



# ISRAELCANADA

## **Israel Canada (T.R) Ltd.**

### **Board of Directors' Report for the Six- and Three-Month Periods**

**Ended on June 30, 2025**

This document is an English translation of the Hebrew version of the company's financial statements and the management discussion and analysis for the Second quarter of 2025, that was published on August 27, 2025 (the "reports" or "Hebrew Version"). The Hebrew version of the reports is the binding version and the only version having legal effect. The English translation has been created for the purpose of convenience only and has no binding force. The approval of the company's board of directors was given to the Hebrew version only and no such approval has been given to the English translation. In the event of any discrepancy between the Hebrew Version and this translation, the Hebrew Version shall prevail



**A. Summary of Financial Findings for the Reporting Period:**

- The total amount of apartment and land sales and the admission of partners into the Company and affiliated companies from the beginning of 2025 until the publication date of this Report amounted to approximately NIS 1.6 billion (\*) (including affiliated company ICR), compared with approximately NIS 1.9 billion in the corresponding period last year (\*).
- Below is a summary of apartment and office sales in the Company's principal projects up to the Report Date:
  - ❖ In the Sde Dov Project ("Rainbow"), Tel Aviv, as of the Report Date the Company sold 234 apartments for total consideration of approximately NIS 2 billion including VAT.
  - ❖ Vertical City Project – as of the Report Date, an affiliated company sold approximately 26,500 square meters of office space for total consideration of approximately NIS 847 million including VAT.
  - ❖ Midtown Jerusalem Project – as of the Report Date, the Company sold approximately 236 apartments for total consideration of approximately NIS 900 million including VAT, and approximately 4 thousand square meters of office space for total consideration of approximately NIS 119 million including VAT.
  - ❖ Lev Bavli, Tel Aviv – as of the Report Date, the affiliated company sold 15 apartments for total consideration of approximately NIS 80 million including VAT.
- On January 23, 2025, the Company executed a private placement of the Company's shares to institutional entities for total consideration of approximately NIS 125 million.
- On April 3, 2025, all the precedent conditions were met, and the hotel company completed the acquisition of the Brown Hotels operations for a total amount of approximately NIS 131 million plus VAT as required by law. The transaction was completed using both equity and external financing from a local bank (approximately NIS 74 million). Upon completion of the transaction, and together with existing operations, the hotel company holds approximately 3,800 hotel rooms in ownership, lease, and management in Israel and Greece.
- On May 6, 2025, Maalot S&P announced that the rating of ilA- would be retained, even for the issue of an additional Series H.
- On April 20, 2025, the Company, together with Check Point, received a notice from the Tenders Committee of approval of their winning a joint proposal submitted in a tender for the establishment of a mixed-use residential, employment, and commercial project for total consideration of NIS 818 million (the Company's share: approximately NIS 318 million). On July 2, 2025, after the balance sheet date, the conditions precedent were completed and the purchase consideration was paid in full. For further information, see Note 5A to the Company's consolidated financial statements.
- Ramat Hasharon New Project – On July 24, 2025, after the balance sheet date, the Company received the protocol of the Subcommittee for Appeals of the National Planning and Building Council (the "Committee") whereby the appeal that had been submitted was denied. Accordingly, the Ramat Hasharon New Plan was published for validity in the Official Gazette.
- For further information regarding the sale of the French Hill Project, see Note 4AB to the Company's consolidated financial statements.
- On July 30, 2025, after the balance sheet date, a financing agreement was signed for the Midtown Jerusalem Project. For further information, see Note 5C to the Company's consolidated financial statements.
- The net loss for the six months ended June 30, 2025, amounted to approximately NIS **31** million, compared with a net profit of approximately NIS **44** million in the corresponding period last year.
- As of June 30, 2025, the Company had balances of real estate inventory and buildings in planning and construction in the amount of approximately NIS **4.6** billion.
- The Company's consolidated balance sheet total as of June 30, 2025, amounted to approximately NIS **11.8** billion, compared with approximately NIS **10.9** billion on December 31, 2024.
- The Company's equity (including non-controlling interests) as of June 30, 2025, amounted to approximately NIS **3.5** billion, compared with approximately NIS **3.5** billion on December 31, 2024.
- Equity attributable to the Company's shareholders as of June 30, 2025, amounted to approximately NIS **2.6** billion, compared with approximately NIS **2.5** billion as of December 31, 2024.

- The ratio of the Company's equity (including non-controlling interests) to the Company's total consolidated balance sheet as of June 30, 2025, was approximately **29.8%**, compared with approximately **31.6%** as of December 31, 2024.
- The ratio of the Company's equity excluding non-controlling interests to the Company's total consolidated balance sheet as of June 30, 2025, was approximately **21.6%**, compared with approximately **22.7%** as of December 31, 2024.

#### **Apartments and offices sold during the period in the Group's projects:**

Project	For the six-month period ended on June 30, 2025		Data from the start of the project until June 30, 2025		
	Apartments sold	Financial scope including VAT in NIS thousands	Marketing rate	Apartments sold	Financial scope including VAT in NIS thousands
Rainbow, Tel Aviv	20	199,950	51%	234	2,028,695
Midtown Jerusalem <sup>(1)</sup>	24	110,760	34%	236	898,046
Lev Bavli, Tel Aviv	11	68,695	11%	15	80,091
SHE, Herzl Yehuda Halevy	3	56,600	3%	3	56,600
Pastoral, Jerusalem	31	122,269	38%	109	384,905
North Park Stage A, Ramat Hasharon (2)	6	40,602	71%	387	1,948,122
North Park Stage B (EVE), Ramat Hasharon (3)	19	96,824	34%	138	748,060
Hahistadrut Air, Givatayim	4	16,370	69%	150	734,425
Hamesila, Herzliya	-	-	89%	24	171,535
Ocean Park II, Netanya	-	-	100%	60	243,681
Hagefen, Herzliya (Stage B)	-	-	98%	94	369,591
Bat Yam (YAM), Sokolov	2	20,880	98%	162	489,615
Idmit (Yasmin), Givatayim	9	36,092	12%	9	36,092
Tel Hashomer (Serenity), Ramat Gan (4)	9	38,353	27%	9	38,353
Ahad Ha'am, Tel Aviv	3	21,854	96%	66	343,663
<b>Total apartments</b>	<b>141</b>	<b>829,429</b>		<b>1,697</b>	<b>8,571,474</b>

(\*) For the sale of Apartments and offices including Registration Deeds, the amount includes VAT.

(1) Midtown Jerusalem – out of 236 Apartments sold, 13 Registration Deeds in the amount of approximately NIS 90,000 thousand including VAT.

(2) In the North Park Project Stage A – out of 387 Apartments sold, 1 Registration Deed in the amount of approximately NIS 14,258 thousand including VAT.

(3) In the North Park Project Stage B (EVE) – out of 138 Apartments sold, 2 Registration Deeds in a total amount of approximately NIS 12,688 thousand including VAT.

(4) In the Tel Hashomer (Serenity) Project, Ramat Gan – out of 9 Apartments sold, 1 Registration Deed in the amount of approximately NIS 4,155 thousand including VAT.

Project	For the six-month period ended on June 30, 2025		Data from the start of the project until June 30, 2025		
	Sq.m sold	Financial scope including VAT in NIS thousands	Marketing rate	Sq.m sold	Financial scope including VAT in NIS thousands
Midtown Jerusalem Offices	1,681	51,579	9%	4,052	119,062
Vertical City, Ramat Gan	1,718	50,392	35%	26,597	846,496
<b>Total offices</b>	<b>3,399</b>	<b>101,971</b>		<b>30,649</b>	<b>965,558</b>

From the end of the period until shortly before the publication date of the financial statements, the Company sold 77 apartments for total consideration of approximately NIS 504 million including VAT<sup>(\*)</sup>.

(\*) Of these, 18 signed contracts and approximately 13 Registration Deeds in the Rainbow Project in the amount of approximately NIS 254 million including VAT, as well as 35 signed contracts and approximately 11 Registration Deeds in the amount of approximately NIS 250 million including VAT in additional projects.

### **Registration Forms**

The Company's apartment/office unit marketing process consists of two stages – in the first stage, after commercial terms are agreed with the purchaser, the purchaser signs a Registration Form / Subscription Form which includes the key agreed commercial terms (unit details, appurtenances, consideration, and payment schedule), as well as general legal information regarding the asset. For the Registration Form to become effective, the purchaser must deposit Registration Fees into the project's escrow account in an amount ranging from NIS 50,000 to NIS 100,000 (depending on the project) (hereinafter, respectively: the **"Registration Fees"** and the **"Registration Form"**). In the second stage, and pursuant to the provisions of the Registration Form, the purchaser must complete the rights acquisition and sign a binding Sale Agreement within approximately 7–14 days from the date of signature, and the Registration Fees will be credited toward the first payment on account of the consideration under the Sale Agreement. The Registration Form further provides that if the purchaser does not sign a Sale Agreement and decides not to complete the transaction, the Registration Fees will not be refunded and will be forfeited to the project company. It should be noted that in some cases, at the purchaser's request, the Company approves the refund of the Registration Fees if the purchase is not completed due to legal disputes related to the Sale Agreement, or extends the date for signing the sale agreement. For further details regarding the marketing process, refer to Section B.8 below

## **B. Board of Directors' Explanation of the Corporation's Business Condition**

The Board of Directors of the Company is honored to hereby present the Company's consolidated financial statements for the six- and three-month periods ended June 30, 2025 (hereinafter: the **"Period"** or the **"Reporting Period"**), pursuant to the Securities (Periodic and Immediate Reports) Regulations, 5730-1970 (hereinafter: the **"Reporting Regulations"**).

**The review set forth below is limited in scope and refers to events and changes that occurred in the Company's affairs during the Reporting Period and whose impact is material, and should be read together with the Company's Periodic Report for the year ended December 31, 2024, which includes the Company's 2024 Business Description Report and the Company's consolidated financial statements as of December 31, 2024 (hereinafter: the "Periodic Report," the "2024 Report," and the "Annual Financial Statements," respectively).**

All data appearing in the Board of Directors' Report is based on the Company's reviewed interim consolidated financial statements as of June 30, 2025, unless stated otherwise.

### **General Background Regarding the Company**

As of the Report Date, the Company has eight fields of activity, as detailed below:

1. The real estate development sector (land investments)
2. The project construction sector in Israel
3. The development and management of purchasing groups sector in Israel (not a reportable segment under generally accepted accounting principles)
4. The income-producing real estate sector in Israel
5. The hotel management sector in Israel
6. The real estate development sector in Russia

7. The assisted living sector in Israel (not a reportable segment under generally accepted accounting principles). For further details, refer to the Company's Immediate Report Dated March 16, 2022 (Reference No.: 2022-01-026103), which is included in this Report by way of reference.
8. The operation of assets and parking lots sector in Israel (not a reportable segment under generally accepted accounting principles)

For further details regarding the segmentation of the Group's sectors of activity, refer to Section 1 of Part A of the 2024 Periodic Report.

**Below is an update regarding the status of the Company's principal projects under marketing in Israel (to the extent that material changes occurred):**

Project Construction Sector in Israel	
Project name	Status update
<b>New Ramat Hasharon Project</b>	<p>On November 21, 2022, the Tel Aviv District Planning and Building Committee resolved to conditionally approve the deposit of the Morasha Employment Area Plan in Ramat Hasharon, for the establishment of a complex combining residential, commercial, office, and public buildings (hereinafter: the "<b>Plan</b>"). The Plan enables the development of a project with a total aboveground area of approximately 206 thousand square meters, above basement areas of approximately 90 thousand square meters. According to the Plan, the construction of four towers of up to 20 floors each will be permitted, connected by lower floors designated for commercial and office uses totaling approximately 150 thousand square meters. In addition, ten 9-story residential buildings will be constructed, comprising 600 small residential units (120 of which will be designated for rental housing). According to the Plan, land will be allocated for the construction of a school and additional public areas for local residents, as well as an area of approximately 7.5 dunams for a transportation terminal and urban storage uses.</p> <p>In February 2024, the District Committee resolved to approve the Plan. Subsequently, an appeal was filed by the Ramat Hasharon Municipality. On July 24, 2025, after the balance sheet date, the Company received the protocol of the Subcommittee for Appeals of the National Planning and Building Council (the "<b>Committee</b>") whereby the appeal that had been submitted was denied. Accordingly, the Ramat Hasharon New Plan was published for validity in the Official Gazette.</p> <p>In 2025 and until the publication date of the Report, the Company sold 11 land units related to the office component of the project for total consideration of approximately NIS 9.5 million including VAT.</p>
<b>Midtown Jerusalem Project</b>	<p>The project includes approximately 695 residential units (*) in two 40-story towers and a total marketing area of approximately 43,500 square meters of net area for marketing, as well as commercial, office, and hotel space totaling approximately 75,000 gross square meters, and 200 rental residential units in two 40-story towers, a preserved building designated for hotel use totaling approximately 5,250 gross square meters, and approximately 12,000 square meters of public buildings.</p> <p>It should be noted that, in light of the Company's decision to market part of the office space out of the total investment property valued at approximately NIS 139 million, a total of approximately 44,607 square meters of the office rights have been reclassified, as of July 2024, from investment property to inventory of real estate, instead of the classification as investment property which was in place from the date of acquisition of these properties.</p> <p>The remaining commercial, hotel, and rental apartment rights are classified as investment property.</p> <p>According to the City Building Plan, the rental apartments will be owned by a single entity and will be rented for a period of ten years from the date of receipt</p>



Project Construction Sector in Israel	
Project name	Status update
	<p>of Form 4 (certificate of occupancy), at market rental rates (not subject to price control). After ten years, they may be sold without restriction.</p> <p>On February 25, 2025, a full building permit was obtained for the residential towers, and a general contractor agreement was signed with Tidhar Construction Ltd.</p> <p>On April 28, 2025, a full building permit was obtained for the office tower and the mixed-use tower, which includes rights for hotel and rental housing. On July 30, 2025, the Project Company entered into a financing agreement with a local bank and institutional entities for the provision of a financing framework in an amount not to exceed approximately NIS 4.38 billion. For further information, see Note 5C to the Company's consolidated financial statements as of June 30, 2025.</p> <p>As of the date of the financial statements, 236 residential units have been sold in the project for total consideration of approximately NIS 900 million including VAT (of which approximately 11 Registration Forms were signed for a total amount of approximately NIS 40 million, including VAT), and approximately 4,000 square meters of office space have been sold for approximately NIS 119 million including VAT.</p> <p>(*) Due to optimization in apartment planning and marketing, the number of units for marketing was updated to 695 apartments (instead of 800), without any change in the total marketing area. As the planning progresses, additional changes may occur in the number of units for marketing, without changing the total marketing area.</p>
<b>Rainbow Project (Sde Dov), Tel Aviv</b>	<p>A project for the construction of 459 residential units and commercial areas with a total gross area of approximately 1,600 square meters. A design plan was conditionally approved in May 2024.(*)</p> <p>On March 21, 2024, the Company received a permit for excavation and shoring, and during April 2024, the excavation and shoring contractor commenced work.</p> <p>On October 10, 2024, the project company entered into a financing agreement with two local banks for the project, providing a financing framework not to exceed approximately NIS 3.2 billion, including financial credit.</p> <p>In August 2025, after the balance sheet date, a committee decision was received for the granting of a full permit subject to conditions.</p> <p>As of the date of the financial statements, 234 residential units in the Project had been sold for total consideration of approximately NIS 2 billion including VAT.</p> <p>(*) In light of the optimization of the Apartment planning and their marketing, the number of units for sale was updated to 459 Apartments (instead of 480), with no change in the areas for sale. As planning progresses, further changes may occur in the number of units for sale, without any change in the areas for sale.</p>
<b>Vertical City Project, Ramat Gan</b>	<p>A project for the construction of office towers, residential units, and commercial space, including: 400 residential units for high-density construction designated for long-term rental, 350 residential units for student dormitories, public buildings and institutions, and low-rise buildings for office and commercial use.</p> <p>On April 18, 2024, the Company, together with B.S.R. Engineering &amp; Development Ltd. (hereinafter: the "<b>Principal Shareholders</b>") and Vertical City Ltd. (hereinafter: the "<b>Seller</b>"), entered into an agreement with Clal Insurance Company Ltd. and Clal Pension and Provident Ltd. (collectively, the "<b>Purchaser</b>"), whereby the Purchaser will invest a total amount of approximately NIS 160 million in exchange for an allotment of shares (including the provision of a shareholder loan), constituting approximately 24.5% of the issued and paid-up share capital of Vertical. On June 25, 2024,</p>

Project Construction Sector in Israel	
Project name	Status update
	<p>the conditions precedent were fulfilled, and the transaction was completed. Following the completion of the transaction with Clal, the Company holds (indirectly) approximately 55.9% of the project company.</p> <p>On July 28, 2024, the Local Committee resolved to recommend to the District Committee the conditional deposit of a plan to increase the building rights in the complex to a Floor Area Ratio (FAR) of 30, so that following and subject to the approval of the plan, the total building rights in the complex will amount to approximately 354 thousand square meters, of which 277 thousand square meters are for office and commercial use, 24 thousand square meters for public buildings, and 53 thousand square meters for rental residential units and student dormitories.</p> <p>In light of the signing of sale agreements in significant volumes and proportions, the consolidated company resolved that the building rights for offices totaling approximately 75 thousand square meters, which were previously classified as Investment Property, will be reclassified, effective October 2023, as Long-Term Real Estate Inventory.</p> <p>During February 2025, an agreement was signed with Electra Construction Ltd. for excavation, shoring, and foundation work.</p> <p>On August 14, 2025, after the balance sheet date, the Company signed an increase to the loan facility. For further details, see Note 5f to the Company's consolidated financial statements.</p> <p>As of the date of the financial statements, approximately 26.5 thousand square meters of office space in the project have been sold, for total consideration of approximately NIS 846 million, including VAT.</p>
<b>SHE Project (Formerly Bank Leumi building), Tel Aviv</b>	<p>A 40-story tower with a total area (according to the valid city building plan) of 38,192 square meters (main and service areas), divided as follows: (a) 102 residential units with an area of approximately 10,011 square meters; (b) office and/or hotel and commercial areas totaling approximately 25,047 square meters; and (c) public buildings totaling approximately 2,370 square meters.</p> <p>An excavation and digging permit was received, and on March 20, 2025, a contractor agreement was signed with Solel Boneh, Limited Partnership, for excavation and shoring works.</p> <p>As of the date of the financial statements, three residential units have been sold in the project for total consideration of approximately NIS 56.6 million including VAT.</p>
<b>Lev Bavli Project</b>	<p>An urban renewal project under the Tama 38/2 licensing track, within which 299 residential units are expected to be constructed. According to the plan, the total above-ground construction area will amount to approximately 37,200 square meters, and the underground construction area will amount to approximately 14,500 square meters. The share of the Bavli Project Company (50% held) in the project is approximately 82%, and accordingly, the number of residential units to be marketed by the Bavli Project Company is approximately 138.</p> <p>On January 6, 2025, a building permit for the project was received.</p> <p>On July 2, 2025, the Company entered into a financing agreement with a local bank and an institutional entity for the provision of a financing framework not to exceed approximately NIS 2 billion, including financial credit. For further information, see Note 5B to the Company's consolidated financial statements as of June 30, 2025.</p> <p>As of the date of the financial statements, 15 residential units have been sold in the project for total consideration of approximately NIS 80 million including VAT.</p>



Project Construction Sector in Israel	
Project name	Status update
<b>Pastoral (HaNekta Street), Jerusalem (under ICR Israel Canada Rem Holdings Ltd. (42.5%))<sup>(2)</sup></b>	An “evacuation and construction” project on HaNekta Street in the Kiryat Yovel neighborhood in Jerusalem, which currently includes 138 residential Apartments, within the framework of which 4 residential Buildings and approximately 425 residential units and a commercial area of approximately 1,000 square meters will be constructed. In December 2022, an excavation permit for the Project was received. In December 2024, a full building permit for the Project was received. ICR entered into a financing agreement with a banking corporation for the financing of the Project. For further information, see Note 4AD to the consolidated financial statements. In addition, the Company began the process of signing the tripartite agreement with the landowners. As of the date of the Report, approximately 94% of the landowners had signed the tripartite agreement, and 109 residential units (38% of the units for sale) were sold for total consideration of approximately NIS 385 million including VAT.
<b>North Park (Under ICR Israel Canada Rem Holdings Ltd. (42.5%))</b>	<p>A residential project in the Neve Gan neighborhood of Ramat HaSharon being executed in three stages and comprising 1,205 residential units.</p> <p>Stage A – A joint venture between ICR and Zemach Hammerman Ltd., including the construction of 14 residential buildings comprising 548 apartments.</p> <p>In December 2023, a full building permit was received for plots 28 and 30. ICR’s share in these plots is 50%. In December 2024, a full building permit was received for plot 27. ICR’s share in this plot is 75%.</p> <p>In August 2025, an excavation and shoring permit was received for plot 29. ICR’s share in this plot is 50%.</p> <p>As of the date of the Report, 387 residential units (approximately 71% of the units designated for sale) have been sold across the aforementioned plots (27, 28, and 30) for total consideration of approximately NIS 1,948 million including VAT (including one Registration Form in consideration for approximately NIS 14 million, including VAT). The execution rate on plots 28+30 is 46.7%, and on plot 27 is 18.5%.</p> <p>Stage B (Project “EVE”) – A joint venture between ICR and Nof Ironi Development Ltd. in equal shares (50% each), including the construction of 7 residential buildings comprising 401 apartments in lots 23-26.</p> <p>In December 2023, an excavation and shoring permit was received for all plots 24-26.</p> <p>As of the date of the Report, 138 residential units (approximately 34% of the units designated for sale) have been sold in plots 24–26 for total consideration of approximately NIS 748 million including VAT (including 2 Registration Forms totaling approximately NIS 12.7 million, including VAT).</p> <p>Stage C – Held exclusively by ICR, plots 18–20, comprising 256 residential units, have not yet commenced sales. On March 30, 2025, an excavation and shoring permit was received for plot 20 for the construction of 100 residential units.</p>
<b>Histadrut Givatayim – (Air) (Under ICR Israel Canada Rem Holdings Ltd. (42.5%))</b>	A project for the construction of 3 residential buildings comprising 333 apartments (216 for marketing) and a commercial area of approximately 1,000 square meters. Marketing of the project began in September 2022. As of the date of the Report, 150 residential units (69% of the units designated for sale) have been sold for total consideration of approximately NIS 734 million including VAT. In January 2025, a full building permit for the project was received, and ICR commenced execution of the project.
<b>HaMesila, Herzliya – (under ICR Israel Canada Rem Holdings Ltd. (42.5%))</b>	A boutique project for the construction of 7 residential Buildings including 54 Apartments (27 for sale). In April 2022, ICR received a building permit for the Project. As of the date of the Report, 24 residential units (89% of the units for sale) had been sold for total consideration of approximately NIS 172 million including VAT. The completion rate in the Project is approximately 88%.

Project Construction Sector in Israel	
Project name	Status update
<b>Jasmin – Idmit, Givatayim (under ICR Israel Canada Rem Holdings Ltd. (42.5%))</b>	An “evacuation and construction” project on Idmit Street 13, 15, and 17 in Givatayim, currently including 42 residential Apartments, within the framework of which a residential Building of 118 residential units will be constructed. In December 2024, an excavation permit for the Project was received. ICR intends to enter into a financing agreement with a bank for the financing of the Project’s construction. In February 2025, ICR began marketing the Project. As of the date of the Report, 9 residential units (12% of the units for sale) had been sold for total consideration of approximately NIS 36 million including VAT.
<b>Serenity, Tel Hashomer, Ramat Gan (under ICR Israel Canada Rem Holdings Ltd. (42.5%))</b>	A combination transaction for the construction of a Building including 58 residential units, of which 43% of the residential units in the Project are owners’ Apartments. ICR intends to enter into a financing agreement with a bank for the financing of the Project’s construction. During 2024, Apartments were allocated to the rights holders in the Project. In February 2025, ICR began marketing the Project. As of the date of the Report, 9 residential units (27% of the units for sale) had been sold for total consideration of approximately NIS 38 million including VAT (including one Registration Deed for consideration of approximately NIS 4 million including VAT).

**Expected main management fees (in NIS thousands) the Company’s share, assuming the sale of the entire inventory:**

Project	Management Fees		Entitlement date
	<b>100%</b>	<b>Balance of the Company’s share in recording income to be received from management fees</b>	
<b>Blue Beach Project, Atlit</b>	13,400	3,931	The date of eligibility for receiving 80% of the funds has been met. During the Reporting Period, an accompaniment agreement was signed and approximately NIS 4.5 million was received. The remaining management fees will be paid upon the project completion.
<b>Turquoise Project, Tel Aviv</b>	8,320	8,320	According to the cooperation agreement, after approval of a detailed city building plan, a construction cooperation agreement will be signed, which will include, among other things, milestones for receiving the management fees
<b>Blue Beach Project, Herzliya<sup>1</sup></b>	14,000	14,000	According to the cooperation agreement, after approval of a detailed city building plan, a construction cooperation agreement will be signed, which will include, among other things, milestones for receiving the management fees
<b>Hod Hasharon (Orange Trail)</b>	24,000	24,000	14 days from the date of sending a notification on the approval of the rezoning plan of the land as detailed in the table in Section 6.3.2.1 above

<sup>1</sup> In this regard, it should be noted that apart from the purchasers who entered into cooperation and management agreements with the Company in the management agreements, other third parties who own approximately 4 dunams of the land have entered into cooperation and management agreements with the Company in relation to the land.

<b>Project</b>	<b><u>Management Fees</u></b>		<b><u>Entitlement date</u></b>
	<b><u>100%</u></b>	<b><u>Balance of the Company's share in recording income to be received from management fees</u></b>	
<b>Netanya Project, Business Village</b>	21,600	21,600	At the time of issuing the first building permit for each of the buildings
<b>Hatzuk Hazfoni, Tel Aviv</b>	15,700	15,700	According to the cooperation agreement, after approval of a detailed city building plan, a construction cooperation agreement will be signed, which will include, among other things, milestones for receiving the management fees
<b>Project Sunset</b>	7,680	7,680	According to the cooperation agreement, after approval of a detailed city building plan, a construction cooperation agreement will be signed, which will include, among other things, milestones for receiving the management fees
<b>Pi Giliot Complex</b>	28,000	28,000	According to the cooperation agreement, after approval of a detailed city building plan, a construction cooperation agreement will be signed, which will include, among other things, milestones for receiving the management fees
<b>Hod Hasharon West</b>	5,520	5,520	According to the cooperation agreement, after approval of a detailed city building plan, a construction cooperation agreement will be signed, which will include, among other things, milestones for receiving the management fees
<b>Total</b>	<b>132,700</b>	<b>129,100</b>	

The data in the table does not include future management fees for the Herzliya Harova Hatzfoni project of NIS 500 per square meter of building area that will be approved in the future city building plan.

