

CARASSO REAL ESTATE LTD (the "Company")

August 4, 2025

To:

Israel Securities Authority

www.isa.gov.il

Tel Aviv Stock Exchange Ltd.

www.tase.co.il

Subject: Immediate Report

The Company is pleased to update that on July 31, 2025, Carasso Urban Renewal Ltd., which is wholly owned by the Company ("Carasso Urban Renewal"), entered into an agreement with A.D. Havazelet Investments and Development Ltd. (the "Partner" and together with Carasso Urban Renewal: the "Parties"), which has contracted with approximately 97% of all rights holders in the existing units at 20 HaAliya HaShniya Street in the Bat Galim neighborhood of Haifa, for the initiation of an urban renewal (evacuation and construction) project (the "Project"), for the purpose of executing a joint transaction in connection with the Project (the "Joint Transaction"), such that, subject to the fulfillment of the conditions precedent detailed below, each party's share in the Project will be 50%, all as detailed below.

As part of the Project, the existing buildings, which include 82 existing units (the "Rights Holders"), are expected to be demolished, and a new building will be constructed in their place, which will include 309 residential units (of which 232 units are for sale with a saleable area of approximately 25,014 sqm (Peldalet)), commercial areas totaling approximately 1,600 sqm (of which about 400 sqm for the rights holders), and employment areas totaling about 2,000 sqm, all subject to the approval of the competent planning authorities and the fulfillment of the conditions precedent set forth in the evacuation and construction agreement. For further details about the Project, according to the Company's initial assessment only, see Appendix A to this report.

Below are the main points of the joint transaction agreement:

1. Condition Precedent: Its entry into force is subject to the fulfillment of the following conditions by December 30, 2025:

- (a) Receipt of the rights holders' approval to extend the deadline set in the evacuation and construction agreement for obtaining a building permit;
- (b) Receipt of the rights holders' approval for Carasso Urban Renewal to join the Project;
- (c) At least 66% of the rights holders have signed irrevocable powers of attorney, amended to include Carasso Urban Renewal.

2. Management of the Joint Transaction: The Project will be managed by a steering committee composed of two representatives from each party, which will have the ultimate authority to make decisions regarding the Project. In case of disagreement, Carasso Urban Renewal will have the right to decide, with the understanding that in certain specified matters, unanimous consent will be required.

3. Division of Responsibility: The Partner will be responsible for managing the interface with the rights holders and all related matters from the start of the Project until the evacuation and demolition of the complex; Carasso Urban Renewal will be responsible for management in all other areas, including planning, execution, marketing, sales, and finances, all in return for management fees.

4. Financing: Each party will provide equity and guarantees to the joint transaction according to its relative share (50% each). However, it was agreed that Carasso Urban Renewal will provide the Partner with a loan (in installments and as required by the Project) amounting to 30% of the equity the Partner is required to provide for the Project (i.e., 15% of the total equity in the Project), which will bear interest as set in the agreement and will be repaid from the Partner's share in the Project's surplus. To secure the loan, the Partner's shareholders will provide a personal guarantee, and a lien will be registered on the Partner's rights in the Project. The joint transaction agreement also includes a dilution mechanism in case one of the parties does not provide its share in the Project.

5. Transfer of Rights: The agreement includes standard mechanisms regarding the transfer of rights, including a right of first offer and a tag-along right.

According to the Company's assessment, a building permit for the Project is expected to be obtained within 36 months from the date of publication of this report. Also, according to the Company's initial assessment only, the estimated investment in the Project is approximately NIS 570 million (excluding VAT) (100%).

It should be clarified that the above information, as well as in Appendix A to this report regarding the establishment of the Project and the timing for obtaining the building permit (including the number of units to be included and the rights for residential, commercial, and office use) and the investment estimate in the Project (the "Information"), is forward-looking information as defined in the Securities Law, 1968, which constitutes an initial assessment only based on the Company's experience and the information available to it as of this date, and is subject, among other things, to the fulfillment of all the conditions precedent set forth in the joint transaction agreement and the evacuation and construction agreement, including the actual declaration of the complex as an "evacuation and construction complex"; achieving 100% signatures of the rights holders on the agreement; obtaining all necessary approvals for the establishment of the Project; realization of the Company's assessments regarding the final number of residential units to be included in the Project; the terms of the agreements to be entered into by the Company and the Partner with the Project's contractors and suppliers (with the expected timetable for the start of construction being up to about 36 months); additional Project costs (including financing costs and the amount of fees and levies to be imposed on the Project (including the arrangement of groundwater treatment; etc.)). As there is no certainty regarding the realization of any of the factors mentioned, which are not dependent on the Company and/or regarding the manner and timing of their realization, the information presented above may not materialize, or may materialize differently from what is described above, including materially. In addition, the Company's assessments as stated are subject to the non-occurrence of any of the risk factors applicable to the Company's activities.

Sincerely,

CARASSO REAL ESTATE LTD

Signed by: Dan Frans, CEO and Harel Shoham, Legal Counsel and Company Secretary.

