Africa Israel Residences Ltd.

(hereinafter: the "Company")

Date: 29.3.2026

Immediate report regarding a material private offering and a non-material and non-exceptional private offering

In accordance with the Securities Regulations (Private Offering of Securities in a Listed Company), 5760-2000 (hereinafter: "Private Offering Regulations"), the Company announces that on March 24, 2026, in accordance with the provisions of the Company's equity compensation plan approved on March 10, 2022 (hereinafter: "Equity Compensation Plan" or the "Plan"), the Company's Board of Directors approved (after receiving approval from the Company's Audit Committee dated March 19, 2026), a grant of warrants, which constitutes a material private offering to Ms. Ronit Eshed Levy, the Company's CEO.

Below are details regarding the granted warrants and the Plan in accordance with Regulation 20 of the Private Offering Regulations:

1. General

1.1 As mentioned above, on March 10, 2022, the Company's Board of Directors approved the Equity Compensation Plan.

Under the provisions of the Equity Compensation Plan, up to 505,740 warrants in total may be allocated thereunder, each exercisable into one ordinary share of the Company of NIS 1 par value, for a total of 505,740 ordinary shares of the Company (above and hereinafter: the "Pool", the "warrants", the "Exercise Shares", and the "Company shares", respectively). As of this date, 106,847 warrants remain in the pool (after the expiration of warrants which returned to the pool).

1.2 In view of the above, in accordance with the provisions of the Equity Compensation Plan and the Company's compensation policy, and subject to the approval of the Company's General Meeting of shareholders, on March 26, 2025, after receiving approval from the Company's Audit Committee, a grant of 14,709 warrants from the pool (hereinafter: the "Granted Warrants") to the Company's CEO was approved, exercisable into 14,709 Company shares. The Granted Warrants will be deposited with a trustee (as such term is defined below).

2. The Offeree

The Offeree is Ms. Ronit Eshed Levy, who serves as the Company's CEO (above and hereinafter: the "Company's CEO" and also the "Offeree"), and with whom an employer-employee relationship exists.

For the removal of doubt, it is clarified that the Company's CEO is not an interested party as defined in Section 270(5) of the Companies Law, and that she will not become a controlling shareholder or an interested party as a result of the grant of the warrants and/or their exercise.

As mentioned above, this immediate report is in the format of a material private offering, in accordance with Regulation 20 of the Private Offering Regulations. As stated in Section 8 below, the grant of the warrants to the Company's CEO will be brought for approval by the Company's General Meeting of shareholders. A meeting notice report for the General Meeting of shareholders is published concurrently with the publication of this report.

3. Terms of the securities proposed to be issued, their quantity, and the percentage they will represent of the voting rights and the issued and paid-up capital of the Company, after the allocation and on a fully diluted basis

3.1 Quantity of the proposed warrants and the rate of the exercise shares resulting from the warrants in the issued and paid-up capital

2.1.1 In accordance with the decision of the Company's Board of Directors, a total of 14,709 warrants, exercisable into 14,709 shares, will be deposited with a trustee appointed under the provisions of Section 102 of the Income Tax Ordinance [New Version], the regulations, rules, circulars, and instructions issued thereunder (hereinafter: the "Trustee"), for the Offeree.

Ordinary shares of NIS 1 par value each of the company (subject to adjustments in section 2.5 below). The warrants will be allocated to the offeree without consideration.

The trustee for the purposes of the plan is Altshuler Ltd.

2.1.2 The warrants will not be registered for trade on the Tel Aviv Stock Exchange Ltd. (hereinafter: "**the TASE**"). The company's shares, which will be allocated by the company to the offeree upon exercise of the warrants (hereinafter: "**the exercise shares**"), are ordinary shares of the company. The exercise shares shall be, from the date of their exercise, equal in their rights for all intents and purposes to the existing ordinary shares in the company's capital.

2.1.3 The issued and paid-up share capital of the company at the time of the grant is 12,669,248 ordinary shares of NIS 1 par value each. After the allocation of the warrants to the offerees, no change will occur in the issued and paid-up share capital of the company.

