

December 9, 2025

To:  
Israel Securities Authority  
Via MAGNA system

To:  
Tel Aviv Stock Exchange Ltd.  
Via MAGNA system

Dear Sir/Madam,

**Re: Implications of the Dividend in Kind Distribution on the Financial Statements and Shareholders**

Further to the prospectus of Orion Commercial Properties Ltd. (Orion) dated November 28, 2025, which the company reported on November 27, 2025 (reference number: 2025-01-093924) **(the Prospectus)**, under which the company completed on December 8, 2025,

the distribution of 22,500,000 ordinary shares of Orion to its shareholders, and further to section 2.16.1 in Chapter 2 of the prospectus, the company is pleased to update as follows:

1.

In light of the fact that there was a material change in the value of Orion's share at the close of the first trading day (December 8, 2025) compared to the value of Orion's share derived from Orion's total shareholders' equity according to the pro forma financial statements

as of September 30, 2025, after deducting long-term loans, deferred taxes, and other liabilities, which amounted to approximately €33.6 million (approximately NIS 127.4 million), as detailed in Section 6 of Orion's board report as of September 30, 2025, attached to the prospectus, there was a change in the amount of the dividend in kind that will be recorded in the company's consolidated financial statements

as of December 31, 2025, such that the amount of the dividend to be recorded in the company's books will be based on the market value of Orion shares

as of the close of trading on December 8, 2025, which amounts to approximately NIS 76 million (the value of the distribution). Accordingly,

the difference between the value of the distribution and the carrying amount of the investment prior to the distribution amounts to approximately NIS 51.4 million,

plus/minus total comprehensive income/loss of the activity transferred to Orion up to the date of transfer, and this amount

will be recognized as a loss from impairment of the investment prior to the execution of the distribution in the company's consolidated financial statements

as of December 31, 2025.

2.

In accordance with customary practice, since the dividend in kind distribution of Orion shares was actually executed on the first trading day

of the share on the exchange, the value of the dividend per share of the company that was entitled to the dividend in kind is calculated according to the closing price of Orion's share at the end of the first trading day, i.e., December 8, 2025.

Therefore, the value

of the dividend in kind distributed to shareholders is determined by multiplying the number of Orion shares by the closing price of Orion's

share at the end of the first trading day, which is NIS 3.38.

The value of the dividend in kind distributed will be considered

a dividend received by each of the company's shareholders on the record date for the distribution (December 5, 2025), and the tax thereon will be withheld

according to the identity of the shareholder and in accordance with the Income Tax Regulations (Withholding from Interest, Dividend and Certain Profits),

5766-2005.

Respectfully,

G City Ltd.

By:

Mr. Chaim Katzman, Deputy Chairman of the Board and CEO of the company

Mr. Gil Kotler, CFO

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