

ARGO PROPERTIES NV
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2025

UNAUDITED

IN THOUSANDS OF EUROS

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Auditor Review Report to the Shareholders of Argo Properties NV

Introduction

We have conducted a review of the accompanying financial information of Argo Properties NV and its subsidiaries (hereinafter – the Group), which comprises the condensed consolidated statement of financial position as of September 30, 2025 and the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-months and nine-months periods ending on that date. The Board of Directors and Management are responsible for preparing and presenting financial information for these interim periods in accordance with IAS 34, Interim Financial Reporting, and are responsible for preparing financial information for these interim periods in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express our conclusions with regard to the financial information for these interim periods, based on our review.

Scope of the Review

We conducted our review in accordance with Review Standard 2410 (Israel) of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of financial information for interim periods consists of inquiries, mainly from people responsible for finances and accounting, and of the application of analytical and other reviewing procedures. A review is significantly limited in scope relative to an audit conducted according to generally accepted Israeli auditing standards, and therefore does not allow us to achieve assurance that we have been made aware of all material issues that might have been identified in an audit. Accordingly, we are not expressing an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the above financial information has not been prepared, in all material aspects, in accordance with IAS 34.

In addition to the previous paragraph, based on our review, nothing has come to our attention that causes us to believe that the above financial information does not comply, in all material respects, with disclosure provisions according to Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

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

Tel Aviv, November 20, 2025

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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<u>September 30,</u>		<u>December 31,</u>
	<u>2025</u>	<u>2024</u>	<u>2024</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>€ in thousands</u>		
<u>Current Assets</u>			
Cash and cash equivalents	26,232	67,340	27,531
Restricted deposits and liquidated investments	22,007	11,185	17,558
Apartments inventory for sale	8,723	1,332	1,186
Financial assets	956	256	979
Accounts receivable	6,526	4,286	4,405
	<u>64,444</u>	<u>84,399</u>	<u>51,659</u>
<u>Non-Current Assets</u>			
Investment property	849,706	701,157	757,275
Investment property – construction rights	30,581	22,272	25,438
Accounts receivable and restricted deposits	4,353	3,870	4,061
Deferred taxes	1,713	1,261	938
	<u>886,353</u>	<u>728,560</u>	<u>787,712</u>
	<u>950,797</u>	<u>812,959</u>	<u>839,371</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<u>September 30,</u>		<u>December 31,</u>
	<u>2025</u>	<u>2024</u>	<u>2024</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>€ in thousands</u>		
<u>Current Liabilities</u>			
Current maturities of loans from banks	31,604	17,464	35,234
Accounts payable	15,276	10,244	12,300
	<u>46,880</u>	<u>27,708</u>	<u>47,534</u>
<u>Non-Current Liabilities</u>			
Loans from banks and financial institutions	396,597	357,872	344,968
Deferred taxes	24,544	23,778	27,452
	<u>421,141</u>	<u>381,650</u>	<u>372,420</u>
<u>Equity Attributable to Company Shareholders</u>			
Share capital	218	206	206
Share premium	287,447	276,041	276,041
Statutory capital reserve	161,055	98,542	114,774
Share based payment capital reserve	5,280	4,131	5,024
Retained earnings	28,776	24,681	23,372
<u>Total equity attributable to Company shareholders</u>	<u>482,776</u>	<u>403,601</u>	<u>419,417</u>
	<u>950,797</u>	<u>812,959</u>	<u>839,371</u>

November 20, 2025

Date of approval of
the financial
statementsOfir Rahamim
Joint CEOGal Tennenbaum
Joint CEOGuy Priel
CFORon Tira
Chairman of the
Board of Directors

