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SELLA CAPITAL REAL ESTATE LTD

September 1, 2025

To:

Israel Securities Authority  
[www.isa.gov.il](http://www.isa.gov.il)

TEL AVIV STOCK EXCHANGE LTD  
[www.tase.co.il](http://www.tase.co.il)

**Subject:** SELLA CAPITAL REAL ESTATE LTD (the "Company") – Immediate Report Regarding a Material Private Offering and a Non-Material Private Offering According to the Securities Regulations (Private Offering of Securities in a Listed Company), 2000 (the "Regulations") of Warrants and Restricted Shares

1. Introduction

1.1

The private offering subject to this report is in accordance with the management agreement between the Company and Sella Capital Investment Ltd., as approved at the Company's general shareholders meeting on 24.02.2025 and which came into effect on 18.03.2025 (the "Offeree" or the "Management Company" and the "Management Agreement", respectively); and also according to the provisions of the Company's compensation policy as approved at the general shareholders meeting on 24.02.2025 (the "Compensation Policy"). For further details regarding the Company's compensation policy and the management agreement, see the Company's immediate report dated 03.02.2025 (reference number: 2025-01-008432), and also Note 12 to Chapter C (the financial statements), in the Company's periodic report for 2024, as published on 27.02.2025 (reference number: 2025-01-013522) (the "Periodic Report").

1.2

The above allocation is subject to the approval of the TEL AVIV STOCK EXCHANGE LTD (the

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"Stock Exchange") for the listing for trading of the allocated shares (as defined below).

1.3

According to Regulation 1 of the Regulations, any offer to a director or CEO that is not an exceptional private offering is considered a material private offering. Therefore, a material private offering report is submitted regarding the private offering to Mr. Shmuel Slavin, Chairman of the Company's Board of Directors, Mr. Eli Ben Hamo, a director in the Company, and Mr. Gadi Elikam, the Company's CEO (together: the "Offerees").

The Allocated Shares

1.4

As part of the consideration for management services, the Company has committed that as long as the management agreement is in effect, it will allocate to the Management Company, for itself and for its officers and employees, ordinary shares of the Company (the "Allocated Shares"), subject to meeting parameters set in the Company's compensation policy, and in an amount derived from the Company's asset value at the time of allocation, and at times as detailed below.

1.5

The ordinary shares are granted to the Management Company according to its rights under the provisions of



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**1.6** According to the provisions of the management agreement and compensation policy, the Management Company and any of its officers and employees, from time to time, will be allocated shares and options to shares of the Company, in the scope and under the conditions set in the management agreement and compensation policy.

**1.7** According to the provisions of the management agreement and compensation policy, at this time, the Company must allocate to the Management Company and/or its designees, 228,700 ordinary shares, for the first half of 2025 (the "Allocated Shares"). It should be noted that the allocation of the Allocated Shares is subject to the approval of the Stock Exchange.

**1.8** The Allocated Shares will be registered in the name of the Company in the records of the TEL AVIV STOCK EXCHANGE LTD.

**2. The Offeree – The Management Company**

**2.1** To the best of the Company's knowledge, the Company's CEO, Mr. Gadi Elikam, who is employed by the Company through the Management Company, as well as Mr. Shmuel Slavin, Chairman of the Board, and Eli Ben Hamo, a director in the Company, who are shareholders in the Management Company and employed by it, may be entitled to Allocated Shares from time to time by the Company for employees of the Management Company. Therefore, and for the sake of caution, a material private offering report is submitted regarding the private offering of the Allocated Shares to the Management Company as described in this report.

**2.2** To the best of the Company's knowledge, the Management Company has no controlling shareholder. For details about the shareholders of the Management Company, see the immediate report published by the Company on July 7, 2025, regarding the holdings of interested parties and senior officers in the Company (reference number: 2025-01-049870), the information of which is incorporated herein by reference.

**2.3** As of the date of this report, the Management Company holds 2,516,136 shares of the Company, constituting approximately 1.06% of the Company's issued share capital. On a fully diluted basis, the Management Company holds 1.23% of the Company's issued and paid-up share capital.

