

AFI Europe N.V.

**Unaudited Condensed Consolidated
Interim Financial Statements**

As at September 30, 2025

Unaudited Interim Financial Statements as at September 30, 2025

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Auditors' report on review to the shareholders of AFI Europe N.V.

Introduction

We have reviewed the accompanying financial information of AFI Europe N.V. and its subsidiaries, comprises the interim consolidated statement of financial position as of September 30, 2025 and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the nine and three months periods then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim information for these periods in accordance with IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Review Standard 2410 (Israel) of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Tel-Aviv, Israel
November 12, 2025

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

Unaudited Condensed Consolidated Interim Statement of Financial Position as at*In thousands of Euros*

	September 30, 2025	September 30, 2024	December 31, 2024
	(Unaudited)	(Unaudited)	(Audited)
Assets			
Investment in (and loans to) equity accounted investees	101,863	139,732	142,185
Investment property	3,436,182	2,896,120	3,014,224
Investment property under development	266,949	325,633	328,649
Inventory	116,467	114,272	113,522
Property, plant and equipment and right-of-use assets	17,320	11,628	12,183
Deferred tax assets	3,071	6,486	2,517
Trade and other receivables	47,482	116,708	45,514
Total non-current assets	3,989,334	3,610,579	3,658,794
Inventory	21,560	22,441	23,997
Short term investment	26,329	20,237	19,950
Trade and other receivables	58,910	64,187	57,277
Cash and cash equivalents	122,613	119,866	104,068
Total current assets	229,412	226,731	205,292
Total assets	4,218,746	3,837,310	3,864,086
Equity			
Issued capital	930	930	930
Share premium	411,797	411,797	411,797
Translation reserve	23,492	21,143	21,955
Hedging reserve, net	(2,303)	4,600	2,223
Retained earnings	770,478	613,105	620,551
Equity attributable to owners of the Company	1,204,394	1,051,575	1,057,456
Non-controlling interest	8,020	7,669	7,788
Total equity	1,212,414	1,059,244	1,065,244
Liabilities			
Loans and borrowings	1,238,399	1,031,057	1,003,846
Loans and borrowings from related parties	1,166,209	1,191,100	1,157,503
Deferred tax liabilities	211,095	185,746	186,198
Other non-current liabilities	32,017	34,142	26,037
Total non-current liabilities	2,647,720	2,442,045	2,373,584
Loans and borrowings	262,304	207,688	313,640
Loans and borrowings from related parties	5,230	7,401	5,230
Trade and other payables	87,860	118,093	103,299
Tax payables	3,218	2,839	3,089
Total current liabilities	358,612	336,021	425,258
Total liabilities	3,006,332	2,778,066	2,798,842
Total equity and liabilities	4,218,746	3,837,310	3,864,086

Director – A. Barzilay

Director – A. Dafna

Amsterdam, November 12, 2025

The accompanying notes are integral part of these condensed consolidated interim financial statements.

Unaudited Condensed Consolidated Interim Income Statement*In thousands of Euros*

	For the nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Gross rental income	160,491	146,987	54,838	49,944	200,552
Service charge income	60,650	50,070	21,424	18,106	69,273
Service charge expenses	(63,579)	(54,094)	(21,523)	(19,499)	(74,601)
Net rental and related income	157,562	142,963	54,739	48,551	195,224
Proceeds from sale of trading property	7,025	6,279	2,029	3,006	8,115
Carrying value of trading property sold	(5,595)	(3,812)	(1,497)	(1,349)	(5,338)
Profit from disposal of trading property	1,430	2,467	532	1,657	2,777
Gross profit	158,992	145,430	55,271	50,208	198,001
Change in fair value of investment property	121,003	56,763	120,078	61,453	56,182
Change in fair value of investment property under development	(5,470)	6,456	(5,023)	6,456	6,246
Administrative expenses	(17,272)	(17,769)	(6,430)	(7,413)	(24,553)
Selling and marketing expenses	(2,658)	(3,385)	(923)	(510)	(4,485)
Other income	2,309	3,704	31	1,174	5,390
Other expenses	(2,032)	(1,618)	(343)	(497)	(2,569)
Share of profit of companies accounted for at equity, net	10,071	21,933	10,899	22,641	23,938
Operating profit	264,943	211,514	173,560	133,512	258,150
Financial income	4,171	4,554	(144)	2,540	2,462
Financial expenses	(84,046)	(89,091)	(26,068)	(33,635)	(117,845)
Net financing costs	(79,875)	(84,537)	(26,212)	(31,095)	(115,383)
Profit before tax	185,068	126,977	147,348	102,417	142,767
Taxes on income	(34,049)	(26,279)	(22,210)	(18,342)	(34,513)
Profit for the period	151,019	100,698	125,138	84,075	108,254
Attributable to:					
Equity holders of the Company	150,295	99,162	124,594	82,736	106,608
Non-controlling interest	724	1,536	544	1,339	1,646
Profit for the period	151,019	100,698	125,138	84,075	108,254

The accompanying notes are integral part of these condensed consolidated interim financial statements.

