# AFI Properties Ltd.

(hereinafter: "the Company")

Date: 29.6.2026

**Re: Immediate report in accordance with the Securities Regulations (Private Offering of Securities in a Registered Company), 5760-2000 regarding a material private offering and regarding a private offering that is non-material and non-exceptional**

In accordance with the Securities Regulations (Private Offering of Securities in a Registered Company), 5760-2000 (hereinafter: "the **Regulations**" or "**Private Offering Regulations**"), an immediate report is hereby provided regarding a non-material and non-exceptional private offering (as defined in the Private Offering Regulations) of up to 367,477 ordinary shares of 1 NIS par value each of the Company ("**Ordinary Shares**") to up to 13 employees of the Company (of which 6 are officers) and of subsidiaries of the Company, as well as regarding a material private offering (as defined in the Private Offering Regulations) of 63,358 ordinary shares of the Company to the Company's CEO (all such offerees shall hereinafter be referred to as: "the **Offerees**"). To the best of the Company's knowledge, the Offerees are not interested parties in the Company and will not become such interested parties after the share allocation, except for the Company's CEO, who is an interested party by virtue of his position and not by virtue of his holdings.

## 1. General

### 1.1. Non-material and Non-exceptional Private Offering

On 29.6.2026, the Company's Board of Directors approved, after receiving approval from the Company's Audit Committee on the same day (including in its capacity as the Company's Compensation Committee) (hereinafter: the "**Audit Committee**" or the "**Compensation Committee**") (the Audit Committee's approval was given regarding Offerees who are officers in the Company), an allocation of up to 367,477 ordinary shares of the Company to up to 13 Offerees who are employees of the Company (of which 6 are officers in the Company) and of subsidiaries of the Company, in accordance with the conditions detailed in this report below. It is clarified that the Offerees as stated in this sub-section 1.1 do not include the Company's CEO.

### 1.2. Material Private Offering

On the same date, the Company's Board of Directors approved, after approval by the Company's Audit Committee on the same day, allocations of up to 63,358 ordinary shares of the Company to the Company's CEO.

**1.3.** The allocations to the Offerees as stated in sections 1.1 and 1.2 above are against payment of cash consideration, as detailed below, which will be financed by dedicated loans from a financial institution. Each such loan is under the full responsibility of the Offerees and guaranteed by the Company. The provision of guarantees for the Offerees' loans is in accordance with the Company's compensation policy, as approved by the Company's General Meeting on 22.4.2025, as attached to the Company's meeting summons report published on 11.3.2025 (reference number 2025-01-015938) and regarding the CEO - in accordance with the CEO's employment agreement, as stated in Regulation 21 of the "Additional Details about the Company" chapter, included in the Company's Periodic report for the year 2025, published on 9.3.2026 (reference: 2026-01-020583).

The shares to be allocated to the Offerees according to this report shall hereinafter be called: "the **Shares**".



## 2. The Offerees

The Offerees (including the CEO) are employees with whom employer-employee relations exist between them and the Company or subsidiaries of the Company, as the case may be, except for one Offeree, to whom up to 25,343 ordinary shares of the Company will be allocated.

It is clarified that none of the Offerees constitutes a "controlling shareholder" as defined in Section 32(9) of the Income Tax Ordinance [New Version], 5721-1961, or an Offeree who will become a controlling shareholder in the Company and/or an interested party as a result of the allocation, as the shares to be allocated to the Offerees will constitute, as of the date of this report, up to approximately 1.03% of the Company's issued and paid-up capital and voting rights therein, and up to approximately 1.01% of the Company's issued and paid-up capital and voting rights therein, on a fully diluted basis.

Since the Offeree as stated in section 1.2 above is the Company's CEO, the allocation to him constitutes a material private offering (as defined in the Regulations) in relation to the Company's CEO, and therefore this immediate report is also in the format set forth in section 20 of the Regulations, concerning a material private offering.

