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SELLA CAPITAL REAL ESTATE LTD

The Company

September 13, 2025

To:

Israel Securities Authority www.isa.gov.il

TEL AVIV STOCK EXCHANGE LTD www.tase.co.il

Subject: SELLA CAPITAL REAL ESTATE LTD ("the Company") – Immediate Amended Report regarding a Material Private Offering and a Non-Material Private Offering in accordance with the Securities Regulations (Private Offering of Securities in a Listed Company), 2000 ("the Regulations") of Warrants for Shares 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 general meeting of the Company's shareholders 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 meeting of the Company's shareholders 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), as well as 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").

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1.2 The above-mentioned allocation is subject to the approval of the TEL AVIV STOCK EXCHANGE LTD ("the 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 for 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 office holders and employees, ordinary shares of the Company ("the Allocated Shares"), subject to meeting parameters set within 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 the rights of the Management Company under the provisions of



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1.6 According to the provisions of the management agreement and the compensation policy, the Management Company and any of its office holders and employees, from time to time,

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will be allocated shares and options for shares of the Company, in the scope and under the conditions set in the management agreement and the compensation policy.

1.7 According to the provisions of the management agreement and the compensation policy, at this time, the Company is to allocate to the Management Company and/or anyone on its behalf and according to its instructions, 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 Company's Board of Directors, and Eli Ben Hamo, a director in the Company, who are shareholders in the Management Company and employed by it, may be entitled to the Allocated Shares from time to time by the Company for the employees of the Management Company. Therefore, and for the sake of caution, a material private offering report is submitted for the private offering of the Allocated Shares to the Management Company as described in this report.²⁰¹

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

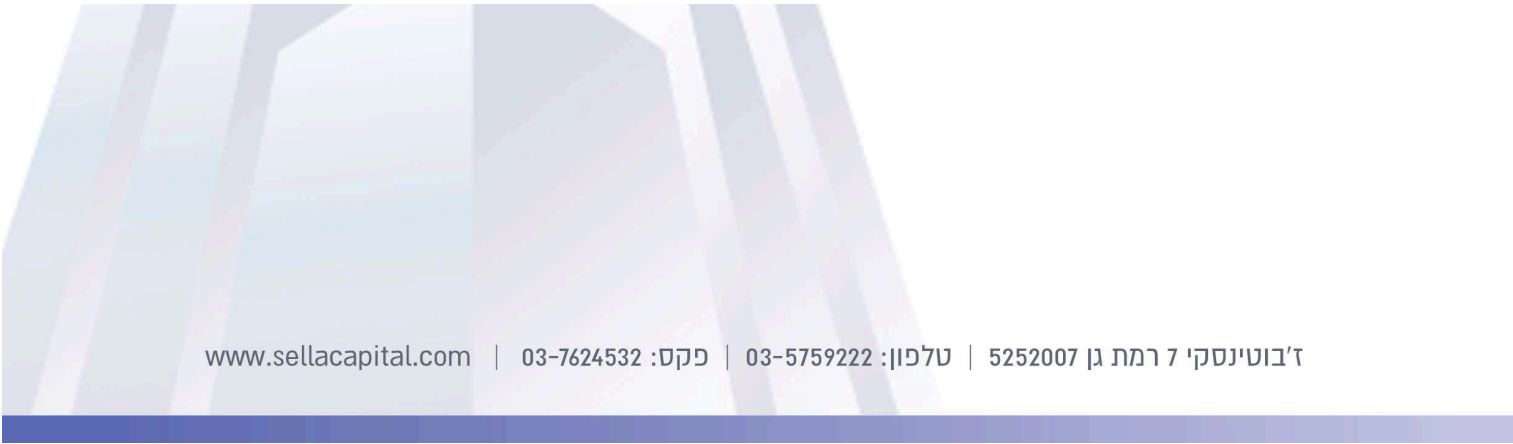
2.3 As of the date of this report, the Management Company holds 2,516,136 shares of the Company, constituting about 1.06% of the Company's issued share capital. On a fully diluted basis, the Management Company holds 1.23% of the Company's issued and paid-up share capital.

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 office holders in the Company and Offerees according to this report.

6. Prohibition or restriction that will apply to 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 the management services it provided 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 according to 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:

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Company Asset Value	Maximum Annual Value of Restricted Shares in millions of NIS
From 0 to 2 billion NIS	0
From 2 billion NIS to 5 billion NIS	1
Compensation for each additional 1 billion NIS	
For each increase of 1 billion NIS (above 5 billion NIS up to 10 billion NIS)	0.85
Above 10 billion NIS	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):

- FFO yield reflected in the quarter: 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 (calculated according to the Company's assets at the end of the quarter for which the payment is made), 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 quarter for which the payment is made (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 date of termination 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 as mentioned, 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 to which the restricted shares are entitled during the trust period. This section will also apply to employees of the Management Company if the restricted shares are allocated to them by the Management Company.

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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- 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 1 NIS each will be allocated to the Offerees according to this report. The Allocated Shares constitute about 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

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The share price at which the Allocated Shares are offered is 9.11 NIS. The closing price of the Company's share on the Stock Exchange on 31.08.2025, shortly before the publication of the report, was 10.30 NIS. 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 mentioned.