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Nine months ended September 30,		Three months ended September 30		Year ended December 31
	2025	2024	2025	2024	2024
	Unaudited				Audited
	€ in thousands				
Revenues from rental of properties	20,703	18,501	7,102	6,400	25,034
Revenues from property management and others	8,045	7,186	3,215	2,114	9,192
Property management expenses	(8,045)	(7,186)	(3,215)	(2,114)	(9,192)
Cost of maintenance of rental properties	(3,872)	(2,597)	(1,331)	(934)	(3,930)
<u>Gross profit from rental of properties</u>	16,831	15,904	5,771	5,466	21,104
Revenues from selling of apartments	8,252	2,595	2,649	1,260	3,521
Apartments cost of goods sold	(5,972)	(1,876)	(1,874)	(967)	(2,509)
<u>Gross profit from selling of apartments</u>	2,280	719	775	293	1,012
<u>Total gross profit of the Company</u>	19,111	16,623	6,546	5,759	22,116
General and administrative expenses	(4,254)	(6,526)	(1,261)	(2,167)	(8,700)
<u>Operating income before changes in fair value of investment property, net</u>	14,857	10,097	5,285	3,592	13,416
Changes in fair value of investment property, net	42,000	19,567	17,101	8,564	41,820
<u>Operating income (loss)</u>	56,857	29,664	22,386	12,156	55,236
Finance expenses, net	(8,251)	(7,272)	(2,660)	(2,789)	(9,888)
Change in fair value of financial assets and exchange rate differences, net	(562)	1,264	(1,332)	1,472	(2,604)
	(8,813)	(6,008)	(3,992)	(1,317)	(12,492)
<u>Income (loss) before taxes on income</u>	48,044	23,656	18,394	10,839	42,744
Taxes on income	3,641	(3,395)	8,393	(1,586)	(7,560)
<u>Net income (loss)</u>	51,685	20,261	26,787	9,253	35,184
Other comprehensive income (loss)	-	-	-	-	-
<u>Total net and comprehensive income (loss) attributable to Company shareholders</u>	51,685	20,261	26,787	9,253	35,184
Basic earnings (loss) per share	2.44	1.12	1.25	0.51	1.87
Diluted earnings (loss) per share	2.31	1.07	1.20	0.48	1.75

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Nine months ended September 30, 2025 (unaudited)

Equity Attributable to Company Shareholders

€ in thousands

	<u>Share capital</u>	<u>Share premium</u>	<u>Statutory capital reserve (1)</u>	<u>Share based payment capital reserve</u>	<u>Retained earnings</u>	<u>Total equity attributable to Company shareholders</u>
<u>Balance as of January 1, 2025</u>	206	276,041	114,774	5,024	23,372	419,417
<u>Changes in equity during this period:</u>						
Exercise of options	12	11,406	-	-	-	11,418
Total net and comprehensive income	-	-	-	-	51,685	51,685
Classification in accordance with Dutch law	-	-	46,281	-	(46,281)	-
Cost of share based payment	-	-	-	256	-	256
<u>Balance as of September 30, 2025 (unaudited)</u>	<u>218</u>	<u>287,447</u>	<u>161,055</u>	<u>5,280</u>	<u>28,776</u>	<u>482,776</u>

Nine months ended June 30, 2024 (unaudited)

Equity Attributable to Company Shareholders

€ in thousands

	<u>Share capital</u>	<u>Share premium</u>	<u>Statutory capital reserve (1)</u>	<u>Share based payment capital reserve</u>	<u>Retained earnings</u>	<u>Total equity attributable to Company shareholders</u>
<u>Balance as of January 1, 2024</u>	181	225,628	83,400	1,472	19,562	330,243
<u>Changes in equity during this period:</u>						
Issuance of shares, net (*)	25	50,413	-	-	-	50,438
Total net and comprehensive income	-	-	-	-	20,261	20,261
Classification in accordance with Dutch law	-	-	15,142	-	(15,142)	-
Cost of share based payment	-	-	-	2,659	-	2,659
<u>Balance as of September 30, 2024 (unaudited)</u>	<u>206</u>	<u>276,041</u>	<u>98,542</u>	<u>4,131</u>	<u>24,681</u>	<u>403,601</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Cont.)