In addition, since the other Offerees are officers or employees in the Company group, who are not a director or the CEO of the Company, this report also constitutes an immediate report in the format set forth in section 21 of the Regulations, concerning the details of the offering as a non-material and non-exceptional private offering.

## 3. Terms of the Securities Proposed for Issuance, their Quantity and the Percentage Share of Voting Rights and the Issued and Paid-Up Capital of the Company After the Allocation

### 3.1 Quantity of Shares Allocated to Offerees and their Proportion of the Issued and Paid-Up Capital of the Company

3.1.1 As stated above, the shares to be allocated to the Offerees will constitute, as of the date of this report, up to approximately 1.03% of the Company's issued and paid-up capital and voting rights therein, and up to approximately 1.01% of the Company's issued and paid-up capital and voting rights therein, on a fully diluted basis.

3.1.2 The Company's issued and paid-up share capital on the eve of the allocation according to this plan is 41,427,455 NIS, divided into 41,427,455 ordinary shares, of 1 NIS par value each (and on a fully diluted basis stands at 42,166,055 NIS divided into 42,166,055 ordinary shares of 1 NIS par value each).

3.1.3 After the share allocation, the Company's issued and paid-up share capital will stand at up to 41,858,290 NIS, divided into up to 41,858,290 ordinary shares, of 1 NIS par value each (and on a fully diluted basis will stand at up to 42,596,890 NIS divided into up to 42,596,890 ordinary shares of 1 NIS par value each).

3.1.4 After the allocation, the CEO will hold approximately 0.15% of the Company's issued capital (and on a fully diluted basis, i.e., assuming exercise of all existing convertible securities, approximately 0.5% of the Company's issued and paid-up capital).

3.2 **<u>Lack of Marketability or Transferability of the Shares, Lien on the Shares and Restrictions on Resale</u>**

3.2.1 As stated above, for the purpose of paying the consideration for the shares offered to him, each Offeree will enter into an agreement with a financial institution to receive an unlinked loan for a period of up to 8 years to finance the purchase of the shares, under terms of full responsibility of the Offeree, where the Company will provide a guarantee to ensure the said loan to that financial institution (hereinafter: the "Financial Institution").

3.2.2 To secure the Offeree's obligations in connection with the loan and the Company's guarantee, or alternatively, if the Offeree provides the financing from other sources, the Offeree will pledge in favor of the Financial Institution the shares to be allocated to him according to this report.



("the Pledged Shares"). The total amount of loans to be secured by the guarantees provided by the Company as stated above is up to 68 million NIS.

3.2.3 The Offerees will not be allowed to sell and/or transfer the shares for a period of up to 48 months from the date of the Board of Directors' decision (hereinafter: "Lock-up Restriction"), subject to conditions set in agreements between the Company and the Offerees (this is, inter alia, to secure the loans to be provided to the Offerees to finance the purchase of the shares under Company guarantee, in accordance with the provisions of the compensation policy).

3.2.4 In the event of termination of an Offeree's engagement with the Company at the Offeree's initiative for any reason whatsoever, the Lock-up Restriction will continue to apply to the shares allocated to him under the allocation subject of this report, and the Offeree will act to release the Company from its obligations under the guarantee provided by the Company in favor of the Financial Institution.

3.2.5 In the event of termination of engagement between the Company and an Offeree, at the Company's initiative, for any reason whatsoever, but not for a reason for which severance pay can be denied by law, or in the case of termination of engagement due to death, disability, or loss of legal capacity:

a. In the event that the Company's share price on the stock exchange at the time of termination of engagement with the Offeree is higher than the economic value per share, the Company shall be entitled to choose at its sole discretion one of the following two options: (1) releasing the Company from its obligations under the guarantee against releasing the Lock-up Restriction; or (2) the Lock-up Restriction shall continue to apply, and the Company will continue to be a guarantor according to the terms of the guarantee until the expiration of the transferability restriction, according to the terms of the share allocation.

b. In the event that the Company's share price on the stock exchange at the time of termination of engagement with the Offeree is lower than the economic value per share, the Company will repay the loan, release the Lock-up Restriction, and the Offeree will sell the shares and transfer the proceeds of the Pledged Shares to the Company, subject to approvals.