**3. Details According to the Sixth Schedule to the Securities Regulations (Periodic and Immediate Reports), 1970**

The Offerees are employees of the Management Company and the compensation paid to them is paid solely by the Management Company (and not by the Company). For details regarding the management agreement and the compensation paid to the Management Company by the Company, see Regulation 21 in Part D of the periodic report, which is incorporated herein by reference.



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**4. Agreements Between the Offerees and Holders of the Company's Shares**

To the best of the Company's knowledge, and according to information provided to it by the Offerees, there are no agreements, written or oral, between the Offerees and holders of the Company's shares, or with others, regarding the purchase or sale of the Company's securities or regarding voting rights in the Company.

**5. Personal Interest**

Mr. Shmuel Slavin, Chairman of the Board, Eli Ben Hamo, Director, and Gadi Elikam, CEO of the Company, are officers of the Company and Offerees according to this report.

**6. Prohibition or Restriction on the Offerees in Performing Actions in the Securities**

The Company's articles of association contain restrictions on the holdings of a shareholder in the Company's capital and set sanctions to be imposed on any shareholder who exceeds the said holding limit, all as detailed in Article 10 of the Company's articles. The Offerees will act accordingly and will not exceed the said holding limit.

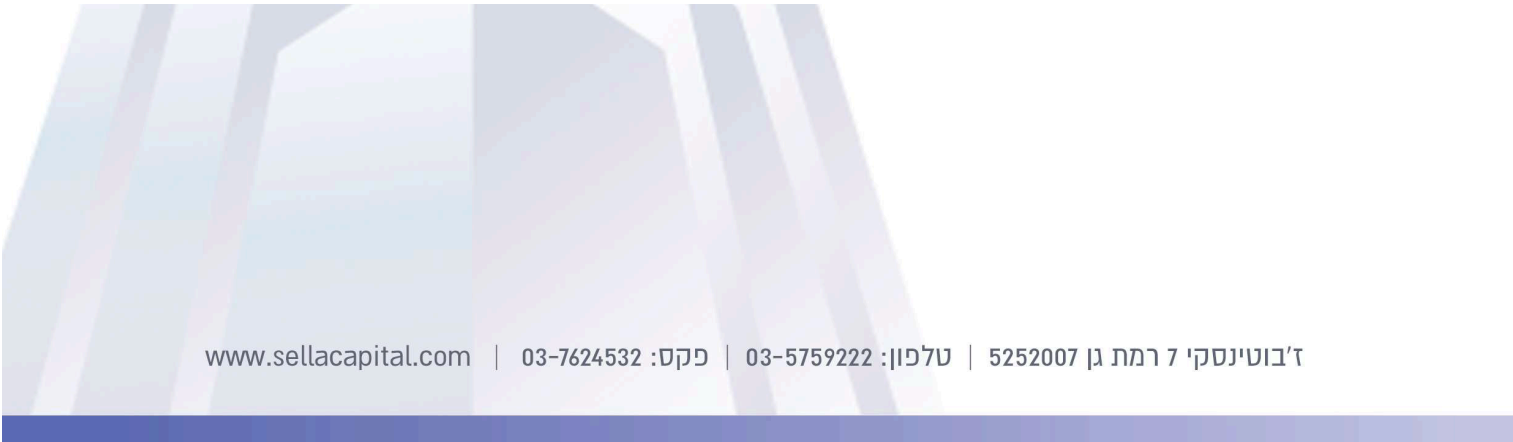
**7. Terms of the Allocated Shares**

- **7.1** The Allocated Shares will have identical rights to the other ordinary shares existing in the Company's capital and will be allocated free of any lien, attachment, pledge, or other third-party right.
- **7.2** The Allocated Shares are allocated to the Management Company as part of the consideration paid to the Management Company for management services provided by it to the Company during the first half of 2025.
- **7.3** All Allocated Shares will be allocated by the Company to the Management Company and/or its employees who provide services to the Company (as may be from time to time), according to its instructions and at the sole discretion of the Management Company.
- **7.4** The value of the Allocated Shares under this report for the first half of 2025 is approximately NIS 2.34 million. The annual value of the shares to be allocated to the Management Company is determined in the management agreement as a derivative of the Company's asset value, as follows:

Company Asset Value	Maximum Annual Value of Restricted Shares in NIS millions
From 0 to NIS 2 billion	0
From NIS 2 billion to NIS 5 billion - Compensation for each NIS 1 billion	1
For each increase of NIS 1 billion (above NIS 5 billion up to NIS 10 billion)	0.85
Above NIS 10 billion	No addition



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**7.5** The restricted shares will be allocated to the Management Company, according to the calculation detailed in section b below. The allocation of shares for each quarter will be subject to meeting one of the following parameters (which will be examined according to the data detailed in the Board of Directors' report as mentioned):

- Quarterly FFO yield: not less than 8% on an annual basis; and-
- The NOI in the quarter reflects at least 90% compliance with the annual NOI index.

**7.6** The number of Allocated Shares for each quarter will be determined according to the annual value of the restricted shares (as calculated based on the Company's assets at the end of the relevant quarter), as detailed in the table above, divided by four, divided by the average closing price of the Company's share, as determined on the Stock Exchange, in the thirty (30) trading days preceding the end of the relevant quarter (subject to adjustments due to the occurrence of an "ex-date" for dividend distribution during the said trading days, if applicable).

**7.7** The restricted shares will be held in trust by a trustee and will be restricted until the end of 36 months from the date of allocation or until the end of the updated management agreement and/or the extended agreement (if extended), whichever is earlier, at which time they will be transferred from the trustee to the Management Company or to the employees of the Management Company, as applicable.

**7.8** In the event that restricted shares are allocated to an Offeree employed through the Management Company and according to its instructions, then, in any case of termination of employment by the Management Company, for any reason, except in circumstances that deny severance pay by law, a proportional part (calculated linearly) of the restricted shares held by the trustee for that employee and vested at that time will be released from the restriction and transferred to the employee, provided that he is employed by the Management Company for at least one year. The remaining restricted shares not yet vested at the time of termination, or all restricted shares held by the trustee for the employee in the event of termination in circumstances that deny severance pay, will be transferred to the Management Company, which may act with them at its sole discretion.

**7.9** The Management Company will be entitled to vote by virtue of the restricted shares at the Company's general meeting and will also be entitled to dividends and/or any other right granted to the restricted shares during the trust period. This section will also apply to employees of the Management Company if restricted shares are allocated to them by the Management Company.

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**7.10** The Company's Board of Directors has no discretion to reduce and/or increase the number of shares to be allocated and/or



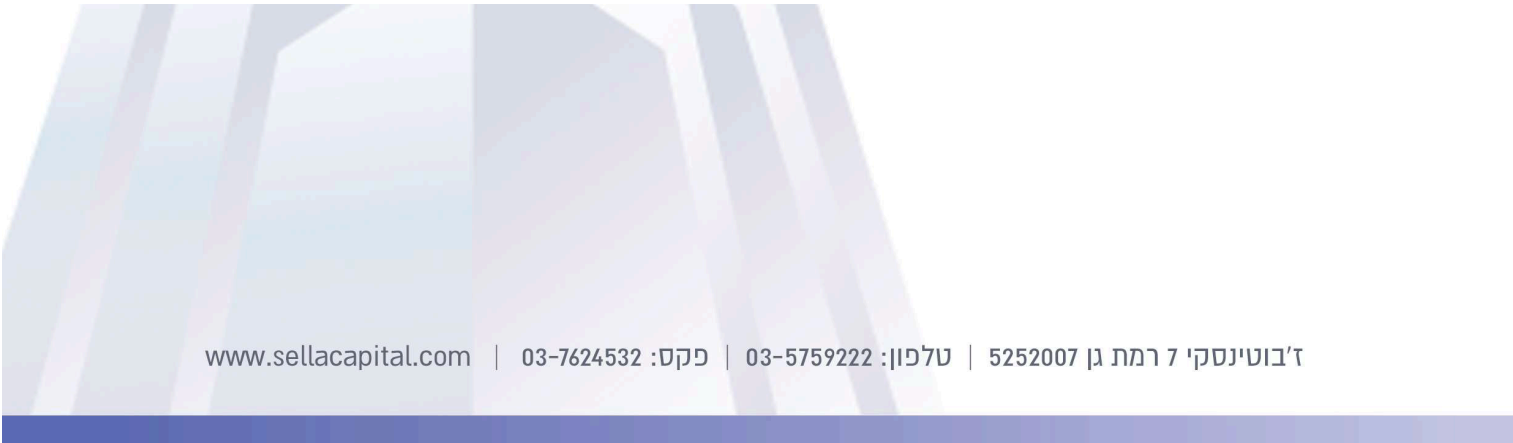
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of the value of the benefit inherent in their allocation.

