



ELCO GROUP CAPITAL MARKET PRESENTATION

Quarter 3, 2024





THE ELCO GROUP STANDS SHOULDER TO SHOULDER WITH THE BRAVE SERVICEMEN AND WOMEN OF THE ISRAEL DEFENSE FORCES AND SECURITY SERVICES, WHO CONTINUE TO PUT THEIR LIVES ON THE LINE TO PROTECT THE SAFETY AND FUTURE OF OUR COUNTRY. WE ALL LOOK FORWARD TO THE SWIFT RELEASE OF THE HOSTAGES AND HOPE FOR BETTER DAYS AHEAD.



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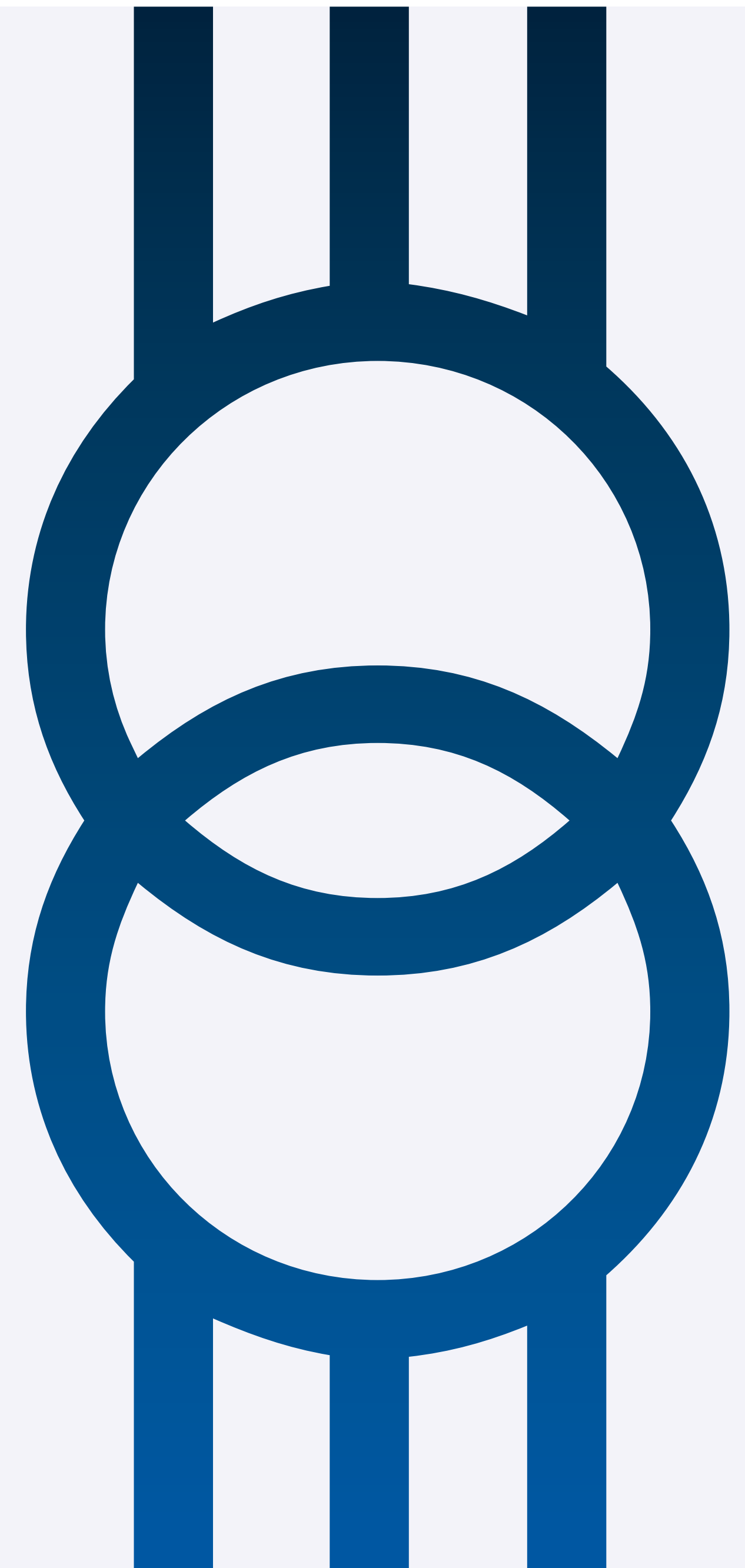
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Furthermore, the presentation may include data and estimates based on external sources that have not been externally reviewed by the Company, and the Company bears no responsibility for their accuracy.



WHO ARE WE?

AN ISRAELI INVESTMENT COMPANY WITH A GLOBAL PRESENCE

OUR OPERATIONAL STRATEGY

Prudent management via a lean, focused executive team

Focus on generating cash flows to maximize value

Stringent management of a conservative leverage policy

Holding companies and ventures in which we can exercise effective control

Diverse contracting, retail, service, and trade portfolio

Full involvement of the controlling shareholders and executive team in ongoing activities, building on many years of experience

Growth and enhancement while identifying and realizing opportunities within the activity sectors of the Group's companies

Focus on major areas for the local growth engine

ABOUT US

ELCO – FACTS & FIGURES

A FAMILY-CONTROLLED PUBLIC COMPANY ACTIVE FOR 75 YEARS IN ISRAEL & WORLDWIDE

Founded in
1949

66.5%
controlling
Company

Approx **23,850**
Employees

Traded on Indexes
TA 90, TA 125
TA FAMILY

Approx **NIS 3.6**
Billion
market Cap as of
27.11.2024

Approx
NIS 15.05
Billion
Revenue in 1-9/2024

Approx
NIS 5.3
Billion
Revenue, Q3 2024

Approx
NIS 899
Million
EBITDA in 1-9/2024

Approx
NIS 368
Million
EBITDA Q3 2024

NIS 50
Million
Dividend Paid & Declared in
2024 (as of publication)

NIS 56
Million
Total Dividend Received & Declared
from Held Companies in 2024
(as of publication)

Approx **NIS 2.2**
Billion
Shareholder Equity as of
Sep 30, 2024

Approx **NIS 5.8**
Billion
Net Asset Value (NAV) as
of Nov 27, 2024

Approx **NIS 734**
Million
Net Solo Debt as of
Sep 30, 2024

Approx **11%**
Solo Leverage as of
Nov 27, 2024

iIAA
Company & Bond Rating by
Maalot S&P

ACTIVITIES

LEADING ISRAEL'S MAIN GROWTH ENGINES, WITH SIGNIFICANT & GROWING OVERSEAS ACTIVITIES



(48%)

Public Company (TA 90)

MAIN AREAS OF ACTIVITY

Contracting & Infrastructure in Israel

Contracting & Infrastructure in the USA & Europe

Facility Management
Real Estate Initiation & Development

Concessions in Infrastructure, National Projects & Transportation Services



(45%)

Public Company (TA 90)

MAIN AREAS OF ACTIVITY

Electrical Consumer Products

Electrical Appliances

Electrical Retail Stores

F&B Retail Stores

Sports & Leisure Brands

Real Estate Investments



(55%)

Public Company (TA 90)

PRIVATE EQUITY FUND MANAGER

3 Multifamily Investment Funds in the USA

2 Debt Funds for Multifamily Financing in the USA

Active in Single-Family Rentals (SFR) in the USA

Hotel REIT Fund in the USA

Investment Fund in the UK



(61%)

Public Company

MAIN AREAS OF ACTIVITY

LPG Sector

Natural Gas & Cogeneration Sector

Electricity Supply Sector



(29.8%)

Discount Investments Ltd.
Public Company

MAIN AREAS OF ACTIVITY

Income-Producing Office Real Estate in Israel via Holding in Gav-Yam Land Corporation Ltd.

Income-Producing Office Real Estate in the USA via Holding in 10 Bryant Park



ADDITIONAL ACTIVITIES

Dream Group Holdings
Operates a chain of movie theaters nationwide

Elco Hospitality
Owns and operates "The George" hotel in Tel Aviv

2024 AT ELCO GROUP – GROWTH AMID CHALLENGING MARKET CONDITIONS

GROWTH IN MOST OF THE GROUP'S ACTIVITIES, DESPITE A CHALLENGING BUSINESS ENVIRONMENT AND MARKET CONDITIONS
ACCELERATION IN THE MATURATION TREND OF EFFICIENCY MEASURES TAKEN IN CERTAIN ACTIVITIES

ELECTRA

Won a variety of huge projects in Israel and overseas, with an unprecedented aggregate scope

Order backlog – record figure of NIS 37.3 Billion as of Sep 30, 2024

Significant foothold in the US market – won a mega project worth approx. \$830 Million

Migdal's investment in Electra Residences: approx. NIS 300M against an 18% allocation of share capital

ELECTRA CP

Took steps to consolidate & improve the F&B retail sector, including a comprehensive reorganization plan at Carrefour, strengthening equity by introducing a partner, continuing store conversions & creating foundations for future growth

Transitioned to net profit from ongoing operations in the F&B sector for the first time in Q3 2024

Signed agreement to import Samsung major appliances and TVs

Record operating results in sports & leisure brands

ELECTRA REAL ESTAT

Continued to recruit qualified private and institutional Israeli investors via the company's platforms, while expanding infrastructure for recruiting international investors

Achieved operational efficiency alongside increased KPIs on various platforms (NOI, recruitment rates, management fees) & hedging interest rate risks

Utilized significant dry powder in the company's funds to make opportunistic acquisitions

ELECTRA POWER

Senior management changes alongside adoption of a "First 100 Days" plan for business focus & horizontal streamlining, saving approx. NIS 25 Million per year

Completed a strategic partnership agreement with Enlight for electricity supply activities

Continued operations in the US via BRP while selling assets & reducing financial exposure

DIC

Realized holdings in Cellcom (35.5%) and Elron (59.14%) in exchange for NIS 936 Million and \$53.2 Million, respectively

Significantly reduced leverage ratio and bought back substantial volumes of bonds

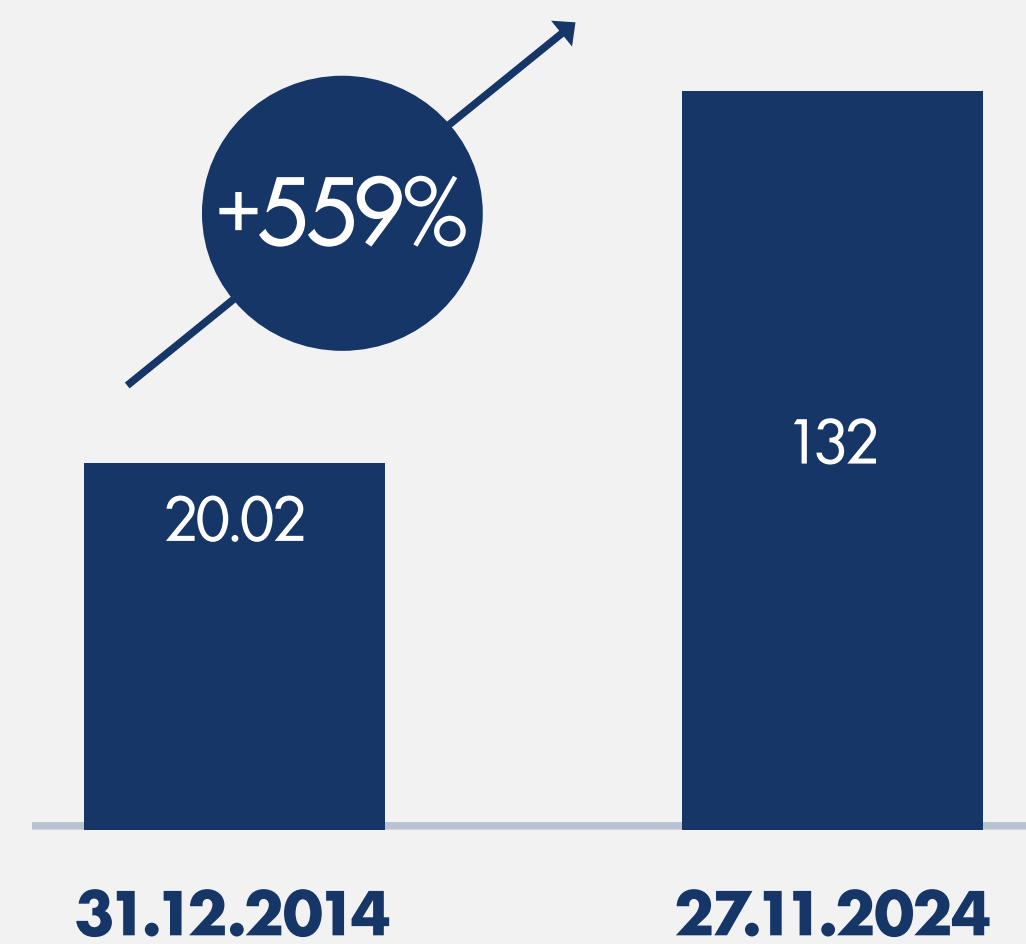
Focused on income-producing real estate – increased holdings in Property & Building Corp. Ltd. by an additional 3.8%

