

ELECTRA REAL ESTATE LTD

Immediate Report on an Event or Matter Deviating from the Ordinary Course of Business of the Corporation

Regulation 36 to the Securities Regulations (Periodic and Immediate Reports), 1970

Report regarding:

Nature of the event:

Engagement for the sale of a multifamily residential complex in Texas held by the second equity fund for multifamily properties

1. Details:

The company hereby announces that on October 30, 2025, it signed a transaction with a third party for the sale of all its rights in a multifamily residential complex in Conroe, Texas, USA (hereinafter: "the property"), held by the Second Fund for Investments in Multifamily Properties in the USA, for a total consideration (100%) of approximately \$32.5 million.

The property, managed by the company as the General Partner, was acquired in September 2018 for (100%) about \$27.5 million and includes 208 residential units. The original equity (100%) invested amounted to approximately \$10.3 million. The free cash flow (100%) to be derived from the sale transaction totals approximately \$7.3 million. Additionally, during the holding period, the property distributed a total of approximately \$10.3 million through ongoing distributions. Thus, in total, the property will have provided its investors with a cash flow of approximately \$17.6 million up to the realization date, reflecting an IRR of approximately 11.6% at the property level, and an equity multiple of 1.7.

The original equity invested by the company (as Limited Partner) in this transaction was approximately \$0.6 million. The free cash flow anticipated for the company from the sale, beyond the ongoing distributions received during the holding period (about \$0.6 million), amounts to approximately \$0.5 million, making the total anticipated cash flow for the company from this transaction about \$1.1 million. As a result, the company is not expected to record significant profit or loss in the third quarter of 2025.

Completion of the transaction, subject to fulfillment of all conditions precedent under the sales agreement, is expected to take place in the fourth quarter of 2025.

The information in this immediate report regarding the impact of the transaction on the company's financial results, the cash flow to be generated for the company, and the timing of the completion of the transaction constitutes forward-looking information based on the assumption that the engagement with the third party as described above will be completed, and is also based on the company's assumptions regarding the expenses associated with executing the transaction and tax obligations, final price adjustments that may be applicable to the transaction, and the timing for fulfillment of the conditions precedent for completing the deal. This information may not materialize, or may materialize in a manner different from that anticipated, including in the event that the company's aforementioned assumptions materialize differently than expected.

[A link to the file: Hilltops_isa.pdf]

2. Date and Time the Company First Learned of the Event or Matter:

October 31, 2025, at 17:00.

3. If the Report Was Delayed - Reason for Delay in Submission:

4. On Date _____, at Time _____, the prohibition on reporting was lifted.

5. The company is a shell company as defined by the stock exchange regulations. [Not checked]

Details of Authorized Signatories on Behalf of the Corporation:

#	Name	Title
1	Gil Roshink	Chairman of the Board
2	Amir Yaniv	CEO

Explanatory note: According to regulation 5 of the Securities (Periodic and Immediate Reports) Regulations, 1970, a report submitted in accordance with these regulations must be signed by those authorized to sign on behalf of the corporation. Staff position on the subject can be found on the Authority's website: [Click here](#).

Securities of the corporation are listed for trading on the Tel Aviv Stock Exchange

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Previous names of the reporting entity:

Electronic reporting party name: Wesley Eliezer

Position: Deputy CFO

Employer company name: ELCO HOLDINGS LTD

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Document Reference Number: 2025-01-082310

Form Number: T053 (Public)

Report submitted on: 02/11/2025 **Date of form structure update:** 06/08/2024

Notes:

- Results of an issuance must be reported on form T20, not this form.
- Reporting on bond ratings or company ratings must be done with form T125.

This is a translation of an immediate report originally published in Hebrew on the Israeli Securities Authority's MAGNA system by Electra Real Estate Ltd.