3.2.6 In addition to the Lock-up Restriction and the pledge of shares as stated above, restrictions on resale will apply to the shares, in accordance with the provisions of Sections 15C and 15D of the Securities Law, 5728-1968, and the Securities Regulations (Details regarding Sections 15A1 to 15C1 of the Law), 5760-2000.

3.3. **Consideration for the Proposed Securities and Method of Payment**

The consideration for each share (a total of 157.8 NIS) was determined based on the economic value of the shares as detailed in section 4.1 below, and it will be paid in cash to the Company.

3.4. **Dividend Distribution**

To the extent that a dividend is paid in respect of the Pledged Shares, cash surpluses accumulating in the account where the Pledged Shares will be held ("the Cash Surpluses") may be used to purchase shares of the Company and/or an affiliated company, which will also be deposited in the dedicated account and serve as collateral to secure the loan repayment similar to cash, or will be used for early repayment on account of the loan principal, at the Offeree's choice. Alternatively, the Offeree will be entitled to use the dividend amounts for investment in a money market fund and/or a deposit.

If the ratio between the collateral value of the Pledged Shares plus the Cash Surpluses and the outstanding balance of the loan given to the Offeree exceeds 1.3, the Offeree will be entitled to release part of the Pledged Shares and/or Cash Surpluses in a scope such that the ratio between the remaining collateral value of the Pledged Shares and Cash Surpluses and the remaining outstanding balance of the loan will not be less than 1.3, subject to agreements with the Financial Institution.



3.5. **Rights Accompanying the Shares**

Subject to the Lock-up Restriction, the shares allocated according to this report will be equal in their rights to the existing ordinary shares in the Company's capital, for all intents and purposes, from the date of their issuance, and will be entitled to any dividend or other benefit for which the record date for receiving it falls on or after the exercise date.

For further details regarding the rights accompanying the exercise shares, see the Company's Articles of Association published on 9.11.2022 (reference: 2022-01-135118). The information included in the Company's Articles of Association is hereby incorporated by way of reference.

3.6. **Miscellaneous**

The allocation of shares does not grant any of the Offerees any right in connection with the continuation of his employment or tenure in the Company or in a company controlled by the Company, as the case may be, and the allocation of shares by the Company does not constitute a commitment on the part of the Company or on the part of a company controlled by the Company, as the case may be, to continue the employment or tenure of any of the Offerees. It is hereby clarified that the provisions in this report override any provision found in an agreement that any of the Offerees has with the Company or with a company controlled by the Company, as the case may be.

## 4. The Consideration for the Shares

4.1. The consideration to be paid to the Company by each Offeree for the shares to be allocated within the framework of the allocation subject of this report to each such Offeree is in the amount of the economic value of the shares to be allocated to him. The economic value of each share offered within the framework of the allocation subject of this report was determined based on the closing price of the Company's share on the stock exchange on 26.6.2026, which is the end of the trading day preceding the date of the Board of Directors' approval ("the Market Price"), less the discount rate for lack of marketability due to the Lock-up Restriction (DLOM) ("the Discount Rate"). The Discount Rate was determined according to a valuation conducted by an independent external appraiser.

4.2. Accordingly, the price of each share offered according to this report is as follows:

| Quantity of Shares | Lock-up Period | Market Price in NIS | Discount Rate | Price per Share (Economic Value of Share) |
|---|---|---|---|---|
| 430,835 | 48 months | 184.6 | 14.5% | 157.8 |

## 5. Data on the Company's Share Price

The closing price of the Company's share on the stock exchange on 26.6.2026 (which is the end of the trading day preceding the date on which the Board of Directors' approval was received) stood at 184.6 NIS. Taking note of the Lock-up Restriction and the Discount Rate for it, the price of each share offered within the framework of the allocation subject of this report is lower than said closing price, at a rate of approximately 14.5%.