Appendix A

Status of Agreement Signatures

This is an unofficial AI generated translation of the official Hebrew version and has no binding force. The only binding version is the official Hebrew version. For more information, please review the legal disclaimer.

Has the project been declared	Land area		Exchange ratio				Owner's capability	Planning status		
Track (Taxation / Local Authorities / if track	On which it is promoted	Number	Number of apartments		The tenants with whom		Expected costs	Sqm	To cancel	
Percentage of tenants who signed the agreement out of all tenants (including those who have not yet signed)	Agreement signed with tenants	Average of signatures	Agreement start date according to		Designated apartments		Expected average costs with	Units for sale	Section 1d of the Law	
Taxation, was a preliminary decision given	(sqm)	Existing units for sale	Existing apartments ^[309]		Alternative rent		And demolition (thousands of NIS)	In the project (thousands of NIS)	Evacuation and construction ^[3010]	

Preliminary decision given by	7.3	232 units	Commercial areas totaling approx.	1,200 sqm	97%	^[3011] 82	17,734	2.8	548	108	March 2020	No	According to	The local authority	Dunam	And employment areas	Approved city plan.	Architectural design plan in preparation.	The company, permit for declaring the complex	Construction permit will be received within 36 months.	2,000 sqm
-------------------------------	-----	-----------	-----------------------------------	-----------	-----	----------------------	--------	-----	-----	-----	------------	----	--------------	---------------------	-------	----------------------	---------------------	---	---	--	-----------

In this regard, it should be noted that the "exchange ratio" is the ratio between the developer's units and the owners' units and is according to the same key for all tenants, both for those who have already signed agreements and for those who have not yet signed.

FOOTNOTE:

¹⁰¹ To the best of the Company's knowledge, the Partner is a corporation owned by Anat Benbenishti, Il Shpilberg, and Gali Shpilkeran.

¹⁰² Constituting the required majority as stated in the Evacuation and Construction (Promotion of Evacuation and Construction Projects) Law, 2006 (the "Evacuation and Construction Law"). The required majority means: apartment owners in the evacuation and construction cluster, who own at least two-thirds of all apartments in the cluster, and in whom both of the following apply: (1) they own at least three-fifths of the apartments in each condominium in that cluster, but regarding a condominium with only four or five apartments – they own at least three apartments in the condominium, and there are more than two apartment owners in the condominium; (2) more than half of the common property in each condominium in that cluster is attached to their apartments. "Evacuation and construction cluster" or "cluster" means: a condominium or a group of condominiums that must be vacated to build a new structure in the evacuation and construction complex according to a detailed plan.

¹⁰³ Located on land of about 7.3 dunams also known as parcels 7,8,9,10, and 13 in block 11750 (the "Land"). It should be noted that parcel 10 is a split parcel, part of which belongs to the existing rights holders and part to the Israel Land Authority. To the best of the Company's knowledge, there is groundwater on the land, and the Company and the Partner intend to build part of the parking in the Project in underground parking facilities.

¹⁰⁴ Of which, 76 units, but currently used as an apartment and 5 commercial units.

¹⁰⁵ To the best of the Company's knowledge, the Project's planning is in accordance with the declared policy of the planning authorities and is in accordance with an approved city plan.

²⁰⁶ Such as: change of architect and legal counsel for the Project, introduction of a partner, selection of a financier if a change in equity is required; budget change, decision on equity injection, change or deviation in the marketing/sales budget, reduction of the sales price list, decision to rent units instead of selling them, planning changes that may endanger the rights to be obtained under the city plan, determination of external specifications and building cladding, cancellation of the evacuation and construction agreement.

²⁰⁷ The Partner will not be required to provide equity exceeding 15% of the total equity required for the Project. The remaining equity required from the Partner may be provided through a 'mezzanine' loan, which will be secured (if required) by a guarantee from the Company.

²⁰⁸ In the event of cancellation of the Project by the rights holders, the loan will be repaid within 120 days after 36 months from the date of the cancellation notice or the completion of legal proceedings regarding the cancellation, whichever is earlier.

³⁰⁹ Existing apartments – including apartments for which an agreement has not yet been signed.

³⁰¹⁰ According to Section 1d of the Evacuation and Construction Law, the majority of apartment owners in the condominium, including those who are not parties to the transaction, may decide at a general meeting that the apartment owners in the condominium who have entered into an evacuation and construction transaction with a developer may cancel the transaction according to the provisions of this section, if one of the following occurs: (1) the developer did not enter into an evacuation and construction transaction with at least half of the apartment owners in the condominium within two years from the date the first evacuation and construction transaction was signed, or the developer did not enter into such a transaction with at least three-fifths of the apartment owners in the condominium within four years from the date the first evacuation and construction transaction was signed; (2) a detailed plan was not submitted by the developer in accordance with Section 83a1 of the Planning and Building Law to the competent planning institution for approval within four years and six months from the date the first evacuation and construction transaction was signed; the provisions of this paragraph shall not apply to an evacuation and construction transaction in a condominium located in a complex declared under Section 14(a)(1) of the Government Authority for Urban Renewal Law.

³⁰¹¹ Of which, 76 units, but currently used as an apartment and 5 commercial units.