## Summary of Data Estimate in Main Projects in Israel (NIS thousands):

	Project name <sup>(3)</sup>	Company's share in project	Status	Scope of marketing as of Jun. 30, 2025 – %	Current scope of marketing – %	Projected date for cash flow withdrawal from Project <sup>(15)</sup>	Book value (Company's share) Jun. 30, 2025	Expected income balance (100%) as of Jun. 30, 2025	Expected income balance (Company's share) as of Jun. 30, 2025	Average sale price per sq.m (NIS thousands) <sup>(16)</sup>	Unrecognized gross profit balance (Company's share) <sup>(2)</sup>	Expected gross profit rate %	Expected surplus balance at project end (Company's share) after tax
							NIS thousands						
	New Ramat Hasharon residential rights	81%	Planning / zoning change	97%	97%	Not yet determined	7,466	500,887	405,719	N/A	405,719	100%	306,654
1	New Ramat Hasharon office rights <sup>(4)</sup>	81%	Planning / zoning change	38%	38%								
2	Tzamarot Hod Hasharon–Orange Trail	80%	Planning / zoning change	96%	96%	On plan approval date	3,749	14,091	11,273	N/A	7,524	67%	9,542
3	Hatzuk Hazfoni	100%	In planning	-	-	Not yet determined	63,514	140,800	140,800	N/A	80,494	57%	122,610
4	Turquoise	100%	In planning	91%	91%	Not yet determined	16,583	21,060	21,060	N/A	4,477	21%	20,079
5	Gililot Complex Land and Shares (Uptown)	64%	In planning	61%	61%	Not yet determined	54,403	242,924	155,471	N/A	101,069	65%	132,554
6	Hod Hasharon West	100%	In planning	94%	94%	Not yet determined	1,888	5,015	5,015	N/A	3,127	62%	4,296
7	Lapid Complex, Jaffa <sup>(5)</sup>	60%	In planning	0%	0%	Not yet determined	188,642	2,509,832	1,505,899	Residential – 115 Hotel – 56	659,474	44%	433,214
8	Beit Mars, Tel Aviv <sup>(10)</sup>	38%	In planning	0%	0%	Not yet determined	317,271	2,295,884	872,436	Residential – 68 Commercial – 40 Office – 23	238,893	27%	215,025
9	13 Ahad Ha'am	95%	Occupied	96%	99%	2025	12,077	23,853	22,660	Residential – 88 (calculated based on year sales)	10,625	47%	20,268
10	Sunset Project (North Tel Aviv)	100%	In planning	44%	44%	Not yet determined	72,971	118,800	118,800	N/A	45,828	39%	109,415
11	Israel Canada Business Village Netanya	60%	In planning	37%	37%	Not yet determined	55,319	256,275	153,765	N/A	98,446	64%	131,476
12	Blue Herzliya beach	0%	In planning	100%	100%	On plan approval date	177	14,000	14,000	N/A	14,000	100%	10,812
13	SHE Project, Tel Aviv <sup>(6)</sup>	81%	City building plan in force	3%	4%	2031	456,932	2,195,607	1,778,441	Residential – 130 Office – 40 Commercial – 50	600,979	34%	419,908
14	Midtown (Shaarei Zedek), Jerusalem <sup>(7)</sup>	73%	City building plan in force	34%	36%	2030	1,024,331	5,381,846	3,928,747	Residential – 72 Office – 22 Commercial – 40 Residential for lease – 57	715,910	18%	534,382
15	Beit HaNa'ara Complex, Hod Hasharon <sup>(8)</sup>	50%	City building plan in force	0%	0%	Not yet determined	438,345	2,944,734	1,472,367	42	421,299	29%	246,822
16	Sde Dov, Tel Aviv <sup>(9)</sup>	100%	City building plan in force	51%	58%	2030	1,636,916	3,291,510	3,291,510	Residential – 85 Commercial – 45	730,810	22%	898,078
17	Vertical City, Ramat Gan <sup>(11)</sup>	55.9%	City building plan in force	35%	35%	2030	381,253	2,050,515	1,146,238	Office – 28	280,811	24%	345,991
18	Dubnov, Tel Aviv <sup>(12)</sup>	80%	City building plan in force	0%	0%	Not yet determined	389,182	1,693,304	1,354,643	Residential – 90 Office – 35	483,567	36%	347,958
19	Lev Bavli, Tel Aviv	50%	City building plan in force	11%	12%	2030	75,326	822,852	411,426	Residential – 65	79,301	19%	66,749
	<b>Total</b>						<b>5,196,344</b>	<b>24,523,789</b>	<b>16,810,271</b>		<b>4,982,532</b>		<b>4,375,834</b>

- (1) Assuming full realization of inventory. Where there are no actual sales, the Company relies on market prices or Subscription Forms.
- (2) Gross profit is calculated in accordance with generally accepted accounting principles and includes financing expenses through receipt of the building permit. It does not include marketing and advertising expenses and includes both revenue from inventory sales (as defined in the accounting staff position).
- (3) Beit Mars and Vertical City are projects presented in the Company's financial statements under the investment in affiliated companies section.
- (4) Ramat Hasharon – for details, refer to Section B of the Board of Directors' Report.
- (5) Lapid, Tel Aviv – the table above includes all expected rights in the project. The interest rate has been updated in accordance with the prime interest rate known at the time of publication of the financial statements. It should be noted that the sale price per square meter for the hotel component reflects a fully finished hotel room at a high standard under a leading hotel brand.
- (6) Yehuda Halevi (SHE Project), Leumi Building, Tel Aviv – the table above includes all rights in the project. The interest rate has been updated according to the prime interest rate known at the time of publication of the financial statements. It should be noted that office and commercial rights are presented under the investment property section in the Company's financial statements.

- (7) Midtown Jerusalem – the table above includes all rights classified as inventory in the project. The interest rate has been updated according to the prime interest rate known at the time of publication of the financial statements. It should be noted that rights related to rental housing, offices, hotels, and commercial space are presented under the investment property section in the Company's financial statements. The revenues do not include a significant financing component in the amount of approximately NIS 44 million, which will be recorded in the Other Income section.
- (8) Beit HaNa'ara, Hod Hasharon – the interest rate has been updated according to the prime interest rate known at the time of publication of the financial statements.
- (9) Sde Dov, Tel Aviv – the table above includes all expected rights in the project. The book value does not include capitalized nonspecific bond credit. It should be noted that commercial rights are presented under the investment property section in the Company's financial statements. The revenues do not include a significant financing component in the amount of approximately NIS 30 million, which will be recorded under Other Income. In addition, the mix of Apartments changed during the period from 480 Apartments to 459 Apartments. The marketing area in square meters remained unchanged.
- (10) Beit Mars, Tel Aviv – the table above includes the expected rights in the project according to FAR 5. The plan is under the jurisdiction of the local committee.
- (11) Vertical City, Ramat Gan – the data in the table above includes rights to 75,000 square meters of office space that the project company decided to classify as real estate inventory and sell them as offices. The revenues do not include a significant financing component in the amount of approximately NIS 43 million, which will be recorded under Other Income..
- (12) Dubnov, Tel Aviv – the table above includes all expected rights of the project.
- (13) For principal ICR projects, refer to the following tables.
- (14) The table does not include land plots – Harova Hatzfoni Tel Aviv, Kremenetsky Tel Aviv, and Emek Bracha Tel Aviv.
- (15) The presented data does not include expected future management fees in the projects.
- (16) The residential sale price includes VAT; for other components, prices are presented excluding VAT.
- (17) The projected surplus balance does not include equity to be invested.

### ICR<sup>(1)</sup> - Summary of Data Estimate in Main Projects in Israel (NIS thousands):

#### Projects under construction/marketing

Project name	ICR's share in the project	Purchase date	Construction completion date	Units for marketing in the project	Scope of marketing as of June 30, 2025 <sup>(1B)</sup>	Scope of marketing as of the report date <sup>(11)</sup>	Inventory balance in books June 30, 2025	Unrecognized gross profit balance <sup>(2)</sup>	Surplus balance expected at project end, including equity invested <sup>(3)</sup>
							(ICR's share)		
							NIS thousands		
Yam, Bat Yam	100%	Demolition and reconstruction	2024	165	98%	99%	9,968	2,623	13,709
Jerusalem Blvd., Jaffa <sup>12</sup>	100%	2018	2025	117	100%	100%	---	302	17,553
Hagefen, Bar Kochba, Herzliya - Stage A	100%	Demolition and reconstruction	2024	180	100%	100%	---	---	(6) 2,112
Hagefen, Bar Kochba, Herzliya - Stage B	100%	Demolition and reconstruction	2025	96	98%	98%	---	8,897	(6) 58,858
Ocean Park I, Netanya	100%	2019	2025	67	100%	100%	---	99	---
Ocean Park II, Netanya <sup>12</sup>	100%	2019	2025	60	100%	100%	3,162	5,536	47,194
Hamesila, Herzliya	100%	2018	2025	27	89%	89%	10,294	5,645	10,784
Hahistadrut Air, Givatayim	100%	Demolition and reconstruction	2028	216	69%	71%	323,718	(9) 293,514	173,756
Serenity, Tel Hashomer, Ramat Gan <sup>8</sup>	100%	2017	2028	33	27%	36%	3,348	20,522	13,539
Yasmin (Idmit), Givatayim <sup>8</sup>	100%	Demolition and reconstruction	2029	76	12%	14%	14,644	65,028	44,991
Pastoral, Jerusalem	100%	Demolition and reconstruction	2029	287	38%	40%	72,825	186,353	122,441
Neve Gan, North Park, Ramat Hasharon (Stage A) <sup>4</sup>	58%	2021	2028	548	71%	71%	658,536	210,888	(7) 304,232
North Park, Ramat Hasharon (Stage B) <sup>5, 8</sup>	50%	2021	2028	401	34%	36%	614,133	133,544	213,496
<b>Total projects under construction</b>							1,710,628	932,951	1,022,665

- (1) ICR is held by the Company at a final indirect holding rate of 42.5% and is presented in the financial statements under investment in affiliated companies. After the acquisition of ICR, a purchase price allocation in the amount of approximately NIS 92 million was attributed to construction-in-progress inventory and land inventory (Company's share: 42.5%). As of June 30, 2025, the remaining balance of the purchase price allocation is approximately NIS 8 million (after amortization).
- (2) Gross profit does not include the project's marketing and advertising costs and includes revenue from inventory sales less income from the significant financing component (as defined in Accounting Staff Position 11-5 of the Israel Securities Authority). Additionally, revenue and gross profit does not include income from commercial space, excluding the Pastoral project, Jerusalem.
- (3) The project's surplus represents equity invested and the remaining expected profit after tax, net of amounts released and withdrawn from the financing account.
- (4) ICR's share in the project – 50% in three of the lots (28–30) out of four, and 75% in Lot 27 – giving ICR a weighted holding rate of approximately 58% in the project.
- (5) ICR's share in North Park Stage B, Lots 23–26, is 50%.
- (6) It should be noted that ICR's surpluses in the Gefen Project, Bar Kochva, Stage A and Stage B are pledged to an institutional body as collateral for a loan, the balance of which as of June 30, 2025, is NIS 20 million. The surplus amount in Stages A and B is stated **before** deducting the said loan. After the balance sheet date, ICR repaid the loan to the institutional entity; accordingly, the surpluses of the Gefen Project as a whole are not encumbered. In addition, in January 2025, ICR received Form 4 for the "Gefen A" Project in Herzliya, and the occupancy of Gefen A was completed.
- (7) It should be noted that ICR's surplus in North Park Stage A is pledged to an institutional body as collateral for a loan, the balance of which as of June 30, 2025, is NIS 141 million. The project's surplus amount is stated before deducting the said loan.
- (8) In the projects EVE, Jasmin Givatayim, and Serenity Tel Hashomer – the Sale Agreements are subject to fulfillment of precedent conditions including, among others, receipt of a building permit. The Sale Agreements may be canceled if the precedent conditions are not fulfilled within a period of 12 to 24 months from the date of signing the Sale Agreement.
- (9) HaHistadrut Air, Givatayim – the remaining gross profit is in respect of the residential Apartment development portion only and does not include the commercial portion.
- (10) The marketing volume as of June 30, 2025, includes Registration Deeds in the following Projects: North Park Stage A – 1 Registration Deed; North Park Stage B (EVE) – 2 Registration Deeds; Tel Hashomer (Serenity), Ramat Gan – 1 Registration Deed.
- (11) The marketing volume close to the date of the Report includes additional Registration Deeds in the following Projects: North Park Stage A – 1 Registration Deed; North Park Stage B (EVE) – 4 Registration Deeds; Tel Hashomer (Serenity), Ramat Gan – 1 Registration Deed; HaHistadrut (Air), Givatayim – 1 Registration Deed; Pastoral, Jerusalem – 3 Registration Deeds.
- (12) In the Jerusalem Boulevard, Jaffa Project and the Ocean Park II, Netanya Project, Form 4s were received after the date of the Report and ICR began the occupancy stages.
- (13) The projected surplus balance does not include equity to be invested.

#### Planning projects/land reserves

Project name	ICR's share	Purchase date	Building rights in the project		Book value as of Jun. 30, 2025	Average sale price per sq.m	Expected gross profit	Equity invested in the project	Expected surplus at project end including equity (after tax)
			Current planning status	Requested planning status	(ICR's share) NIS thousands				
Herbert Samuel, Tel Aviv	33%	2016	About 3,600 sq.m	The zoning plan under promotion includes approx. 24,188 sqm: 8,811 sqm for residential, 15,377 sqm for hotels and commerce. The objection period for the plan has ended. A hearing on the objections is scheduled for the fourth quarter of the year.	84,006	TBD	TBD	37,840	TBD



Project name	ICR's share	Purchase date	Building rights in the project		Book value as of Jun. 30, 2025	Average sale price per sq.m	Expected gross profit	Equity invested in the project	Expected surplus at project end including equity (after tax)
			Current planning status	Requested planning status	(ICR's share) NIS thousands				
Complex 12, Netanya (Combination Deal) <sup>1</sup>	100%	2023	Approx. 200 residential units and public spaces		244	29,203	62,167	244	32,411
Ha'ari, Netanya (Combination Transaction) <sup>3</sup>	100%	2023	Agricultural land	225 residential units and approx. 575 sq.m for commercial and employment	-	25,527	76,488	---	39,823
North Part, Neve Gan, Ramat Hasharon (Stage C) <sup>2</sup>	100%	2021	256 residential units and 943 sq.m commercial space	-	698,252	49,890	166,144	251,022	280,975
<b>Total project in planning / land reserves</b>					<b>782,502</b>	<b>-</b>	<b>304,799</b>	<b>289,106</b>	<b>353,209</b>

1 Combination transaction, as stated, ICR's share is approximately 55%.

2 The data does not include the commercial space.

3 Combination transaction, as stated, ICR's share is approximately 60%.

## Urban Renewal

### Projects over 67% signatures

Project name	Project Description			Main contingencies for project start	Rate of tenants who agreed and signed as of the balance sheet date	Planning status	Average sale price per sq.m**	Expected construction start date	Expected construction end date	Expected income	Expected gross profit <sup>2</sup>	Expected surplus at project end (after tax)
	Housing units in the project	Housing units for sale	Sq.m commercial							(ICR's share)		
										NIS thousands		
Hatzofim Complex, Lod	310	262	1,450	100% consent from residents, signing financing agreements , approval of new urban plan and building permit.	92%	Approved urban building plan. The design plan was approved with conditions that do not delay the opening of an application for a permit. An application was opened for an excavation and shoring permit for half of the complex (southern part), in light of the fact that this is a demolition-reconstruction project.	19,813	2027	2031	573,652	104,744	57,886
Dizengoff Hameyasdim, Netanya	191	129	528		93%	Approved urban building plan. A design and construction plan is in preparation. An information file was received. An application was opened for an excavation and shoring permit by ICR.	26,393	2027	2031	424,645	65,885	33,913
Gaponov Complex, Ashdod	756	588	4,306		89%	The local committee signed the plan documents, and they were submitted to the district committee and	23,488	2030	2034	1,370,979	225,909	110,502

Project name	Project Description			Main contingencies for project start	Rate of tenants who agreed and signed as of the balance sheet date	Planning status	Average sale price per sq.m**	Expected construction start date	Expected construction end date	Expected income	Expected gross profit <sup>2</sup>	Expected surplus at project end (after tax)
	Housing units in the project	Housing units for sale	Sq.m commercial							(ICR's share)		
										NIS thousands		
						passed the threshold conditions.						
Rothschild, Bat Yam*	560	395	1,650		99%	A zoning plan for unification and subdivision of the complex was approved. In addition, the design plan for the complex was discussed in the local committee and approved with conditions.	32,096	2028	2032	741,390	154,096	99,830
Katamonim, Jerusalem	440	295	800		98%	An excavation and shoring permit was approved by the local committee in January 2025. The planning team is working on meeting the conditions for receipt of the permit. At the same time, a corrective zoning plan for the addition of floors and additional residential units (474 units instead of 440) was approved for deposit in the local committee and deposited for public objections. An application for a full permit was received in the local committee.	32,691	2027	2031	1,074,394	184,359	98,593
86 Bar Kochba	74	50	175		73%	A zoning plan under the authority of the	33,985	2029	2032	170,759	39,282	22,817

Project name	Project Description			Main contingencies for project start	Rate of tenants who agreed and signed as of the balance sheet date	Planning status	Average sale price per sq.m**	Expected construction start date	Expected construction end date	Expected income	Expected gross profit <sup>2</sup>	Expected surplus at project end (after tax)
	Housing units in the project	Housing units for sale	Sq.m commercial							(ICR's share)		
										NIS thousands		
Street, Herzliya						local committee that was discussed for deposit. The planning team is working on completing the conditions for the deposit of the plan.						
Brodetsky, Tel Aviv	166	70	---		96%	In October 2023 the design plan was approved, and ICR submitted an application for building permits which was approved by the committee.	50,383	2026	2030	413,770	79,922	49,004
Rabbi Akiva, Herzliya	170	114	---		86%	A plan under the authority of a district committee. A zoning plan was deposited on April 21, 2023 and approved for validation. At this stage ICR is working on a design and planning plan for a building permit.	33,861	2028	2030	349,542	68,996	38,083
Koukis, Bat Yam	171	114	2,348		98%	The plan met the threshold conditions in the district committee; awaiting scheduling of the plan for a deposit hearing.	30,902	2030	2034	410,880	81,223	44,724
Katzanelson, Yehud (inc. commercial)	923	651	450		89%	A zoning plan was approved for validation, and the planning process	26,271	2028	2032	1,669,596	188,463	67,963

Project name	Project Description			Main contingencies for project start	Rate of tenants who agreed and signed as of the balance sheet date	Planning status	Average sale price per sq.m**	Expected construction start date	Expected construction end date	Expected income	Expected gross profit <sup>2</sup>	Expected surplus at project end (after tax)
	Housing units in the project	Housing units for sale	Sq.m commercial							(ICR's share)		
										NIS thousands		
						began for the approval of a design and construction plan for the complex. At the same time, an application for an information file was submitted.						
Abba Hillel Rashi, Ramat Gan	200	128	370		85%	A zoning plan was approved for validation, and the planning process began, in cooperation with the Municipality of Ramat Gan, for the purpose of submitting a design plan.	35,905	2028	2032	475,719	62,492	28,140
Solomon, Netanya	317	213	367		88%	A zoning plan under the authority of the Netanya local committee, currently at the stage of coordination with the local authority.	26,863	2031	2035	675,240	105,514	50,518
Somkin, Tel Aviv	454	292	400		73%	ICR prepared zoning plan documents and they were submitted to the district planning bureau for the purpose of reviewing threshold conditions, which is currently in progress.	30,884	2031	2035	850,928	165,220	88,779
Frug, Ramat Gan	385	237	---		78%	A plan under the authority of a district committee. There is	36,443	2030	2034	782,020	134,937	68,819

Project name	Project Description			Main contingencies for project start	Rate of tenants who agreed and signed as of the balance sheet date	Planning status	Average sale price per sq.m**	Expected construction start date	Expected construction end date	Expected income	Expected gross profit <sup>2</sup>	Expected surplus at project end (after tax)
	Housing units in the project	Housing units for sale	Sq.m commercial							(ICR's share)		
										NIS thousands		
						a pre-ruling with the local and district committee in preparation for selecting a preferred planning alternative.						
Pninat Ayalon, Tel Aviv	137	68	44,410		73%	ICR submitted zoning plan documents to the district committee for the purpose of promoting planning in the location. In coordination with the Tel Aviv Municipality, the submitted plan was withdrawn and currently ICR is working with the Tel Aviv Municipality's planning teams.	44,372	2031	2035	798,533	217,560	133,849
Meonot Sarah, Herzliya	645	401	1,078		71%	Plan documents were submitted to the local committee for review of threshold conditions.	36,185	2029	2033	1,337,632	251,289	133,651
Haroeh-Negba, Ramat Gan	258	159	191		77%	A plan under the authority of a district committee. There is a pre-ruling with the local and district committee in preparation for selecting a preferred planning alternative.	32,822	2030	2034	519,237	78,820	36,210
Haifa Stroma (Stage A)	826	622	500		76%	The plan was submitted and published for public objections.	20,320	2030	2034	1,420,854	246,160	125,522
Haifa Stroma (Stage B)	867	674	1,303		74%			2030	2034	1,485,793	257,932	129,421



Project name	Project Description			Main contingencies for project start	Rate of tenants who agreed and signed as of the balance sheet date	Planning status	Average sale price per sq.m**	Expected construction start date	Expected construction end date	Expected income	Expected gross profit <sup>2</sup>	Expected surplus at project end (after tax)
	Housing units in the project	Housing units for sale	Sq.m commercial							(ICR's share)		
										NIS thousands		
Haifa Stroma (Stage C)	715	555	1,400		69%			2030	2034	1,236,860	207,257	101,753
Derech Hahagana, Tel Aviv	346	218	500		67%	The plan is in the pre-ruling stage. A conversation on the matter is taking place with the local authority.	31,171	2031	2035	642,863	137,936	77,120
Havered A, Or Yehuda	350	262	---		69%	The shadow plan was discussed in the local committee.	24,515	2031	2035	730,831	146,931	79,865
Mishmar Hayarden, Givatayim	290	178	---		69%	Began to operate for the purpose of preparing a zoning plan under the authority of the district committee. At this stage, a pre-ruling began with the local committee.	42,060	2031	2035	688,940	132,293	70,291
<b>Total urban renewal</b>	<b>9,551</b>	<b>6,675</b>	<b>62,226</b>							<b>18,845,057</b>	<b>3,337,220</b>	<b>1,747,253</b>

The data does not include commercial areas.

\* ICR owns 50% of the project

\*\*Average price per square meters, excl. VAT

#### Projects below 67% signatures

Project name	Project Description			Main contingencies for project start	Rate of tenants who agreed and signed as of the balance sheet date	Planning status	Average sale price per sq.m**	Expected income	Expected gross profit <sup>2</sup>	Expected surplus at project end (after tax)
	Residential units in the project	Residential units for sale	Sq.m commercial					(ICR's share)		
								NIS thousands		
Havered B, Or Yehuda	350	262	---	100% consent from residents, approval, signing financing agreements new urban plan and building permit	50%	The shadow plan was discussed in the local committee.	24,515	732,044	144,366	77,628
Enzo Sereni, Givatayim*	736	424	12,137		12%	A structural zoning plan received validation in the district. ICR intends to promote a unification and subdivision plan in the local committee.	39,274	928,029	187,356	101,892
Rabbi Akiva, Rasko, Holon	492	309	330		64%	The plan was submitted and published for public objections. The objection period has ended.	29,494	938,412	171,688	88,784
Tel Aviv, De Haz	29	19	288		61%	ICR intends to file a building permit application under the Tel Aviv quarters plan. Early planning for opening a permit application.	59,483	116,504	31,896	19,510
Pinkas, Tel Aviv	61	33	---		50%	ICR intends to file a building permit application under the Tel Aviv quarters plan. Early planning for opening a permit application.	56,987	155,983	30,787	16,562
Har Zion/Haemel, Tel Aviv	117	50	35,100		29%	ICR intends to advance a detailed plan for the project in coordination with the Tel Aviv Municipality.	47,215	593,358	68,503	32,844
Pirchei Aviv, Tel Aviv	215	129	36		43%	ICR intends to advance a detailed plan for the project in coordination with the Tel Aviv Municipality.	45,592	478,678	92,980	49,622
Hagibor Ha'almoni, Tel Aviv	180	100	383		66%	The plan is in the pre-ruling stage.	40,217	320,949	31,170	8,268

Project name	Project Description			Main contingencies for project start	Rate of tenants who agreed and signed as of the balance sheet date	Planning status	Average sale price per sq.m**	Expected income	Expected gross profit <sup>2</sup>	Expected surplus at project end (after tax)
	Residential units in the project	Residential units for sale	Sq.m commercial					(ICR's share)		
								NIS thousands		
Sheshet Hayamim, Netanya	301	207	550		65%	The plan is in the pre-ruling stage with the local committee for selecting an agreed plan alternative.	26,959	599,699	103,291	51,583
<b>Total urban renewal</b>	<b>2,481</b>	<b>1,533</b>	<b>48,824</b>					<b>4,863,656</b>	<b>862,037</b>	<b>446,693</b>

\* ICR owns 50% of the project \*\*Average price per square meters, excl. VAT

### **Forward-Looking Information**

It is emphasized that the Company's assessments above, including projections and estimates regarding rezoning of land and/or scope of building rights on land and/or receipt of building permits, timelines for commencement and completion of construction in the projects, including the expected date for drawing cash flows from the project, total expected revenues, average price per square meter, total and percentage gross profit expected in the projects, remaining surplus including equity investment estimates, projected cash flow to be received (Company's share), and management fees in the various Company projects, which are subject to the conditions detailed in the table above, constitute "Forward-Looking Information" (as defined in the Securities Law, 5728-1968), based on the Company's experience and that of its project partners, and on full realization of inventory at prices consistent with actual sales. These parameters are largely dependent on external factors, such as obtaining the required permits for execution of the projects, including rezoning of the Company's lands (both in terms of receiving them at all, and receiving them within the timeframe anticipated by the Company and its project partners), including zoning plan changes in relation to urban renewal projects, and obtaining signatures from all current owners on the agreements; the Company's compliance with various authorities' requirements and receipt of the relevant permits; cooperation between partners, decisions made during project execution, and provision of the required equity (including by the Company) in accordance with the signed agreements; the partners' compliance with the conditions of the financing agreements related to the relevant projects (including equity provisions) and non-occurrence of events of default therein; engagement in financing agreements for projects not yet commenced; engagement with contractors and other suppliers for projects not yet commenced and cost estimates based on current market conditions; effects due to the "Iron Swords War" as detailed in Section B.3 below; regulatory developments that may apply to urban renewal projects and/or changes and/or intensification of regulation in the Company's various areas of operation; actual construction and financing costs upon their occurrence (which may deviate from the Company's estimates, including materially); maintenance of current real estate market sale prices (which may change, including materially, inter alia due to shifts in the economic environment in which the Company operates, such as rising interest rates and inflation as detailed in Section B.6, and increases in construction costs and the Construction Inputs Index as detailed in Section B.7 below, and frequent changes in tax regulation); and decisions of authorities regarding approval of land designation plans – and there is no certainty that these matters will indeed occur as expected. These factors may significantly alter the Company's estimates as detailed above.