Three months ended September 30, 2025 (unaudited)

Equity Attributable to Company Shareholders

€ in thousands

	Share capital	Share premium	Statutory capital reserve (1)	Share based payment capital reserve	Retained earnings	Total equity attributable to Company shareholders
<u>Balance as of July 1, 2025</u>	217	287,423	136,758	5,206	26,286	455,890
<u>Changes in equity during this period:</u>						
Exercise of options	1	24	-	-	-	25
Total net and comprehensive income	-	-	-	-	26,787	26,787
Classification in accordance with Dutch law	-	-	24,297	-	(24,297)	-
Cost of share based payment	-	-	-	74	-	74
<u>Balance as of September 30, 2025 (unaudited)</u>	<u>218</u>	<u>287,447</u>	<u>161,055</u>	<u>5,280</u>	<u>28,776</u>	<u>482,776</u>

Three months ended September 30, 2024 (unaudited)

Equity Attributable to Company Shareholders

€ in thousands

	Share capital	Share premium	Statutory capital reserve (1)	Share based payment capital reserve	Retained earnings	Total equity attributable to Company shareholders
<u>Balance as of July 1, 2024</u>	181	225,628	86,732	2,355	20,250	335,146
<u>Changes in equity during this period:</u>						
Issuance of shares, net (*)	25	50,413	-	-	-	50,438
Total net and comprehensive income	-	-	-	-	9,253	9,253
Classification in accordance with Dutch law	-	-	6,832	-	(6,832)	-
Cost of share based payment	-	-	-	893	-	893
<u>Balance as of September 30, 2024 (unaudited)</u>	<u>206</u>	<u>276,041</u>	<u>98,542</u>	<u>4,131</u>	<u>24,681</u>	<u>403,601</u>

(*) See Note 7(e).

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Cont.)

Year ended December 31, 2024 (Audited)
Equity Attributable to Company Shareholders
€ in thousands

	Share capital	Share premium	Statutory capital reserve (1)	Share based payment capital reserve	Retained earnings	Total equity attributable to Company shareholders
<u>Balance as of January 1, 2024</u>	181	225,628	83,400	1,472	19,562	330,243
<u>Changes in equity during this period:</u>						
Issuance of share capital, net (*)	25	50,413	-	-	-	50,438
Total net and comprehensive income	-	-	-	-	35,184	35,184
Classification in accordance with Dutch law	-	-	31,374	-	(31,374)	-
Cost of share based payment	-	-	-	3,552	-	3,552
<u>Balance as of December 31, 2024</u>	<u>206</u>	<u>276,041</u>	<u>114,774</u>	<u>5,024</u>	<u>23,372</u>	<u>419,417</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30		Year ended December 31
	2025	2024	2025	2024	2024
	Unaudited				Audited
	€ in thousands				
<u>Cash flows from operating activities:</u>					
Net income (loss)	51,685	20,261	26,787	9,253	35,184
<u>Adjustments required to present net cash from operating activities:</u>					
<u>Adjustments to profit or loss:</u>					
Finance expenses, net	8,541	6,111	3,938	1,243	11,859
Changes in fair value of investment property, net	(42,000)	(19,567)	(17,101)	(8,564)	(41,820)
Cost of share based payment	256	2,659	74	893	3,552
Deferred taxes, net	(3,683)	3,356	(8,408)	1,565	7,353
Cash flows from operating activities before changes in operating asset and liability items	14,799	12,820	5,290	4,390	16,128
<u>Changes in operating asset and liability items:</u>					
Cost of sold apartments	5,972	1,876	1,873	967	2,509
Other receivables	(1,726)	(1,345)	(993)	384	(1,934)
Increase in accounts payable	914	(925)	1,676	(752)	1,719
Net cash derived from operating activities	19,959	12,426	7,846	4,989	18,422
<u>Cash flows from investing activities:</u>					
Purchase of investment property	(63,351)	(21,224)	(24,301)	(4,025)	(56,025)
Capital investments (CAPEX) in investment property (including planning costs)	(6,411)	(5,214)	(3,072)	(1,886)	(7,253)
Depositing restricted deposits and prepaid transaction costs, net	(5,122)	(1,016)	(7,245)	(1,928)	(9,611)
Depositing restricted deposits for an interim period under refinancing*	-	(2,500)	-	-	-
Net cash used in investing activities	(74,884)	(29,974)	(34,618)	(7,839)	(72,889)

