INVESTMENT HOUSE
LION

IBI LION

Investor Review | 2025

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

In terms of returns, financial year 2025 was generally remarkable. year. Indixes rose sharply, interest rates were reduced, and investors saw strong gains across nearly all channels and sectors.

Global markets recorded another positive year in 2025, which, unlike previous years, also included the bond sector, supported by interest rate cuts in the U.S. and the Eurozone. Global economic and financial market performance was significantly influenced by President Trump's term, particularly with the introduction of the tariff plan at the beginning of the second quarter of the year. This plan received a negative response in the markets, reflecting an increased risk premium on U.S. assets. This was expressed in sharp declines in the stock market, rising risk premiums in the government bond market, and a weakening of the dollar worldwide. However, it soon became clear that the U.S. administration remained largely responsive to market conditions, resulting in a reduction of tariff rates compared to the initial announcements and exemptions for some imported goods. The understanding that the impact of the tariff increase would be limited, alongside the passage of an economic program expected to have an expansionary effect in the coming years, led to a rapid recovery in financial markets and continuous improvement in global business sentiment. This recovery was also supported by renewed interest rate cuts in the U.S., which by year-end stood at 3.75%, alongside additional rate reductions in most leading countries, all coinciding with high market optimism regarding the positive future implications of AI technology.

The Eurozone economy also surprised positively this year, with growth improving to around 1.4%[1], while business sentiment remained on a positive momentum, reflecting expectations for continued improvement in activity[2]. The improvement in activity is mainly due to the decline in inflation, which allowed for a prolonged interest rate cut to 2%. Additionally, future fiscal policy is expected to be relatively expansionary, particularly due to plans to increase investments in security and infrastructure in Germany. Consequently, the International Monetary Fund (IMF) estimates that the current composition in the Eurozone is expected to lead to relatively high positive growth of 1.1%[3], with stable interest rates.

1. https://www.ecb.europa.eu/press/projections/html/ecb.projections202512_eurosystemstaff~12ead61977.en.html#:~:text=Annual%20average%20real%20GDP%20growth,2027%20and%201.4%25%20in%202028.
2. https://economy-finance.ec.europa.eu/economic-surveillance-eu-member-states/country-pages/spain/economic-forecast-spain_en
3. https://www.imf.org/en/publications/weo/issues/2025/10/14/world-economic-outlook-october-2025.

Spain continued its significant growth and is expected to close 2025 with GDP growth of approximately 2.9%[4]. The improvement in Spain's economy in recent years has led rating agencies to raise the country to an A+ rating[5] and the central bank to raise its growth forecast for the coming years[6].

Looking ahead to 2026, the outlook for the global economy remains positive. After a prolonged period of high interest rates, markets are pricing in the beginning of a gradual rate-cutting process, conditional on continued easing of inflation and stabilization of the macroeconomic environment[7]. A lower interest rate environment is expected to ease financial burdens for households and companies, reduce financing costs, and support renewed demand growth, particularly in interest rate-sensitive sectors such as real estate and infrastructure. On the risk side, the main challenges for markets, according to a PWC survey, are political instability and global geopolitical risks. About 90% of investors identified these two issues as the most concerning for 2026[8].

In the real estate sector, 2025 marked a turning point for income-generating real estate after two challenging years of high interest rates. In 2025, we saw a gradual but consistent recovery, with the European market showing encouraging performance. The European Central Bank (ECB) and the Bank of England (BoE) reacted relatively early to declining inflation, leading to increased transactions early in the year, and asset yields began to stabilize and even decline slightly in high-demand areas.

2026 is expected to mark the return of commercial income-generating real estate to a growth path[9]. Stabilizing inflation, falling interest rates, and renewed fiscal support should create a more favorable investment environment. The costs of building materials and assembly rose sharply in recent years and are expected to face additional upward pressure in 2026[10]. The surge in construction costs, combined with expensive financing, has led to a decrease in new asset construction and is expected to result in a shortage of high-quality modern spaces, supporting rental growth in existing properties.

Regarding sectors, there is no doubt that 2025 was the year of Data Centers due to the AI revolution. The rapid adoption of artificial intelligence generated unprecedented demand for data centers, and this sector ranked as the leading sector in growth and investment prospects for 2026[11].

The logistics sector remained stable in 2025, and the limited supply of new construction supports growth in prime asset rents. Rent is expected to grow by approximately 2.2% between 2026 and 2027, with the strongest increases anticipated in the UK, Spain, Sweden, and France. In addition, yields are expected to compress by 40–75 basis points by 2029[12].

4. https://economy-finance.ec.europa.eu/economic-surveillance-eu-member-states/country-pages/spain/economic-forecast-spain_enhttps://economy-finance.ec.europa.eu/economic-surveillance-eu-member-states/country-pages/spain/economic-forecast-spain_en
5. https://economy-finance.ec.europa.eu/economic-surveillance-eu-member-states/country-pages/spain/economic-forecast-spain_enhttps://tradingeconomics.com/united-states/interest- te#:~:text=Interest%20Rate%20in%20the%20United%20States%20is%20expected%20to%20be,according%20to%20our%20econometric%20models.
6. https://economy-finance.ec.europa.eu/economic-surveillance-eu-member-states/country-pages/spain/economic-forecast-spain_enhttps://www.jll.com/en-us/insights/market-outlook/global-real-estate
7. https://tradingeconomics.com/united-states/interest-rate#:~:text=Interest%20Rate%20in%20the%20United%20States%20is%20expected%20to%20be,according%20to%20our%20econometric%20models.
8. https://www.pwc.no/no/publikasjoner/emerging-trends-in-real-estate-europe2026.pdf
9. https://www.jll.com/en-us/insights/market-outlook/global-real-estate
10. https://www.jll.com/en-us/insights/market-outlook/global-real-estate
11. https://www.jll.com/en-us/insights/market-outlook/global-real-estate
12. https://www.cushmanwakefield.com/en/germany/news/2025/12/european-outlook

The retail sector saw another year of recovery, mainly due to tourism growth and rising consumer confidence. Cities ranked highest in the PWC survey as the most attractive for investment (for the fourth consecutive year) are London, Madrid, Paris, and Berlin[13]. Surveyed investors note a growing preference for core markets offering high liquidity, transparency, and strong rule of law.