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income*In thousands of Euros*

	For the nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Profit for the period	151,019	100,698	125,138	84,075	108,254
Other comprehensive income items that after initial recognition in comprehensive income were or will be transferred to profit or loss					
Foreign exchange translation differences from foreign operations	1,537	3,262	(2,341)	1,001	4,074
Reserves from hedge accounting	(4,526)	(9,341)	207	(8,163)	(11,709)
Other comprehensive loss for the period, net of tax	(2,989)	(6,079)	(2,134)	(7,162)	(7,635)
Total comprehensive income for the period	148,030	94,619	123,004	76,913	100,619
Attributed to:					
Equity holders of the Company	147,306	93,083	122,460	75,574	98,964
Non-controlling interest	724	1,536	544	1,339	1,655
Total comprehensive income for the period	148,030	94,619	123,004	76,913	100,619

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

Unaudited Condensed Consolidated Interim Statement of Changes in Equity*In thousands of Euros*

	Issued capital	Share premium reserve	Translation reserve	Hedging reserve	Capital reserve from transactions with non-controlling interest	Retained earnings	Equity attributable to owners of the Company	Non- controlling interest	Total equity
Balance at January 1, 2025 (Audited)	930	411,797	21,955	2,223	(6,696)	627,247	1,057,456	7,788	1,065,244
Profit for the period	-	-	-	-	-	150,295	150,295	724	151,019
Adjustments for translation	-	-	1,537	-	-	-	1,537	-	1,537
Reserve from hedge accounting	-	-	-	(4,526)	-	-	(4,526)	-	(4,526)
Acquisition of non-controlling interests	-	-	-	-	(368)	-	(368)	(492)	(860)
Balance at September 30, 2025 (Unaudited)	<u>930</u>	<u>411,797</u>	<u>23,492</u>	<u>(2,303)</u>	<u>(7,064)</u>	<u>777,542</u>	<u>1,204,394</u>	<u>8,020</u>	<u>1,212,414</u>
Balance at January 1, 2024 (Audited)	930	411,797	17,881	13,941	(6,696)	520,639	958,492	6,133	964,625
Profit for the period	-	-	-	-	-	99,162	99,162	1,536	100,698
Adjustments for translation	-	-	3,262	-	-	-	3,262	-	3,262
Reserve from hedge accounting	-	-	-	(9,341)	-	-	(9,341)	-	(9,341)
Balance at September 30, 2024 (Unaudited)	<u>930</u>	<u>411,797</u>	<u>21,143</u>	<u>4,600</u>	<u>(6,696)</u>	<u>619,801</u>	<u>1,051,575</u>	<u>7,669</u>	<u>1,059,244</u>

The accompanying notes are integral part of these condensed consolidated interim financial statements

Unaudited Condensed Consolidated Interim Statement of Changes in Equity*In thousands of Euros*

