

In accordance with the provisions of article 228 of Law 6/2023, of 17 March, on Securities Markets and Investment Services, as well as Circular 3/2020 of the BME Growth trading segment of BME MTF Equity (“**BME Growth**”), and ancillary regulations, IBI Lion SOCIMI, S.A. (the “**Company**”) hereby informs of the following

### OTHER RELEVANT INFORMATION

The following is a trading update containing information of the Company and its group and the macroeconomic situation.

The last quarter of 2023 was overshadowed by the terrible events of October 7<sup>th</sup> and the war, and although the Company is a Spanish company, we are a company with Israeli DNA and therefore it is important for us to open this letter by showing our deep sorrow and sympathize with the families of the fallen and murdered. We wish for a quick recovery to all the injured, strengthening the security forces and wish for the quick return of all the kidnapped and missing.

Following the war, the fourth quarter of 2023 was characterized by fewer events but there are still several positive updates:

1. During the month of September, Conforma company, which rents our large logistics property in Valencia, was acquired by the Austrian company XXXLUTZ. XXXLUTZ is a company with a sales turnover of approximately 6 billion euros per year, approximately 26 thousand employees and over 370 stores throughout Europe. The acquisition greatly strengthens Conforma and consequently the Valencia property. Because of the change, we estimate that we will be able to receive more attractive financing and purchase offers in the future.
2. According to the situation in Israel, we have postponed from November 2023 to January 2024 a new capital increase with pre-emptive rights (i.e. any current shareholder has the right to participate in the new allocation pro rata to its current stake in the Company’s share capital), as set out in the documentation that has been made public pursuant to applicable rules (on the websites of the Company ([www.ibi-lion.com](http://www.ibi-lion.com)) and of BME Growth ([www.bmegrowth.es](http://www.bmegrowth.es)) to which we defer. If a shareholder wishes to participate, the transaction must be carried out through the bank where its Company’s shares are registered. According to the law, pre-emptive rights may also be sold in the market during their trading period. Pre-emptive rights that are not exercised by the end of the pre-emptive subscription period will expire.

The information contained herein shall not constitute an offer to sell or the solicitation of an offer to acquire, nor shall there be any sale of the securities referred to herein, in any of the jurisdictions in which such offer, solicitation or sale would be unlawful. Investors must neither accept any offer for, nor acquire or subscribe for, any securities to which this document refers, unless they do so on the basis of the corresponding abridged capital increase document (“**DAR**”) (including any amendment or supplement thereto). The DAR is available to shareholders and investors on the websites of the Company ([www.ibi-lion.com](http://www.ibi-lion.com)) and of BME Growth ([www.bmegrowth.es](http://www.bmegrowth.es)).

3. On December 21<sup>st</sup>, 2023, and extraordinary general shareholders’ meeting is expected to be held in Spain. At this meeting we will approve the expected refund of contributions in February 2024 for the second half of 2023. The distribution will amount to approximately 3% in order to complete to 6% in accordance with the Company’s forecast at the beginning of the year.

At the macro level, in September the European Central Bank raised the interest rate by another 0.25% to the level of 4.5% and estimates are that this is the last increase. The latest published inflation data show that inflation is getting very close to the target when inflation in the major countries: USA, Spain and Germany amounted to only 3.2%<sup>1</sup>. According to the decrease in inflation, the expectation in the markets is that the Federal Reserve Bank of America (FED) will be the first to lower interest rates during the first quarter of 2024 when the European Central Bank (ECB) is expected to be next with an expected interest rate cut in the second quarter of the year.

These assessments lowered the yields of government bonds in the world by half a percent (0.5%) while the yield of US bonds is about 3.9% today<sup>2</sup> and the yield of German bonds amounts to about 2.0%. This means that the financing increases are also decreasing according to these expectations, therefore, these are positive news for the real estate market, which shows signs of awakening on the part of buyers after a year of a sharp decrease in the amount of deals.

Looking at the entire year of 2023, there is no doubt that it was a challenging year that began with the continuation of rapid interest rate hikes that hurt companies and businesses in order to cool the inflation and, as a result, asset values. We are happy that even in a year like this, our properties maintained their value (except for a negligible decrease of about 1% of the value), according to purchases at relatively low prices, and that the operating results and the Company's income were not harmed and even improved according to the linkage to inflation.

Looking at 2024, we expect to return and purchase new properties as today we are already analysing various opportunities which we expect to add to the portfolio in 2024. The goal is to locate properties at lower prices according to the high interest rate environment but which will still meet the investment criteria of strong tenants with long term contracts.

We wish everyone a happy, successful, and above all calm and quiet, new year.

According to the end of the year, instead of a review of the last quarter, we are attaching a forecast for 2024 on the European real estate market and we will of course be happy to answer any questions and update you on the Company's progress.

Pursuant to the provisions of Circular 3/2020 of BME Growth, it is hereby stated that the information provided herein has been prepared under the sole responsibility of the Company and its directors.