2.1.4 Under the theoretical assumption of full exercise and conversion of all granted warrants, the issued and paid-up share capital of the company will amount to 12,683,957 and the granted warrants will constitute approximately 0.11% of the company's issued and paid-up capital, and in the case of full exercise and conversion of all warrants outstanding, the company's issued and paid-up share capital will amount to approximately 13,317,618 ordinary shares, and the company's shares resulting from the exercise and/or conversion of all granted warrants will constitute approximately 4.87% of the company's issued and paid-up capital, after the allocation.

2.1.5 Under the theoretical assumption of full exercise and conversion of all warrants in the pool (including the granted warrants), after the allocation, the issued and paid-up share capital of the company will amount to approximately 13,596,578 ordinary shares, and the company's shares resulting from the exercise and/or conversion of all warrants in the pool will constitute approximately 6.82% of the company's issued and paid-up capital, after the allocation.

2.1.6 This assumption regarding the full exercise of the warrants is theoretical only, as in practice, the offeree who exercises the warrants will not be allocated the full quantity of exercise shares resulting from them, but only a quantity of exercise shares reflecting the financial benefit amount inherent in the warrants, as calculated on the exercise date of those warrants as detailed in section 2.3.2 below.

2.1.7 The exercise shares which will be allocated upon the exercise of the warrants will be registered in the name of the Nominee Company of the Tel Aviv Stock Exchange Ltd.

3.2 <u>**Allocation of the warrants and their exercise**</u>

2.2.1 Each offeree will be entitled to exercise the warrants allocated to the trustee for them, all or part of them, in accordance with the terms of the plan, starting from a date, as will be determined at the time of their grant to the offeree (above and below: "**the Vesting Date**") and over a period, as will be determined at the time of their grant to the offeree (above and below: "**the Exercise Period**"), whether in one tranche of warrants or in several tranches (above and below:

"**tranche/s**"), all as will be determined at the time of their grant to the offeree, and as will be detailed in the allocation agreement.

The vesting dates of the granted warrants are as follows:

2.2.1.1 25% of the warrants (the first tranche) - the vesting date of the first tranche is after 24 months from the allocation date;

2.2.1.2 25% of the warrants (the second tranche) - the vesting date of the second tranche is after 36 months from the allocation date;

2.2.1.3 25% of the warrants (the third tranche) - the vesting date of the third tranche is after 48 months from the allocation date;

2.2.1.4 25% of the warrants (the fourth tranche) - the vesting date of the fourth tranche is after 60 months from the allocation date.

In calculating the exact quantities of the warrants in each of the first three tranches, the number of warrants will be rounded down, and in the fourth tranche – the number of warrants will be rounded up to the total number of warrants granted to each offeree.

All granted warrants will be exercisable starting from the vesting date of the relevant tranche and until the end of 72 months from the Allocation Date.

2.2.2 The offeree shall be entitled, subject to the plan terms, to exercise the granted warrants starting from the vesting date of each warrant tranche. The warrants will be exercisable starting from said vesting date and until the end of the exercise period of that tranche of warrants.

2.2.3 At the end of the exercise period, all warrants that were granted but not exercised under the plan, included in the relevant tranche, shall expire, and these warrants shall return to the pool and may be re-allocated to any offeree.

2.2.4 All warrants will be allocated for the relevant offeree to the trustee, shortly after the required approvals are received as stated in section 8 below (provided that the required period has passed in accordance with Section 102 of the Income Tax Ordinance), after the offerees sign the allocation agreement and the rest of the required documents. The date of allocation of the warrants for each of the offerees shall be the date of delivery to the trustee of the allocation letter regarding the warrants granted to the offeree (hereinafter: "**Allocation Date**").

Exercise Prices of the Warrants

2.2.5 The warrants are granted to the offeree without consideration.

2.2.6 In accordance with the provisions of the Company's compensation policy dated September 13, 2020 (hereinafter: "**Compensation Policy 2020**"), the exercise prices of the granted warrants, as approved on the grant date (i.e., the date of the board of directors' decision regarding the allocation of the granted warrants), are as follows:

- Warrants included in the first tranche – 294.49 NIS;
- Warrants included in the second tranche – 301.67 NIS;
- Warrants included in the third tranche – 308.85 NIS;
- Warrants included in the fourth tranche – 316.04 NIS.

The exercise price of the additional warrants that will remain in the pool after the allocation of the granted warrants shall be determined on their grant date (hereinafter, as the case may be: "**Exercise Price**"). The exercise prices will be detailed in the allocation agreement that will be signed with each offeree (hereinafter: "**Allocation Agreement**").