2024

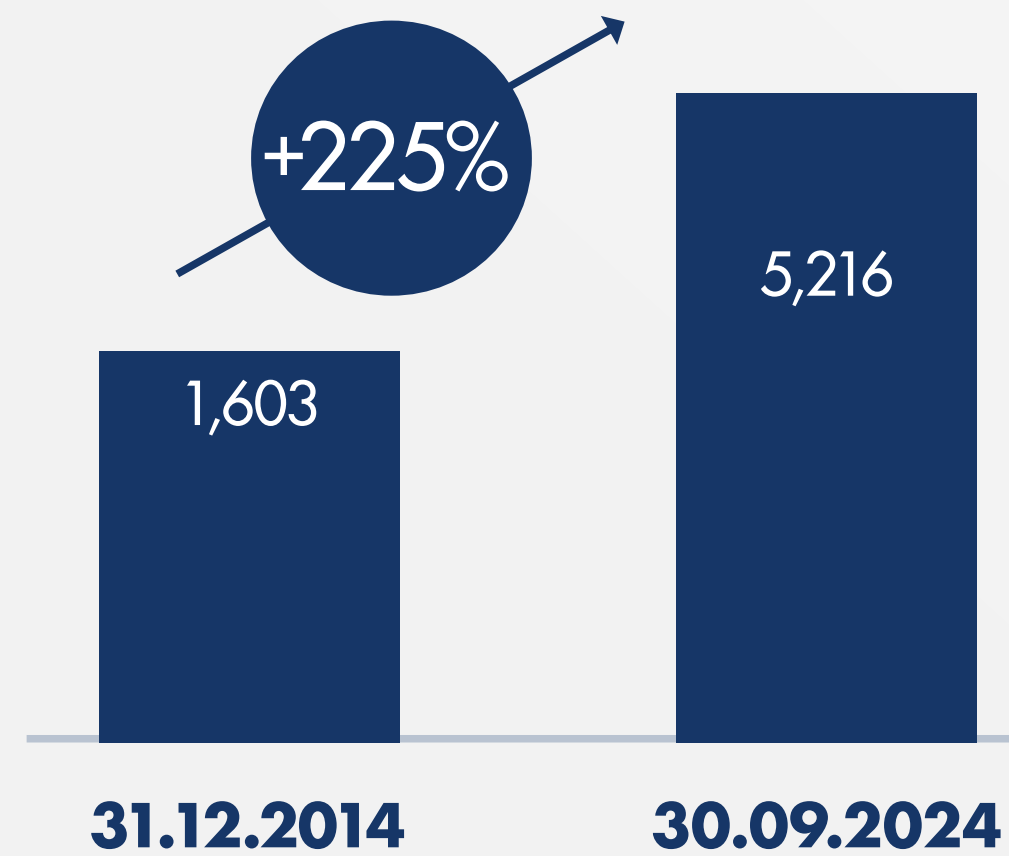
2014-2024

FROM TRADITIONAL INDUSTRY TO AN INFRASTRUCTURE & RETAIL GIANT

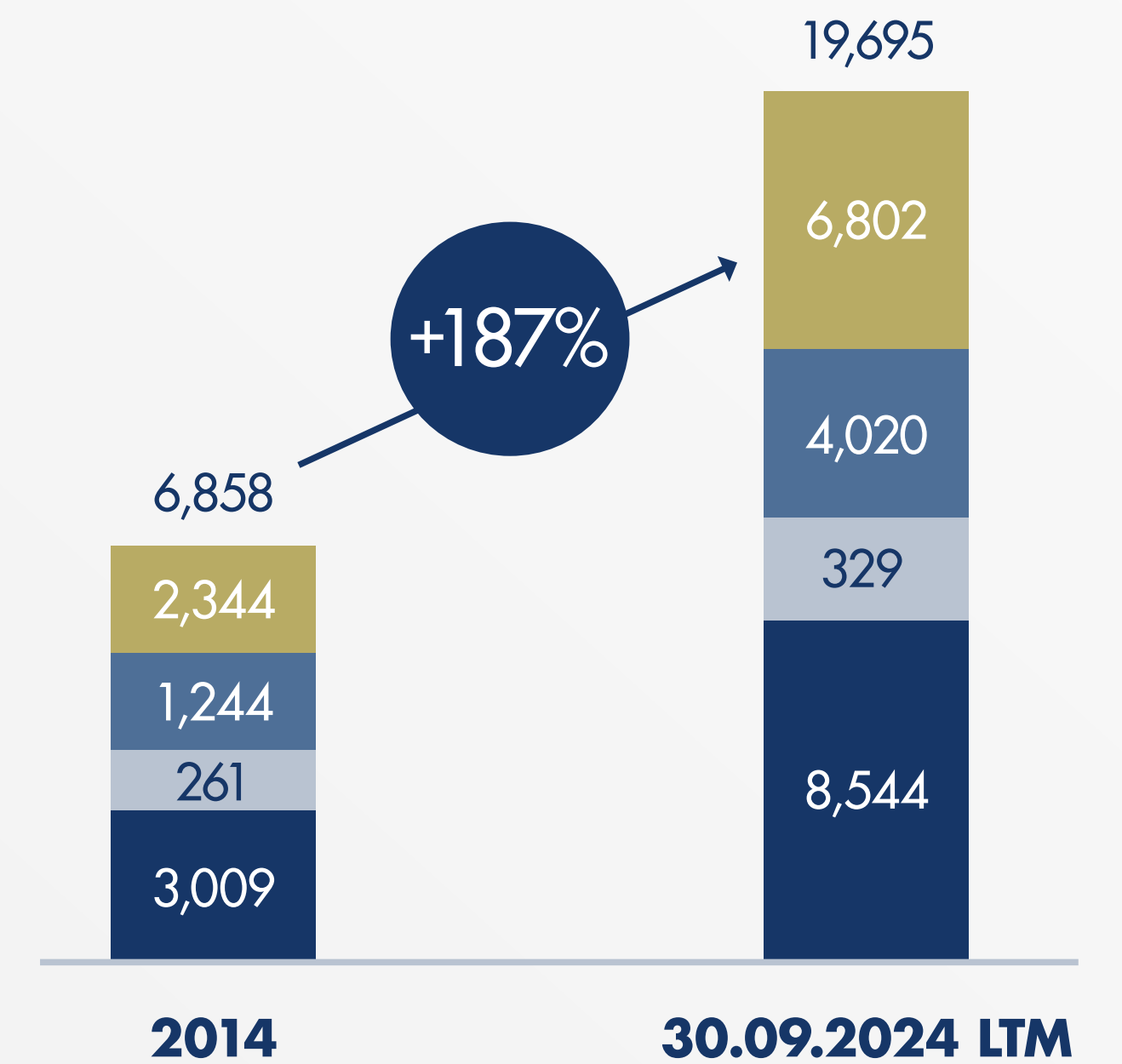
ELCO'S SHARE PRICE



CONSOLIDATED EQUITY CAPITAL
(NIS THOUSANDS)



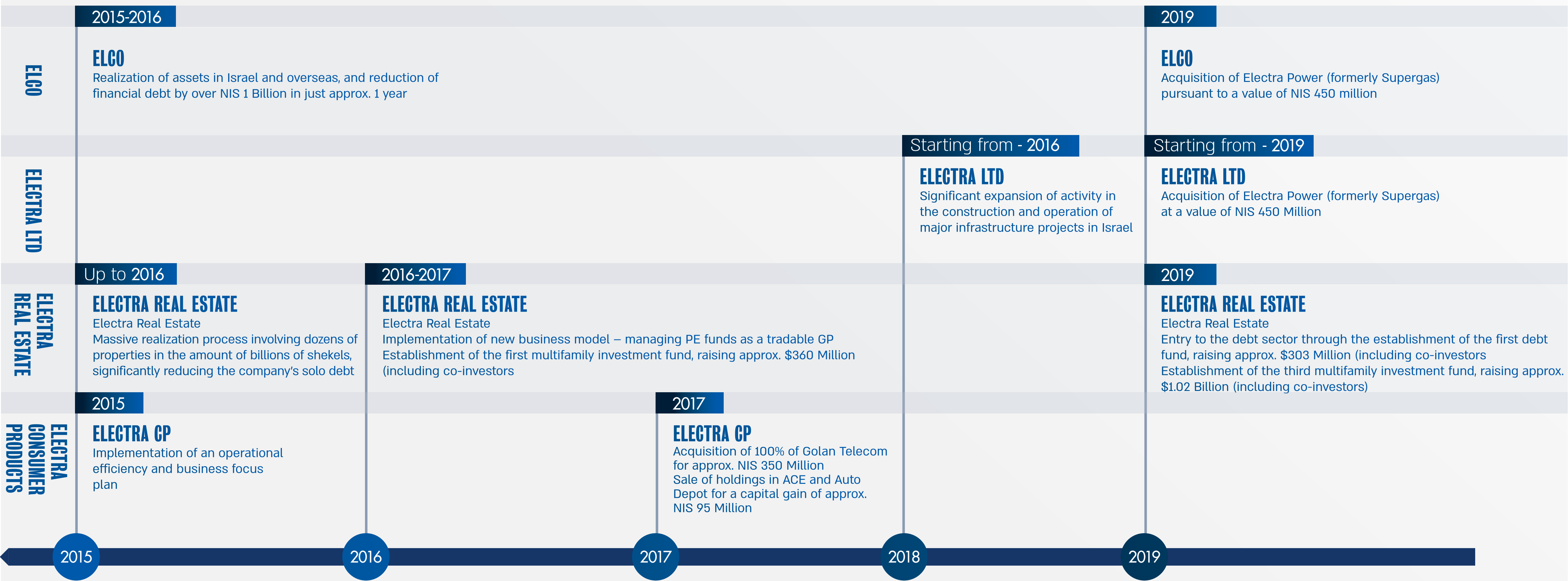
REVENUE BREAKDOWN
(NIS THOUSANDS)



■ Retailing
 ■ Services
 ■ Industry
 ■ Contracting

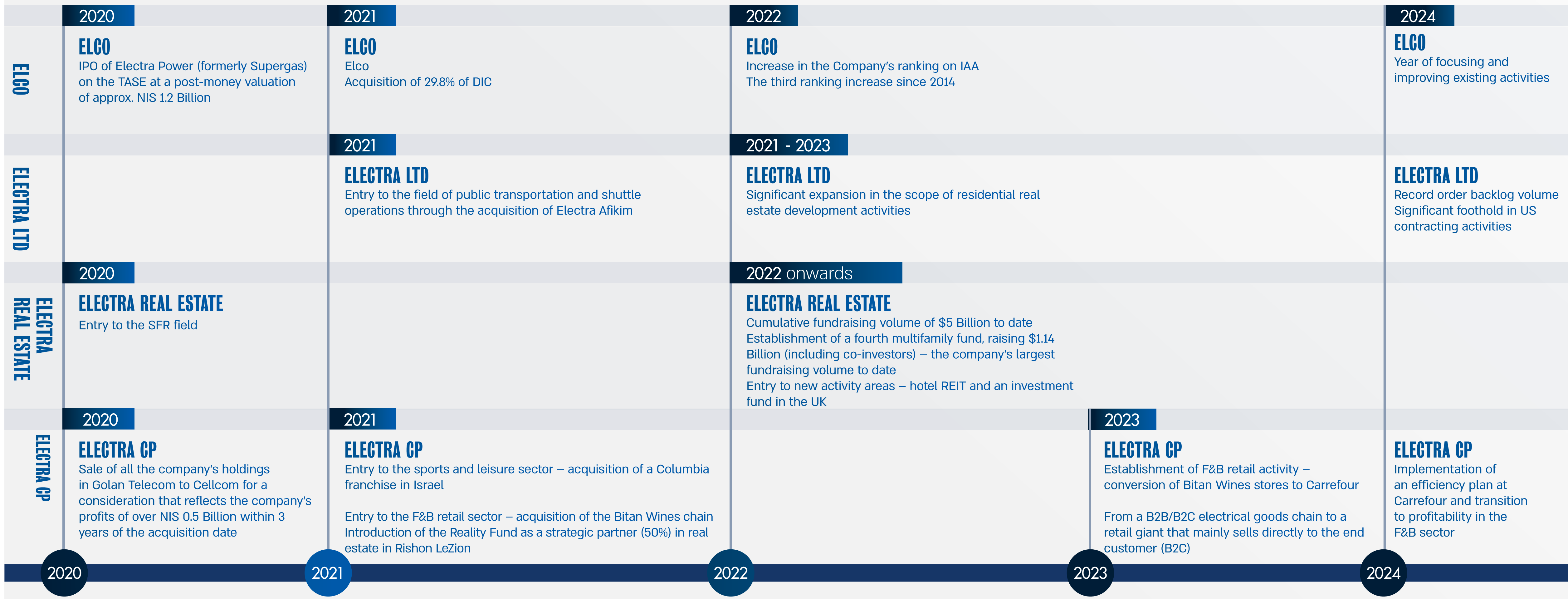
ELCO'S DEVELOPMENT OVER THE YEARS

IMPLEMENTING A GROWTH & ENHANCEMENT STRATEGY WHILE REALIZING OPPORTUNITIES IN THE ACTIVITY SECTORS OF GROUP COMPANIES & IDENTIFYING OPPORTUNITIES IN COMPLEMENTARY FIELDS



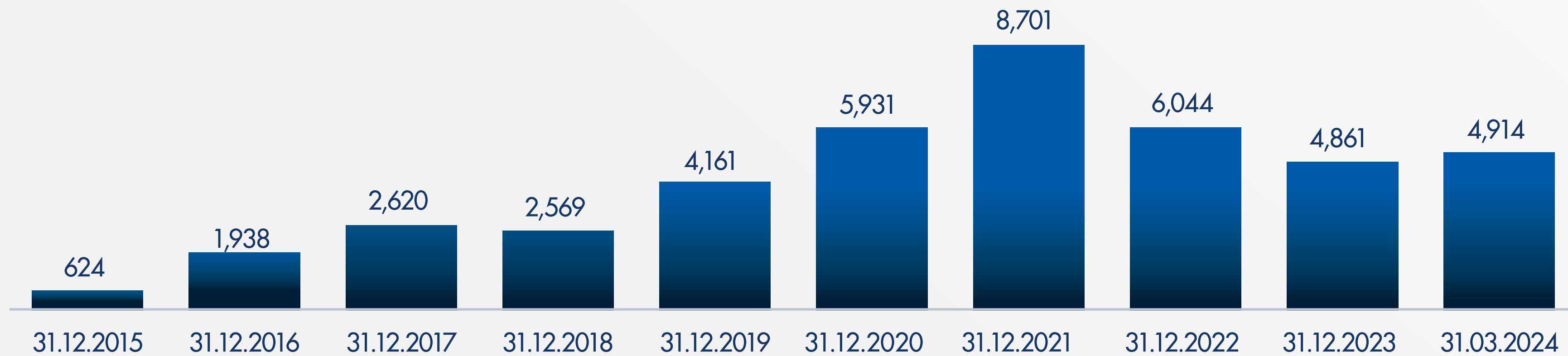
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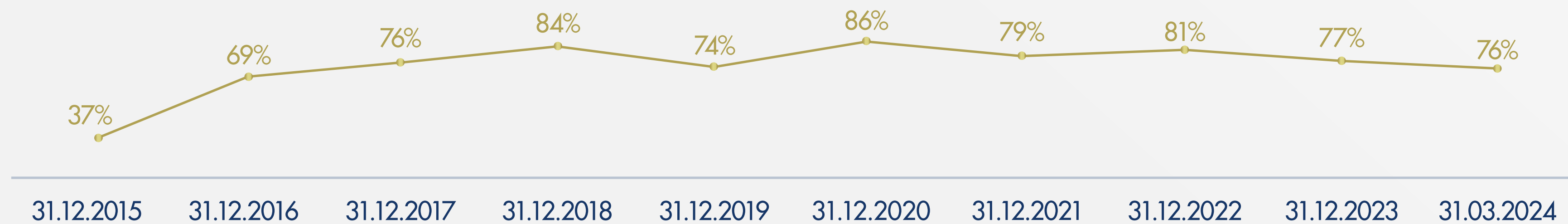


Growth & Enhancement While Maintaining Strictly Conservative Leverage & Strong Balance Sheet