The fair value of the Allocated Shares, determined as a derivative of the Company's asset value and allocated for management services for the first half of 2025, is about 2.08 million NIS (reflecting a price of 9.11 NIS per share), in accordance with generally accepted accounting principles.

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
- Assessing their feasibility and negotiating agreements regarding these investments
- Providing economic and financial advice
- Supervising and managing the investments
- Advising and assisting in raising capital for the Company
- Providing full-time CEO services to the Company ("the 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 Note 12 to Chapter C (the financial statements) in the periodic report, the detailed information of which is 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, the detailed information of which is incorporated herein by reference.

10. The Company's share capital and the Management Company's holdings

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

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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 warrants for shares as detailed in Part A above, and the Allocated Shares as detailed in this Part B, are as follows:

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Image alt: Table showing holdings of interested parties

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Holder Name	Number of Shares	Holding Percentage in Capital		Holding Percentage in Capital	
		Before the allocation subject to this report	Before the allocation	After the allocation subject to this report	After the allocation subject to this report (fully diluted)
1. CLAL INSURANCE ENTERPRISES HOLDINGS LTD. Pension 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. Pension Funds	18,179,392	7.63%	7.62%	6.95%	

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5. Phoenix Financials Ltd. – Nostro	503,000	0.21%	0.21%	0.21%	
6. Phoenix Financials Ltd. – (Pension Funds)	182,000	0.08%	0.08%	0.07%	
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 I.M.S. Management Services Ltd. Pension Funds	10,445,000	4.38%	4.38%	3.99%	
10. Analyst I.M.S. Management Services Ltd. Mutual Funds	1,444,000	0.61%	0.61%	0.55%	
11. Yelin Lapidot Pension Funds	9,875,000	4.15%	4.14%	4.80%	

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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. Barry Bar Zion	46,227	0.02%	0.02%	0.02%	
18. Gili Cohen	40,000	0.02%	0.02%	0.02%	
19. Dr. Avital Stein	40,000	0.02%	0.02%	0.02%	



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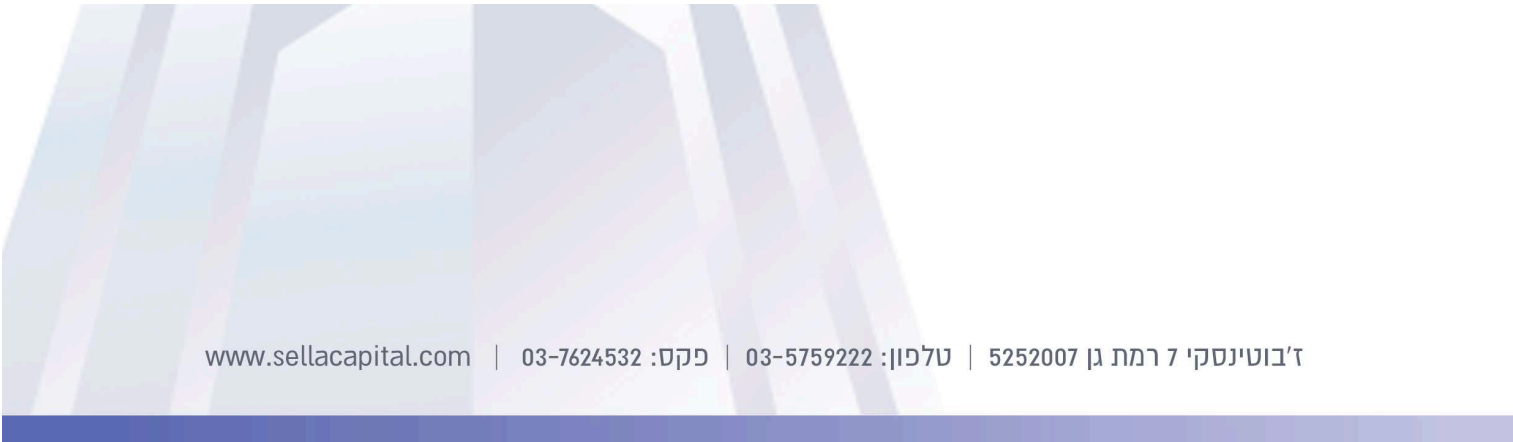


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11. Consideration for the Allocated Shares

According to the provisions of the management agreement and the compensation policy, the Allocated Shares will be allocated to the Management Company without consideration, for its services to the Company; this was determined 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 Company's Board of Directors, and Eli Ben Hamo, a 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 office holders 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 mentioned 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 that will apply to 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 its regulations
 - 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



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The Allocated Shares and any right in respect thereof will be locked up for a period of two years from the date of allocation

of the Allocated Shares in accordance with the provisions of 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:

²⁰¹ 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 in accordance with 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.

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

⁴⁰³ For example, if in order to meet an FFO yield of 8% in a certain year, the actual annual FFO must be 200 million NIS, then meeting an FFO of at least 50 million NIS 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.

⁴⁰⁴ For example, if the NOI index in a certain year is 300 million NIS, then meeting an NOI of at least 67.5 million NIS 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.