

**ARGO Properties N.V.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2025**

# ARGO Properties N.V.

## CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2025

IN THOUSANDS OF EUROS

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These financial statements are a translation from Hebrew of the original financial statements; in any case of difference between the two versions, the Hebrew version shall govern

### Independent Auditors' Report to the shareholders of ARGO Properties N.V.

#### Opinion

We have audited the consolidated financial statements of **ARGO Properties N.V.** (hereinafter – "the Company"), which comprise the consolidated statement of financial position as of December 31, 2025, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended on that date, and notes to the consolidated financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2025, and its consolidated financial results and its consolidated cash flows for the year ended on that date in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and with the provisions of the Securities Regulations (Annual Financial Statements) – 2010.

#### Basis for Opinion

We conducted our audits in accordance with Generally Accepted Auditing Standards in Israel, including standards prescribed by the Auditors' Regulations (Auditor's Mode of Performance) – 1973. Our responsibilities under those standards are described in the section of the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements in this report. We are independent of the Company and its subsidiaries in accordance with the legal provisions applicable in Israel regarding independence and prevention of conflicts of interest of the auditor in Israel. Furthermore, we have fulfilled our other ethical responsibilities in accordance with the Auditors' Law, 1955, and the regulations by virtue thereof. We believe that the audit evidence that were obtained is appropriate and sufficient in order to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters set forth below are those matters that were communicated, or were required to be communicated to the Company's board of directors and that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. These matters include, among others, any matter that: (1) relates, or may relate, to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon,

The communication of those matters below does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the key audit matter below, providing a separate opinion on the key audit matter or on the accounts or disclosures to which it relates.

Below are matters that we determined as key matters in the audit of the Company's consolidated financial statements for 2025.

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#### Fair value of investment property

As stated in Notes 2B, 2H and 5, to the consolidated financial statements, as of December 31, 2025, the Company has investment properties, which are presented at their fair values as of that date in accordance with the accounting policy described in Note 2.

The fair value of all the investment property of the Company (including investment property – development rights) as of December 31, 2025, amounts to a total of approximately EUR 922 million, and in 2025 the Company recognized a gain from the increase in their fair value in the amount of approximately EUR 59 million.

As detailed in Note 2B to the consolidated financial statements, the determination of the fair value of investment property is a critical estimate, involving uncertainties and based on valuations, which include assumptions, some of which are subjective considering the circumstances and the best information as of December 31, 2025, and which were conducted with the assistance

of external real estate appraisers. These assumptions mainly include the most appropriate rate of return, the projected net operating income (NOI) of the assets and market prices for relevant comparison units. These base assumptions, as well as the determination of the fair value estimate as a whole of the Company's investment property, including the selection of the most appropriate valuation approach, are the result of exercising subjective judgment in an environment of uncertainty, sometimes particularly significant, and therefore changes in the aforementioned base assumptions may lead to changes in the fair value of the investment property, sometimes substantially, and therefore also affect the Company's financial position as of December 31, 2025 and the results of its operations for that year, as detailed in Note 5. Due to the above, and in particular that the fair value of investment property is a critical estimate, involving uncertainties and based on valuations, which include assumptions, some of which are subjective, we have determined, according to our professional judgment, that the examination of the fair value of investment property, with an emphasis on the reasonableness of the rates of return used in its estimation, is a key audit matter.

### The audit procedures performed in response to the key audit matter

In response to the uncertainties involved in determining the fair value of the Company's investment property, we mainly performed the following procedures, with an emphasis on the examination of the reasonableness of the rates of return determined in the valuations of the assets: 1. Understanding the internal control environment regarding the determination of the fair value of the investment property; 2. Examination and analysis of fair value presentations, mainly valuations, conducted by the Company and appraisers on its behalf, based on a sample that incorporates quantitative and qualitative considerations; 3. Examining the base assumptions applied in the valuations, selected on a sample basis, with an emphasis on examining the rates of return, as well as projected NOI, market prices/comparison prices per square meter rental unit, estimated budget to completion, development profit and the valuation approach taken; 4. Reviewing valuations, on a sample basis, by an expert appraiser on our behalf with an emphasis on rates of return; 5. Communication with the appraisers on behalf of the Company; 6. Involvement of the senior staff of the engagement team, and conducting consultations.

### Responsibilities of the Board of Directors and Management for the Consolidated Financial Statements

The board of directors and management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and with the provisions of the Israeli Securities Regulations (Annual Financial Statements), 2010; and they are also responsible for the internal control that is required in accordance with the determination of the board of directors and management in order to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors and management are responsible for assessing the Company's ability to continue as a going concern, providing disclosure, insofar as required, of matters related to going concern and applying the accounting basis of going concern, unless the board of directors and management intend to liquidate the Company or to cease its operations, or have no other realistic alternative but to do so.

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### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to provide an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of the performed audit, in accordance with generally accepted auditing standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is appropriate and sufficient in order to establish our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control that is relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of the accounting policy used and the reasonableness of the accounting estimates and the related disclosures made by the board of directors and management.
- Conclude on the appropriateness of determination of the board of directors and management regarding the existence of the going concern assumption, and also, based on the audit evidence obtained, whether a material uncertainty exists that is related to events or conditions that may cast significant doubts on the Company's ability to continue as a going concern. If we concluded that a material uncertainty exists, we are required to draw the attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to include a modification to the standard wording in our opinion. Our conclusions are based on the audit evidence that was obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the preparation of the consolidated financial statements in accordance with the policies obtained by the Company, and that all data required for the consolidation have been appropriately reflected in consolidated financial statements.

We communicate with the board of directors and management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

We also provide the board of directors and management with a statement that we have complied with relevant ethical requirements regarding our independence, and also communicate with them all the relationships and other matters that may be considered, reasonably, as influencing on our independence, and where relevant, related safeguards applied to eliminate identified threats to our independence.

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From the matters communicated, or required to be communicated, with the board of directors and management, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes disclosure to external parties about that matter.

The engagement partner on the audit subject of this independent auditor's report is Oria Kaveh.

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

Tel Aviv, March 12, 2026

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	December 31,	
		2025	2024
		Euros in thousands	Euros in thousands
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	3	46,549	27,531
Restricted deposits and liquidated investments	4	37,417	17,558
Apartments inventory for sale	13a	9,580	1,186
Financial assets	12a	2,524	979
Accounts receivable	4	7,281	4,405
		<u>103,351</u>	<u>51,659</u>
<b>NON-CURRENT ASSETS:</b>			
Investment property	5	883,076	757,275
Investment property – construction rights	5	38,583	25,438
Accounts receivable	4	5,699	4,061
Deferred taxes	9	1,516	938
		<u>929,080</u>	<u>787,712</u>
		<u>1,032,431</u>	<u>839,371</u>
<b>CURRENT LIABILITIES:</b>			
Current maturities of loans from banks	7	29,538	35,234
Accounts payable	6	11,967	12,300
		<u>41,505</u>	<u>47,534</u>
Convertible bonds (*)	11g	54,631	-
		<u>96,136</u>	<u>47,534</u>
<b>NON-CURRENT LIABILITIES:</b>			
Loans from banks and financial institutions	7	411,021	344,968
Deferred taxes	9	26,860	27,452
		<u>437,881</u>	<u>372,420</u>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY:</b>			
Share capital	11	218	206
Share premium		287,447	276,041
Statutory capital reserve	11e	175,195	114,774
Share based payment capital reserve	11c	5,279	5,024
Retained earnings		30,275	23,372
Total equity attributable to shareholders of the Company		<u>498,414</u>	<u>419,417</u>
		<u>1,032,431</u>	<u>839,371</u>

March 12, 2026

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

(\*) Repayable in a single installment in December 2030, provided that the conversion option into Company shares is not exercised. Classified as a current liability due to the conversion option into Company shares available to the holders.

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

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		<u>Year ended December 31, 2025</u>	<u>Year ended December 31, 2024</u>	<u>Year ended December 31 2023</u>
	<u>Note</u>	<u>Euros in thousands</u>	<u>Euros in thousands</u>	<u>Euros in thousands</u>
Revenues from rental of properties		28,077	25,034	21,386
Revenues from property management and others		10,636	9,192	7,998
Property management expenses		(10,636)	(9,192)	(7,998)
Cost of maintenance of rental properties		(5,246)	(3,930)	(3,793)
<u>Gross profit from property rental</u>		22,831	21,104	17,593
Revenues from sale of apartments	13a	11,450	3,521	-
Cost of apartments sold		(8,389)	(2,509)	-
<u>Gross profit from selling of apartments</u>		3,061	1,012	-
General and administrative expenses	13b	(5,584)	(8,700)	(6,437)
<u>Operating income before changes in fair value of investment property, net</u>		20,308	13,416	11,156
Changes in fair value of investment property, net		58,546	41,820	(45,352)
Changes in fair value of investment property due to one-time update in the Real estate Transfer Tax	5	-	-	(11,471)
<u>Operating (loss) income</u>		78,854	55,236	(45,667)
Finance expenses, net	13c	(11,777)	(9,888)	(7,636)
Update of differences in the conversion component in Bonds Series 1	11g	106	-	-
Change in fair value of financial assets and exchange rate differences	12	(1,255)	(2,604)	2,400
<u>(Loss) income before taxes on income</u>		65,928	42,744	(50,903)
Taxes on income	9	1,396	(7,560)	7,408
<u>Total net and comprehensive (loss) income attributable to shareholders of the Company</u>		67,324	35,184	(43,495)
Basic (loss) earnings per share	17	3.16	1.87	(2.40)
Diluted (loss) earnings per share		2.94	1.75	(2.40)

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY****Year ended December 31, 2025****Equity attributable to shareholders of the Company**

	<b>Share capital</b>	<b>Share premium</b>	<b>Statutory capital reserve (1)</b>	<b>Share based payment capital reserve</b>	<b>Retained earnings</b>	<b>Total attributable equity shareholders of the Company</b>
	<b>Euros in thousands</b>					
Balance as of January 1, 2025	216	276,041	114,774	5,024	23,372	419,417
Exercise of warrants(*)	12	11,406	-	-	-	11,418
Total net and comprehensive income	-	-	-	-	67,324	67,324
Classification in accordance with Dutch law	-	-	60,421	-	(60,421)	-
Cost of share based payment	-	-	-	255	-	255
<b>Balance as of December 31, 2025</b>	<b>218</b>	<b>287,447</b>	<b>175,195</b>	<b>5,279</b>	<b>30,275</b>	<b>498,414</b>