According to the Company's assessment, as of this date, the primary factors that may prevent the forward-looking information from materializing are: that there will be no rezoning of the Company's lands and/or no changes to the city building plans in accordance with the intentions of the Company and its partners; that the construction of the projects will not be possible or will be delayed due to various reasons such as the Company's failure to meet regulatory requirements for receiving

permits and/or failure to obtain appropriate permits for the projects, or obtaining them later than anticipated by the Company; non-compliance by the partners with the financing agreements signed in connection with the relevant projects (including provision of equity) or the occurrence of any of the immediate repayment events stipulated therein, which may, if triggered, lead to a demand for immediate loan repayment; the Company not entering into financing agreements for the relevant projects; contractors or other suppliers involved in the projects encountering financial difficulties; any of the Company's investors and/or partners in the relevant projects experiencing financial hardship that prevents them from continuing to fund their share of the projects; deviations from the anticipated scope of the projects due to increases in construction costs as detailed in Section B.7 below (including labor shortages), taxes and/or levies imposed on land acquisition and development, and the like; the effects of the Iron Swords War and Rising Lion Operation as detailed in Section B.3 below; deterioration in the economic environment, including the impact of rising interest rates and inflation as discussed in this Board of Directors' Report, which could negatively affect the pricing environment in which the Company operates, leading to a decrease in the scope of sales forecasted by the Company and a decrease in gross profit as stated above, and accordingly, a decrease in the Company's surplus in various projects. Therefore, there is no certainty that the above information will materialize, and it may differ materially from what is stated above.

## B.1. Financial condition

As of June 30, 2025, the total assets of the Company amount to approximately NIS 11,790 million, compared to approximately NIS 10,956 million as of December 31, 2024. The increase in the total assets of the Company as of June 30, 2025, is explained below:

	As of June 30, 2025 NIS thousands	As of June 30, 2024 NIS thousands	As of December 31, 2024 NIS thousands	Explanations of material changes occurring compared to Dec. 31, 2024
<b>Current assets</b>				
Cash and cash equivalents	233,618	290,890	410,276	See Section B.4. Liquidity below.
Cash and deposits in use in accompanied accounts	17,212	-	566,068	The decrease in the balance derives from receipts from buyers in escrow accounts in the Rainbow and Midtown Jerusalem projects, which repaid bank loans and were also used to pay the betterment levy in the Midtown Jerusalem project.
Financial assets at fair value through profit and loss	109,244	70,869	129,192	The decrease in the balance derives mainly from a decline in the fair value of Norstar Inc. shares (hereinafter: "Norstar").
Receivables for the sale of real estate inventory and apartments under construction	71,618	76,346	19,280	The increase in the balance derives mainly from sales of land units in the Herzliya Northern Quarter project and in the Elco Ramat HaSharon project.
Accounts receivable	111,770	111,260	126,481	---
Income tax owed	6,886	11,574	5,920	---
Other accounts receivable for hotels	92,431	47,334	41,233	The increase in balance is mainly from the acquisition of the Brown activity. For further details, see Note 4O of the Company's consolidated financial statements.
Real estate inventory	440,612	1,994,214	320,758	The increase in the balance derives mainly from the purchase of land in the Herzliya Northern Quarter in the amount of approx. NIS 138 million.
Inventory of buildings under planning and construction	3,065,926	697,344	2,625,023	The increase in the balance derives mainly from investments in the Midtown Jerusalem project in the amount of approx. NIS 270 million and from investments in the Sde Dov project in the amount of approx. NIS 100 million.
Advances on account of real estate inventory	20,832	-	47,780	---
<b>Total current assets</b>	<b>4,170,149</b>	<b>3,299,831</b>	<b>4,292,011</b>	
<b>Non-current assets</b>				
Investments and loans in investees accounted for using the equity method, net	1,350,378	1,226,575	1,305,859	---
Long-term real estate inventory	1,121,583	763,731	1,145,810	---
Real estate for investment	3,114,318	2,672,469	2,893,000	The increase in the balance derives mainly from investments made in the Midtown Jerusalem project in the amount of approx. NIS 144 million.
Advances on account of investment real estate	2,237	32,779	13,486	---
Fixed assets	840,184	628,128	807,495	The increase in the balance derives mainly from investments in hotels in the Hotel Company, and as a result of the acquisition of the Brown activity. For further details, see Note 4(O) to the Company's consolidated financial statements.

	As of June 30, 2025 NIS thousands	As of June 30, 2024 NIS thousands	As of December 31, 2024 NIS thousands	Explanations of material changes occurring compared to Dec. 31, 2024
	<b>Current assets</b>			
Advances on account of fixed assets	-	1,113	1,382	---
Restricted use cash and deposits long term	6,382	5,205	5,266	---
Right of use asset	972,234	414,953	425,912	The increase in the balance derives mainly as a result of the acquisition of the Brown activity. For further details, see Note 4(O) to the Company's consolidated financial statements.
Advances on account of real estate inventory	-	34,305	-	---
Accounts receivable	8,100	6,217	7,066	---
Deferred tax assets	27,246	44,852	31,771	---
Other investments and assets	14,049	13,436(*)	14,090(*)	---
Goodwill and intangible assets	162,838	13,152(*)	13,152(*)	The increase in the balance derives mainly from goodwill as a result of the acquisition of the Brown activity. For further details, see Note 4(O) to the Company's consolidated financial statements.
<b>Total non-current assets</b>	<b>7,619,549</b>	<b>5,856,915</b>	<b>6,664,289</b>	
<b>Total assets</b>	<b>11,789,698</b>	<b>9,156,746</b>	<b>10,956,300</b>	



	As of June 30, 2025 NIS thousands	As of June 30, 2024 NIS thousands	As of December 31, 2024 NIS thousands	Explanations of material changes occurring compared to Dec. 31, 2024
<b>Current liabilities</b>				
Credit from bank corporations and current maturities on long-term loans	2,917,602	2,821,648	2,866,946	The increase is mainly due to the short-term loan classification in the Beit Hanara project and, conversely, the long-term loan classification in the Beit Eurocom project due to the extension of the loan period.
Current maturities of bonds	291,731	268,727	269,101	---
Current maturities of long-term lease liability	43,020	18,461	21,060	The increase in the balance derives mainly as a result of the acquisition of the Brown activity. For further details, see Note 4(O) to the Company's consolidated financial statements.
Suppliers and service providers	66,457	33,583	36,345	The increase in the balance derives mainly as a result of the acquisition of the Brown activity and an increase in the hotel activity. For further details, see Note 4(O) to the Company's consolidated financial statements.
Accounts payable	246,107	71,700	163,244	The increase in the balance is mainly due to the recording of a provision for levies.
Current tax liability	11,076	11,752	17,515	---
Liability for provision of construction services	3,233	4,751	4,360	---
Advances for the sale of real estate inventory and building inventory under planning and construction	614,145	69,193	421,240	The increase in the balance is mainly due to payments made by buyers in the Midtown Jerusalem and Rainbow projects. The project company in the Rainbow project has not yet recognized revenue in accordance with the International Financial Reporting Standard IFRS15. The Midtown Jerusalem company has begun recognizing revenue in accordance with the rate of progress (approximately 2%) in accordance with the International Financial Reporting Standard IFRS15.
Loans from others	2,526	3,342	2,502	---
<b>Total current liabilities</b>	<b>4,195,897</b>	<b>3,303,157</b>	<b>3,802,313</b>	
<b>Non-current liabilities</b>				
Long-term loans from banks	1,902,295	1,312,006	2,001,362	The decrease in balance is mainly due to the short-term loan classification in the Beit Hanara project and, conversely, from the loan classification in the Beit Eurocom project from short term to long term due to the extension of the loan period.
Loans from others and other liabilities	9,681	26,337	10,175	---
Bonds	986,343	747,085	1,055,667	The decrease in the balance is mainly due to the payment of Series G Bonds during the period.
Lease liability	994,177	428,670	442,578	The increase in the balance derives mainly from the acquisition of the Brown activity. For further details, see Note 4(O) to the Company's consolidated financial statements.
Deferred tax liabilities	160,823	186,477	169,335	---
Commitment to providing long-term construction services	427	3,562	855	---
Other non-current liabilities	20,437	10,379	11,627	---
<b>Total non-current liabilities</b>	<b>4,074,183</b>	<b>2,714,516</b>	<b>3,691,599</b>	
Total equity (inc. minority)	3,519,618	3,139,073	3,462,388	---
<b>Total liabilities and equity</b>	<b>11,789,698</b>	<b>9,156,746</b>	<b>10,956,300</b>	

(\*) Reclassified

## Equity

The Company's total equity attributable to the Company's shareholders as of June 30, 2025, and as of December 31, 2024, amounted to approximately NIS 2,555 million and approximately NIS 2,486 million, respectively.

## Working Capital

As of June 30, 2025, the Company had negative working capital in the consolidated report totaling approximately NIS 25 million, compared to positive working capital of approximately NIS 490 million as of December 31, 2024. The decrease in working capital results from a reduction in current assets alongside an increase in current liabilities, as detailed above. In the solo report, the Company has positive working capital. Refer to Section B.6 of this Report.

## B.2. Results of Operations

	For the six months ended on June 30		For the three months ended on June 30		For the year ending December 31	Explanations of material changes occurring compared to six months ended June 30, 2024
	2025	2024	2025	2024	2024	
<b>Income:</b>						
Rental and management of investment real estate	42,465	38,853	20,669	19,824	80,215	---
Revenues from the sale of land inventory	84,310	5,118	44,727	2,599	11,679	The increase in revenues compared to the corresponding period last year derives mainly from revenues from the sale of land units in the Ramat HaSharon office project and land units in the Herzliya Northern Quarter project.
Income from sale of apartment and office inventory	34,991	41,473	12,269	4,682	61,115	The revenues in the period derive from sales in the Midtown Jerusalem project in the amount of approx. NIS 14 million for the residences and approx. NIS 2 million for the offices, in accordance with the pace of progress in the project. In addition, from sales in the Ahad Ha'am project in the amount of approx. NIS 19 million. The revenues in the corresponding period last year derived from sales in the Ahad Ha'am project in the amount of approx. NIS 41 million.
Revenue from lease of real estate inventory	12,080	12,686	5,973	6,194	25,344	---
Income from management fees	4,511	-	-	-	1,645	The revenues in the period derive from management fee income in the Atlit Blue project.
Income from operation and management of a hotel	157,588	143,960	101,660	77,913	291,017	The increase in revenues derives mainly from the acquisition of the Brown hotels activity. For further details, see Note 4(O) to the Company's consolidated financial statements. See also Section B.3 of this Report. Also, see Section B.3 of this Report.
Marketing and brokerage income	5,806	7,436	1,038	4,779	25,714	---
Revenues from provision of construction services	1,555	1,789	1,109	1,145	4,886	---
Increase in fair value of investment real estate and profit from its exercise	23,530	31,167	23,530	30,076	66,371	---
Company's share in profit of investments	31,690	61,012	14,793	14,622	200,760	The decrease derives mainly from revenues from the Morgal company in Russia that

	For the six months ended on June 30		For the three months ended on June 30		For the year ending December 31	Explanations of material changes occurring compared to six months ended June 30, 2024
	2025	2024	2025	2024	2024	
accounted for using the equity method, net of tax						were recorded in the corresponding period last year.
Other income	818	706	282	706	5,490	---
Total income	<b>399,344</b>	<b>344,200</b>	<b>226,050</b>	<b>162,540</b>	<b>774,236</b>	
<b>Expenses and costs:</b>						
Cost of rent	21,816	18,513	11,734	9,622	42,961	---
Cost of sale of real estate inventory	41,586	2,495	21,968	1,449	7,848	The cost of sale of real estate inventory in the period derives mainly from the sale of land units attributed to the Herzliya Northern Quarter project.
Cost of sale of apartment and office inventory	26,005	29,379	9,544	6,240	45,335	Derives mainly from the Ahad Ha'am project and the Midtown Jerusalem project and the pace of progress of the projects over the periods.
Cost of operation and management of hotels	168,415	113,514	107,478	61,744	257,682	The main increase derives from the acquisition of the Brown activity. For further details, see Note 4(O) to the Company's consolidated financial statements. Also, see Section B.3 of this Report.
Decrease in fair value of investment real estate	20,865	14,327	5,683	4,245	38,963	---
Expenses for construction services	1,555	1,789	1,109	1,145	4,886	---
Management and general expenses	26,043	32,319	13,524	12,086	59,821	---
Marketing and sale expenses	34,203	18,181	22,746	10,190	38,661	The main increase derives from marketing and branding of the Company's projects, mainly in the Rainbow project.
Company's share in loss of investments accounted for using the equity method, net of tax	24,238	13,859	11,909	3,006	17,827	---
Other expenses	-	-	-	447	-	---
Total expenses and costs	<b>364,726</b>	<b>244,376</b>	<b>205,695</b>	<b>110,174</b>	<b>513,984</b>	
Operating profit	<b>34,618</b>	<b>99,824</b>	<b>20,355</b>	<b>52,366</b>	<b>260,252</b>	
Changes in financial assets measured at fair value	(18,692)	(22,714)	20,058	(33,407)	36,911	---
Financing income	28,225	19,389	9,915	11,135	54,114	The increase compared to the same period last year is mainly due to interest income on deposits.
Financing expenses	(83,806)	(57,670)	(58,240)	(31,802)	(133,280)	The main increase compared to the corresponding period last year stems from financing costs for leasing, mainly as a result of the acquisition of Brown's operations, for more information see Note 4O to the Company's consolidated financial statements, and from recording financing expenses for the Midtown Jerusalem project in profit and loss from the date of receipt of a building permit in accordance with the provisions of IFRS 15.
Profit (loss) before income tax	<b>(39,655)</b>	<b>38,829</b>	<b>(7,912)</b>	<b>(1,708)</b>	<b>217,997</b>	

	For the six months ended on June 30		For the three months ended on June 30		For the year ending December 31	Explanations of material changes occurring compared to six months ended June 30, 2024
	2025	2024	2025	2024	2024	
Income tax	8,767	5,157	1,093	5,464	13,681	---
Profit (loss) for the period	(30,888)	43,986	(6,819)	3,756	231,678	
Exchange rate differences from translation of foreign operations	(1,643)	(1,262)	(16)	10,968	(6,072)	---
Gain (loss) on changes in the fair value of a financial liability, net of tax	-	2,062	-	2,062		
Gain on revaluation of fixed assets, net of tax	4,387	-	4,838	-	135,539	---
Total comprehensive profit (loss)	(28,144)	44,786	(1,997)	16,786	361,145	

### B.3. Iron Swords War

Further to Note 31 to the Company's consolidated financial statements as of December 31, 2024, the main effects of the Iron Swords War and Operation Rising Lion (the "War") on the Company's operations as of the Report Date are as follows:

With respect to the Company's development projects under construction, as of the first half of 2025 and the publication date of this Report, activity at the sites is proceeding as usual, and therefore there is no material impact on the progress of the Company's projects. It is clarified that to the extent any sites do not operate at full capacity, this may lead to an increase in financing costs and construction costs (and accordingly, a reduction in project surpluses) as well as an increase in rent expenses paid to owners of existing residential units in urban renewal projects.

The Iron Swords War has caused a shortage of professional labor at construction sites and an increase in the cost of raw materials needed for project execution, leading to higher construction execution costs, both in projects where a construction agreement has yet to be signed, and in projects where the execution agreement is linked to the Construction Inputs Index. This is reflected both in the sharp rise of the Construction Inputs Index in January 2025 and in the announcement by the Central Bureau of Statistics of an additional significant increase expected by the end of 2025. In addition, the continuation of the War may lead to extended construction timelines and delays in project completion dates. The War has also contributed to increased inflation, which maintains a high-interest environment. In light of the situation, the Company has updated its forecasts for construction costs based on its estimates and the actual contractor agreements signed. Conversely, the Company's revenue estimates for the projects have also been updated, in light of rising sales prices, based on actual sales of residential units in various projects.

As stated, as of the publication date of the Report, the impact of the War on the Company's operational results exists but is not material. However, should additional fronts open beyond those currently active, the Company's estimates may change, including materially.

During Operation Rising Lion, several of the Company's properties were damaged by missiles launched from Iran, including the office and commercial properties in the Da Vinci Project, the commercial areas in the Midtown Tel Aviv Project, and additional areas in Beit America. All of the properties have returned to

full operation, and in parallel the Company initiated proceedings with the Property Tax Authority regarding coverage of the damages caused to these areas.

With regard to the Company's income-producing properties, as of the publication date of the Report, the vast majority of tenants are paying full rent without concessions (such as deferred payments) which were granted in specific cases at the beginning of the War. According to the Company's assessment, at this stage no significant impact on the Company's revenue is expected as a result, and there appears to be stability in the occupancy rates of the Company's income-producing properties.

With respect to the Company's hotel segment – hotel operations in Israel are influenced by the unique characteristics of the tourism sector as well as by economic and security factors that directly impact this field. Through the end of 2024, the War did not have a material impact on the hotel company's results, due to high occupancy in the Company's hotels stemming from hosting residents evacuated from the south and north in accordance with need and emergency directives, with the level of expenses (including furloughs and staff leave as necessary) adjusted to match the level of activity during this period. However, during the Reporting Period, most of the evacuated residents left the Company's hotels, together with the seasonality of the industry and Operation Rising Lion affected the results of the hotel operations for the first and second quarters of 2025. During Operation Rising Lion, ballistic missiles were launched toward the State of Israel, some of which struck central cities in Israel, including Tel Aviv. As a result of the strikes, two of the Company's hotels were damaged (the Lighthouse Hotel, which was closed for renovations, and the PLAY Hotel in the Midtown Tel Aviv complex, which sustained minor damage). As of the date of publication of this Report, the Company is working to repair the Midtown Tel Aviv Hotel, which, as noted, sustained minor damage and as of this date has returned to full operation (including hosting evacuees). The Lighthouse Hotel was significantly damaged and most of its rooms were destroyed; however, it is not yet possible to determine the scope of the damage or the duration and/or cost required for its restoration. According to the Company's assessment, the expenses related to the renovation of the hotel will be paid by the Property Tax Authority. As of the date of publication of this Report, the Lighthouse Hotel is not operational. It should be noted that due to the evacuation of residents from their homes ("the evacuees") within the framework of Operation Rising Lion, the Group's hotels, primarily in Tel Aviv, began hosting evacuees starting in June 2025.

It is clarified that a prolonged and/or intensified Iron Swords War and its impact on the tourism industry as a whole (both domestic and international) could affect demand for the Company's hotels and impact the business results of the Company's hotel operations in the coming quarters—whose extent cannot currently be assessed.

### **Possible Impacts of Prolongation and Expansion of the War:**

A further prolongation of the fighting and/or an expansion of the War into additional fronts with high intensity may materially impact the Company's operations, as they may lead to: (1) Cancellation/reduction of projects and delays in the pace of initiation procedures and entry into new projects; (2) Delays in the planning, permitting, and execution processes of the projects, potentially leading to delays in completion and delivery of the projects to purchasers; (3) Decline in the financial resilience of subcontractors and key suppliers; (4) Increase in construction costs (including due to labor shortages) and a significant rise in the Construction Inputs Index; (5) A material decrease in demand for residential units / office space / commercial areas marketed by the Company (due to potential purchasers/tenants' impaired financial capacity, decisions by Bank of Israel imposing restrictions on banks from providing benefits to purchasers, deteriorated public sentiment, and uncertainty inherent in wartime periods); (6) Decline in sale/rental prices and/or tenant departures; (7) Restrictions on the volume of bank credit available to the real estate sector, increased equity requirements for project funding (including Company-contributed equity), more stringent financing terms, and delays in the provision of financing required for the Company's operations (which is also conditioned, inter alia, on the pace of marketing residential units/offices/leasing of space in the projects); (8) Oversupply of leasable space that would affect capitalization rates and the Company's projected NOI; (9) Non-fulfillment of obligations by purchasers/tenants toward the Company; (10) Impact on domestic and inbound tourism, which may affect occupancy levels in the Company's hotels and consequently impact revenues and profitability in this segment.

## **B.4. Liquidity**

The Company's cash and cash equivalents as of June 30, 2025, totaled approximately NIS 234 million, compared to approximately NIS 410 million as of December 31, 2024—a decrease of approximately NIS 176 million in cash balances, as detailed below:

### **Cash from Operating Activities**

The main changes in cash flows from operating activities derive from purchases and investments in land inventory in the amount of approximately NIS 510 million, from an increase in receivables in respect of the sale of real estate inventory and inventory of buildings in planning and construction in the amount of approximately NIS 52 million, from a decrease in payables and credit balances and in current tax liabilities in the amount of approximately NIS 49 million, and from a net loss in the amount of approximately NIS 31 million. On the other hand, they derive from an increase in advances in respect of the sale of real estate inventory and inventory of buildings in planning and construction in the amount of approximately NIS 193 million, from a loss from fair value adjustment of financial instruments at fair value through profit or loss in the amount of approximately NIS 19 million, and from depreciation and amortization of fixed assets and right-of-use assets in the amount of approximately NIS 40 million.

Total cash used for operating activities amounted to approximately NIS 360 million.

### **Cash from Investing Activities**

The cash flow was mainly derived from changes in cash and restricted deposits totaling approximately NIS 548 million, partially offset by purchases and investments in investment property, net, totaling approximately NIS 171 million, the entry to consolidation of the Brown activity in the amount of approximately NIS 56 million and the acquisitions and investments in fixed property in the amount of approximately NIS 35 million.

Total cash generated from investing activities amounted to approximately NIS 262 million.

### **Cash from Financing Activities**

Cash was mainly used for repayment of long-term loans totaling approximately NIS 586 million and repayment of bonds in the amount of approximately NIS 251 million. This was partially offset by proceeds from issuance of shares, net, totaling approximately NIS 124 million, receipt of long-term loans from banking corporations totaling approximately NIS 342 million, and net proceeds from short-term credit from banking corporations totaling approximately NIS 106 million, and the expansion of Series H Bonds in the amount of approximately NIS 209 million.

Total cash used for financing activities amounted to approximately NIS 85 million.

## **B.5. Sources of Financing**

The Company's principal sources of financing:

1. Bonds (Series G) – refer to Section D below.
2. Bonds (Series H) – refer to Section D below.
3. Loans obtained by the Company from time to time for the purpose of financing projects and/or land and/or assets, including in the Sde Dov Tel Aviv Project, Midtown Tel Aviv, Midtown Jerusalem, and Vertical City – “Stock Exchange District.”
4. The average balance of short-term credit of the Company, including bank credit, loans from others, current maturities of bonds, and current maturities of long-term loans, amounted to approximately NIS 3 billion.



5. The average balance of long-term liabilities, including bank credit, loans from others, and bonds, amounted to approximately NIS 3 billion.
6. The average balance of supplier liabilities amounted to approximately NIS 51 million.
7. Issuance of shares totaling approximately NIS 124 million, as detailed in Note 4c to the financial statements as of June 30, 2025.
8. Expansion of Bond Series H totaling approximately NIS 210.8 million, as detailed in Note 4s to the financial statements as of June 30, 2025.

**Details regarding the Company's compliance with the financial covenants of its material loans<sup>3</sup>, in addition to Bonds (Series F), Bonds (Series G), and Bonds (Series H), whose terms are detailed in Section D below, are presented hereunder:**

	Loan	Borrower corporation (loan provision date)	Original loan framework amount (NIS thousands)	Principal balance as of June 30, 2025 (NIS thousands)	Financial conditions / commitment to no changes of control	Manner of calculation of financial covenants and their results as of June 30, 2025
1.	Local bank	The Company and subsidiaries held at a rate of between 60%-100%	Refers to all the loans given by the local bank to the companies in the Group (including the Rainbow project, Tel Aviv)	2,429,508	(a) The Company's consolidated equity, excluding non-controlling interests, must not at any time be less than an amount equal to 17% of the Company's total balance sheet (according to consolidated financial statements). (b) The ratio of the Company's equity (excluding non-controlling interests) to the total balance sheet of the Company separately (solo) shall not be less than 37.5%. (c) The consolidated equity of the Company, excluding non-controlling interests, must not at any time be less than NIS 1,200 million. (d) The consolidated equity of the Company, excluding rights that do not confer control (but including loans given to the Company which are included in the consolidated equity), shall not be reduced at any time by an amount equal to 22% of the total balance sheet of the Company (according to consolidated financial statements). (e) There shall be no change in the controlling shareholders from the current situation, whereby both Asaf Touchmair and Barak Rosen cease to be controlling shareholders of the Company. Additionally, no other shareholders in the Company will hold more than 32% of the Company's shares.	(a) The ratio of the Company's equity to the total consolidated balance sheet as of June 30, 2025 is approximately 21.6% - compliant. (b) The ratio of the Company's equity to the total solo balance sheet as of June 30, 2025, is approximately 63.4% - compliant. (c) The amount of equity in the consolidated balance sheet as of June 30, 2025, is approximately NIS 2,555 million - Compliant. (d) The ratio of the Company's consolidated equity, excluding non-controlling interests (but including loans provided to the Company that are included in consolidated equity), to total assets is approximately 27.3% - Compliant. (e) No such change has occurred.
2.	Local bank	A 55.9% owned company that owns the Vertical City project <sup>4</sup>	838,310	795,903	(a) The Company's consolidated equity, excluding non-controlling interests, must not at any time be less than an amount equal to 17% of the Company's total assets (according to consolidated financial statements). (b) The ratio of the Company's equity capital (excluding non-controlling interests) to the total balance sheet of the Company separately (solo) shall not be less than 30%. (c) The consolidated equity of the Company, excluding non-controlling interests, must	(a) The ratio of the Company's equity to the total consolidated balance sheet as of June 30, 2025 is approximately 21.6% - compliant. (b) The ratio of the Company's equity to the total solo balance sheet as of June 30, 2025, is approximately 63.4% - compliant.