	Issued capital	Share premium reserve	Translation reserve	Hedging reserve	Capital reserve from transactions with non-controlling interest	Retained earnings	Equity attributable to owners of the Company	Non- controlling interest	Total equity
Balance at July 1, 2025 (Unaudited)	930	411,797	25,833	(2,510)	(7,064)	652,948	1,081,934	7,476	1,089,410
Profit for the period	-	-	-	-	-	124,594	124,594	544	125,138
Adjustments for translation	-	-	(2,341)	-	-	-	(2,341)	-	(2,341)
Reserve from hedge accounting	-	-	-	207	-	-	207	-	207
Balance at September 30, 2025 (Unaudited)	<u>930</u>	<u>411,797</u>	<u>23,492</u>	<u>(2,303)</u>	<u>(7,064)</u>	<u>777,542</u>	<u>1,204,394</u>	<u>8,020</u>	<u>1,212,414</u>
Balance at July 1, 2024 (Unaudited)	930	411,797	20,142	12,763	(6,696)	537,065	976,001	6,330	982,331
Profit for the period	-	-	-	-	-	82,736	82,736	1,339	84,075
Adjustments for translation	-	-	1,001	-	-	-	1,001	-	1,001
Reserve from hedge accounting	-	-	-	(8,163)	-	-	(8,163)	-	(8,163)
Balance at September 30, 2024 (Unaudited)	<u>930</u>	<u>411,797</u>	<u>21,143</u>	<u>4,600</u>	<u>(6,696)</u>	<u>619,801</u>	<u>1,051,575</u>	<u>7,669</u>	<u>1,059,244</u>
Balance at January 1, 2024 (Audited)	930	411,797	17,881	13,941	(6,696)	520,639	958,492	6,133	964,625
Profit for the year	-	-	-	-	-	106,608	106,608	1,646	108,254
Adjustments for translation	-	-	4,074	-	-	-	4,074	-	4,074
Reserve from hedge accounting	-	-	-	(11,718)	-	-	(11,718)	9	(11,709)
Balance at December 31, 2024 (Audited)	<u>930</u>	<u>411,797</u>	<u>21,955</u>	<u>2,223</u>	<u>(6,696)</u>	<u>627,247</u>	<u>1,057,456</u>	<u>7,788</u>	<u>1,065,244</u>

The accompanying notes are integral part of these condensed consolidated interim financial statement

Unaudited Condensed Consolidated Interim Statement of Cash Flows

In thousands of Euros

	For the nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Cash flows from operating activities					
Profit for the period	151,019	100,698	125,138	84,075	108,254
<u>Adjustment for:</u>					
Depreciation	858	891	280	307	1,213
Profit from equity accounted investees	(10,071)	(21,933)	(10,899)	(22,641)	(23,938)
Change in fair value of investment property under development	5,470	(6,456)	5,023	(6,456)	(6,246)
Change in fair value of investment property	(121,003)	(56,763)	(120,078)	(61,453)	(56,182)
Net finance costs	79,875	84,537	26,212	31,095	115,383
Taxes on income	34,049	26,279	22,210	18,342	34,513
	<u>140,197</u>	<u>127,253</u>	<u>47,886</u>	<u>43,269</u>	<u>172,997</u>
Change in inventories	945	(2,898)	441	(484)	(3,574)
Change in trade and other receivables	(1,403)	10,705	2,354	3,360	11,534
Change in trade and other payables	(1,737)	873	3,364	773	2,067
	<u>138,002</u>	<u>135,933</u>	<u>54,045</u>	<u>46,918</u>	<u>183,024</u>
Income taxes paid	(9,403)	(9,422)	(2,369)	(3,565)	(12,623)
Cash flows from operating activities	<u>128,599</u>	<u>126,511</u>	<u>51,676</u>	<u>43,353</u>	<u>170,401</u>
Cash flows from investing activities					
Investment in and grant of loan to equity accounted investees	(2,981)	(41,989)	(680)	(34,693)	(41,992)
Acquisition of subsidiary, net of cash acquired (a)	(22,011)	-	(22,011)	-	-
Repayments (investments) of short term investments, net	(6,214)	24	(2,465)	186	(2,029)
Acquisition of property, plant and equipment	(5,790)	(4,481)	(2,313)	(3,429)	(5,339)
Investment in investment property	(32,630)	(33,820)	(11,385)	(12,130)	(47,579)
Investment in investment property under development	(105,481)	(156,683)	(29,746)	(81,666)	(205,265)
Cash flows used in investing activities	<u>(175,107)</u>	<u>(236,949)</u>	<u>(68,600)</u>	<u>(131,732)</u>	<u>(302,204)</u>
Cash flows from financing activities					
Acquisition of non-controlling interests	(860)	-	-	-	-
Repayment of non-current loans and borrowings (*)	(290,599)	(59,055)	(154,788)	(17,689)	(157,222)
Proceeds from non-current loans and borrowings (*)	409,589	255,646	207,132	148,567	373,924
Change in current loans and borrowings, net	(2,180)	(3,234)	(1,100)	555	(2,970)
Payment of lease liabilities	(1,404)	(1,267)	(460)	(389)	(1,775)
Interest paid	(49,605)	(44,711)	(17,716)	(15,949)	(59,003)
Cash flows from financing activities	<u>64,941</u>	<u>147,379</u>	<u>33,068</u>	<u>115,095</u>	<u>152,954</u>
Effect of exchange rate fluctuations on cash held	112	107	(21)	95	99
Change in cash and cash equivalents	18,433	36,941	16,144	26,716	21,151
Cash and cash equivalents at the beginning of the period	<u>104,068</u>	<u>82,818</u>	<u>106,490</u>	<u>93,055</u>	<u>82,818</u>
Cash and cash equivalents at the end of the period	<u>122,613</u>	<u>119,866</u>	<u>122,613</u>	<u>119,866</u>	<u>104,068</u>

(*) Including loans from related parties.

