



AZRIELIGROUP

Azrieli Group Ltd.
(the "Company")

August 10, 2025

To
Israel Securities Authority
Via Magna

To
Tel Aviv Stock Exchange Ltd.
Via Magna

Dear Sir/Madam,

Re: **Engagement in Agreements for the Provision of DC Services**

Further to the immediate reports¹ of Azrieli Group Ltd. (the "**Company**") regarding the construction of a data center (DC) campus in the region of Frankfurt, Germany, in the context of a joint venture in which the Company's share is 50% (the "**Joint Venture**" or the "**Joint Company**") and regarding the signing of the First Agreement with the Customer (the "**Customer**" and the "**First Agreement**" as defined in the Previous Report), the Company respectfully reports that on 8 August 2025, the Joint Company entered into several agreements with the Customer, which include the Second Agreement (as defined in the Previous Report) and amendments to the First Agreement and the Second Agreement (collectively the "**Agreements**").²

Summary of the main principles of the Agreements:

1. **The transaction:** The Joint Company shall provide the Customer with DC services (the "**Services**") on a campus currently being built by the Joint Company (the "**Project**"), with a capacity of 36 MW (the "**Capacity**"), and the Customer has an option to increase the Capacity by 18 MW to a total capacity of 54 MW (the "**Option**"). The Joint Company is expected to supply the Capacity to the Customer in stages over ~3.5 years from the date of the engagement in the Agreements, with the estimated date for the supply of the first 9 MW in the Project being in Q4/2026.
2. **The consideration:** The consideration for the Services is based, *inter alia*, on a fixed price for each stage, subject to a fixed annual rate of increase as set forth in the Agreements. In the Company's estimation, given supply of 36 MW, the

¹ See the Company's immediate reports of 2 April 2023 (Ref. 2023-01-037008), of 3 July 2024 (Ref. 2024-01-068701), and of 2 July 2025 (Ref. 2025-01-047754) (the "**Previous Report**") and Section 2.13 of the Board of Directors' Report, as included in the Company's quarterly report as of 31 March 2025, which the Company released on 22 May 2025 (Ref. 2025-01-036082), which are incorporated herein by reference.

² The Company and the other partner in the Joint Venture, each being guarantors pursuant to the Agreements as described in section 4, signed the amendments as acknowledgment of their provisions.

average annual NOI of the transaction is expected to total approx. €51 million (the Company's share is approx. €25.5 million).

3. Period of the Services and options for extension thereof: The period of provision of the Services is ~15 years from the date of handover of each stage for the Customer's use. The Customer will also be given an option to extend the period of the Services, from time to time, for an aggregate period that shall not exceed 15 years.
4. Guarantee: Each one of the Company and the other partner in the Joint Venture will be guarantors (in equal shares between them) for the financial undertakings of the Joint Company under the Agreements, both at the construction stage and at the operation stage.
5. Termination of the Agreements: According to the Agreements, the Customer is entitled to terminate the Agreements according to common practice in agreements of this type, including in the event of significant postponements of the dates stated in the Agreements for handover of the stages of the Project, and in the event of repeated key service level failures and the Joint Company can be liable for liquidated sums (allowable as credits against the recurring rent) in the event of delayed delivery of the Project and/or service level failures. The Customer may also terminate the Agreements for convenience, subject to payment of a termination fee calculated as a proportion of the outstanding payment until the end of the period of the Services.
6. Law and jurisdiction: The Agreements are governed by German law and the jurisdiction in respect thereof is in Germany.

As of the report date, the cost of construction of the Project (36 MW) is estimated at approx. €450 million³ (the Company's share is approx. €225 million). As of the report date, the Joint Company is conducting negotiations with finance providers in connection with the financing of the Project.

The information included in this report regarding the estimated timetables for completion of the Project and for the provision of the Services and/or making the Capacity available to the Customer, the estimate regarding the average annual NOI, the Project's construction costs (including financing costs) and receipt of financing for the Project constitute forward-looking information, as defined in the Securities Law, 5728-1968, which there is no certainty will materialize and/or may materialize in a manner that materially differs from the aforesaid. The said information is primarily based on plans of the Company and the Joint Company and on their estimates and assumptions, which are uncertain. The information presented above may not materialize due to factors beyond the control of the Company or the Joint Company, and *inter alia*, delays in construction of the Project, defects in the Project, changes in the Project's construction costs, regulatory changes, macroeconomic or industry-related changes in the DC sector, non-conclusion of the financing negotiations and/or the materialization of any of the risk factors specified in Section

³ Excluding financing costs, estimated at approx. €48 million as of the reporting date.

29.5 of Part A of the Company's 2024 periodic report, which was released on 20 March 2025 (Ref. 2025-01-018529), which is incorporated herein by reference.

Sincerely,
Azrieli Group Ltd.

Signed by: Adv. Nirit Zeevi, VP, General Counsel and Corporate Secretary.