At IBI LION, we have used the past months to continue expanding our supermarket portfolio, which now includes 5 branches. All assets are urban supermarkets located in major Spanish cities with leading retail tenants. Our target is that the supermarket portfolio benefits from the tailwind of interest rate cuts and increased private consumption in Spain in the coming years. Conversely, at the beginning of the year, we sold two bank branches that we assessed had reached their full potential. The sale was not material for the company but is worth noting that it was executed above the book value of the assets.

In 2025, in line with our forecast, we made two distributions totaling approximately 6%, in February and July, and we plan to make an additional distribution in March 2026, similar to previous years, as approved by the general meeting of shareholders. Additionally, at the end of March, we will carry out another capital raising to acquire new assets and expand the company's asset portfolio. As with previous capital raises, all investors will receive notices from the bank regarding rights to participate in the upcoming raise if they wish; otherwise, the rights will expire without affecting their investment.

Looking ahead to 2026, we target to acquire additional supermarkets and expand the company's retail portfolio. The logistics sector continues to show strength, with low new asset supply and low vacancy rates. Furthermore, construction costs for new assets continue to rise, and the combination of all these factors drives rents higher.

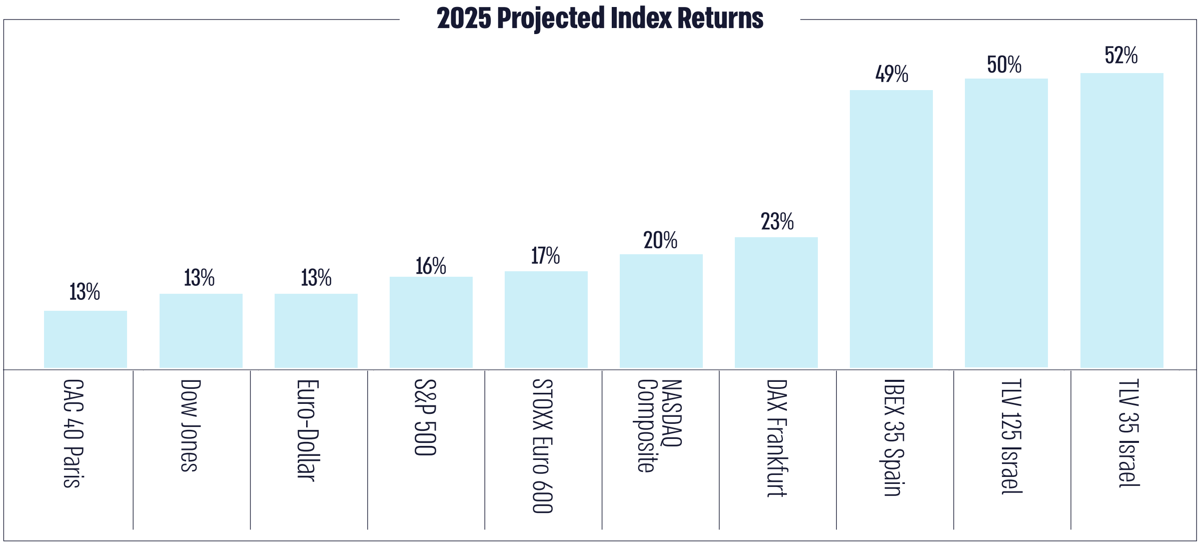
We wish all our investors a productive, successful, and peaceful year.

Sincerely,
Nadav Berkovich Chairman of the Board IBI LION Team

13. https://www.pwc.no/no/publikasjoner/emerging-trends-in-real-estate-europe2026.pdf

Macro Europe

As mentioned, 2025 was an excellent year for investors. Stock indices reached new highs and posted impressive annual returns. The Tel Aviv indices finished the year strongly, with returns of over 50% since the beginning of the year. The best-performing exchange after Tel Aviv was the Spanish stock market, which saw an increase of approximately 49% in the IBEX 35 index, significantly boosting the market value of companies listed on the main exchange. U.S. indices also ended the year with positive returns of about 20% on the Nasdaq and 16% on the S&P 500.



**A-ONLINE Trend Data

The 10-year U.S. government bond yields fell in 2025 from 4.6% to approximately 4.2%, reflecting the interest rate cuts implemented and expectations of further cuts in 2026. Yields on Israeli and U.K. government bonds also declined. Conversely, European government bond yields rose, from 2.4% in Germany to 2.9%, mainly due to large investment plans in defense and weapons procurement, as well as breaches of budgetary frameworks.

The major drama this year occurred in Japan, where 10-year yields surged sharply from about 1.1% to 2.0%. Japanese government bond yields increased primarily due to expectations of further interest rate hikes by the Bank of Japan in response to rising inflation and higher wages. The rise in Japanese yields is not just a local event—it can have an impact on the global economy. For around three decades, the Bank of Japan maintained near-zero interest rates in hopes of encouraging investment in the economy. This zero-rate policy turned Japan into a "cash machine" for global investors, who borrowed funds in Japan at near-zero rates and invested in other countries. As interest rates in Japan begin to rise, the cost of these loans also increases, creating pressure to sell assets such as bonds, stocks, or real estate.