DEVELOPMENT OF ELCO'S EQUITY-TO-SOLO ASSET RATIO

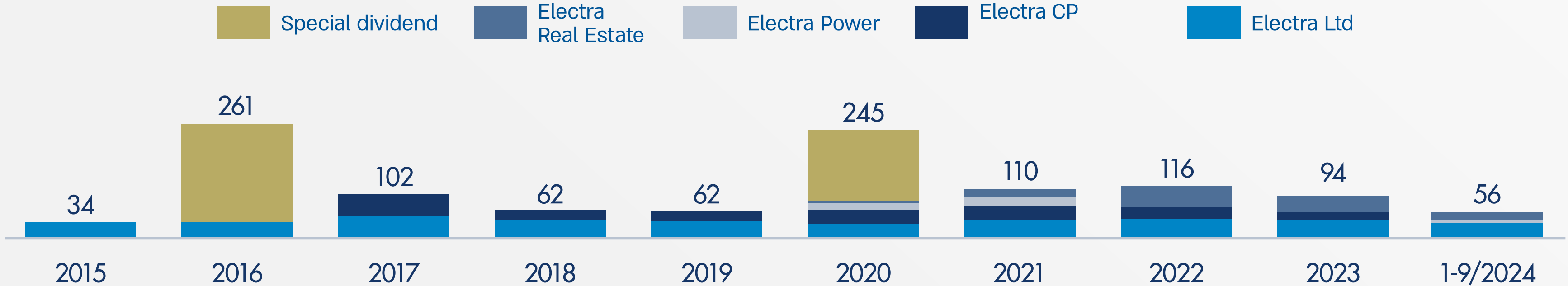


DEVELOPMENT OF THE RATIO OF THE EQUITY CAPITAL TO THE COMPANY'S SOLO BALANCE SHEET

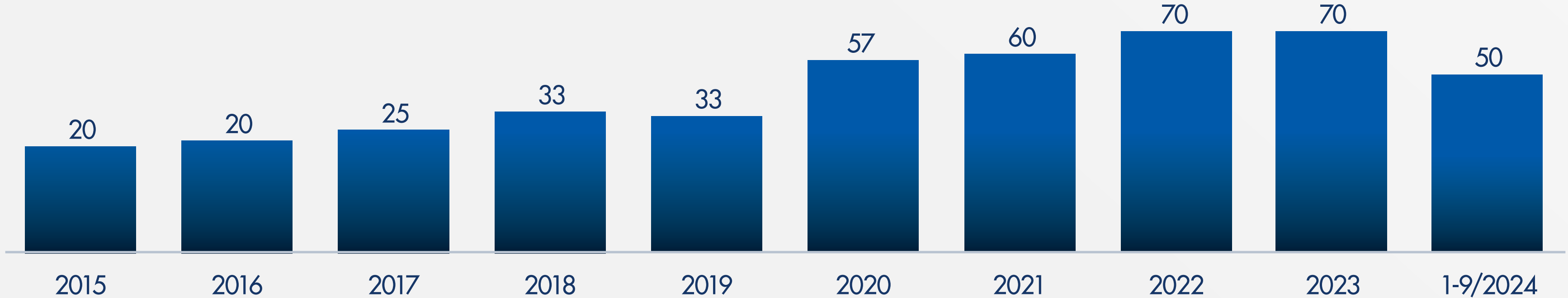


MAXIMIZATION OF THE CASH FLOWS CREATED BY THE HELD COMPANIES AND THEREBY, BY THE COMPANY

DIVIDENDS RECEIVED BY THE COMPANY*



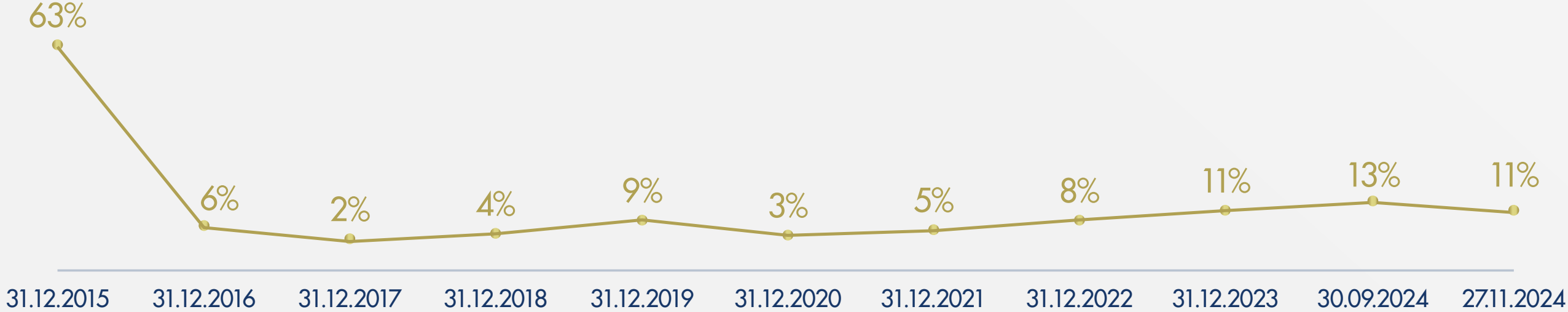
DIVIDENDS DISTRIBUTED BY ELCO TO ITS SHAREHOLDERS



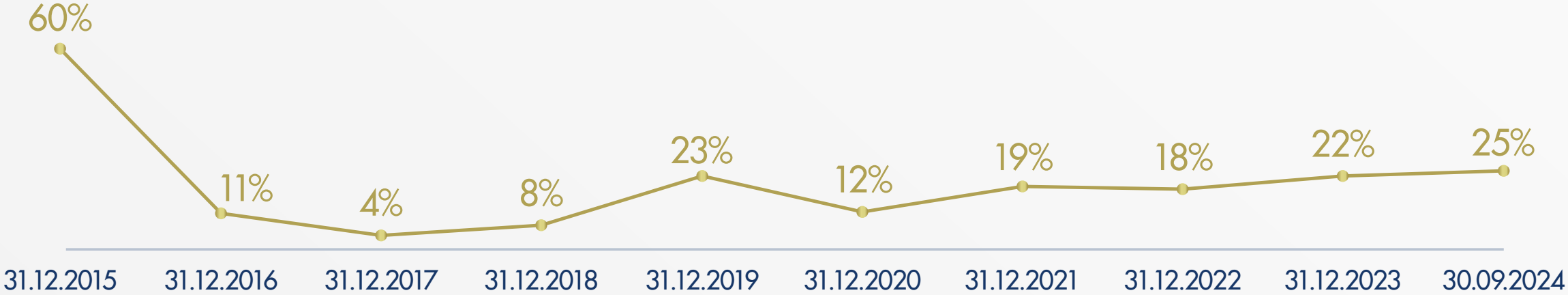
FINANCIAL DEBT

MANAGEMENT OF A CONSERVATIVE LEVERAGE POLICY AND MAINTAINING THE FINANCIAL STABILITY OVER THE YEARS

LTV RATIO BASED ON MARKET DATA



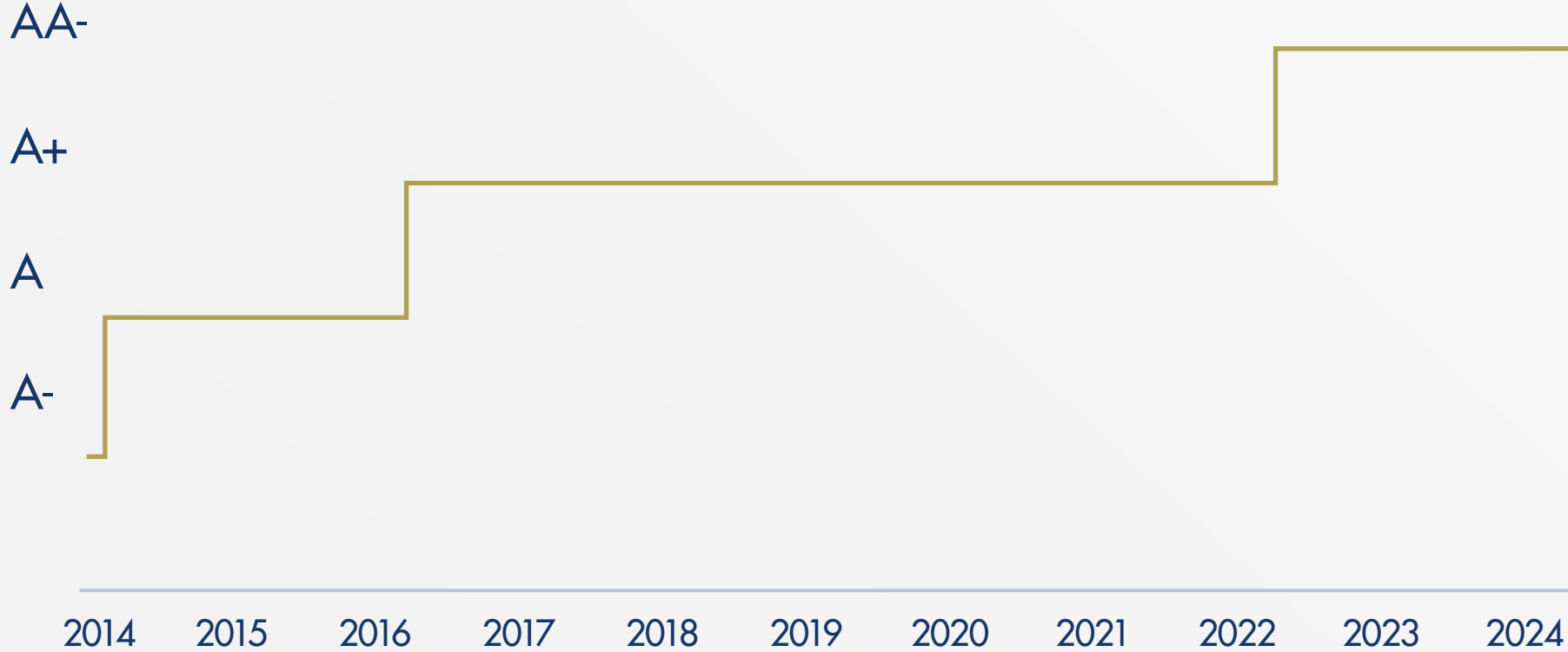
NET DEBT TO SOLO CAP RATIO



WELL-DISTRIBUTED REPAYMENT SCHEDULE



RATED AA- WITH STABLE OUTLOOK BY MAALOT S&P



ELCO – NAV ANALYSIS

INVESTMENT BREAKDOWN	VALUE (ELCO'S SHARE, IN NIS MILLIONS)	VALUATION MODEL
Investment in Electra Ltd	3,478	Market Cap as of Nov 27, 2024
Investment in Electra CP	1,001	Market Cap as of Nov 27, 2024
Investment in Electra Real Estate	1,506	Market Cap as of Nov 27, 2024
Investment in Electra Power	223	Market Cap as of Nov 27, 2024
Investment in DIC	199	Market Cap as of Nov 27, 2024
Others	167	Book Value as of Sep 30, 2024
Total Assets	6,576	
Net solo debt	734	Book Value as of Sep 30, 2024
NAV	4,124	
Elco market value	3,574	Market Cap as of Nov 27, 2024
DIC	39%	

**September January 2024
in the Elco Group –
Significant Events & Looking to the Future**





Key Events During 2024, Until This Presentation's Date of Publication¹



WINNING HUGE PROJECTS IN ISRAEL & OVERSEAS

Haifa-Nazareth Light Rail Concession

Won a project with an estimated scope of approx. NIS 13 Billion Approx. 40% holding in the concessionaire

Electra USA

Won projects with a total scope of approx. NIS 4.2 Billion

Shafdan Expansion Project

Won a project with a total scope of approx. NIS 1.4 Billion

Residential Complex in Beit Shemesh

Won a project to build a complex including 1,195 apartments, with a total scope of approx. NIS 1.1 Billion

Land Lease Tender in Beer Yaakov

Won a tender for the construction of 260 apartments and 1,200 sqm commercial space, with a total scope of approx. NIS 0.6 Billion

Bank Hapoalim Fitout Work

Won a project with a total scope of NIS 0.3 Billion

BUSINESS STRATEGY

Bar-Ilan University Dormitories

Sale of concession holdings and reduction of financial debt in the amount of NIS 430 Million

Electra Motors

Signed agreement to directly import electric buses manufactured by the Chinese company Yutong, first delivery of dozens of buses expected during H1 2025

TAKING OPPORTUNITIES

GEOKAT

Acquired a company active in the ELV sector in Poland

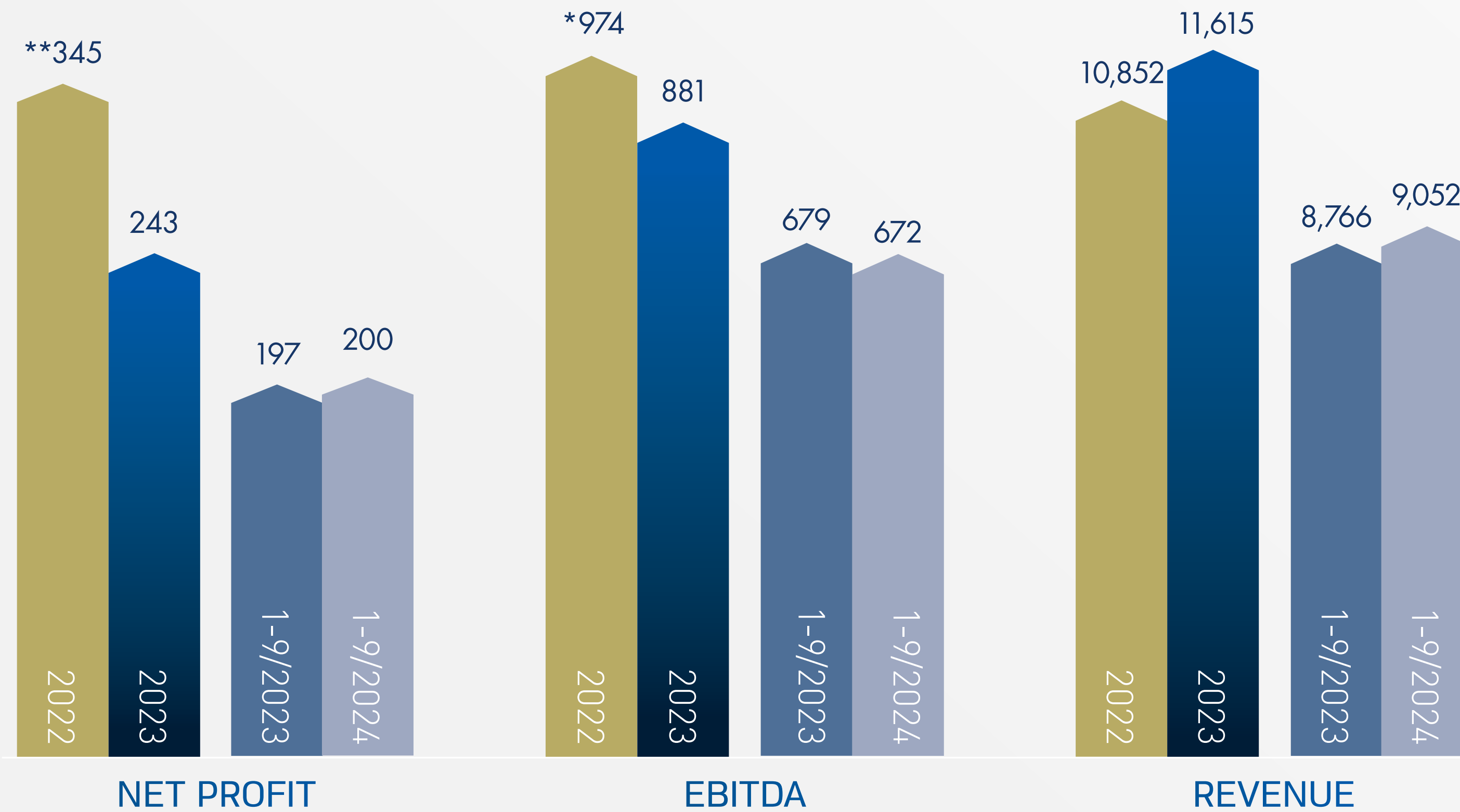
Migdal Investment in Electra Residences

Established an investment agreement in which Migdal invested approx. NIS 0.3 Billion in exchange for 18% of Electra Residences' share capital

Entering the Waste Disposal Sector

Purchased land for the construction of an organic waste disposal plant

1. The above estimates constitute forward-looking information as defined in the Securities Law, as detailed on Slide 3 of this presentation.