**7.11** To the extent permitted by law, the grant of the restricted shares will be made according to Section 102 of the Income Tax Ordinance.

**8.** Number of Allocated Shares and the Percentage They Constitute of the Company's Capital and Voting Rights

A total of 228,700 ordinary shares of the Company with a par value of NIS 1 each will be allocated to the Offerees under this report. The Allocated Shares constitute approximately 0.10% of the issued share capital and voting rights in the Company after the allocation (about 0.09% on a fully diluted basis).

## **9. Share Price on the Stock Exchange**

The share price at which the Allocated Shares are offered is NIS 9.11. The closing price of the Company's share on the Stock Exchange on 31.08.2025, shortly before the publication of the report, was NIS 10.30. The price at which the Allocated Shares are offered is about 11.5% lower than the closing price on the Stock Exchange shortly before the publication of the report as stated.

## **Main Points of the Transaction**

The Offeree in connection with the Allocated Shares is the Company's Management Company. The Management Company provides the Company with management services, including, among other things, identifying investments for the Company, examining their feasibility and negotiating agreements related to these investments, providing economic and financial advice, overseeing and managing investments, advising and assisting in raising capital for the Company, as well as providing full-time CEO services to the Company ("Management Services"). For further details regarding the management services and the main terms of the Management Company's compensation, see the Company's compensation policy and also Note 12 to Chapter C (the financial statements) in the periodic report, which are incorporated herein by reference.

For details according to the Sixth Schedule to the Securities Regulations (Periodic and Immediate Reports), 1970, see Regulation 21 in Chapter D (Additional Details about the Corporation) in the periodic report, which is incorporated herein by reference.

10. The Company's Share Capital and Management Company's Holdings

The Company's registered share capital is NIS 1,000,000,000, divided into 1,000,000,000 ordinary shares of NIS 1 par value each. As of the date of this private offering report, the Company's issued share capital is 238,204,496 ordinary shares.

To the best of the Company's knowledge, the percentage of holdings of interested parties in the Company's share capital, as of the date of this report and after the allocation of the warrants to shares as detailed in Part A above, and the Allocated Shares as detailed in this Part B, are as follows:

Holder Name	Number of Shares Before Allocation	Holding Percentage Before Allocation	Holding Percentage After Allocation	Holding Percentage After Allocation (Fully Diluted)
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	Shareholder Name	Number of Shares	Percentage of Ordinary Share Capital	Percentage of Ordinary Share Capital and Warrants	Percentage of Ordinary Share Capital and Warrants (Fully Diluted)
1.	CLAL INSURANCE ENTERPRISES HOLDINGS LTD. (Provident Funds)	18,690,675	7.85%	7.84%	7.14%
2.	CLAL INSURANCE ENTERPRISES HOLDINGS LTD. (Participating)	8,476,004	3.56%	3.55%	3.24%
3.	Meitav Dash Investments Ltd. (Mutual Funds)	10,970,184	4.61%	4.60%	4.19%
4.	Meitav Dash Investments Ltd. (Provident Funds)	18,179,392	7.63%	7.62%	6.95%
5.	Phoenix Financials Ltd. – (Nostro)	503,000	0.21%	0.21%	0.21%
6.	Phoenix Financials Ltd. –	182,000	0.08%	0.08%	0.07%