**Mr. Nadav Berkovitch**  
**Chairman of the Board of Directors**  
**IBI Lion team**

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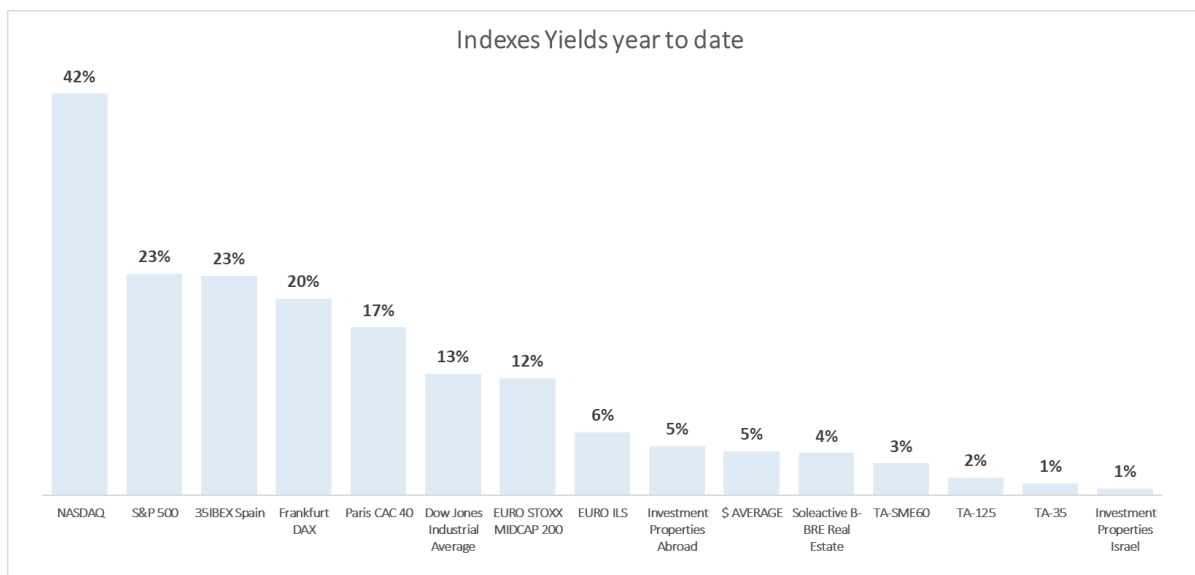
<sup>1</sup> As of October 2023  
<sup>2</sup> As of 17/12/2023

*What is stated in this document is provided for informational and general purposes only, including about the Company's performance. For complete and detailed information regard the investment situation in the Company, please contact the Company's investor relations team. The aforementioned was collected or based on information from various sources and we did not carry out an independent examination of the aforementioned information. The aforementioned in this document includes evaluations, estimates or forecasts and should not be considered advice or a recommendation to carry out any action or investment. The foregoing is not intended to constitute any indication or commitment regarding future results of the Company's activities, a guarantee of return, or a recommendation regarding investment. It is clarified that the foregoing in this document is not intended to create any commitment or responsibility of the Company or anyone on its behalf, towards any person or corporation for any damage and nothing in the above is intended to constitute a commitment to the accuracy of the data provided therein.*



## European real estate review - Knight Frank<sup>3</sup>

Stock indices abroad broke records this year when the German DAX index reached an all-time high after an increase of about 20% since the beginning of the year, as did the Spanish IBEX index with an increase of 23% since the beginning of the year<sup>4</sup>. The Euro has also strengthened against the shekel this year by approximately 6% and currently stands at a rate of 4.0<sup>5</sup>. The main reason for these increases was due to the decrease in yields on government bonds according to the expectation of an interest rate cut, while in the last quarter the 10-year bond yields of the United States fell from a level of 4.58%<sup>6</sup> to approximately 3.9%<sup>7</sup> while the bond yields of Spain decreased from a level of 3.94%<sup>8</sup> to 3.0%<sup>9</sup>.



\* A-ONLINE data

## Europe

Europe recorded an increase in rents in all areas of yielding real estate in the third quarter of 2023, but in some sectors, such as offices and commerce, the growth was low and amounted to less than 1%. It is clear that there is an increase in property yields all over Europe when it is estimated that in the fourth quarter, we see further negative revisions in some companies. In the office sector there was an increase of 0.26% to a level of 5.11% and a total increase of 1.24% from the record. In the field of commerce there was an increase of 0.12% and in logistics there was an increase of only 0.06%.

Sector	Quarterly change in rent Q3/23	Quarterly change in the property yield Q3/23

<sup>3</sup> [www.knightfrank.com/research/article/2023-11-30-european-real-estate-outlook-2024](http://www.knightfrank.com/research/article/2023-11-30-european-real-estate-outlook-2024)

<sup>4</sup> As of closing of the trading session on [17/12/2023]

<sup>5</sup> As of closing of the trading session on [17/12/2023]

<sup>6</sup> As of closing of the trading session on [30/09/2023]

<sup>7</sup> As of closing of the trading session on [17/12/2023]

<sup>8</sup> As of closing of the trading session on [30/09/2023]