(*) in the year 2024 loans which were secured by real estate pledge at an amount of EUR 20,032 thousand were refinanced and the terms of the loans were maintained for the purpose of redrawing them via depositing in a deposit for an interim period until the completion of the phases of the redrawing of the deposit, see Note 7(b) in the annual financial statements.

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Cont.)

	Nine months ended September 30,		Three months ended September 30		Year ended December 31
	2025	2024	2025	2024	2024
	Unaudited				Audited
	€ in thousands				
<u>Cash flows from financing activities:</u>					
Interest paid	(5,161)	(5,278)	(1,510)	(2,148)	(9,211)
Receipt of long-term loans, net	55,055	3,876	(56)	3,876	5,370
Repayment of long-term loans and associated costs	(7,520)	(6,277)	(4,384)	(2,991)	(7,932)
Receipt of long-term loans under refinancing	-	38,266	-	-	38,266
Repayment of long-term loans under refinancing*	-	(7,772)	-	-	(7,772)
Exercise of options	11,418	-	25	-	-
Issuance of shares	-	50,438	-	50,438	50,438
Net cash derived from (used for) financing activities	<u>53,792</u>	<u>73,255</u>	<u>(5,925)</u>	<u>49,175</u>	<u>69,159</u>
Change in cash and cash equivalents	(1,133)	55,707	(32,697)	46,325	14,692
Effect of changes in exchange rates	(166)	71	340	72	1,277
Balance of cash and cash equivalents at the beginning of the period	<u>27,531</u>	<u>11,562</u>	<u>58,589</u>	<u>20,943</u>	<u>11,562</u>
Balance of cash and cash equivalents at the end of the period	<u>26,232</u>	<u>67,340</u>	<u>26,232</u>	<u>67,340</u>	<u>27,531</u>

(*) in the year 2024 loans which were secured by real estate pledge at an amount of EUR 20,032 thousand were refinanced and the terms of the loans were maintained for the purpose of redrawing them via depositing in a deposit for an interim period until the completion of the phases of the redrawing of the deposit, see Note 7(b) in the annual financial statements.

(a) Non cash transactions

Purchase of real estate	<u>405</u>	<u>-</u>	<u>79</u>	<u>-</u>	<u>1,263</u>
Classification from investment property to inventory	<u>13,509</u>	<u>-</u>	<u>4,776</u>	<u>-</u>	<u>3,695</u>
Payables in respect of investing Activities	<u>(801)</u>	<u>(99)</u>	<u>619</u>	<u>(15)</u>	<u>(1,784)</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: - General**General description of the Company and its activity**

ARGO Properties N.V. (hereinafter – "the Company") and its subsidiaries (hereinafter – "the Group") was incorporated in January 2018 and commenced its operations in July 2018 and is a Dutch-based real estate company engaging via subsidiaries in value enhancement and acquisition of investment properties in Germany, in the conversion of apartments for sale and selling these apartments (R2C) and in the area of income-generating residential real estate.

These financial statements have been prepared in a condensed format as of September 30, 2025 and for the nine-months and three-months period then ended (hereinafter – the Consolidated Interim Financial Statements). These statements should be read in conjunction with the annual financial statements as of December 31, 2024 and for the year then ended and the accompanying notes (hereinafter – the Consolidated Annual Financial Statements).

Note 2: - Significant accounting policies**a. Preparation format of the Interim Consolidated Financial Statements**

The Consolidated Interim Financial Statements are prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and in accordance with the provisions of disclosure pursuant to Chapter D of the Securities (Immediate and Periodic Reports) Regulations, 1970.

