43,000 sqm

Estimated completion
Status

| 2027
| Under Construction

MODI'IN (LOT 10)



Use
GLA
Estimated completion
Status

| Retail and offices
| 37,000 sqm
| 2026
| Under Construction

PETACH TIKVA LAND



Use
GLA
Estimated completion
Status

| Offices and retail
| 53,000 sqm
| TBD
| In planning

AZRIELI TOWN BUILDING E



Use
GLA
Estimated completion
Status

| Offices
| 21,000 sqm
| TBD
| In planning

4.1.2. Betterment of Income-Producing Properties

Another growth engine of the Company is the betterment of its existing properties. The Company also examines, from time to time, options to promote zoning plans for additional building rights in its properties. For details with respect to the Company's activity for the betterment of its existing properties, see Section 4.1.2 of the board of directors' report for the 2024 Periodic Report, which is incorporated herein by reference, and Section 3 of Chapter B of this report – updates to the Description of the Corporation's Business chapter as of 30 June 2025.

4.1.3. Identification and Acquisition of Properties in the Company's Operating Segments

For details with respect to the Company's activities for the identification of properties in the Company's operating segments, see Section 4.1.3 of the board of directors' report for the 2024 Periodic Report, which is incorporated herein by reference.

5 | FUNDING OF THE BUSINESS

5.1. Leverage Ratio of the Group

The following table presents a summary of balance sheet figures out of the consolidated financial statements:

Summary of Balance Sheet Figures out of the Consolidated Statements			
	30 June 2025	30 June 2024	31 December 2024
Current assets	3,574	2,010	5,211
Non-current assets	56,128	50,830	52,722
Current liabilities	4,979	4,145	5,002
Non-current liabilities	30,293	25,409	29,094
Equity attributable to the Company's shareholders	24,405	23,259	23,807
Equity attributable to the Company's shareholders out of total assets (in %)	41%	44%	41%
Net debt to assets (in %)	37%	(*)37%	34%

Figures are presented in millions of NIS.

* Restated.

The Group funds its business operations primarily out of its equity, cash and cash equivalents and by means of non-bank credit (mainly bonds and loans from institutional bodies), bank credit (short-term and long-term) and commercial paper.

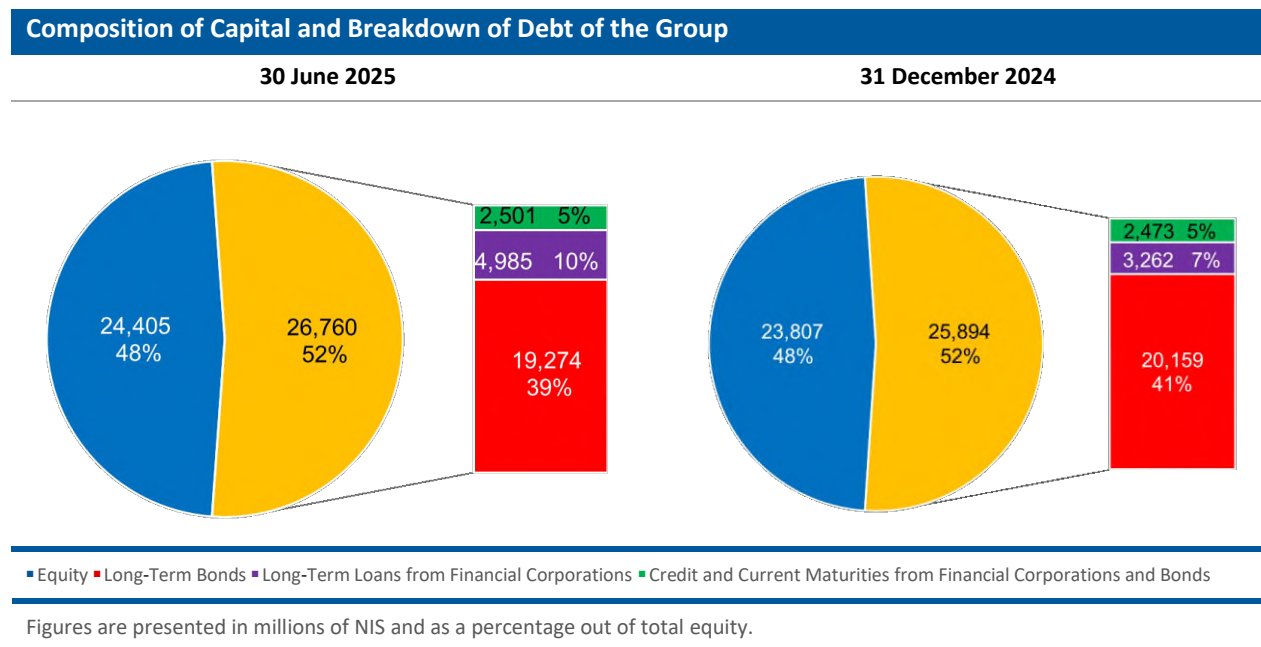
The Group's financial soundness, which is characterized by a low leverage ratio and considerable unencumbered assets, affords the Group available sources for the obtainment of financing on convenient terms.²⁸ The Group's leverage ratio is low, compared to many of its major competitors. The Group's low leverage ratio converges with the Company's wide-scale real estate development and allows for flexibility also during times of crisis.

²⁸ For further details, see Section 20 of Chapter A of the 2024 Periodic Report, which is incorporated herein by reference.

5.2. Composition of Financing Sources

The Group has three principal debt channels: bank debt, private loans from institutional bodies or public bonds. The Group currently enjoys very high accessibility to each of these financing channels.

The following chart presents a breakdown of the rate of borrowed capital in the Company's total capital, as well as a breakdown thereof by type:



The increase of approx. NIS 866 million in the total debt in the Report Period mainly derives from receipt of a loan of €371 million (approx. NIS 1.44 billion), which was taken against a pledge of the TikTok property, and from receipt of a loan for the DC property in East London in the sum of NIS 267 million, and the effect of the rise in the CPI on the linked debt, net of repayment of principal of bonds and loans in the sum of approx. NIS 1,142 million.

As of the report date, the Group has a consolidated and standalone working capital deficit of NIS 1,405 million and NIS 371 million, respectively.

The Group estimates that, should it decide to raise debt at any given time, it will be able to do so in view of its financial strength and/or the scope of its unencumbered assets. Therefore, the Company's Board, at its meeting of 17 August 2025, after reviewing the Group's cash flow and financing sources, determined that the said working capital deficit is not indicative of a liquidity problem at the Company or of its ability to timely pay its liabilities.

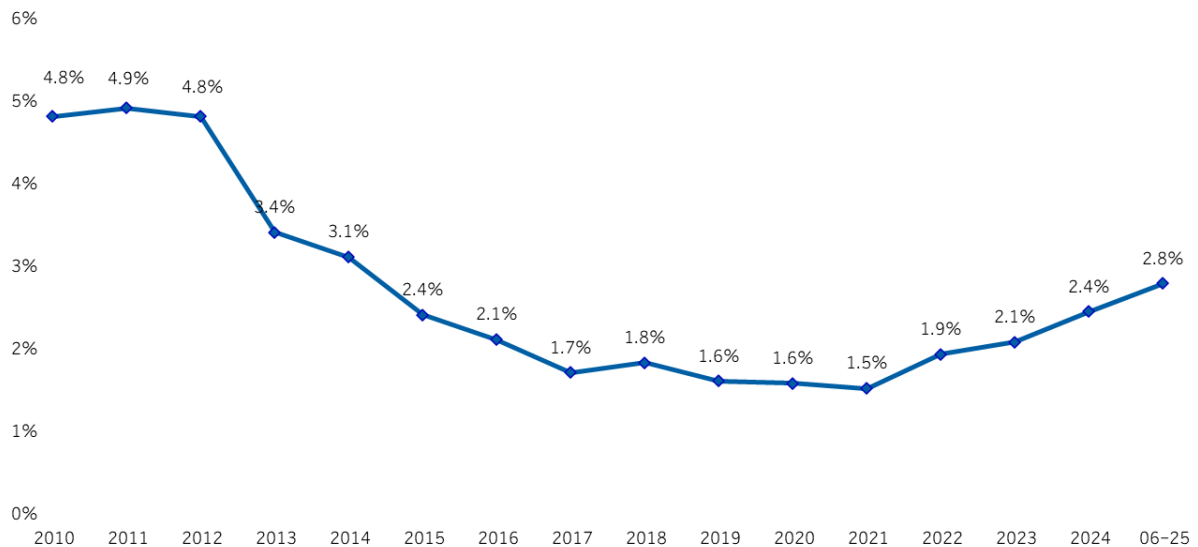
The Group's assessments in this Section 5.2 in connection with its liquidity and the availability of its financing sources are forward-looking information, as defined in the Securities Law, which is based on the Company's assessments with respect to developments in the markets, inflation levels and projected cash flows and on the conditions and options for obtaining credit on the report date. Such assessments may not materialize, in whole or in part, or may materialize in a manner that materially differs from the Company's assessments. The principal factors that may affect this are: changes in the capital market, which affect the conditions and options for obtaining credit, changes in the Company's plans, including the use of readily-available balances that shall exist for the purpose of seizing business opportunities, changes in the advantageousness of holding various investment channels or the advantageousness of using various financing avenues, deterioration of the economic situation in Israel or in the U.S. and decline into severe recession, and the Company or any of the companies of the Group encountering financing or other difficulties, in a manner that affects the Company's cash flow.

5.3. Financing Transactions

In recent years, the Company has been working to reduce the average interest rate on the debt and to extend the debt duration. After the Report Period, the Company raised debt through expansion of Series I and the offering of Series J bonds. For further details, see Notes 6A and B to the financial statements and Annex A hereto.

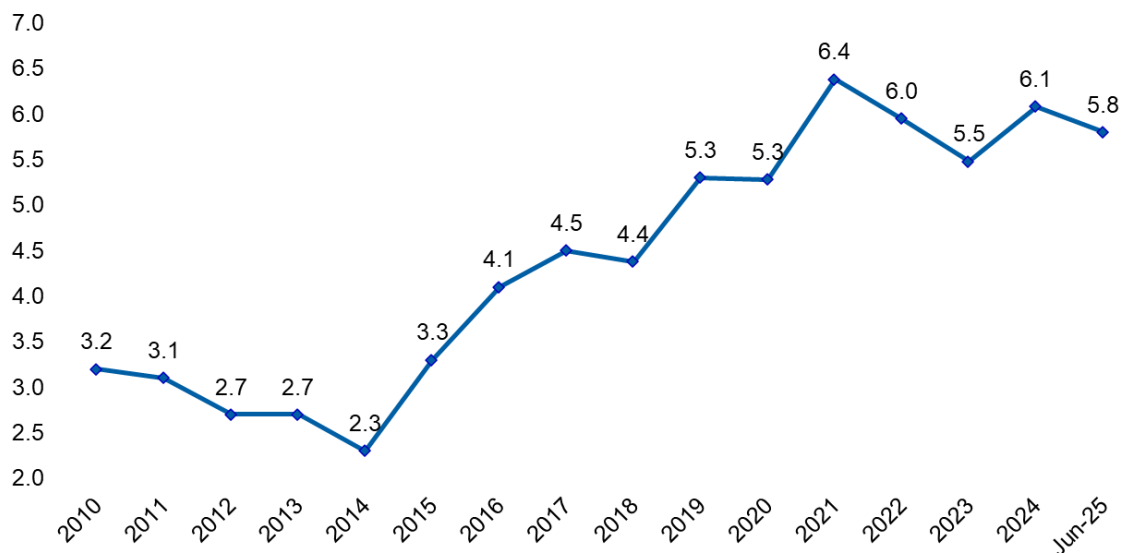
1. Interest Rate at End of Period

Reduction of Average Interest Rate Over the Years



2. Average Duration at End of Period

Extension of Average Duration of Debt



5.4. Rating

The Company has a high credit rating that reflects its financial strength, the quality of its assets and its low leverage ratio. As of the report date, the Company's credit rating is **ilAA+/Stable/ilA-1+** by Ma'alot and **Aa1.il** with a stable outlook by Midroog. For details with respect to the rating of the Company's bonds, commercial papers and private loans, see Section 20.12 of Chapter A of the 2024 Periodic Report and Section 5 of Chapter B of this report, which is incorporated herein by reference.

5.5. Liabilities and Financing

Below is a summary of the Group's financial liabilities:

Breakdown of Financial Liabilities								
	Fixed Interest			Variable Interest		Total		Total
	Index-linked	USD-linked	Non-linked	Foreign Currency-linked	Non-linked	Fixed Interest	Variable Interest	
Short-term loans	-	-	-	-	726	-	726	726
Long-term loans	21,963	877	-	*3,194	-	22,840	3,194	26,034
Total	21,963	877	-	3,194	726	22,840	3,920	26,760

Figures are presented in millions of NIS, as of 30 June 2025.

* Most of the amount is protected by interest rate hedging.

As of 30 June 2025, short-term loans represented ~3% of the total financial liabilities of the Group. The Company's management estimates that this rate is low and conservative in view of the low leverage ratio and the total unencumbered assets as specified below.

The Company's policy regarding the financing of its business, over and above the positive cash flow from operating activities and current assets, is implemented primarily by taking long-term index-linked fixed-interest loans, in order to minimize market risks resulting from changes in the market interest rates and to counteract the market risk resulting from changes in the CPI, while taking advantage of the fact that the Company's revenues are, for the most part, index-linked.

5.6. Designated Disclosure to Bondholders (Series D, E, F, G, H and I)

For details with respect to designated disclosure to the holders of the Company's Series D, E, F, G, H and I Bonds, see **Annex A** to this chapter.