(\*) See Note 11(f)

**Year ended December 31, 2024****Equity attributable to shareholders of the Company**

	<b>Share capital</b>	<b>Share premium</b>	<b>Statutory capital reserve (1)</b>	<b>Share based payment capital reserve</b>	<b>Retained earnings</b>	<b>Total attributable equity shareholders of the Company</b>
	<b>Euros in thousands</b>					
Balance as of January 1, 2024	181	225,628	83,400	1,472	19,562	330,243
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
<b>Balance as of December 31, 2024</b>	<b>206</b>	<b>276,041</b>	<b>114,774</b>	<b>5,024</b>	<b>23,372</b>	<b>419,417</b>

(\*) See Note 11(f)

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Cont.)**

	<b>Year ended December 31, 2023</b>					
	<b>Equity attributable to shareholders of the Company</b>					
	<b>Share capital</b>	<b>Share premium</b>	<b>Statutory capital reserve</b>	<b>Share based payment capital reserve</b>	<b>Retained earnings</b>	<b>Total equity attributable to shareholders of the Company</b>
	<b>Euros in thousands</b>					
Balance as of January 1, 2023	181	221,012	131,727	3,637	14,730	371,287
Expiration of options deriving from share based payment	-	4,616	-	(4,616)	-	-
Total net and comprehensive (loss)	-	-	-	-	(43,495)	(43,495)
Classification in accordance with Dutch law	-	-	(48,327)	-	48,327	-
Cost of share based payment	-	-	-	2,451	-	2,451
<b><u>Balance as of December 31, 2023</u></b>	<b><u>181</u></b>	<b><u>225,628</u></b>	<b><u>83,400</u></b>	<b><u>1,472</u></b>	<b><u>19,562</u></b>	<b><u>330,243</u></b>

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Year ended December 31, 2025</b>	<b>Year ended December 31, 2024</b>	<b>Year ended December 31 2023</b>
	<b>Euros in thousands</b>	<b>Euros in thousands</b>	<b>Euros in thousands</b>
<u>Cash flows from operating activities:</u>			
Net (loss) income	67,234	35,184	(43,495)
Adjustments required to present net cash from operating activities:			
<u>Adjustments to profit or loss:</u>			
Finance expenses, net	12,781	11,859	5,392
Changes in fair value of investment property, net	(58,546)	(41,820)	56,823
Cost of share based payment	255	3,552	2,451
Deferred taxes, net	(1,376)	7,353	(7,547)
Cash flows from operating activities before changes in assets and liabilities items	20,348	16,128	13,624
<u>Changes in assets and liabilities items:</u>			
Decrease in inventory of apartments sold	8,389	2,509	
Other receivables	682	(1,934)	(288)
Increase in accounts payable	525	1,719	(436)
Net cash derived from operating activities	29,944	18,422	12,900
<u>Cash flows from investing activities:</u>			
Purchase of investment property	(86,519)	(56,025)	(64,329)
Capital investments (CAPEX) in investment property (including planning costs)	(12,004)	(7,253)	(5,350)
Depositing restricted deposits and prepaid transaction costs, net	(23,850)	(9,611)	3,716
Net cash used in investing activities	(122,373)	(72,889)	(65,936)
<u>Cash flows from financing activities:</u>			
Interest paid	(10,527)	(9,211)	(7,111)
Receipt of long-term loans and convertible securities, net	117,226	5,370	33,877
Repayment of long-term loans	(9,978)	(7,932)	(6,633)
Receipt of long-term loans under refinancing	3,500	38,266	24,250
Repayment of long-term loans under refinancing	-	(7,772)	(6,682)
Purchase of interest rate cap transactions (CAP)/exercise of currency derivatives	(250)	-	(485)
Exercise of warrants	11,418	-	-
Issuance of shares, net	-	50,438	-
Net cash derived from financing activities	111,389	69,159	37,216

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS (Cont.)**

	<u>Year ended December 31, 2025</u>	<u>Year ended December 31, 2024</u>	<u>Year ended December 31 2023</u>
	<u>Euros in thousands</u>	<u>Euros in thousands</u>	<u>Euros in thousands</u>
Change in cash and cash equivalents	18,960	14,692	(15,820)
Effect of changes in exchange rates	58	1,277	30
Balance of cash and cash equivalents at the beginning of the year	<u>27,531</u>	<u>11,562</u>	<u>27,352</u>
Balance of cash and cash equivalents at the end of the year	<u><u>46,549</u></u>	<u><u>27,531</u></u>	<u><u>11,562</u></u>
 (a) Non cash activities:			
Classification from investment property to inventory	<u>16,782</u>	<u>3,695</u>	<u>-</u>
Payables in respect of investing activities, net	<u>1,507</u>	<u>(1,784)</u>	<u>(2,474)</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**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.

Regarding the Company's operating segments, see Note 17.

**NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES**a. Basis of presentation of the financial statements:(1) Basis of measurement:

The Company has elected to present its statement of comprehensive income according to the operations attribute method.

(2) Statement regarding the implementation of international financial accounting reporting standards (IFRS<sup>®</sup> Accounting Standards) and preparation format of the financial statements:

The consolidated financial statements of the Group have been compiled in accordance with International Financial Reporting Standards (hereinafter: "IFRS") and interpretations thereof issued by the International Accounting Standards Board (IASB<sup>®</sup>). The main principles of the accounting policies which are detailed below have been applied consistently in regards to all reporting periods presented in these consolidated financial statements, except for changes in the accounting policies that derived from the application of standards, amendments to standards and interpretations which have been effective as of the reporting date of the financial statements as specified in Note 3 below.

In addition, the financial statements are prepared in accordance with the provisions of the Securities Regulations (Annual Financial Statements) – 2010.

b. Significant accounting judgments, estimates and assumptions used in the preparation of the financial statements:Estimates and assumptions:

During the preparation of the financial statements, the management is required to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. These estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are reported in the period of the change in estimate.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

- b. Significant accounting judgments, estimates and assumptions used in the preparation of the financial statements (Cont.):

Estimates and assumptions (Cont.):

The following are the key assumptions made in the financial statements concerning uncertainties at the end of the reporting period and critical estimates calculated by the Group that may result in a material adjustment to the carrying amounts of assets and liabilities within the next consecutive financial year:

Investment property:

Investment property that can be reliably measured is presented at fair value at the end of the reporting period. Changes in their fair value are recognized in profit or loss. Fair value is determined by independent valuation experts using economic valuations that involve valuation techniques and assumptions as to estimates of projected future cash flows from the property and estimate of the suitable discount rate for these cash flows.

The fair value measurement of investment property requires external appraisers to use certain assumptions regarding rates of return on the Group's assets, future lease prices, occupancy rates, contract renewal terms, the probability of leasing vacant areas, asset operating expenses, the tenants' financial stability and the implications of any investments made for future development purposes in order to assess the future expected cash flows from the assets. In determining the fair value of lands and potential rights, are taken into account, inter alia and if relevant, the duration of establishing the project, the required establishment costs and the developer's profit. Any change in the assumptions used to measure the investment property may affect the fair value.

The process of the estimate of the fair value of investment property includes also subjective elements, which its source inter alia is based on the past experience of the external appraisers, with whom the Company engaged, and their understanding regarding what is expected to occur in the investment property market at the time the estimate of the fair value was determined. It should be noted that these assumptions are based on observations regarding acquisition transactions or lease transactions of real estate properties in the activity areas where the Company operates and from the appraisers' acknowledgement of the market. In view of this, and in view of the above mentioned in the previous paragraph, the determining of the fair value of the Company's investment property requires discretion. Changes in the assumptions used for determining of the fair value may affect materially the Company's state and the results of its activities.

See Note 5d for sensitivity tests.

- c. Consolidated financial statements:

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights are considered when assessing whether an entity has control. The Company legally holds of specific entities at a rate of 89.9% and earns a yield imputation of 100% in accordance with the essence and the mechanism that was defined in the profit sharing agreement (see Note 10(b)(1)).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)**d. Functional currency and presentation currency:

The presentation currency of the financial statements is the Euro.

The Group determines the functional currency of each Group entity. The vast majority of the Group's companies operate in Euro.

e. Cash equivalents:

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Group's cash management.

f. The operating cycle:

The operating cycle is one year.

g. Financial instruments:Financial liabilities at amortized cost:

The financial liabilities that are not measured at fair value through profit or loss are initially recognized at fair value after reduction of transaction costs. After initial recognition date, these financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and the allocation of interest expense over the relevant credit period. The effective interest rate is the rate that accurately discounts the forecasted flow cash flows over the expected life of the financial liability to book value, or where appropriate, for a shorter period.

**Convertible Instruments**

Bonds convertible into Company shares, which are linked or denominated in a currency other than the Company's functional currency, are hybrid financial instruments, comprising of a debt component and a conversion option. Upon the issuance of the bonds, the issuance proceeds are bifurcated between the debt component of the bonds and the conversion option embedded therein. At the date of issuance, the conversion option is measured at fair value. The remaining balance of the proceeds from the bonds is attributed to the debt component. Issuance costs are allocated to the debt component and the conversion option proportionately to the allocation of the proceeds. The portion of issuance costs attributed to the debt component is presented as a deduction from the liability for the convertible bonds. The portion of issuance costs attributed to the conversion option is recognized immediately in profit or loss. After the issuance of the bonds, the debt component is presented as another financial liability in accordance with the principles described

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

in Section 2g above. The conversion option is presented as a derivative, and is measured at fair value at the end of each reporting period, with changes in fair value recognized in profit or loss.

**Derecognition of financial liabilities:**

The Group derecognizes a financial liability when and only when the financial liability is repaid, canceled or expires. The difference between the carrying amount of the financial liability settled and the consideration paid is recognized in profit or loss.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)**h. Investment property:

An investment property is property (land or a building or both) held by the owner (lessor under an operating lease) or by the lessee under a finance lease to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services, for administrative purposes or for sale in the ordinary course of business.

Investment property is measured initially at cost, including costs directly attributable to the acquisition of the property. After initial recognition, investment property is measured at fair value which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment property are included in profit or loss when incurred. Investment property is not systematically depreciated.

Investment property is derecognized on disposal or when the investment property ceases to be used and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset in the financial statements is recognized in profit or loss in the period of the disposal.

The Group determines the fair value of investment property on the basis of valuations by independent appraisers who hold recognized and relevant professional qualifications and the necessary knowledge and experience.