Unaudited Condensed Consolidated Interim Statement of Cash Flows

thousands of Euros

	For the nine months ended		For the three months ended		For the year ended
	September 30,		September 30,		December 31,
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
(A) Acquisition of subsidiaries:					
Assets and liabilities at date of acquisition:					
Working capital (excluding cash and cash equivalents)	(1,931)	-	(1,931)	-	-
Deposit for short term	333	-	333	-	-
Investment in associate	(38,960)	-	(38,960)	-	-
Loan to associate company	(15,310)	-	(15,310)	-	-
Investment property	119,849	-	119,849	-	-
Loans and borrowings	(41,637)	-	(41,637)	-	-
Non-current liabilities	(333)	-	(333)	-	-
	<u>22,011</u>	<u>-</u>	<u>22,011</u>	<u>-</u>	<u>-</u>

For additional information, see Note 4E.

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

Notes to the Consolidated Interim Financial Statements

Note 1 - General

AFI Europe N.V. (the "Company") was incorporated in the Netherlands in 2006 and is domiciled in Amsterdam.

Through its subsidiaries, the Company is an owner, manager and developer of landmark real estate assets in Central and Eastern Europe (CEE), with properties and projects in Czech Republic, Poland, Romania, Serbia, Bulgaria and Latvia, including business parks and office complexes, shopping malls and retail properties, as well as residential and mixed-use developments. In addition, the Company owns an inventory of land for future development.

The condensed consolidated interim financial statements of the Company as at and for the nine and three months ended September 30, 2025 comprises the Company, its subsidiaries (together the "Group"), and the Group's interest in associates and jointly controlled entities.

Since its incorporation in 2006, the Company was wholly-owned indirectly by AFI Properties Ltd. ("AFI Properties"), an Israeli Company listed on the Tel Aviv Stock Exchange, through its wholly-owned Israeli subsidiary AFI Properties Holdings Ltd. ("APHL"); on March 27, 2025 APHL transferred its shares in the Company to AFI Properties for the purpose of simplifying the group's holding structure and consequently AFI Properties is the Company's direct sole shareholder. AFI Properties is approximately 84% owned by Big Shopping Centers Ltd., the ultimate parent of the company.

As of September 30, 2025, the Group carrying negative working capital of approx. EUR 129 million, primarily due to several bank loans related to investment properties (EUR 214 million), all classified as current liabilities due to their maturity of less than 12 months. The Group is actively pursuing refinancing options to secure new loans with extended maturity dates, and management expects to finalize these agreements before the current loans mature.

As of September 30, 2025, the Company owed AFI Properties EUR 1,063 million under the 2023 Loan (maturing December 31, 2030) and EUR 108 million under the 2021 Loan (maturing September 15, 2027), the latter funded by AFI Properties' bond issuance and secured in favor of the Series 12 Bondholders.

The consolidated financial statements of the Group as at and for the year ended December 31, 2024 are available upon request from the Company's registered office.

Other aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended December 31, 2024.

Notes to the Consolidated Interim Financial Statements

Note 2 – Basis of Preparation

A. Statement of compliance

These interim financial statements have been prepared, in accordance with International Financial Reporting Standard (IFRS) IAS 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2024.

B. Use of estimates and judgment

The preparation of interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2024.

C. Valuation processes used by the Group

In accordance with its policy and past practices, the Group periodically examines the values of its investment property, investment property under development, and other real estate properties. Such examination is performed at least once a year for investment property and investment property under development, by independent external appraisers having appropriate professional qualifications and knowledge with respect to the relevant location and the type of property appraised.

In accordance with its policy and past practices, the Group periodically examines the values of its investment property, investment property under development and other real estate properties. Such examination is performed at least once a year for investment property and investment property under development, by independent external appraisers having appropriate professional qualifications and knowledge with respect to the relevant location and the type of property appraised.