5.7. Maturities of the Group's Financial Liabilities

The following table presents the maturity dates and amounts of the financial liabilities:

Forecast of Maturities of Financial Liabilities			
Year	Principal	Interest	Total
1	2,501	724	3,225
2	3,377	650	4,027
3	2,233	533	2,766
4	1,186	473	1,659
5 forth	17,463	2,510	19,973
Total	26,760	4,890	31,650

Figures are presented in millions of NIS, as of 30 June 2025.

The principal sources for funding the Group's financial liabilities are:

- Positive cash flow from operating activities, which totaled approx. NIS 850 million in the six months ended 30 June 2025.
- Liquid assets and unencumbered assets.
- The Group has mortgaged income-producing properties, the fair value of which significantly exceeds the loan undertaken therefor.
- Refinancing of debts in the capital market and/or institutional bodies and/or banking institutions.

5.8. Unencumbered Assets Available to Serve as Collateral against the Receipt of Credit

As of 30 June 2025, the aggregate amount of liquid assets (cash and cash equivalents) held by the Group totaled NIS 2.6 billion. The Company deems its liquid assets, the considerable cash flow from its operating activities and its unencumbered assets (in the total value of approx. NIS 37.7 billion, in addition to the aforesaid liquid assets of approx. NIS 2.6 billion), to be important to its financial soundness, its high financial flexibility due to its lack of dependence on the availability of external sources both in terms of debt repayment and in terms of the ability to seize investment opportunities at various times.²⁹ As pertains to additional possible liquid sources, the Group estimates that it has the ability to obtain financing on convenient terms in the economic conditions prevailing as of the Report Release Date.

Unencumbered Assets Available to Serve as Collateral against the Receipt of Credit	
Assets	Value of Assets as of 30 June 2025
Properties in the retail centers and malls in Israel segment	14,174
Properties in the leasable office and other space in Israel segment	17,386
Properties in the rental housing in Israel segment	2,099
Other properties (mainly hotels and senior housing)	1,888
The Company's holdings in Bank Leumi	2,190
Total	37,737

The figures are as presented in the financial statements and are in millions of NIS.
In addition, the Group holds mortgaged income-producing properties, the fair value of which exceeds the amount of the loan undertaken therefor.

The Group's assessments mentioned in this Section 5.8 above in connection with the Company's ability to obtain financing on convenient terms in the currently prevailing economic conditions, are forward-looking information as defined in the Securities Law, which is based on the Company's estimations as to the economic conditions and the liquidity level as of the Report Release Date. Such estimations may not materialize, in whole or in part, or may materialize in a manner that materially differs from the Company's estimations. The primary factors that may affect the above are: changes in the capital market affecting the conditions and possibilities of obtaining financing, changes in the Company's plans, including use of future available liquid balances in order to seize business opportunities, changes in the advantageousness of the holding of various investment channels or the advantageousness of using various financing channels, deterioration of the Israeli or U.S. economy and decline into severe recession, in a manner which affects the Company's ability to obtain financing on convenient terms.

²⁹ For details with respect to additional matters related to the Group's financing activities, see Section 20 of Chapter A of the 2024 Periodic Report, which is incorporated herein by reference.

5.9. Financial Position

Financial Position, Liquidity and Financing Sources		
Item	30 June 2025	31 December 2024
Total assets ⁽¹⁾	59,702	57,933
Current assets	3,574	5,211
Investment property ⁽²⁾	50,489	48,043
Short-term credit ⁽³⁾	2,501	2,473
Loans from banking corporations and other credit providers ⁽⁴⁾	4,985	3,262
Net bonds ⁽⁵⁾	19,274	20,159
Total equity ⁽⁶⁾	24,430	23,837

Figures are presented in millions of NIS.

- (1) The increase mainly derives from an increase in the investment property item in the sum of NIS 2.5 billion and an increase in financial assets in the sum of NIS 0.7 billion. Net of a decrease in cash of NIS 2 billion.
- (2) The increase mainly derives from the progress of the investments in projects under construction and in the income-producing properties in the Report Period, from a change in the exchange rate and from a change in the fair value of the properties.
- (3) The increase derives from an increase in the current maturities of Series E bonds net of repayment of the last coupon of the Series B bonds and net of classification of the RW loan as long term in view of the signing of a refinancing agreement.
- (4) The increase mainly derives from receipt of the TikTok loan and receipt of a loan for the DC property in East London.
- (5) The decrease derives from current repayments in the period, net of linkage.
- (6) The increase mainly derives due to the comprehensive income, net of a dividend distribution.

6 | BUSINESS RESULTS AT A GLANCE

6.1. Summary of Business Results

The following table presents the consolidated net income of Azrieli Group:

Consolidated Net Income Analysis					
	For the Three Months Ended		For the Six Months Ended		For the Year Ended
	30.6.2025	30.6.2024	30.6.2025	30.6.2024	31.12.2024
Net income for the period attributable to the shareholders	320	156	777	620	1,477
Net income attributable to the shareholders and to non-controlling interests	320	156	777	620	1,482
Basic earnings per share (NIS)	2.64	1.29	6.41	5.11	12.22
Comprehensive income to shareholders and to non-controlling interests	258	413	1,384	715	1,261

Figures are presented in millions of NIS.

The net income in the Report Period totaled NIS 777 million, compared with NIS 620 million in the same period last year. The increase in the income in the Report Period was mainly affected by a NIS 208 million increase in the NOI, a NIS 127 million increase in profit from fair value adjustment, net of a NIS 68 million increase in general, administrative and marketing expenses, a NIS 63 million increase in net financing expenses and a NIS 50 million increase in tax expenses.

6.2. Comprehensive Income

The Group's capital and comprehensive income are also affected by various capital reserves, chiefly by capital reserves in respect of changes in the fair value of investments in equity instruments designated at fair value through other comprehensive income and by reserves for translation differences from foreign operations. The difference between the comprehensive income and the net income as presented in Section 6.1 above, for the six-month period ended 30 June 2025 mainly derives from an increase in fair value of financial assets net of tax in the sum of NIS 521 million and from profit from translation differences from foreign operations in the sum of NIS 89 million.

6.3. Results of Operations

The following table presents the marketing, general and administrative expenses, other income, financing expenses and income taxes in the Report Period, compared with the same period last year:

Results of Operations				
	For the Three Months Ended		For the Six Months Ended	
	30.6.2025	30.6.2024	30.6.2025	30.6.2024
General, administrative and marketing expenses ⁽¹⁾	130	78	218	150
Other income (expenses), net ⁽²⁾	29	(6)	(8)	(13)
Net financing expenses ⁽³⁾	371	346	530	467
Income tax expenses ⁽⁴⁾	48	32	204	154

Figures are presented in millions of NIS.

- (1) The increase in expenses in the current Quarter and in the Report Period compared with the same periods last year mainly derives from an increase in G&A expenses at GMG, primarily a special bonus in the sum of NIS 28 million for the restructuring and establishment of GMG, and from an increase in marketing expenses.
- (2) The increase in other income in the current Quarter compared with the expenses in the same quarter last year mainly derives from additional consideration from the sale of Compass following a favorable arbitration award, net of an increase in other expenses at GMG. The decrease in other expenses in the Report Period compared with the same period last year derives from additional consideration from the sale of Compass as aforesaid, net of costs resulting from non-consummation of a transaction.
- (3) The increase in net financing expenses in the current Quarter and in the Report Period compared with the same periods last year mainly derives from an increase in interest expenses and a decrease in financing discounting, net of a decrease in linkage expenses, an increase in financing income from deposits and from financing income due to refinancing of RW1.
- (4) The increase in tax expenses in the Quarter and in the Report Period mainly derives from an increase in income before tax in the period.

6.4. Cash Flows

The following table shows the cash flows generated by the Group in Q2/2025 compared with the same quarter in 2024:

Quarterly Cash Flows		
Quarter	Q2/2025	Q2/2024
Net cash flows generated by the Group from operating activities ⁽¹⁾	433	417
Net cash flows used by the Group for investment activities ⁽²⁾	(1,461)	(954)
Net cash flows used by the Group for financing activities ⁽³⁾	(1,518)	(1,865)

Figures are presented in millions of NIS.

- (1) The cash flow in the Quarter and in the same quarter last year mainly derived from the operating income of the income-producing real estate in the sum of approx. NIS 648 million (in the corresponding period approx. NIS 553 million), plus net senior housing deposits, and net of income taxes paid. The increase year-over-year derives from an increase in the operating income net of a change in receivables and payables.
- (2) The cash flow in Q2/2025 was mainly used for the acquisition of and investment in investment property and investment property under construction in the sum of approx. NIS 1,251 million, which includes the acquisition of the land in Sde Dov in the sum of NIS 630 million, plus a loan given in the sum of approx. NIS 83 million and plus institutions paid for the purchase of assets in the sum of NIS 100 million. The cash flow in the same period last year was mainly used for the acquisition of and investment in investment property and investment property under construction in the sum of approx. NIS 836 million, plus investments in fixed assets in the sum of NIS 100 million and plus a long-term loan given in the sum of NIS 104 million.
- (3) The decrease year-over-year mainly derives from a decrease in the sum of the dividend distributed concurrently with receipt of a long-term loan from financial corporations.

H1 Cash Flows

H1	H1/2025	H1/2024
Net cash flows generated by the Group from operating activities ⁽¹⁾	850	929
Net cash flows used by the Group for investment activities ⁽²⁾	(2,145)	(1,753)
Net cash flows used by the Group for financing activities ⁽³⁾	(673)	(2,675)

Figures are presented in millions of NIS.

- (1) The cash flow in the period and in the same period last year mainly derives from the operating income of the income-producing real estate in the sum of approx. NIS 1,294 million (in the corresponding period – approx. NIS 1,086 million), plus net senior housing deposits and net of tax payments in the period and changes in receivables and payables. The increase in the Report Period compared with the same period last year derives from an increase in the operating income net of a change in receivables and payables.
- (2) The cash flow in the Report Period was mainly used for the acquisition of and investment in investment property and investment property under construction in the sum of approx. NIS 1,824 million, which includes acquisition of the land in Sde Dov in the sum of NIS 630 million, plus investments in fixed assets in the sum of approx. NIS 93 million, plus a loan given in the sum of approx. NIS 148 million, and plus institutions paid for the purchase of assets in the sum of NIS 100 million. The cash flow in the same period last year was mainly used for the acquisition of and investment in investment property and investment property under construction in the sum of NIS 1,649 million, plus investments in fixed assets in the sum of NIS 109 million and plus a long-term loan given in the sum of NIS 104 million.
- (3) The decrease in outgoing cash year-over-year mainly derives from an increase in the receipt of long-term loans from financial corporations as well as a decrease in the repayment of long-term and short-term loans from financial corporations and a decrease in the sum of the dividend distributed.

During and after the Report Period, no material changes occurred in the Company's corporate governance aspects, as specified in Chapters D-E of the 2024 Periodic Report, which is incorporated herein by reference.

7.1. Changes in the office of officers of the Company

See Section 1.2.3.2 above.

7.2. Granting of options to officers and employees of the Company

On 19 March 2025, the Company's Board, following the Compensation Committee's approval of 17 March 2025, approved the granting of 375,213 (non-listed) options to officers and employees of the Company at an exercise price of NIS 285.16 per share, reflecting the average share price on TASE in the 30 trading days preceding the date of the Board's decision. The options may be exercised according to a "cashless exercise" mechanism only. For further details, see a non-material private placement report of 20 March 2025 (Ref. 2025-01-018641), which is incorporated herein by reference.

7.3. Approval of a management agreement of the Company's CEO and the granting of options

On 27 April 2025, the general meeting of the Company's shareholders approved its engagement in a management agreement with the Company's CEO, and the granting of options to the Company's CEO. For further details, see immediate reports in connection with the general meeting of 20 March 2025 (Ref. 2025-01-018605) and an immediate report on the results of the meeting of 27 April 2025 (Ref. 2025-01-029651), which are incorporated herein by reference.

7.4. Approval of remuneration for directors who are controlling shareholders of the Company

On 5 June 2025, the Company's Board (after receiving the Compensation Committee's approval) approved the terms of remuneration for Ms. Naomi Azrieli and Ms. Sharon Azrieli, who are controlling shareholders of the Company and hold office as directors thereof. For further details, see the Company's immediate report of 8 June 2025 (Ref. 2025-01-040709), which is incorporated herein by reference.

7.5. Approval of extension of the terms and conditions of the management agreement with the Active Chairwoman of the Company's Board

On 7 August 2025, the general meeting of the Company's shareholders approved, *inter alia*, an update to and extension of the terms and conditions of the management agreement with the Active Chairwoman of the Company's Board, Ms. Danna Azrieli. For further details, see an immediate report in connection with the summoning of the general meeting of 2 July 2025 (Ref. 2025-01-047742), and an immediate report on the results of the meeting, as amended on 11 August 2025 (Ref. 2025-01-059334), which are incorporated herein by reference.

7.6. D&O insurance policy

In the Report Period, the Company's Compensation Committee approved an engagement for the purchase of a D&O insurance policy covering the liability of directors and officers of the Company and the Company's subsidiaries, from 1 July 2025 until 30 June 2026, with limits of liability of U.S. \$100 million per occurrence and in the aggregate, determining that the engagement is at market prices and is not material to the Company.

8 | PROVISIONS ON DISCLOSURE IN RELATION TO THE COMPANY'S FINANCIAL REPORTING

8.1. Description of the Company's Operations during the Report Period and Update of the Description of the Corporation's Business for the Report Period, in accordance with Section 39A of the Regulations

For events and developments during the Report Period, see Chapter B hereof – Updates to the Description of the Corporation's Business chapter as of 30 June 2025 and Note 3 to the financial statements as of 30 June 2025.