- b. The significant accounting policies implemented in preparing the Interim Consolidated Financial Statements are consistent with those implemented in preparing the Consolidated Annual Financial Statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**Note 3: - Investment Property**

The following table presents significant assumptions (based on weighted averages) that were used in the valuation estimates of investment property:

	September 30, 2025	September 30, 2024	December 31, 2024
<u>Income-generating residential property (real estate)</u>			
Discount rate (%)	5.12%	5.02%	5.09%
Growth Rate for the first 10 years	1.55%	1.84%	1.46%
Long-term growth rate	1.83%	1.35%	1.84%
Long-term vacancy rate (%)	2.44%	2.36%	2.28%
Representative monthly rental fees per sq.m (in Euro)	12.21	11.31	11.72

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 4: - Financial instruments**a. Financial instruments not measured at fair value:**

The Company's management has estimated that the balance of cash, short term deposits, accounts (trade) receivable(s), accounts (trade) payable(s), overdrafts, bank loans bearing a variable interest rate and other current liabilities presented at amortized cost approximates their fair value. The value of loans from banking corporations and financial institutions as of June 30, 2025 that bear a fixed interest rate and are presented at amortized cost, is lower by approximately EUR 5.5 Million than their balance value in the financial statements.

b. Financial instruments measured at fair value:

The table below presents the financial assets and the financial liabilities of the Group according to fair value:

	Book value		
	As of September 30		December 31
	2025	2024	2024
	(Unaudited)		(Audited)
Financial derivatives	956	539	979
Financial liabilities	-	(283)	-
	<u>956</u>	<u>256</u>	<u>979</u>
	Fair value		
	As of September 30		December 31
	2025	2024	2024
	(Unaudited)		(Audited)
Financial derivatives	956	539	979
Financial liabilities	-	(283)	-
	<u>956</u>	<u>256</u>	<u>979</u>

The fair value of financial instruments that are not traded in active markets is determined using valuation techniques. Valuation techniques specific to financial instruments include:

- The fair value of interest cap fixing transactions (CAP) and future transactions for currency exchange (FORWARD) is based on a calculation of the present value of the estimated future cash flows using observable return curves of Euribor.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 5: - Operating Market Segments**a. General**

For the description of the Company's operating market segments see note 16 of the consolidated financial statements as of December 31, 2024.

b. Operating segments revenue and results analysis:

	Income- generating residential real estate	Other	Conversion and selling of apartments	Other	Total
	<u>Euros in thousands</u>				
For the period of nine months ended September 30, 2025 (unaudited)					
Revenues from property rental	20,184	519			20,703
Revenues from property management and others	7,989	56			8,045
Property management expenses	(7,989)	(56)			(8,045)
Rental property maintenance expenses	(3,835)	(37)			(3,872)
<u>Gross profit from property rental</u>	<u>16,349</u>	<u>482</u>			<u>16,831</u>
<u>Revenues from apartments selling</u>			8,252		8,252
<u>Cost of apartments selling</u>			<u>(5,972)</u>		<u>(5,972)</u>
<u>Gross profit from selling apartments</u>			2,280		2,280
General and administrative expenses				(4,254)	(4,254)
Changes in fair value of investment property, net	<u>42,241</u>	<u>(241)</u>			<u>42,000</u>
Financial expenses, net	(6,054)	(247)			(8,813)
<u>Income before taxes on income</u>					<u><u>48,044</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**Note 5: - Operating Market Segments (cont.)**