2.2.7 It is clarified that on the exercise date, the offerees will not be required to actually pay the exercise price of the warrants allocated to the trustee for them; it will be used solely for the purpose of determining the monetary benefit amount and the number of exercise shares to be allocated to the offerees, in practice, as detailed in Section 2.3.2 below.

3.3 Exercise Procedure of the Warrants

The exercise of the warrants under the plan, for each offeree, will be performed by the trustee, in relation to any quantity of warrants that the offeree chooses to exercise and which have vested by this date, as detailed below:

2.3.1 An offeree interested in exercising warrants will deliver an exercise notice to the trustee and the Company via an exercise form determined by the Company, signed and filled out by the offeree (hereinafter: "**Exercise Notice**"), on any day starting from 17:00 of that day and until 9:30 AM on the day on the following day (an exercise notice delivered to the company between these hours shall be deemed to have been delivered to the company at 9:30 AM on the following day as stated and this day shall be called hereinafter: "**the Exercise Date**"). After receiving the exercise notice when it is complete and signed by the offeree in the hands of the company, the company shall allot the exercise shares to the trustee as close as possible to the Exercise Date (in accordance with the appropriate required period), or to the offeree, as the case may be.

2.3.2 At the time of exercise of the warrants, as stated in section 2.3.1 above, the following shall apply: a calculation shall be made of the difference between:

2.3.2.1 The closing price on the trading day preceding the Exercise Date (hereinafter: the "**Determining Price**"), multiplied by the quantity of shares that have vested in accordance with the warrants and for which an exercise notice was given (adjusted as stated in section 2.5 below, as the case may be);

and:

2.3.2.2 The exercise price of each warrant (subject to the adjustments detailed in section 2.5 below), multiplied by the quantity of warrants for which an exercise notice was given.

This difference (only and as long as it is positive) shall constitute the monetary benefit amount resulting for the offeree at the time of exercise (hereinafter: the "**Monetary Benefit Amount**").

2.3.3 The company shall transfer to the trustee in trust for the offeree a quantity of exercise shares reflecting the Monetary Benefit Amount divided by the Determining Price. Any fractional share resulting from the aforementioned calculation shall be rounded up to the nearest whole share. In addition, the company shall capitalize the par value of the exercise shares from the balance of its surpluses.

2.3.4 The company shall credit the Stock Exchange member account, which will be opened in the name of the trustee, for the shares stated in section 2.3.3 above, which the company shall allot in the name of the registration company through which all the company's shares are registered. The offeree shall be entitled, at its discretion, to instruct the company to transfer the shares to its name by way of an account credit in its name, provided that prior to the account credit the offeree has paid the company and/or the trustee any tax applicable by law for the release of the shares from the trustee, whether in cash or through an irrevocable instruction to sell a quantity of shares whose value after tax withholding is identical to the tax liability for the transfer of the shares to the account in the offeree's name.

2.3.5 As stated above, at the end of the exercise period, all warrants granted but not exercised according to the plan, included in the relevant tranche, shall expire, and these warrants shall return to the pool and may be re-allotted to any offeree.

2.3.6 The exercise expenses and any commission involved in the exercise shall apply to the offeree.

2.3.7 **Restrictions on the Exercise Date in accordance with the TASE Regulations provisions**

Notwithstanding the above, an exercise of warrants shall not be carried out on the record date for a bonus shares distribution, for an offer by way of rights, for a dividend distribution, for a capital consolidation, for a capital split or for a capital reduction (each of the aforementioned shall be referred to hereinafter as: a "Company Event") and the exercise date shall be postponed. If the ex-date of a Company Event falls before the record date of a Company Event, an exercise of the warrants shall not be carried out on the said ex-date.

3.4 **Plan conditions in the event of termination of employment**

For the purposes of this plan: "**Termination of Employment**", means, the termination of the employer-employee relationship between the offeree and the company or a subsidiary, as the case may be, and when it concerns an offeree who is an officer in the company and/or in a subsidiary, who is not an employee but is employed

According to the services agreement - the termination of the officer's tenure and/or the lawful cancellation of the services agreement with the Company and/or a subsidiary, as the case may be.