8.2. Report on the Group's Liabilities

A report on the Group's liabilities, in accordance with Sections 39E and 9D of the Regulations is attached in a separate report form concurrently with the release of this report.

8.3. Disclosure of Highly Material Valuations

As of the report date, there has been no change in the parameters for disclosure and attachment of valuations, as published in the 2024 Periodic Report. The Company has updated some of the valuations of its assets as of 30 June 2025.

As specified in Section 9.3 of the board of directors' report, included in the 2024 Periodic Report, which is incorporated herein by reference, and after an examination of the relevant parameters according to ISA Staff Legal Position 105-23 on the parameters for examination of the materiality of valuations, it transpires that the Company has no highly material valuation that is required to be attached to the report.

8.4. Subsequent events

See Note 6 to the financial statements as of 30 June 2025.

8.5. Financials attributable to the Company as a Parent Company

In accordance with Sections 9C and 38D of the Regulations, financials out of the consolidated financial statements attributable to the Company as a parent company are attached with the auditor's opinion, in Chapter C.

8.6. Note on Forward-Looking Information

The Company's intentions mentioned in the introduction to the board of directors' report and the highlights to the board of directors' report, inter alia, in relation to the use of business opportunities and expansion of the operations, liquidity, financing sources and net financing expenses, the pace of progress of projects under construction, the projected costs of their construction, the effects of the economic situation on the Company's operating segments and with respect to possible debt raising, are forward-looking information as defined in the Securities Law, which is based on the Company's plans as of the report date, the Company's estimations with respect to developments in the markets, inflation levels and projected cash flows and on the conditions and possibilities of obtaining credit on the date of the Report.

Such estimations may not materialize, in whole or in part, or materialize in a manner that materially differs from the Company's estimations. The principal factors that may affect the above are: changes in the capital market that will affect the conditions and possibilities of obtaining credit, changes in the Company's plans, including use of future available liquid balances for the purpose of seizing business opportunities, changes in the advantageousness of holding various investment channels or the advantageousness of use of various financing channels, delays in the obtainment of permits or approvals required for the progress of projects under construction, changes in the regulation related to the Company's business, including planning and building regulation, an increase in the prices of construction materials, changes in the CPI, deterioration of the Israeli or U.S. economy and decline into severe recession, and the Company or any of the Group's companies encountering financing or other difficulties, in a manner affecting the Company's cash flow.

The Company's board of directors and management wish to express their high regard for the Company's officers, the managements of the various companies of the Group and their employees, for their welcome contribution to the Group's achievements in the Quarter ended 30 June 2025.

Danna Azrieli, Chairwoman of the Board

Ron Avidan, CEO

Date: 17 August 2025

Annex A

Designated Disclosure to the Bondholders

Annex A - Designated Disclosure to the Bondholders

Set forth below are details regarding the bonds of the Company that are held by the public

[illegible]

		Par value on the date of issue	Par value on the report date	Par value on the report date, including linkage	Amount of Interest accrued by the report date	Fair value of the series in the financial statements as of the report date	Market cap as of the report date		Annual interest rate	Principal payment dates	Interest payment dates	Linkage terms	Details regarding the Trustee
Series	Date of issue							Type of interest					
	24 July 2024	226.6								through 2036	July of each of the years 2022 through 2036	the CPI for June 2021	
Series H	20 July 2021	1,751.5	4,363.0	5,030.8	41.9	4,675.5	4,452.4	Fixed	1.69	2 January of each of the years 2032 through 2041	From 2 January 2022, twice a year on 2 January of each of the years 2022 to 2041 and 2 July of each of the years 2022 to 2040	Linkage (principal and interest) to the rise in the CPI for June 2021	
	13 July 2022	926.4											
	25 December 2023	1,685											
Series I	24 July 2024	990.5	3,282.4	3,380.6	61.2	3,444.3	3,595.5	Fixed	3.67	2 January of each of the years 2034 through 2046	From 2 January 2025, twice a year on 2 January of each of the years 2025 to 2046 and 2 July of each of the years 2025 to 2045	Linkage (principal and interest) to the rise in the CPI for June 2024	
	18 December 2024	2,291											
Total		22,155	18,554.0	21,168.3	136.1	20,899.4	20,220.1						

* The Series D, Series E, Series F, Series G, Series H and Series I bonds (jointly, the “**Company’s Bond Series**”) are protected, such that if the known index on the relevant payment due date is lower than the base index (stated in the table), the payment index will be the base index.

Further details regarding the bonds of the Company held by the public:

1. The Company's Bond Series are material to the Company and are not secured by any collateral.
2. After the report date, the Company issued another NIS 1,816 million par value of Series I bonds by way of a series expansion, which were offered to the public by way of a tender for the unit price. In addition, after the report date, the Company issued NIS 500 million par value of Series J bonds, which were offered to the public by way of a tender for the interest rate to be borne by the Series J bonds. For further details regarding the said bonds and the terms and conditions thereof, see shelf offering reports of 3 July 2025 and 17 July 2025 (Ref. 2025-01-048474 and 2025-01-053287, respectively), and issue results reports of 6 July 2025 and 20 July 2025 (Ref. 2025-01-049221 and 2025-01-053819, respectively), which are incorporated herein by reference.
3. The Company will be entitled, at its sole discretion, to perform (partial or full) early redemption of the Company's Bond Series. For details, see Section 9.2 of the terms and conditions overleaf in the indentures of each of the Company's Bond Series, and as follows:
 - 3.1. With respect to the Series D Bond indenture which was attached to the shelf offering report that was published by the Company, see the Company's report dated 12 July 2022 (Ref.: 2022-01-073659).
 - 3.2. With respect to the Series E Bond indenture and the Series F Bond indenture, both of which were attached to the shelf offering report that was published by the Company, see the Company's report dated 20 April 2020 (Ref.: 2020-01-035128).
 - 3.3. With respect to the Series G Bond indenture which was attached to the shelf offering report that was published by the Company, see the Company's report dated 24 July 2024 (Ref.: 2024-01-078292).
 - 3.4. With respect to the Series H Bond indenture which was attached to the shelf offering report that was published by the Company, see the Company's report dated 24 December 2023 (Ref.: 2023-01-115813).
 - 3.5. With respect to the Series I Bond indenture which was attached to the shelf offering report that was published by the Company, see the Company's report dated 17 December 2024 (Ref.: 2024-01-625079).
4. The reports mentioned in Sections 2.1, 2.2, 2.4, 2.5 and 2.6 above (the "**Indentures**") are included herein by way of reference.
5. At the end of and during the report period, the Company has fulfilled all of the terms and conditions and undertakings according to the Indentures, and no conditions establishing grounds for acceleration of the Company's Bond Series have been fulfilled.
6. For details regarding an undertaking that the Company assumed in the framework of the Company's Bond Series, see Sections 5.2-5.6 of the Indentures.

Rating of the Company's publicly-held bonds:

Series	Name of rating agency	Rating set on the date of issue	Rating set as of the report release date	Date of issuance of the current rating	Additional ratings set between the date of issue and the report date	
					Rating	Date of rating
Series B	Maalot	AA+ stable	AA+ stable	2 February 2025 (*)	AA+ stable	21 June 2015 28 March 2017 2 February 2020 7 February 2021 6 February 2022 5 February 2023 27 June 2023 28 June 2023 4 February 2024 2 February 2025
Series D	Midroog	Aa1/stable outlook	Aa1il/stable outlook	30 December 2024 (**)	Aa1il/stable outlook	20 July 2016 27 March 2017 28 March 2017 31 December 2017 28 January 2018 31 January 2018 31 December 2019 19 April 2020 27 December 2020 30 December 2021 12 July 2022 29 December 2022 31 December 2023 30 December 2024
Series E	Midroog	Aa1/stable outlook	Aa1il/stable outlook	30 December 2024 (**)	Aa1il/stable outlook	20 January 2019 17 December 2019 31 December 2019 19 April 2020

						27 December 2020 30 December 2021 12 July 2022 29 December 2022 31 December 2023 30 December 2024
Series F	Midroog	Aa1/stable outlook	Aa1il/stable outlook	30 December 2024 (**)	Aa1il/stable outlook	20 January 2019 17 December 2019 31 December 2019 19 April 2020 27 December 2020 30 December 2021 12 July 2022 29 December 2022 31 December 2023 30 December 2024
Series G	Maalot	ilAA+ stable	ilAA+ stable	2 February 2025 (*)	AA+ stable	1 July 2021 21 December 2023 24 December 2023 4 February 2024 22 July 2024 23 July 2024 2 February 2025
Series H	Maalot	ilAA+ stable	ilAA+ stable	2 February 2025 (*)	AA+ stable	1 July 2021 12 July 2022 21 December 2023 24 December 2023 4 February 2024 2 February 2025
Series I	Midroog	Aa1il/stable outlook	Aa1il/stable outlook	30 December 2024 (**)	Aa1il/stable outlook	8 July 2024 23 July 2024 30 December 2024

* For Maalot's rating report on the Series G-I bonds, see the Company's immediate report of 2 February 2025 (Ref.: 2025-01-008073), which is included herein by reference.

** For Midroog's rating report on the Series D, E and F bonds, see the Company's immediate report of 30 December 2024 (Ref.: 2024-01-628535), which is included herein by reference.



PART B

Update of the Description of the Corporation's Business

AZRIELI GROUP LTD.

Update of the Description of the Corporation's Business Chapter in the Company's Periodic Report as of 31 December 2024 (the "Periodic Report")¹

In accordance with Section 39A of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, specified below are material developments that occurred in the Company's business in the six and three months ended 30 June 2025 and until the Report Release Date, with respect to which no disclosure has yet been made in the Periodic Report, according to the order of the sections in the Description of the Corporation's Business chapter in the Periodic Report. The terms in this chapter shall bear the meaning afforded thereto in the Periodic Report, unless explicitly stated otherwise.

In this chapter: the "Report Release Date" – 18 August 2025; the "Date of the Statement of Financial Position" and the "Report Date" – 30 June 2025; the "Board of Directors' Report" – the Board of Directors' Report on the State of the Company's Affairs for the six and three months ended 30 June 2025.

1. Developments that occurred in the Group's structure and business until the Report Release Date

Update to Section 1.3 of the Description of the Corporation's Business chapter:

For details regarding: (1) the development pipeline; (2) changes in the office of senior officers of the Company; (3) an update to the agreement for the provision of DC services to TikTok and engagement in an agreement for the financing of the project; (4) winning a tender for the construction of a senior housing project in Sde Dov; (5) negotiations with an international technology company for the provision of DC services by GM; (6) engagement in a merger agreement for the acquisition of shares of Z.M.H. Hammerman Ltd.; (7) campus for SolarEdge Technologies Ltd.; (8) motion for class certification; (9) shelf prospectus; (10) engagement in a term sheet for the purchase of rights in a solar-plus-storage facility and for the purchase of green electricity on a long-term basis; (11) financing transactions; and (12) engagement in a financing agreement for the development and expansion of a data center in England, see Section 1.2.3 of Chapter A hereof.

2. Dividends

Update to Section 4 of the Description of the Corporation's Business chapter:

On 6 May 2025, the Company paid a dividend to its shareholders in the sum total of approx. NIS 800 million. For details, see Section 1.2.4 of Chapter A hereof.

¹ As reported by the Company on 20 March 2025 (Ref.: 2025-01-018529), which is incorporated herein by reference.

3. Development Pipeline

Update to Section 7.7 of the Description of the Corporation's Business chapter:

During the report period, the Group continued to invest in the development and construction of new properties, as well as in the expansion and renovation of existing properties. For further details, see Section 4 of Chapter A hereof. Below are updates in connection with the development pipeline and betterment of existing properties:

SolarEdge campus – In the report period, the Company and SolarEdge agreed on postponement of the estimated date for commencement of the term of the lease of the campus, such that it shall begin at the start of 2027, as specified in Section 4.1.1 of the Board of Directors' Report.

Azrieli Eilat – In April 2025, the Committee's conditional approval was received for a building permit for the exercise of rights for an additional 500 sqm of main areas and service areas, and the Company is working on fulfilling the conditions.

Update to Section 14.1 of the Description of the Corporation's Business chapter:

Mount Zion hotel – In April 2025, a building permit was received for the entire hotel.

4. Financing

Non-Bank Financing for the Company

Update to Section 20.5 of the Description of the Corporation's Business chapter:

Commercial Paper (CP)

As of the Report Date, the Company has two CP series: a rated series totaling approx. NIS 53 million and an unrated series totaling approx. NIS 5 million. In the report period, the rated series was renewed for an additional 12-month period, and from 27 May 2025, the interest rate decreased to the Bank of Israel interest rate plus an annual margin of 0.1%, instead of an annual margin of 0.15%, with no change to the other terms and conditions of the CP series.

On 8 July 2025, the Company repaid the entire balance of the Series 1 CP (approx. NIS 638 million) on maturity.

Series B bonds of the Company

In the report period, principal and interest payments were made in accordance with the payment schedule thereof. Such payments completed the principal payments under the series terms and conditions.

Series D bonds of the Company

In the report period, principal and interest payments were made in accordance with the payment schedule thereof. As of the Report Date, the outstanding par value of the Company's Series D

bonds in circulation is approx. NIS 2,430 million.

Series E bonds of the Company

In the report period, principal and interest payments were made in accordance with the payment schedule thereof. As of the Report Date, the outstanding par value of the Company's Series E bonds in circulation is approx. NIS 2,433 million.