	Income- generating residential real estate	Income- generating real estate for development	Conversion and selling of apartments	Total
For the period of nine months ended September 30, 2024 (unaudited)				
Revenues from property rental	17,967	534	-	18,501
Revenues from property management and others	7,127	59	-	7,186
Property management expenses	(7,127)	(59)	-	(7,186)
Rental property maintenance expenses	(2,452)	(145)	-	(2,597)
<u>Gross profit from property rental</u>	<u>15,515</u>	<u>389</u>	-	15,904
Revenues from apartments selling			2,595	2,595
Cost of apartments selling			(1,876)	(1,876)
<u>Gross profit from selling apartments</u>			<u>719</u>	<u>719</u>
General and administrative expenses				(6,526)
Changes in fair value of investment property, net	<u>19,567</u>	<u>-</u>		19,567
Financial expenses, net				<u>(6,008)</u>
<u>Income before taxes on income</u>				<u>23,656</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**Note 5: - Operating Market Segments (cont.)**

	Income- generating residential real estate	Other	Conversion and selling of apartments	Other	Total
	Euros in thousands				
For the period of three months ended September 30, 2025 (unaudited)					
Revenues from property rental	6,925	177			7,102
Revenues from property management and others	3,199	16			3,215
Property management expenses	(3,199)	(16)			(3,215)
Rental property maintenance expenses	(1,319)	(12)			(1,331)
<u>Gross profit from property rental</u>	<u>5,606</u>	<u>165</u>			<u>5,771</u>
<u>Revenues from apartments selling</u>			2,649		2,649
<u>Cost of apartments selling</u>			(1,874)		(1,874)
<u>Gross profit from selling apartments</u>			775		775
General and administrative expenses				(1,261)	(1,261)
Changes in fair value of investment property, net	17,342	(241)			17,101
Financial expenses, net	(1,864)	(87)			(3,992)
<u>Income before taxes on income</u>					<u>18,394</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**Note 5: - Operating Market Segments (cont.)**

	Income- generating residential real estate	Income- generating real estate for development	Conversion and selling of apartments	Total
	Euros in thousands			
For the period of three months ended September 30, 2024 (unaudited)				
Revenues from property rental	6,216	184	-	6,400
Revenues from property management and others	2,095	19	-	2,114
Property management expenses	(2,095)	(19)	-	(2,114)
Rental property maintenance expenses	(864)	(70)		(934)
Gross profit from property rental	<u>5,352</u>	<u>411</u>		5,466
Revenues from apartments selling			1,260	1,260
Apartments cost of goods sold			(967)	(967)
Gross profit from apartments selling			<u>293</u>	<u>293</u>
Total gross profit of the Company				
General and administrative expenses				(2,167)
Changes in fair value of investment property, net	<u>8,564</u>	<u>-</u>		8,564
Financial expenses, net				<u>(1,317)</u>
Income before taxes on income				<u>10,839</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**Note 5: - Operating Market Segments (cont.)**

	Income- generating residential real estate	Other	Conversion and selling of apartments	Unallocated	Total
	Euros in thousands				
Year ended December 31, 2024					
Revenues from property rental	24,324	710			25,034
Revenues from property management and others	9,113	79			9,192
Property management expenses	(9,113)	(79)			(9,192)
Rental property maintenance expenses	(3,741)	(189)			(3,930)
Gross profit from property rental	20,583	521			21,104
Gross profit from apartments selling			1,012		1,012
Changes in fair value of investment property, net	37,806	4,014			41,820
Additional information					
General and administrative expenses				(8,700)	(8,700)
Financial expenses, net	(7,480)	(357)		(4,655)	(12,492)
Income before taxes on income				(4,655)	42,744

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 6: - Material Events In The Reported Period And Thereafter

- a. During the reported period, the Company completed (via subsidiaries and sub-subsidiaries) the purchase of 389 apartments in 37 properties, and for a total consideration of approximately EUR 59,082 thousand.

In addition, the Company engaged in further transactions (including agreements after the report date) for the purchase of 370 apartments for a total consideration of approximately EUR 31,369 thousand, of which the Company completed after the report date, the purchase of 72 apartments for a total consideration of approximately EUR 13.5 million.

- b. During the period, from January 2, 2025 and until November 1, 2025, 88 apartments were sold (including registrations) for a total consideration of EUR 22.1 million and at an average price of EUR 4,219 per square meter, and this is compared to 40 apartments that were sold in the months of March (the commencement of the apartment sales activity) until December 2024 at an average price of approximately EUR 4,171 per square meter.