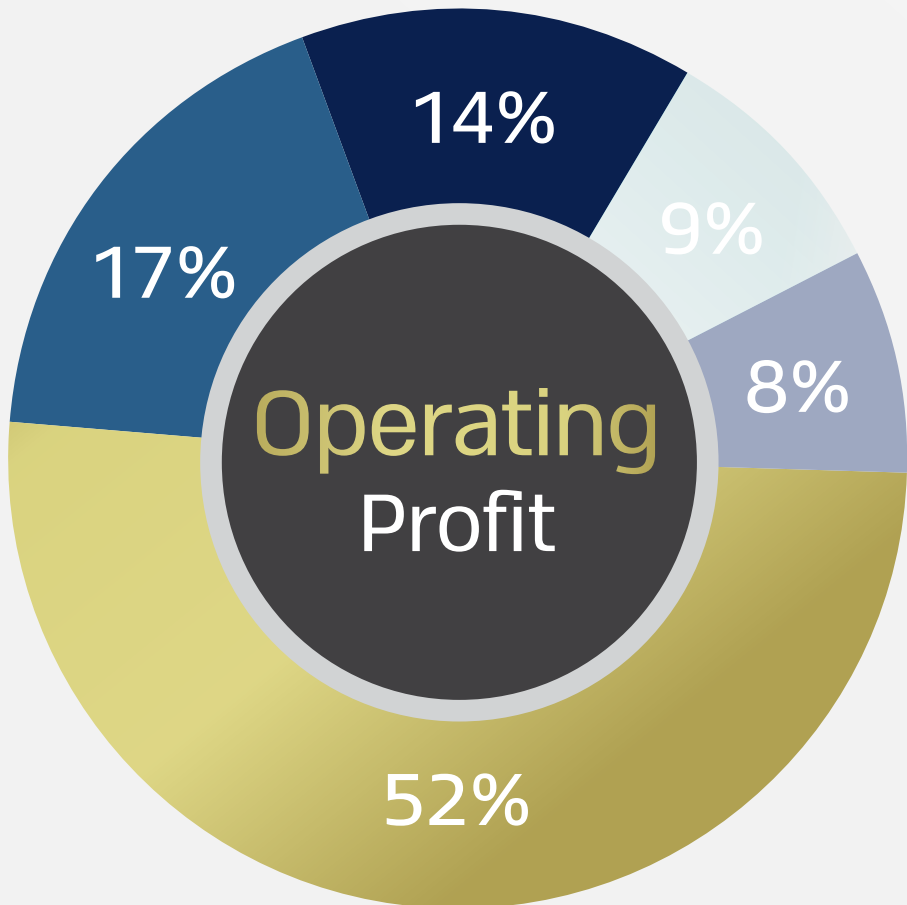


* Includes profit from the realization of the Group's holdings in the concessionaire for the pumped storage project and from the sale of the Group's holdings in the transportation contractor for the Fast Lanes project in the amount of NIS 143 Million.

** Includes profit after tax from the realization of the Group's holdings in the concessionaire for the pumped storage project and from the sale of the Group's holdings in the transportation contractor for the Fast Lanes project in the amount of NIS 115 Million.

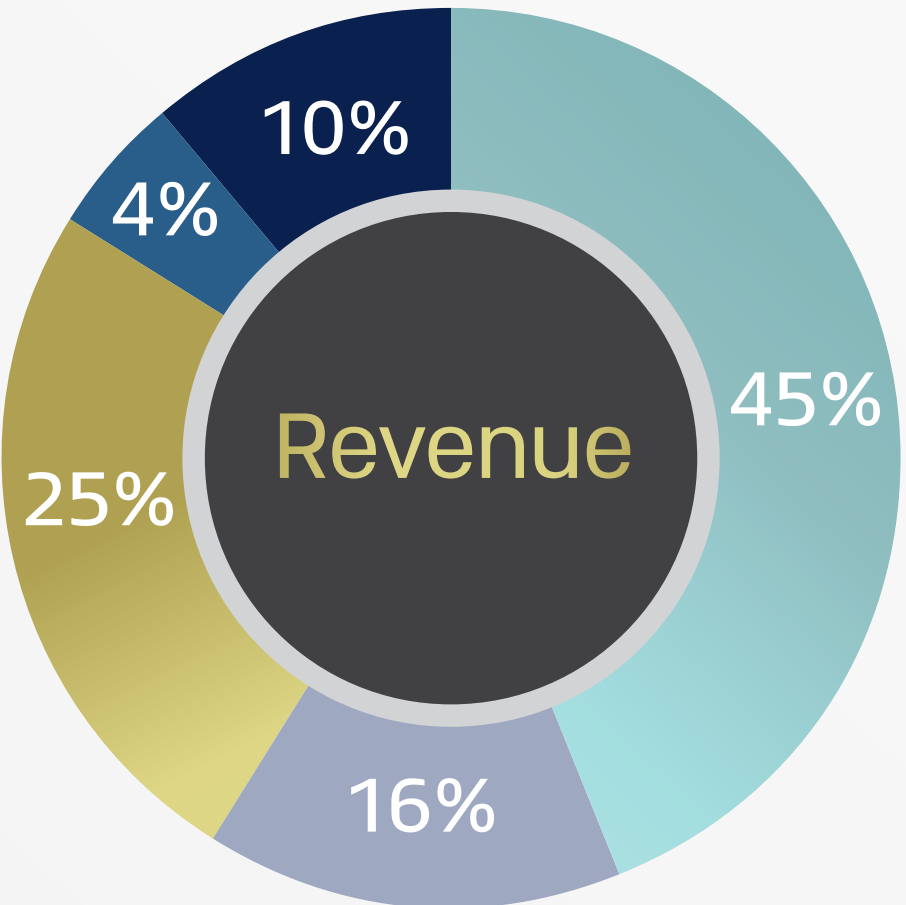
*** Q4 2023 was impacted by the Swords of Iron War, mainly in terms of construction and infrastructure projects and in real estate development and construction in Israel, due to site closures and labor shortages.

Results Breakdown

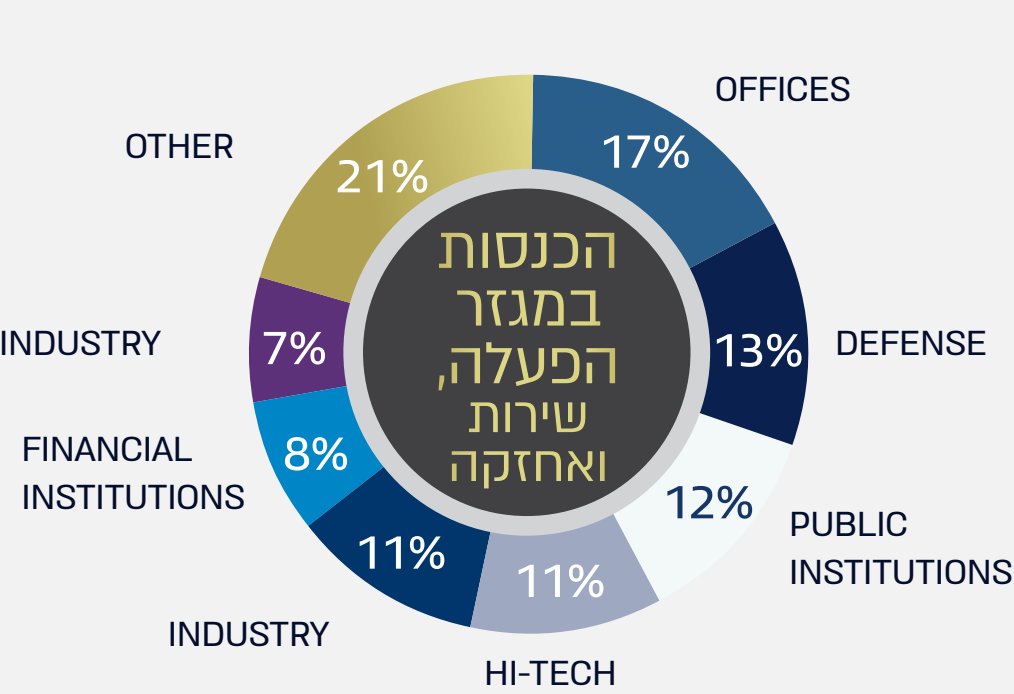


For the Nine Months Ending September 30, 2024

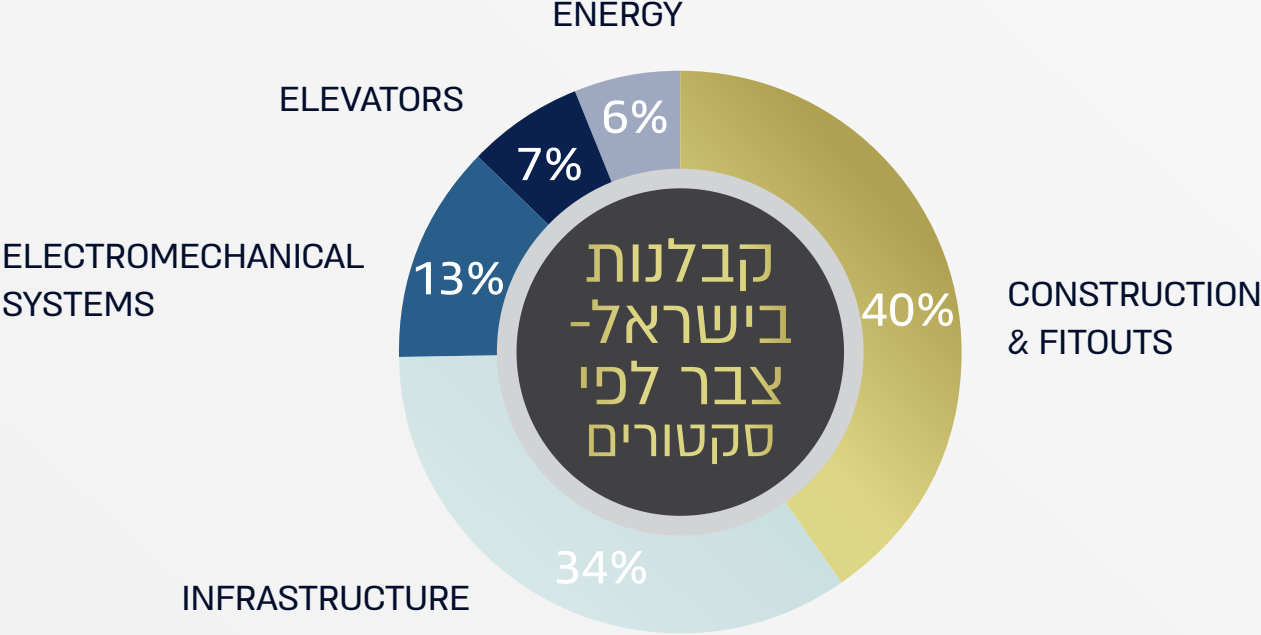
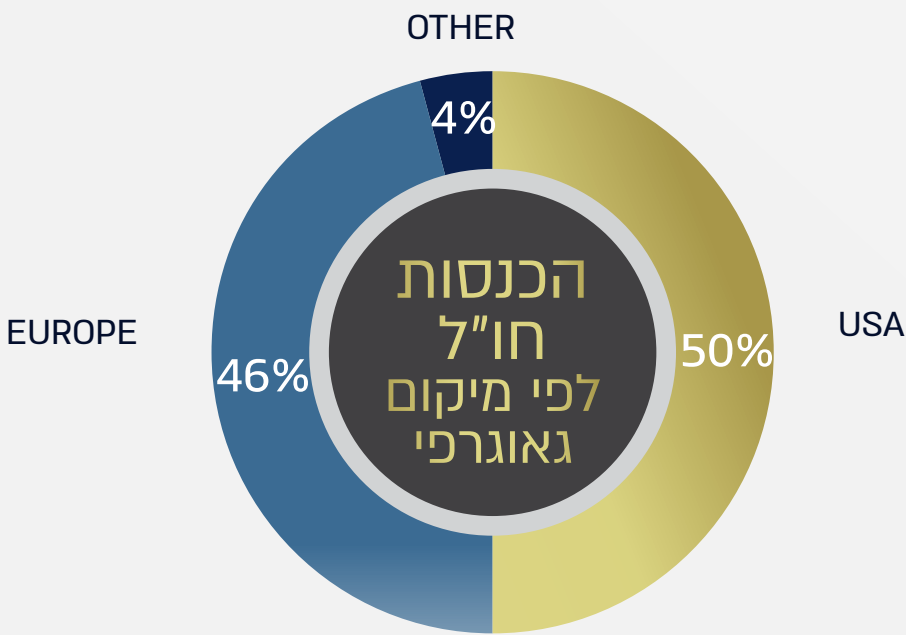
- Concessions ● Real Estate Development ● Projects in Israel ●
- Projects Overseas ● Operation, Service & Maintenance ●