Series F bonds of the Company

In the report period, an interest payment was made in accordance with the payment schedule. As of the Report Date, the outstanding par value of the Company's Series F bonds in circulation is approx. NIS 3,294 million.

Series G bonds of the Company

In the report period, an interest payment was made in accordance with the payment schedule. As of the Report Date, the outstanding par value of the Company's Series G bonds in circulation is approx. NIS 2,752 million.

Series H bonds of the Company

In the report period, an interest payment was made in accordance with the payment schedule. As of the Report Date, the outstanding par value of the Company's Series H bonds in circulation is approx. NIS 4,363 million.

Series I bonds of the Company

In the report period, an interest payment was made in accordance with the payment schedule.

On 3 July 2025, the Company released a shelf offering report for the issuance and listing on TASE of approx. NIS 1,960 million par value, offered by way of expansion of the Company's Series I bond series, under the 2025 shelf prospectus. On 6 July 2025, the Company announced that, in accordance with the results of the offering, an additional approx. NIS 1,817 million par value of Series I bonds had been allotted, in consideration for approx. NIS 2,000 million (approx. NIS 1,972 million net of issue expenses). The outstanding par value of the Company's Series I bonds that are in circulation as of the Report Date and as of the Report Release Date is approx. NIS 3,282 million and approx. NIS 5,099 million (respectively). For further details, see the Company's immediate reports of 3 July 2025 and 6 July 2025 (Ref. 2025-01-048474 and 2025-01-049221, respectively), which are incorporated herein by reference.

On 17 July 2025, the Company released a shelf offering report for the issuance and listing on TASE of up to approx. NIS 578 million par value of the Company's Series J bonds, under the 2025 shelf prospectus. On 20 July 2025, the Company announced that, in accordance with the results of the offering, approx. NIS 500 million par value of Series J bonds had been allotted, in consideration for approx. NIS 500 million (approx. NIS 496 million net of issue expenses). For further details, see the Company's immediate reports of 17 July 2025 and 20 July 2025 (Ref. 2025-01-053287 and 2025-01-053819, respectively), which are incorporated herein by reference.

5. Credit Rating

On 3 July 2025, Midroog assigned a rating of Aa1.il with a stable outlook to the expansion of the Series I bonds in a sum of up to NIS 1,817 million par value, and a rating of Aa1.il with a stable

outlook to the Series J bonds in a sum of up to NIS 500 million par value to be issued by the Company through a new series. For the full Midroog report of 3 July 2025, see Midroog's immediate report of 3 July 2025 (Ref. 2025-01-048249), which is incorporated herein by reference.



PART C

Consolidated Financial Statements

Dated 30 June 2025

Azrieli Group Ltd.

**Condensed Consolidated Financial Statements
as of 30 June 2025**

(Unaudited)

Azrieli Group Ltd.

Condensed Consolidated Financial Statements
As of 30 June 2025

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Auditors' review report to the shareholders of Azrieli Group Ltd.

Introduction:

We have reviewed the accompanying financial information of **Azrieli Group Ltd.**, the company and consolidated companies (the "**Company**") which includes the Condensed Consolidated Statement of Financial Position as of 30 June 2025 and the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income, Changes in Capital and Cash Flows for the six- and three-month periods then ended. The board of directors (the "**Board**") and management are responsible for the preparation and presentation of the financial information for these interim periods in accordance with IAS 34 "Interim Financial Reporting", and they are responsible for the preparation of information for these interim periods under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. Our responsibility is to express a conclusion on this interim financial information, based on our review.

Scope of Review:

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

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial information has not been prepared, in all material respects, in accordance with IAS 34.

In addition to the statements in the previous paragraph, based on our review, nothing has come to our attention which causes us to believe that the accompanying financial information does not meet, in all material respects, the disclosure provisions under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

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

Tel Aviv, 17 August 2025

Azrieli Group Ltd.
Condensed Consolidated Statements of Financial Position

	As of 30 June		As of 31 Dec.
	2025	2024	2024
	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Audited)
Assets			
Current assets			
Cash and cash equivalents	2,643	1,446	4,633
Short-term investments and deposits	1	1	1
Trade accounts receivable	182	80	132
Other receivables	632	416	359
Inventory	19	8	3
Current tax assets	97	59	83
Total current assets	3,574	2,010	5,211
Non-current assets			
Investment in a company accounted for using the equity method	41	58	45
Loans and receivables	912	487	729
Financial assets	2,197	1,094	1,523
Investment property and investment property under construction	50,489	46,743	48,043
Fixed assets	957	849	907
Intangible and other assets	1,532	1,599	1,475
Total non-current assets	56,128	50,830	52,722
Total assets	59,702	52,840	57,933

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.
Condensed Consolidated Statements of Financial Position
(Continued)

	As of 30 June		As of 31 Dec.
	2025	2024	2024
	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Audited)
<u>Liabilities and capital</u>			
Current liabilities			
Credit and current maturities from financial corporations and bonds	2,501	1,701	2,473
Trade payables	479	624	617
Payables and other current liabilities	511	415	484
Deposits from senior housing customers	1,483	1,360	1,425
Current tax liabilities	5	45	3
Total current liabilities	4,979	4,145	5,002
Non-current liabilities			
Loans from financial corporations	4,985	3,322	3,262
Bonds	19,274	16,704	20,159
Other liabilities	432	421	406
Deferred tax liabilities	5,602	4,962	5,267
Total non-current liabilities	30,293	25,409	29,094
Capital			
Ordinary share capital	18	18	18
Share premium	2,518	2,518	2,518
Capital reserves	827	515	206
Retained earnings	21,042	20,208	21,065
Total equity attributable to the shareholders of the Company	24,405	23,259	23,807
Non-controlling interests	25	27	30
Total capital	24,430	23,286	23,837
Total liabilities and capital	59,702	52,840	57,933

17 August 2025

**Date of approval of the
financial statements**

**Danna Azrieli
Chairwoman of the Board**

**Ron Avidan
CEO**

**Ariel Goldstein
CFO**

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

	For the six-month period ended 30 June		For the three-month period ended 30 June		For the year ended 31 December
	2025	2024	2025	2024	2024
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
Revenues from rent, management and maintenance fees and sales, net	1,887	1,530	949	781	3,281
Cost of revenues from rent, management and maintenance fees and sales	593	444	301	228	979
Gross profit	1,294	1,086	648	553	2,302
Sales and marketing	35	34	19	15	75
G&A	183	116	111	63	263
Operating profit before other revenues and expenses	1,076	936	518	475	1,964
Net profit from fair value adjustment of investment property and investment property under construction	445	318	193	65	913
Share in the results of a company accounted for using the equity method, net of tax	(2)	-	(1)	-	(5)
Other revenues (expenses), net	(8)	(13)	29	(6)	(3)
Operating profit after other revenues and expenses	1,511	1,241	739	534	2,869
Financing income	202	83	121	26	141
Financing expenses	732	550	492	372	1,086
Income before income taxes	981	774	368	188	1,924
Taxes on income	(204)	(154)	(48)	(32)	(442)
Net income for the period	777	620	320	156	1,482
Other comprehensive income (loss):					
Amounts that will not be carried in the future to profit or loss, net of tax:					
Change in the fair value of financial assets, net of tax	521	45	346	4	377
Amounts that were or will be carried in the future to profit or loss, net of tax:					
Profit (loss) from cash flow hedging, net of tax	(3)	12	(6)	2	12
Translation differences from foreign operations	89	38	(402)	251	(610)
Total	86	50	(408)	253	(598)
Other comprehensive income (loss) for the period, net of tax	607	95	(62)	257	(221)
Total comprehensive income for the period	1,384	715	258	413	1,261

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income (Continued)

	For the six-month period ended 30 June		For the three-month period ended 30 June		For the year ended 31 December
	2025	2024	2025	2024	2024
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
Net income for the period attributable to:					
shareholders of the Company	777	620	320	156	1,477
non-controlling interests	-	-	-	-	5
	<u>777</u>	<u>620</u>	<u>320</u>	<u>156</u>	<u>1,482</u>
Total comprehensive income for the period attributable to:					
shareholders of the Company	1,389	713	264	413	1,256
non-controlling interests	(5)	2	(6)	-	5
	<u>1,384</u>	<u>715</u>	<u>258</u>	<u>413</u>	<u>1,261</u>
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
Basic and diluted earnings (in NIS) per ordinary share of par value NIS 0.1 attributable to shareholders of the Company:					
Basic	<u>6.41</u>	<u>5.11</u>	<u>2.64</u>	<u>1.29</u>	<u>12.22</u>
On a fully diluted basis	<u>6.41</u>	<u>5.11</u>	<u>2.64</u>	<u>1.29</u>	<u>12.17</u>
Weighted average of number of shares used for calculating the basic and diluted earnings per share:					
Basic	<u>121,272,760</u>	<u>121,272,760</u>	<u>121,272,760</u>	<u>121,272,760</u>	<u>121,272,760</u>
On a fully diluted basis	<u>121,303,411</u>	<u>121,272,760</u>	<u>121,295,842</u>	<u>121,272,760</u>	<u>121,784,503</u>

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.
Condensed Consolidated Statements of Changes in Capital

For the six-month period ended 30 June 2025 (Unaudited)

	Share capital	Share premium	Capital reserve for changes in the fair value of investments in equity instruments designated at fair value through other comprehensive income	Capital reserve for translation differences from foreign operations	Other capital reserves	Retained earnings	Total attributable to the shareholders of the Company	Non-controlling interests	Total
	NIS in millions								
Balance as of 1 January 2025	18	2,518	908	(733)	31	21,065	23,807	30	23,837
Movement in the report period:									
Net income for the period	-	-	-	-	-	777	777	-	777
Change in fair value of financial assets, net of tax	-	-	521	-	-	-	521	-	521
Translation differences from foreign operations	-	-	-	94	-	-	94	(5)	89
Loss from cash flow hedging, net of tax	-	-	-	-	(3)	-	(3)	-	(3)
Total comprehensive income for the period	-	-	521	94	(3)	777	1,389	(5)	1,384
Share-based payment capital reserve	-	-	-	-	9	-	9	-	9
Dividend to shareholders of the Company	-	-	-	-	-	(800)	(800)	-	(800)
Total transactions with the shareholders of the Company	-	-	-	-	9	(800)	(791)	-	(791)
Balance as of 30 June 2025	18	2,518	1,429	(639)	37	21,042	24,405	25	24,430

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.
Condensed Consolidated Statements of Changes in Capital
(Continued)

For the six-month period ended 30 June 2024 (Unaudited)

	Share capital	Share premium	Capital reserve for changes in the fair value of investments in equity instruments designated at fair value through other comprehensive income	Capital reserve for translation differences from foreign operations	Other capital reserves	Retained earnings	Total attributable to the shareholders of the Company	Non-controlling interests	Total
	NIS in millions								
Balance as of 1 January 2024	18	2,518	531	(123)	11	20,588	23,543	25	23,568
Movement in the report period:									
Net income for the period	-	-	-	-	-	620	620	-	620
Change in fair value of financial assets, net of tax	-	-	45	-	-	-	45	-	45
Translation differences from foreign operations	-	-	-	36	-	-	36	2	38
Profit from cash flow hedging	-	-	-	-	12	-	12	-	12
Total comprehensive income for the period	-	-	45	36	12	620	713	2	715
Share-based payment capital reserve	-	-	-	-	3	-	3	-	3
Dividend to shareholders of the Company	-	-	-	-	-	(1,000)	(1,000)	-	(1,000)
	-	-	-	-	3	(1,000)	(997)	-	(997)
Balance as of 30 June 2024	18	2,518	576	(87)	26	20,208	23,259	27	23,286

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.
Condensed Consolidated Statements of Changes in Capital
(Continued)

For the three-month period ended 30 June 2025 (Unaudited)

	Share capital	Share premium	Capital reserve for changes in the fair value of investments in equity instruments designated at fair value through other comprehensive income	Capital reserve for translation differences from foreign operations	Other capital reserves	Retained earnings	Total attributable to the shareholders of the Company	Non-controlling interests	Total
	NIS in millions								
Balance as of 1 April 2025	18	2,518	1,083	(243)	36	20,722	24,134	31	24,165
Movement in the report period:									
Net income for the period	-	-	-	-	-	320	320	-	320
Change in fair value of financial assets, net of tax	-	-	346	-	-	-	346	-	346
Translation differences from foreign operations	-	-	-	(396)	-	-	(396)	(6)	(402)
Loss from cash flow hedging, net of tax	-	-	-	-	(6)	-	(6)	-	(6)
Total comprehensive income for the period	-	-	346	(396)	(6)	320	264	(6)	258
Share-based payment capital reserve	-	-	-	-	7	-	7	-	7
Total transactions with the shareholders of the Company	-	-	-	-	7	-	7	-	7
Balance as of 30 June 2025	18	2,518	1,429	(639)	37	21,042	24,405	25	24,430

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.
Condensed Consolidated Statements of Changes in Capital
(Continued)

	For the three-month period ended 30 June 2024 (Unaudited)								
	Share capital	Share premium	Capital reserve for changes in the fair value of investments in equity instruments designated at fair value through other comprehensive income	Capital reserve for translation differences from foreign operations	Other capital reserves	Retained earnings	Total attributable to the shareholders of the Company	Non-controlling interests	Total
	NIS in millions								
Balance as of 1 April 2024	18	2,518	572	(338)	21	20,052	22,843	27	22,870
Movement in the report period:									
Net income for the period	-	-	-	-	-	156	156	-	156
Change in fair value of financial assets, net of tax	-	-	4	-	-	-	4	-	4
Translation differences from foreign operations	-	-	-	251	-	-	251	-	251
Profit from cash flow hedging	-	-	-	-	2	-	2	-	2
Total comprehensive income for the period	-		4	251	2	156	413	-	413
Share-based payment capital reserve	-	-	-	-	3	-	3	-	3
Balance as of 30 June 2024	18	2,518	576	(87)	26	20,208	23,259	27	23,286

