MEGA OR

August 5, 2025

To:

Israel Securities Authority
Tel Aviv Stock Exchange Ltd.

www.isa.gov.il
www.tase.co.il

Dear Sir/Madam,

Re: Immediate Report Regarding Dividend Distribution

Pursuant to Regulation 37(a)(1) of the Securities Regulations (Periodic and Immediate Reports), 1970 regarding disclosure upon a decision to distribute a dividend

The company is honored to announce that, in accordance with the decision of the company's Board of Directors on August 4, 2025, the company will distribute a dividend in a total amount of sixty million NIS (NIS 60,000,000), reflecting NIS 1.637 per one ordinary share of the company, to the shareholders of the company (hereinafter: "the distribution").

1. The company's Board of Directors approved the distribution based on the company's financial data as of June 30, 2025, and examined the sources for repayment of existing and expected obligations that the company is required to repay from June 30, 2025, until June 30, 2027, as well as the company's existing unused credit lines and credit frameworks for a longer period, as detailed below.

2. The company's Board of Directors approved the distribution in accordance with the tests set forth in Section 302 of the Companies Law, 1999, as detailed below:

- **2.1 "Profit Test"** — According to the company's audited financial data as of June 30, 2025, the company's retained earnings balance is approximately NIS 2,804 million, and after deducting the distribution amount: the retained earnings balance is approximately NIS 2,744 million.

- **2.2 "Solvency Test"** — The Board of Directors' position is that the distribution does not impair the company's financial strength and that, based on its operations and financial position, there are several additional parameters contributing to its ability to meet its obligations, including, among others:

  - **2.2.1** The company generates regular and stable cash flow from lease agreements with broad diversification.
  - **2.2.2** The company's bonds (Series 6, 7, 9, 10, and 11) are rated by Maalot at +A, and the company's bonds (Series 8 and 12) are rated by Maalot at -AA. In the company's assessment, the distribution is not expected to adversely affect the rating.
  - **2.2.3** The company complies with the financial covenants set forth in the trust deeds it entered into regarding the company's bonds (Series 6, 7, 8, 9, 10, 11, and 12), and the execution of the dividend distribution subject to this immediate report will not impair the company's compliance with the financial covenants or the credit rating, as stated above.
  - **2.2.4** The scope of the company's income-generating assets and assets under construction, for which no loans have been taken, as of the date of the distribution decision, stands at approximately NIS 3.8 billion (excluding the value of shares of BIG SHOPPING CENTERS LTD and DISCOUNT INVESTMENT CORP. LTD. at a value of NIS 0.7 billion as of 30.6.25).
  - **2.2.5** The Board of Directors does not rely on the company's ability to realize assets.
  - **2.2.6** The Board of Directors does not rely on distribution from profits arising from the revaluation of the fair value of financial assets or financial instruments of the company, if any.

- **2.3** Regarding compliance with the solvency test, the Board of Directors considered the following matters:

  - Data regarding the company's financial position, including the scope and structure of its capital and balance sheet, including liquidity ratios and relevant financial ratios, before and after the distribution, and the company's financial debt balance and net financial debt balance;
  - The company's unused bank credit lines and the cash flow forecast from June 30, 2025, until June 30, 2027, the expected payments of interest and principal for the bonds (Series 6, 7, 8, 9, 10, 11, and 12) issued by the company.

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Image alt: Signature

Image alt: Company logo or relevant image

2.4 In the assessment of the company's Board of Directors, the distribution is not expected to materially affect the resources available to the company (on a consolidated basis) for the ongoing repayment of its obligations (on a consolidated basis), since a significant portion of the company's (on a consolidated basis) obligations to its creditors is spread over a relatively long period of up to about 8 years, alongside significant cash and marketable securities balances held by the company (on a consolidated basis) and stable ongoing cash flow from income-generating assets, which may increase significantly.

2.5 Following the examination of the above matters, the Board of Directors confirmed that the company meets the solvency test with respect to the said dividend distribution, including in conservative scenarios.

3. In addition, the company's (on a consolidated basis) obligations to its secured financial creditors (on a consolidated basis) are secured by collateral whose value significantly exceeds the value of the said obligations of the company (on a consolidated basis). Therefore, regarding the repayment of a significant portion of these material financial obligations, in about 2 to about 4 years, as well as additional material secured financial obligations and unsecured financial obligations after the said period (over about 5 additional years), the company's Board of Directors estimates that the company (on a consolidated basis) will be able to repay a substantial part of them through ongoing cash flow and by raising or refinancing these obligations (on a consolidated basis) based on significant excess collateral.

4. Regarding the company's (on a consolidated basis) current obligations and the current maturities of its long-term financial obligations – in the Board of Directors' assessment, the company (on a consolidated basis) has sufficient liquid means to enable it (on a consolidated basis) to meet the said obligations.

5. Furthermore, as of the date of approval of the distribution, there are no special restrictions on the transfer of funds to the company from its controlled entities.

6. After the Board of Directors examined the company's ability to meet its existing and expected cash needs (even in stringent scenarios), including through its cash balances and, if necessary, by raising credit from banking and non-banking sources, as well as the impact of the dividend distribution on the company's ability as stated, the Board of Directors determined that the distribution is not expected to adversely affect the company's financial position, including its capital structure, liquidity, leverage level, compliance with financial requirements and restrictions imposed on it, and its ability to continue operating in its current business format.

7. Based on the above and after the Board of Directors was satisfied, considering the company's financial position at the time of the distribution, that there is no reasonable concern that the distribution will prevent the company from meeting its existing and expected obligations when due, the Board of Directors decided to approve the distribution.

The above information is forward-looking information as defined in the Securities Law, 1968. The company's assessments, based on the analysis of projected cash flow and the company's existing and anticipated obligations, may not materialize, in whole or in part, or may materialize differently than expected, among other things, due to market conditions, changes in the banks' credit policy, political and security changes, and changes in the company's assessment of its ability to cope with market conditions and changes therein.

Respectfully,

MEGA OR HOLDINGS LTD

By: Tsahi Nachmias, Co-CEO and Director
and Chaim Onfelos, CFO

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