Transition from investment property into inventory:

The Company classifies apartment properties from real estate investment properties into inventory and this is when a change in use of the buildings of the apartments occurs, which is supported by evidence in regards to the rezoning of the property and its turning into inventory.

The evidence includes 3 cumulative conditions as hereinafter: (1) the property has undergone a conversion process (hereinafter: R2C) which includes significant development processes mainly in regulatory and legal aspects which enable, inter alia, to sell each apartment separately and/or if the sold apartment has undergone a significant renovation process (2) the apartment in the property has been vacated/is vacant of tenants and/or rented has undergone a process of new rental (3) the apartment is held for the purpose of sale.

As of the date of the aforesaid transition process, the inventory cost of the transitioned apartment is the fair value of that transitioned apartment according to the last valuation that was received prior to the date of the transition from real estate investment property into inventory. The Company recognizes revenue from the sale of apartments on the date when the transference of control (possession) to the tenant is completed.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)**i. Taxes on income:

Current or deferred taxes are recognized in the statement of profit or loss except to the extent that the tax arises from items which are recognized in other comprehensive income or in equity.

(1) Current taxes:

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period as well as adjustments required in connection with the tax liability in respect of previous years.

(2) Deferred taxes:

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

The Group does not create deferred taxes for temporary differences arising from initial recognition of the asset or liability in a non-business combination transaction, when, at the date of the transaction, the initial recognition of the asset or liability does not affect accounting income and taxable income (loss for tax purposes), see Note 9.

Deferred taxes are measured at the tax rates that are expected to apply to the period when the taxes are reversed in profit or loss, comprehensive income or equity, based on tax laws that have been enacted or substantively enacted by the end of the reporting period.

The calculation of deferred taxes does not take into account the taxes that would apply in the event of the realization of investments in subsidiaries, provided that, in the management's assessment, the temporary differences related to these deferred taxes are controlled by the Group and are not expected to reverse in the foreseeable future.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)**j. Revenue recognition:

Revenue from contracts with customers according to the fair value of the consideration that was received or the consideration that the Group is entitled to receive in regards with revenue from rendering of services in the normal course of business. Revenue is measured according to the fair value of the consideration that was received or the consideration that the Group is entitled to receive in regards with revenue from rendering of services in the normal course of business.

The specific criteria for revenue recognition for the following types of revenues are:

Revenues from the rendering of services (including asset management fees):

Revenue from rendering of services is recognized over time, during the period the customer simultaneously receives and consumes the benefits provided by the Company's performance. Revenues are recognized according to reporting periods in which the services were provided.

Rental income:

Rental income is recognized on a straight-line basis over the lease term.

k. Reporting revenues using gross basis or net basis:

In cases where the Group acts as an agent or as a broker without being exposed to the risks and rewards associated with the transaction, its revenues are presented on a net basis. However, in cases where the Company controls the transaction and bears the to risks and rewards associated with the transaction, its revenues are presented on a gross basis.

According to the Group's activity, it bears the risks stemming from revenues from property management and therefore, the Company recognizes its revenues on a gross basis.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)**1. Fair value measurement:

Fair value of investment property is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of investment property is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Best use is met when it is physically possible, legally allowed and financially feasible.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

m. Classification of interest and dividends paid/received in the statement of cash flows:

The Group classifies cash flows for interest and dividends received as cash flows from investing activities, as well as cash flows for interest paid as cash flows used in financing activity. Cash flows for income taxes are generally classified as cash flows used in current operations, except those that are easily identifiable with cash flows used in investing or financing activities. Dividends paid by the Group are classified as cash flows for financing activities.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- n. Amendments to accounting and financial reporting standards:

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- n. Amendments to accounting and financial reporting standards (Cont.):

New standards, new interpretations and amendments to standards that were issued and are invalid, and were not adopted by the Group by early adoption, which are expected to have an effect or may have an effect on future periods:

- International Financial Reporting Standard 18 "Presentation and Disclosure in Financial Statements" ("IFRS 18"):

On April 9, 2024, IFRS 18 was issued which replaces the International Accounting Standard 1 "Presentation of Financial Statements" ("IAS 1"). The purpose of the IFRS 18 standard is to improve the manner of conveying the information by entities to users in their financial statements.

The standard focuses on the following areas:

1. The structure of the profit or loss statement- presentation of defined subtotals and subdivision to categories in the profit or loss statement.
2. Requirements regarding the improvement of the aggregation and disaggregation of information in the financial statements and in the notes.
3. Presentation of information regarding management-defined performance measures ("MPM") that are not based on accounting standards (NON-GAAP) in the notes to the financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- n. Amendments to accounting and financial reporting standards (Cont.):

New standards, new interpretations and amendments to standards that were issued and are invalid, and were not adopted by the Group by early adoption, which are expected to have an effect or may have an effect on future periods (Cont.):

- International Financial Reporting Standard 18 "Presentation and Disclosure in Financial Statements" ("IFRS 18"): (Cont.)

In addition, at the time of applying IFRS 18 additional amendments to IFRS standards shall be effective, inter alia to the IFRS 7 "Statement of Cash flows" which are designated to

improve the comparison between entities. The changes include mainly: using a subtotal of the operating profit as a single starting point in applying the indirect method for reporting on cash flows from operating activities as well as canceling the alternatives for choosing an accounting policy regarding the presentation of interest and dividends. In light of this, except in certain cases, interest and dividends received will be included as part of cash flows from investing activities and on the other hand paid interest and paid dividends will be included as part of financing activities.

The IFRS 18 standard shall be effective for annual reporting periods starting from January 1, 2027 onwards. The standard is applied retrospectively, with specific transitional provisions. Early adoption is possible, however, in accordance with the decision of the Securities Authority, early adoption will only be possible starting from the period beginning on January 1, 2025 (financial statements for the first quarter of 2025).

The Company is examining the effect of IFRS 18, including the effect of amendments to additional IFRS standards as a result of its application, upon the financial statements.

Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" (regarding classification and measurement of financial instruments and additional disclosure requirements):

Key amendments to IFRS 9:

- Addition of an option to derecognize a financial liability settled through an electronic payment system transfer prior to the settlement date, provided the following criteria are met:
  - The entity has no practical ability to withdraw, stop, or cancel the payment instruction;
  - The entity has no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
  - The settlement risk associated with the electronic payment system is not significant. An entity that shall elect this option is required to apply it to all the liabilities settled through the same electronic payment system.
  
- Addition of application guidance and examples for the purpose of assessing whether the contractual cash flows of a financial asset represent solely payments of principal and interest (SPPI) in respect of the principal amount outstanding for the purpose of financial asset classification.
  - The amendment clarifies that a financial asset has non-recourse characteristics if the entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
  
- The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions.

Key amendments to IFRS 7:

- Updating disclosure requirements regarding investments in equity instruments designated at fair value through other comprehensive income.
  
- Addition of disclosure requirements regarding contractual terms that may change the timing or amount of contractual cash flows of financial instruments upon the occurrence (or non-occurrence) of a contingent event (for example, achieving greenhouse gas emission reduction

targets) that does not relate directly to changes in the risks and costs of basic loan agreements (such as the time value of money or credit risk).

The amendments are effective for annual reporting periods beginning on January 1, 2026 or after this date. Early application is permitted, provided that all amendments are applied simultaneously, or that only the amendments related to the classification of financial assets are applied.

An entity is required to apply the amendments retrospectively. The entity is not required to restate prior periods at the date of initial application but may do so if, and only if, it is possible to be done without the use of hindsight.

Annual Improvements to IFRS Accounting Standards (Volume 11):

- As part of the annual improvements process, several amendments to IFRS Accounting Standards were issued in July 2024, including:

Minor amendments to the wording of IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 10 "Consolidated Financial Statements" and IAS 7 "Statement of Cash Flows".

- Amendments to IFRS 9 "Financial Instruments" clarifying that when it is determined that a lease liability has been extinguished in accordance with the provisions of IFRS 9, the lessee is required to apply the provisions of Section 3.3.3 of IFRS 9, such that the profit or loss arising from the derecognition is recognized in profit or loss. Furthermore, it was clarified that trade receivables shall be measured at the date of initial recognition in accordance with the amount determined by applying IFRS 15, and not according to the transaction price.

The amendments are effective for annual reporting periods beginning on January 1, 2026 or after this date. Early application is permitted, subject to disclosure of this fact.

The amendment to IFRS 9 regarding the derecognition of lease liabilities shall be applied regarding to lease liabilities extinguished at the beginning of the annual reporting period in which the amendment is first applied.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**


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**NOTE 3:- CASH AND CASH EQUIVALENTS**

Composition:

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>Euros in thousands</b>	<b>Euros in thousands</b>
Cash on hand	2,912	5,811
Short-term deposits (1)	43,637	21,720
	<u>46,549</u>	<u>27,531</u>

(1) As of December 31, 2025, including deposits of approximately € 5,060 thousand bearing an annual average weighted interest of approximately 2.1%, and deposits of € 38,545 thousand denominated in NIS bearing an annual weighted interest rate of approximately 3.9% .