In respect of investment property, at each interim period the Group examines the need to update the last fair value valuation performed, to ensure it represents a reliable value estimation as of the current reporting period. This examination is made by reviewing the changes in the relevant real estate market, the rental contracts, the macro-economic environment, new information in respect of material transactions done in the surrounding area and any other information that may affect the value of the asset.

In respect of investment property under development, at each reporting period the Group examines the actual costs invested in the development, the estimated remaining costs to complete, the construction progress and any other relevant changes in the real estate market.

Notes to the Consolidated Interim Financial Statements

Note 2 – Basis of Preparation (Cont'd)

C. Valuation processes used by the Group (Cont'd)

1. Details regarding fair value measurement of investment property

Country	Use of the property	Weighted average yield rate (in %)	
		As of September 30, 2025	As of December 31, 2024
Czech Republic	Offices	6.4	6.4
Czech Republic	Residential for rent	4.8	4.8
Romania	Offices	8	8.1
Romania	Retail	7.8	7.8
Romania	Residential for rent	6.2	-
Serbia	Offices	8	8.4
Serbia	Retail	7.5	8
Poland	Offices	7.3	8.2
Poland	Residential for rent	- (*)	5.2
Bulgaria	Offices	9.4	9.9

(*) Measurement of fair value based on comparative approach (apartments for sale). Information regarding price per sqm:

Country	Use of the property	price per sqm range (weighted average) in EUR	
		As of September 30, 2025	As of December 31, 2024
Serbia	Residential for rent	4,650	4,400
Poland	Residential for rent	3,400-7,200 (4,415)	-

2. Details regarding fair value measurement of investment property under development

Country	Use of the property	Weighted average yield rate (in %)	
		As of September 30, 2025	As of December 31, 2024
Romania	Offices	7.6	8.3
Romania	Residential for rent	5.8	5.8
Serbia	Offices	8.3	8.6
Poland	Residential for rent	- (*)	5.5

(*) Measurement of fair value based on comparative approach (apartments for sale). Information regarding price per sqm:

Country	Use of the property	price per sqm range (weighted average) in EUR	
		As of September 30, 2025	As of December 31, 2024
Poland	Residential for rent	4.220-9,370 (8,120)	-

D. Amounts that were recognized in the statement of income:

In thousands of Euros

	September 30, 2025	September 30, 2024	December 31, 2024
	(Unaudited)	(Unaudited)	(Audited)
Change in fair value of investment property	121,003	56,763	56,182
Change in fair value of investment property under development	(5,470)	6,456	6,246
	115,533	63,219	62,428

Notes to the Consolidated Interim Financial Statements

Note 3 - Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2024.

Note 4 - Significant Events in the Reported Period

- A. On January 2025 a financing agreement was signed by five fully owned Polish subsidiaries of the Company (the “**Subsidiaries**”), in relation to a loan in an aggregate amount of up to EUR 120 million, secured by, *inter alia*, mortgages and pledges on four residential-for-rent properties owned and operated by the Subsidiaries in Warsaw, Wroclaw and Krakow in Poland. This loan bears annual interest of 3-month EURIBOR plus an acceptable margin in the market, and its final maturity date is December 30, 2030. Following the fulfillment of various conditions precedent, approx. EUR 120 million has been utilized by four of the Polish subsidiaries.
- B. In reference to Note 9B (2) in the Company’s consolidated financial statements for the year ended December 31, 2024, regarding acquisition of a land plot of approx. 14,826 sqm in Prague, Czech Republic, with a view to developing thereon a residential-for-rent project, the remaining part to the purchase price was paid on January 15, 2025 upon completion of the transaction and signing the final purchase agreement.
- C. On April 1, 2025 a loan agreement was signed by the Company, in relation to a loan facility of up to EUR 150 million, of which EUR 120 million is committed by the bank, and EUR 30 million is currently non-committed, to be secured by, *inter alia*, mortgages and pledges on properties owned and operated by certain subsidiaries of the Company. This loan bears annual interest of 3-month EURIBOR plus an acceptable margin in the market, and its final maturity date is June 30, 2032. Following the fulfillment of various conditions precedent, approx. EUR 75 million has been utilized by the Company.
- D. On July 2025 a financing agreement was signed by three (indirectly) fully owned Romanian subsidiaries of the Company (the “**Subsidiaries**”), in relation to a loan in an aggregate amount of up to EUR 120 million, refinancing a previous loan and secured by, *inter alia*, mortgages and pledges on three office properties owned and operated by the Subsidiaries in Bucharest, Romania. This loan bears annual interest of 3-month EURIBOR plus an acceptable margin in the market, and its final maturity date is August 20, 2030. Following the fulfillment of various conditions precedent, approx. EUR 120 million has been utilized by the Romanian subsidiaries.
- E. In reference to Note 4E in the Company’s consolidated financial statements for the year ended December 31, 2024, following completion of construction of the first office building within project Towarowa 22 in Warsaw, on September 4, 2025, the Company, through its wholly owned Polish subsidiary, acquired the remaining 30% interest in the entity owning the Property (“**Property SPV**”) from its joint venture partner. For additional information see Note 8B.
- F. During the nine months of 2025, the Group completed the construction two residential for rent projects known as AFI Home North in Bucharest, Romania and AFI Home Lazurówka in Warsaw, Poland. In addition, the Group completed the construction of an office building known as Airport City East Gate in Belgrade, Serbia. Accordingly, the Group reclassified the assets from investment property under development to investment property, with an asset value of EUR 15.8 million, EUR 88.2 million and EUR 50.9 million, respectively.
- G. As at September 30, 2025, all companies within the Group complied with the financial covenants set forth in their financing agreements.