2.4.1 In the event of termination of employment for any reason, except under the circumstances mentioned in Section 2.4.3 below, the offeree's right to exercise the warrants allocated to him shall only be in respect of warrants for which the offeree's entitlement to exercise was established by the date of his termination of employment, and they shall be exercisable (subject to the restrictions of Section 102 of the Ordinance) only for a period not exceeding 180 days from the date of his termination of employment (unless the warrants' expiration date occurs earlier, in which case the final exercise date shall be brought forward to said expiration date) and as specified in the allocation agreement. All other warrants shall expire on the date of termination of the offeree's employment, unless otherwise determined by the Company's Board of Directors. It is hereby clarified that if and to the extent that at the time of termination of employment the vesting date of the warrants has not yet arrived, the offeree whose employment has ended as mentioned above shall not be entitled to exercise the warrants.

2.4.2 In addition to the above, the Company's Board of Directors has the authority to consider expanding the offeree's eligibility in connection with the exercise of the warrants so that the offeree will be entitled to exercise all or part of the warrants included in the batch whose vesting date first occurs after the termination of employment (hereinafter: "**the Additional Quantity**"), provided that from the date of termination of the offeree's employment until the vesting date of the Additional Quantity, less than 180 days remain. It is clarified that nothing in this subsection obligates the Company or any of its organs to approve such expansion (or to recommend it) of the offeree's eligibility to exercise warrants for which the entitlement to receive them was not established at the time of termination of employment, and that the decision on the matter is exclusively given to the Company, through its authorized organs. It is also clarified that to the extent that approvals of additional organs of the Company are required for such expansion, such decision shall also be subject to their receipt. It is also clarified that in the event of such an expansion that was duly approved, the offeree's right to exercise the Additional Quantity of the warrants shall stand for a period of up to 180 days from the vesting date of the batch in which the Additional Quantity was included, according to the conditions detailed in Section 2.4.1 above, which shall also apply to the Additional Quantity. It is clarified that this subsection shall not apply in circumstances of termination of employment as stated in Section 2.4.3 below.

2.4.3 In the event of termination of employment under circumstances which, in the Company's opinion, grant the Company the lawful right to dismiss the offeree without payment of severance pay or while reducing it (whether the offeree is an employee of the Company or an officer in it and whether he is employed in another format), all warrants granted to the offeree under this plan shall expire immediately on the date of notice of said termination of employment, including those for which the offeree's right to exercise them had been established up to that date and he had not yet actually exercised them.

2.4.4 Notwithstanding the above, in the case of termination of employment due to disability or death - the Company's Board of Directors has the authority to decide that the offeree or the heir, as the case may be, shall be entitled to exercise all the warrants granted, including the warrants that have not yet vested, in accordance with the conditions set in the allocation agreement. It is clarified that the warrants that will be received shall be blocked until the end of the period required in accordance with the restrictions set within the framework of Section 102 of the Ordinance.

3.5. <u>Adjustment provisions for the protection of offerees</u>

Unless stated otherwise, from the date of the Board of Directors' approval regarding the granting of warrants to offerees and as long as warrants have not been exercised or expired, as the case may be, the adjustment provisions according to this section shall apply to the warrants:

2.5.1 Should the Company distribute a cash dividend, the record date for which occurs after the grant date, but before the warrants are exercised or expire, the exercise price of an existing warrant shall be reduced on the "ex-dividend" day to be determined by the Stock Exchange by the full amount of the dividend per share, gross, which was distributed as stated.

2.5.2 In the event that the Company distributes bonus shares for which the record date for distribution occurs after the grant date but before the warrants are exercised or expired, the number of shares to which the offeree is entitled upon exercise of the warrants will increase by the number of shares the offeree would have been entitled to as bonus shares, had they exercised the existing warrants before the record date for the distribution of bonus shares. The exercise price of each existing warrant will not change as a result of the increase in the number of exercise shares to which the offeree will be entitled due to the distribution of bonus shares, as stated above.

It is hereby clarified that the number of exercise shares to which an offeree is entitled will be adjusted only in the case of a distribution of bonus shares, as stated in this section above, but not in the case of any other offerings (including offerings to interested parties); it is further clarified that an offeree's right to securities of the Company, in the case of a distribution of bonus shares as detailed above, will only apply from the date of exercise of the warrants under the plan and only in respect of the warrants actually exercised by the offerees under the plan.