**NOTE 4:- RESTRICTED DEPOSITS, LIQUIDATED INVESTMENTS AND ACCOUNTS RECEIVABLE**

Composition:

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>Euros in thousands</b>	<b>Euros in thousands</b>
Restricted deposits (*)	17,709	12,132
Liquidated investments	19,708	5,426
Tenants, net	2,539	1,599
Prepaid expenses	3,832	1,928
Accounts receivable and other receivables	910	878
	<u>44,968</u>	<u>21,963</u>

(\*) Mainly in regards with bank loans. In addition, the Company has restricted deposits in the amount of € 2,500 thousand, which are presented under accounts receivable and other receivables for long-term.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**


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**NOTE 5:- INVESTMENT PROPERTY**

 a. Composition and movement:

	<b>Year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>Euros in thousands</b>	<b>Euros in thousands</b>
Balance at the beginning of the year	782,695	679,526
Purchases and additions during the year	95,836	64,541
Inventory classification	(16,783)	(3,695)
Increase in fair value	61,920	50,619
Decrease in fair value	(2,009)	(8,296)
Balance at the end of the year (*)	<u>921,659</u>	<u>782,695</u>

(\*) As of December 31, 2025, the Company has construction rights in the amount of € 38,853 thousand. A total of € 26,183 thousand is included as part of the income-generating residential real estate for 13,304 square meters of construction rights, which reflect an average value of € 1,967 per meter.

 b. Presentation in the statement of the financial position:

Investment property is stated at fair value, as determined in valuations generally performed by independent outside appraisers who hold recognized and relevant professional qualifications and who have extensive experience in the location and category of the property being valued. The fair value was determined based on estimated future cash flows from the property. In estimating cash flows, their inherent risks and limitations of rental fees are taken into account where they are capitalized at a rate of return that reflects the risks embodied in the cash flows, which is determined taking into account the market rate of return, whilst adapting it to the specific characteristics of the property and the level of risk of the revenues expected from it.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**


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**NOTE 5:- INVESTMENT PROPERTY (Cont.)**

- c. Significant assumptions (based on weighted averages) that were used in valuation estimates are as follows:

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
<u>Income-generating residential real estate:</u>		
Discount rate (%) (*)	5.15%	5.09%
Growth rate for the first 10 years	1.57%	1.46%
Long-term growth rate (*)	1.84%	1.84%
Long-term vacancy rate (%)	2.28%	2.28%
Representative monthly rental fees per sq.m. (in Euros)	12.42	11.72

- (\*) It should be noted that according to the methodology applied in the valuations, the estimated cash flow for the first 10 years are capitalized based on the Discount Rate basis, and effective from the eleventh year onwards, estimated cash flows are capitalized based on the Cap Rate basis (which deducts the long term growth rate from the Discount Rate).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 5:- INVESTMENT PROPERTY (Cont.)

- d. The following table presents the sensitivity of the valuation to the changes in the most material assumptions underlying the valuation of investment property:

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>Euros in thousands</b>	<b>Euros in thousands</b>
Increase of 25 basis points at the discount rate of investment property relating to income-generating residential real estate	<u>(38,816)</u>	<u>(33,911)</u>
Decrease of 25 basis points at the discount rate of investment property relating to income-generating residential real estate	<u>42,694</u>	<u>37,383</u>
Increase of 5% in representative rental fees per square meter	<u>42,731</u>	<u>36,516</u>
Decrease of 5% in representative rental fees per square meter	<u>(42,731)</u>	<u>(36,516)</u>

- e. Regarding charges: see Note 10.

- f. Income from future minimal rental fees:

The Company owns income generating residential real estate, where all of its lease agreements are shorter than one year.

As of December 31, 2025, the Company has lease agreements in the residential segment reflecting, based on the current occupancy rate, an annual rental income at the amount of approximately EUR 29.7 million.

In addition, the Company owns income generating commercial real estate consisting of assets leased to third parties generating annual rental income at the amount of approximately EUR 0.8 million.

The future minimum rental fees receivable from existing tenants in the income generating commercial real estate are as follows:

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>Euros in thousands</b>	<b>Euros in thousands</b>
First year	775	693
Second year	495	624
Third year	331	472
Fourth year	302	259
Fifth year	285	257
Sixth year and thereafter	479	696
	<u>2,667</u>	<u>3,001</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 5:- INVESTMENT PROPERTY (Cont.)**g. Purchases and sales of investment property during 2025:

(1) During 2025, the Company completed (via subsidiaries and sub-subsidiaries) the purchase of 502 apartments in 48 assets for a total consideration of approximately EUR 81,212 thousand. In addition, the Company engaged in further transactions (including agreements after the report date) for the purchase of 601 apartments in a total consideration of approximately EUR 92,806 thousand which are expected to be completed during the first half of 2026.

(2) Financing of new acquisitions and refinancing:

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.

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 the fourth quarter of 2025.

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 and in January 2026 the loan agreements were signed, 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. The loan bears a variable interest rate based on the three-month Euribor rate plus a margin of 1.48%, the variable interest was hedged through CAP transactions at a weighted average rate of approximately 4.13%. The loans' drawdown will be made in tranches during March and April 2026.

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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 5:- INVESTMENT PROPERTY (Cont.)

g. Purchases and sales of investment property during 2025 (Cont.):

(2) Financing of new acquisitions and refinancing (Cont.):

In September 2025, the Company's sub-subsidiaries entered into an LOI with a German banking corporation regarding non-recourse loans, and in November 2025 a loan agreement was signed at a total amount of approximately EUR 21.0 million for the purpose of financing the acquisition of new assets, the cost of which is expected to amount to a total of approximately EUR 41.3 million. The loans will be provided for a period of 5 years and will bear a fixed interest rate of 3.955% per annum, a drawdown of EUR 16.9 million was executed in February 2026, and the drawdown of the remaining balance is expected upon the completion of the acquisition of assets at a total amount of approximately EUR 6.8 million, which is expected during the second quarter of 2026.

During February 2026, the Company's sub-subsidiaries entered into an LOI with a German banking corporation regarding non-recourse refinancing loans in an amount of approximately EUR 28.5 million for assets, with a remaining loans balance of approximately EUR 22 million, and for which the interest rate was fixed for various periods between November 2026 to April 2027. and for which the interest rate was fixed for various periods between November 2026 and April 2027. The new loans will be provided for a period of 5 years, with an interest rate based on a 1.6% margin above the Euribor rate. The signing and drawdown of the loans are expected in September 2026. The refinancing is made possible due to value enhancement of the assets since their acquisition date; it should be noted that in previous years, the original loans for the acquisition of the assets were increased.

### NOTE 6:- ACCOUNTS PAYABLE

Composition:

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>Euros in thousands</b>	<b>Euros in thousands</b>
Expenses payable and others	3,889	5,093
Agreement with a partner (*)	487	369
Interest payable	644	88
Trade payables	2,278	2,386
Deposits from tenants	3,337	3,220
Provision for vacation and sick leave	1,332	1,144
	<u>11,967</u>	<u>12,300</u>

(\*) see Note 10b(1).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 7:- LOANS FROM BANKS

a. Composition:

	<b>Weighted interest rate (*) as of December 31, 2025</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
	<b>%</b>	<b>Euros in thousands</b>	<b>Euros in thousands</b>
<u>Non-current loans from banks and others:</u>			
Variable interest rate based on 3 or 6 months Euribor rate (*)	3.18%	118,880	94,655
Fixed interest rate (**)	2.29%	234,270	230,986
Fixed interest rate from institutional entity denominated in NIS (***)	5.19%	89,440	56,632
Deferred finance costs		(2,031)	(2,071)
<u>Total loans from banks and others, net of deferred finance costs</u>		440,559	380,202
Less - current maturities		(29,538)	(35,234)
		411,021	344,968
<u>Maturity dates (excluding the deduction of deferred finance costs):</u>			
First year		29,538	35,234
Second year		99,476	85,638
Third year		31,331	119,204
Fourth year		48,954	98,445
Fifth year and beyond		233,291	43,752
		442,590	382,273

(\*) The weighted interest rate is taking into account the interest rate cap in accordance with agreements to fix the Euribor rate cap (CAP) the companies entered into.

For further details see Note 12(f).

(\*\*) The values of the loans at variable interest rate do not include a loan the balance of which as of December 31, 2025 amounted to EUR 7,200 thousand that was fixed by SWAP agreement and is presented by weighing the SWAP agreement under the loans bearing fixed interest rate.

(\*\*\*) For further details - see Note 5(g)(c).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 7:- LOANS FROM BANKS (Cont.)**b. Additional information on loans from banks:

All the remaining balance of the loans from banking corporations, except for a loan from an institutional entity, are loans taken out by sub-subsidiaries and are without a right of recourse to the Company (Non-Recourse). Under the loan agreements (of the non-recourse type) which their remaining balance as of December 31, 2025 is EUR 187,839 thousand, the Company's subsidiaries have committed to meet a number of financial covenants as customary in the market, in some cases quarterly reviews and in others annual or multi-year reviews. Among other things were set debt coverage ratios of 1.2, minimum rental fees, debt yield and LTV. The balance of the bank loans does not include a commitment to meet financial covenants.

As of December 31, 2025, the Group meets all covenants that were set.

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) Fixed annual interest rate (non-linked) of 5.19% per annum (hereinafter: "the Base Interest"); 1% per annum shall be added to the interest margin if the Loan is not repaid by December 31, 2031, and 0.5% per annum at each additional exit point (December 31, 2034 and December 31, 2037), should the Loan is not repaid in full by such date.
- (2) Additional interest such that at the end of each interest period, the interest rate shall increase by 50% of the growth rate 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 of the loan 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.

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 lower than 75% (47.4% as of the report date), and the value of an individual asset is lower than 15% of the value of the Company's consolidated real estate assets (3.4% as of the report date). It is secured by a negative pledge on the Company's assets (other than real estate), a change of control clause, and various authority and structure provisions. In addition, interest adjustment mechanisms and grounds for early repayment were established as is customary in loans of this type. It should be noted that in light of the Company's management structure and the absence of a controlling shareholder, the loan includes management stability provisions. In accordance with the expected termination of the tenure of Mr. Ofir Rahamim, a joint CEO of the Company (see Note 14b), any change in the composition of the joint CEOs prior to April 2030 (except, God forbid, in circumstances of death or incapacity (due to health reasons)) is subject to the Lender's prior written approval. On February 12, 2026, the

Lender confirmed its decision to maintain the current loan format without any changes to its terms.

On April 7, 2025, the additional loan was effectively provided (net of interest accrued on the original loan from January 1, 2025).

(1) For information regarding pledges, see Note 10.

(2) For further details on loans obtained during the reporting periods, see Note 5(g)(h).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 8:- OTHER FINANCIAL LIABILITIES

Financial liabilities in regards of interest SWAP transactions as of December 31, 2025 and 2024 are in the amount of approximately EUR 97 thousand and approximately EUR 0 thousand, respectively (level 2).

As of December 31, 2025 and 2024, the fixed interest rates (without margin) were set at 2.72%. (See also Note 12f).

Subsidiaries in Germany that own investment properties took loans and signed interest rate SWAP agreements. In these agreements, the subsidiary hedges its exposure to future changes in variable interest rates on cash flows, by swapping it for a fixed interest rate. As of December 31, 2023, the loan balance amounted to EUR 7,200 thousand. The Company did not treat these transactions as accounting hedging. The change in the fair value of the instrument was recognized in profit or loss statements.

