



Image alt: Azorim Investments in Development and

Construction Ltd. logo

Azorim Investments in Development and Construction Ltd.

("the Company")

September 16, 2025

To:

Israel Securities Authority

www.isa.gov.il

TEL AVIV STOCK EXCHANGE LTD

www.tase.co.il

Subject: Entry into a Financing Agreement with a Financial Institution from the USA

Further to the immediate report published by the Company on July 13, 2025 (Reference: 2025-01-051405), regarding the entry of a US subsidiary and two wholly owned LLCs (indirectly) of the Company (the "Borrowers") into a non-binding memorandum of understanding regarding obtaining financing from a US financial institution (the "Lender"), for the purpose of refinancing loans totaling approximately \$139 million previously taken by the Borrowers, in connection with the income-producing assets Miroza 2 and Miroza 3, owned by the Borrowers (the "Assets"¹⁰¹), the Company is pleased to update that on September 15, 2025, a financing agreement was signed between the Borrowers and the Lender (the "Agreement").

The main points of the Agreement are as follows:

- 1. The Loan** – A non-recourse loan in the amount of \$145 million (the "Loan") was provided to the Borrowers upon signing the Agreement.
- 2. Loan Maturity Date** – The entire principal of the loan (bullet type) will be repaid after 3 years from the date of provision, on September 15, 2028.
- 3. Extension Option** – The Borrowers may extend the loan term twice, for 12 months each time, subject to meeting certain conditions, including:
 - (a) Maintaining a minimum Debt Service Coverage Ratio (DSCR) of 110%;
 - (b) Minimum Debt Yield of 7.0% for the first extension and 7.25% for the second extension¹⁰².

4. Early Redemption – As a rule, the loan can be redeemed early in full (but not in part), after at least \$5 million in interest payments have been made. An exception to this rule is partial redemption to meet the tests related to the extension option above.

5. Interest – The loan will bear annual interest at the rate of SOFR (30 days) plus 2.55% (in any case, SOFR will not be less than 2.75%) (the "Base Interest") which will be paid monthly; in the event of an uncured event of default, default interest will be added to the base interest.

6. At a rate of 5% (Default Rate).

7. Interest Hedging – The Borrowers will purchase a hedging instrument to protect against SOFR rising above 5.5%.

7.1. Collaterals – As security for the Borrowers' obligations, the Borrowers will pledge all their assets in favor of the Lender, including a first-ranking pledge on the assets. In addition, the US parent company of the Borrowers (the "Parent Company") will pledge the Borrowers' shares in favor of the Lender.

7.2. Guarantee – The US Parent Company will guarantee the full repayment of the Borrowers' obligations to the Lender in the following cases:

- (a) Standard non-recourse exceptions of the Lender;
- (b) Breach of environmental matters;
- (c) Rebalancing of the security cushion (see below) until the assets meet a DSCR of 110% for two consecutive quarters.

Throughout the loan period, the US Parent Company will be required to have a net worth (as defined in the Agreement) of at least \$50 million (excluding the assets and the loan as defined above), and to hold \$5 million in liquid assets.

7.3. Security Cushion – A total of approximately \$1.5 million will be deposited and serve as a security cushion for ongoing interest payments, taxes, insurance, capital expenditures (Capex), and more.

7.4. Receipts Management – In the event that any of the following occurs, all income from the assets (rent, management fees, etc.) will be deposited directly into a bank account of the Borrowers that is acceptable to and supervised by the Lender:

- (a) Existence of an event of default;
- (b) Debt Yield falls below 7%;
- (c) DSCR falls below 105%.

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All income from the assets will be transferred to an account controlled by the Lender, and the Lender will ensure debt service and payment of operating expenses (according to a pre-approved budget).

8. Change of Control – Any transfer or change of control in any of the Borrowers, or in any of the assets, is prohibited without the prior consent of the Lender, except for certain exceptions such as:

- (a) Transfer of up to 49% of the rights directly and/or indirectly in the Borrower;
- (b) Transfers between existing interested parties in the Borrower.

9. Events of Default – The Agreement includes standard events of default for immediate repayment of the loan.

Sincerely,

Azorim Investments in Development and Construction Ltd.

By: Adi Dana, CEO of the Company
Levi Strassler, CFO

FOOTNOTE:

¹⁰¹ For details regarding the assets, see section 7.9 of part A of the Company's periodic report for 2024, as published on March 23, 2025 (Reference: 2025-01-019085).

¹⁰² For this matter, DSCR and Debt Yield are as defined in the Agreement.