Notes to the Consolidated Interim Financial Statements

Note 5 - Financial Instruments

A. Financial instruments measured at fair value for disclosure purposes only

The carrying amount of certain financial assets and liabilities, including cash and cash equivalents, trade and other receivables, short-term interest-bearing loans and borrowings, loans and borrowings from related parties, trade and other payables are equal or approximate to their fair value.

The fair values of the remaining financial assets and liabilities and their book values as presented in the statement of financial position are as follows:

In thousands of Euros

	September 30, 2025		September 30, 2024		December 31, 2024	
	(Unaudited)		(Unaudited)		(Audited)	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Secured bank loans (*)	1,405,159	1,409,774	1,137,631	1,128,636	1,208,529	1,204,445
Corporate loan	76,697	74,484	80,499	77,302	88,126	84,551

(*) Including the current portion of long-term loans and borrowings

B. Fair value hierarchy of financial instruments measured at fair value

The financial instruments measured at fair value on the temporal basis using valuation methodology in accordance with hierarchy fair value levels.

The financial liabilities and assets include interest rate swap contracts ("IRS") and interest cap rate contracts used for hedging and cross currency swap contracts which were not used for accounting hedge. The financial instruments measured in accordance with level 2.

Details on the fair value of the financial instruments are disclosed below:

In thousands of Euros

	September 30, 2025	September 30, 2024	December 31, 2024
	(Unaudited)	(Unaudited)	(Audited)
<u>Financial assets:</u>			
Interest rate swap	2,277	11,154	8,314
Interest cap rate	118	2,060	194
<u>Financial liabilities:</u>			
Cross currency Swap	2,941	8,122	1,106
Interest rate swap	4,234	4,067	4,348

Fair value of IRS and interest cap rate is measured on the basis of the capitalization of the difference between the forward price in the contract and the current price for the residual period until redemption using appropriate interest curves used for derivative pricing and based on short-term EURIBOR interest rates and long-term IRS transactions.

Fair value of cross currency swap is measured on the basis of the capitalization of the difference between the payment in Euro currency that the Company is expected to pay and the payment in Israeli Shekels ("ILS") currency that the Company is expected to receive according to the difference between the expected exchange rate on the day of the contract execution (using Euro and ILS interest rate curves for the time of the calculation) and the rate determined on the day the transaction was concluded).

Notes to the Consolidated Interim Financial Statements

Note 6 - Related Parties

Details of transactions between the Group and other related parties are disclosed below:

<i>In thousands of Euros</i>	September 30, 2025	September 30, 2024	December 31, 2024
	(Unaudited)	(Unaudited)	(Audited)
Management fees to AFI Properties	(2,919)	(2,482)	(3,511)
Interest expenses to AFI Properties (*)	(37,079)	(42,845)	(57,909)
Interest income from other related parties, net	915	1,012	1,280
	<u>(39,083)</u>	<u>(44,315)</u>	<u>(60,140)</u>
Balance:			
Loans from AFI Properties Group	(1,171,439)	(1,198,501)	(1,162,733)
Payables to AFI Properties	(2,355)	(1,333)	(1,848)
Loans to associates	4,717	15,895	16,213

(*) Including interest capitalized to investment properties under development and inventory under development.