### NOTE 9:- TAXES ON INCOME

#### a. Tax laws applicable to the Group companies:

- (1) The Company has revenues from real estate investments in Germany. In accordance with the tax treaty between Germany and the Netherlands, real estate revenues are only taxed at the location of the real estate.
- (2) The following are tax rates applicable to the Company and its key subsidiaries:

<u>State</u>	<u>%</u>
The Netherlands	25
Germany	10.5

It should be noted that during 2025, binding legislation was completed in Germany regarding the reduction of the corporate tax rate starting from 2028, in a manner that the corporate tax rate will be reduced by 1% annually, from 2028 until 2033, reaching a rate of 10.5%, compared to the current tax rate of 15.825%.

During the reporting period, the Company recognized deferred tax income in a total amount of approximately EUR 8.4 million, following an update to the tax rate in Germany, such that the tax rate will be decreased to 10.5% in a process expected to conclude at the end of 2032. Consequently, the Company's deferred tax provisions were updated.

- (3) Earnings from the sale of the shares of a Dutch company and earnings in a German company whose shares are sold by a Dutch company are tax-exempt in the Netherlands subject to meeting the terms of exemption from participation set forth in Dutch law; In case the sold company holds real estate in Germany, 5% of the profit incurred effective from December 31, 2018 is taxable at 15.825% in Germany. It should be noted that the Company recognizes a provision for deferred taxes for all temporary differences arising from a notional sale of assets.

Some of the Company's subsidiaries are German companies, which are generally also subject to local business tax rates ranging from 9%-20%. The tax law provides for exceptions and exemptions that are relevant to the Company's operations in these companies.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 9:- TAXES ON INCOME (Cont.)**b. Tax assessments:Final tax assessments:

The Company and some of the companies held by the Company have final tax assessments until 2020, some of the companies held by the Company have not yet had tax assessments issued/formed since their incorporation date.

c. Losses carried forward for tax purposes and other temporary differences:

The Group has business losses for tax purposes carried forward for tax purposes on the coming years and temporary differences that do not derive from investment property, amounting as of December 31, 2025 to approximately EUR 54,359 thousand, that in regards thereof deferred tax assets have been recognized in the financial statements in the amount of approximately EUR 6,105 thousand.

In addition, the Group has business losses, which were accumulated in asset companies the Company acquired during the period prior to the acquisition of the companies, for tax purposes carried forward to future years, amounting as of December 31, 2025 to approximately EUR 304 thousand, for which no deferred tax assets were recognized.

In addition, the Group has temporary differences, which were created at the time of acquisition of asset companies in non-business combinations and that at the time of the transaction did not affect the accounting profit or the taxable income, between the tax base of real estate for tax purposes and the cost of its acquisition which amounted as of December 31, 2025 and 2024 to approximately EUR 16,423 thousand, for which no deferred tax liabilities were recognized.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 9:- TAXES ON INCOME (Cont.)

d. Deferred taxes:(1) Composition:

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<u>Euros in thousands</u>	<u>Euros in thousands</u>
<u>Deferred tax liabilities:</u>		
Investment property	(30,948)	(32,838)
<u>Deferred tax assets:</u>		
Losses carried forward for tax purposes and other temporary differences	5,810	6,324
<u>Deferred tax liabilities, net</u>	<u>(25,138)</u>	<u>(26,514)</u>
<u>Deferred taxes are presented in the statement of financial position as follows:</u>		
Non-current assets	1,722	938
Non-current liabilities	(26,860)	(27,452)
	<u>(25,138)</u>	<u>(26,514)</u>

(2) Movement in profit or loss:

	<u>Year ended December 31,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
	<u>Euros in thousands</u>	<u>Euros in thousands</u>	<u>Euros in thousands</u>
Balance at the beginning of the year	(26,514)	(19,161)	(26,708)
Investment property	(10,548)	(9,489)	5,473
Effect of change in statutory tax rate	8,701		
Creation (utilization) of losses carried forward for tax purposes and others	3,223	2,136	2,074
<u>Balance at the end of the year</u>	<u>(25,138)</u>	<u>(26,514)</u>	<u>(19,161)</u>

(\*) The deferred taxes are calculated at an average tax rate of 10.5% based on the tax rates expected to apply upon asset realization in the Company's sub-subsidiaries. Deferred taxes in regards of carryforward tax losses in the Netherlands are calculated at a tax rate (25%) the Company expects that these losses will be utilized.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 9:- TAXES ON INCOME (Cont.)

- e. Taxes on income included in the statements of profit or loss:

	<b>Year ended December 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
	<b>Euros in thousands</b>	<b>Euros in thousands</b>	<b>Euros in thousands</b>
Deferred taxes	1,376	(7,353)	7,547
Current taxes and taxes in regards of previous years	20	(207)	(139)
<b>Tax expenses (income)</b>	<b>1,396</b>	<b>(7,560)</b>	<b>7,408</b>

- f. Theoretical tax:

The following is a reconciliation between the tax amount that would have applied, assuming that all revenues and expenses, profits and losses in the statement of profit or loss had been taxed at the statutory tax rate in the Netherlands, and the amount of taxes on income recognized in the statement of profit or loss:

	<b>Year ended December 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
	<b>Euros in thousands</b>	<b>Euros in thousands</b>	<b>Euros in thousands</b>
(Loss) income before taxes on income	65,822	42,744	(50,903)
Statutory tax rate in the Netherlands	25%	25%	25%
Tax calculated using statutory tax rate	(16,456)	(10,686)	11,417
<b>Effect of change in statutory tax rate</b>	<b>8,701</b>		
Deferred tax assets created in other tax rate (see section a. above)	9,151	3,126	(4,009)
<b>Taxes on income</b>	<b>1,396</b>	<b>(7,560)</b>	<b>7,408</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 10:- COMMITMENTS AND CHARGES

#### a. Charges:

- (1) To secure loans from banking corporations, that Company's subsidiaries had taken, that have no right of recourse to the borrower (Non-Recourse), charges have been recorded on investment property as well as on bank accounts where rents are received, rights in respect of insurance policies, charge on shares of the Company the owner of the property, etc. For some of the properties, there is a cross guarantee to secure credit facilities taken to finance the acquisition of the properties.

In some of the loan agreements "negative pledge" provisions were established, according to which the borrowers are prohibited from creating additional charges on the charged properties and income, without obtaining an explicit approval from the lender.

- (2) The balance of the secured liabilities is as follows:

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<u>Euros in thousands</u>	<u>Euros in thousands</u>
Non-current liabilities (including current maturities), see Note 7	440,559	380,202

#### b. Commitments

- (1) The Company has entered into an agreement with a partner holding 10.1% in a number of subsidiaries, according to which the Company has provided the partner with loans of approximately EUR 3,035 thousand. The loans are without a right of recourse to the borrower (non-recourse) secured by the shares of the subsidiaries, bearing interest at a rate of 10% and repayable in 2029. The partner assigned to the Company rights for any payment to be paid by the subsidiaries until the full repayment of the loan.

In addition, the Company has an option to acquire the partner's rights in the subsidiaries after 10 years from the agreement date in exchange for an amount equal to the partner's share in the net assets of the subsidiaries less certain reductions in accordance with the mechanism defined in the agreement.

Under said loan agreement, an annual amount for the above option to which the partner is entitled under the option agreement as well as additional amounts to which the partner is entitled for a dividend from the subsidiaries will be deducted against the annual interest amounts in respect of the loans granted to the partner as mentioned above. For further details see Note 6.

- (2) Regarding commitments for the purchase of real estate - see Note 5g above.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**


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**NOTE 11:- EQUITY**

 a. Composition of share capital:

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Registered</u>	<u>Issued and outstanding</u>	<u>Registered</u>	<u>Issued and outstanding</u>
Ordinary shares of EUR Cent 1 par value each (1)	<u>30,000,000</u>	<u>21,759,612</u>	<u>30,000,000</u>	<u>20,559,634</u>

 b. Capital management in the company:

The Company works to ensure a capital structure that will enable the Company to support its business and to maximize value for its shareholders. The Company manages its capital structure and makes changes according to changes in the environment in which the Company operates.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 11:- EQUITY (Cont.)

c. Employee stock options:The new plans:

During 2023, the Company's Board of Directors approved plans for the allocation of options to employees and officers in the Company and the remuneration committee, the Company's Board of Directors and the general meeting of the Company's shareholders (respectively and as the case may be) approved the allocation of options in virtue of the said plans for the joint CEOs as well as for additional senior officers. Below are the main terms of the said plans:

	ESOP 2	ESOP1A in regards to the joint CEOs	ESOP1A in regards to senior officers who are not CEOs
<b>Number of allocated options</b>	2,048,904	1,331,277	839,283
<b>Date of actual allocation</b>	1,309,169 options were allocated on July 2, 2023 to the joint CEOs; 739,735 options were allocated to other senior officers on October 5, 2023.	October 16, 2023	
<b>Exercise price (NIS)</b>	77.13	65	59.33
<b>The method of the options exercise</b>	Cashless only with accordance to the average share price in the period of 30 days prior to the exercise notice (*)		
<b>Vesting periods and dates</b>	3 vesting periods of one, two and three years, starting from July 1, 2023	One vesting date on December 31, 2024	
<b>Final date for exercise</b>	June 30, 2027	June 30, 2026	
<b>Fair value of the total amount of granted options as determined by an external independent appraiser</b>	NIS 12,492 thousand	NIS 4,964 thousand	NIS 4,582 thousand
<b>Number of options exercised into shares</b>	69,597	-	631,130
<b>Balance of options as of December 31, 2025</b>	1,979,307	1,331,227	208,108

\* With regards to 636,286 options which were granted to Mr. Tenenbaum (joint CEO), it was determined as for the net exercise mechanism, that in spite of the calculation based only on the average closing prices, the calculation will be determined by the lower of: (i) average closing share prices; and (ii) the NTA (equity plus deferred tax reserve for investment property) per share value (in NIS currency according to the exchange rate on the date of exercising the options).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 11:- EQUITY (Cont.)****d. Options to investors:**

In accordance with the Company's founders agreement, if the Company's shares are issued in the stock exchange the investors included in the founders' agreement of July 2018 will be entitled to options for additional 20% of shares than they had on the founders' agreement signing date (fully diluted) at a price higher by 25% than the price per share of the shares to be issued in the stock exchange (if issued) subject to 4 year vesting period from the IPO date.

In accordance with the foregoing, on May 10, 2021, the Company's board of the directors approved the allocation of 2,069,785 non-tradable options (Initial Investors' Option Warrants) exercisable into 2,069,785 shares of the Company to the Company's founders and other investors in the Company's first fundraising round in accordance with the terms specified in the Company's founders' agreement as of the date of the Company's incorporation as stated above.