	(Provident Funds)				
7.	Phoenix Financials Ltd. – (Participating)	203,000	0.09%	0.09%	0.08%
8.	Phoenix Financials Ltd. – (Mutual Funds)	10,819,000	4.54%	4.54%	4.14%
9.	Analyst EMS Management Services Ltd. (Provident Funds)	10,445,000	4.38%	4.38%	3.99%
10.	Analyst EMS Management Services Ltd. (Mutual Funds)	1,444,000	0.61%	0.61%	0.55%
11.	Yelin Lapidot (Provident Funds)	9,875,000	4.15%	4.14%	4.80%
12.	Yelin Lapidot (Mutual Funds)	2,058,000	0.86%	0.86%	0.79%
13.	Eli Ben Hamo	3,190,765	1.34%	1.36%	1.77%
14.	Sella Capital Investment Ltd.	2,516,136	1.06%	1.09%	1.26%
15.	Shmuel Slavin	3,105,752	1.30%	1.33%	1.74%
16.	Gadi Elikam	1,306,647	0.55%	0.56%	0.63%
17.	Bari Bar Zion	46,227	0.02%	0.02%	0.02%
18.	Gili Cohen	40,000	0.02%	0.02%	0.02%

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19.	Dr. Avital Stein	40,000	0.02%	0.02%	0.02%
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**11. Consideration for the Allocated Shares**

According to the provisions of the management agreement and compensation policy, the Allocated Shares will be allocated to the Management Company without consideration, for its services to the Company; this was agreed between the parties as part of negotiations regarding the terms of the management agreement.

The consideration set for the Allocated Shares reflects the fair value according to generally accepted accounting principles as calculated on 31.08.2025.

**12. Interested Parties in the Consideration**

Mr. Shmuel Slavin, Chairman of the Board, and Eli Ben Hamo, Director in the Company, are interested parties in the Company by virtue of their positions, and are also shareholders in the Management Company and serve as officers therein, and therefore may be considered as having a personal interest in the consideration.

**13. Required Approvals and Date of Allocation of the Allocated Shares**

As stated above, the private offering subject to this report is subject to the approval of the Stock Exchange, and the Allocated Shares under the private offering will be allocated to the Management Company after receiving the Stock Exchange's approval as stated above.

**14. Agreements Between the Offeree and the Company or Holders of the Company's Shares**

To the best of the Company's knowledge, and according to information provided to it by the Offeree, there are no agreements, written or oral, between the Offeree and holders of the Company's shares, or with others, regarding the purchase or sale of the Company's securities or regarding voting rights in the Company.

**15. Prohibition or Restriction on the Offeree in Performing Actions in the Allocated Shares**

- **15.1** The Company's articles of association contain restrictions on the holdings of a shareholder in the Company's capital and set sanctions to be imposed on any shareholder who exceeds the said holding limit, all as detailed in Article 10 of the Company's articles. The Offeree will act accordingly and will not exceed the said holding limit.
- **15.2** The Offeree may not transfer the rights to purchase the shares without the Company's prior written approval, in accordance with Section 12 of the management agreement, which stipulates that the Company and the Management Company may not transfer rights or obligations under the management agreement without the prior written approval of the other party.

**16. Lock-Up Provisions**

- **16.1** Lock-Up According to the Securities Law and Regulations Thereunder
  - The Allocated Shares will be subject to lock-up restrictions in accordance with Section 15C of the Securities Law, 1968 and the Securities Regulations (Details Regarding Sections 15A and 15C of the Law), 2000. The transfer of the Allocated Shares will be subject to the said lock-up provisions.
- **16.2** Lock-Up According to Section 102
  - The Allocated Shares and any right therein will be locked up for a period of two years from the date of allocation of the Allocated Shares in accordance with Section 102.