<sup>9</sup> As of closing of the trading session on [17/12/2023]

offices	Central markets	5.3%	unchanged
	all of europe	0.9%	An increase of 0.26% to an average of 5.11%
Retail	Central markets	16.1%	unchanged
	all of europe	0.6%	An increase of about 0.12% to an average of 4.7%
Logistics	Central markets	10.9%	unchanged
	all of europe	1.7%	An increase of about 0.06% to an average of 5.12%

Source: Cushman & Wakefield Research third quarter 2023

Looking at specific cities in Europe, which investors see as the most interesting cities to invest in (according to a survey by PWC for the year of 2024), it can be seen that London and Paris continue to be in the first places while Madrid rose to third place in the table and Barcelona to 10th place. The first representative of Germany in the table is Berlin, which reached fourth place. According to the survey, Madrid has become one of the most interesting cities for investment in Europe according to the constant growth in population and the increase in incoming tourism.

\*From a review by PWC - Emerging Trends In Real Estate

## France

Estimates are that the recovery of the real estate market in France will depend on the question of whether the sellers will agree to compromise significantly on the price of the properties, while on the other side there are several large entities, with high liquidity, who are waiting for the price to drop. The business climate in France, despite a gradual decrease in inflation and a possible increase in household consumption, is expected to deteriorate over the coming months when economic growth is expected to remain slow in 2024. Knight Frank's assessment is that the amount of transactions will remain low during 2024 and even at the beginning of 2025.

The percentage of occupancy in offices is expected to continue to fall to an all-time low according to expected cuts in personnel which will cause a decrease in demand and on the other hand the arrival of approximately 900 thousand new square meters of the Paris area and the periphery which will increase the supply.

The logistics market is expected to be more stable with continued demand and a limited supply of new assets. Rents in the demand areas in Paris continue to rise from a level of 5.0 euros per square meter per month to an expected level of 5.4 euros per square meter in 2024.

In the field of commerce, the state of the consumer will dictate the demand for commercial properties when street shops and shopping complexes in the central areas are expected to benefit

Overall City Prospects				
City	ETRE Ranking (2024)	ETRE Ranking (2023)	Change	Overall Prospects Score
London	1	1	—	2.24
Paris	2	2	—	2.01
Madrid	3	4	▲	1.94
Berlin	4	3	▼	1.7
Amsterdam	5	6	▲	1.57
Milan	6	10	▲	1.53
Munich	7	5	▼	1.45
Lisbon	8	11	▲	1.44
Frankfurt	9	7	▼	1.36
Barcelona	10	9	▼	1.35
Hamburg	11	8	▼	1.26
Brussels	12	15	▲	1.08
Dublin	13	13	—	1.08
Warsaw	14	16	▲	1.08
Vienna	15	12	▼	1.07
Zurich	16	17	▲	0.94



from increased demand according to an expected jump from the Olympics that will take place next year.

## Germany

Forecasters find it difficult to estimate Germany's growth rate in 2024 when there are forecasters who estimate zero growth and on the other hand there are estimates that growth will be around 1.6% and this is after negative growth in 2023. Despite this, Germany will continue to be a leading player in terms of investment volume in 2024 despite the allocation of demand.

In the offices sector, there is an increase in rents, mainly in properties with "green" standards (ESG) and of high quality. On the other hand, companies prefer to sign short-term contracts and for a smaller area according to the transition to working from home. Overall, the offices market showed an increase in discount rates during the year.

In the logistics market, demand continues to be higher than supply and pushes rental prices up. Estimates are that in the year of 2024 we will see a greater entry of institutional bodies into the field according to the increase in yields, especially in large and high-quality properties. During 2023, a large deal was registered for the purchase of 9 logistics centers for a total of 270 million euros according to a yield of only 5.3%.

In the commercial market, properties anchored by supermarkets are in high demand due to rising yields and long-term leases that give buyers greater certainty.

## Spain

Growth in Spain is expected to be high relatively to the rest of Europe in 2024 as well. Growth is supported by an improvement in the consumers situation and an improvement in the labor market, which continues to register a decrease in the unemployment rate. Inflation for 2024 is expected to be about 2.9% in line with the downward trend in Europe.

The hotel sector recorded an increase in demand due to a high influx of tourists in 2023 and the volume of transactions in the sector soared with demand expected to continue in 2024 as well. The housing sector for rent and student dormitories also shows high demand with Madrid leading the demand according to the positive immigration to the city.

In the offices market, there is a preference for high-quality properties located in the city center, but with the exception of these properties, there is a decrease in demand for other types of offices, as offices with short contracts are currently for sale at relatively high yields according to the risk of finding a replacement tenant. In the logistics sector, the rent continues to rise alongside the demand for properties with a green standard (ESG) when many international tenants see Spain as a good investment option because of the relatively cheap labor force and the strategic location in Europe. An example of this was given this year with the establishment of the largest battery factory in Europe which is currently located near the port of Valencia and is expected to employ approximately 3,000 workers.

The commercial market shows good operating data but the volume of transactions this year was small while investors concentrate on properties anchored by supermarkets.

Overall, estimates are that in 2024, Spain will continue to show high growth and the demand for assets and transactions will increase along with the expectation of interest rate cuts during the year.