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.
Condensed Consolidated Statements of Changes in Capital
(Continued)

For the year ended 31 December 2024 (Audited)

	Share capital	Share premium	Capital reserve for changes in the fair value of investments in equity instruments designated at fair value through other comprehensive income	Capital reserve for translation differences from foreign operations	Other capital reserves	Retained earnings	Total attributable to the shareholders of the Company	Non-controlling interests	Total
	NIS in millions								
Balance as of 1 January 2024	18	2,518	531	(123)	11	20,588	23,543	25	23,568
Net income for the year	-	-	-	-	-	1,477	1,477	5	1,482
Change in fair value of financial assets, net of tax	-	-	377	-	-	-	377	-	377
Translation differences from foreign operations	-	-	-	(610)	-	-	(610)	-	(610)
Profit from cash flow hedging, net of tax	-	-	-	-	12	-	12	-	12
Total other comprehensive income for the year	-	-	377	(610)	12	1,477	1,256	5	1,261
Share-based payment capital reserve	-	-	-	-	8	-	8	-	8
Dividend to shareholders of the Company	-	-	-	-	-	(1,000)	(1,000)	-	(1,000)
Total transactions with the Company's shareholders	-	-	-	-	8	(1,000)	(992)	-	(992)
Balance as of 31 December 2024	18	2,518	908	(733)	31	21,065	23,807	30	23,837

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.
Condensed Consolidated Statements of Cash Flows

	For the six-month period ended 30 June		For the three-month period ended 30 June		For the year ended 31 December
	2 0 2 5	2 0 2 4	2 0 2 5	2 0 2 4	2 0 2 4
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
Cash flows – operating activities					
Net income for the period	777	620	320	156	1,482
Depreciation and amortization	10	9	5	4	20
Forfeiture of senior housing residents' deposits	(30)	(27)	(15)	(14)	(57)
Profit from fair value adjustment of investment property and investment property under construction, net	(445)	(318)	(193)	(65)	(913)
Net financing and other expenses	497	438	352	326	888
Share in results of an associate accounted for using the equity method	2	-	1	-	5
Expenses due to share-based payment	9	3	7	3	8
Taxes recognized in the income statement	204	154	48	32	442
Income taxes paid, net	(50)	(49)	(29)	(36)	(151)
Change in inventory	(15)	(1)	(13)	(2)	3
Change in trade and other receivables	(114)	205	(96)	140	35
Change in trade and other payables	(50)	(140)	23	(147)	(51)
Receipt of deposits from senior housing residents	101	78	47	37	204
Return of deposits from senior housing residents	(38)	(40)	(20)	(14)	(90)
Change in employee provisions and benefits	(8)	(3)	(4)	(3)	(9)
Net cash – operating activities	<u>850</u>	<u>929</u>	<u>433</u>	<u>417</u>	<u>1,816</u>
Cash flows – investment activities					
Proceeds from liquidation of fixed assets	1	-	1	-	-
Proceeds from disposition of investment property	-	31	-	31	31
Acquisition of and investment in investment property and investment property under construction	(1,824)	(1,649)	(1,251)	(836)	(2,882)
Acquisition of and investment in fixed and intangible assets	(93)	(109)	(48)	(100)	(235)
Investments in companies accounted for using the equity method	(2)	(23)	(1)	-	(24)
Change in short-term deposits	(70)	-	(4)	-	-
Provision of long-term loans	(148)	(104)	(83)	(104)	(218)
Collection of long-term loans	1	1	1	-	2
Interest and dividend received	123	100	57	55	187
Taxes paid for assets	(33)	-	(33)	-	-
Institutions paid for the purchase of assets	(100)	-	(100)	-	-
Net cash – investment activities	<u>(2,145)</u>	<u>(1,753)</u>	<u>(1,461)</u>	<u>(954)</u>	<u>(3,139)</u>

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.
Condensed Consolidated Statements of Cash Flows
(Continued)

	For the six-month period ended 30 June		For the three-month period ended 30 June		For the year ended 31 December
	2 0 2 5	2 0 2 4	2 0 2 5	2 0 2 4	2 0 2 4
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
Cash flows – financing activities					
Dividend distribution to shareholders	(800)	(1,000)	(800)	(1,000)	(1,000)
Repayment of bonds	(1,078)	(1,043)	(820)	(794)	(1,355)
Issuance of bonds net of issue expenses	-	-	-	-	3,626
Receipt of long-term loans from financial corporations	1,598	1,002	270	74	1,115
Repayment of long-term loans from financial corporations	(64)	(660)	(29)	(22)	(715)
Short-term credit from financial corporations, net	-	(728)	-	(2)	(90)
Payment of lease liabilities	(1)	(11)	(1)	(6)	-
Repayment of other long-term liabilities	-	-	-	-	(22)
Repayment of deposits from customers	(5)	(3)	(2)	-	(4)
Deposits from customers that were received	6	-	2	-	5
Paid interest	(329)	(232)	(138)	(115)	(485)
Net cash – financing activities	(673)	(2,675)	(1,518)	(1,865)	1,075
Decrease in cash and cash equivalents	(1,968)	(3,499)	(2,546)	(2,402)	(248)
Cash and cash equivalents at beginning of period	4,633	4,915	5,262	3,789	4,915
Effect of exchange rate changes on cash balances held in foreign currency	(22)	30	(73)	59	(34)
Cash and cash equivalents at end of period	2,643	1,446	2,643	1,446	4,633

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 June 2025
(Unaudited)

Note 1 – General

- A.** Azrieli Group Ltd. (the “**Company**”) is a company domiciled and incorporated in Israel and whose registered address is 1 Azrieli Center, Tel Aviv.

The Company is listed on the Tel Aviv Stock Exchange (“**TASE**”) and is included, *inter alia*, in the “Tel Aviv 35” Index and in the “Tel Aviv Real Estate” Index.

The Company has bond series (Series D-J) that have been issued to the public as well as commercial paper (CP 1). In the report period, the Company repaid the balance of the Series B bonds according to the payment schedule, and after the end of the report period, the full balance of the CP was repaid on maturity.

The Group’s Consolidated Financial Statements as of 30 June 2025 include those of the Company and of its subsidiaries (jointly, the “**Group**”), as well as the Group’s rights in associates and in jointly-controlled entities.

As of the report release date, Azrieli Holdings Inc., the controlling shareholder of the Company (“**Azrieli Holdings**”), directly and/or indirectly holds (through its holding of the entire share capital of Nadav Investments Inc. (“**Nadav Investments**”)), (both private companies registered in Canada), ~55.62% of the Company’s share capital and ~61.31% of the Company’s voting rights.

As the Company was informed, each one of Sharon Azrieli, Naomi Azrieli and Danna Azrieli, holds, directly and through a Canadian holding corporation controlled by them (“**Canadian Holding Corporation**”), ~28.02% of the capital rights in Azrieli Holdings and ~33.13% of the voting rights in Azrieli Holdings, and they jointly hold ~84.06% of the capital rights in Azrieli Holdings and ~99.39% of the voting rights therein. The remainder of Azrieli Holdings’ shares are mainly held by the Azrieli Foundation of Canada (an interested party of the Company), which holds (indirectly, through a holding of shares of a Canadian Holding Corporation) ~15.93% of Azrieli Holdings’ shares, with no voting rights (which constitutes, indirectly, a holding of ~8.86% of the capital rights of the Company), in addition to and separately from its direct holding of ~8.55% of the capital and voting rights in the Company.

As of the report date, Sharon Azrieli, Naomi Azrieli and Danna Azrieli are the Company’s controlling shareholders.

- B.** These Condensed Consolidated Statements should be reviewed in the context of the Group’s annual financial statements as of 31 December 2024, and for the year then ended (the “**Annual Financial Statements**”), and the notes attached thereto.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 June 2025
(Unaudited)

Note 2 – Significant Accounting Policies

A. The basis for the preparation of the Financial Statements:

The Group's condensed consolidated financial statements ("**Interim Financial Statements**") were prepared in accordance with IAS 34 – Interim Financial Reporting ("**IAS 34**").

In the preparation of these Interim Financial Statements the Group has applied the accounting policy, rules of presentation and methods of calculation identical to those used in the preparation of its financial statements as of 31 December 2024 and for the year then ended.

The condensed consolidated financial statements were prepared in accordance with the disclosure provisions in Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

B. Use of estimates and discretion:

- (1) In the preparation of the condensed financial statements in accordance with IFRS, the Group's management is required to use discretion, evaluations, estimates and assumptions which affect the application of the policy and the amounts of assets and liabilities, revenues and expenses. It is clarified that the actual results may differ from such estimates.

The evaluations and discretion used by the management to apply the accounting policy and prepare the Consolidated Interim Financial Statements were identical to those used in the preparation of the Financial Statements as of 31 December 2024.

- (2) Further to Note 3B to the Annual Financial Statements, as of 30 June 2025, the Group has updated the valuations for some of its investment property assets. The profit from fair value adjustment of investment property and investment property under construction of retail and offices mainly derived from the effect of the rise in the index on the value of the properties, in the DC segment it mainly derived from a decrease in the cap rates in view of the progress in construction of the segment's properties. The loss from fair value adjustment of investment property under construction of senior housing derived from reduction of purchase tax for the purchase of the land in Sde Dov.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 June 2025
(Unaudited)

Note 2 – Significant Accounting Policies (Cont.)

C. Rates of exchange and linkage basis:

- (1) Balances that are stated in foreign currency or linked thereto are recorded in the Financial Statements according to the representative exchange rates published by the Bank of Israel and which were effective as of the end of the report period.
- (2) Balances that are linked to the Consumer Price Index (CPI) are presented according to the last known CPI at the end of the report period (the CPI for the month preceding the month of the date of the financial statement) or according to the CPI for the last month of the report period (the CPI of the month of the financial statement), according to the terms and conditions of the transaction.
- (3) The following is data on the significant exchange rates and the CPI:

	Representative Exchange Rate of		CPI in Israel	
	NOK	Dollar	"For"	"Known"
Date of the Financial Statements:				
As of 30 June 2025	0.3343	3.372	262.15	261.39
As of 30 June 2024	0.3521	3.759	253.80	253.56
As of 31 December 2024	0.3222	3.647	256.64	257.35
Rates of change:	%	%	%	%
For the six-month period ended:				
30 June 2025	3.76	(7.54)	2.15	1.57
30 June 2024	(1.07)	3.64	2.09	1.90
For the three-month period ended:				
30 June 2025	(5.08)	(9.31)	1.08	1.28
30 June 2024	3.56	2.12	1.13	1.61
For the year ended				
31 December 2024	(9.47)	0.55	3.24	3.43

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 June 2025
(Unaudited)

Note 3 – Material Events during the Report Period

- A. On 19 March 2025, the Company's Board decided upon the distribution of a dividend to the shareholders of the Company in the sum of NIS 800 million (reflecting NIS 6.60 per share), which was paid on 6 May 2025.
- B. On 14 January 2025, an amendment (the "**Amendment**") was signed to a service agreement between Green Mountain AS ("**GM**"), through a company wholly owned thereby (the "**Service Provider**"), and TikTok Norway AS (the "**Customer**"), for the provision of 90MW of data center services to the Customer on a campus that was built by GM in Norway. In accordance with the Amendment, the parties agreed that any delay in the construction and provision of the services that occurred until the date of the Amendment would not establish a right to termination of the agreement by the Customer, and the parties further agreed on an updated future date on which the Customer shall have a right of termination for any delay in the construction of the then remaining 30MW. The Amendment does not derogate from the Customer's right to reduction of payments due to the delays that occurred to date in the provision of the services, in accordance with the provisions of the agreement. According to the Amendment, in any case of imposition of regulatory restrictions the Customer will be entitled to terminate the agreement subject to payment of termination fees that apply to termination for any reason in lieu of reduced termination fees. In addition, according to the Amendment, in any case of the imposition of regulatory restrictions that prevent the Service Provider from providing the services to the Customer, a right to terminate the agreement was added in favor of the Service Provider, which is subject to certain terms and conditions as stated in the Amendment (with no entitlement to receipt of termination fees from the Customer in such a case). In 2024 the process of delivery to the Customer of the entire 90MW was completed.

On 28 January 2025, the Customer had given notice of exercise of the option to increase the capacity by another 30MW. GM is examining the exercise notice and there is no certainty that the capacity increase will go ahead.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 June 2025
(Unaudited)

Note 3 – Material Events during the Report Period (Cont.)