<sup>3</sup> The material loan agreements for this matter are loan agreements and material loan agreements as defined in Legal Position 104-15: A Reportable Credit Event of the Israel Securities Authority, as detailed in Section 15.2 of the 2024 Report.

<sup>4</sup> On August 14, 2025, after the balance sheet date, the Company signed an increase to the loan framework. For further discussion, see Note 5f of the Company's consolidated financial statements.

	Loan	Borrower corporation (loan provision date)	Original loan framework amount (NIS thousands)	Principal balance as of June 30, 2025 (NIS thousands)	Financial conditions / commitment to no changes of control	Manner of calculation of financial covenants and their results as of June 30, 2025
					<p>not at any time be less than NIS 700 million.</p> <p>(d) The consolidated equity of the Company, excluding rights that do not confer control (but including loans given to the Company which are included in the consolidated equity), shall not be reduced at any time by an amount equal to 22% of the total balance sheet of the Company (according to consolidated financial statements).</p> <p>(e) There will not be any structural change in relation to the borrower, compared to the situation existing at the time of signing the loan agreement, without the prior consent of the bank.</p>	<p>(c) The amount of equity in the consolidated balance sheet as of June 30, 2025, is approximately NIS 2,555 million - Compliant.</p> <p>(d) The ratio of the Company's consolidated equity, excluding non-controlling interests (but including loans provided to the Company that are included in consolidated equity), to total assets is approximately 27.3% - Compliant.</p> <p>(e) There was a change with the entry of Clal Insurance into the Vertical City project, with the consent of the bank.</p>
3.	Local bank	An 80% owned company that owns the Midtown Jerusalem project	1,125,000 [Including a guarantee framework]	814,350	<p>There will be no change of control without obtaining the bank's prior written consent. "Control" for this matter as the term is defined in the Securities Law, 5778-1968 including holding together with others. Notwithstanding the above, it is agreed that: Decrease in holdings of Asaf Touchmair and Barak Rosen in the Company to a level not lower than 32% of the control means, as long as they remain the controlling shareholders of Israel Canada at all times, will not constitute a breach of the agreement, and no bank consent will be required for this.</p> <p>A reduction in the combined holdings of the Company and Pangaea in the project company to a level not lower than 70% of the control means in the project company, provided that the Company and Pangaea remain the controlling shareholders of the project company at all times, will not constitute a breach of the agreement, and no bank consent will be required for this.</p>	Compliant.

## B.6. Disclosure Pursuant to Article 10(b)(14) of the Periodic and Immediate Reports Regulations, 5730-1970

Pursuant to Article 10(b)14 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (hereinafter: the **"Reporting Regulations"**), regarding the disclosure of projected cash flow for financing the repayment of the reporting corporation's obligations, any reporting corporation whose debentures are held by the public on the date of publication of the financial report and for which warning signs as defined in the said article exist in its financial data, must publish details of its obligations and of the financial sources from which it expects to repay such obligations (hereinafter: the **"Projected Cash Flow Statement"**) over the two years following the date of publication of the financial report.

It is emphasized that pursuant to the guidance of the Israel Securities Authority under Section 36A(b) of the Securities Law, 5728-1968, with respect to the disclosure required in the Projected Cash Flow Statement, the

sources and uses included in the projected cash flow are based on the consolidated financial data of the Company as well as on the separate (solo) financial data as defined in Article 9c of the Reporting Regulations.

### **Details regarding working capital and ongoing cash flow from current activities**

		<b><u>Consolidated Financial Statements as of June 30, 2025 (NIS millions)</u></b>	<b><u>Separate Financial Information (solo) as of June 30, 2025 (in NIS million)</u></b>
<b><u>Working capital</u></b>	<b><u>Working capital</u></b>	(26)	71
	<b><u>Working capital for a period of 12 months</u></b>	22	71
<b><u>Continuous negative cash flow from current activities</u></b>		Yes	Yes

### **Below are details about the working capital and the working capital for a period of 12 months in the consolidated reports of the Company as of June 30, 2025**

	<b>Amount included in the financial statements as of June 30, 2025 (NIS millions)</b>	<b>Adjustments (for a period of twelve months) (NIS millions)</b>	<b>Total (NIS millions)</b>
Current assets	4,170	(2,213)	1,957
Current liabilities	4,196	(2,260)	1,936
Surplus current assets over current liabilities	(26)	47	21

As of June 30, 2025, the Company has negative ongoing cash flow from current activities in both the consolidated financial statements and the separate financial information report (solo), and a working capital deficit in the Company's consolidated financial statements (in accordance with Legal Position No. 105-27: "Disclosure Regarding Projected Cash Flow" published by the Israel Securities Authority on April 1, 2014, as updated from time to time).

It should be noted that the negative cash flow from operating activities in the Company's consolidated financial statements is mainly due to payment of levies in the amount of approximately NIS 200 million for the Midtown Jerusalem project and the purchase of land in the Northern Herzliya Quarter in the amount of approximately NIS 108 million (for further details, refer to Note 4m to the Company's consolidated financial statements).

Nevertheless, the Company's Board of Directors has determined that the negative ongoing cash flow from operating activities in the consolidated and solo financial statements, and the working capital deficit in the consolidated financial statements, as stated above, do not indicate a liquidity problem in the Corporation. Therefore, no warning sign exists as defined in Article 10(b)(14) of the Reporting Regulations, for the reasons detailed below: The Company has a balance of cash, cash equivalents, and liquid financial assets as of the Report Date totaling approximately NIS 360 million; The Company has positive working capital in the solo and consolidated financial statements and in the solo report for a 12-month period; Based on management's review of the Company's projected cash flow, whose main assumptions are as follows:

- After the balance sheet date, the Company entered into bank financing for the Midtown Jerusalem project.
- The Company estimates that in bank-financed projects (including projects that have a voucher arrangement), purchasers' proceeds will be used for principal and interest payments and project construction.
- The Company estimates signing a voucher arrangement or bank financing agreement for the Canada in the City "SHE" Project by the end of 2025.
- In the next two years, no further equity injection is expected to be required for the Vertical Project, and activity in the Vertical Project will be funded by the project company's own resources and/or external financing that will be taken by the project company.
- Renewal of existing bank credit facilities maturing, based on customary financing rates for mortgaged assets:

- a. Income-producing property – financing at LTV of approximately 70%.
- b. Land assets – financing at LTV of up to 50%.
- The net bond principal balance of the Company as of June 30, 2025, will increase by an amount of approximately NIS 100 million in the next two years.
- Sale of land (Ramat Hasharon / Harova Hatzfoni Herzliya), apartments in the Ahad Ha'am Project and/or bringing in partners and/or capital allocation in held companies at an average scope of approximately NIS 170 million per year.
- Dividend distribution – in amounts similar to the distribution in the past two years.

In light of all of the above, and given the sales plan reviewed by the Board of Directors for the various Company projects, as well as the realizations from the beginning of 2025, the pace of sales in the Company's projects, the Company's ability to raise equity and/or debt in the capital market (its existing bonds are rated ilA-), the raising of bank debt against assets with acceptable LTV ratios, and the entry into bank financing for projects the Company is advancing, the Company's Board of Directors has determined (although there is no certainty) that the above warning signs do not indicate a liquidity issue, and therefore no warning sign exists in the Company.

**The foregoing regarding the assumptions of the Company's Board of Directors constitutes forward-looking information, as defined in the Securities Law, 5728-1968, subject to the forward-looking information disclaimer included in Section 6.3.3.9 of the 2024 Report and the risk factors of the Company as detailed in Section 21 of the 2024 Report. These assessments may change materially, due to the "Iron Swords" War as stated above in this Report and due to interest rate increases and inflation.**

## **B.7. Discussion of Risk Factors**

From the beginning of 2025 until the date of publication of this Report, the Consumer Price Index increased by approximately 2.5%, following an increase of approximately 3.2% in 2024 and 3% in 2023.

Due to the rise in the inflationary environment, Bank of Israel increased the interest rate to curb price increases, and the prime interest rate rose from 1.6% and 4.75% (at the end of 2021 and 2022, respectively) to 6.25% at the end of 2023. In January 2024, in light of the decline in the inflationary environment and with the aim of stabilizing the markets, reducing uncertainty, maintaining price stability, and supporting economic activity, Bank of Israel reduced the interest rate to 6%. In accordance with the announcement by Bank of Israel, the continued trend of interest rate reductions will be determined based on the continued convergence of inflation toward its target, the continued stability in financial markets, economic activity, and fiscal policy. According to Bank of Israel's forecast from July 2025, the inflation rate for the next four quarters (ending in the second quarter of 2026) is expected to stand at 2.2%; during 2025, it is expected to be 2.6%, and during 2026, 2%. This forecast was prepared after the ceasefire was declared at the end of Operation "Rising Lion," and on the assumption that it will be maintained and that there will not be intense fighting in Gaza. The current forecast reflects some moderation of the assessments regarding the impact of the import tariffs announced by the United States in April of this year. The forecast is characterized by an especially high level of uncertainty, with both positive and negative possibilities, in the geopolitical sphere as well as in the context of the U.S. administration's tariff program.

### **Impact of the Interest Rate Increase:**

As of the Report Date, most of the Company's bank loans presented in the Company's consolidated financial statements bear variable interest at the prime rate plus a margin. Therefore, the increase in the prime interest rate had a direct effect on the Company's financing expenses in various projects and a negative impact on project profitability. For further details regarding the effect of the interest rate increase, refer to Note 26 to the Company's annual financial statements as of December 31, 2024.

As of June 30, 2025, the Group is exposed to interest rate risk (prime) due to loans received by the Company from banking corporations totaling approximately NIS 4 billion bearing variable interest. An interest rate

increase, if it occurs, may result in the following negative effects: (a) Increase in financing costs and decrease in the Company's profitability (if sale prices do not rise in parallel); (b) Adverse impact on the feasibility of raising new debt and deterioration of credit terms for Group companies; (c) Further increase in mortgage interest rates and, consequently, a decline in demand in the real estate market; (d) Impaired ability of the Company's customers to meet their obligations toward the Company; (e) Increase in capitalization rates used in property valuations, thereby affecting the fair value of the Company's investment property. For further details, refer to Note 26f to the Company's annual financial statements for 2024, included in this Periodic Report.

### **Impact of Inflation Increase:**

The projects are generally executed through agreements with main contractors for all work required to construct the project (Turn-Key). The agreements with the main contractors are generally lump-sum agreements and are linked to the Construction Input Index. Accordingly, an increase in the Construction Input Index (an increase of approximately 3.7% in the first half of 2025, approximately 2.9% during 2024, and approximately 2.0% in 2023) impacts the costs of constructing the projects. During the first half of 2025, a sharp increase occurred in the Construction Input Index due to adjustments in the CBS's measurement methods, and it was also announced that a further significant increase is expected during the second half of 2025 due to such changes. Nevertheless, in most sale agreements, the transaction with the apartment purchasers is also partially linked to said index (partial linkage in accordance with Amendment No. 9 to the Sale (Apartments) Law, 5782-2022), and therefore the Company's exposure to changes in the index is reduced. In addition, as of the date of this Report, the Company has a balance of loans linked to the Consumer Price Index. These loans finance income-producing properties whose rental income is also linked to the Consumer Price Index. Accordingly, the Company currently has no material exposure in this respect.

### **Housing Market<sup>5</sup>**

Although in the first weeks following the outbreak of the War there was a slowdown in the housing market to the point of an almost complete halt in transactions, during 2024 the real estate market experienced a revival, also driven by sales campaigns offering extensive payment plans (20-80 / 10-90), contractor loans, and exemption from index linkage.

A comparison of transaction prices in May-June 2025 versus April-May 2025 shows that apartment prices decreased by 0.5%, and increased by approximately 2.5% compared to the same period last year.

In the central region, and specifically in Tel Aviv, price changes in May-June 2025 compared to April-May 2025 were (0.9%-) and (1.3%-), respectively. In those same periods, new apartment prices decreased by 1.5%, and excluding transactions with government subsidies, prices declined by 0.7%.

For the Company's sales data in its various projects, refer to the table in Section A above.

**It should be noted that, as of the signing date of this Report, the Company's assessments as set forth in this section constitute forward-looking information, as defined in the Securities Law, 5728-1968, based on the Company's management assessments and understanding of the factors affecting its business activities, as well as the Company's assessments regarding factors outside its control, as of the date of signing of this Report.**

## **B.8. Marketing Models**

Further to Section 8 of Part A of the Periodic Report, as part of "pre-sale" transactions carried out by the Company in the Midtown Jerusalem project, the Company offered purchasers in the open market a payment

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<sup>5</sup> The data detailed in the paragraph below was taken from press releases of the Central Bureau of Statistics: "Change in Housing Market Prices," published on August 15, 2025.



plan of 20% near the date of signing the purchase agreement, and payment of the balance near the date of delivery of the apartment, linked to the Construction Input Index under law (“**Favorable Payment Terms**”).

The Company’s volume of sales in the Midtown Jerusalem Project under Favorable Payment Terms was approximately 83% in 2023 for a total of approximately NIS 349 million, approximately 30% in 2024 for a total of approximately NIS 93 million, and approximately 8% in the first half of 2025 for a total of approximately NIS 4 million. Out of the total contracts signed under Favorable Payment Terms, approximately NIS 68 million has been paid as of the date of the Report.

With respect to Favorable Payment Terms, the Company estimates that the exposure is not material. However, the Company cannot assess whether the exposure will materialize and whether the purchasers will meet their obligations.

For transactions where the Company provided financing benefits through Favorable Payment Terms as described above, the Company calculated the effect of a significant financing component in the amount of approximately NIS 39 million, which was accounted for in the Company’s financial statements as a reduction in the revenue recognition item from apartment sales, and conversely, a financing component was recorded under “Other Income,” in accordance with the project completion rate, in the amount of approximately NIS 0.7 million in the first half of 2025.

### **ICR:**

To maintain its competitive position in the real estate market, and similar to most real estate companies in the industry, ICR offers buyers in the open market benefits such as exemption from linkage of consideration to the index, as well as favorable spreading arrangements in its transactions for the sale of housing units (“**Marketing Models**”).

Among other things, in some of its transactions, ICR offers: (a) Payment plan and exemption from index linkage – payment of 15%-20% of the purchase price near the signing of the purchase agreement and payment of the balance near the delivery date of the apartment (“**Flexible Contracts**”); and/or (b) Contractor Loans – payment by the Purchaser of 15%-20% of the purchase price near the signing of the purchase agreement and an additional payment of NIS 1.5 million on average in a contractor loan taken by the Purchaser from the bank while ICR bears the interest payments, and payment of the balance near the delivery date of the apartment (“**Contractor Loans**”).

In the Flexible Contracts and/or in the contracts with Contractor Loans, the completion to 90% of the consideration is made up to 3-4 months prior to the delivery date, and the remaining 10% is paid close to the delivery date of the Apartment.

With respect to Contractor Loans, to the best of ICR’s knowledge, the banking entity providing the purchaser with the Contractor Loan examines the purchaser’s repayment ability not only in relation to the Contractor Loan but also in relation to the mortgage expected to be taken at the time of delivery of the Apartment.

Accordingly, with respect to Contractor Loans, although there is some exposure to the purchasers’ failure to meet their obligations toward ICR, ICR estimates that, in light of the fact that the banking entity examines the repayment ability of the Apartment purchaser and in view of the fact that ICR received a rate of up to approximately 45% (including the Contractor Loan) of the purchase price, such exposure, if any, is not expected to be material.

With respect to the Flexible Contracts, ICR estimates that there is exposure since ICR cannot assess whether the purchasers will meet their obligations or not. However, the Company expects that the residents will meet their obligations in light of experience with occupancy of projects in the first half of 2025.

The scope of ICR’s sales in marketing models in 2023, 2024 and the first half of 2025 was in a rate of approximately 80%, 55%, and 59%, respectively, of the total sales.

In 2024 and in the first half of 2025, following the Contractor Loan campaigns that ICR promoted in the marketed projects, ICR made cash payments to the mortgage banks for interest in the total amount of approximately NIS 3 million and approximately NIS 3 million, respectively. In respect of transactions in which ICR granted financing benefits by way of Flexible Contracts as described above, ICR calculated the effect of a Significant Financing Component (which was treated in ICR's financial statements as a reduction in the transaction price for the purpose of revenue recognition) in the amount of approximately NIS 4 million in 2024 and approximately NIS 2.4 million in the first half of 2025, respectively.

**The Company's assessments above regarding the possible impacts of the aforementioned factors on the Company's operations, including whether or not purchasers will meet their obligations, as set forth in this Section above, constitute Forward-Looking Information, as defined in the Securities Law, 5728-1968, which is based, inter alia, on the Company's experience and assessments as of the date of approval of this Report with respect to factors not within its control. It should be clarified that there is no certainty that the Company's assessments will materialize, and they may materialize in a manner that differs, including materially, from what is described above.**

## **C. Disclosure Requirements in Connection with the Corporation's Financial Reporting**

### **C.1 Material Events After the Reporting Period**

For events and additional details, refer to Note 5 to the Company's financial statements as of June 30, 2025.

### **C.2 Use of Critical Estimates**

Refer to Note 2 to the Company's financial statements as of June 30, 2025.

## **D. Special disclosure to the Company's bondholders**

### **D.1. Data regarding the Company's bonds as of June 30, 2025<sup>6</sup>:**

	<b>Bonds (Series G)</b>	<b>Bonds (Series H)</b>
Issuance date	January 2021 April 2021	June 2024 December 2024 May 2025
Denominated value on the issuance date	NIS 200,000,000 par value. (January 2021) NIS 206,754,000 par value. (April 2021) NIS 277,143,000 par value. (August 2021) NIS 154,521,000 par value. (January 2022)	NIS 228,962,000 par value. (June 2024) NIS 300,000,000 par value. (December 2024) NIS 200,000,000 par value. (May 2025)
Denominated value as of June 30, 2025	NIS 586,887,600 (a total of approx. NIS 44,576,937, held by a wholly owned subsidiary of the Company)	NIS 728,962,000
Amount of interest accrued	-	-
Balance in financial statements as of June 30, 2025	NIS 540,661,620 (equal to the total balance, less NIS 38,770,549, held by a wholly owned subsidiary of the Company)	NIS 737,412,201
Stock Exchange value as of June 30, 2025	NIS 574,269,517	NIS 762,640,044
Interest type and rate	Fixed annual interest in the rate of 3.95%	Fixed annual interest in the rate of 6.95%
Additional payment liability as of June 30, 2025	None	None
Principal payment dates	The bond principal (Series G) is to be repaid in three (3) annual installments on June 30 of each of the years 2025 through 2027, such that the first installment shall constitute 30% of the total par value of the Bonds (Series G), and each of the second and third installments shall constitute 35% of the total par value of the Bonds (Series G), with the first principal payment to be made on June 30, 2025 and the final principal payment to be made on June 30, 2027.	The bond principal (Series H) is to be repaid in four (4) annual installments on June 30 of each of the years 2028 through 2031 in equal portions, such that on each payment date 25% of the total par value of the Bonds (Series H) shall be paid, with the first principal payment to be made on June 30, 2028 and the final principal payment to be made on June 30, 2031.

<sup>6</sup> on June 30, 2025, the Company fully redeemed the debentures (Series F).

	<b>Bonds (Series G)</b>	<b>Bonds (Series H)</b>
Payment and interest dates	Interest is paid in semi-annual installments on June 30 and December 31 of each calendar year from 2021 to 2026 and on June 30, 2027 (inclusive).	Interest is paid in equal semi-annual installments, on December 31, 2024 and on each June 30 and December 31 in each of the years 2025 to 2030, with the last interest payment on June 30, 2031.
Linkage basis (principal and interest)	No linkage.	No linkage.
Are they convertible	No	No
The Company's right for early redemption or forced conversion	Yes	Yes
Rating company	S&P Maalot	S&P Maalot
Was a guarantee provided for payment of the Company's liability under the trust deed?	---	---
Details of trustee	Reznik Paz Nevo Trusts Ltd., 14 Yad Harutzim St., Tel Aviv, Tel.: 03-6389200; Fax: 03-6389222 Contact person: Adv. Michal Avtalion-Rishoni, Email: michal@rpn.co.il	Reznik Paz Nevo Trusts Ltd., 14 Yad Harutzim St., Tel Aviv, Tel.: 03-6389200; Fax: 03-6389222 Contact person: Adv. Michal Avtalion-Rishoni, Email: michal@rpn.co.il

## D.2. **Fulfillment of Obligations**

As of June 30, 2025, and as of the date of publication of this Report, to the best of the Company's knowledge, the Company has complied with all material terms and obligations under the deeds of trust for its bonds (Series G), and bonds (Series H). To the best of the Company's knowledge, no conditions have occurred that would give rise to grounds for declaring the obligations immediately due and payable. For details regarding the Company's compliance with the financial covenants towards the holders of the bonds (Series G), and (Series H), refer to below.



<u>Series</u>	<u>Borrower corporation (loan provision date)</u>	<u>Original principal amount (NIS thousands)</u>	<u>Principal balance as of June 30, 2025 (NIS thousands)</u>	<u>Financial liabilities</u>	<u>Manner of calculation of financial covenants and their results as of June 30, 2025 according to the Company's reviewed financial statements</u>
<b>The Bonds (Series G)</b>	The Company (January 2021)	586,888	586,888 (equal to the total balance, minus 44,577 held by a wholly owned subsidiary of the Company)	<ul style="list-style-type: none"> <li>• Equity to balance sheet ratio will not fall below 37.5%.</li> <li>• The Company's equity will not fall below NIS 475 million.</li> </ul> <p>The bond's interest rate will be adjusted due to deviation in one or more of the financial covenants described below:  Equity to solo balance sheet ratio will not fall below 42%.  The Company's equity will not fall below NIS 500 million.  <b>"Equity"</b> means the equity as presented in the Company's separate (solo) financial statements (audited or reviewed, as applicable), plus shareholder loans that are subordinated to the Bonds (Series F), equity instruments invested after the issuance of the bonds, and less intangible assets (such as goodwill, copyrights, patents, trademarks, and trade names). <b>"Balance Sheet"</b> means the Company's balance sheet as presented in the separate (solo) financial information of the Company (audited or reviewed, as the case may be).</p>	<p>Equity as defined above: approximately NIS 2,555 million.</p> <p>Solo balance sheet as defined above is approximately NIS 4,032 million.</p> <p>Therefore, the ratio is approximately 63.4%.</p>
<b>The Bonds (Series H)</b>	The Company (June 2024)	728,962	728,962	<ul style="list-style-type: none"> <li>• Equity to solo balance sheet ratio will not fall below 37.5%.</li> <li>• The Company's equity will not fall below NIS 1.2 billion.</li> <li>• The ratio between consolidated equity and the consolidated balance sheet according to the Company's consolidated financial statements will not fall below 15%.</li> </ul> <p>The bond's interest rate will be adjusted due to deviation in one or more of the financial covenants described below:  Equity to solo balance sheet ratio will not fall below 42%.  The Company's equity will not fall below NIS 1.25 billion.  Equity to balance sheet ratio on a consolidated basis will not fall below 17%.</p> <p><b>"Equity"</b> means equity as presented in the Company's separate (solo) financial information (audited or reviewed, as the case may be), plus subordinated owner loans. <b>"Subordinated Owner Loans"</b> means owner loans (principal only) provided up to the relevant review date, where it has been stipulated in their terms (principal and interest) that they are subordinated to the Bonds (Series H), including that their repayment date is after the final repayment date of the Bonds. In the event of the Company's liquidation, these loans (principal and interest) will be repaid after the full repayment of the Bonds. This also applies to capital notes provided after the issuance of the Bonds, which are subordinated to the Bonds (Series H), including that their repayment date is after the final repayment date of the Bonds and that in the event of the Company's liquidation, these will be repaid (principal and interest) after the full repayment of</p>	<p>Equity as defined above: approximately NIS 2,555 million.</p> <p>Solo balance sheet as defined above is approximately NIS 4,032 million.</p> <p>Therefore, the ratio is approximately 63.4%.</p> <p>The consolidated equity (including non-controlling interests) as defined above: approximately NIS 3,520 million.</p> <p>Consolidated balance sheet as defined above: NIS 10,829 million.</p> <p>Therefore the ratio is approximately 32.5%.</p>

<u>Series</u>	<u>Borrower corporation (loan provision date)</u>	<u>Original principal amount (NIS thousands)</u>	<u>Principal balance as of June 30, 2025 (NIS thousands)</u>	<u>Financial liabilities</u>	<u>Manner of calculation of financial covenants and their results as of June 30, 2025 according to the Company's reviewed financial statements</u>
				<p>the Bonds. "Balance Sheet" means the Company's balance sheet as presented in the separate (solo) financial information of the Company (audited or reviewed, as the case may be).</p> <p>"Consolidated Equity" means equity, including non-controlling interests, as presented in the Company's consolidated financial statements (audited or reviewed, as the case may be), plus subordinated owner loans (as defined above).</p> <p>"Consolidated Balance Sheet" means the Company's balance sheet as presented in the Company's consolidated financial statements (audited or reviewed, as the case may be), excluding unrestricted cash and cash equivalents, deposits, and investments classified as unrestricted current assets, marketable securities that are unrestricted current assets, and deducting advances from apartment purchasers, liabilities for providing construction services, liabilities related to consideration transactions, and liabilities for contracts with customers, as defined in generally accepted accounting principles.</p>	

### D.3. **Rating**

On May 20, 2024, the Company received an initial rating of ilA- with a positive outlook from Maalot S&P, as well as a rating of ilA- for the Company's bonds Series F and Series G. On June 23, 2024, the Company received an initial rating of ilA- from Maalot S&P for the Company's bonds Series H. On December 4, 2024, Maalot S&P announced a rating of ilA- for the expansion issuance of Series H, and on May 6, 2025, Maalot S&P announced a rating of ilA- for the further expansion issuance of Series H.

On June 9, 2025, the Company received an initial rating of -ilA with a positive forecast from Maalot S&P.

**Date of signing of the Report:**

**August 26, 2025**

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Asaf Touchmair, Chair of the Board

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Barak Rosen, CEO and Director

## Appendix A

In accordance with the requirements of Article 39A of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, below is a description of the material changes or innovations that occurred in the Company's business during the six-month and three-month periods ended on June 30, 2025, and up to shortly before the publication date of this Report. It should be noted that the following terms will have the meaning ascribed to them in the Description of the Corporation's Business Report for 2024, which was attached to the 2024 Periodic Report (hereinafter: the "**2024 Report**"), unless expressly stated otherwise.