2.5.3 If rights to purchase any securities are offered to the Company's shareholders by way of rights, the record date for receipt of which occurs after the grant date but before the warrants have been exercised or expired, the exercise price will not change, but the number of exercise shares to which an offeree is entitled for the existing warrants will be adjusted for the benefit component in the rights, as expressed in the ratio between the closing price of the ordinary shares on the Stock Exchange on the record date for the right to participate in the rights offering and the "ex-rights" base price.

2.5.4 In any case of a split or consolidation of the share capital of the Company, the Company shall perform the required adjustments or changes to prevent dilution or increase of an offeree's rights under the plan regarding the number of shares to be received from the exercise of existing warrants allocated to the trustee on their behalf and which have not yet been exercised and have not yet expired, as well as regarding the exercise price of each existing warrant, as applicable.

2.5.5 If, as a result of any of the adjustments detailed in this Section 2.5 above, the Company is required to allocate fractional shares, the Company shall not allocate fractional shares, as stated, and the number of shares allocated to the offeree will be rounded down to the nearest whole share.

2.5.6 The calculation of the required adjustments according to this section as detailed above will be submitted for the review of the Company's accountant.

2.5.7 In the event of a full tender offer for the Company's shares (including within an exchange tender offer), following which the Company becomes a private company (hereinafter: "**Tender Offer**"), or in the event of a merger, acquisition, or reorganization of the Company with or into another company, where the Company is not the surviving company or a sale of all or a substantial part of the Company's assets (hereinafter: "**Reorganization**"), and this prior to the vesting date of the warrants, the following provisions shall apply:

2.5.7.1 The vesting date (so that the exercise period begins) of the warrants to which the offerees are entitled but have not yet been exercised (or vested) shall be accelerated to a date prior to the record date for the purpose of carrying out the Reorganization, or the exercise date (so that the exercise period begins) of the warrants to which the offerees are entitled but have not yet been exercised (or vested) shall be accelerated to a date prior to the last date for acceptance of the Tender Offer, as applicable, in a manner that will allow the offerees to participate in the said moves.

2.5.7.2 Notwithstanding the above, in the event that two years have not yet passed since the allocation date and the company that published the Tender Offer is a company whose shares are listed for trading on the Stock Exchange in Israel (hereinafter, in this subsection: the "**Offering Company**"), which notifies its consent to exchange or convert the warrants (which have not yet vested) into securities of the Offering Company (hereinafter: "**Adoption**"

The Warrants")), a swap will be performed between the warrants and the offering company's securities (hereinafter: the "**alternative securities**") and appropriate adjustments will be made, at the Committee's discretion, in order to reflect the ratio between the value of the company's warrants and the value of the offering company's securities, and all other terms and provisions of the warrants, including the tax track applicable to the warrants, shall continue to apply to the alternative securities, mutatis mutandis, and as necessary subject to reaching a tax arrangement regarding this with the Tax Authority. However, the vesting date of the alternative securities will be adjusted so that the alternative securities will vest on the date on which two years have passed from the original allocation date of the warrants.

For the purposes of the above, such adjustments will be determined based on the price of the company's shares within the framework of the tender offer, or the price reflected from them, as the case may be, and the price of the offering company's securities on the date preceding the final acceptance date or preceding the actual swap date of the warrants (whichever is lower).

2.5.7.3 In the event that the offering company does not announce the adoption of the warrants, warrants that have vested (whether according to their vesting terms or as a result of acceleration) and were not exercised by the final acceptance date or the record date, as the case may be, will be canceled in exchange for the right to receive a cash amount reflecting the difference between the price of the company's share within the framework of the tender offer or the restructuring, or as reflected from them, as the case may be, and the exercise price of the warrants, provided that such difference is positive, and if it is not positive - the warrants will expire and the offerees shall have no claim, demand or lawsuit regarding such expiration.

2.5.7.4 The company will notify the offerees of the existence of a tender offer or restructuring shortly after it becomes aware of it, and to the extent that it is within its control, will act so that the final acceptance date for the tender offer or the record date for the restructuring shall occur no earlier than 15 days after the delivery of such notice to the offerees.