Note 7 - Operating Segment

The Company has several main geographical areas: Czech Republic, Serbia, Romania, Poland and other regions.

The accounting policies implemented in preparing the segment information correspond with the generally accepted accounting policies applied in the preparation of the Company's condensed consolidated financial statements.

Notes to the Consolidated Interim Financial Statements

Note 7 - Operating Segment (cont'd)

In thousands of Euros

In thousands of Euros

<i>In thousands of Euros</i>	For the nine months ended at September 30, 2025 (Unaudited)					
	Czech Republic	Serbia	Romania	Poland	Other regions	Total consolidated
Income from external customers:						
Gross rental income	23,966	33,661	85,388	15,570	1,906	160,491
Proceeds from sale of trading property	-	-	-	19	7,006	7,025
Service charge income	9,347	12,500	30,688	7,371	744	60,650
Other income	223	568	480	1,005	33	2,309
Total income	33,536	46,729	116,556	23,965	9,689	230,475
Gross profit	23,228	33,394	86,115	13,119	3,136	158,992
Net valuation gains	8,249	59,227	37,723	8,656	1,678	115,533
Segment result	31,304	91,775	123,188	21,720	4,157	272,144
Share of profit of companies accounted for at equity, net	-	-	-	10,071	-	10,071
Unallocated expenses						(17,272)
Operating profit						264,943
Net financing costs						(79,875)
Taxes on income						(34,049)
Profit for the period						151,019
Investment property and investment property under development	587,581	757,384	1,654,164	667,642	36,360	3,703,131
Inventory of buildings and land	34,824	-	56,578	9,912	36,713	138,027
Total	622,405	757,384	1,710,742	677,554	73,073	3,841,158

Notes to the Consolidated Interim Financial Statements

Note 7 - Operating Segment (cont'd)

In thousands of Euros

<i>In thousands of Euros</i>	For the nine months ended at September 30, 2024 (Unaudited)					
	Czech Republic	Serbia	Romania	Poland	Other regions	Total consolidated
Income from external customers:						
Gross rental income	20,709	30,244	82,467	11,965	1,602	146,987
Proceeds from sale of trading property	15	-	-	66	6,198	6,279
Service charge income	7,605	9,863	26,336	5,641	625	50,070
Other income	206	801	2,390	215	92	3,704
Total income	28,535	40,908	111,193	17,887	8,517	207,040
Gross profit	18,880	29,650	81,969	11,139	3,792	145,430
Net valuation gains (losses)	(11,555)	22,285	52,637	(1,605)	1,457	63,219
Segment result	6,797	51,311	135,290	8,872	5,080	207,350
Share of profit of companies accounted for at equity, net	-	-	-	21,933	-	21,933
Unallocated expenses						(17,769)
Operating profit						211,514
Net financing costs						(84,537)
Taxes on income						(26,279)
Profit for the period						100,698
Investment property and investment property under development	544,684	645,200	1,569,549	427,870	34,450	3,221,753
Inventory of buildings and land	32,289	-	56,526	9,826	38,072	136,713
Total	576,973	645,200	1,626,075	437,696	72,522	3,358,466

Notes to the Consolidated Interim Financial Statements

Note 7 - Operating Segment (cont'd)

In thousands of Euros

	For the three months ended at September 30, 2025 (Unaudited)					
	Czech Republic	Serbia	Romania	Poland	Other regions	Total consolidated
Income from external customers:						
Gross rental income	8,049	11,518	28,885	5,750	636	54,838
Proceeds from sale of trading property	-	-	-	-	2,029	2,029
Service charge income	2,954	4,230	11,437	2,554	249	21,424
Other income	72	(399)	345	59	(46)	31
Total income	11,075	15,349	40,667	8,363	2,868	78,322
Gross profit	7,886	11,194	30,162	4,919	1,110	55,271
Net valuation gains	6,538	60,054	39,158	7,627	1,678	115,055
Segment result	14,378	70,836	69,247	12,028	2,602	169,091
Share of profit of companies accounted for at equity, net	-	-	-	10,899	-	10,899
Unallocated expenses						(6,430)
Operating profit						173,560
Net financing costs						(26,212)
Taxes on income						(22,210)
Profit for the period						125,138
Investment property and investment property under development	587,581	757,384	1,654,164	667,642	36,360	3,703,131
Inventory of buildings and land	34,824	-	56,578	9,912	36,713	138,027
Total	622,405	757,384	1,710,742	677,554	73,073	3,841,158