During the period from January 2, 2025 and until September 30, 2025, 35 apartments were delivered to the buyers (a total of 51 apartments since the date of the commencement of this activity).

- c. On January 13, 2025, the Company entered into LOIs with a German banking corporation to engage in non-recourse loan agreements, and in May 2025 the Company's subsidiaries entered into non-recourse loan agreements at a total amount of EUR 22.5 million for the purpose of financing the acquisition of new assets, the cost of which amounted to a total of approximately EUR 43.5 million. The loans were placed for a period of 5 years, bearing a variable interest rate based on the Euribor rate for a period of 6 months and a margin of 1.29%. As part of the loans agreement, the Company entered into agreements to fix a maximum interest rate cap (**CAP**) at an annual rate of 2.31%. The drawing down of the loans was executed in May 2025.

- d. On April 7, 2025, the Company entered into a conditional loan agreement with More Provident and Pension Funds Ltd., which is a stakeholder in the Company (hereinafter: "the Lender"), pursuant to which the scope of the existing loan taken by the Company from the Lender in January 2022 (approximately NIS 215 million) (hereinafter: "the Original Loan") will be increased by an additional amount of NIS 120 million (hereinafter: "the Additional Loan") and for a period of approximately 14.5 years, and this by consolidating the terms of the Original Loan and the Additional Loan into one loan (hereinafter: "the Consolidated Loan" in which, for technical reasons, the Original Loan and the Additional Loan were consolidated into one loan). The Consolidated Loan includes the following terms:

(1) A fixed annual interest rate (non-linked) of 5.19% per annum (hereinafter: "the Basic Interest Rate"), to which 1% per annum will be added if the Loan is not repaid on December 31, 2031, and 0.5% per annum at each additional exit point (December 31, 2034 and December 31, 2037) if the Loan is not repaid in full by that date.

(2) Additional interest such that at the end of each interest period, the interest will increase by 50% of the rate of increase in the Company's equity excluding dividends and/or the issuance of shares (hereinafter: "the Additional Interest").

(3) Additional payment, in addition to the Basic Interest Rate and the Additional Interest, as long as the increase in equity in aggregate (in percentage) on the final repayment date is 92.05% or more, an additional one-time payment of NIS 12.9 million will be paid to the Lender. In addition, if on the final repayment date and the increase in equity in the aggregate (in percentage) on the final repayment date is 100% or more, an additional one-time payment of NIS 7.2 million will be paid to the Lender.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 6: - Material Events In The Reported Period And Thereafter (Cont.)

The loan is subject to the following financial covenants: the ratio of net debt to net CAP (as these terms' definition in the loan agreement) is less than 75% (45.4% as of the report date), and the value of an individual asset is less than 15% of the value of the Company's consolidated real estate assets (2.6% as of the report date). It is secured by a negative lien on the Company's assets (other than real estate), various change of control, authority and structure provisions. In addition, interest adjustment mechanisms and grounds for early repayment have been established as is customary in loans of this type.

On April 7, 2025, the Additional Loan was actually placed (with the deduction of interest accrued on the Original Loan from January 1, 2025).