- C.** On 6 February 2025, GM was provided with a non-recourse loan in the sum of approx. Euro 371 million (approx. NIS 1.4 billion) by two foreign banking corporations to finance the project with the Customer. According to the financing agreement signed on 18 December 2024, the loan will bear variable interest with a margin spread of 4.3% above the 3M EURIBOR interest rate. The interest will be paid on a quarterly basis and in addition, a payment of 2.5% of the original loan amount will be paid at the end of the loan period. The principal will be repaid at a rate of 2.5% annually and the outstanding principal will be repaid at the end of the loan period. The term of the loan is 5 years from the date of signing of the financing agreement, with an option to extend the term of the loan by one more year subject to the terms and conditions set forth in the financing agreement. The financing agreement includes financial covenants regarding the project's LTV – less than 50%, ICR – reflecting the ratio between the monthly income from the Customer net of operating expenses, and the interest payments for the loan – no less than 1.5, a ratio between the monthly income from the Customer net of operating expenses and the loan amount in the measurement period – no less than 15%. Against the loan, a pledge was imposed on all rights in the project and all rights arising from the agreement and other agreements related to the project, as well as a pledge on all the share capital of a wholly-owned subsidiary of GM. In the financing agreement, the Company and a foreign subsidiary thereof undertook to make capital injections for certain liabilities of GM as determined in the financing agreement. The effective interest rate for the loan is 7.7% per annum. As of the report date, GM meets the financial covenants.
- D.** On 19 February 2025, the Company reported that it had learned that it had won a tender of the Israel Land Authority (ILA) for the purchase of leasehold rights in a lot in Tel Aviv, for the construction of a senior housing project and retail areas, in consideration for approx. NIS 550 million, plus VAT. The rights are contingent on the taking effect of the zoning plan that applies to the lot. The land is designated for the construction of a senior housing project comprising ~350 apartments and retail areas. According to the terms and conditions of the tender, the Company shall pay, in addition to the cost of the land, approx. NIS 46 million for development expenses. On 19 March 2025, final confirmation of the win was received from the ILA, the zoning plan that applies to the lot took effect, and in June 2025 the balance of the consideration was paid.
- E.** On 19 February 2025, further to the negotiations conducted by GM, with a leading international technology company for engagement in an agreement for the provision of ~120MW of data center services on a campus to be built by GM in Norway, the Company reported that due to a decision not to grant a regulatory permit required for the land on which GM planned to build the campus, GM is reviewing other alternative land for the construction of the campus. On 25 March 2025 the Company reported that until and insofar as an appropriate alternative is found for the Customer, the negotiations for the transaction in the current format are suspended.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 June 2025
(Unaudited)

Note 3 – Material Events during the Report Period (Cont.)

- F.** On 19 March 2025, the Company's Board approved the granting of 500,294 unlisted options to officers and some of the Company's employees (125,081 of which were granted to the incoming CEO of the Company after receipt of the general meeting's approval), exercisable for up to 500,294 ordinary shares of the Company, at a price of NIS 285.16 per share, reflecting the average closing price on TASE of the Company's stock in the 30 trading days preceding the date of the Board's resolution that approved the granting of the options. The exercise price shall be adjusted by reducing the exercise price by the amount of the dividend distributed per share. The fair value of an option unit is approx. NIS 76.75 calculated based on the Black-Scholes model. The options are exercisable according to a cashless exercise mechanism only. The options will vest and become exercisable in four equal annual tranches, such that all of the options will vest 48 months after the date of allocation thereof.

The exercise period shall be according to the Company's option plan. First tranche options that vest and are not exercised within three years from their vesting date, shall expire. Second, third and fourth tranche options that vest and are not exercised within two years from their vesting date, shall expire. The options were granted to the Company's officers and employees on 27 and 29 April 2025, after fulfillment of all the conditions required for the grant.

- G.** On 20 March 2025 the Company reported that it had engaged with SolarEdge in an agreement whereby the estimated date for commencement of the term of the lease will be postponed, such that it will begin at the start of 2027, and SolarEdge is remaining in the existing leased premises of the Company at "Azrieli Herzliya Business Park" until commencement of the lease. In addition, it was agreed that payment would be made to the Company for each month of delay until SolarEdge enters the campus.
- H.** Further to Note 26B(4) to the Annual Financial Statements, on 19 June 2025, the parties entered into a binding merger agreement, and the Company engaged with the controlling shareholders of ZMH Hammerman in a shareholders' agreement with respect to the parties' holdings in ZMH Hammerman and for management after the closing of the transaction. According to the merger agreement, based on a ZMH Hammerman valuation in the transaction of NIS 855 million, subject to adjustments as shall be determined in the final agreement and subject to completion of the due diligence on ZMH Hammerman by the Company, the Company shall acquire and hold ordinary shares of ZMH Hammerman in a quantity that shall constitute ~66.67% of its issued share capital, out of which shares constituting ~10% of ZMH Hammerman's share capital shall be sold by the managers group (the "**Acquired Shares**"). The remaining shares, constituting ~33.33% of the issued share capital of ZMH Hammerman, shall continue to be held by the managers group.

After the report date, the parties entered into an amendment to the merger agreement regarding the value of ZMH Hammerman in the transaction and adjustments to the value, and some of the conditions precedent for the closing of the transaction have been fulfilled. See Note 6C to the financial statement.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 June 2025
(Unaudited)

Note 3 – Material Events during the Report Period (Cont.)

- I. On 1 April 2025, Mr. Henkin stepped down as CEO and Mr. Ron Avidan assumed the role of CEO on that date.

Mr. Henkin assumed his full-time position as CEO of Green Mountain Global Ltd., a special purpose holding company incorporated in England and fully controlled by the Company (“**GMG**”) on 1 April 2025. On 17 and 19 March 2025, the Company’s audit committee and Board, respectively, approved GMG’s engagement with Mr. Henkin with respect to his terms of office and employment as GMG’s CEO, in which context Mr. Henkin is entitled to an annual salary of £725 thousand, to be updated every year by 5% above the local CPI rate. Mr. Henkin will also be entitled to target-based bonuses in amounts to be determined by the competent organs at GMG in the sum of up to 150% of the annual salary, while for the first year of office, and subject to compliance with the annual target to be determined, Mr. Henkin will be entitled to an annual bonus of up to £1,088 thousand.

In addition, Mr. Henkin is entitled to equity compensation by virtue of the equity incentive plan adopted by GMG (the “**EIP**”). The equity compensation granted to Mr. Henkin is cashless, except in specific circumstances determined in the EIP (such as IPO), granting Mr. Henkin a right to monetary compensation deriving from the increase in GMG’s value (the “**Equity Compensation**”).

Subject to the provisions of the EIP, the Equity Compensation will vest in four equal tranches over (at least) five years from the date of granting thereof, and will be exercisable, *inter alia*, upon the occurrence of an exit as set forth in the EIP (such as the sale of all or the vast majority of GMG’s shares or assets, an IPO, etc.), or 5 years after the date of granting of the Equity Compensation, subject to the approval of GMG’s board of directors. Exercise of the Equity Compensation is subject to a minimum aggregate annual rate of increase in the value of GMG compared with GMG’s initial equity value, as determined in the EIP.

The agreement also includes fringe benefits that are standard in agreements of this type, such as: company car, mobile telephone, reimbursement of expenses, coverage of relocation expenses, insurance, exemption and indemnity according to GMG’s policy.

- J. On 27 April 2025, the Company’s shareholders’ meeting approved, after receipt of the approval of the compensation committee and Board, the terms of office and employment of the Company’s incoming CEO, Mr. Ron Avidan, who commenced his office on 1 April 2025.

Mr. Avidan is employed as the Company’s CEO on a full-time basis (100%), in return for a gross monthly salary of NIS 200,000 (linked to the CPI for April 2025. In case of a decline in the CPI in a given month, the decrease will be deducted from future CPI increases). Mr. Avidan is entitled to fringe benefits, including the provision of a car (Grade 7) and gross-up of the tax value by the Company; mobile phone; reimbursement of expenses; an adaptation grant in an amount equal to up to 9 gross monthly salaries; a 13th salary; a study fund; health insurance; pension contributions; etc. Each one of the parties may terminate the agreement, for whatever reason, subject to a three-month advance written notice.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 June 2025
(Unaudited)

Note 3 – Material Events during the Report Period (Cont.)

J. (Cont.)

In addition, Mr. Avidan is entitled to an annual bonus equal to up to 12 gross monthly salaries, of which up to 3 gross monthly salaries as discretionary bonus (subject to the recommendation of the Chairwoman of the Board, to be approved by the compensation committee and the Board, and in accordance with criteria to be determined in advance for each year), and the remainder as a measurable bonus, calculated according to the achievement of financial and/or strategic targets, with the weight attributed to the financial versus the strategic targets to be determined by the compensation committee and the Board, such that financial targets or strategic/functional targets alone can be taken into account, or a combination of both.

A precondition for payment of the measurable bonus calculated according to the achievement of financial targets is contingent on meeting 90% of the financial targets, as will be determined with respect to the incoming CEO by the relevant corporate bodies. Mr. Avidan's entitlement shall be calculated linearly in accordance with the degree of achievement of the financial targets, such that if the measurable bonus for the incoming CEO is based on meeting financial and strategic targets, then, for full achievement of the financial targets, the incoming CEO shall be entitled to the full proportional portion of the measurable bonus based on meeting financial targets, and for achievement of 90% of the financial targets, the incoming CEO shall be entitled to 90% of the said proportional portion.

Mr. Avidan is also entitled to an equity grant equal to 12 gross monthly salaries for each vesting year over a 4-year period. Accordingly, in the meeting, a grant to Mr. Avidan of 125,081 (unlisted) options was approved, exercisable into up to the same number of ordinary shares of the Company, at an exercise price of NIS 285.16 per share, reflecting the average of the Company's share closing prices on TASE during the 30 trading days preceding the date of the Board resolution approving the grant of the options. The exercise price shall be adjusted by reducing the exercise price by the amount of the dividend distributed per share. The options are exercisable via a "net exercise" mechanism only. The fair value of each option unit is approx. NIS 76.75, based on the Black-Scholes model. The options are exercisable in four equal annual tranches, such that upon the lapse of 48 months from the date of grant, all the options will have vested.

The exercise period shall be according to the Company's option plan. First tranche options that vest and are not exercised within three years from their vesting date, shall expire. Second, third and fourth tranche options that vest and are not exercised within two years from their vesting date, shall expire. The options were granted to Mr. Avidan on 27 April 2025, after fulfillment of all the conditions required for the grant.

On 17 August 2025, Mr. Avidan informed of his wish to step down as CEO of the Company. For further details, see Note 6E.

- K.** On 18 May 2025, the Company received a motion for class certification against the Company and officers therein, which was filed with the District Court in Lod, according to the Israeli Class Actions Law, 5776-2006 (the "**Motion**").

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 June 2025
(Unaudited)

Note 3 – Material Events during the Report Period (Cont.)

K. (Cont.)

The Motion raises claims with respect to the disclosure in the Company's reports regarding negotiations held by a subsidiary of the Company for the construction of a data center campus in Norway for the provision of ~120MW of data center services. The Motion states that the amount of the class action is estimated at approx. NIS 256 million. The Company is studying the claims in the Motion with the assistance of its legal counsel and preparing to file a response to the Motion.

- L.** On 26 May 2025, the Company reported that it had signed an agreement with Shikun & Binui Energy Ltd., for a combined transaction, for the acquisition of 50% of the rights in a project for the construction of a solar facility with an expected (not final) capacity of ~126 MW (DC), which includes an energy storage capacity of ~350 MWh, in the Ramat Beka region over an area of ~847 thousand sqm, which is currently under development and whose commercial operation is expected during 2028-2029.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 June 2025
(Unaudited)

Note 4 – Fair Value of Financial Instruments

A. Fair value of financial instruments vs. book value:

Other than as specified in the following table, the Group believes that the book value of the financial assets and liabilities that are presented in depreciated cost in the financial statements is almost identical to their fair value.

	As of 30 June 2025 (Unaudited)		As of 30 June 2024 (Unaudited)		As of 31 Dec. 2024 (Audited)	
	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value
	NIS in millions		NIS in millions		NIS in millions	
Non-current liabilities:						
Loans from financial corporations (1)	5,161	5,060	3,626	3,454	3,561	3,429
Bonds (1)(2)	21,035	20,220	18,134	16,842	21,769	20,719
	<u>26,196</u>	<u>25,280</u>	<u>21,760</u>	<u>20,296</u>	<u>25,330</u>	<u>24,148</u>

(1) Book value includes current maturities and accrued interest.

(2) The calculation of the fair value of the bonds is according to fair value level 1.

B. Hierarchy of fair value:

The following is an analysis of the financial instruments measured at fair value using valuation techniques.

Level 1 – Quoted (unadjusted) prices in active markets for identical instruments.

	As of 30 June		As of 31 Dec.
	2025	2024	2024
	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Audited)
Financial assets at fair value through other comprehensive income:			
Marketable shares – Level 1	<u>2,190</u>	<u>1,088</u>	<u>1,516</u>

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 June 2025
(Unaudited)

Note 4 – Fair Value of Financial Instruments (Cont.)

C. Sensitivity to changes in the interest rates of the investment property cap rates:

Rate of change	Loss from the changes in the market factor			Fair value of asset	Profit from the changes in the market factor			Valuation method
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions	
	2% absolute increase	10% increase	5% increase		5% decrease	10% decrease	2% absolute decrease	
Weighted cap rate:								
5.62% - 6.25%	(2,700)	(976)	(506)	11,355	576	1,204	5,256	DCF
6.26% - 6.99%	(4,549)	(1,717)	(868)	18,805	1,096	2,240	8,729	DCF
7.0% - 7.79%	(1,164)	(454)	(226)	7,462	300	551	1,717	DCF
7.8% - 8.25%	(321)	(147)	(76)	3,340	84	179	511	DCF
8.26% - 9.25%	(220)	(110)	(58)	861	64	134	345	DCF
Investment property and investment property under construction	(8,954)	(3,404)	(1,734)	41,823	2,120	4,308	16,558	

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 June 2025
(Unaudited)

Note 5 – Segment Reporting

A. General:

For a description of the Company's operating segments, see Note 33 to the Annual Financial Statements.