### 1. New Ramat Hasharon (Elko complex)

#### A. Costs invested and that will be invested in the project (NIS thousands):

New Ramat Hasharon project (Elko Complex) Data based on 100%, Company's share in the project - 81%	Year 2025		Year 2024	Year 2023
	Q2	Q1		
	Financial data in functional currency		Costs invested (NIS millions)	
	in NIS millions			
Total aggregate costs for land at the end of the period	172.9	171.7	171.7	169.7
Total aggregate costs for development, taxes and fees, and other	44.1	44.1	44.1	44.1
Total aggregate costs for construction		---	---	---
Deduction of costs recognized in the profit and loss statement	(208.1)	(208.0)	(207.8)	(207.5)
Total aggregate costs for financing (capitalized)	---	---	---	---
Total aggregate cost	9.2	8	8	6
	Costs not yet invested and completion rate			
Total costs for land <u>not yet invested</u> (estimate)	---	---	---	---
Total costs for development, taxes and fees, <u>not yet invested</u> (estimate)	---	---	---	---
Total costs for construction <u>not yet invested</u> (estimate)	---	---	---	---
Total aggregate for financing not yet invested (estimate)	---	---	---	---
Completion rate [engineering/financial] (excluding land) (%)	---	---	---	---
Expected completion date	N/A	N/A	N/A	N/A

#### B. Below are details about the marketing of the areas in the project:

New Ramat Hasharon project (Elko Complex)	Data based on 100%, Company's share in the project - 81%			
	Year 2025		Year 2024	Year 2023
	Q2	Q1		
	Financial data in NIS thousands			
	Contracts signed during the current period:			
Sold units (residential) <sup>1</sup>	---	---	---	---
Units sold (offices) - Stage A <sup>2</sup>	---	---	---	---

<sup>1</sup> "Sold Residential Units" – Each of the Buyers shall be entitled to land for one (average) whole Residential Unit, and not less than that, notwithstanding the result of the arithmetic calculation in the Sale Agreement and without the need for any additional consideration on their part. For further details, see Note 15D to the Consolidated Financial Statements for 2024, which were attached to the 2024 Report.

<sup>2</sup> "Sold Office Units – Stage A" – Land units, each of which is expected, according to the Company's forecasts regarding the change of designation as described in Section 6.3.3.2 of the 2024 Report, and in accordance with the mechanisms set forth in the Sale Agreements, to yield a right to land for an Office Unit of 250 sq.m gross.

New Ramat Hasharon project (Elko Complex)	Data based on 100%, Company's share in the project - 81%			
	Year 2025		Year 2024	Year 2023
	Q2	Q1		
	Financial data in NIS thousands			
	Contracts signed during the current period:			
Units sold (offices) - Stage B <sup>3</sup>	---	8	42	37 (*)
	Average price per square meter in contracts signed during the current period (operating currency):			
Average price in NIS thousands (excluding VAT) - residential	---	---		---
Average price in NIS thousands (excluding VAT) - office	---	730	679	600
	Aggregate agreements by end of period:			
Sold units, residential	584	584	584	587
Units sold, offices (Stage A)	182	182	182	182
Units sold, offices (Stage B)	585	87	79	37
	Marketing rate of the sold rights (%):			
Total income expected from the entire project (including management fees and commercial and office units)	972,905	972,905	972,905	1,005,257
Total income expected from contracts signed in the aggregate	480,487	480,751	474,910	446,400
Marketing rate as of last day of the period of residential units sold (%)	97%	97%	97%	98%
Marketing rate as of last day of the period of office and commercial units (%)	38%	38%	37%	34%
	Areas for which agreements have not yet been signed*:			
Unsold units of sold residential units (#)*	16	16	16	13
Unsold units from the office units being sold (Stage B only) (#)*	689	687	695	737
Total aggregate cost (inventory balance) attributed to areas for which binding contracts are not yet signed in the Statement of Financial Position (consolidated) <sup>4</sup>	9,217	8,014	8,206	6,283
***	***	***	***	***
Number of units sold from the end of the period until near the publication of the Report	Residential: -- Stage B Offices: 3	Residential: -- Stage B Office: -	Residential: -- Stage B Offices: 8	Residential: -- Stage B Offices: 7
Average price for units sold from the end of the period until close to the date of publication of the Report (excluding VAT)	Residential: -- Offices: 735	Residential: -- Offices: --	Residential: -- Offices: 730	Residential: -- Offices: 600

\* The aforementioned units are in accordance with the plan that was approved as detailed in Section 6.3.3.2 of the 2024 Report.

\*\* For more information regarding the entry into force of the plan, see Note 5D to the Company's Consolidated Financial Statements.

<sup>3</sup> "Sold Office Units – Stage B" – Land units, each of which is expected, according to the Company's forecasts regarding the change of designation as described in Section 6.3.3.2 of the 2024 Report, and in accordance with the mechanisms set forth in the Sale Agreements, to yield a right to land for an Office Unit of 129.2 sq.m gross.

<sup>4</sup> As stated, the Company has not yet recorded income for the sale of rights in the land for residential units.

<sup>5</sup> Repurchase of rights from purchasers by the Company.

## 2. Residential rights in Sde Dov (Tel Aviv) (project in progress)

### A. Costs invested and that will be invested in the project (NIS thousands):

Sde Dov Project (Data based on 100%. Company's effective share is 100%)		Year 2025		Year 2024	Year 2023
		Q2	Q1		
Costs invested	Aggregate costs for land at the end of the period	1,262,262	1,262,262	1,262,262	1,262,262
	Aggregate costs for development, taxes and fees	97,905	95,379	92,882	81,015
	Aggregate costs for construction	60,214	45,792	20,297	---
	Aggregate costs for financing (capitalized)	216,534	202,208	183,846	130,960
	Other aggregate costs	---	---	---	---
	<b>Total aggregate cost</b>	<b>1,636,915</b>	<b>1,605,641</b>	<b>1,559,287</b>	<b>1,474,237</b>
	Total aggregate book cost	1,636,915 <sup>2</sup>	1,605,641 <sup>2</sup>	1,559,287 <sup>2</sup>	1,474,237
Costs that will be invested	Costs for land not yet invested	N/A	N/A	N/A	N/A
	Costs for development, taxes and fees, not yet invested (estimate)	64,137	64,137	64,137	57,384
	Costs for construction, not yet invested (estimate)	764,631	779,053	804,548	820,945
	Accrued financing costs expected to be capitalized in the future (estimate) <sup>3</sup>	13,523	27,047	47,212	11,983 <sup>1</sup>
	Other aggregate costs not yet invested	79,505	79,505	79,505	77,289 <sup>1</sup>
	Total cost remaining for completion	921,796	941,741	995,402	1,067,601
	Completion rate [financial] excluding land	7.6%	5.5%	3%	0%

<sup>1</sup> Reclassified

<sup>2</sup> Excluding non-specific credit discounting of bonds.

<sup>3</sup> As of the date of receipt of a construction permit, the Company capitalizes financing costs in respect of Sales Law guarantees only.

**B. Below are details about the marketing of project areas:**

Sde Dov Project (Data based on 100%. Company's effective share is 100%)		Year 2025		Year 2024	Year 2023
		Q2	Q1		
Contracts signed during the current period	Residential units (#)	10	10	<sup>2</sup> 99	<sup>1</sup> 121
	Residential units (sq.m)	1,218	1,130	12,028	11,785
Average price per square meter in contracts signed during the current period (including VAT)	Residential units	90,565	79,383	83,237	77,703
Aggregate agreements by end of period:	Residential units (#)	234	228	<sup>2</sup> 220	<sup>1</sup> 121
	Residential units (sq.m)	25,060	24,753	23,813	11,785
Average price per square meter in aggregate in contracts signed until the period end (inc. VAT)	Residential units	80,955	80,504	80,493	77,703
Marketing rate of the project	Total income expected from the entire project (in functional currency) including VAT	3,919,812	3,919,812	3,919,812	3,827,581
	Total expected revenues from contracts signed in the aggregate (commercial currency), including VAT	2,028,695	1,992,716	1,916,782	915,696
	Marketing rate as of last day of the period (%) <sup>3</sup>	51%	49.6%	48%	26%
Areas for which agreements have not yet been signed:	Residential units (#) <sup>3</sup>	225	231	239	338
	Residential units (sq.m)	21,056	21,362	22,302	34,330
	Commercial spaces (sq.m)	1,610	1,610	1,610	1,610
Total aggregate cost (inventory balance) attributed to areas for which binding contracts are not yet signed in the Statement of Financial Position		802,410	842,962	844,614	---
Number of contracts signed from end of the period up to the Report publication date (#)		18	2	8	---
Average price per sq.m in contracts signed from the end of the period until the date of publication of the Report (including VAT)		83,000	77,706	79,620	---

The data refers to signed contracts and does not include registration documents.

<sup>1</sup> The data includes three sales agreements signed in 2023 and cancelled in 2025.

<sup>2</sup> The data includes three sales agreements signed in 2024 and cancelled in 2025.

<sup>3</sup> The composition of apartments changed from 480 to 459, the area for marketing remained the same. The rate of marketing and data of residential units for which contracts is not yet sold was also updated regarding previous periods.

### 3. Residential rights classified as inventory in Midtown Jerusalem (project in progress)

#### A. Costs invested and that will be invested in the project (NIS thousands):

Midtown Jerusalem Project (formerly Shaarei Zedek) Planning state of the project (Data based on 100%. Company's effective share is 73%)		Year 2025		Year 2024	Year 2023
		Q2	Q1		
Costs invested	Aggregate costs for land at the end of the period	311,518	310,370*	306,650	306,650
	Aggregate costs for development, taxes and fees	249,506 <sup>1</sup>	251,497 <sup>1*</sup>	40,975	25,606
	Aggregate costs for construction	29,617	23,904*	16,659*	11,839*
	Aggregate costs for financing (capitalized)	58,888	64,467*	59,330	33,275
	Other aggregate costs	56,404	42,355*	42,499*	22,891*
	<b>Total aggregate cost</b>	<b>705,933</b>	<b>692,593*</b>	<b>466,112</b>	<b>400,261</b>
	Charge to the profit and loss statement	11,030	8,300	-	-
	Total aggregate book cost	694,503	684,293	466,112	400,261
Costs that will be invested	Costs for land not yet invested	-	-	-	-
	Costs for development, taxes and fees, not yet invested (estimate)	-	-	166,329	193,770
	Costs for construction, not yet invested (estimate)	1,063,215	916,382	880,843	731,086
	Aggregate costs for financing, expected to be capitalized in the future (estimate)	-	-	9,462	34,446*
	Other aggregate costs not yet invested	80,477	72,263	181,438	141,066*
	Total cost remaining for completion	1,143,692	988,645	1,238,072	1,100,369
	Completion rate [financial] excluding land	2.4%	2.4%	1.4%	0.9% *

\* Reclassified

<sup>1</sup> Including provisions for charges in the amount of approximately NIS 55 million.



**B. Below are details about the marketing of project areas:**

Midtown Jerusalem Project - residential rights (Data based on 100%. Company's effective share is 73%)		Year 2025		Year 2024	Year 2023
		Q2	Q1		
Contracts signed during the current period	Residential units (#)	6	7	<sup>2</sup> 88	<sup>1</sup> 125
	Residential units (sq.m)	432	520	5,290	6,768
Average price per square meter in contracts signed during the current period (including VAT)	Residential units	76,037	72,952	71,823	64,808
Aggregate agreements by end of period:	Residential units (#)	223	218	<sup>2</sup> 12	<sup>1</sup> 125
	Residential units (sq.m)	12,851	12,474	12,008	6,768
Average price per square meter in aggregate in contracts signed until the period end (inc. VAT)	Residential units	68,537	68,279	68,080	64,808
Marketing rate of the project	Total income expected from the entire project (in functional currency) including VAT	3,078,421	3,078,421	3,078,421	2,777,543
	Total expected revenues from contracts signed in the aggregate (commercial currency), including VAT	880,738	851,725	817,517	438,619
	Marketing rate as of last day of the period (%) <sup>3</sup>	32%	31%	31%	18%
Areas for which agreements have not yet been signed:	Residential units (#) <sup>3</sup>	472	477	483	569
	Residential units (sq.m)	30,656	31,033	30,927	36,167
	Commercial spaces (sq.m)	---	---	---	---
Total aggregate cost (inventory balance) attributed to areas for which binding contracts are not yet signed in the Statement of Financial Position		479,425	471,687	324,238	---
Number of contracts signed from end of the period up to the Report publication date (#)		10	3	6	---
Average price per sq.m in contracts signed from the end of the period until the date of publication of the Report (including VAT)		76,732	73,195	73,855	---

<sup>1</sup> The data includes one sales agreement signed in 2023 and cancelled in 2024.

<sup>2</sup> The data includes two sales agreements signed in 2024 and cancelled in 2025.

<sup>3</sup> The composition of apartments changed from 693 to 695 apartments, the area for marketing remained the same. The rate of marketing and data of residential units for which contracts is not yet sold was also updated regarding previous periods.

The data refers to signed contracts and does not include registration documents.

#### **4. Residential rights in the Canada City project (formerly Leumi Building), Tel Aviv (project in planning)**

##### **A. Costs invested and that will be invested in the project (NIS thousands):**

Canada in the City (formerly, Leumi Building), Tel Aviv Planning state of the project (Data based on 100%. Company's effective share is 81%)		Year 2025		Year 2024	Year 2023
		Q2	Q1		
Costs invested	Aggregate costs for land at the end of the period	297,340	297,340	297,340	297,340*
	Aggregate costs for development, taxes and fees	22,263	22,280	22,275	22,243
	Aggregate costs for construction	15,958	14,718	13,284	9,734
	Aggregate costs for financing (capitalized)	66,541	62,099	57,557	40,241
	Other aggregate costs	--	--	--	--
	<b>Total aggregate cost</b>	<b>402,102</b>	<b>396,437</b>	<b>390,456</b>	<b>369,558</b>
	Total aggregate book cost	402,102	396,437	390,456	369,558
Costs that will be invested	Costs for land not yet invested	---	---	---	N/A
	Costs for development, taxes and fees, not yet invested (estimate)	10,861	14,179	14,184	N/A
	Costs for construction, not yet invested (estimate)	227,147	238,628	240,062	N/A
	Aggregate costs for financing, expected to be capitalized in the future (estimate)**	35,111	38,334	46,410	N/A
	Other aggregate costs not yet invested	24,249	13,163	13,163	N/A
	Total cost remaining for completion	297,368	304,304	313,820	N/A
	Completion rate [financial] excluding land	0%	0%	0%	N/A

(\*) Reclassified

\*\* As of the date of receipt of a construction permit, the Company capitalizes financing costs in respect of Sales Law guarantees only.

**B. Below are details about the marketing of project areas:**

Canada in the City (formerly, Leumi Building), Tel Aviv Planning state of the project (Data based on 100%. Company's effective share is 81%)		Year 2025		Year 2024
		Q2	Q1	
Contracts signed during the current period	Residential units (#)	2	1	--
	Residential units (sq.m)	195	208	--
Average price per square meter in contracts signed during the current period (including VAT)	Residential units	126,478	153,846	--
Aggregate agreements by end of period:	Residential units (#)	3	1	--
	Residential units (sq.m)	403	208	--
Average price per square meter in aggregate in contracts signed until the period end (inc. VAT)	Residential units	140,621	153,846	--
Marketing rate of the project	Total income expected from the entire project (in functional currency) including VAT	1,102,907	1,018,068	--
	Total expected revenues from contracts signed in the aggregate (commercial currency), including VAT	56,600	32,000	--
	Marketing rate as of last day of the period (%)	3%	1%	--
Areas for which agreements have not yet been signed:	Residential units (#)	99	101	--
	Residential units (sq.m)	9,181	9,375	--
	Commercial spaces (sq.m)	166	166	--
Total aggregate cost (inventory balance) attributed to areas for which binding contracts are not yet signed in the Statement of Financial Position		390,275	392,551	--
Number of contracts signed from end of the period up to the Report publication date (#)		1	2	--
Average price per sq.m in contracts signed from the end of the period until the date of publication of the Report (including VAT)		144,578	126,478	--

## **North Park Project Stage A (Neve Gan) - Project in progress**

### **A. Costs invested and that will be invested in the project (NIS thousands):**

North Park Project Stage A (Neve Gan) Data based on 100%. Company's weighted effective share in the project is approx. 24.6%)		Year 2025		Year 2024	Year 2023
		Q2	Q1		
Costs invested	Aggregate costs for land at the end of the period	1,147,633	1,147,633	1,147,633	1,151,246
	Aggregate costs for development, taxes and fees	33,815	33,811	33,751	22,257
	Aggregate costs for construction	212,563	174,678	124,804	21,240
	Aggregate costs for financing (capitalized)	150,009	147,197	141,990	109,253
	Other aggregate costs	57,733	21,078	19,638	15,698
	<b>Total aggregate cost</b>	<b>1,601,753</b>	<b>1,524,396</b>	<b>1,467,817</b>	<b>1,319,694</b>
	Total cost charged to profit or loss	495,930	385,628	276,399	35,653
	Total aggregate book cost	1,105,823	1,138,768	1,191,418	1,284,041
Costs that will be invested	Costs for land not yet invested (estimate)	--	--	--	294
	Costs for development, taxes and fees, not yet invested (estimate)	5,951	5,955	5,295	16,641
	Costs for construction, not yet invested (estimate)	498,096	518,925	551,182	639,358
	Accrued financing costs expected to be capitalized in the future (estimate) <sup>3</sup>	22,116	24,929**	30,136**	48,036
	Other aggregate costs not yet invested	36,119	72,796	73,687	79,428
	Total cost remaining for completion	562,282	622,605	660,299	783,757
	Completion rate [financial] excluding land (%)	44.7%	38.6%	33.4%	17.7%

\* As of the date of receipt of a construction permit, the Company capitalizes financing costs in respect of Sales Law guarantees only.

\*\* A distinction was made between gross profit and profit before tax in the project, which does not affect the profitability of the project as a whole.

**B. Below are details about the marketing of project areas:**

North Park Project Stage A (Neve Gan) Data based on 100%. Company's weighted effective share in the project is approx. 24.6%)		Year 2025		Year 2024	Year 2023
		Q2	Q1		
Contracts signed during the current period	Residential units (#)	---	5	23	16
	Residential units (sq.m)	---	481	2,156	1,816
Average price per square meter in contracts signed during the current period (including VAT)	Residential units	---	54,770	58,644	47,124
Aggregate agreements by end of period:	Residential units (#)	386	388	383	371**
	Residential units (sq.m)	37,274	37,518	37,119	36,254
Average price per square meter in aggregate in contracts signed until the period end (inc. VAT)	Residential units	51,895	51,936	51,917	45,260
Marketing rate of the project	Total income expected from the entire project (in functional currency) including VAT	3,086,180	3,049,575***	2,919,631	2,511,891
	Total expected revenues from contracts signed in the aggregate (commercial currency), including VAT	1,938,545	1,948,545	1,927,111	1,656,430
	Marketing rate as of last day of the period (%)	71%	71%	70%	66%
Areas for which agreements have not yet been signed:	Residential units (#)	162	160	165	177
	Residential units (sq.m)	16,985	16,741	17,140	18,402
	Commercial spaces (sq.m)	---	---	---	---
Total aggregate cost (inventory balance) attributed to areas for which binding contracts are not yet signed in the Statement of Financial Position		473,511	445,079	439,274	---
Number of contracts signed from end of the period up to the date of the Report in sq m(#)*		--	--	4	---
Average price per sq.m in contracts signed from the end of the period until the date of publication of the Report (including VAT)		--	--	53,858	---

\* The data refers to signed contracts and does not include registration documents.

\*\* Including one contract from 2021 that was canceled during the period.

\*\*\* Excluding income from the commercial areas.

### **Forward-looking information**

The information described above with respect to the expected costs in projects (that have not yet been invested) and the expected revenues constitute forward-looking information (as defined in the Securities Law), which is not under the Company's full control and the actual realization of which is uncertain. The realization of such information depends to a large extent on the cooperation between the Company and the partners in the projects, on decisions made by them during the establishment of the project; on the entry of the relevant project company into financing agreements for the support and establishment of the project and on compliance with the conditions set forth in such agreements (if any are set); on external factors, such as the receipt of the permits required for the execution of the project (both the mere receipt thereof and their receipt at the time forecasted by the Company and the relevant project partnership), on the project companies' compliance with the requirements of the various authorities and the granting of the relevant permits by them; on the actual establishment and financing costs at the time they arise, which may change, including materially, inter alia in light of changes in the economic environment in which the Company operates. It should be emphasized that there is no certainty that this will be the actual state of affairs. These factors may significantly alter the Company's assessments outlined above. According to the Company's assessment, as of this date, the main factors that may cause the forward-looking information not to materialize are: (a) the required permits for the construction of projects for which a permit has not yet been obtained will not be received (both the mere receipt thereof and their receipt at the time forecasted by the Company for their receipt); (b) the construction of the relevant project will be delayed for various reasons, such as the failure of the relevant project company to comply with the authorities' requirements for obtaining the permits and/or the failure to obtain suitable permits for the project or their receipt later than the time forecasted by the Company; (c) entering into an agreement with a contractor or the execution contractor or other suppliers involved in the relevant project encountering financial difficulties; (d) one of the partners in the project encountering financial difficulties which prevent them from continuing to finance their share in the project (as applicable); (e) a deviation from the expected scope of the project, which may result from increases in construction costs, from taxes and/or levies imposed on the purchase and development of the land, from the economic situation in the market, including inflation and rising interest rates, and the like. Thus, there is no certainty that the above information will be realized, and it may even be materially different from the above.

**Israel-Canada (T.R.) Ltd.**

**Condensed Consolidated Financial Statements  
As of June 30, 2025**

**(Unaudited)**

**Israel-Canada (T.R.) Ltd.**

**Condensed Consolidated Financial Statements**

**As of June 30, 2025**

**(Unaudited)**

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## **Review Report of the Auditor to the Shareholders of Israel-Canada (T.R.) Ltd.**

### **Introduction:**

We have reviewed the accompanying financial information of **Israel Canada (T.R.) Ltd.** and the associates (the “**Company**”), including the condensed consolidated statement of financial position as of June 30, 2025, as well as the condensed consolidated statements of profit and loss and other comprehensive profit, changes to equity and cash flow for the periods of six and three months ending on the same date. The Board of Directors and management are responsible for the preparation and presentation of financial information for these interim periods, pursuant to international accounting standard IAS 34, “Interim Financial Reporting,” and are responsible for the preparation of financial information for these interim periods under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. Our responsibility is to express a conclusion regarding the financial information for these interim periods based on our review.

We did not review the financial information for the condensed interim periods of consolidated companies whose assets as included in the consolidation constitute approx. 17.66% of the total consolidated assets as of June 30, 2025, and whose income included in the consolidation constitutes about 42.31% and about 50.01%, respectively, of the total consolidated income for the periods of six months and three months ending on the same date. In addition, we did not review the condensed interim financial information of the investments accounted for using the equity method, in which the investment amounts to approximately NIS 276,389 thousand as of June 30, 2025, and the Company’s share in their results is a profit of approximately NIS 12,345 thousand and a loss of approximately NIS 1,635 thousand, respectively, for the six-month and three-month periods ended on that date. The financial information for the condensed interim periods of the same companies was reviewed by other accountants, whose review reports were provided to us, and our conclusion, inasmuch as it relates to the financial information in respect of the same companies, is based on the review reports prepared by the other accountants.

### **Scope of the Review:**

We conducted our review in accordance with Review Standard No. 2410 (Israel) of the Institute of Certified Public Accountants in Israel, “Review of Financial Information for Interim Periods Prepared by the Entity’s Auditor.” A review of interim financial information includes making inquiries, particularly with the people responsible for financial and accounting matters, and performing analytic and other review procedures. A review is significantly limited in scope in comparison to an audit conducted in accordance with generally accepted accounting standards in Israel, and therefore does not allow us to reach an assurance that we have become aware of all material issues which may have been identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion:**

Based on our review and on the review reports provided by other auditors, nothing has come to our attention which would lead us to believe that the above financial information was not prepared, in all material respects, in accordance with IAS 34.

In addition to the contents of the preceding paragraph, based on our review and on the review reports provided by other auditors, nothing has come to our attention which would lead us to believe that the above financial information does not fulfill, in all material respects, the disclosure requirements set forth in Section D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

**Brightman Almagor Zohar & Co.**  
**Certified Public Accountants**  
**A Firm in the Deloitte Global Network**

**Tel Aviv, August 26, 2025**

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**Israel-Canada (T.R.) Ltd.**  
**Condensed Consolidated Statements of Financial Position**

	<b>As of June 30</b>		<b>As of December 31</b>
	<b>2025</b>	<b>2024</b>	<b>2024</b>
	<b>NIS thousands</b>	<b>NIS thousands</b>	<b>NIS thousands</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>
<b>Current assets</b>			
Cash and cash equivalents	233,618	290,890	410,276
Cash and deposits in use in accompanied accounts	17,212	-	566,068
Financial assets at fair value through profit and loss	109,244	70,869	129,192
Receivables for the sale of real estate inventory, offices and apartments under construction	71,618	76,346	19,280
Accounts receivable	111,770	111,260	126,481
Income tax owed	6,886	11,574	5,920
Other accounts receivable for hotels	92,431	47,334	41,233
Real estate inventory	440,612	697,344	320,758
Inventory of buildings under planning and construction	3,065,926	1,994,214	2,625,023
Advances on account of real estate inventory	20,832	-	47,780
<b>Total current assets</b>	<b>4,170,149</b>	<b>3,299,831</b>	<b>4,292,011</b>
<b>Non-current assets</b>			
Investments and loans accounted for using the equity method, net	1,350,378	1,226,575	1,305,859
Long-term real estate inventory	1,121,583	763,731	1,145,810
Real estate for investment	3,114,318	2,672,469	2,893,000
Advances on account of investment real estate	2,237	32,779	13,486
Fixed assets	840,184	628,128	807,495
Advances on account of fixed assets	-	1,113	1,382
Restricted use cash and deposits long term	6,382	5,205	5,266
Right of use asset	972,234	414,953	425,912
Accounts receivable	8,100	6,217	7,066
Advances on account of real estate inventory	-	34,305	-
Deferred tax assets	27,246	44,852	31,771
Other investments and assets	14,049	13,436(*)	14,090(*)
Goodwill and intangible assets	162,838	13,152(*)	13,152(*)
<b>Total non-current assets</b>	<b>7,619,549</b>	<b>5,856,915</b>	<b>6,664,289</b>
<b>Total assets</b>	<b>11,789,698</b>	<b>9,156,746</b>	<b>10,956,300</b>

(\*) Reclassified

The notes attached to the condensed consolidated financial statements form an integral part thereof.