During the second and third quarters of 2025, all of the 2,069,785 investor warrants in the Company were exercised, some were exercised through a "cashless" mechanism, while others were exercised through payment of the full exercise price, and for a total consideration of approximately EUR 11,418 thousand.

The Company accounts for such grant of options as a share based payment for services rendered by the Company's founders.

**e. Classifications in accordance with Dutch law - Statutory Capital Reserve:**

In accordance with the provisions of the Dutch law applicable to the Company, the Company's profits from adjustments to fair value that have not been realized cannot be distributed as dividends, consequently changes in the fair value of investment property that have not been realized, with a deduction of deferred taxes, are included under a statutory capital reserve.

In addition, profits of subsidiaries are not distributable as dividends unless distributed by the subsidiaries themselves.

However, in accordance with Dutch law, these profits can only be distributed after being converted into share capital and the reduction of capital as a result of the dividend distribution.

In the reported year, the Company classified the distributable earnings from the statutory capital reserve.

Accordingly, the balance of distributable earnings as of December 31, 2025 is approximately EUR 174,347 thousand.

**f. Issuance of shares to the public:**

On September 18, 2024, the Company published a shelf offering report by virtue of the Company's shelf prospectus which was published on May 20, 2024, bearing the date of May 21, 2024. In the offering report, 2,945,500 ordinary shares of the Company, with a nominal value of 0.01 Euro each, were offered to the public (hereinafter: "the Shares" or "the Offered Shares"). The shares were offered to the public in 29,455 units (hereinafter: "the Units"), in a manner of uniform offering, in a tender for the price of the unit, when the minimum price of the unit (which includes 100 shares) was NIS 8,950. Of the units offered to the public in the tender, in regards to 24,273 units (which constitute approximately 82.4% of the units offered in the public offering according to the offering report) a prior commitment was given to purchase them from classified investors whose names were listed in the offering report. In the tender held on September 19, 2024, 45 applications (requests) were received to purchase 27,620 units (including 17 applications from classified investors to purchase 24,273 units as mentioned above).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 11:- EQUITY (Cont.)**

The price of the unit determined in the tender is NIS 8,970. In accordance with the results of the tender, on September 22, 2024, the Company issued 2,458,100 shares for a total consideration (gross) of approximately NIS 220,492 thousand.

g. Issuance of convertible securities:

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.

In accordance with generally accepted accounting principles, the Company bifurcated the embedded derivative of the conversion component from the bonds and measures it at the fair value through profit or loss. The fair value of the conversion component as of December 31, 2025, was determined by an independent external valuer and amounted to approximately NIS 28.1 million. The fair value was determined in an integrated approach of a valuation of the bonds based on the market interest rate for bonds with similar ratings and durations and the Black-Scholes model with a standard deviation of 35.4%.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 12:- FINANCIAL INSTRUMENTS

a. Classification of financial assets and financial liabilities:

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<u>Euros in thousands</u>	<u>Euros in thousands</u>
<u>Cash, loans and receivables at amortized cost:</u>		
Cash and cash equivalents	46,549	27,531
Restricted deposits and liquidated investments	37,417	17,558
Financial assets	2,524	979
Accounts receivable	3,449	2,477
	<u>89,939</u>	<u>48,545</u>
<u>Other financial liabilities at amortized cost:</u>		
Credit from banks and others	440,559	380,202
Other accounts payable	7,298	7,936
	<u>447,857</u>	<u>388,138</u>
<u>Convertible securities</u>		
Convertible bonds Series 1	54,631	-

b. Market risk:

Interest rate risk:

The Group is exposed to risk resulting from changes in cash flows of loans bearing variable interest rates because of changes in interest rates.

The Company hedges most of its financial liabilities by taking loans at fixed interest rate or by entering into interest SWAP agreements or CAP agreements.

The interest swap contract conditions are suited to the base loans. As of the report date, 97% of the Company's loans are at fixed interest or hedged. See Note 7 regarding the Company's loans at fixed and variable interest.

Exchange rate risk:

The Group, whose operating currency is the EURO, is exposed to risk due to changes in exchange rates in respect of a loan from an institutional entity denominated in NIS and in respect of convertible bonds denominated in NIS, the balances of which as of December 31, 2025 amounted to approximately EUR 89,440 thousand and EUR 54,631 thousand, respectively. For further details regarding this engagement, see Note 7(b) and Note 11(g).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**


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**NOTE 12:- FINANCIAL INSTRUMENTS (Cont.)**
**b. Market risk (Cont.):**
Exchange rate risk (Cont.):

The Company is considering hedging its exposure to exchange rates, through forward transactions and natural hedging (by holding cash in NIS), mainly in light of market conditions, financial flexibility and liquidity considerations.

As of December 31, 2025 – a portion of the exposure to changes in the exchange rates is hedged via cash balances or deposits held in NIS in the amount of EUR 50.4 million, and a portion is hedged via an engagement in a hedging transaction in the amount of approximately EUR 67 million.

The table below specifies the sensitivity for an increase or decrease of 5%-10% in the relevant exchange rates. This index represents the management's estimates regarding the reasonable possible change in the exchange rates. The sensitivity test includes existing balances of financial items denominated in foreign currency and adjusts its translation at the end of the period to a change at a rate of 5%-10% in the foreign currency exchange rates.

The sensitivity test includes external loans as well as loans for external activities in the Group denominated in a different currency than the currency of the lender or the borrower. A positive number in the table indicates an increase in the profit or loss or an increase in equity when the Euro currency strengthens compared to the relevant currency, or a decrease in the profit or loss or a decrease in equity when the Euro currency weakens compared to the relevant currency.

Under the assumption that the other parameters stay permanent (unchanged), the effect of an increase/ decrease of 5%-10% in the Euro currency compared to the other currencies before tax is applied would be as follows:

	<b>As of December 31, 2025</b>		<b>As of December 31, 2025</b>	
	<b>Increase of 5%</b>	<b>Decrease of 5%</b>	<b>Increase of 10%</b>	<b>Decrease of 10%</b>
	<b>Euros in thousands</b>	<b>Euros in thousands</b>	<b>NIS in thousands</b>	<b>NIS in thousands</b>
Profit or loss	<u>(1,380)</u>	<u>1,380</u>	<u>(2,761)</u>	<u>2,761</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 12:- FINANCIAL INSTRUMENTS (Cont.)**c. Credit risk:

Credit risk could arise from cash and cash equivalents, derivatives and deposits with banking corporations and financial institutions, as well as from receivables, including tenants' debit balances.

Management has a credit policy and exposure to credit risk is examined on a regular basis. In principle, the Company does not provide credit to tenants or to buyers of apartments. In cases in which tenants request credit, the Company carries out a credit assessment for those customers. The Group holds all or part of the tenants' deposits that are refundable until the tenants will settle their payments or in other cases of breach of contract.

The Company estimates the need for making an allowance for doubtful accounts according to the management's estimate of the balance's nature based on the cumulative experience in managing the asset.

Credit risk could also arise from an engagement by a number of financial instruments with a single entity. The Company holds cash and cash equivalents, short-term investments and other financial instruments in various financial institutions with high credit ratings. The Company's policy is to spread its investments among the various institutions.

As of the report date, there were no significant concentrations of credit risk. According to management estimate, the balance in the financial statements of each of the financial assets represents the maximum exposure to credit risk.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**NOTE 12:- FINANCIAL INSTRUMENTS (Cont.)**
**d. Liquidity risk:**

Liquidity risk is the risk that the Group will have difficulty meeting obligations in respect of financial liabilities. Financial liabilities to banking corporations regarding interest payments are guaranteed through rental payments regularly deposited in designated accounts/collection accounts.

The Group's goal is to maintain a balance between the receipt of financing and the flexibility in the use of bank loans.

As of December 31, 2025 – 6.7% of the Group's debt to banks and others will be redeemed within under a year (See also Note 7).

The following table sets out the maturity dates of the Group's financial liabilities in accordance with the contractual conditions in non-discounted sums (including interest payments):

	<b>As of December 31, 2025</b>					
	<b>First year</b>	<b>Second year</b>	<b>Third year</b>	<b>Forth year</b>	<b>Fifth year onwards</b>	<b>Total</b>
	<b>Euros in thousands</b>					
Accounts payable	7,298	-	-	-	-	7,298
Loans from banking corporations, financial institutions and convertible bonds*	43,471	111,524	40,856	55,872	210,494	462,217
	<u>50,769</u>	<u>111,524</u>	<u>40,856</u>	<u>55,872</u>	<u>210,494</u>	<u>469,515</u>
	<b>As of December 31, 2024</b>					
	<b>First year</b>	<b>Second year</b>	<b>Third year</b>	<b>Forth year</b>	<b>Fifth year onwards</b>	<b>Total</b>
	<b>Euros in thousands</b>					
Accounts payable	7,936	-	-	-	-	7,936
Convertible bonds	-	-	-	-	-	-
Loans from banking corporations (*)	45,155	94,843	126,456	107,044	44,102	417,600
	<u>53,091</u>	<u>94,843</u>	<u>126,456</u>	<u>107,044</u>	<u>44,102</u>	<u>425,536</u>

\*Provided that there will not be a conversion of the bonds into equity.

The balance of loans from banking corporations include interest payments and other financial liabilities.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 12:- FINANCIAL INSTRUMENTS (Cont.)

e. Fair value:

Management estimated that the balance of cash and cash equivalents, short term deposits, trade receivables, trade payables, overdrafts, and other current liabilities and bank loans presented at amortized cost matches or approximates their fair value.

The amortized cost of loans from banks and from More Provident and Pension Funds Ltd. as of December 31, 2025, which bear a fixed interest rate, approximates their fair value. The fair value of the Bonds Series 1 as of December 31, 2025, according to the stock exchange price, is approximately EUR 0.9 million lower than its value in the financial statements.

The fair value of financial instruments that are not quoted on an active market is determined using valuation techniques. Valuation tools specific to financial instruments include:

- The fair value of interest swap agreements (SWAP) or agreement to fix interest rate cap (CAP) or a future agreement for exchange of currencies (FORWARD) is based on a calculation of the present value of an estimate of future cash flows, using observable return curves.

Regarding the conversion component of the Company's convertible bonds Series 1, see Note 11(g) above.