*Extensive Business Diversification Across Operating Sectors



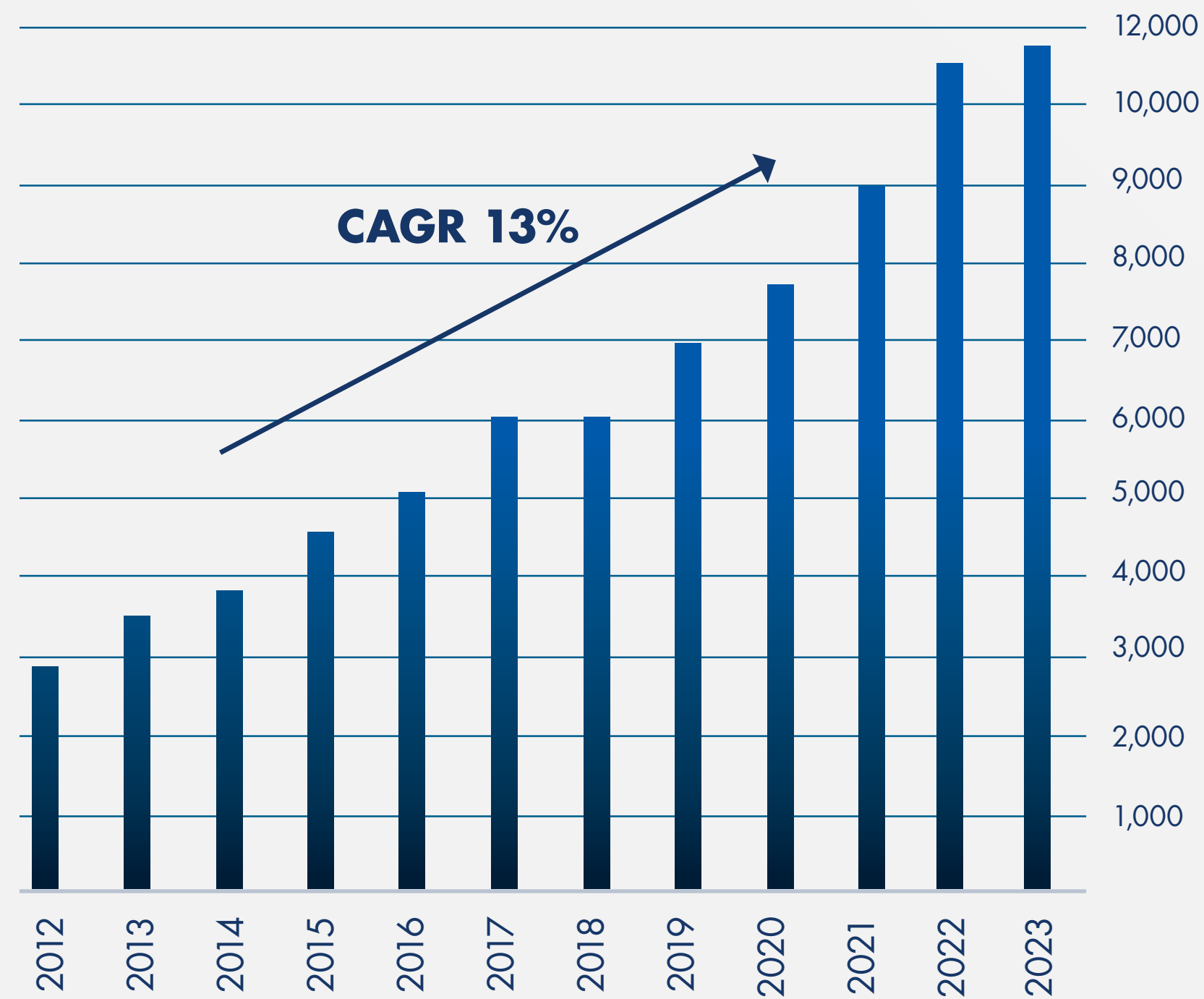
*Based on financial results for 2023



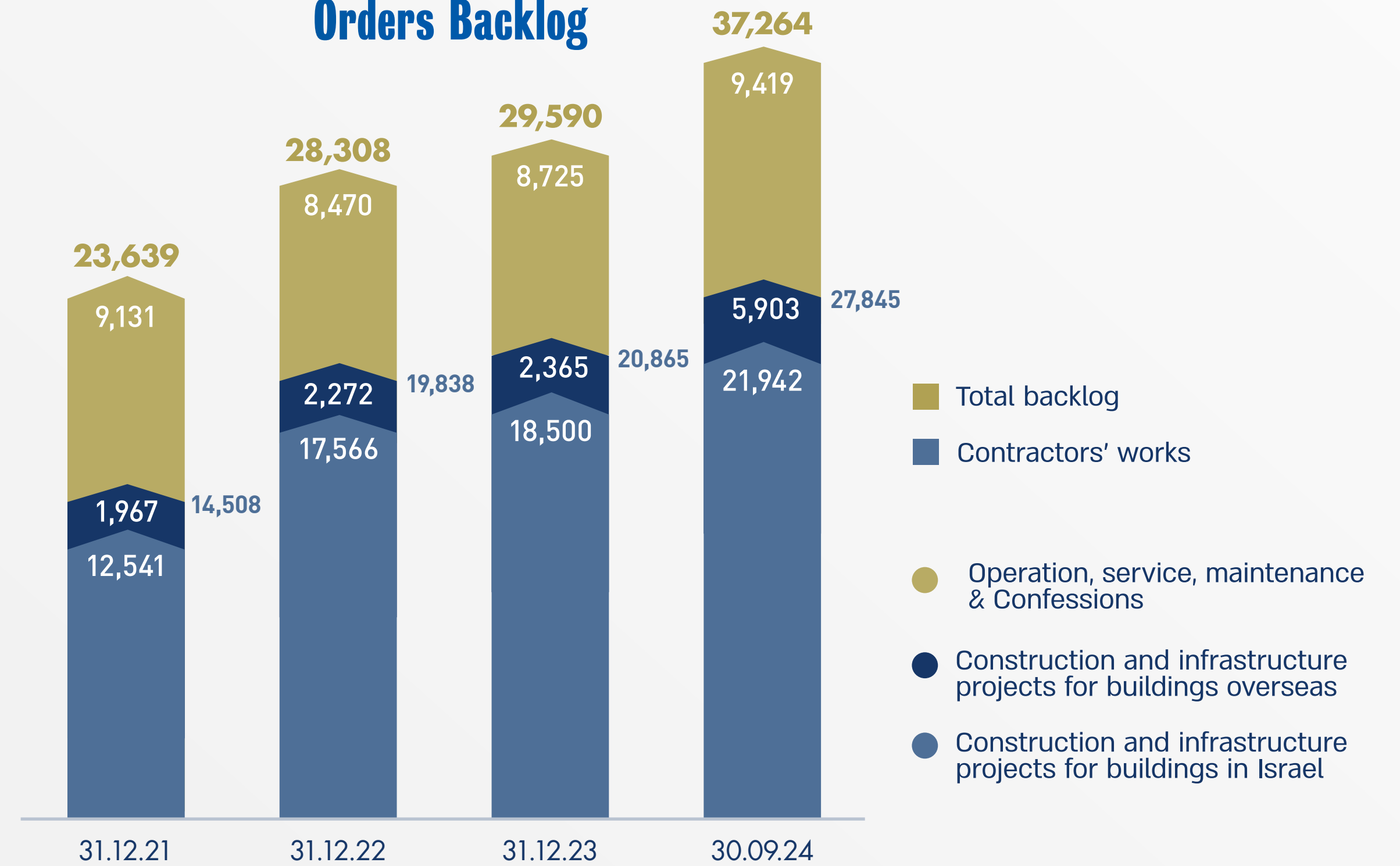
REVENUE & BACKLOG DEVELOPMENT (NIS MILLIONS)

A GROWTH COMPANY

Revenues



Orders Backlog





KEY EVENTS DURING Q3 2024⁸

INTEREST RATE CUTS

The Federal Reserve has made two interest rate cuts in recent months – a process expected to continue in the next two years¹. Declining interest rates support the recovery of the real estate investment market.

US ELECTIONS

Donald Trump's victory may stimulate the US economy due to anticipated tax cuts and import tariffs. However, these may also have inflationary consequences.

EXPECTED DECREASE IN HOUSING SUPPLY

Extensive construction has created excess supply in certain locations in recent quarters. However, a significant decrease in supply is expected during 2025², which is likely to lead to rent increases after a period of relative stability.

ESTABLISHMENT OF OPPORTUNITY FUNDS

The company is taking advantage of attractive market pricing by establishing opportunity funds. Since the beginning of the year, the company has secured investment commitments totaling approx. \$268 Million^{3,4} for the BTR-SFR fund and the UK investment fund.

LOW LEVERAGE & HEDGING OF UNDERLYING ASSETS

The company continues to maintain low leverage of its underlying assets, alongside interest rate hedging. As a result, the effective leverage of real estate assets managed by the company stands at approx. 56%⁵, and 97%⁶ of the debt is at fixed or hedged interest rates.

ONGOING CASH FLOW & DISTRIBUTIONS TO FUND INVESTORS & INVESTMENT PARTNERSHIPS

The company continues to make ongoing cash distributions to its investors. Since the start of Q3, approx. \$125 Million⁷ has been distributed to investors in the funds and partnerships managed by the company.

1. FRED, November 2024.

2. Goldman Sachs Research, September 2024.

3. Data includes signed commitments, as well as amounts approved by the investment committees of institutional entities that are at an advanced stage of the process of joining the private SFR fund.

4. Data includes GP commitments.

5. According to book value as of September 30, 2024, excluding debt funds.

6. As of September 30, 2024. Based on 100% holding of all fund assets, core holdings and land in Miami. Excludes debt funds.

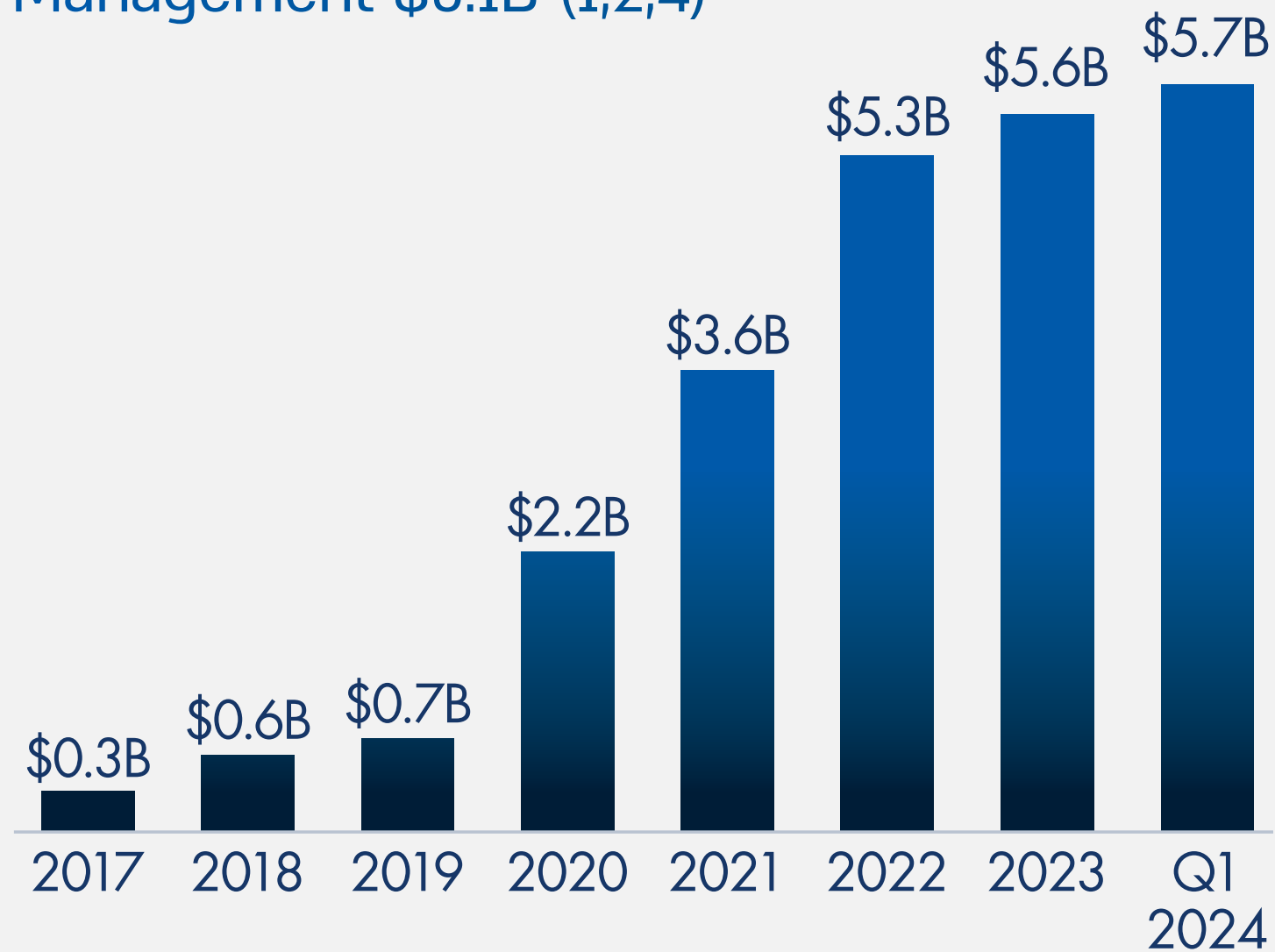
7. Including distributions to co-investors. As of the publication date of this presentation.

8. The above estimates constitute forward-looking information as defined in the Securities Law, as detailed on Slide 3 of this presentation.

CONSISTENT, CONTINUOUS GROWTH IN THE PORTFOLIO & KPIS

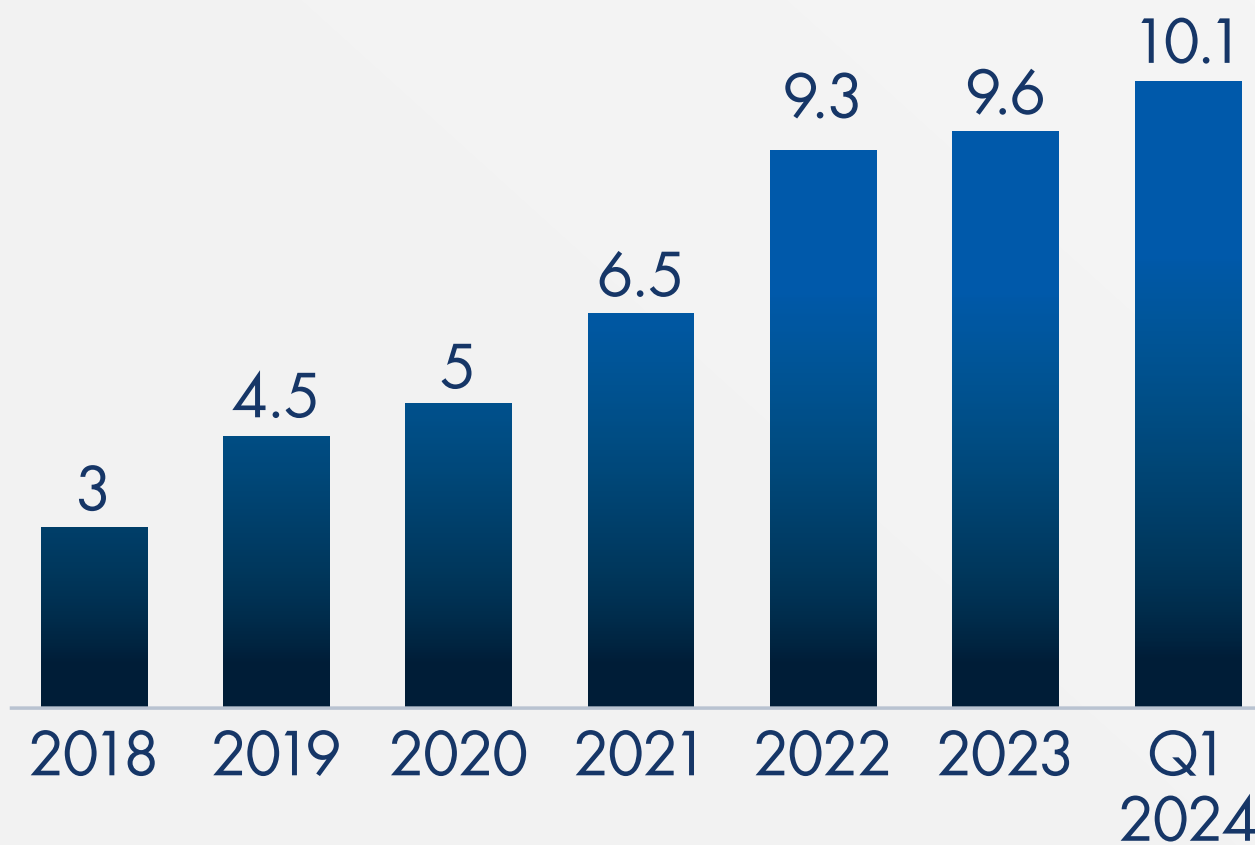
TOTAL AGGREGATE FUNDS RAISED FOR THE COMPANY'S PLATFORMS (1)