B. Operating segments:

	For the six-month period ended 30 June 2025 (Unaudited)							
	Retail centers and malls in Israel	Leasable office and other space in Israel	Income-producing property in the U.S.	Senior housing	Data Centers	Residential rentals in Israel	Other	Consolidated
	NIS in millions							
Revenues:								
Total external income	631	563	110	143	423	17	-	1,887
Total segment expenses	140	100	64	94	192	3	-	593
Segment profit (NOI)	491	463	46	49	231	14	-	1,294
Profit (loss) from fair value adjustment of investment property and investment property under construction, net	42	200	1	(33)	228	7	-	445
Unallocated costs								(218)
Financing expenses, net								(530)
Other expenses, net								(8)
The Company's share in results of an associate accounted for using the equity method, net of tax								(2)
Income before income taxes								981
Additional information:								
Segment assets	16,326	17,865	1,719	4,277	10,452	2,099	607	53,345
Unallocated assets (*)								6,357
Total consolidated assets								59,702

(*) Mainly financial assets in the sum of approx. NIS 2.2 billion and cash and short-term deposits in the sum of approx. NIS 2.6 billion.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 June 2025
(Unaudited)

Note 5 – Segment Reporting (Cont.)

B. Operating segments: (Cont.)

	For the six-month period ended 30 June 2024 (Unaudited)							
	Retail centers and malls in Israel	Leasable office and other space in Israel	Income- producing property in the U.S.	Senior housing	Data Centers	Residential rentals in Israel	Other	Consoli- dated
	NIS in millions							
Revenues:								
Total external income	621	515	113	131	139	11	-	1,530
Total segment expenses	132	93	64	88	64	3	-	444
Segment profit (NOI)	489	422	49	43	75	8	-	1,086
Profit (loss) from fair value adjustment of investment property and investment property under construction, net	78	43	2	-	196	(1)	-	318
Unallocated costs								(150)
Financing expenses, net								(467)
Other expenses, net								(13)
Income before income taxes								774
Additional information:								
Segment assets	15,744	16,910	1,898	3,351	8,816	1,930	541	49,190
Unallocated assets (*)								3,650
Total consolidated assets								52,840

(*) Mainly financial assets in the sum of approx. NIS 1.1 billion and cash and short-term deposits in the sum of approx. NIS 1.5 billion.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 June 2025
(Unaudited)

Note 5 – Segment Reporting (Cont.)

B. Operating segments: (Cont.)

For the three-month period ended 30 June 2025 (Unaudited)								
	Retail centers and malls in Israel	Leasable office and other space in Israel	Income- producing property in the U.S.	Senior housing	Data Centers	Residential rentals in Israel	Other	Adjust- ments
	NIS in millions							Consoli -dated
Revenues:								
Total external income	310	290	54	73	213	9	-	949
Total segment expenses	71	50	32	48	98	2	-	301
Segment profit (NOI)	239	240	22	25	115	7	-	648
Profit (loss) from fair value adjustment of investment property and investment property under construction, net	41	212	-	(33)	(34)	7	-	193
Unallocated costs								(130)
Financing expenses, net								(371)
Other income, net								29
The Company's share in results of an associate accounted for using the equity method, net of tax								(1)
Income before income taxes								368

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 June 2025
(Unaudited)

Note 5 – Segment Reporting (Cont.)

B. Operating segments: (Cont.)

	For the three-month period ended 30 June 2024 (Unaudited)							
	Retail centers and malls in Israel	Leasable office and other space in Israel	Income- producing property in the U.S.	Senior housing	Data Centers	Residential rentals in Israel	Other	Consoli- dated
	NIS in millions							
Revenues:								
Total external income	320	258	56	67	74	6	-	781
Total segment expenses	71	47	32	45	31	2		228
Segment profit (NOI)	249	211	24	22	43	4	-	553
Profit (loss) from fair value adjustment of investment property and investment property under construction, net	78	43	-	-	(55)	(1)	-	65
Unallocated costs								(78)
Financing expenses, net								(346)
Other expenses, net								(6)
Income before income taxes								188

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 June 2025
(Unaudited)

Note 5 – Segment Reporting (Cont.)

B. Operating segments: (Cont.)

	For the year ended 31 December 2024 (Audited)							
	Retail centers and malls in Israel	Leasable office and other space in Israel	Income- producing property in the U.S.	Senior housing	Data Centers	Residential rentals in Israel	Other	Consoli- dated
	NIS in millions							
Revenues:								
Total external income	1,285	1,064	222	267	417	26	-	3,281
Total segment expenses	276	199	130	180	187	7	-	979
Segment profit (NOI)	1,009	865	92	87	230	19	-	2,302
Profit (loss) from fair value adjustment of investment property and investment property under construction, net	267	142	7	127	310	60	-	913
Unallocated costs								(338)
Financing expenses, net								(945)
Other expenses, net								(3)
The Company's share in results of an associate accounted for using the equity method, net of tax								(5)
Income before income taxes								1,924
Additional information as of 31 December 2024:								
Segment assets	16,145	17,282	1,858	3,571	8,966	2,056	571	50,449
Unallocated assets (*)								7,484
Total consolidated assets								57,933
Capital investments	336	518	25	167	1,966	109		

(*) Mainly financial assets in the sum of approx. NIS 1.5 billion and cash and short-term deposits in the sum of approx. NIS 4.6 billion.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 June 2025
(Unaudited)

Note 6 – Subsequent Events

- A.** After the date of the Statement of Financial Position, on 6 July 2025, the Company made a public offering of an additional approx. NIS 1,816.5 million par value of registered Series I bonds for a price of 110.1 agorot per NIS 1 par value (a premium of ~6.9% relative to their adjusted value), at an effective interest rate of ~3.21%, by way of expansion of a traded bond series, based on the Company's shelf prospectus. The gross issue proceeds totaled approx. NIS 2,000 million, and the net proceeds after attribution of the issue expenses totaled approx. NIS 1,971.7 million.

On 3 July 2025, Midroog affirmed a rating of Aa1.il for the expansion of the Company's Series I bond series.

For a description of the Series I bonds, see Note 16B(5) to the Annual Financial Statements.

- B.** On 20 July 2025, the Company made a public offering of approx. NIS 500 million par value of registered Series J bonds, based on the Company's shelf prospectus. The bonds are linked (principal and interest) to the CPI and bear a fixed annual interest rate of 2.91%.

The Series J bonds will be payable (principal) in a single instalment, to be paid on 15 July 2033, which will constitute 100% of the par value of the principal.

The interest is paid in semi-annual instalments on 15 January of each of the years 2026 to 2033 and 15 July of each of the years 2026 to 2033, with the first instalment to be paid on 15 January 2026, and the last instalment on 15 July 2033. The bonds were issued without discount.

The proceeds from the issuance of the Series J bonds totaled approx. NIS 500 million, and the net proceeds net of issue expenses, totaled approx. NIS 496 million. The effective interest rate for the Series J bonds is 3.02% per annum.

On 2 July 2025, Midroog affirmed a rating of Aa1.il for the issuance of the new Series J series.

The bonds are not secured by any collateral and shall rank *pari passu*, inter se, in respect of the sums due therefor, and without any preference or priority of one over another.

At the time of the issuance of the Series J bonds, the Company undertook to comply with financial covenants similar to the financial covenants undertaken thereby in respect of the Series B bonds (for a description of the terms and conditions, see Note 16B(1) to the Annual Financial Statements), as well as with provisions regarding testing of the covenants in the event of a change in standards, similarly to the provisions set forth in the Series E-I bonds applicable to the Company – see Note 16B(3) to the Annual Financial Statements.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 June 2025
(Unaudited)

Note 6 – Subsequent Events (Cont.)

B. (Cont.)

It was further determined that if the rating of the Company's Series J bonds falls below Midroog's Aa3 rating or an equivalent rating that is determined by another agency which rates the bonds, the annual interest rate to be borne by the outstanding principal of the bonds will increase, in which case, the interest rate that shall be added to the annual interest for the bonds will be 0.5%-1%, depending on the bonds' rating.

In addition, the Series J bonds will be accelerated in certain conditions that are essentially similar to the conditions determined in connection with the Series B and Series D-I bonds (for a description of the terms and conditions, see Note 16 to the Annual Financial Statements).

- C.** Further to Note 3H, after the date of the Statement of Financial Position, an amendment to the merger agreement and to an amendment thereto signed on 6 August 2025 was signed, such that the valuation of ZMH Hammerman in the transaction was linked to the CPI from 31 March 2025 until the transaction closing date, plus NIS 5 million, and according to the known index as of the date of the amendment to the agreement totaled approx. NIS 873 million. Deductions and adjustments in the sum total of approx. NIS 7.7 million will be deducted from the said updated value, in lieu of a deduction of approx. NIS 15.9 million, as determined in the original transaction. In addition, after the date of the Statement of Financial Position, certain conditions precedent set forth in the transaction were fulfilled – on 21 July 2025, the holders of ZMH Hammerman's Series G and H bonds approved an amendment to the deeds of trust; on 6 August 2025, the Competition Commissioner approved the merger; and on 7 August 2025, the meeting of the shareholders of ZMH Hammerman approved the merger. The closing of the transaction is subject to fulfillment of all of the conditions precedent.
- D.** On 7 August 2025, the annual and special general meeting of the Company's shareholders approved, *inter alia*, extension of the management agreement of Ms. Danna Azrieli, one of the Company's controlling shareholders, as (Active) Chairwoman of the Board for an additional three-year term, from 11 August 2025. For the agreement's details, see Note 32C(1) to the Annual Financial Statements.
- E.** On 17 August 2025, the Company's CEO, Mr. Ron Avidan, informed the Company's Board of Directors that earlier that day he had notified the Chairwoman of the Company's Board, Ms. Danna Azrieli, of his wish to step down as CEO of the Company. Subject to the approval of the Company's general meeting, which is expected to convene on 21 September 2025, the Chairwoman of the Board, Ms. Danna Azrieli, shall be appointed as Acting CEO of the Company, with no additional compensation, effective as of the date of such meeting's approval and for a period of up to six months. Mr. Avidan will remain in office pending the approval of such general meeting.

Azrieli Group Ltd.

Annex to Consolidated Financial Statement

Separate Interim Financial Statement as of 30 June 2025

(Unaudited)

Azrieli Group Ltd.

**Separate Interim Financial Statement
as of 30 June 2025**

**Prepared according to the provisions of Regulation 38D
of the Securities Regulations (Periodic and Immediate Reports), 5730-1970**

(Unaudited)

Azrieli Group Ltd.

**Separate Interim Financial Statement
as of 30 June 2025**

(Unaudited)

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To
The Shareholders of
Azrieli Group Ltd.
Azrieli Center 1
Tel Aviv

Dear Sir/Madam,

Re: **Special report for review of the separate interim financial statement pursuant to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970**

General:

We have reviewed the separate interim financial statement, which is presented according to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, of **Azrieli Group Ltd.** (the "**Company**") as of 30 June 2025 and for the six- and three-month periods then ended. The board of directors and management are responsible for the preparation and presentation of this separate interim financial statement in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. Our responsibility is to express a conclusion on the separate interim financial statement for these interim periods, based on our review.

Scope of Review:

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

Conclusion:

Based on our review, nothing had come to our attention that causes us to believe that the aforementioned separate interim financial statement has not been prepared, in all material respects, in accordance with the provisions of Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

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

Tel Aviv, 17 August 2025

Azrieli Group Ltd.
Statement of Financial Position

	As of 30 June		As of 31 Dec.
	2 0 2 5	2 0 2 4	2 0 2 4
	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Audited)
<u>Assets</u>			
Current assets			
Cash and cash equivalents	2,266	494	4,146
Trade accounts receivable	7	19	26
Other receivables	348	381	276
Current tax assets	28	23	25
Total current assets	<u>2,649</u>	<u>917</u>	<u>4,473</u>
Non-current assets			
Financial assets	2,197	1,094	1,523
Investment property and investment property under construction	19,278	18,324	18,849
Investments in investee companies	21,207	21,645	21,605
Loans to investee companies	3,513	1,847	2,478
Fixed assets	629	563	594
Other receivables	38	136	38
Total non-current assets	<u>46,862</u>	<u>43,609</u>	<u>45,087</u>
Total assets	<u>49,511</u>	<u>44,526</u>	<u>49,560</u>
<u>Liabilities and capital</u>			
Current liabilities			
Credit and current maturities from financial corporations and bonds	2,430	1,489	2,269
Trade payables	214	197	274
Payables and other current liabilities	376	333	365
Total current liabilities	<u>3,020</u>	<u>2,019</u>	<u>2,908</u>
Non-current liabilities			
Loans from financial corporations	550	610	581
Bonds	19,274	16,704	20,159
Other liabilities	34	35	36
Deferred tax liabilities	2,228	1,899	2,069
Total non-current liabilities	<u>22,086</u>	<u>19,248</u>	<u>22,845</u>
Capital			
Ordinary share capital	18	18	18
Premium on shares	2,478	2,478	2,478
Capital reserves	867	555	246
Retained earnings	21,042	20,208	21,065
Total capital attributable to shareholders of the Company	<u>24,405</u>	<u>23,259</u>	<u>23,807</u>
Total liabilities and capital	<u>49,511</u>	<u>44,526</u>	<u>49,560</u>

17 August 2025

Date of Approval of
Financial Statements

Danna Azrieli
Chairwoman of the Board

Ron Avidan
CEO

Ariel Goldstein
CFO

Azrieli Group Ltd.
Statement of Profit or Loss and Other Comprehensive Income

	For the six-month period ended 30 June		For the three-month period ended 30 June		For the year ended 31 December
	2025	2024	2025	2024	2024
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
Revenues:					
Revenues from rent and management and maintenance fees, net	622	588	315	300	1,202
Cost of revenues from rent and management and maintenance fees	23	21	11	11	42
Gross profit	599	567	304	289	1,160
Sales and marketing	20	18	12	7	47
G&A	89	72	47	40	165
Operating profit before other revenues and expenses	490	477	245	242	948
Net profit (loss) from fair value adjustment of investment property and investment property under construction	143	(59)	152	(61)	140
Share in results of investee companies, net of tax	606	586	249	252	1,227
Other revenues, net	18	14	4	9	41
Operating profit after other revenues and expenses	1,257	1,018	650	442	2,356
Financing income	117	73	50	25	142
Financing expenses	538	497	369	367	964
Income before income taxes	836	594	331	100	1,534
Income from (expenses for) income on taxes	(59)	26	(11)	56	(57)
Net income for the period	777	620	320	156	1,477
Other comprehensive income (loss):					
Amounts that will not be carried in the future to the profit or loss, net of tax:					
Change in the fair value of financial assets, net of tax	521	45	346	4	377
Amounts that were carried or will be carried in the future to the profit or loss, net of tax:					
Translation differences from foreign operations	94	36	(396)	251	(598)
Profit (loss) due to cash flow hedging, net of tax	(3)	12	(6)	2	-
Total	91	48	(402)	253	(598)
Other comprehensive income (loss) for the period, net of tax	612	93	(56)	257	(221)
Total comprehensive income for the period	1,389	713	264	413	1,256

The data attached to the Separate Condensed Financial Statements form an integral part thereof.