2.5.7.5 For the removal of doubt, it is clarified that the provisions of this section do not apply in the case of delisting from trading of the company's shares, resulting from the company's failure to comply with the TASE maintenance rules (but the warrants will continue to vest according to their terms).

2.5.7.6 Shortly after the completion of the tender offer or restructuring as stated, all of the company's warrants granted under the plan will expire, except in the case of the adoption of the warrants as stated above.

2.5.7.7 For the purpose of the provisions of this section, the term "**Offering Company**" shall refer to the company with which a merger will be performed or a company with which a sale transaction will be performed or a company that will submit a tender offer or a company that will step into the company's shoes after a structural change or merger.

2.5.7.8 Subject to the above, an offeree shall not object to any tender offer or restructuring, as the case may be, provided that the consideration or the value of the alternative securities, as the case may be, that an offeree receives for its securities, will be equal or equivalent to the consideration to which the shareholders are entitled in such a case, subject to the Committee's discretion.

2.5.8 In addition to what is stated in section 2.5.7 above, in the case of a change of control in the company, the company's Board of Directors will be entitled to decide on shortening the vesting period of warrants, to a date that will occur prior to the actual change of control in the company.

Regarding this section:

"**Control**" - as defined in the Securities Law, 1968 ;

"**Change of Control**" - meaning, a situation in which Mr. Yaacov Luxembourg is not among the controlling shareholders in the Company.

For the removal of any doubt, except as detailed above, the allocation of warrants according to the Plan shall not detract from and/or affect in any way the Company's right to change its issued capital or its composition, to change the Company's structure, to merge, to liquidate or to sell all or part of its assets and/or its activities.

3.6. Restriction on Transfer

2.6.1 The warrants to be granted are not sellable or transferable (including by way of pledge, lien, assignment of right and any other way), and shall not be subject to sale in execution proceedings, attachment or similar proceedings, except in the case of death or transfer to a legal guardian by law, in the case of legal incompetence, provided that in the case of such transfer the transferee shall undertake to fulfill the provisions of the equity compensation plan and the allocation agreement.

2.6.2 It will be clarified that the transfer of the eligibility of any offeree in the warrants and/or in exercise shares according to a will or according to law and/or according to a judicial decision will be valid and binding on the Company, only after the certificates detailed in the plan are provided to the Company signed and approved by a notary.

3.7. Rights Accompanying the Exercise Shares

2.7.1 The shares, which will result from the exercise of the warrants (exercise shares, as defined above), shall be equal in their rights to the Company's shares for all intents and purposes immediately upon their allocation and shall be entitled to any dividend or other benefit, for which the record date for their receipt falls on or after the allocation date.

2.7.2 In any case where the offeree is entitled to receive rights and/or bonus shares and/or any other right, if and as granted to the offeree by virtue of the warrants and/or exercise shares (hereinafter: the "**Rights**"), according to the provisions of the Plan, and on the record date for the distribution of the rights, the warrants and/or exercise shares were held by the Trustee, the Rights (if and to the extent there are any) will be transferred to the Trustee, who will deduct tax at source according to any law, if and to the extent applicable, and all rights will be allocated to the Trustee for the benefit of the offeree and will be held by the Trustee at least until the end of the required period of the warrants for which the Rights were allocated and the terms of the tax track shall apply to these additional rights.

2.7.3 In any case where the Company distributes a cash dividend and on the record date for the dividend distribution the Trustee held exercise shares for any of the offerees, the Company shall transfer to the Trustee dividend amounts for the exercise shares held by the Trustee as aforesaid for each offeree, the Trustee will deduct tax at source according to law, if and as required, and then transfer the dividend amounts (after tax deduction) to the offeree.

2.7.4 As long as exercise shares are held for the benefit of an offeree by the Trustee, the offeree shall not be entitled to vote in respect of the exercise shares. The Company shall send notices regarding general meetings of the Company to the Trustee and the Trustee or whoever is determined in the trust agreement shall be entitled to participate in the general meeting and vote in respect of the exercise shares held for the benefit of the offeree with the Trustee

2.7.5 Subject to the provisions of the Plan, no person except for the offeree shall have any rights in relation to the warrants allocated to the offeree according to the Plan.