Current Assets Under Management \$5.1B (1,2,4)



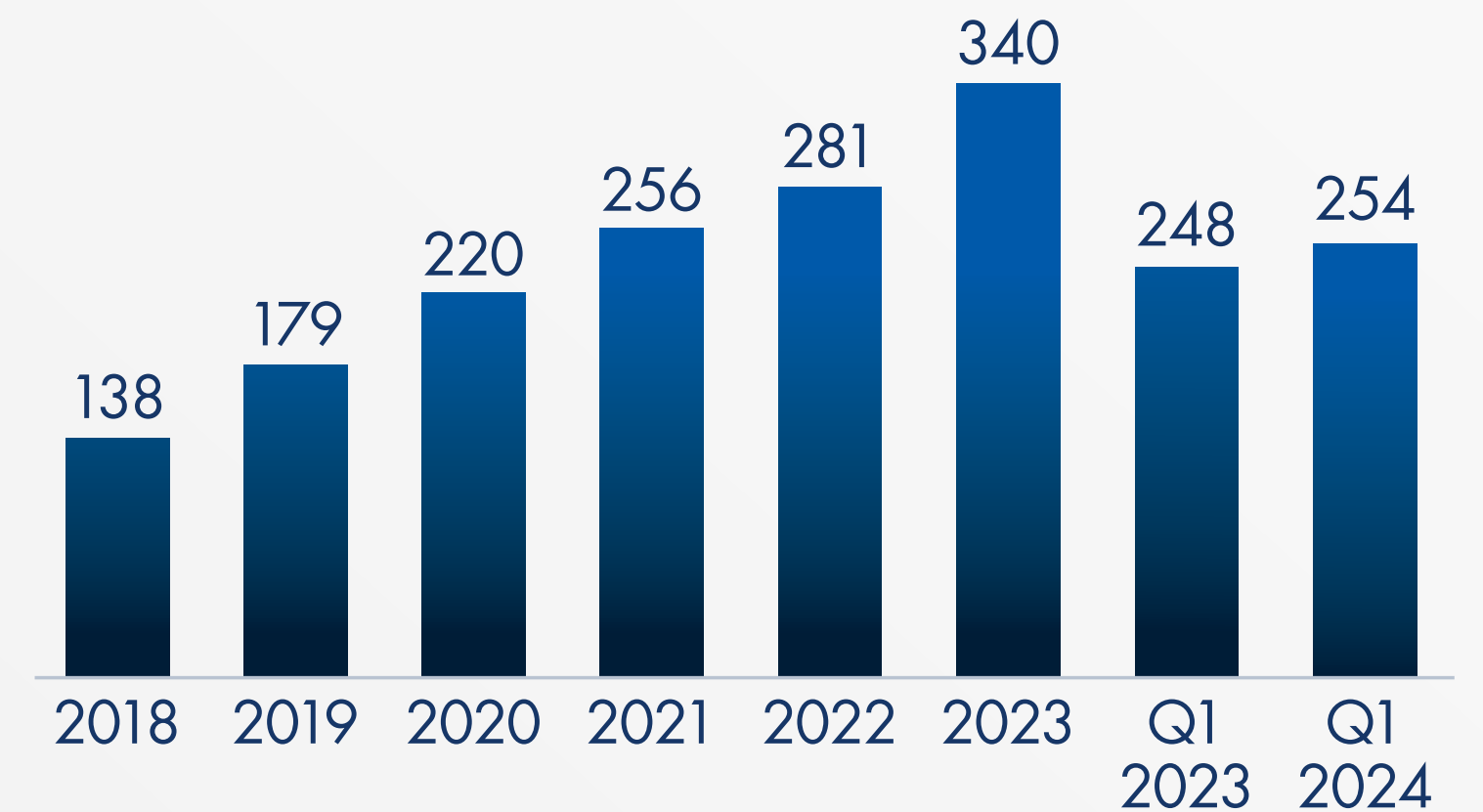
VALUE DEVELOPMENT OF MANAGED REAL ESTATE PROPERTIES (3)

100%, \$B



NOI DEVELOPMENT [3]

100%, \$M



(1) Data includes GP and co-investor commitments.

(2) After asset realization.

(3) Real estate under the company's management, excluding debt fund transactions.

(4) Data includes signed commitments, as well as amounts approved by the investment committees of institutional entities that are at an advanced stage of the process of joining the private SFR fund.



KEY EVENTS DURING 2024, UNTIL THIS PRESENTATION'S DATE OF PUBLICATION¹

GROWTH IN ALL SECTORS



ELECTRICAL RETAIL

Awarded the franchise for the distribution and sale of Samsung major appliances and TVs

Record sales – approx. NIS 2.5B annually, an increase of approx. 22% YoY

29% increase in same-store sales (excluding duty-free) during 9M 2024

Record sales of direct import products

Online sales – approx. 65% increase during 9M 2024

Sector profit – approx. 42% increase in profit before other income during 9M 2024

F&B RETAIL

Converted 110 stores – 90% of the conversion plan; 126 stores by the end of the year

Launched 1,500 Carrefour products while improving gross margin

Extended lease agreements at the chain's stores

Introduced an investor to the operation and strengthened equity

Instituted a comprehensive efficiency plan

Shuttered 7-Eleven activities

Crossed the profitability threshold – positive EBITDA (excluding IFRS 16) for 5 consecutive quarters, transitioning to net profit in Q3 2024

SPORTS & LEISURE RETAIL

Record sales for Columbia and Adidas

Approx. 93% growth in sales during 9M 2024

Significant growth in same-store sales during 9M 2024

- +33% in Adidas stores
- +16% in Saar Group stores

Sector profit of approx. NIS 18 Million (before other net income) during 9M 2024, compared to a loss of NIS 2 Million in the same period last year

Significant growth in all key profitability indicators

ELECTRICAL APPLIANCES

Slight decline in sales, mainly due to decreased export activity during wartime and regulatory changes in the domestic and European markets

8% increase in air conditioner sales by quantity during 9M 2024

Closed inventory of on/off overhead air conditioners

Launched distribution of TCL products, which are #2 in the screen market

Instituted a comprehensive efficiency plan to consolidate activities:

- Uniting HVAC, brand, and customer division activities
 - Goal – Increased sales, improved sector profit, reduced expenses
- Expected annual savings of approx. NIS 15 Million

Strategic Plan Publication – Electra 2026

The company's establishment as a leading retailer in Israel with annual revenues of NIS 10 Billion and EBITDA of NIS 650 Million (excluding IFRS 16).

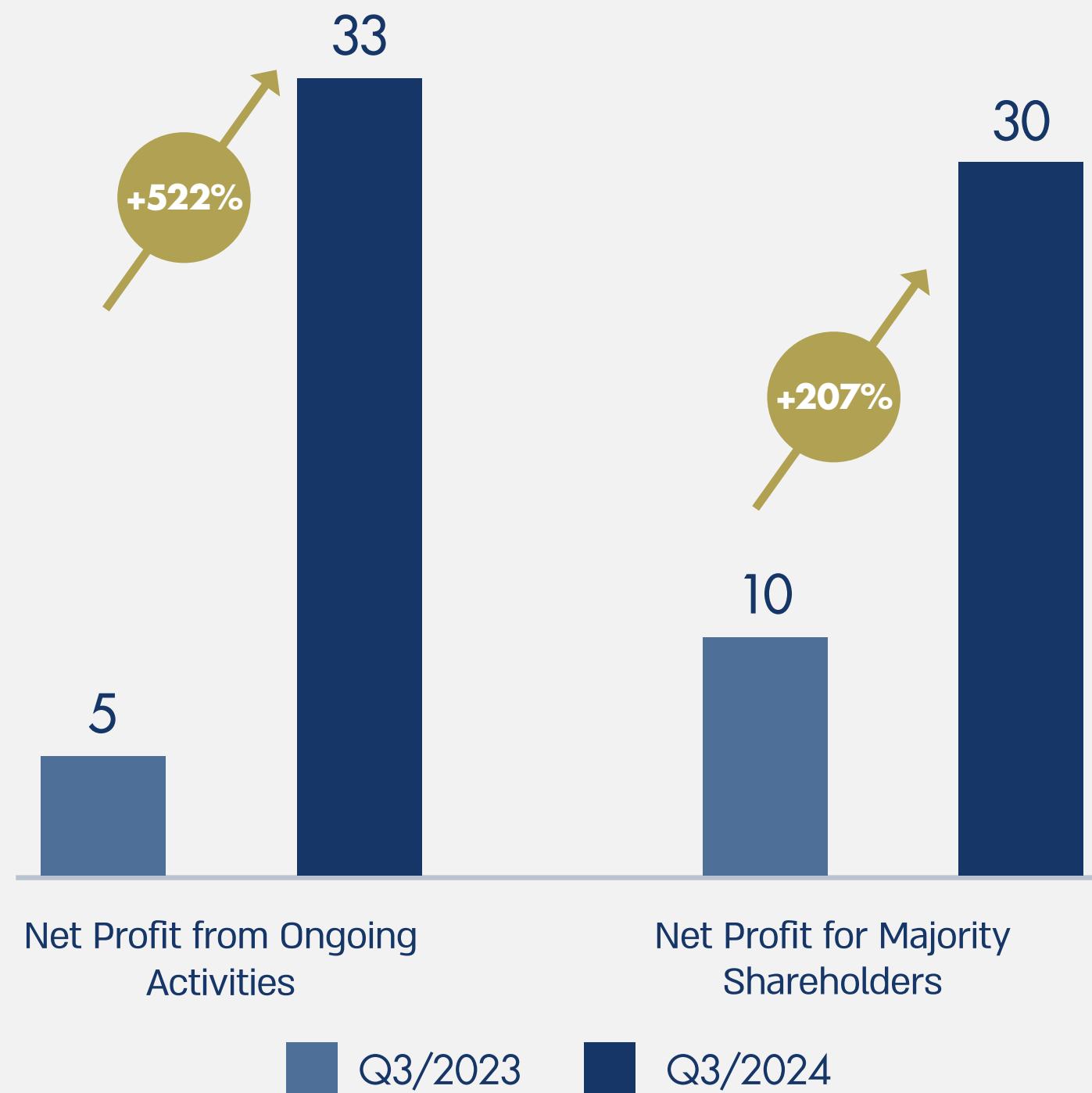
¹The above estimates constitute forward-looking information as defined in the Securities Law, as detailed on Slide 3 of this presentation.