Azrieli Group Ltd.
Statement of Cash Flows

	For the six-month period ended 30 June		For the three-month period ended 30 June		For the year ended 31 December
	2025	2024	2025	2024	2024
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
<u>Cash flows – operating activities</u>					
Net income for the period	777	620	320	156	1,477
Depreciation and amortization	3	3	2	2	5
Net loss (profit) from fair value adjustment of investment property and investment property under construction	(143)	59	(152)	61	(140)
Financing and other expenses, net	389	387	302	314	752
Share in income of investee companies, net of tax	(606)	(586)	(249)	(252)	(1,227)
Expenses due to share-based payment	9	3	7	3	8
Tax income (expenses) recognized in the income statement	59	(26)	11	(56)	57
Income tax received (paid), net	(6)	9	(4)	(1)	8
Change in trade and other receivables	(62)	101	(65)	21	214
Change in trade and other payables	(34)	136	(30)	28	264
Change in employee benefits and provisions	(8)	(3)	(4)	(3)	(8)
Net cash – operating activities	378	703	138	273	1,410
<u>Cash flows – investment activities</u>					
Purchase of and investment in investment property and investment property under construction	(254)	(172)	(141)	(62)	(519)
Purchase of fixed assets	(39)	(18)	(17)	(11)	(53)
Recovery (grant) of investments in investee companies	974	(298)	(61)	(114)	(517)
Return (grant) of long-term loans from investee companies, net	(931)	229	(680)	(189)	(39)
Interest and dividend received	126	67	68	40	141
Net cash – investment activities	(124)	(192)	(831)	(336)	(987)

The data attached to the Separate Condensed Financial Statements form an integral part thereof.

Azrieli Group Ltd.
Statement of Cash Flows
(Cont.)

	For the six-month period ended 30 June		For the three-month period ended 30 June		For the year ended 31 December
	2025	2024	2025	2024	2024
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Cash flows – financing activities					
Bond offering net of offering expenses	-	-	-	-	3,626
Dividend distribution to shareholders	(800)	(1,000)	(800)	(1,000)	(1,000)
Repayment of bonds	(1,078)	(1,043)	(820)	(794)	(1,355)
Receipt of long-term loans from financial corporations	-	425	-	-	425
Repayment of long-term loans from financial corporations	(39)	(340)	(16)	(15)	(378)
Short-term credit from financial corporations, net	-	(728)	-	(2)	(91)
Deposits from customers, net	(1)	(2)	-	(1)	-
Interest paid	(222)	(163)	(81)	(80)	(330)
Net cash – financing activities	<u>(2,140)</u>	<u>(2,851)</u>	<u>(1,717)</u>	<u>(1,892)</u>	<u>897</u>
Increase (decrease) in cash and cash equivalents	<u>(1,886)</u>	<u>(2,340)</u>	<u>(2,410)</u>	<u>(1,955)</u>	<u>1,320</u>
Cash and cash equivalents at beginning of period	4,146	2,824	4,726	2,444	2,824
Effect of exchange rate changes on cash balances held in foreign currency	<u>6</u>	<u>10</u>	<u>(50)</u>	<u>5</u>	<u>2</u>
Cash and cash equivalents at end of period	<u>2,266</u>	<u>494</u>	<u>2,266</u>	<u>494</u>	<u>4,146</u>

The data attached to the Separate Condensed Financial Statements form an integral part thereof.

Azrieli Group Ltd.
Information Supplementing the Separate Interim Financial Statement
As of 30 June 2025

A. General:

The Company's separate financial statement is prepared in accordance with the provisions of Regulation 38D of the Securities Regulations (Immediate and Periodic Reports), 5730-1970.

This separate financial statement is to be inspected with respect to the Company's separate financial statement as of 31 December 2024, and for the year then ended, and the supplementing information that were attached thereto.

B. Definitions:

- | | |
|-------------------------|--|
| The Company | - Azrieli Group Ltd. |
| Investee Company | - Consolidated company or a joint venture or an associate. |

C. Accounting Policy:

The separate financial statement is prepared in accordance with the accounting policy specified in Note B to the Company's Separate Financial Statement as of 31 December 2024 and the year then ended.

D. Material Events during the Reporting Period:

See Note 3 to the Condensed Consolidated Financial Statements published with this Separate Financial Statement.

E. Subsequent Events:

See Note 6 to the Condensed Consolidated Financial Statements published with this Separate Financial Statement.



Date: 17 August 2025

To:
The Board of Directors of
Azrieli Group Ltd.
Azrieli Center 1,
Tel Aviv

Dear Sir/Madam,

Re: Consent given in connection with the shelf prospectus of Azrieli Group Ltd. of May 2025

We hereby notify you that we agree to the inclusion (including by way of reference) of our reports which are specified below in connection with the shelf prospectus of May 2025:

- (1) Review report of 17 August 2025 on condensed consolidated financial information of the Company as of 30 June 2025 and for the six- and three-month periods then ended.
- (2) Special auditors' report of 17 August 2025 on condensed separate financial information of the Company as of 30 June 2025 and for the six- and three- month periods then ended according to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Sincerely,

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



PART D

Effectiveness of Internal Control over the Financial Reporting and Disclosure

ATTACHED HERETO IS A QUARTERLY REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE PURSUANT TO REGULATION 38C(A):

The management, under the supervision of the Board of Directors of Azrieli Group Ltd. (the "**Corporation**"), is responsible for setting and maintaining proper internal control over financial reporting and disclosure at the Corporation.

For this purpose, the members of management are:

1 | Ron Avidan, CEO

2 | Ariel Goldstein, CFO

3 | Nirit Zeevi, VP, General Counsel and Corporate Secretary

4 | Yaacov Danino, Chief Comptroller for Accounting and Financial Statements

Internal control over financial reporting and disclosure consists of controls and procedures existing at the Corporation, designed by, or under the supervision of, the CEO and the most senior financial officer, or by anyone actually performing such functions, under supervision of the Board of Directors of the Corporation, and which are designed to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the reports according to the provisions of the law, and to ensure that information which the Corporation is required to disclose in reports released thereby according to the law is gathered, processed, summarized and reported within the time frames and in the format set forth by the law.

Internal control includes, *inter alia*, controls and procedures designed to ensure that information which the Corporation is thus required to disclose, is gathered and transferred to the management of the Corporation, including the CEO and the most senior financial officer, or anyone actually performing such functions, in order to enable the timely decision making in reference to the disclosure requirements.

Due to its inherent limitations, internal control over financial reporting and disclosure is not designed to provide absolute assurance that misrepresentation or omission of information in the reports is avoided or discovered.

The quarterly report regarding the effectiveness of the internal control over financial reporting and disclosure, which was attached to the quarterly report for the period ended 31 March 2025 (the "**Most Recent Quarterly Report on Internal Control**"), found the internal control to be effective.

Until the report date, no occurrence or issue were brought to the attention of the Board of Directors and the management, which may change the evaluation of the effectiveness of the internal control as found in the Most Recent Quarterly Report on Internal Control.

As of the report date, based on the evaluation of the effectiveness of the internal control in the Most Recent Quarterly Report on Internal Control, and based on information which was brought to the attention of the management and the Board of Directors as aforesaid: the internal control is effective.

STATEMENT OF MANAGERS:

STATEMENT OF CEO PURSUANT TO REGULATION 38C(D)(1):

I, Ron Avidan, represent that:

1. I have reviewed the quarterly report of Azrieli Group Ltd. (the "**Corporation**") for Q2/2025 (the "**Reports**").
2. To my knowledge, the Reports do not contain any misrepresentation nor omission of a material fact required for the representations included therein, given the circumstances under which such representations were included, not to be misleading with regard to the period of the Reports.
3. To my knowledge, the Financial Statements and other financial information included in the Reports adequately reflect, in all material respects, the financial position, operating results and cash flows of the Corporation for the periods and as of the dates covered by the Reports.
4. I have disclosed to the Corporation's auditor and to the Corporation's Board of Directors and the Audit Committee and Financial Statement Committee, based on my most current evaluation of internal control over financial reporting and disclosure:
 - a. Any and all significant flaws and material weaknesses in the setting or maintaining internal control over financial reporting and disclosure which may reasonably adversely affect the Corporation's ability to gather, process, summarize or report financial information in a manner which casts doubt on the reliability of the financial reporting and preparation of the Financial Statements in conformity with the provisions of the law; and –
 - b. Any fraud, either material or immaterial, which involves the CEO or anyone reporting to him directly or which involves other employees who play a significant role in internal control over financial reporting and disclosure;
5. I, myself or jointly with others at the Corporation:
 - a. Have set controls and procedures, or confirmed, under my supervision, the setting and maintaining of controls and procedures which are designed to ensure that material information in reference to the Corporation, including consolidated companies thereof as defined in the Securities Regulations (Annual Financial Statements), 5770-2010, is brought to my knowledge by others at the Corporation and the consolidated companies, particularly during the preparation of the Reports; and –
 - b. Have set controls and procedures, or confirmed, under my supervision, the setting and maintaining of controls and procedures which are designed to reasonably ensure reliability of financial reporting and preparation of the Financial Statements in conformity with the provisions of the law, including in conformity with GAAP.
 - c. No occurrence or issue have been brought to my attention, that occurred during the period between the date of the most recent periodic report and the date of this report date, which may change the conclusion of the Board of Directors and management with regard to the effectiveness of internal control over the Corporation's financial reporting and disclosure.

The aforesaid does not derogate from my responsibility or from the responsibility of any other person, pursuant to any law.

Date: 17 August 2025

Ron Avidan| CEO

STATEMENT OF MANAGERS:

STATEMENT OF THE MOST SENIOR FINANCIAL OFFICER PURSUANT TO REGULATION 38C(D)(2):

I, **Ariel Goldstein**, represent that:

1. I have reviewed the Interim Financial Statements and other financial information included in the interim reports of Azrieli Group Ltd. (the "**Corporation**") for Q2/2025 (the "**Reports**" or the "**Interim Reports**");
2. To my knowledge, the Interim Financial Statements and the other financial information included in the Interim Reports do not contain any misrepresentation nor omission of a material fact required for the representations included therein, given the circumstances under which such representations were included, not to be misleading with regard to the period of the Reports.
3. To my knowledge, the Interim Financial Statements and other financial information included in the Interim Reports adequately reflect, in all material respects, the financial position, operating results and cash flows of the Corporation for the periods and as of the dates covered by the Reports;
4. I have disclosed to the Corporation's auditor and to the Corporation's Board of Directors and the Audit Committee and Financial Statement Committee, based on my most current evaluation of internal control over financial reporting and disclosure:
 - a. Any and all significant flaws and material weaknesses in the setting or maintaining internal control over financial reporting and disclosure, insofar as it relates to the Interim Financial Statements and the other information included in the Interim Reports, which may reasonably adversely affect the Corporation's ability to gather, process, summarize or report financial information in a manner which casts doubt on the reliability of financial reporting and preparation of the Financial Statements in conformity with the provisions of the law; and -
 - b. Any fraud, either material or immaterial, which involves the CEO or anyone reporting to him directly or which involves other employees who play a significant role in internal control over financial reporting and disclosure.
5. I, myself or jointly with others at the Corporation-
 - a. Have set controls and procedures, or confirmed, under my supervision, the setting and maintaining of controls and procedures which are designed to ensure that material information in reference to the Corporation, including consolidated companies thereof as defined in the Securities Regulations (Annual Financial Statements), 5770-2010, is brought to my knowledge by others at the Corporation and the consolidated companies, particularly during the preparation of the Reports; and -
 - b. Have set controls and procedures, or confirmed, under my supervision, the setting and maintaining of controls and procedures which are designed to reasonably ensure reliability of financial reporting and preparation of the Financial Statements in conformity with the provisions of the law, including in conformity with GAAP;
 - c. No occurrence or issue have been brought to my attention, that occurred during the period between the date of the most recent periodic report and the date of this report date, pertaining to the Interim Financial Statements and any other information included in the Interim Reports, which could, in my opinion, change the conclusion of the Board of Directors and management with regard to the effectiveness of internal control over the Corporation's financial reporting and disclosure.

The aforesaid does not derogate from my responsibility or from the responsibility of any other person, pursuant to any law.

Date: 17 August 2025

Ariel Goldstein | CFO