



FATTAL HOLDINGS (1998) LTD

("the Company")

To:

Israel Securities Authority

www.isa.gov.il

TEL AVIV STOCK EXCHANGE LTD

www.tase.co.il

August 4, 2025

Subject: Derivative Lawsuit

This is to report that the Company has received at its offices a copy of a request for approval of a derivative lawsuit under Section 198 of the Companies Law, 1999 (hereinafter: "the Companies Law"), the main claim of which is the alleged exploitation of a business opportunity that ostensibly belonged to the Company by the controlling shareholder of the Company, Mr. David Fattal (hereinafter: "Fattal"), who serves as CEO and director of the Company¹⁰¹, for his personal benefit and the alleged breach of Fattal's fiduciary duty to the Company, in connection with his purchase (in several transactions during the years 2019-2023) of shares of the public company MEDITERRANEAN TOWERS LTD (hereinafter and accordingly: "MEDITERRANEAN TOWERS LTD" and the "MEDITERRANEAN TOWERS LTD Transaction"), which is engaged in the initiation and operation of assisted living facilities.

The plaintiff holds 6 shares of the Company.

Within the statement of claim, Mr. Fattal is sued for the alleged exploitation of a business opportunity as stated, and the other directors of the Company are also listed as defendants¹⁰², on the grounds of breach of their duty of care towards the Company, after it was claimed that they did not prevent the controlling shareholder from allegedly taking the MEDITERRANEAN TOWERS LTD Transaction from the Company, nor did they require him to offer the entire transaction to the Company and/or to execute it solely through the Company.

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.

The main relief sought in the lawsuit is to require Mr. Fattal to transfer to the Company all his shares in MEDITERRANEAN TOWERS LTD and to assign to it all rights attached to the shares and/or received by virtue of the shares (including dividend distributions), against the investment cost of the share purchase, or alternatively to compensate the Company for the significant damage allegedly caused to it due to the exploitation of the Company's business opportunity, in the amount of approximately NIS 93 million (as of the date of filing the proceeding), all at the Company's sole discretion.

The Company will submit a detailed response on its behalf in accordance with the provisions of the law and will update on any material developments in the lawsuit as required.

Respectfully,

FATTAL HOLDINGS (1998) LTD

Signed by Mr. David Fattal, Director and CEO of the Company
and Shahr Aka, Director and CFO

FOOTNOTE:

¹⁰¹ And served until February 2023 also as Chairman of the Board.

¹⁰² Including directors who are not currently serving on the Company's Board of Directors.