2024 – A TRANSFORMATIVE YEAR

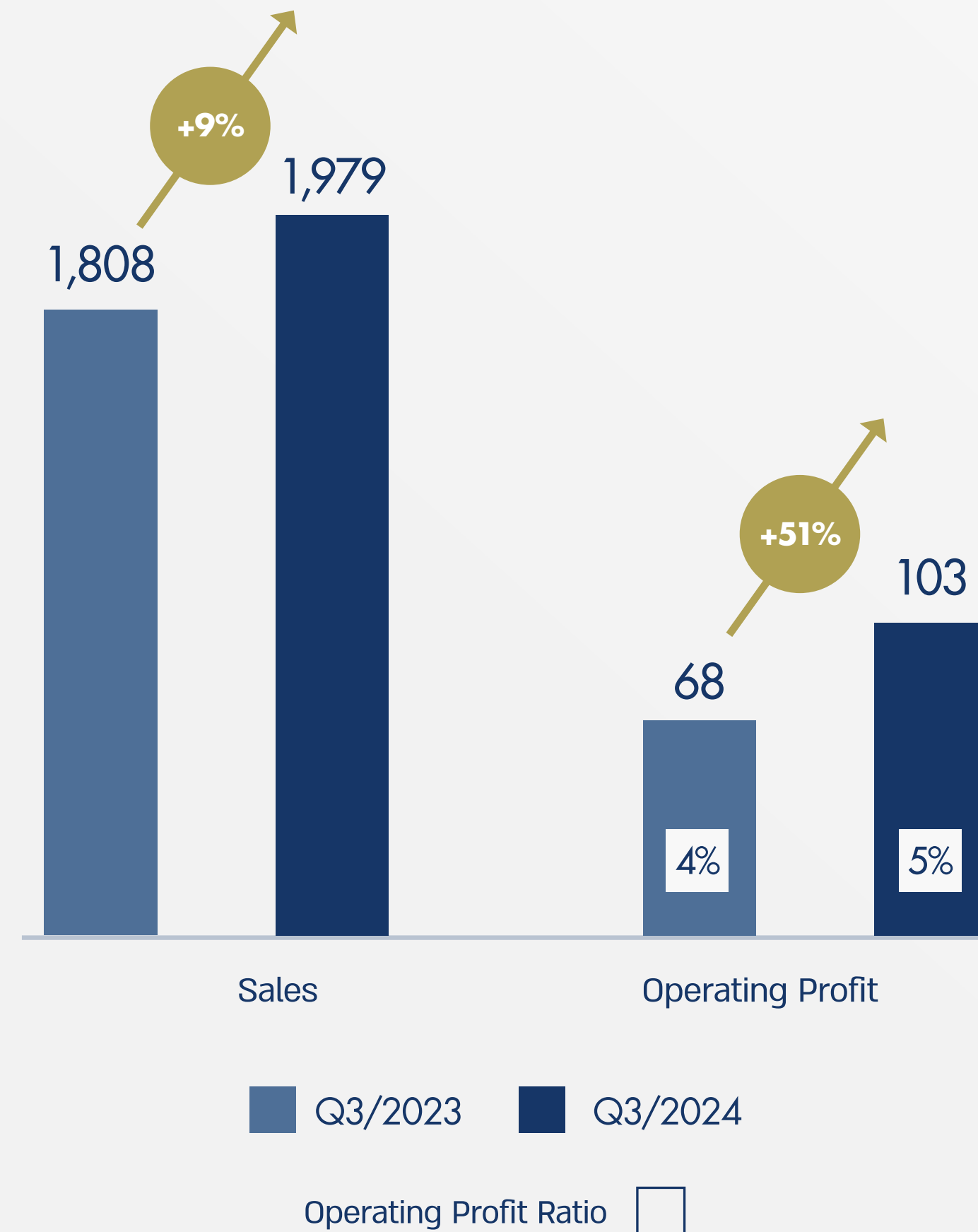


RECORD RESULTS FOR THE GROUP – DOUBLE-DIGIT GROWTH IN SALES & SURGE IN OPERATING/NET PROFIT

INCREASE IN NET PROFIT RESULTS & NET PROFITS TO MAJORITY SHAREHOLDERS



SALES GROWTH & SIGNIFICANT SURGE IN OPERATING PROFIT



GROUP ACTIVITIES – CONSOLIDATED RESULTS, Q3 2024

Consolidated	Q3/2023	Q3/2024
EBITDA	8.9%	9.4%
EBITDA Excluding IFRS 16	4.5%	4.8%

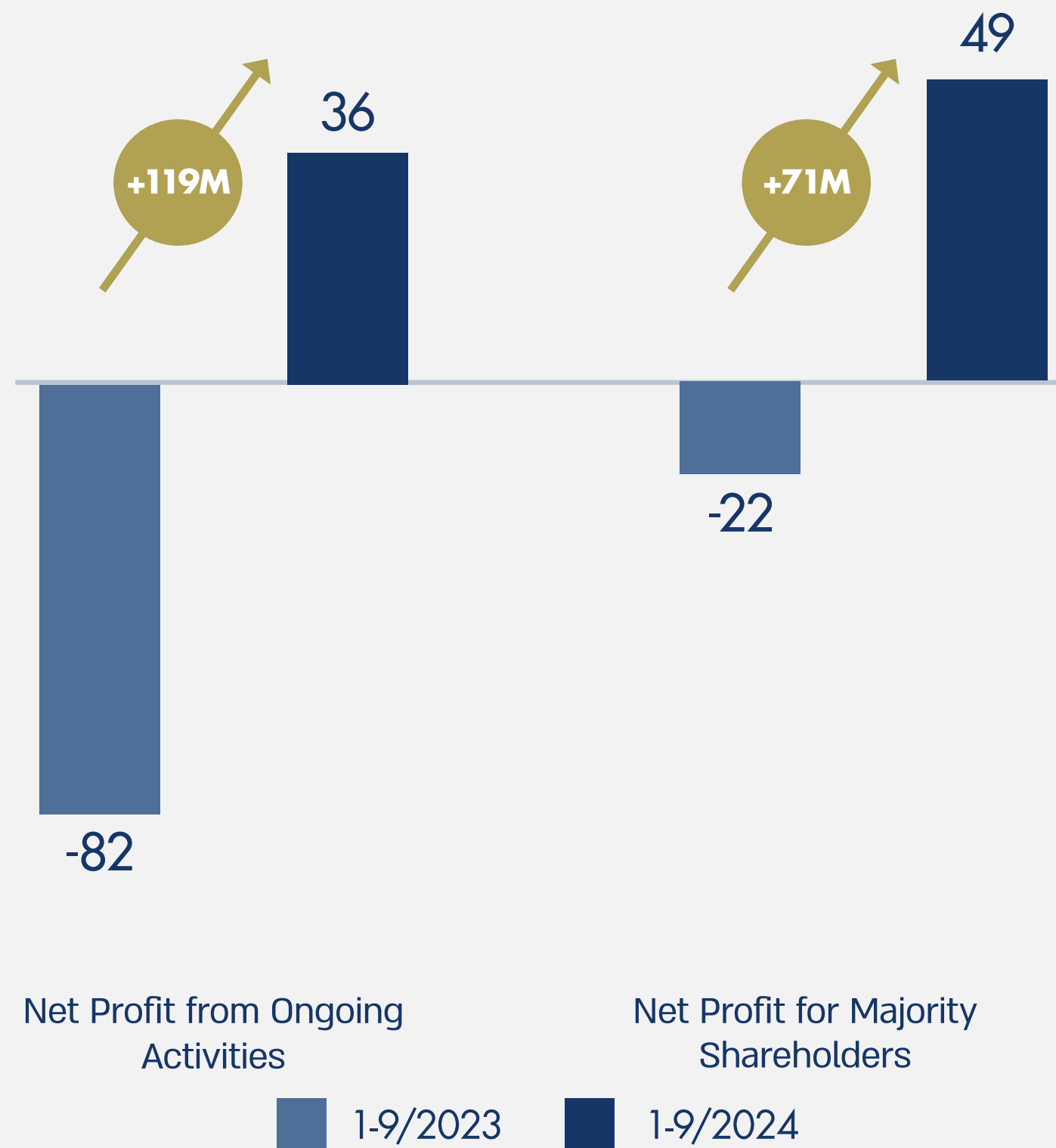
Excluding F&B	Q3/2023	Q3/2024
EBITDA	8.9%	8.2%
EBITDA Excluding IFRS 16	6.6%	5.5%

2024 – A TRANSFORMATIVE YEAR

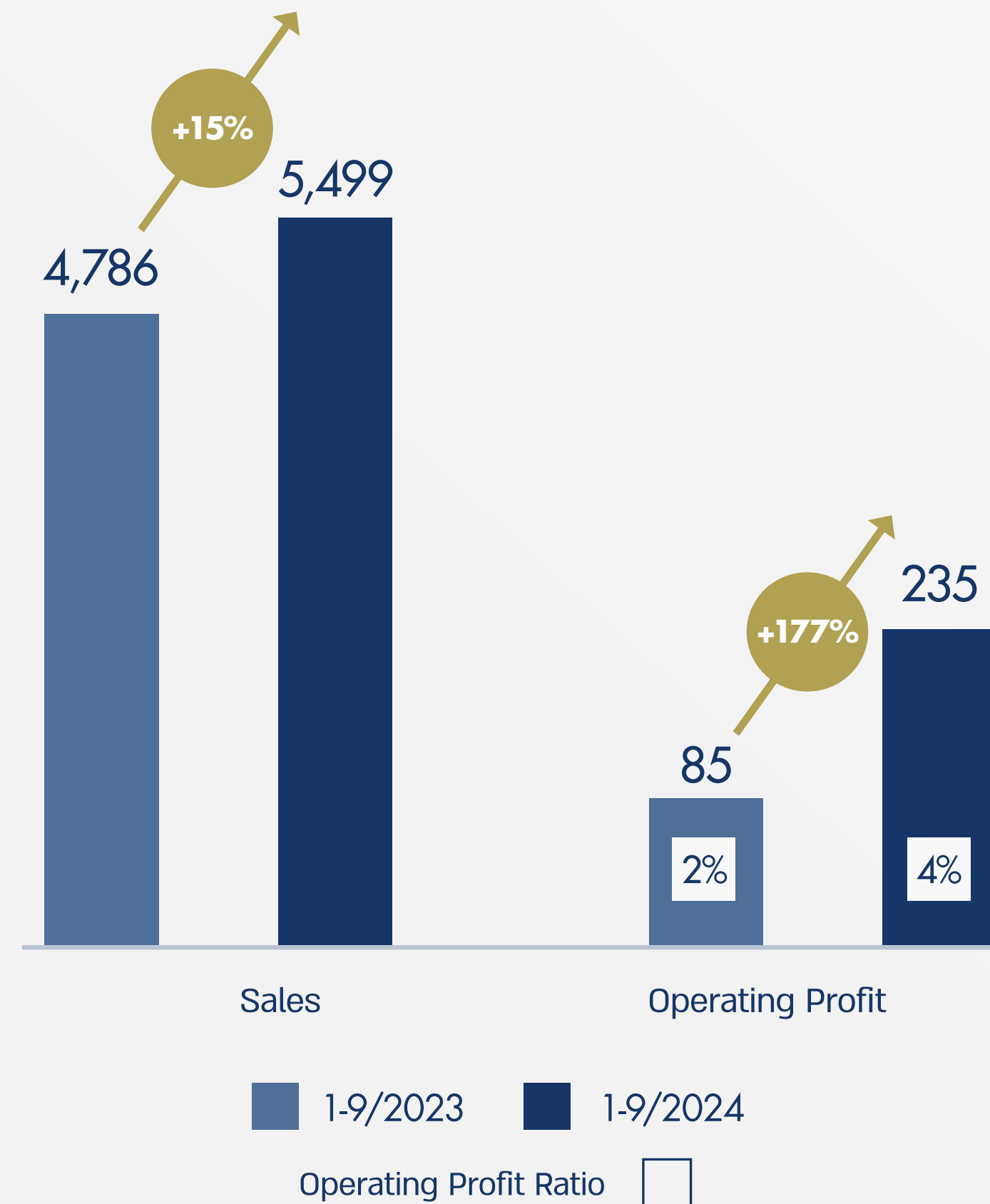


RECORD RESULTS FOR THE GROUP – DOUBLE-DIGIT GROWTH IN SALES & SURGE IN OPERATING/NET PROFIT

RETURN TO PROFITABILITY



SALES GROWTH & SIGNIFICANT SURGE IN OPERATING PROFIT



GROUP ACTIVITIES – CONSOLIDATED RESULTS, 1-9/2024

Consolidated	1-9/2023	1-9/2024
EBITDA	6.6%	9.1%
EBITDA Excluding IFRS 16	1.8%	4.3%
Excluding F&B	1-9/2023	1-9/2024
EBITDA	8.5%	8.6%
EBITDA Excluding IFRS 16	5.9%	5.8%



The logo for ELECTRA POWER. It features a stylized white 'E' icon on the left, followed by the word 'ELECTRA' in white uppercase letters and 'POWER' in green uppercase letters below it.

KEY EVENTS DURING 2024, UNTIL THIS PRESENTATION'S DATE OF PUBLICATION¹



THE FIRST 100 DAYS PLAN

Horizontal streamlining plan to reduce expenses and improve cash flow, with expected savings of approx. NIS 25 Million per annum

Leadership changes – appointment of Daniel Sapir as CEO

Focused on core activities:

- LPG Sector – Focused on growth and creating synergies with the electricity supply sector
 - Reduced non-core activities
 - Evaluated M&As for products complementary to the LPG sector

Reduced the acquisition cost of electricity customers

Improved balance sheet structure and reduced debt

POSITIVE MOMENTUM

Improved revenues and EBITDA, with return to net profit in 9M 2024

Growth in the electricity supply sector, as well as the natural gas and cogeneration sector

Distributed dividends totaling approx. NIS 10 Million

ESTABLISHED LEADING STATUS AS AN ELECTRICITY SUPPLIER

Launched a strategic partnership with Enlight in the electricity supply sector (65% holding) and transferred all operating assets to the partnership

Signed agreements to secure high-volume electricity purchases with private renewable energy producers – Energix, Prime Energy, and EDF

Surge in revenues during 9M 2024, with revenue of approx. NIS 148 Million (a 5-fold increase YoY)

REDUCTION & EXIT FROM NON-CORE ACTIVITIES

Continued realization of the holding in BRP:

- Received approx. \$10 Million in repayment of owner loans, while expecting to receive several additional million from the sale of projects during 2025
 - Steps Forward – Negotiated for the sale of additional projects by 2025, alongside continued portfolio development with financing from the additional investor
- Reduced guarantees from approx. \$77.7 Million to approx. \$48 Million during the year, until their expected final termination during 2025

¹The above estimates constitute forward-looking information as defined in the Securities Law, as detailed on Slide 3 of this presentation.

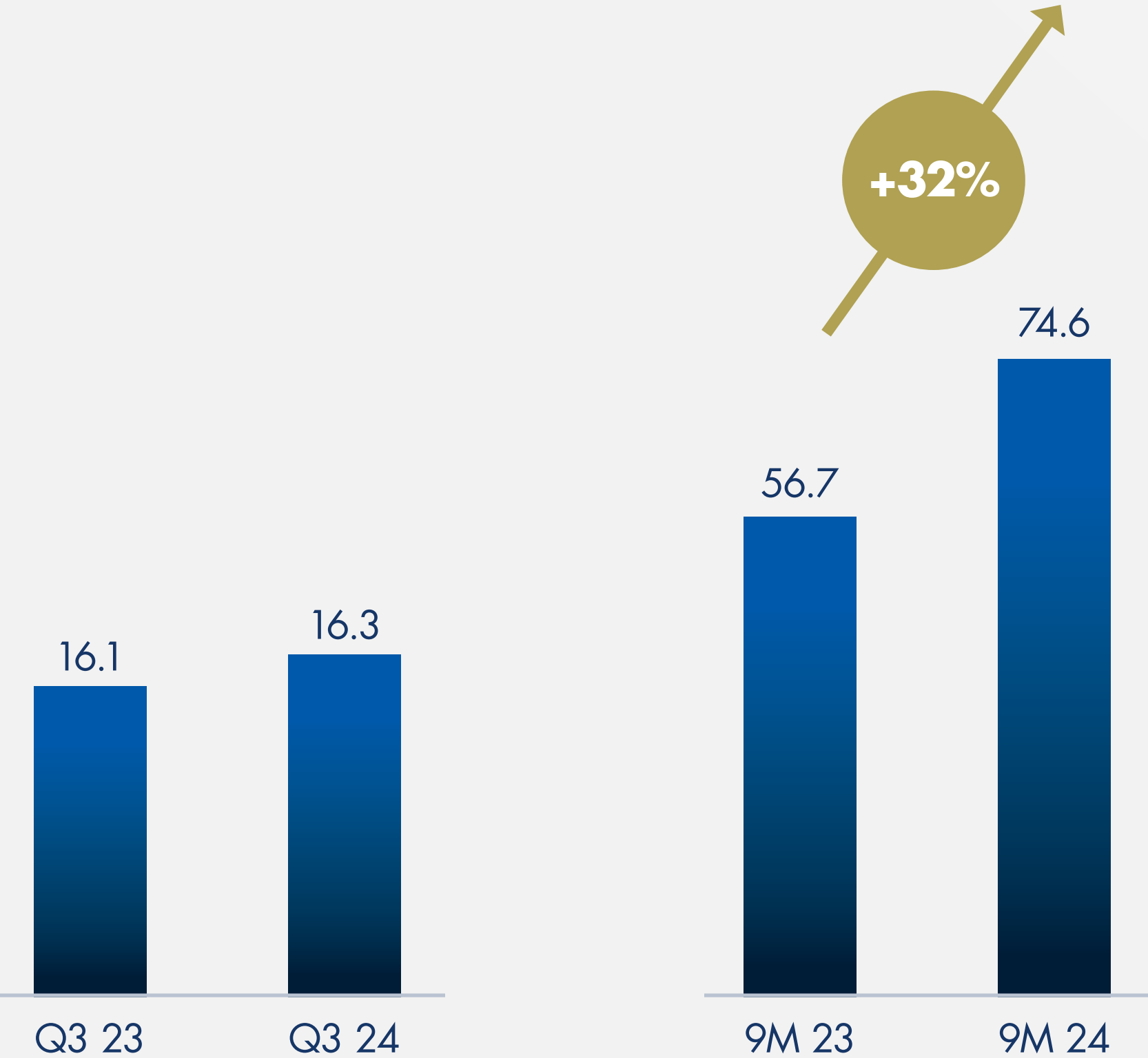
REVENUE GROWTH ALONGSIDE IMPROVED EBITDA