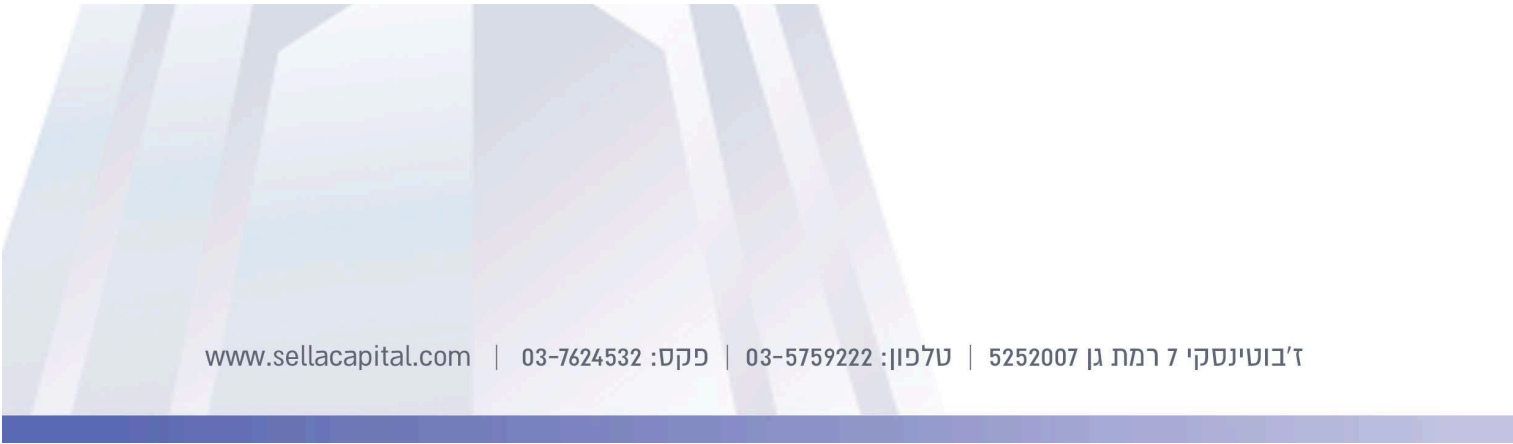
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Sincerely,

SELLA CAPITAL REAL ESTATE LTD

Signed by: Dror Yehuda, CFO

and Lior Wilensky, Legal Advisor



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**FOOTNOTE:**

<sup>201</sup> The Offeree instructed the Company to allocate 22,000 restricted shares to Mr. Gadi Elikam, the Company's CEO, who is employed by the Company through the Offeree and at its expense, in accordance with the provisions of the management agreement and the Company's compensation plan and according to the terms of the CEO's employment agreement. In addition, the Offeree instructed the Company to allocate 63,600 restricted shares to Mr. Shmuel Slavin, who is an interested party in the Offeree and serves as Chairman of the Company's Board of Directors, and to allocate 63,600 restricted shares to Mr. Eli Ben Hamo, who is an interested party in the Offeree and serves as a director in the Company. The remaining restricted shares (79,500 restricted shares) will remain with the Offeree.

<sup>402</sup> It should be clarified that meeting only one of the above parameters is required to entitle the Management Company to the allocation of restricted shares for the relevant quarter.

<sup>403</sup> For example, if to meet an FFO yield of 8% in a certain year, the required annual real FFO is NIS 200 million, then meeting an FFO of at least NIS 50 million in any of the quarters in that year will entitle the Management Company to the allocation of restricted shares for the relevant quarter. It should be clarified that adjustments or calculations will be made on a cumulative basis at the end of the relevant year.

<sup>404</sup> For example, if the NOI index in a certain year is NIS 300 million, then meeting an NOI of at least NIS 67.5 million in any of the quarters in that year will entitle the Management Company to the allocation of restricted shares for the relevant quarter. It should be clarified that adjustments or calculations will be made on a cumulative basis at the end of the relevant year.