3.8. Implementation and Management of the Plan

The Plan will be implemented and managed by the Company's Board of Directors, or subject to the provisions of the Companies Law, 1999 (hereinafter: the "**Companies Law**"), by the Company's Audit Committee (the Audit Committee or the Board of Directors, as the case may be, shall establish (hereinafter: the "**Committee**"), and they shall be entitled to perform any ancillary action necessary or desirable for the management of the plan, including interpretation and supervision of the execution of the plan, as well as to determine instructions (plans) regarding the manner of performance of exercises under the plan, or to interpret any previous determination of the Board of Directors, regarding the plan.

4. **The fair value of the exercisable warrants**

4.1. The fair value of each warrant to be allocated to the trustee for the offerees, according to the plan, is approximately NIS 101.97.

4.2. The fair value of the warrants, as stated above, was calculated according to the "Black-Scholes" formula, in accordance with the accounting rules regarding the measurement of fair value of equity instruments (IFRS 2), taking into account the closing price of the company's ordinary shares on the stock exchange, on March 23, 2026, which was NIS 252, as the annual standard deviation (on a daily calculation basis) was approximately 41.95% and a risk-free interest rate of 3.85%.

4.3. In calculating the fair value above, the following assumptions were taken into account:

a. The closing price of the company's share on the stock exchange on March 23, 2026 (which is the last trading day preceding the date of the Board of Directors' approval) was NIS 252.

b. All warrants to be allocated to the trustee for the offerees will be exercised on the last day of the exercise period.

c. Assuming the exercise of all warrants and assuming the theoretical allocation of the maximum possible amount of exercise shares.

d. It is hereby clarified that, according to the plan, the actual maximum possible allocation is only in the amount of the financial benefit, all as detailed in the private offering report.

e. The fair value calculation does not take into account the fact that the warrants will not be registered for trading on the stock exchange, and it also does not take into account the blocking of the warrants for the lock-up periods specified in the plan.

f. The standard deviation rate of approximately 41.95% was calculated based on the average standard deviation of the company's share in combination with the standard deviation of shares of similar companies, according to the daily returns of an ordinary share of the company and of similar companies, during the relevant periods until the end of the exercise period.

g. A risk-free interest rate of approximately 3.85%.

5.

Details in accordance with the Sixth Schedule to the Securities (Immediate and Periodic Reports) Regulations, 5730-1970

For details according to the Sixth Schedule to the Securities (Immediate and Periodic Reports) Regulations, 5730-1970, regarding the CEO of the company, see the convocation report and also Regulation 26a of the additional details chapter included in the Periodic report of the company for 2025 published by the company on March 25, 2026 (Reference No.: 2026-01-026862).

6. **The issued and paid-up share capital of the company and the quantity and rate of holdings of the offerees, interested parties, and the public in the securities of the company**

Name of Shareholder	Before allocation				After allocation			
	Quantity of shares	Quantity of convertible securities	Rate of holdings in share capital and voting (undiluted)	Rate of holdings in share capital and voting (fully diluted)	Quantity of shares	Quantity of convertible securities	Rate of holdings in share capital and voting (undiluted)	Rate of holdings in share capital and voting (fully diluted)
Africa Investments	6,433,197	-	50.78%	48.36%	6,433,197	-	50.78%	48.31%

Migdal-Participating	1,189,171	-	9.39%	8.94%	1,189,171	-	9.39%	8.93%
Harel-Provident Funds	1,024,975	-	8.09%	7.70%	1,024,975	-	8.09%	7.70%
Menora-Provident Funds	797,903	-	6.30%	6.00%	797,903	-	6.30%	5.99%
Harel-Trust Funds	360,619	-	2.85%	2.71%	360,619	-	2.85%	2.71%
Migdal-Trust Funds	273,742	-	2.16%	2.06%	273,742	-	2.16%	2.06%
Migdal-Nostro	8,483	-	0.07%	0.06%	8,483	-	0.07%	0.06%
Menora-Nostro	4,922	-	0.04%	0.04%	4,922	-	0.04%	0.04%
Harel-Nostro	984	-	0.01%	0.01%	984	-	0.01%	0.01%
Ronit Eshed Levy, CEO of the Company	-	14,211	0.00%	0.11%	-	28,920	0.00%	0.22%
Officers and additional employees	-	92,636	0.00%	3.96%	-	92,636	0.00%	3.96%
Public	2,575,252	526,814	20.33%	23.32%	2,575,252	526,814	20.33%	23.29%
Total	**12,669,248**	**526,814**	**100%**	**100%**	**12,669,248**	**121,556**	**100%**	**100%**

The data detailed above is to the best of the Company's knowledge, as of March 24, 2026, the date of approval of the grant of warrants which are the subject of this proposal report.