RESULTS FOR 9M & Q3 2024

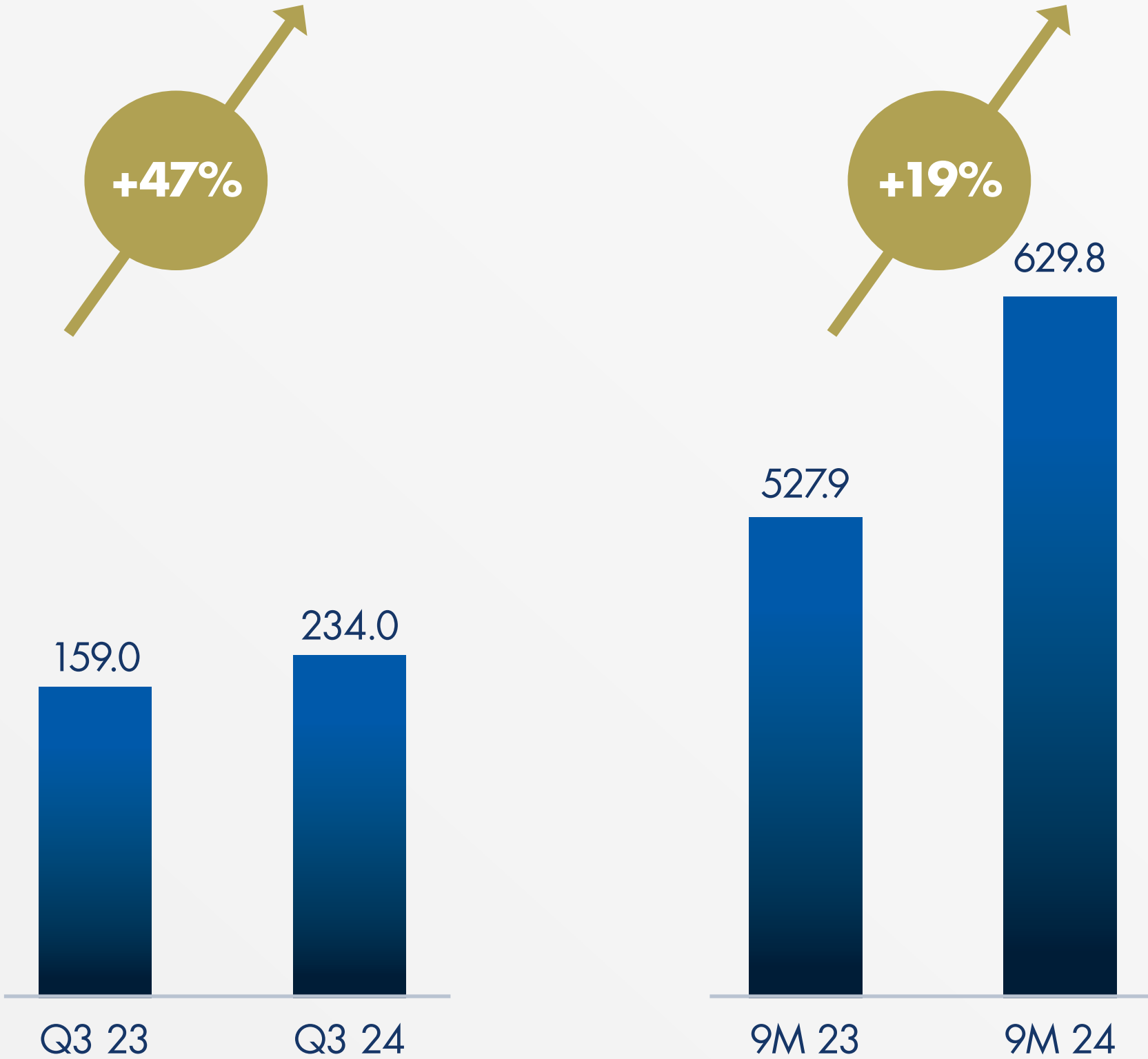
EBITDA

(NIS Millions)

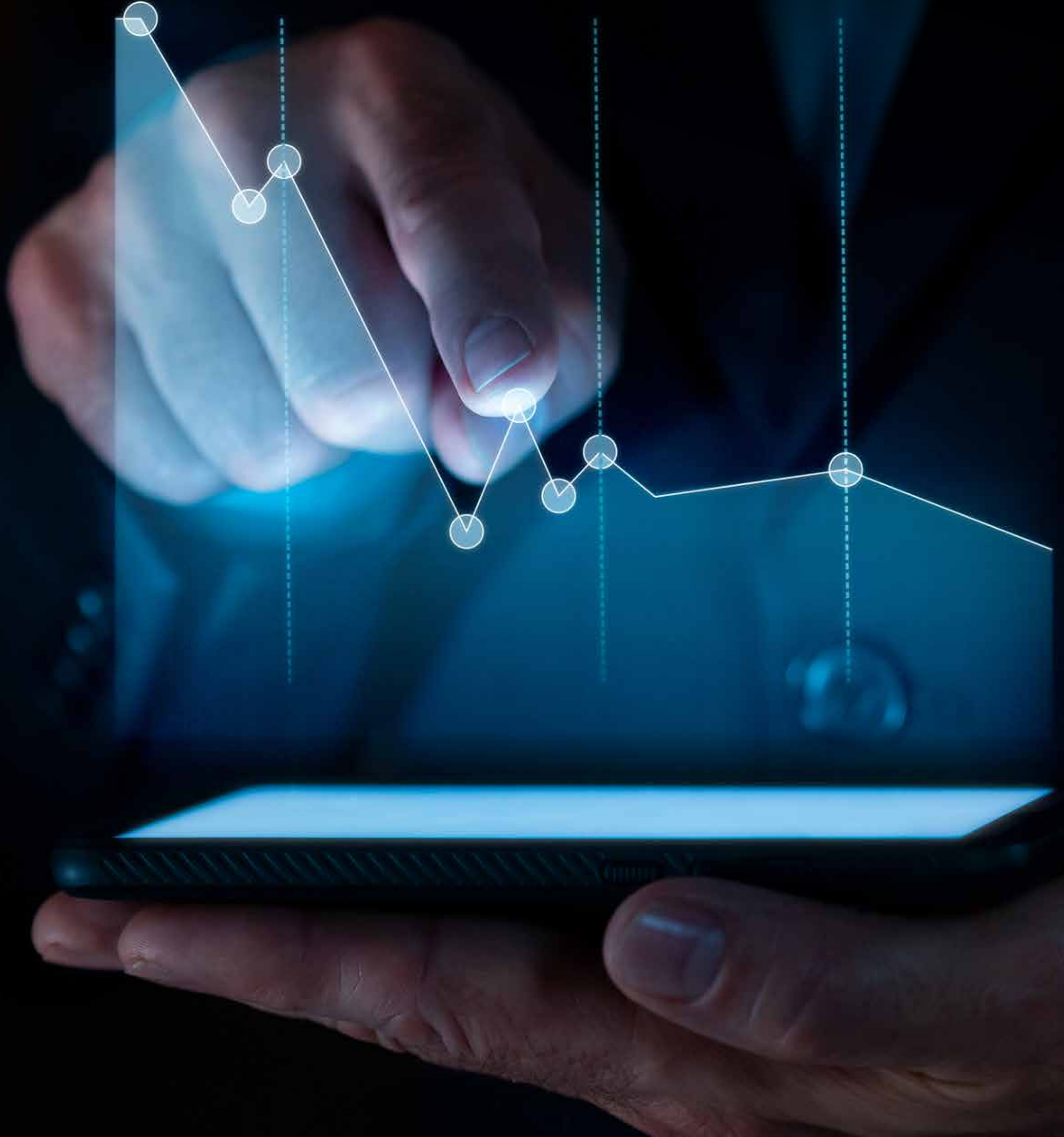
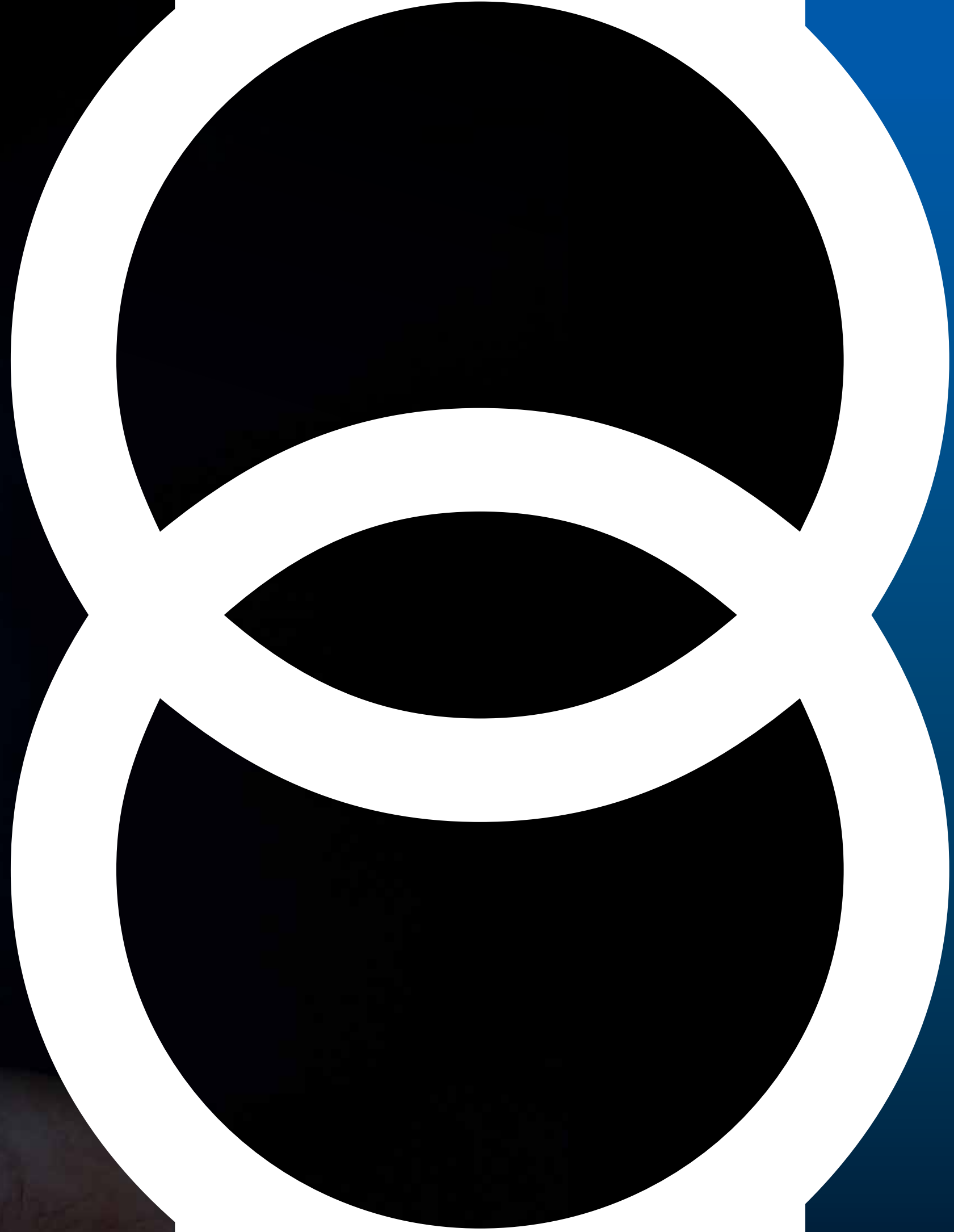


Revenue

(NIS Millions)



DIC
DISCOUNT INVESTMENT
CORPORATION



KEY EVENTS DURING 2024, UNTIL THIS PRESENTATION'S DATE OF PUBLICATION¹

FOCUSING ON CORE ASSETS WHILE REDUCING LEVERAGE – FROM A HOLDING COMPANY TO A PROPERTY COMPANY (PROPERTY & BUILDING – GAV-YAM)

ACTIVITIES TO IMPROVE & INCREASE SHAREHOLDER VALUE

Acquired approx. 3.83% of Property & Building Corp. Ltd., increasing its holding to approx. 70.52%

Bought back NIS 225 Million par value of 11th bond series and NIS 2 Million par value of 10th bond series, in exchange for approx. NIS 211 Million

Increased the company's rating to BBB with a stable outlook from Maalot S&P

Continued ongoing review of realizations and transactions for the purpose of increasing value approved by way of reduction of capital by the Court

ASSET REALIZATION BY DIC

Cellcom	Approx. NIS 936 Million	Completed
Elron	Million \$53.2	Completed

FOCUSING ON CORE ASSETS

Gav-Yam was included in the TA-90, TA-125, and TA Real Estate indexes, in parallel with a reduction in the leverage of Property & Building Corp. Ltd. through two transactions:

- Sale of shares and issuance of a put option – sale of 4.9% of Gav-Yam shares while also issuing a put option in exchange for approx. NIS 397 Million
- Sale of an additional 3.18% of Gav-Yam shares in exchange for approx. NIS 211 Million

10 Bryant Park:

- Issuance of bonds in the amount of NIS 1,324 Million, secured by a first lien on 10 Bryant Park, in lieu of previous loan
- In negotiations to lease approx. 330,000 sqm (currently leased to an HSBC Group company) to a leading public company for a lengthy period

FOCUS ON THE CORE ASSET – HOLDING IN PROPERTIES AND BUILDING

Transaction for realization of real estate assets activity for residential units – 3 transactions for an overall consideration of up to some NIS 416 million

Replacement of Gav Yam shares to Series 9 bonds – initial procedure with the objective of entering the Gav Yam shares to the flag indices of the Stock Exchange simultaneously while reducing the Company's financial debt processes and transactions for the purpose of value spill over

Fundraising for a new series of bonds at a scale of some NIS 1.3 billion guaranteed by a first lien of Migdal Bryant 10 (formerly Migdal HSBC) which shall serve for defrayal of the dollar loans of Bryant 10 amount of NIS 175 Million, until September 2025

Over a two-year period, DIC has reduced its net financial debt by approx. NIS 1.2 Billion while increasing its holdings in its core assets – holdings in Property & Building Corp. Ltd.

¹The above estimates constitute forward-looking information as defined in the Securities Law, as detailed on Slide 3 of this presentation.

WHY ELCO?

An active, central investment company in the Israeli market, with ~75 years of experience

2024 has been a year of focus and enhancement for the Group's companies, making it an attractive point of entry for investors

Prominent leading position in all of its activity areas

Proven track record over many years, with the ability to rapidly identify and correct issues, even when that means acknowledging an error

Family attributes – prudent and conservative while also being proactive and taking initiative

Asset portfolio that constitutes a hub of synergetic activities covering contracting, services, retail, and trade, representing a growth engine of the Israeli economy

SUMMARY



THANK YOU