## 6. The Issued and Paid-up Share Capital of the Company and the Holding Rates Therein

**6.1** The registered share capital of the Company is 60,000,000 NIS, divided into 60,000,000 ordinary shares of 1 NIS par value each.

**6.2** The issued and paid-up share capital of the Company prior to the allocation under this plan is 41,427,455 NIS, divided into 41,427,455 ordinary shares, of 1 NIS par value each (and on a fully diluted basis stands at 42,166,055 NIS divided into 42,166,055 ordinary shares of 1 NIS par value each).

**6.3** Below are details regarding the quantity and holding rates of interested parties in the Company, the CEO, and the remaining shareholders, in the issued and paid-up share capital of the Company and in the voting rights therein:

| Name of Shareholder | Quantity of securities as of the report date | Rights in capital and voting before the allocation (and on a fully diluted basis) | | | | Quantity of shares offered in the report | Rights in capital and voting immediately after the allocation (and on a fully diluted basis) | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Capital | Capital (Fully Diluted) | Voting | Voting (Fully Diluted) | | Capital | Capital (Fully Diluted) | Voting | Voting (Fully Diluted) |
| Mr. Avi Barzilai - Company CEO | 150,000 warrants for shares | - | 0.36% | - | 0.36% | 63,358 | 0.15% | 0.5% | 0.15% | 0.5% |
| **BIG Shopping Centers Ltd.** | **33,101,900** | **79.9%** | **78.5%** | **79.9%** | **78.50%** | **-** | **79.08%** | **77.71%** | **79.08%** | **77.71%** |
| Ezri Gonen | 1,325 | 0.003% | 0.003% | 0.003% | 0.003% | - | 0.003% | 0.003% | 0.003% | 0.003% |
| Yehuda Naftali | 1,600 | 0.004% | 0.004% | 0.004% | 0.004% | - | 0.004% | 0.004% | 0.004% | 0.004% |
| Altshuler - Shares for Employees | 588,600 warrants | - | 1.40% | - | 1.40% | - | - | 1.382% | - | 1.382% |
| Remaining Offerees | - | - | - | - | - | 367,477 | 0.88% | 0.863% | 0.88% | 0.863% |
| **Remaining Shareholders** | **8,322,630** | **20.09%** | **19.74%** | **20.09%** | **19.74%** | **-** | **19.88%** | **19.538%** | **19.88%** | **19.538%** |
| **Total** | **41,427,455** | **100%** | **100%** | **100%** | **100%** | **430,835** | **100%** | **100%** | **100%** | **100%** |



## .7 Personal Interest of every material shareholder or officer in the Company

To the best of the Company's knowledge, except for the personal interest of the CEO and other officers in the Company in the allocation of shares subject of this report, by virtue of being offerees of the shares and being party to the guarantee and pledge arrangement described in section 3.2.2 above, no material shareholder in the Company or officer in the Company has a personal interest in the offering of the shares subject of this report.

## .8 The Approvals required for the execution of the allocation according to the offering

**8.1.** On June 29, 2026, the Company's board of directors approved the allocation of shares to the CEO and to the remaining offerees (following the receipt of approval from the Company's Audit Committee, in its capacity as the compensation committee, on the same day).

**8.2.**

TASE approval for listing the shares for trading. The Company intends to apply to the TASE for its approval as stated close to the publication of this report.

## .9 Agreements between the Offerees and a shareholder in the Company

To the best of the Company's knowledge, and based on an inquiry it conducted with the Offerees, there are no agreements, whether in writing or oral, between the Offerees and a shareholder in the Company, or between the Offerees and others, regarding the purchase or sale of securities of the Company or regarding the voting rights therein.

## .10 Restrictions on performing actions in the offered securities that will apply to the Offerees

For details regarding the restrictions on performing actions in the offered securities that will apply to the Offerees, see section 3.2 above.

## .11 Date of Allocation

All shares will be allocated to the Offerees shortly after receiving all the approvals detailed in section 8 above and within the period that will be determined for this in the TASE approval.