- e. On May 4, 2025, the Company entered into an LOI with a German corporation regarding non-recourse loans at a total amount of approximately EUR 12 million for a period of 5 years and in October 2025, loan agreements were signed between the Company's sub-subsidiaries and the banking corporation, and a fixed annual interest rate of 3.57% was set. The engagement is for the purpose of financing the acquisition of new assets of the Company's sub-subsidiaries, the cost of which amounted to a total of approximately EUR 23.4 million, while as of the date of the report, the acquisition of assets had been completed. The completion of the remaining transactions is expected by the date of the loans' drawdown. The loans' drawdown was executed in November 2025.
- f. During June 2025, the Company's sub-subsidiaries entered into an LOI with a German banking corporation regarding the refinancing of non-recourse loans at a total amount of approximately EUR 32.5 million for a period of 7 years for the purpose of repayment of loans whose remaining balance as of September 30, 2025, amounted to a total of approximately EUR 23.8 million. The refinancing is enabled due to the value enhancement of the assets used as collateral for these loans, which was reflected in the growth of rental income at a cumulative rate of approximately 37% from the date of the acquisition of the assets over an average holding period of approximately 3 and a half years. The signing of the renewed financing agreements and the execution of the refinancing are expected during the third quarter of 2025. The loan is expected to bear a variable interest rate based on the three-month Euribor rate, the weighted interest margin on the loans is expected to be based (indicatively) on an annual rate of 1.49%.
- g. During June 2025, a Company's sub-subsidiary entered into an agreement to increase existing non-recourse loans (TOP UP) from a German banking corporation in the amount of EUR 3.5 million, bearing a fixed interest rate of 4.19% per annum on existing loans. It should be noted that in April 2023, the sub-subsidiary expanded the loan agreement through a previous TOP UP. As part of the loan agreement expansion, the terms of the initial loan, which bears a fixed interest rate of 1.19% per annum, will be maintained, and its balance close to the time of the loan expansion amounted to EUR 15 million. In addition, the terms of the previous TOP UP loan, which bears a fixed annual interest rate of 4.61%, were also maintained, and its balance close to the time of the loan expansion amounted to EUR 2 million.
- h. In September 2025, the Company's sub-subsidiaries entered into an LOI with a German banking corporation regarding the refinancing of non-recourse loans, at a total amount of approximately EUR 21.0 million for the purpose of financing the acquisition of new assets, the cost of which amounted to a total of approximately EUR 41.3 million. The loans shall be placed for a period of 5 years and shall bear a fixed interest rate at an indicative rate of 3.85% per annum. The signing of the loan agreements and the withdrawal of the loan are expected during January 2026.
- i. Further to what is stated in Note 11d to the annual financial statements, during the second and third quarters of 2025, all 2,069,785 options of the Company's shareholders were exercised, some of which were exercised through a "net exercise" mechanism (Cashless) and some through

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

payment of the full exercise premium in cash, and for a total consideration of approximately EUR 11,418 thousand.

- j. Issuance of Convertible Bonds – During October 2025, the Company issued to the public NIS 200,000,000 par value convertible bonds (Series 1) through a shelf offering report dated October 28, 2025 (hereinafter: "Offering Report 10/25"), which was published pursuant to the Company's shelf prospectus published on May 20, 2024, bearing the date May 21, 2024 (hereinafter: the "Shelf Prospectus").

The bonds, which are due for repayment in one (1) payment, which will occur on December 31, 2030 and which will constitute 100% of the total par value of the bonds, are convertible on any day on which trading takes place on the stock exchange (until December 21, 2030), with every NIS 160 par value of the bonds being convertible into one ordinary share of the Company. The bonds (Series 1) bear annual interest at a rate of 2%, which is paid twice a year, on June 30 of each of the years 2026 to 2030 (inclusive) and on December 31 of each of the years 2026 to 2030 (inclusive) starting on June 30, 2026. The Company shall be entitled, at any time from the end of 30 trading days from the date of registration of the bonds for trading until December 21, 2030 (inclusive), at its sole discretion, to require the holders of the bonds (Series 1) to perform a full forced conversion of the outstanding principal of the bonds (Series 1) into ordinary shares of the Company. A prerequisite for the forced conversion as stated above is that the average price of the Company's share on the stock exchange during the last 30 trading days prior to the announcement of the forced conversion is at least NIS 195.

It should be noted that the price of the unit (which included NIS 1,000 par value bonds (Series 1)) in the public tender in this offering, which took place on October 29, 2025, was set at NIS 1,041 per unit. The gross consideration that the Company received for the 200,000,000 bonds (Series 1), which were allocated on October 30, 2025 according to the 10/25 Offering Report, is NIS 208,200 thousand.