7. **Detail of the consideration and the way it was determined**

7.1. The warrants are offered to the offerees without consideration.

7.2. The exercise price of the granted warrants was determined based on the average closing rates during the 30 days preceding the grant date plus 2.5%, 5%, 7.5%, and 10% for each portion respectively.

7.3. The exercise price of the additional warrants that will remain in the pool after the allocation of the granted warrants, will be determined at the date of their issuance (hereinafter: "**Exercise Price**"). Subject to the instructions, the exercise prices will be detailed in the allocation agreement that will be signed with each offeree (hereinafter: "**Allocation Agreement**").

7.4. It is clarified, that at the time of exercise the offerees will not be required to actually pay the exercise price of the warrants that will be allocated to the trustee for them; it will serve solely for the purpose of determining the financial benefit amount and the quantity of exercise shares that will be allocated to the offerees, in practice, as detailed in section 2.3.2 above.

8. **Personal Interest**

To the best of the Company's knowledge, except for Ms. Ronit Eshed Levy, none of the material shareholders of the Company and/or other officers in the Company have a personal interest in the decision to grant the warrants.

9. **The approvals required for performing the allocation according to the proposal**

The grant of warrants according to the plan is subject to receiving all the approvals listed below:

9.1. Approval of the Audit Committee and the Company's Board of Directors, which were received on March 19, 2026 and March 24, 2026, respectively; as well as the approval of the General Meeting of the Company, subject to the surplus decision right of the Audit Committee and the Company's Board of Directors. All as detailed in this assembly summoning report.

9.2. Approval of the trustee to serve as a trustee for the plan (unless the trustee holds a general approval from the tax authorities to serve as a trustee regarding section 102);

9.3. Approval of the Stock Exchange to list the exercise shares for trading;

10. **Agreements between the offeree and a shareholder in the Company**

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

11. **Restrictions on performing actions in the offered securities that will apply to the offeree**

11.1. Without derogating from the lock-up provisions applying to the offeree by virtue of the provisions of Section 102, the warrants shall be subject to the restrictions stipulated in the Securities Law, 5728-1968 and the Securities Regulations (Details regarding Sections 15a and 15c of the Law), 5760-2000 detailed below :

a. The offeree shall not be entitled to offer the securities, without publishing a prospectus whose publication was permitted by the Securities Authority, for a period of half a year from the date of allocation (hereinafter, in this section: the "**Period**").

b. During a period of six consecutive quarters, following the end of the Period, the offeree shall be entitled to offer as part of the trading on the Stock Exchange, without publishing a prospectus whose publication was permitted by the Authority, a quantity of securities that shall not exceed on any trading day on the Stock Exchange, the daily average of the trading volume on the Stock Exchange of the securities, in the period of eight weeks preceding the date of the offer, and subject to the condition that the total quantity offered by him in each quarter, shall not exceed 1% of the issued and paid-up capital of the Company, as of the date of the offer. The aforementioned also applies to securities purchased during all said periods not according to a prospectus and not during the trading on the Stock Exchange from the Company, and to securities resulting from the exercise or conversion of securities allocated to the offeree.

In this section, "**Issued and Paid-up Capital**" - excluding shares resulting from the exercise or conversion of convertible securities allocated until the date of the offer and not yet exercised or converted.

c. In addition to the above, the restrictions set forth in the Plan, as detailed above, and the additional restrictions apply to the offeree, as follows :

d. The warrants are non-transferable, except for transfer to heirs, by law, as stated in Section 2.6.

e. The provisions of Section 102 of the Income Tax Ordinance, as well as any law, regulation, or condition of the tax authorities in this regard, apply to the offerees.

12. **Date of allocation of the securities**

All warrants will be allocated to the trustee, for the offerees, shortly after receiving all the required approvals as detailed in Section 8 above.

Sincerely,

Africa Israel Residences Ltd.

Signed by: Adv. Eran Schuster,
Company Secretary