## .12 Additional details regarding a material private offering to the CEO in accordance with the private offering regulations

**12.1** For details about the Company's CEO and his employment terms, including his right to have the Company provide a guarantee to finance the purchase of the Company's shares, see regulations 21 and 26a of the additional details chapter included in the Company's Periodic report for the year 2025. The information included in the Periodic report is hereby brought by way of reference. For the removal of doubt, unlike the provision of the guarantee regulated within the compensation policy and anchored in the CEO's employment terms, based on the opinion of its external legal advisors, the Company does not see the share offering subject of this report as part of the CEO's compensation (or any other offeree).

**11.1.1** The CEO is not an interested party, as the term is defined in the Companies Law, 5759-1999 ("Companies Law"), by virtue of his holdings in the Company's shares, and will not become such an interested party after the share allocation. The Company's CEO is an interested party by virtue of his position. The Offerees are not an "interested party" in the Company (as the term is defined in section 270(5) of the Companies Law) and will not become an "interested party" in the Company as a result of the share allocation subject of this report.

### 12.2 The way in which the consideration was determined and reasons for approving the allocation to the CEO

**12.2.1** During the meetings of the Audit Committee and the Board of Directors, information was provided, among other things, regarding the CEO's right to the provision of a Company guarantee for financing the purchase of shares, and the calculation of the economic value of the shares allocated to the CEO was presented to them.

**12.2.2** The fair value of the shares was determined in accordance with a valuation, and based on the discount rate for the lack of marketability due to the lock-up restriction,



as determined in the economic valuation.

12.2.3 Beyond the fact that the allocation to the CEO is in accordance with the economic value of the shares, since the Company is anyway committed to providing a guarantee for the purchase of shares (whether from it or from a third party), the allocation to the CEO has additional advantages in the Company's view, including receiving the payment for the shares and creating an additional incentive for the CEO to continue his tenure throughout the lock-up period, all without granting the CEO a financial benefit from the Company.

12.2.4 The Company implements in its financial statements the International Financial Reporting Standard 2 IFRS regarding share-based payment. The main provisions of the standard are the recording of expenses for the allocation of shares in the Company's financial statements according to the value of the benefit at the time of their actual allocation, if any. Since the allocation of shares is carried out against a payment identical to their economic value, based, among other things, on an external valuation by an independent third party, and since the loans that will be provided by the financial entity are full recourse loans under the full responsibility of the Offerees, each of the Offerees (including the CEO) assumes the full economic risk involved in purchasing the shares, and therefore the Company is not expected to record an expense in its financial statements for the said allocation.

12.2.5 The provision of the Company's guarantee to secure the financing provided for the purpose of purchasing the CEO's shares is done in accordance with the compensation policy and the CEO's employment terms, as approved by the Company's shareholders, where the maximum amount for the provision of a guarantee by the Company to secure the repayment of the loan by the Company's CEO shall not exceed 10 million NIS. In accordance with what is stated in this report, the loan amount that will be provided to the CEO by the financial institution for the purpose of purchasing the CEO's shares under the Company's guarantee will not exceed 10 million NIS and it will also be secured by a pledge on the shares.

12.2.6 Given these data, the allocation of shares to the CEO in combination with the provision of the guarantee for the loan to be provided to him is reasonable, appropriate, and for the benefit of the Company.

12.3 <u>Prevention or restriction on performing actions in the shares that will apply to the CEO</u>

For details see section 3.2 of this report.

12.4 <u>Required approvals and date of share allocation</u>

The shares offered under this report will be allocated shortly after receiving all the approvals required by law, as detailed in section 8 of this report.

12.5 <u>Agreements between the Offerees and other shareholders</u>

For details see section 9 of this report.

12.6 <u>Data regarding the Company's share price</u>

For details see section 5 of this report.

12.7 <u>The economic value of the shares</u>

For details regarding the economic value of the shares and the payment of consideration for them, see section 4 above.

Sincerely,

**AFI Properties Ltd.**

Signed by: Mr. Avi Barzilai, Company CEO

Ms. Anna Daphne, CFO