Notes to the Consolidated Interim Financial Statements

Note 7 - Operating Segment (cont'd)

In thousands of Euros

	For the three months ended at September 30, 2024 (Unaudited)					
	Czech Republic	Serbia	Romania	Poland	Other regions	Total consolidated
Income from external customers:						
Gross rental income	7,125	10,342	27,622	4,274	581	49,944
Proceeds from sale of trading property	-	-	-	1	3,005	3,006
Service charge income	2,549	3,453	9,920	1,963	221	18,106
Other income	60	416	544	106	48	1,174
Total income	9,734	14,211	38,086	6,344	3,855	72,230
Gross profit	6,550	10,112	27,318	4,068	2,160	50,208
Net valuation gains (losses)	(10,219)	22,936	53,989	(254)	1,457	67,909
Segment result	(3,716)	32,970	81,566	3,829	3,635	118,284
Share of profit of companies accounted for at equity, net	-	-	-	22,641	-	22,641
Unallocated expenses						(7,413)
Operating profit						133,512
Net financing costs						(31,095)
Taxes on income						(18,342)
Profit for the period						84,075
Investment property and investment property under development	544,684	645,200	1,569,549	427,870	34,450	3,221,753
Inventory of buildings and land	32,289	-	56,526	9,826	38,072	136,713
Total	576,973	645,200	1,626,075	437,696	72,522	3,358,466

Notes to the Consolidated Interim Financial Statements

Note 7 - Operating Segment (cont'd)

In thousands of Euros

	For the year ended at December 31, 2024					
	Czech Republic	Serbia	Romania	Poland	Other regions	Total consolidated
Income from external customers:						
Gross rental income	28,357	40,845	112,568	16,573	2,209	200,552
Proceeds from sale of trading property	658	-	-	91	7,366	8,115
Service charge income	10,731	13,610	36,135	7,905	892	69,273
Other income	295	1,201	2,971	188	735	5,390
Total income	40,041	55,656	151,674	24,757	11,202	283,330
Gross profit	26,278	40,503	111,960	15,004	4,256	198,001
Net valuation gains (losses)	(11,524)	22,238	52,135	(1,879)	1,458	62,428
Segment result	14,225	61,676	164,846	12,393	5,625	258,765
Share of profit of companies accounted for at equity, net	-	-	-	23,938	-	23,938
Unallocated expenses						(24,553)
Operating profit						258,150
Net financing costs						(115,383)
Taxes on income						(34,513)
Profit for the period						108,254
Investment property and investment property under development	546,903	656,991	1,583,367	521,018	34,594	3,342,873
Inventory of buildings and land	32,448	-	56,562	9,809	38,700	137,519
Total	579,351	656,991	1,639,929	530,827	73,294	3,480,392

Notes to the Consolidated Interim Financial Statements

Note 8- Subsidiaries and Investment in (and loans to) companies accounted for at equity

- A. Below is a summary of financial information on the financial position and operating results of Towarowa 22, a Polish company held under joint venture (company's share 70%).

	September 30, 2025	September 30, 2024	December 31, 2024
	(Unaudited)	(Unaudited)	(Audited)
Current assets	3,848	11,160	7,945
Non-current assets	152,827	243,020	231,569
Current liabilities	6,015	36,817	12,518
Non-current liabilities	11,869	40,493	47,025
Total equity	138,791	176,869	179,972
Share of equity in the associate	97,153	123,808	125,980
Percentage of ownership	70%	70%	70%

	For the nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Net income	443	-	331	-	-
Net valuation gains	21,205	39,320	21,205	39,320	39,133
Net profit for the year	14,387	31,332	15,570	32,344	34,197
Percentage of ownership	70%	70%	70%	70%	70%
Company's share of earnings (losses) of associate	10,071	21,932	10,899	22,641	23,938

- B. On July 15, 2025, following the completion of the construction of the first office building within the Towarowa 22 project in Warsaw, the building, together with the related bank loan, was spun off into a newly established entity ("Property SPV"). Subsequently, on September 4, 2025, the Company, through its wholly owned Polish subsidiary, acquired the remaining 30% equity interest in Property SPV from its joint venture partner for a consideration of approximately EUR 25 million, subject to future price adjustments under the transaction agreement. As a result of this transaction, the Company obtained full control over Property SPV. Accordingly, the entity has been consolidated in the Group's financial statements from the acquisition date. The transaction was carried out pursuant to the 2022 agreements granting reciprocal call and put options between the parties