**Israel-Canada (T.R.) Ltd.**  
**Condensed Consolidated Statements of Financial Position**

	As of June 30		As of December 31
	2025	2024	2024
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)		(Audited)
<b>Current liabilities</b>			
Credit from bank corporations and current maturities on long-term loans	2,917,602	2,821,648	2,866,946
Current maturities of bonds	291,731	268,727	269,101
Current maturities of long-term lease liability	43,020	18,461	21,060
Suppliers and service providers	66,457	33,583	36,345
Accounts payable	246,107	71,700	163,244
Current tax liability	11,076	11,752	17,515
Liability for provision of construction services	3,233	4,751	4,360
Advances for the sale of real estate inventory, office inventory, and inventory of buildings under planning and construction	614,145	69,193	421,240
Loans from others	2,526	3,342	2,502
<b>Total current liabilities</b>	<b>4,195,897</b>	<b>3,303,157</b>	<b>3,802,313</b>
<b>Non-current liabilities</b>			
Long-term loans from banks	1,902,295	1,312,006	2,001,362
Loans from others and other liabilities	9,681	26,337	10,175
Bonds	986,343	747,085	1,055,667
Lease liability	994,177	428,670	442,578
Deferred tax liabilities	160,823	186,477	169,335
Commitment to providing long-term construction services	427	3,562	855
Other non-current liabilities	20,437	10,379	11,627
<b>Total non-current liabilities</b>	<b>4,074,183</b>	<b>2,714,516</b>	<b>3,691,599</b>
<b>Capital attributed to shareholders of the Company</b>			
Share capital	3,309	3,226	3,226
Premium on shares	1,234,875	1,110,527	1,110,527
Reserve for activities between a corporation and its controlling shareholder	30,491	30,491	30,491
Surplus	1,278,568	1,151,735	1,334,498
Capital reserve from exchange differences on translating foreign operations	(73,838)	(67,869)	(71,544)
Revaluation fund	97,390	-	94,385
Other capital funds	(15,588)	(10,638)	(15,588)
<b>Total capital attributed to shareholders of the Company</b>	<b>2,555,207</b>	<b>2,217,472</b>	<b>2,485,995</b>
<b>Non-controlling interests</b>	<b>964,411</b>	<b>921,601</b>	<b>976,393</b>
<b>Total capital</b>	<b>3,519,618</b>	<b>3,139,073</b>	<b>3,462,388</b>
<b>Total liabilities and equity</b>	<b>11,789,698</b>	<b>9,156,746</b>	<b>10,956,300</b>
<b>August 26, 2025</b>			
<b>Date of approval of the Financial Statements</b>	<b>Assaf Touchmair</b> Chairman of the Board	<b>Barak Rosen</b> CEO and Director	<b>Nir Bodaga Bar</b> CFO

The notes attached to the condensed consolidated financial statements form an integral part thereof.

	For a period of six months ended June 30		For a period of three months ended June 30		Year ended Dec. 31
	2025	2024	2025	2024	2024
	NIS	NIS	NIS	NIS	NIS
	thousands	thousands	thousands	thousands	thousands
	(Unaudited)		(Unaudited)		(Audited)
<b>Income:</b>					
Income from rental and management of investment real estate	42,465	38,853	20,669	19,824	80,215
Revenues from the sale of land inventory	84,310	5,118	44,727	2,599	11,679
Income from sale of apartment and office inventory	34,991	41,473	12,269	4,682	61,115
Revenue from lease of real estate inventory	12,080	12,686	5,973	6,194	25,344
Income from management fees	4,511	-	-	-	1,645
Income from hotel operation and management	157,588	143,960	101,660	77,913	291,017
Marketing and brokerage income	5,806	7,436	1,038	4,779	25,714
Revenues from providing construction services	1,555	1,789	1,109	1,145	4,886
Increase in fair value of investment real estate and profit from its exercise	23,530	31,167	23,530	30,076	66,371
Company's share in profit of investments accounted for using equity method, net of tax	31,690	61,012(*)	14,793	14,622(*)	200,760
Other income	818	706	282	706	5,490
<b>Total revenue</b>	<u>399,344</u>	<u>344,200</u>	<u>226,050</u>	<u>162,540</u>	<u>774,236</u>
<b>Expenses and costs:</b>					
Cost of rent	21,816	18,513	11,734	9,622	42,961
Cost of sale of real estate inventory	41,586	2,495	21,968	1,449	7,848
Cost of sale of apartment and office inventory	26,005	29,379	9,544	6,240	45,335
Cost of operation and management of hotels	168,415	113,514	107,478	61,744	257,682
Decrease in fair value of investment real estate	20,865	14,327	5,683	4,245	38,963
Expenses from providing construction services	1,555	1,789	1,109	1,145	4,886
Management and general expenses	26,043	32,319	13,524	12,086	59,821
Marketing and sale expenses	34,203	18,181	22,746	10,190	38,661
Company's share in loss of investments accounted for using equity method, net of tax	24,238	13,859	11,909	3,006	17,827
Other expenses	-	-	-	447	-
<b>Total expenses and costs</b>	<u>364,726</u>	<u>244,376</u>	<u>205,695</u>	<u>110,174</u>	<u>513,984</u>
<b>Operating profit</b>	<u>34,618</u>	<u>99,824</u>	<u>20,355</u>	<u>52,366</u>	<u>260,252</u>
Income (expenses) from financial assets measured at fair value through profit or loss	(18,692)	(22,714)	20,058	(33,407)	36,911
Financing income	28,225	19,389	9,915	11,135	54,114
Financing expenses	(83,806)	(57,670)	(58,240)	(31,802)	(133,280)
<b>Profit (loss) before income tax</b>	<u>(39,655)</u>	<u>38,829</u>	<u>(7,912)</u>	<u>(1,708)</u>	<u>217,997</u>
Income tax	8,767	5,157	1,093	5,464	13,681
<b>Profit (loss) for the period</b>	<u>(30,888)</u>	<u>43,986</u>	<u>(6,819)</u>	<u>3,756</u>	<u>231,678</u>
<b>Other comprehensive profit (loss) - Amounts that will be classified in the future in the profit or loss statement:</b>					
Exchange differences on translating foreign operations	(1,643)	(1,262)	(16)	10,968	(6,072)
<b>Other comprehensive profit - Amounts not classified in the future in the profit or loss statement:</b>					
Gain on revaluation of fixed assets, net of tax	4,387	-	4,838	-	135,539
Gain on changes in the fair value of a financial liability designated at fair value through profit or loss attributable to changes in credit risk, net of tax	-	2,062	-	2,062	-
<b>Total comprehensive profit (loss)</b>	<u>(28,144)</u>	<u>44,786</u>	<u>(1,997)</u>	<u>16,786</u>	<u>361,145</u>

(\*) Reclassified. See Note 2e.

The notes attached to the condensed consolidated financial statements form an integral part thereof.

**Israel-Canada (T.R.) Ltd.**  
**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Profit**

(Cont.)

	For a period of six months ended June 30		For a period of three months ended June 30		Year ended December 31
	2025	2024	2025	2024	2024
	NIS	NIS	NIS	NIS	NIS
	thousands	thousands	thousands	thousands	thousands
	(Unaudited)		(Unaudited)		(Audited)
<b>Net profit (loss) attributable to:</b>					
Shareholders of the Company	(30,930)	23,610	(4,346)	(10,357)	206,373
Non-controlling interests	42	20,376	(2,473)	14,113	25,305
	<u>(30,888)</u>	<u>43,986</u>	<u>(6,819)</u>	<u>3,756</u>	<u>231,678</u>
<b>Total comprehensive profit (loss) attributed to:</b>					
Shareholders of the Company	(30,220)	24,595	(1,314)	1,499	296,006
Non-controlling interests	2,076	20,191	(683)	15,287	65,139
	<u>(28,144)</u>	<u>44,786</u>	<u>(1,997)</u>	<u>16,786</u>	<u>361,145</u>
<b>Net profit (loss) per share attributed to the Company's shareholders (in NIS):</b>					
<b>Net basic profit (loss):</b>					
Net basic profit (loss) per share:	<u>(0.0938)</u>	<u>0.0732</u>	<u>(0.0132)</u>	<u>(0.0321)</u>	<u>0.6398</u>
<b>Net diluted profit (loss):</b>					
Net diluted profit (loss) per share	<u>(0.0938)</u>	<u>0.0732</u>	<u>(0.0132)</u>	<u>(0.0321)</u>	<u>0.6398</u>
 The weighted average of the share capital used in calculating earnings per share	 <u>329,741</u>	 <u>322,566</u>	 <u>329,741</u>	 <u>322,566</u>	 <u>322,566</u>
The weighted average of the share capital used in calculating earnings per share, diluted	<u>329,741</u>	<u>322,566</u>	<u>329,741</u>	<u>322,566</u>	<u>322,566</u>

The notes attached to the condensed consolidated financial statements form an integral part thereof.

**Israel-Canada (T.R.) Ltd.**  
**Condensed Consolidated Statements of Changes in Equity**

**For the six-month period ended June 30, 2025 (unaudited)**

	Share capital	Premium on shares	Reserve for activities between a corporation and its controlling shareholder	Revaluation fund	Other capital reserves	Capital reserve from exchange differences on translating foreign operations	Retained earnings	Total attributed to shareholders of the parent company	Non-controlling interests	Total capital
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Balance as of January 1, 2025	3,226	1,110,527	30,491	94,385	(15,588)	(71,544)	1,334,498	2,485,995	976,393	3,462,389
Profit (loss) for the period	-	-	-	-	-	-	(30,930)	(30,930)	42	(30,888)
Capital reserve for translation differences	-	-	-	-	-	(2,295)	-	(2,295)	652	(1,643)
Gain on revaluation of fixed assets, net of tax	-	-	-	3,005	-	-	-	3,005	1,382	4,387
<b>Total comprehensive profit (loss) for the period</b>	-	-	-	3,005	-	(2,295)	(30,930)	(30,220)	2,076	(28,144)
Dividend paid	-	-	-	-	-	-	(25,000)	(25,000)	-	(25,000)
Capital investments of non-controlling interests	-	-	-	-	-	-	-	-	5,536	5,536
Issue of shares	83	124,349	-	-	-	-	-	124,432	-	124,432
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	(7,960)	(7,960)
Distributions for non-controlling interests	-	-	-	-	-	-	-	-	(11,635)	(11,635)
<b>Balance as of June 30, 2025</b>	<b>3,309</b>	<b>1,234,875</b>	<b>30,491</b>	<b>97,390</b>	<b>(15,588)</b>	<b>(73,838)</b>	<b>1,278,568</b>	<b>2,555,207</b>	<b>964,411</b>	<b>3,519,618</b>

The notes attached to the condensed consolidated financial statements form an integral part thereof.

**Israel-Canada (T.R.) Ltd.**  
**Condensed Consolidated Statements of Changes in Equity**  
**For the six-month period ended June 30, 2024 (unaudited)**

	Share capital	Premium on shares	Reserve for activities between a corporation and its controlling shareholder	Other capital reserves	Capital reserve from exchange differences on translating foreign operations	Retained earnings	Total attributed to shareholders of the parent company	Non- controllin g interests	Total capital
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Balance as of January 1, 2024	3,226	1,110,527	30,491	(1,427)	(66,792)	1,153,125	2,229,150	826,608	3,055,758
Profit for the period	-	-	-	-	-	23,610	23,610	20,376	43,986
Capital reserve for translation differences	-	-	-	-	(1,077)	-	(1,077)	(185)	(1,262)
IFRS9 adjustments	-	-	-	2,062	-	-	2,062	-	2,062
Exchange rate gains from translation of foreign operations	-	-	-	-	-	-	-	-	-
<b>Total comprehensive profit (loss) for the period</b>	-	-	-	2,062	(1,077)	23,610	24,595	20,191	44,786
Dividend paid	-	-	-	-	-	(25,000)	(25,000)	-	(25,000)
Capital investments of non-controlling interests	-	-	-	-	-	-	-	80,000	80,000
Transactions with non-controlling interests	-	-	-	(11,272)	-	-	(11,272)	-	(11,272)
Distributions for non-controlling interests	-	-	-	-	-	-	-	(5,198)	(5,198)
<b>Balance as of June 30, 2024</b>	<b>3,226</b>	<b>1,110,527</b>	<b>30,491</b>	<b>(10,638)</b>	<b>(67,869)</b>	<b>1,151,735</b>	<b>2,217,472</b>	<b>921,601</b>	<b>3,139,073</b>

The notes attached to the condensed consolidated financial statements form an integral part thereof.



**Israel-Canada (T.R.) Ltd.**  
**Condensed Consolidated Statements of Changes in Equity**  
**(Cont.)**

For the three-month period ended June 30, 2025 (unaudited)

	Share capital	Premium on shares	Reserve for activities between a corporation and its controlling shareholder	Revaluation fund	Other capital reserves	Capital reserve from exchange differences on translating foreign operations	Retained earnings	Total attributed to shareholder s of the parent company	Non- controlling interests	Total capital
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Balance as of April 1, 2025	3,309	1,234,875	30,491	94,076	(15,588)	(73,557)	1,282,914	2,556,521	966,914	3,523,435
Profit for the period	-	-	-	-	-	-	(4,346)	(4,346)	(2,473)	(6,819)
Capital reserve for translation differences	-	-	-	-	-	(283)	-	(283)	267	(16)
Loss from revaluation of fixed assets, net of tax	-	-	-	3,315	-	-	-	3,315	1,523	4,838
<b>Total comprehensive profit (loss) for the period</b>	-	-	-	3,315	-	(283)	(4,346)	(1,314)	(683)	(1,997)
Capital investments of non-controlling interests	-	-	-	-	-	-	-	-	5,536	5,536
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	(5,260)	(5,260)
Distributions for non-controlling interests	-	-	-	-	-	-	-	-	(2,096)	(2,096)
<b>Balance as of June 30, 2025</b>	<u>3,309</u>	<u>1,234,875</u>	<u>30,491</u>	<u>97,390</u>	<u>(15,588)</u>	<u>(73,838)</u>	<u>1,278,568</u>	<u>2,555,207</u>	<u>964,411</u>	<u>3,519,618</u>

The notes attached to the condensed consolidated financial statements form an integral part thereof.

**Israel-Canada (T.R.) Ltd.**  
**Condensed Consolidated Statements of Changes in Equity**  
**(Cont.)**

For the three-month period ended June 30, 2024 (unaudited)

	Share capital	Premium on shares	Reserve for activities between a corporation and its controlling shareholder	Other capital reserves	Capital reserve from exchange differences on translating foreign operations	Retained earnings	Total attributed to shareholders of the parent company	Non- controllin g interests	Total capital
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Balance as of April 1, 2024	3,226	1,110,527	30,491	(1,427)	(77,663)	1,162,092	2,227,246	827,218	3,054,464
Profit for the period	-	-	-	-	-	(10,357)	(10,357)	14,113	3,756
Capital reserve for translation differences	-	-	-	-	9,794	-	9,794	1,174	10,968
IFRS9 adjustments	-	-	-	2,062	-	-	2,062	-	2,062
Exchange rate gains from translation of foreign operations	-	-	-	-	-	-	-	-	-
<b>Total comprehensive profit (loss) for the period</b>	-	-	-	2,062	9,794	(10,357)	1,499	15,287	16,786
Capital investments of non-controlling interests	-	-	-	-	-	-	-	80,000	80,000
Transactions with non-controlling interests	-	-	-	(11,272)	-	-	(11,272)	-	(11,272)
Distributions for non-controlling interests	-	-	-	-	-	-	-	(904)	(904)
<b>Balance as of June 30, 2024</b>	<u>3,226</u>	<u>1,110,527</u>	<u>30,491</u>	<u>(10,638)</u>	<u>(67,869)</u>	<u>1,151,735</u>	<u>2,217,472</u>	<u>921,601</u>	<u>3,139,073</u>

The notes attached to the condensed consolidated financial statements form an integral part thereof.

**Israel-Canada (T.R.) Ltd.**  
**Condensed Consolidated Statements of Changes in Equity**  
**(Cont.)**

For the year ended December 31, 2024

	Share capital	Premium on shares	Reserve for activities between a corporation and its controlling shareholder	Revaluation fund	Other capital reserves	Capital reserve from exchange differences on translating foreign operations	Retained earnings	Total attributed to shareholders of the parent company	Non-controlling interests	Total capital
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Balance as of January 1, 2024	3,226	1,110,527	30,491	-	(1,427)	(66,792)	1,153,125	2,229,150	826,608	3,055,758
Profit for the year	-	-	-	-	-	-	206,373	206,373	25,305	231,678
Exchange rate losses from translation of foreign operations	-	-	-	-	-	(4,752)	-	(4,752)	(1,320)	(6,072)
Gain on revaluation of fixed assets, net of tax	-	-	-	94,385	-	-	-	94,385	41,154	135,539
<b>Total comprehensive profit (loss) for the year</b>	-	-	-	94,385	-	(4,752)	206,373	296,006	65,139	361,145
Dividend paid	-	-	-	-	-	-	(25,000)	(25,000)	-	(25,000)
Transactions with non-controlling interests	-	-	-	-	(14,161)	-	-	(14,161)	(1,722)	(15,883)
Capital investments of non-controlling interests	-	-	-	-	-	-	-	-	92,254	92,254
Distributions for non-controlling interests	-	-	-	-	-	-	-	-	(5,886)	(5,886)
<b>Balance as of December 31, 2024</b>	<b>3,226</b>	<b>1,110,527</b>	<b>30,491</b>	<b>94,385</b>	<b>(15,588)</b>	<b>(71,544)</b>	<b>1,334,498</b>	<b>2,485,995</b>	<b>976,393</b>	<b>3,462,388</b>

The notes attached to the condensed consolidated financial statements form an integral part thereof.

**Israel-Canada (T.R.) Ltd.**  
**Condensed Consolidated Statements of Cash Flows**

	For a period of six months ended June 30		For a period of three months ended June 30		Year ended December 31
	2025	2024	2025	2024	2024
	NIS	NIS	NIS	NIS	NIS
	thousands	thousands	thousands	thousands	thousands
	(Unaudited)		(Unaudited)		(Audited)
<b><u>Cash flows from current operations</u></b>					
<b>Net cash used for current activities (Appendix A)</b>	(359,597)	(95,554)	(72,317)	(96,289)	(88,419)
<b><u>Cash flows from investment activities</u></b>					
Provision of loans to companies accounted for using the equity method, net of tax	(30,539)	(53,600)	(18,822)	(26,169)	(66,787)
Repayment of loans from companies accounted for using equity method, net of tax	9,245	21,930	7,745	5,308	73,494
Acquisition and investments in investment real estate (including investment real estate under construction), net	(170,738)	(68,733)	(41,373)	(40,074)	(402,200)
Business combination - see Appendix C	(55,700)	-	(55,700)	-	-
Advances on account of investment real estate	(4,209)	(22,881)	-	(16,884)	(22,730)
Sale (purchase) of financial assets at fair value through profit and loss, net	1,256	1,306	695	(1,617)	2,608
Acquisition and investments of fixed assets	(35,412)	(18,319)	(17,631)	(13,628)	(59,964)
Acquisition of other assets	686	-	656	-	(652)
Change in restricted use cash and deposits	547,740	(65)	75,409	(65)	(566,196)
<b>Net cash deriving from (used in) investing activities</b>	262,329	(140,362)	(49,021)	(93,129)	(1,042,427)
<b><u>Cash flows from financing activities</u></b>					
Issuance of bonds	208,591	226,517	208,591	226,517	533,933
Transactions with non-controlling interests	(7,960)	(11,272)	(5,260)	(11,272)	(15,883)
Credit from banks, net	106,327	120,713	28,905	75,689	222,903
Repayment of bonds and buyback	(250,952)	(88,262)	(250,952)	(88,262)	(88,464)
Issuance of shares, net	124,432	-	-	-	-
Distributions for non-controlling interests	(11,635)	(5,198)	(2,097)	(904)	(5,886)
Receipt of loan from others	-	-	-	-	435
Dividend paid	-	(25,000)	-	(25,000)	(25,000)
Repayment of loans from others	(615)	(2,046)	(70)	(84)	(672)
Repayment of lease liability	(11,391)	(8,483)	(4,976)	(4,698)	(23,247)
Capital investments of non-controlling interests	1,469	80,000	1,469	80,000	92,254
Receipt of long-term loans from banks	341,927	169,999	59,190	123,903	895,355
Repayment of long-term loans from banks	(585,711)	(130,422)	(88,433)	(22,865)	(244,473)
<b>Net cash arising from (used for) financing activities</b>	(85,518)	326,546	(53,633)	353,024	1,341,255
<b>Exchange rate differences for cash and cash equivalents</b>	6,128	(129)	6,963	(99)	(522)
<b>Increase (decrease) in cash and cash equivalents</b>	(176,658)	90,501	(168,008)	163,507	209,887
<b>Balance of cash and cash equivalents at beginning of period</b>	410,276	200,389	401,626	127,383	200,389
<b>Balance of cash and cash equivalents at period end</b>	233,618	290,890	233,618	290,890	410,276

The notes attached to the condensed consolidated financial statements form an integral part thereof.

**Israel-Canada (T.R.) Ltd.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Cont.)**

**Appendix A - Net cash used for current activities:**

	For a period of six months ended June 30		For a period of three months ended June 30		Year ended December 31
	2025	2024	2025	2024	2024
	NIS	NIS	NIS	NIS	NIS
	thousands	thousands	thousands	thousands	thousands
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>Net profit (loss) for the period</b>	(30,888)	43,986	(6,819)	3,756	231,678
<b>Adjustments to profit or loss sections:</b>					
Company's profits accounted for based on the equity method (including financing income, net), net of tax	(20,848)	(63,124)	(9,847)	(16,619)	(212,998)
Decrease (increase) in fair value of real estate for investment, net	(2,665)	(16,840)	(17,847)	(25,831)	(27,408)
Loss from the adjustment of fair value of financial instruments at fair value through profit or loss	18,692	22,714	(20,058)	33,407	(36,911)
Revaluation of bonds	(4,333)	1,342	(3,817)	802	3,089
Revaluation of loan from bank corporations	9,343	23,963	2,747	7,320	45,116
Depreciation and amortization of fixed assets and lease assets	39,064	25,723	20,517	13,784	66,496
Revaluation of loan from others	145	1,950	25	1,223	537
Net deferred taxes	(10,006)	2,632	415	(5,779)	(15,937)
	29,392	(1,640)	(27,865)	8,307	(178,016)
<b>Changes in sections of assets and liabilities:</b>					
Decrease (increase) in balance of income tax receivables	(966)	6,964	585	(2,931)	12,618
Increase in advances for the sale of real estate inventory and building inventory under planning and construction	192,905	27,713	80,752	16,833	379,760
(Increase) in accounts receivable	(36,139)	(34,723)	(42,581)	(17,408)	(44,692)
Decrease (increase) in receivables for sale of land and apartments under construction	(52,338)	(14,265)	(19,298)	(473)	42,801
Increase in suppliers and service providers	30,112	5,280	25,292	7,349	8,042
Increase (decrease) in other payables and liabilities for current taxes	(48,729)	11,596	(15,866)	(5,946)	110,819
Decrease in inventory of real estate and buildings for sale due to sales (before purchase and investment in land)	66,586	25,438	31,612	2,395	41,034
	151,431	28,003	60,496	(181)	550,382
<b>Net cash arising from current activities (before purchase and investment of land)</b>	149,935	70,349	25,812	11,882	604,044
Acquisitions and investments in real estate inventory	(509,532)	(165,903)	(98,129)	(108,171)	(692,463)
<b>Net cash used for current activities</b>	(359,597)	(95,554)	(72,317)	(96,289)	(88,419)

The notes attached to the condensed consolidated financial statements form an integral part thereof.

**Israel-Canada (T.R.) Ltd.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Cont.)**

**Appendix B - Additional information on cash flow from current operations:**

	For a period of six months ended June 30		For a period of three months ended June 30		Year ended December 31
	2025	2024	2025	2024	2024
	NIS	NIS	NIS	NIS	NIS
	thousands	thousands	thousands	thousands	thousands
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>Cash paid during the period for:</b>					
Interest	137,224	131,057	69,292	75,421	277,509
Income tax	18,597	2,990	9,048	2,114	39,135
<b>Cash received during the period for:</b>					
Interest	2,421	2,539	1,246	892	6,228
Income tax	367	19,828	-	-	21,927

**Appendix C - Business combination:**

	For a period of six months ended June 30		For a period of three months ended June 30		Year ended December 31
	2025	2024	2025	2025	2024
	NIS	NIS	NIS	NIS	NIS
	thousands	thousands	thousands	thousands	thousands
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)
<b>Cash paid during the period for:</b>					
Right of use asset	(559,188)	-	-	-	-
Fixed assets, net	(11,095)	-	-	-	-
Goodwill and intangible assets	(150,331)	-	-	-	-
Loans from banks and financial corporations	74,000	-	-	-	-
Loans from others and other liabilities	7,949	-	-	-	-
Lease liabilities	571,552	-	-	-	-
Accounts payable	1,327	-	-	-	-
Deferred taxes	6,019	-	-	-	-
Non-controlling interests	4,067	-	-	-	-
	(55,700)	-	-	-	-

The notes attached to the condensed consolidated financial statements form an integral part thereof.

**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 1 – General**

Israel-Canada (T.R.) Ltd. (the “Company” or the “Group”) engages, through consolidated companies, in the initiation, marketing, and management of projects in the field of real estate in Israel and abroad. Additional information on the Group’s operating segments is presented in Note 6.

These Condensed Consolidated Financial Statements should be read in conjunction with the Company’s Annual Financial Statements as of December 31, 2024 and for the year then ended, and the notes thereto, except for new standards.

**Note 2 – Principal Accounting Policies**

**A. Basis of preparation of the Financial Statements:**

The Group’s Condensed Consolidated Financial Statements (the “Interim Financial Statements”) were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”).

In preparing these Interim Financial Statements, the Group applied the accounting policies, presentation rules, and calculation methods identical to those applied in the preparation of its Financial Statements as of December 31, 2024 and for the year then ended.

The Condensed Consolidated Financial Statements were prepared in accordance with the disclosure requirements in Chapter D of the Securities Articles (Periodic and Immediate Reports), 5730–1970.