The following describes unobservable material data that are used in valuation:

	<u>Valuation technique</u>	<u>Unobservable material data</u>	<u>Range weighted (average)</u>	<u>Fair value sensitivity to change in data which shall effect the profit or loss</u>
Interest swap transactions (SWAP)	DCF	Payment curve	Euribor curve for the transaction period	2% increase/decrease in Euribor curve will result in increase/decrease in fair value up to EUR 0.4 million

A decrease in fair value of the interest rate cap agreements (CAP) is limited to the positive value of the assets (EUR 183 thousand as of the date of the report).

f. Derivatives and hedging:

As of December 31, 2025, the Group has interest rate swap agreements (SWAP) in the sum of EUR 7,200 thousand according to which the Group pays a fixed interest rate of 2.72% and receives a variable interest rate at a rate equal to three months Euribor rate.

As of December 31, 2025, the Group has CAP agreements on the 3 and 6 months Euribor rate on reserves in a total amount of EUR 67,079 thousand to fix caps of the Euribor rates at a range between 1.5% to 2.5%.

Regarding the conversion component of the Company's convertible bonds Series 1, see Note 11(g) above.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 12:- FINANCIAL INSTRUMENTS (Cont.)

g. Sensitivity tests relating to changes in market factors:

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<u>Euros in thousands</u>	<u>Euros in thousands</u>
<u>Sensitivity test to changes in interest rates:</u>		
<u>Effect on profit or loss:</u>		
<u>For loans (*)</u>		
Interest increase of 200 basis points	(6,608)	(6,586)
Interest decrease of 200 basis points	6,608	6,586
<u>For SWAP transactions</u>		
Interest increase of 200 basis points	432	588
Interest decrease of 200 basis points	)432(	(588)
<u>For CAP transactions (*)</u>		
Interest increase of 200 basis points		
Interest decrease of 200 basis points	5,634 (183)	3,761 (457)
<u>For FORWARD transactions</u>		
Increase of 2% in the EUR/NIS exchange rate	(1,340)	(500)
Decrease of 2% in the EUR/NIS exchange rate	1,340	500

(\*) sensitivity analysis is presented according to projected cash flows from agreements according to their terms in nominal values.

The fluctuations chosen in the relevant risk variables were set in accordance with acceptable practice in regards to options for SWAP transactions. The results of the change are presented only in the expected effect on the internal value of the option.

The Company has performed sensitivity tests of principal market risk factors that are liable to affect its reported operating results or financial position. The sensitivity tests present the profit or loss and/or the comprehensive income with respect to each financial instrument for the relevant risk variable chosen for that instrument as of each reporting date. The test of risk factors was determined based on the materiality of the exposure of the operating results or financial condition of each risk with reference to the functional currency and assuming that all the other variables are constant.

In long-term loans at fixed interest ,the Group is not exposed to changes in profit/loss due to interest risk. In non-current variable-interest loans, the sensitivity test for interest rate risk was only performed on the variable component of interest.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**NOTE 13:- SUPPLEMENTARY INFORMATION TO ITEMS OF STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**a. Revenues from selling of apartments:**

During 2025 the Company (via sub-subsidiaries) sold 102 apartments (notarized agreements and exclusivity agreements) for a total amount of approximately EUR 25.4 million and at an average price of approximately EUR 4,230 per square meter. In the first two months of 2026, the Company engaged (via sub-subsidiaries) in notarized agreements and exclusivity agreements for the selling of another 23 apartments and at an average price of approximately EUR 4,317 per square meter. It should be noted that due to gaps of approximately six to nine months between the engagement dates and the delivery dates, as is customary in the industry, less than half of the apartments sold have been delivered to purchasers so far. As of the reporting date, apartments under binding purchase agreements that have not yet been delivered are classified as inventory.

In 2025 46 apartments were delivered to the apartments purchasers .

<b>Year ended December 31,</b>		
<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Euros in thousands</b>	<b>Euros in thousands</b>	<b>Euros in thousands</b>

**b. General and administrative expenses:**

Property management, salary expenses and others	(1,485)	(1,284)	(1,481)
Legal and other professional services	(2,149)	(2,287)	(1,718)
Cost of share based payment	(255)	(3,552)	(2,451)
Travel expenses, rent and office maintenance and others	(1,695)	(1,577)	(787)
	<u>(5,584)</u>	<u>(8,700)</u>	<u>(6,437)</u>

**c. Financial expenses:**
Interest, bank charges and others

Interest income	1,776	810	689
Interest expenses on loans	(12,638)	(9,931)	(7,688)
Amortization of finance costs, bank charges, and others	(915)	(767)	(637)
	<u>(11,777)</u>	<u>(9,888)</u>	<u>(7,636)</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 14:- BALANCES AND TRANSACTIONS WITH INTERESTED AND RELATED PARTIES

- a. Benefits for key management personnel (who are not directors):

**Year ended December 31, 2025**

	<b>No. of people</b>	<b>Amount - Euros in thousands</b>
Short-term employee benefits (*)	6	2,236
Cost of share based payment	6	255

**Year ended December 31, 2024**

	<b>No. of people</b>	<b>Amount - Euros in thousands</b>
Short-term employee benefits (*)	6	5,266
Cost of share based payment	6	3,552

**Year ended December 31, 2023**

	<b>No. of people</b>	<b>Amount - Euros in thousands</b>
Short-term employee benefits (*)	6	1,797
Cost of share based payment	6	2,450

(\*) The amount of short-term employee benefits do not include expenses related to the provision for vacation and sick leave, which in 2025 amounted to EUR 177 thousand.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 14:- BALANCES AND TRANSACTIONS WITH INTERESTED AND RELATED PARTIES (Cont.)

b. Compensation and benefits granted to interested parties and related parties:

	<b>Year ended December 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
	<b>Euros in thousands</b>	<b>Euros in thousands</b>	<b>Euros in thousands</b>
Salary and related expenses to interested parties employed by the Company (joint CEOs)	<u>1,015</u>	<u>2,708</u>	<u>2,341</u>
The number of people to whom the benefit relates	<u>2</u>	<u>2</u>	<u>2</u>
Compensation for directors not employed in the Company	<u>325</u>	<u>317</u>	<u>365</u>
The number of people to whom the benefit relates	<u>5</u>	<u>5</u>	<u>5</u>

The monthly employment cost of each of the joint CEOs is NIS 110,000 per month. The employment cost includes his salary, car maintenance and social security contributions as customary. In addition, the Company provides to him a mobile phone, laptop and bears their maintenance expenses and pays for fuel expenses and other expenses as well (flights, hotels, office expenses) that he spends for the purpose of fulfilling his position. Their employment period is not limited in time and each party may announce its termination with prior written notice of 6 months in advance. In addition, the joint CEOs are entitled to retirement grant upon termination of their employment in the amount of 6 monthly salaries or 12 monthly salaries (employer's cost) if employed by the Company for a period exceeding 5 or 10 years, respectively. As to share-based compensation, see Note 11c above. In addition, each of the joint CEOs is entitled to an annual bonus for the previous calendar year according to the following formula: One monthly salary (employer cost) for each 1% return on equity (ROE) above an annual return on equity of 8% and no more than 6 salaries; For the purpose of calculating the bonus, the return on equity will be calculated as follows: Net profit to the shareholders at the end of a calendar year divided by the shareholders' equity at the beginning of that calendar year; If, in a particular year, the return on equity did not exceed 8% or was negative, any excess return above 8% in the following year will first be taken against the return in the shortfall (below 8%) in the previous year for the purpose of calculating the bonus (High Water Mark); for this purpose, at the end of every 3 years, the following examination will be conducted: 1) The total return on equity during the aforementioned 3 years (the return on equity in the first year plus the return on equity in the second year plus the return on equity in the third year); 2) The total excess return (the total return on equity during the three years minus 24%); 3) The number of annual salaries paid as a bonus during those three years. If the number of salaries paid as a bonus during the three-year period exceeds the total excess return, the difference will be deducted from the future bonus payments (Claw Back) to which each of the joint CEOs is entitled by the Company (and in any case, no amount exceeding the total bonus payments paid by the Company will be deducted). At the end of every 3 years, the High Water Mark account is reset and a new calculation will be made for the next 3 years. For the year 2025, and considering the bonus calculation mechanism described above, the joint CEOs are entitled to a bonus equivalent to 2.7 salaries each. Total salary and related expenses in regards of the joint CEOs for 2025 do not include the provision for vacation and sick leave. On January

30, 2026, Mr. Rahamim (serving as a joint CEO of the Company) notified the Company's Board of Directors of the termination of his tenure as joint CEO, effective as of July 29, 2026 (hereinafter: the "Notice"), and this is for personal reasons unrelated to the Company's business. As part of the Notice, Mr. Rahamim granted the Company an option to extend - at its sole discretion - his employment with the Company for a period not exceeding 90 additional days (i.e., no later than October 27, 2026). It should be noted that in accordance with his employment terms, Mr. Rahamim is entitled to a retirement grant upon the termination of his employment with the Company in an amount equal to 6 months' salary.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 15:- CHANGES IN LIABILITIES DERIVING FROM FINANCING ACTIVITIES

The table below lists the changes in the Group's liabilities arising from financing activities, including both changes arising from cash flows and non - cash changes. Liabilities arising from financing activities are liabilities in respect of which cash flows have been classified, or future cash flows will be classified in the statement of cash flows as cash flows from financing activities.

	<b>Balance as of January 1, 2025</b>	<b>Cash flows from financing activities, net (a)</b>	<b>Cash flows used in investing activities</b>	<b>Amortization of financing costs</b>	<b>Exchange rates differences</b>	<b>Balance as of December 31, 2025</b>
	<b>Euros in thousands</b>	<b>Euros in thousands</b>	<b>Euros in thousands</b>	<b>Euros in thousands</b>	<b>Euros in thousands</b>	<b>Euros in thousands</b>
Loans from banks, convertible bonds and others	380,202	110,748	-	715	3,525	495,190

  

	<b>Balance as of January 1, 2024</b>	<b>Cash flows from financing activities, net (a)</b>	<b>Cash flows used in investing activities</b>	<b>Amortization of financing costs</b>	<b>Exchange rates differences</b>	<b>Balance as of December 31, 2024</b>
	<b>Euros in thousands</b>	<b>Euros in thousands</b>	<b>Euros in thousands</b>	<b>Euros in thousands</b>	<b>Euros in thousands</b>	<b>Euros in thousands</b>
Loans from banks, convertible bonds and others	348,257	27,932	-	705	3,308	380,202

- (a) Cash flows from financing activities include the net cash flows presented in the consolidated statements of cash flows as cash flows deriving from financing activities.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 16:- OPERATING SEGMENTS**a. General

The Company's Board of Directors functions as the chief operational decisions maker of the Group. Operating segments have been determined based on information reviewed by the Chief Operational Decision Maker (CODM) for the purpose of making decisions with regard to resource allocation and performance assessment. Accordingly, for management purposes, the Group consists of operating segments of business units and has two operating segments, as follows:

**Income-generating residential real estate** - Value enhancement and leasing of residential real estate.

**Conversion and selling of apartments** - Conversion and selling of apartments. Since April 1, 2024, the Company has expanded the reporting of its operating segments and also includes the segment of conversion and selling of residential apartments.