**B. Fair value measurement of investment property and investment property under construction in interim reports:**

For the purpose of determining the fair value of investment property, the Company relies on a valuation performed by an independent appraiser once a year or at the date of initial recognition of the investment property. In addition, on each interim reporting date, the Company examines the need to update the fair value estimate of its investment property in relation to the fair value determined at the last valuation date, in order to assess whether such estimate reflects a reliable approximation of the fair value as of the interim reporting date. This review is carried out through an examination of changes in the relevant real estate market, in lease agreements relating to the property, in the macro-economic environment of the property, as well as new information regarding material transactions conducted in the vicinity of the property and in comparable properties, and any other information that may indicate changes in the fair value of the property. If, in the Company’s estimation, there are signs with respect to certain properties that the fair value as of the interim reporting date differs materially from the fair value estimated at the last valuation date, the Company estimates the fair value of such properties at the interim reporting date.

As of June 30, 2025, the Company, with the assistance of external appraisers, examined whether there were signs indicating that the fair value of the investment property materially differed from the value estimated by an external appraiser on December 31, 2024. In the review conducted during the Report Period, which included economic impact factors such as capitalization rates, occupancy rates, and rental fees on the Company’s properties, as well as real estate transactions, the Company recognized an increase in the fair value of investment property, net, in the amount of approximately NIS 2.6 million.

**C. Income taxes in interim reports:**

Income tax expenses (income) for the periods presented include the total current taxes, as well as the total change in deferred tax balances, excluding deferred taxes arising from transactions charged directly to equity and from business combinations.

Income tax expenses (income) in interim periods are accrued using the average annual effective income tax rate. For the purpose of calculating the effective income tax rate, tax losses for which deferred tax assets were not recognized and which are expected to reduce the tax liability in the reporting year are deducted.

**The notes attached to the condensed consolidated financial statements form an integral part thereof.**

**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 2 – Principal Accounting Policies (continued):**

**D. Exchange rates and indexation basis:**

1. Balances in foreign currency, or linked thereto, are included in the Financial Statements at the representative exchange rates published by the Bank of Israel and in effect at the end of the reporting period.
2. Balances linked to the Consumer Price Index are presented in accordance with the last known index at the end of the reporting period (the index of the month preceding the month of the Financial Statements).
3. Below are data on the exchange rate of the US dollar and the index:

	Representative exchange rate of			Known	Known
	Dollar	Euro	Rubel	consumer	construction
	(NIS to USD 1)	(NIS to EUR 1)	(NIS to RUB 1)	price index (Points)	inputs index Points
<b>Notes to the Financial Statements:</b>					
As of June 30, 2025	3.372	3.9552	0.042	110.4	138.6
As of June 30, 2024	3.759	4.0202	0.043	107.2	131.2
As of December 31, 2024	3.647	3.7964	0.03	108.4	133.6
<b>Change rates:</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>For the six-month period ended:</b>					
On June 30, 2025	(0.07)	0.04	0.4	0.02	0.04
On June 30, 2024	3.63	0.21	7.5	2.09	1.07
<b>For the three-month period ended:</b>					
On June 30, 2025	(0.09)	(0.02)	(0.06)	0.01	0.01
On June 30, 2024	2.11	1.03	10.25	1.13	0.77
<b>For year ended:</b>					
As of December 31, 2024	0.55	(5.36)	(25)	3.24	2.93

**E. Proactive change in accounting policy:**

**Presentation of Company's share in results of investments accounted for using the equity method**

The Company chose to classify its share of the results of investments accounted for using the equity method as part of operating profit, instead of presenting them after operating profit and financing expenses. In the opinion of the Company's management, the aforementioned presentation provides reliable and more relevant information about the Company's operating profit, which now includes the results of companies accounted for using the equity method and operating in the same areas of activity as the Group.

**The notes attached to the condensed consolidated financial statements form an integral part thereof.**



**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 3 - Financial Instruments**

**Financial instruments that are not measured at fair value:**

Excluding what is detailed in the following table, the Group believes that the carrying value of the financial assets and undertakings presented at an amortized cost in the financial statements is roughly similar to their fair value:

	<b>Carrying value</b>		
	<b>As of June 30</b>		<b>As of December 31</b>
	<b>2025</b>	<b>2024</b>	<b>2024</b>
	<b>NIS</b>	<b>NIS</b>	<b>NIS</b>
	<b>thousands</b>	<b>thousands</b>	<b>thousands</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>
<b>Financial liabilities:</b>			
Series F Bonds and interest payable	-	19,673	19,632
Series G Bonds and interest payable	540,662	769,699	770,895
Series H Bonds and interest payable	737,412	226,734	534,241
	<u>1,278,074</u>	<u>1,016,106</u>	<u>1,324,768</u>
	<b>Fair value</b>		
	<b>As of June 30</b>		<b>As of December 31</b>
	<b>2025</b>	<b>2024</b>	<b>2024</b>
	<b>NIS</b>	<b>NIS</b>	<b>NIS</b>
	<b>thousands</b>	<b>thousands</b>	<b>thousands</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>
<b>Financial liabilities:</b>			
Series F Bonds and interest payable	-	19,275	19,587
Series G Bonds and interest payable	574,270	740,106	770,895
Series H Bonds and interest payable	762,640	227,473	534,242
	<u>1,336,910</u>	<u>986,854</u>	<u>1,324,724</u>

The notes attached to the condensed consolidated financial statements form an integral part thereof.

**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 4 – Material Transactions and Events during the Report Period:**

**A. Investment in the Kadima Zoran project**

Further to Note 15A in the Company's Consolidated Financial Statements as of December 31, 2024, on January 6, 2025, the subsidiary, together with a third-party partner not related to the Company (the subsidiary's share in the transaction – 50%), entered into an agreement to purchase approximately 162 additional undivided dunams of land for a consideration of approximately NIS 73 million plus VAT as required by law. The purchase is subject to several preconditions not yet met. As of June 30, 2025, the Company paid an advance of approximately NIS 12 million and purchase tax.

**B. Acquisition of land on Emek Bracha Street, Tel Aviv**

Further to Note 15T in the Company's Consolidated Financial Statements as of December 31, 2024, on January 9, 2025, the subsidiary entered into an agreement with a third party not related to the Company and/or its controlling shareholders, for the purchase of approximately 20% additional undivided parts in the land (the "Remaining Land").

For the purchase of the Remaining Land, the subsidiary paid consideration of approximately NIS 36 million plus VAT as required by law (the "Consideration"), in two payments as follows:

- (1) An amount of NIS 12 million plus VAT was paid upon signing of the agreement against registration of a cautionary note in favor of the sub-subsidiary.
- (2) An amount of approximately NIS 24 million plus VAT was paid on April 8, 2025.

**C. Private placement of shares to investors**

Further to Note 16D in the Company's Consolidated Financial Statements as of December 31, 2024, on January 26, 2025, the Company's Board of Directors approved an allotment of the Company's shares to investors Migdal Sal Index Shares Ltd., an interested party in the Company, Lamor Mutual Fund Management (2013) Ltd., Phoenix Israel Shares Partnership, and an additional investor (together: the Investors), in a private placement pursuant to the Private Placement Regulations, under which the Company allotted to the Investors 8,333,334 of the Company's shares at a price of NIS 15 per share, for total consideration of approximately NIS 125 million. The allotment was completed on January 27, 2025 against transfer of the full consideration for the private offering to the Company.

**D. Midtown Jerusalem project**

Further to Note 15M in the Company's Consolidated Financial Statements as of December 31, 2024, on February 25, 2025, a full building permit was received for the residential towers in the Midtown Jerusalem project. In addition, on this date, an agreement was signed with Tidhar Construction Ltd. for the execution of main contractor works in the residential section and in the office section for consideration of approximately NIS 1.3 billion.

On February 2, 2025, the project company paid approximately NIS 199 million and also provided a bank guarantee and a guarantee from a financial institution in an additional amount of approximately NIS 199 million, on account of betterment levies for the purpose of obtaining the full permit. As of June 30, 2025, the Company included a provision for its estimated liability, based, inter alia, on the professional opinions of the Company's advisors on this matter.

On April 28, 2025, a full building permit was received for the office tower and the mixed-use tower including rights for hotel use and rental housing.

Further to its revenue recognition policy, the Company began recognizing revenue from the project in the Report Period. As of June 30, 2025, revenue of approximately NIS 14 million was recorded.

**E. Midtown Jerusalem – Bank Loan**

Further to Note 12B(2) in the Company's Consolidated Financial Statements as of December 31, 2024, on March 24, 2025, the project company signed an agreement with the bank to extend the loan repayment date to September 30, 2025 (instead of March 31, 2025). In addition, the credit facility increased from NIS 1 billion to NIS 1.125 billion. For further details regarding the signing of the financing agreement, see Note 5C.

**The notes attached to the condensed consolidated financial statements form an integral part thereof.**

**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 4 – Material Transactions and Events during the Report Period (continued):**

**F. Bank Loan – “Tzomet Arim Tower” Project**

Further to Note 12B(10) in the Company’s Consolidated Financial Statements as of December 31, 2024, the loan was extended in February 2025, and its final repayment date was set for November 23, 2026 (instead of January 30, 2025). The loan terms remained unchanged.

**G. Bank Loan – Purchase of the House in Kfar Shmaryahu**

Further to Note 12B(9) in the Company’s Consolidated Financial Statements as of December 31, 2024, on February 6, 2025, an amendment was signed to the agreement with the banking corporation, under which the credit facility increased to NIS 187 million. The remaining terms remained unchanged. On July 24, 2025, after the balance sheet date, an agreement was signed to extend the repayment date to January 1, 2026.

**H. Acquisition of Part of the Land Constituting the Gonen Holiday Village**

Further to Note 15K(5) in the Company’s Consolidated Financial Statements as of December 31, 2024, on March 5, 2025, the Israel Land Authority approved the transfer of the registered land to the cooperative association, thus fulfilling the condition precedent, and the Company is acting to complete the transaction and pay the consideration.

In addition, on April 15, 2025, a binding memorandum of understanding was signed regarding 20 units built by a third party at Kibbutz Gonen, which will be operated by the Company under the Gonen Holiday Village Hotel. Under the memorandum, the Company will manage and operate the hotel in consideration for management fees of 50% of the revenues.

**I. Joint Transaction Herzliya 4006**

During the years 2016–2021, the Company, through a wholly owned subsidiary (the “Subsidiary”), together with partners, purchased portions of blocks 6590 and 6591, which form part of parcel 4006 in Herzliya, with the Subsidiary’s share in the joint transaction being approximately 23%. On March 6, 2025, the Subsidiary, together with one of the partners who is not related to the Company, entered into an agreement for the purchase of all ownership rights of another partner in the joint transaction (approximately 23%) for consideration of approximately NIS 82 million (Company’s share – approximately NIS 68 million). 15% of the consideration was paid, and 85% of the consideration will be paid upon receipt of Form 4 for the project. The partners are working to complete the construction of an office and commercial building on the land.

**J. Kremenitzky, Tel Aviv**

On March 18, 2025, a partnership wholly owned by the Company (the “Project Partnership”), together with Check Point Software Technologies Ltd. (“Check Point”), submitted a bid in a tender by the Tel Aviv–Yafo Municipality and the Israel Electric Corporation Ltd. for the long-term leasehold rights of parcel 201 under plan TA/MK/4784 (the “Land”), known as the Israel Electric Corporation’s technical center on Kremenitzky Street, Tel Aviv–Yafo, with an area of about 13.5 dunams. The Land allows for construction of approximately 302 residential units, 1,500 sq.m. of commercial space attached to the residences, 60 thousand sq.m. of employment space, and 2,700 sq.m. of additional commercial space, for consideration of approximately NIS 818 million plus VAT.

On April 24, 2025, May 14, 2025, and June 9, 2025, the Company received notice of winning the tender from the Tender Committee, the Tel Aviv Municipal Council, and IEC, respectively.

According to prior understandings between the Company and Check Point, the residential rights will be owned by the Company for consideration of approximately NIS 318 million, while the employment and commercial rights will be owned by Check Point (the Joint Activity) for consideration of approximately NIS 500 million. Arrangements were agreed between the parties regarding the Joint Activity. As agreed, with the notice of winning, the parties began working toward the signing of a detailed joint venture agreement. As of the date of publication of this Report, the agreement has not yet been signed and is expected to be signed shortly.

The purchase consideration was paid on July 2, 2025, and the transaction was completed after the balance sheet date, through equity and bank financing. For further details, see Note 5A.

**The notes attached to the condensed consolidated financial statements form an integral part thereof.**

**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 4 – Material Transactions and Events during the Report Period (continued):**

**K. SHE Project**

Further to Note 15H in the Company's Consolidated Financial Statements as of December 31, 2024, on March 20, 2025, the project partnership entered into an agreement with Solel Boneh Limited Partnership for the execution of contractor works for excavation and shoring, in the scope of works amounting to NIS 35 million.

**L. Bank Loan – SHE Project**

Further to Note 12B(6) in the Company's Consolidated Financial Statements as of December 31, 2024, on March 31, 2025, the Company repaid the outstanding loan balance in the amount of approximately NIS 275 million and signed with the bank a new credit facility of approximately NIS 350 million, under the same terms with no change in interest. The loan was extended until December 31, 2025. The loan balance in the books as of June 30, 2025 was approximately NIS 288 million.

**M. “Northern Quarter” Project, Herzliya**

Further to Note 15X in the Company's Consolidated Financial Statements as of December 31, 2024, on March 20, 2025, the Company entered into a financing agreement with a local bank for a credit facility of approximately NIS 80 million. The final maturity date of the credit facility, which was fully utilized, is March 20, 2027. Under the agreement with the bank, the Company will repay the loan in installments in accordance with sales progress. As of June 30, 2025, the Company had marketed approximately 7.3 dunams for a total amount of approximately NIS 69 million.

**N. Request for Approval of Transfer of Shares in Hatzlachat Hasharon Subsidiary**

On February 21, 2024, the Company submitted a request to the Israel Tax Authority for pre-approval of the transfer of rights of the partnership for the development of Young Ramat Hasharon from the Hatzlachat Hasharon subsidiary to the Company, all subject to Section 104G and Part E2 of the Income Tax Ordinance. On March 20, 2025, the Company received approval from the tax authorities.

**O. Completion of Acquisition of Brown Hotels Operations**

Further to Note 15K(10) in the Company's Consolidated Financial Statements as of December 31, 2024, on April 3, 2025, all conditions precedent for the transaction were met and the hospitality company completed the acquisition of Brown Hotels operations for consideration of approximately NIS 131 million plus VAT as required by law. The completion of the transaction was carried out through equity (approximately NIS 36 million), a shareholders' loan by the Company to the hospitality company (approximately NIS 20 million), and external financing from a local bank (approximately NIS 74 million). Upon completion of the transaction, and with existing operations, the hospitality company owns and manages approximately 3,800 hotel rooms in Israel and Greece.

On June 29, 2025, the Company and the hospitality company (through a wholly owned subsidiary) entered into an agreement, which entered into force retroactively as of April 2, 2025, which is the date proximate to the completion of the Brown transaction, under which the Company participated in the purchase of approximately 40% of the Brown operations as of the record date, for consideration of NIS 20 million (which, as stated above, was provided to the hospitality company as a shareholders' loan and converted into an equity investment) (the “Sale Agreement” and the “Cost of the Consideration,” respectively).

The sale transaction was executed between Israel-Canada and each of the legal entities comprising the Brown Hotels transaction and holding the Brown operations, such that each component of the sold assets will be under the joint control of the Company and the hospitality company. Each component of the sold assets and the associates will hereinafter be referred to as the “Investee Company.”

Principal terms of the Sale Agreement:

- A. Decisions regarding the acquired Brown Hotels operations will be made unanimously by the Company and the hospitality company, or alternatively special decisions will require the consent of the Company and the hospitality company.

**The notes attached to the condensed consolidated financial statements form an integral part thereof.**

**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 4 – Material Transactions and Events during the Report Period (continued):**

**O. Completion of Acquisition of Brown Hotels Operations (continued):**

- B. The Company granted the hospitality company a CALL option to purchase all of the Company's holdings in the acquired Brown Hotels operations, exercisable from October 1, 2026 through December 31, 2026. The exercise price will be the cost of the consideration (NIS 20 million) plus a variable annual interest at Prime + 2%, and in addition the investments that the Company invested in the sold assets up to the option exercise date.
- C. No disposition – for as long as the Call Option is in force: the parties undertake not to make any disposition of their rights in the jointly held Investee Company (the Company as purchaser of the sold assets and the sellers of the sold assets in relation to the remainder of the sold assets), except as set forth in the Sale Agreement.
- D. The jointly held Investee Company as a “closed box” and prohibition on distributions – any new hospitality activity will be carried out within the hospitality company and not within the jointly held Investee Company (which will include, as a closed list, only the sold assets); the parties undertook that until the end of the option exercise period, the Investee Company will not make distributions to its shareholders, and with respect to the hospitality partnership, if a distribution is decided upon under the partnership agreement of the hospitality partnership, the parties to the agreement undertook that any distribution declared by the hospitality partnership, if declared, will be deposited with a trustee until the end of the option exercise period, and the exercise price will be adjusted.
- E. Management of the business of the Investee Company – the hospitality company (whether directly or indirectly through corporations it holds) will manage the business of the jointly held Investee Company in consideration for a percentage of the revenue turnover and operating profit of the jointly held Investee Company (the “Management Fees”), which will also constitute consideration for use of the brand in Israel and in Greece. With respect to the general partner in the hospitality partnership, the Company will not be entitled to consideration for Management Fees received at the general partner, and such fees will belong to the hospitality company (whether directly or indirectly through corporations under its control) as the body actually providing the management services.
- F. Appointment of directors in the general partner of the hospitality partnership and decision-making in the general partner – Mr. Barak Rosen, on behalf of the Company, and Mr. Reuven Elkes, on behalf of the hospitality company, will be appointed as directors on behalf of the parties in the associates, and with respect to the company holding the operations in Greece, it will be determined that decisions will be made at the general meeting of said company.

The initial accounting treatment of the Brown operations acquisition, as presented in these Financial Statements, is provisional. As of publication, the Company has not completed the allocation of the purchase price to the assets and liabilities.

Goodwill of approximately NIS 113 million recognized in the acquisition has not been allocated to cash-generating units for impairment testing, as this cannot be done on a reasonable basis.

For details of assets and liabilities recognized at the acquisition date, see Appendix C to the Statement of Cash Flows.

The consideration includes amounts for expected benefits from synergies, revenue growth, and future market developments, which are not recognized separately from goodwill as they cannot be measured reliably.

Non-controlling interests in the Brown operations total approximately NIS 4 million, measured at their share of the fair value of net assets, excluding goodwill.

**P. Memorandum of Understanding to Purchase 50% of the “Galilion” Hotel and 50% of the “Kfar Giladi” Hotel**

In January 2025, Canada Hotels Holdings (the “Purchaser”) entered into a memorandum of understanding to purchase 50% of the holdings in the “Galilion” Hotel and 50% of the “Kfar Giladi” Hotel, both by way of share purchases, for consideration of approximately NIS 65 million plus financial debt and approximately NIS 155 million less financial debt, respectively. The amounts are subject to adjustments according to the net financial debt level of the acquired corporation. Upon completion of the transaction, the Purchaser will manage the two hotels in consideration for Management Fees. The signing of binding agreements is subject to completion of due diligence and receipt of the required regulatory approvals, including the approval of the Competition Commissioner. In addition, the memorandum of understanding includes NO SHOP clauses.

**The notes attached to the condensed consolidated financial statements form an integral part thereof.**

**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 4 – Material Transactions and Events during the Report Period (continued):**

**Q. Hospitality Company – Lease and Management Agreement for a Hotel in Tiberias**

On July 20, 2025, Canada Hotels Holdings (the “Lessee”) entered into a conditional 15-year lease agreement with a third party (the “Lessor”) regarding the “Club Hotel” in the city of Tiberias (the “Hotel”), with a 10-year extension option (the “Lease Agreement” or the “Agreement”). The Lessee will be responsible to renovate the Hotel within 12 months from the delivery date, and the renovation costs, estimated at NIS 45 million, will be borne equally by the Lessee and the Lessor (50% each). Notwithstanding the foregoing, any cost overrun (if any) will be borne solely by the Lessee.

The Agreement is subject to approval by the Competition Commissioner within 180 days of signing (or a later agreed date) (the “Final Date”), all in accordance with the conditions set in the Lease Agreement (the “Condition Precedent”). As of the date of the Financial Statements, the Condition Precedent had not yet been fulfilled.

**R. Decision regarding Dividend Distribution**

On March 24, 2025, the Company’s Board of Directors approved a cash dividend distribution in the amount of NIS 25,000 thousand to the Company’s shareholders. The dividend was distributed on April 9, 2025. The total dividend per share is 7.55 agorot per share.

**S. Bonds Series H**

Further to Note 13B(3) in the Company’s Consolidated Financial Statements as of December 31, 2024, on May 8, 2025, following a tender held for the public and institutions, the Company expanded Series H and raised approximately NIS 210.8 million in consideration for the allotment of 200 million par value Series H Bonds, at a unit price of approximately NIS 1,054.

**T. Rating**

On June 9, 2025, the Company received a rating of ilA- with a positive outlook from Maalot S&P.

**Significant Transactions and Events during the Report Period in Associates:**

**U. Lev Bavli Ltd.**

Further to Note 8B(4)(B) in the Company’s Consolidated Financial Statements as of December 31, 2024, on January 6, 2025, a building permit was received for the project. As of June 30, 2025, the project company had marketed 15 apartments for a total amount of approximately NIS 80 million including VAT. For further details regarding the signing of a financing agreement, see Note 5B.

**V. Joint Transaction – Vertical City Ltd.**

Further to Note 8B(4)(G) in the Company’s Consolidated Financial Statements as of December 31, 2024, in February 2025, the project company signed an agreement with Electra Construction Ltd. (the “Contractor”) for excavation, shoring, and foundation works on the public lot (Begin Street area). The Contractor will construct a six-level underground parking lot under a design-build framework at its responsibility, for total consideration of approximately NIS 390 million plus VAT. For further details regarding the signing of a framework agreement after the balance sheet date, see Note 5F.

**W. Joint Transaction – A.K.A. Beit Mars Ltd.**

Further to Note 8B(4)(H) in the Company’s Consolidated Financial Statements as of December 31, 2024, in April 2025, the maturity of the land financing loan was extended to February 28, 2027.

**X. Joint Transaction – Re’em Canada Beit America Ltd.**

Further to Note 8B(4)(E) in the Company’s Consolidated Financial Statements as of December 31, 2024, on May 14, 2025, the Local Committee of Tel Aviv Municipality approved for deposit a plan including additional rights of approximately 16 thousand sq.m. (approximately 4,600 sq.m. residential and the remainder for employment and commercial areas). As a result, the project company recorded a gain from the increase in fair value of investment property in the amount of approximately NIS 55 million (Company’s share – approximately NIS 20 million).

**The notes attached to the condensed consolidated financial statements form an integral part thereof.**

**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 4 – Material Transactions and Events during the Report Period (continued):**

**Y. ICR – Urban Renewal, Bar Kochva St., Neve Israel Neighborhood – “Gefen” Project, Herzliya**  
Further to Note 8B(4)(F)(5) in the Company’s Consolidated Financial Statements as of December 31, 2024, in January 2025, ICR received Form 4 for the “Gefen A” Herzliya project, and occupancy was completed.

**Z. ICR – Neve Gan (North Park) Project – Stage C, Complexes B and C (Lots 18–20)**  
Further to Note 8B(4)(F)(4) in the Company’s Consolidated Financial Statements as of December 31, 2024, on March 30, 2025, an excavation and shoring permit was received for Lot 20 – 100 housing units in the North Park Stage C project.

**AA. ICR – “Air” Urban Renewal Project, Histadrut Street, Givatayim**  
Further to Note 8B(4)(F)(9) in the Company’s Consolidated Financial Statements as of December 31, 2024, during the Report Period, all preconditions in the Air Project (Histadrut), Givatayim urban renewal agreement were met. In January 2025, a full building permit was received for the project, and ICR began demolition of the buildings (after vacating the tenants) and execution of the project.

**AB. ICR – French Hill Project, Jerusalem**  
Further to Note 8B(4)(F)(6) in the Company’s Consolidated Financial Statements as of December 31, 2024, regarding the engagement of ICR Israel Canada Re’em Holdings Ltd., on June 11, 2025, the zoning plan promoted for the land was approved for validation. Accordingly, under the agreement, the outstanding balance of the consideration, amounting to approximately NIS 250 million plus VAT as required by law, will be paid within 90 days of that date, i.e., by September 11, 2025.

**AC. ICR – “Pastoral” Urban Renewal Project, Hantke Street, Jerusalem**  
Further to Note 8B(4)(F)(13) in the Company’s Consolidated Financial Statements as of December 31, 2024, ICR entered into a financing agreement with a banking corporation for the financing of the project, under which the banking corporation provided credit facilities in a total amount not exceeding NIS 897 million: financial credit in a total scope of NIS 305 million, which overlaps with the Sale Law guarantees facility; facilities for the issuance of landowners’ guarantees up to a total amount of NIS 435 million; and facilities for rental guarantee letters in the amount of approximately NIS 35 million. The facilities will be repaid no later than November 30, 2030. ICR has begun the process of signing the tripartite agreement with the landowners. As of the date of publication of the Report, approximately 94% of the landowners had signed the tripartite agreement.

**AD. “Iron Swords” War**  
Further to Note 31 in the Company’s Consolidated Financial Statements as of December 31, 2024, the main effects of the “Iron Swords” war (the “War”) on the Company’s operations as of the Report Period are as follows:

With respect to the Company’s development projects under execution, as of the first half of 2025 and the date of publication of the Report, activity at the sites is proceeding as usual and therefore there is no material impact on project progress. It should be noted that if certain sites do not operate at full capacity, this may result in higher financing and construction costs (and accordingly reduced project surpluses), as well as increased rental expenses paid to owners of existing residential units in urban renewal projects. The Iron Swords War has caused shortages of professional manpower at construction sites and increased raw material costs, leading to higher execution costs in projects, whether or not contractor agreements have been signed, including those linked to the Construction Inputs Index. This is reflected both in the sharp rise of the Construction Inputs Index in January 2025 and in the Central Bureau of Statistics’ announcement of a further significant increase expected by year-end. In addition, continuation of the War may extend construction durations and delay project completion dates. The War has also led to higher inflation, sustaining a high interest rate environment. In light of these conditions, the Company is updating its project cost forecasts based on its estimates and actual contractor agreements. Conversely, revenue estimates have also been updated, reflecting higher sale prices based on actual apartment sales. As of the date of the Report, the War’s impact on the Company’s results exists but is not material; however, if additional fronts open beyond the current ones, the Company’s assessments may change, including materially.