**Other – Assets other than residential income-generating real estate**

Revenues of the income-generating residential segment include rental revenues and revenues from property management.

The segment results reported to the operational decision maker include items that relate directly to the segment. Items not allocated include mainly general and administrative expenses, financing costs, financing income, adjustment to fair value of financial instruments and taxes on income, which are managed on a Group basis.

In each of the areas of activity, the Company's joint CEOs review the data for each project on its own and each project is defined as operating segment. For each of the above areas of activity, the Company grouped for financial reporting all projects to one reportable operating segment such that the Company has two reportable operating segments in the financial statements according to its areas of activity.

The following are the management's considerations when grouping operating segments:

The Company's management examined each of its reported segments that all segments that were grouped are in a similar economic environment, since all segments are in Germany and the functional currency of all of them is in Euro and that long-term economic performance is similar in each of the operating segments. Also, all segments in each area of activity are similar in all of the following characteristics:

- The nature of investments - all investments in the segment are similar.
- The nature of customers - All customers in the segment have similar characteristics.
- The nature of the supervisory environment - all assets in the segment have a similar supervisory environment.

Based on the considerations outlined above, the Group's management believes that the grouping to segments is in accordance with IFRS 8.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 16:- OPERATING SEGMENTS (Cont.)

b. Operating segment revenue and results analysis:

	<b>Income- generating residential real estate</b>	<b>Other</b>	<b>Conversion and selling of apartments</b>	<b>Unallocated</b>	<b>Total</b>
	<b>Euros in thousands</b>				
<b>Year ended December 31, 2025</b>					
Revenues from property rental	27,362	715			28,077
Revenues from property management and others	10,564	72			10,636
Property management expenses	(10,564)	(72)			(10,636)
Rental property maintenance expenses	(5,124)	(122)			(5,246)
<b>Gross profit from property rental</b>	<b>22,238</b>	<b>593</b>			<b>22,831</b>
Revenues from apartments sales			11,450		11,450
Cost of apartments sales			<u>(8,389)</u>		<u>(8,389)</u>
<b>Gross profit from apartments sales</b>			<b>3,061</b>		<b>3,061</b>
Changes in fair value of investment property, net	47,633	10,913			58,546
Additional information					
General and administrative expenses					(5,584)
Financial expenses, net	(8,373)	(320)		<u>(4,339)</u>	<u>(13,032)</u>
<b>Income before taxes on income</b>					<b><u>66,059</u></b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 16:- OPERATING SEGMENTS (Cont.)

b. Operating segment revenue and results analysis (Cont.):

	<b>Income- generating residential real estate</b>	<b>Other</b>	<b>Conversion and selling of apartments</b>	<b>Unallocated</b>	<b>Total</b>
	<b>Euros in thousands</b>				
<b>Year ended December 31, 2024</b>					
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)
<b>Gross profit from property rental</b>	<b>20,583</b>	<b>521</b>			<b>21,104</b>
Revenues from apartments sales			11,450		11,450
Cost of apartments sales			(8,389)		(8,389)
<b>Gross profit from apartments sales</b>			<b>1,012</b>		<b>1,012</b>
Changes in fair value of investment property, net	37,806	4,014	-		41,820
Additional information					
General and administrative expenses					(8,700)
Financial expenses, net	(7,480)	(357)		(4,655)	(12,492)
<b>Income before taxes on income</b>					<b>42,744</b>

	<b>Income- generating residential real estate</b>	<b>Other</b>	<b>Unallocated</b>	<b>Total</b>
	<b>Euros in thousands</b>			
<b>Year ended December 31, 2023</b>				
Revenues from property rental	20,689	697		21,386
Revenues from property management and others	7,920	78		7,998
Property management expenses	(7,920)	(78)		(7,998)
Rental property maintenance expenses	(3,679)	(114)		(3,793)
Profit from property rental	17,010	583		17,593
General and administrative expenses				(6,437)
Changes in fair value of investment property, net	(49,274)	(7,549)		(56,823)
Financial expenses, net	(5,538)	(112)	414	(5,236)
(Loss) before taxes on income				(50,903)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 16:- OPERATING SEGMENTS (Cont.)

c. Operating segment assets and liabilities

Year ended December 31, 2025

	<b>Income- generating residential real estate</b>	<b>Other</b>	<b>Total</b>
	<b>Euros in thousands</b>		
Capital investments and acquisitions	98,236	287	98,523

	<b>Income- generating residential real estate</b>	<b>Other</b>	<b>Conversion and selling of apartments</b>	<b>Total</b>
	<b>Euros in thousands</b>			
<b>As of December 31, 2025</b>				
Segment assets	889,459	37,200	9,580	<u>936,239</u>
Unallocated assets				<u>96,192</u>
Segment liabilities	345,950	7,200	-	<u>353,150</u>
Unallocated liabilities				<u>126,236</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**


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**NOTE 16:- OPERATING SEGMENTS (Cont.)**

 c. Operating segment assets and liabilities (Cont.):
**Year ended December 31, 2024**

	<b>Income- generating residential real estate</b>	<b>Other</b>	<b>Total</b>
	<b>Euros in thousands</b>		
Capital investments and acquisitions	62,992	286	63,278

	<b>Income- generating residential real estate</b>	<b>Other</b>	<b>Conversion and selling of apartments</b>	<b>Total</b>
	<b>Euros in thousands</b>			
<b>As of December 31, 2024</b>				
Segment assets	756,713	26,000	1,186	<u>783,899</u>
Unallocated assets				<u>55,472</u>
Segment liabilities	318,291	7,350	-	<u>325,641</u>
Unallocated liabilities				<u>94,313</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**


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**NOTE 17:- EARNINGS PER SHARE**

 a. Basic (loss) per share:

	<b>Year ended December 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
	<b>Euros in thousands</b>	<b>Euros in thousands</b>	<b>Euros in thousands</b>
(Loss) income for the year attributed to the holders of the parent company	67,234	35,184	(43,495)
(Loss) income used for calculating basic earnings per share	<u>67,234</u>	<u>35,184</u>	<u>(43,495)</u>
Weighted average number of ordinary shares used to calculate basic earnings per share	<u>21,315,785</u>	<u>18,773,146</u>	<u>18,101,534</u>

 b. Diluted (loss) per share:

	<b>Year ended December 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
	<b>Euros in thousands</b>	<b>Euros in thousands</b>	<b>Euros in thousands</b>
(Loss) income used for calculating basic earnings per share	67,234	35,184	(43,495)
(Loss) income used for calculating diluted earnings per share	67,234	35,184	(43,495)
Weighted average number of ordinary shares used to calculate basic earnings per share	21,315,785	18,773,146	18,101,534
<b>Adjustments</b>			
Warrants issued as part of the founders agreement (*)	-	256,446	-
Warrants to employees issued as part of share based payment arrangements	1,582,248	1,106,690	194,224
Weighted average number of ordinary shares used to calculate diluted earnings per share	<u>22,898,033</u>	<u>20,136,282</u>	<u>18,295,758</u>

(\*) In the years 2022-2023 warrants issued as part of the founders agreement were not included in the calculation of diluted earnings per share since their effect is anti-dilutive.

**NOTE 18:- OTHER EVENTS IN THE REPORTED PERIOD AND THEREAFTER**

Regarding events after the report date see Note 5(g).

**ARGO Properties N.V.****Appendix to the Consolidated Financial Statements - List of subsidiaries****Investments in held corporations:**

<b><u>Name of entity</u></b>	<b><u>Country of incorporation</u></b>	<b><u>December 31, 2025 % in equity</u></b>
ARGO Properties N.V.	The Netherlands	100%
GRT B.V.	The Netherlands	100%
GRT Finco B.V.	The Netherlands	100%
ARGO Residential GmbH & Co. KG	Germany	100%
Dresden Zinshaus B.V.	The Netherlands	100%
Leipzig Zinshaus B.V.	The Netherlands	100%
Dresden Zinshaus II B.V.	The Netherlands	100%
Leipzig Zinshaus II B.V.	The Netherlands	100%
Dresden Zinshaus III B.V.	The Netherlands	100%
Leipzig Zinshaus III B.V.	The Netherlands	100%
Leipzig Zinshaus IV B.V.	The Netherlands	100%
Hannover Zinshaus B.V.	The Netherlands	100%
ART Leipzig GmbH	Germany	100%
DGRA B.V.	The Netherlands	100%
ARGO Residential Management GmbH	Germany	100%
GAMMA A.G.A.F Consulting Ltd.	Israel	100%
Crown Residential GmbH	Germany	(*) 89.9%
Crown Black Estate GmbH	Germany	(*) 89.9%
Crown Blue Estate GmbH	Germany	(*) 89.9%
Crown CapitalInvest Dresden I GmbH	Germany	(*) 89.9%
Crown Donathstr. 7-13 GmbH	Germany	(*) 89.9%
Crown Green Estate GmbH	Germany	(*) 89.9%
Crown Magenta Estate GmbH	Germany	(*) 89.9%
Crown Orange Estate GmbH	Germany	(*) 89.9%
Crown Pink Estate GmbH	Germany	(*) 89.9%
Crown Purple Estate GmbH	Germany	(*) 89.9%
Crown Red Estate GmbH	Germany	(*) 89.9%
Crown Silver Estate GmbH	Germany	(*) 89.9%
Crown Grey Estate GmbH	Germany	(*) 89.9%
Crown Capitalinvest Dresden II GmbH	Germany	(*) 89.9%
Eldenaer Holding B.V.	The Netherlands	100%
Eldenaer Investment GmbH	Germany	(*) 89.9%
Schönow Investment GmbH	Germany	(*) 89.9%
Ladius Investment GmbH	Germany	100%

(\*) The rights of the Company and the partner for profit sharing are in accordance with the mechanism set out in the founders agreements of the subsidiaries, see Note 10b(1).