**The notes attached to the condensed consolidated financial statements form an integral part thereof.**

**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 4 – Material Transactions and Events during the Report Period (continued):**

**AE. The Iron Swords War (continued):**

During Operation “Rising Lion,” a number of the Company’s properties were damaged by missiles launched from Iran, including the office and commercial properties in the “Da Vinci” project, the commercial areas in the “Midtown Tel Aviv” project, and additional areas in the Beit America Building. All of the properties have returned to full activity, and in parallel the Company initiated proceedings with the Property Tax Authority in connection with coverage of the damages caused to these areas.

With respect to the Company’s yielding properties, as of the date of publication of the Report, the vast majority of tenants are paying full Lease Fees without reliefs (such as payment spreading) which were granted on a one-time basis at the beginning of the War. In the Company’s estimation, at this stage no material impact on the Company’s revenues is expected as a result thereof, and it appears that occupancy rates in the Company’s yielding properties remain stable.

With respect to the Company’s hotels sector – hotel activity in Israel is affected by the unique characteristics of the tourism industry and by economic and security factors that directly impact it. Until the end of 2024, the War did not materially affect the hotel company’s results, as the Company’s hotels were at high occupancy due to hosting evacuees from the South and North, while expenses were adjusted accordingly (including placing employees on unpaid leave and vacations). During the Report Period, most evacuees left the hotels, and this, together with industry seasonality and Operation “Rising Lion,” affected results in the first and second quarters of 2025. During Operation “Rising Lion,” ballistic missiles struck central cities in Israel, including Tel Aviv, damaging two Company hotels: the Lighthouse Hotel (closed for renovations, significantly damaged, with most rooms destroyed) and the PLAY Hotel in Midtown Tel Aviv (minor damage). As of the date of this Report, the Midtown Tel Aviv Hotel has been repaired and is fully operational (including hosting evacuees), while the Lighthouse Hotel remains closed, with damage extent, costs, and timeline not yet determined. The Company estimates renovation costs will be covered by the Property Tax Authority. In addition, starting in June 2025, the Group’s hotels, mainly in Tel Aviv, began hosting evacuees displaced within the framework of Operation “Rising Lion.”

It should be clarified that the prolongation and/or escalation of the Iron Swords War and its impact on the tourism industry as a whole (both domestic tourism and incoming tourism) may affect demand for the Company’s hotels and impact the business results of the Company’s hotel operations in the coming quarters, the scope of which cannot currently be estimated.

**Possible impacts of a prolonged and expanded war:**

A further prolongation of the fighting and/or expansion of the War to additional fronts of high intensity may materially affect the Company’s operations, as it may lead to: (1) cancellation/reduction of projects and delays in the pace of initiation processes and entry into new projects; (2) delays in planning, licensing, and execution processes of projects, which may lead to delays in completing projects and delivering them to purchasers; (3) deterioration in the financial resilience of subcontractors and key suppliers; (4) increase in construction costs (including due to a shortage of manpower) and a significant rise in the Construction Inputs Index; (5) significant decline in demand for residential units/office space/commercial space marketed by the Company (due to impairment of the economic ability of potential purchasers/tenants, Bank of Israel decisions imposing restrictions on banks that reduce the ability to grant benefits to purchasers, poor general sentiment, and uncertainty associated with a wartime period); (6) decline in selling/rental prices and/or departure of tenants; (7) limitation of the volume of bank credit to the real estate sector, raising of minimum equity requirements to be invested by the Company in projects, tightening of financing terms, and postponement of the provision of financing required by the Company for its operations (since this is also conditioned, inter alia, on the pace of marketing of apartments/offices/lease of spaces in projects); (8) excess supply of spaces for lease, which will affect capitalization rates as well as the Company’s projected NOI; (9) purchasers/tenants failing to meet their obligations toward the Company; (10) impact on domestic and incoming tourism in a manner that will affect occupancy in the hotels managed by the Company, and accordingly the revenues and profitability of this sector.

**The notes attached to the condensed consolidated financial statements form an integral part thereof.**



**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 5 – Transactions and Events After the End of the Report Period:**

**A. Kremenitzky, Tel Aviv**

Further to that stated in Note 4J, on July 2, 2025, after the balance sheet date, the transaction was completed and the purchasers paid the full consideration through equity and a bank loan. On July 2, 2025, the project partnership entered into a loan agreement with a local bank (the “Bank”) for a financing framework of approximately NIS 309 million for purchasing the land in the project, paying the VAT, and covering ancillary needs relating to the purchase of the land (the “Loan”), under terms the main points of which are as follows:

1. The credit framework will be re-provided from time to time at the request of the project partnership only, with its final repayment date falling no later than July 1, 2027.
2. The Loan includes a bridging loan in the amount of approximately NIS 58 million for the payment of VAT, with its repayment date set for October 2, 2025.
3. The Loan bears variable annual interest at prime plus a margin of 0.05%–0.3%.
4. To secure Loan repayment, fixed first-ranking liens were registered in favor of the Bank as agreed.

**B. Associated Company – Lev Bavli Ltd. – Bank Loan**

Further to that stated in Note 8B(4)(b) of the Company’s consolidated financial statements as of December 31, 2024, on July 2, 2025, after the balance sheet date, the project partnerships, including the Company (hereinafter together: the “Partnerships”), entered into a financing agreement with a local bank and an institutional body (together: the “Lenders”) for the provision of a financing framework not to exceed approximately NIS 2 billion, including financial credit (the “Financial Credit”) and a framework of guarantees and securities under the Sale Law, as well as guarantees to owners including in favor of banks that provided mortgages to owners (the “Credit and Sale Law Guarantee Framework”). Pursuant to the financing agreement, the Financial Credit framework will not exceed a total of approximately NIS 288 million (the “Financial Credit”) and will serve to finance the construction costs of the project.

The credit utilized under the credit facility will be repaid upon completion of the project, i.e., on March 31, 2030. The credit facility will bear annual interest at Prime + 0.4% as well as customary fees in loans of this type, including in connection with guarantees, in the range of 0.5% to 1%.

To secure repayment of the loan, liens agreed with the lenders were registered in favor of the lenders. In addition, the acquiring partners provided the lenders with a guarantee to secure repayment of the credit facility, limited to the amount of NIS 2.75 billion, under which each of them is jointly and severally liable for 50% of all debts and obligations to the lenders.

It should be noted that as of the date of publication of the Report, there are two tenants who refuse to sign the mortgage documents in favor of the financing bank (one of whom was subject to a proceeding before the Supervisor of Condominiums, which resulted in a judgment pursuant to which the tenant signed the urban renewal agreement) (the “Defaulting Tenants”). In light of the above, the developer intends to act against the Defaulting Tenants through legal proceedings, and accordingly the project commencement date may be delayed (although this is not certain). In the Company’s assessment, as a result of the foregoing, no material exposure or material delay in the project is expected.

**C. Midtown Jerusalem – Bank Loan**

Further to Note 4D, on July 30, 2025, after the balance sheet date, the project company entered into a financing agreement with a local bank and institutional investors (together: the “Lenders”) for the provision of a financing facility in an amount not to exceed approximately NIS 4.38 billion (obligo, including financial credit and Sale Law guarantees), of which a financial credit facility in the total amount of up to approximately NIS 1.56 billion (the “Financial Credit”) was included. The Financial Credit will be used for the repayment of the existing loan provided in respect of the land, as well as for financing the construction of the project. In addition, a mezzanine loan was provided by the Lenders in an amount not to exceed NIS 130 million, at the same interest rate as the Financial Credit; all for the purpose of advancing the construction of the entire project.

The credit utilized under the credit facilities will be repaid within six months of the completion of the project, which will be no later than February 28, 2031 (i.e., no later than August 31, 2031), while bank guarantees and Sale Law guarantees will expire in accordance with their terms.

The Financial Credit facility will bear annual interest at Prime + 0.5%–0.9%. To secure repayment of the loan, first-ranking fixed charges agreed with the Lenders were registered in favor of the Lenders. In addition, the Company provided an unlimited guarantee to secure repayment of the credit facility.

**The notes attached to the condensed consolidated financial statements form an integral part thereof.**

**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 5 – Transactions and Events After the End of the Report Period (continued):**

**D. “New Ramat Hasharon” Project**

Further to Note 15D in the Company’s Consolidated Financial Statements as of December 31, 2024, on July 24, 2025, after the balance sheet date, the Company received the protocol of the Subcommittee for Appeals of the National Planning and Building Council (the “Committee”), according to which the filed appeal was denied. Accordingly, the “New Ramat Hasharon” plan was published for validation in the Official Gazette.

**E. ICR – Residential Project in Netanya, Parcel 1009 – “Ocean 2” Project**

Further to Note 8B(4)(F)(8) in the Company’s Consolidated Financial Statements as of December 31, 2024, on July 24, 2025, after the balance sheet date, ICR received Form 4 for the Ocean 2 Project in Netanya.

**F. Joint Transaction – Vertical City Ltd.**

Further to Note 8B(4)(G) in the Company’s Consolidated Financial Statements as of December 31, 2024, on August 14, 2025, after the balance sheet date, the Company signed an agreement to increase the land loan facility by an additional NIS 155 million under the same interest terms, until December 31, 2025. In parallel, the project company is working with the bank toward entering into an agreement for financing excavation, shoring works, and construction of the public parking lot, as well as a voucher arrangement.

**G. Merger Transaction between Israel Canada Hospitality and DNA Group**

On July 16, 2025, after the balance sheet date, the Company’s Audit Committee and Board of Directors approved the Company’s entry into a merger agreement, in accordance with Section 103(T) of the Income Tax Ordinance [New Version], between Israel Canada Hospitality Ltd. (approximately 68% held by the Company, the “Hospitality Company”) and DNA (T.R.) Ltd. (“DNA”) (a public company whose securities are traded on the stock exchange, controlled by Messrs. Assaf Tuchmair and Barak Rosen), subject to the fulfillment of preconditions. As of the date of publication of the Report, to the best of the Company’s knowledge, the approvals of DNA’s corporate bodies for the merger transaction, as required by law, have not yet been received, and not all preconditions for the merger transaction have been fulfilled. Each of the Company, the Hospitality Company, and DNA will act to re-approve the merger transaction in their respective relevant corporate bodies and as required, based on the financial statements as of June 30, 2025.

**G. Derivative Action Demand Letter**

On July 7, 2025, after the balance sheet date, the Company received a letter from a shareholder of the Company (as claimed by him) (the “Shareholder”), demanding that a lawsuit be filed against Messrs. Assaf Tuchmair and Barak Rosen (the “Controlling Shareholders”), the controlling shareholders of the Company who serve as Chairman of the Board of Directors and as a Director and the Company’s CEO, pursuant to Section 195 of the Companies Law, 5759-1999 (the “Companies Law”), or alternatively, if the Company chooses not to do so, to provide the Shareholder with documents in accordance with Sections 197A–198 (sic) of the Companies Law (the “Demand Letter”).

The main allegation allegedly raised in the Demand Letter is that the Controlling Shareholders, who are also the controlling shareholders of Canada Global (T.R.) Ltd., a public company whose securities are traded on the stock exchange and which operates in the field of real estate outside Israel (“Canada Global”) (excluding real estate activity in Greece, Cyprus, Canada, Panama, the Dominican Republic, Portugal, and hospitality operations worldwide (including a mixed-use project that also includes non-hospitality designations, provided that the majority of the approved building rights therein, in square meters, are designated for hospitality use)), allegedly exploited a business opportunity of the Company, as below.

The Shareholder alleges in the Demand Letter, inter alia, that Canada Global entered into real estate purchase transactions in the United States, while the Company had reported publicly that it also operates, in addition to real estate activity in Israel, in the field of development real estate in Russia and Poland. According to the Shareholder, these areas are core business areas of the Company or alternatively adjacent areas of activity. Accordingly, in the Shareholder’s view, the Controlling Shareholders should have offered the transactions carried out by Canada Global to the Company. Another main claim of the Shareholder is that the activity delineation arrangement between the Company and the Controlling Shareholders, as approved by the general meeting of the Company’s shareholders, expired on March 5, 2020, after three years from the date of its approval. The Shareholder further claims in the Demand Letter that the acts described by him also establish a cause of action for the Company against Canada Global. The Company is reviewing the Demand Letter and formulating its position on it in its corporate bodies, in accordance with the provisions of the law.

**The notes attached to the condensed consolidated financial statements form an integral part thereof.**

**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 6 – Segment Reporting**

**A. General:**

Operating segments are identified on the basis of the internal reports concerning the components of the Group, which are regularly reviewed by the Group's chief operating decision maker for the purpose of allocating resources and assessing the performance of the operating segments. The reporting system provided to the Group's chief operating decision maker for the allocation of resources and evaluation of performance of the different segments is based on geographical regions, the method of marketing the projects, as well as the manner of generating revenues from the project and the operating profit. With respect to projects managed through an investee company in which the Company is a partner and which are presented in the Financial Statements under the equity method, the data are reviewed on the basis of the Company's relative share in the project. General and administrative expenses are not allocated to the Company's segments and therefore appear under "Unallocated expenses."

The Company's operating segments, in accordance with IFRS 8, are as follows:

- **Segment A – Project Construction in Israel:** Generates revenues from projects in Israel in which the Group constructs and sells commercial areas and/or offices and/or apartments under the Sale Law as well as revenues from land sales at an opportunistic price.
- **Segment B – Real Estate in Israel:** Generates revenues from the Company's activity in the sale and/or marketing of land in Israel.
- **Segment C – Investment Property in Israel:** Generates revenues from the Company's activity in leasing and/or land in Israel designated for development for leasing purposes.
- **Segment D – Hotels Segment:** Represents the Company's activity in the hotel sector.
- **Segment E – Real Estate in Russia:** Represents the Company's activity in a project in Russia.
- **Segment F – Others:** Represents primarily the Company's activity in initiating and managing purchase groups in Israel, investing in innovation corporations related to the real estate sector, senior housing, management of parking lots, and a project in Poland.

**The notes attached to the condensed consolidated financial statements form an integral part thereof.**

**Israel-Canada (T.R.) Ltd.**

**Notes to the Condensed Consolidated Financial Statements**

**Note 6 – Segment Reporting (continued):**

**B. Analysis of Revenues and Results by Operating Segments:**

	For the six-month period ended June 30, 2025 (unaudited)							
	Establishing projects in Israel	Real property in Russia	Real property In Israel	Investment real estate in Israel	Hotels	Other	Adjustments	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Income	170,751	1,236	105,331	44,078	157,588	10,484	(90,124)	399,344
Sector's results	13,841	1,063	53,763	23,384	413	4,527	(26,682)	70,309
Non-attributable expenses								(35,691)
Financing expenses								(102,498)
Financing income								28,225
Loss before income tax								(39,655)
Sector assets	5,570,808	202,690	1,341,903	3,717,552	2,098,817	315,469	(1,457,541)	11,789,698
Sector liabilities	(4,075,644)	(84,179)	(664,725)	(1,852,319)	(1,696,441)	(163,918)	267,146	(8,270,080)

**The notes attached to the condensed consolidated financial statements form an integral part thereof.**

**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 6 - Sector Reporting (cont.)**

**B. Analysis of income and expenses based on sector of activity: (cont.)**

	For the six-month period ended June 30, 2024 (unaudited)						
	Establishing projects in Israel	Real property in Russia	Land in Israel	Investment real estate in Israel	Hotels	Other	Adjustments for consolidated
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	Total NIS thousands
Income	259,182	48,709	22,918	37,360	143,945	9,244	(177,158)
Sector's results	39,138	48,190	12,762	46,715	30,431	(198)	(34,204)
Non-attributable expenses							(43,008)
Financing expenses							(80,384)
Financing income							19,389
<b>Profit before income tax</b>							<b>38,829</b>
Sector assets	4,628,163	241,448	1,199,433	3,196,861	1,112,778	269,634	(1,491,571)
Sector liabilities	(3,599,750)	(84,179)	(522,248)	(1,689,530)	(893,310)	(151,083)	922,428

The notes attached to the condensed consolidated financial statements form an integral part thereof.

**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 6 - Sector Reporting (cont.)**

**B. Analysis of income and expenses based on sector of activity: (cont.)**

	For the three-month period ended June 30, 2025 (unaudited)							
	Establishing projects in Israel	Real property in Russia	Real property In Israel	Investment real estate in Israel	Hotels	Other	Adjustments	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Income	54,442	601	51,161	22,246	101,660	4,896	(8,956)	226,050
Sector's results	(5,635)	470	23,730	28,807	5,422	5,018	(18,854)	38,959
Non-attributable expenses								(18,604)
Financing expenses								(38,182)
Financing income								9,915
Loss before income tax								(7,912)

The notes attached to the condensed consolidated financial statements form an integral part thereof.

**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 6 - Sector Reporting (cont.)**

**B. Analysis of income and expenses based on sector of activity: (cont.)**

<b>For the three-month period ended June 30, 2024 (unaudited)</b>							
	<b>Establishing projects in Israel</b>	<b>Real property in Russia</b>	<b>Land in Israel</b>	<b>Investment real estate in Israel</b>	<b>Hotels</b>	<b>Other</b>	<b>Adjustments for consolidated Total</b>
	<b>NIS thousands</b>	<b>NIS thousands</b>	<b>NIS thousands</b>	<b>NIS thousands</b>	<b>NIS thousands</b>	<b>NIS thousands</b>	<b>NIS thousands</b>
Income	96,980	889	9,046	16,962	77,898	2,317	158,391
Sector's results	3,081	3,522	3,839	48,530	16,275	(1,844)	67,507
Non-attributable expenses							(15,142)
Financing expenses							(65,209)
Financing income							11,135
<b>Loss before income tax</b>							<b>(1,708)</b>

The notes attached to the condensed consolidated financial statements form an integral part thereof.

**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 6 - Sector Reporting (cont.)**

**B. Analysis of income and expenses based on sector of activity: (cont.)**

	For the year ended December 31, 2024							
	Establishing projects in Israel	Real property In Israel	Investment real estate in Israel	Hotels	Real property in Russia	Other	Adjustments for consolidated	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Income	465,575	54,310	88,619	291,017	57,088	19,982	(202,355)	774,236
Sector's results	51,797	30,775	205,539	33,333	56,020	(3,334)	(38,675)	335,456
Non-attributable expenses								(75,204)
Financing expenses								(133,280)
Financing income								91,025
Profit before income tax								217,997
Sector assets	5,073,846	1,179,779	3,506,612	1,291,253	181,305	290,621	(567,116)	10,956,300
Sector liabilities	(4,096,135)	(598,434)	(1,879,255)	(931,172)	(84,179)	(156,414)	251,677	(7,493,912)
Additional Information:								
Appreciation of investment real estate, net	-	-	146,787	-	-	725	(120,104)	27,408
Cost of sales	(383,434)	(17,077)	(21,009)	(257,682)	-	(23,982)	344,471	(358,712)
Depreciation and amortization	-	(10)	(997)	(53,324)	-	(71)	(676)	(55,079)
Financing expenses	(236,370)	(36,073)	(107,578)	(51,122)	(36,073)	(10,398)	345,012	(133,280)

The notes attached to the condensed consolidated financial statements form an integral part thereof.



**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 7 - Investments accounted for using the equity method:**

**A. Summary financial information for a material affiliate - Morgal Investments LLC:**

The following are the amounts as they appear in the reports of the affiliate:

	<b>As of June 30</b>		<b>As of December 31</b>
	<b>2025</b>	<b>2024</b>	<b>2024</b>
	<b>NIS thousands</b>	<b>NIS thousands</b>	<b>NIS thousands</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>
Current assets	25,886	162,237	25,198
Non-current assets	284,287	283,470	237,306
Current liabilities	(25,865)	(72,527)	(26,626)
Non-current liabilities	(71,443)	(102,187)	(50,984)
Capital attributed to shareholders	(212,865)	(270,994)	(184,894)
Company's share of equity, net	106,432	135,497	92,447
Loans and other adjustments	41,484	50,353	43,582
Carrying amount of the investment in the associate	147,916	185,850	136,029

	<b>For a period of six months ended June 30</b>		<b>For a period of three months ended June 30</b>		<b>Year ended December 31</b>
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2024</b>
	<b>NIS thousands</b>	<b>NIS thousands</b>	<b>NIS thousands</b>	<b>NIS thousands</b>	<b>NIS thousands</b>
	<b>(Unaudited)</b>		<b>(Unaudited)</b>		<b>(Audited)</b>
Income	47	97,418	-	1,778	98,556
Gross profit	47	97,418	-	1,778	98,556
Operating profit (loss)	(5,688)	103,172	(3,124)	5,447	101,852
Profit (loss) after tax	(8,429)	76,925	(4,747)	1,011	33,048
Profit (loss) belonging to shareholders	(8,429)	76,925	(4,747)	1,011	33,048
Company's share of profit (loss)	(4,215)	38,462	(2,374)	505	16,524

The notes attached to the condensed consolidated financial statements form an integral part thereof.

**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 7 - Investments accounted for using the equity method (cont.):**

**B. Summary financial information for a material affiliate - Vertical City Ltd.:**

The following are the amounts as they appear in the reports of the affiliate:

The financial statements of the associated company are attached to the Company's reports in accordance with Article 23(a).

	<b>As of June 30</b>		<b>As of December 31</b>
	<b>2025</b>	<b>2024</b>	<b>2024</b>
	<b>NIS</b>	<b>NIS</b>	<b>NIS</b>
	<b>thousands</b>	<b>thousands</b>	<b>thousands</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>
Current assets	<u>714,122</u>	<u>758,844</u>	<u>726,612</u>
Non-current assets	<u>1,035,906</u>	<u>781,054</u>	<u>1,021,636</u>
Current liabilities	<u>(805,071)</u>	<u>(809,407)</u>	<u>(800,674)</u>
Non-current liabilities	<u>(582,158)</u>	<u>(628,520)</u>	<u>(565,528)</u>
Capital attributed to shareholders	<u>(362,799)</u>	<u>(101,971)</u>	<u>(382,046)</u>
Company's share of equity, net	<u>202,805</u>	<u>57,001</u>	<u>213,564</u>
Loans and other adjustments	<u>267,007</u>	<u>354,036</u>	<u>260,911</u>
Carrying amount of the investment in the associate	<u>469,812</u>	<u>411,037</u>	<u>474,475</u>

	<b>For a period of six months ended June 30</b>		<b>For a period of three months ended June 30</b>		<b>Year ended December 31</b>
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2024</b>
	<b>NIS</b>	<b>NIS</b>	<b>NIS</b>	<b>NIS</b>	<b>NIS</b>
	<b>thousands</b>	<b>thousands</b>	<b>thousands</b>	<b>thousands</b>	<b>thousands</b>
	<b>(Unaudited)</b>		<b>(Unaudited)</b>		<b>(Audited)</b>
Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gross profit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating profit (loss)	<u>(28,067)</u>	<u>(12,010)</u>	<u>(13,738)</u>	<u>(913)</u>	<u>187,083</u>
Profit (loss) after tax	<u>(19,247)</u>	<u>(8,561)</u>	<u>(8,900)</u>	<u>(299)</u>	<u>146,738</u>
Profit (loss) belonging to partners	<u>(19,247)</u>	<u>(8,561)</u>	<u>(8,900)</u>	<u>(299)</u>	<u>146,738</u>
Company's share in profit (loss)	<u>(10,759)</u>	<u>(4,786)</u>	<u>(4,975)</u>	<u>(167)</u>	<u>82,027</u>

The notes attached to the condensed consolidated financial statements form an integral part thereof.

**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 7 - Investments accounted for using the equity method (cont.):**

**C. Summary financial information for a material affiliate - Israel Canada Rem Projects Ltd. (ICR):**

The following are the amounts as they appear in the reports of the affiliate:

The financial statements of the associated company are attached to the Company's reports in accordance with Article 23(a).

	<b><u>As of June 30</u></b>		<b><u>As of December 31</u></b>
	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2024</u></b>
	<b><u>NIS thousands</u></b>	<b><u>NIS thousands</u></b>	<b><u>NIS thousands</u></b>
	<b><u>(Unaudited)</u></b>		<b><u>(Audited)</u></b>
Current assets	<u>3,210,358</u>	<u>3,128,346</u>	<u>3,217,275</u>
Non-current assets	<u>244,554</u>	<u>103,927</u>	<u>112,207</u>
Current liabilities	<u>(2,537,059)</u>	<u>(2,437,395)</u>	<u>(2,410,600)</u>
Non-current liabilities	<u>(361,651)</u>	<u>(512,840)</u>	<u>(375,464)</u>
Capital attributed to shareholders	<u>(556,202)</u>	<u>(282,038)</u>	<u>(543,418)</u>
Company's share of equity, net	<u>236,386</u>	<u>141,019</u>	<u>230,952</u>
Loans and other adjustments	<u>98,564</u>	<u>162,843</u>	<u>102,562</u>
Carrying amount of the investment in the associate	<u>334,950</u>	<u>303,862</u>	<u>333,514</u>

	<b><u>For a period of six months ended June 30</u></b>		<b><u>For a period of three months ended June 30</u></b>		<b><u>Year ended December 31</u></b>
	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2024</u></b>
	<b><u>NIS thousands</u></b>	<b><u>NIS thousands</u></b>	<b><u>NIS thousands</u></b>	<b><u>NIS thousands</u></b>	<b><u>NIS thousands</u></b>
	<b><u>(Unaudited)</u></b>		<b><u>(Unaudited)</u></b>		<b><u>(Audited)</u></b>
Income	<u>319,435</u>	<u>435,412</u>	<u>99,231</u>	<u>184,591</u>	<u>841,662</u>
Gross profit	<u>70,861</u>	<u>87,654</u>	<u>20,500</u>	<u>38,412</u>	<u>132,737</u>
Operating profit	<u>59,286</u>	<u>77,447</u>	<u>19,404</u>	<u>28,411</u>	<u>121,224</u>
Profit (loss) after tax	<u>13,158</u>	<u>31,289</u>	<u>(1,313)</u>	<u>7,667</u>	<u>35,608</u>
Profit (loss) belonging to partners	<u>13,158</u>	<u>31,289</u>	<u>(1,313)</u>	<u>7,667</u>	<u>35,608</u>
The Company's share in the profit (loss)	<u>5,903</u>	<u>15,644</u>	<u>(817)</u>	<u>3,833</u>	<u>20,013</u>

**The notes attached to the condensed consolidated financial statements form an integral part thereof.**

**Israel-Canada (T.R.) Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 8 - Approval of reports**

The financial statements were approved for publication on August 26, 2025 by the Company's Board of Directors.

**The notes attached to the condensed consolidated financial statements form an integral part thereof.**