



# **Mivne Real Estate (K.D) Ltd.**

**(“The company”)**

**Report of the Board of Directors on the State of  
Corporate Affairs**

**As of June 30th, 2022**

This is an English translation of the Hebrew consolidated Interim financial statements, that was published on August 15, 2022 (reference no.: 2022-01-102949) (hereafter: “the Hebrew Version”).

This English version is only for convenience purposes. This is not an official translation and has no binding force. Whilst reasonable care and skill have been exercised in the preparation hereof, no translation can ever perfectly reflect the Hebrew Version. In the event of any discrepancy between the Hebrew Version and this translation, the Hebrew Version shall prevail.





# Board of Directors' Report on the State of Corporate Affairs

June 30 2022 Quarterly Report

<b>Overview</b>  <b>30.6.22</b>	<b>13,786</b>	<b>Total Investment Property</b> (Millions of NIS)
	<b>1,069</b>	<b>Of This, Real Estate Under Construction</b> (Millions of NIS)
<b>Projects under construction</b>  <b>30.6.22</b>	<b>6</b>	<b>Projects Under Construction and In Development</b>
	<b>152</b>	<b>Scope</b> (Thousands of m <sup>2</sup> )
	<b>1,200</b>	<b>Estimated Cost Balance</b> (Millions of NIS)
	<b>189-205</b>	<b>Expected NOI at Project Completion*</b> (Millions of NIS) * For details see table under “concentrated data on projects in stages of construction, planning and development” below.
<b>Data from the Consolidated Statements</b>  <b>1-6.22</b>	<b>365</b>	<b>NOI</b> (Millions of NIS)
	<b>9.4%</b>	<b>Same Properties NOI in Israel Increase</b> compared to corresponding period last year
	<b>254</b>	<b>FFO</b> (Millions of NIS) <b>Increase</b> of 16.5% compared to the corresponding period last year
	<b>5,558</b>	<b>Unrestricted Assets</b> (Millions of NIS) Constituting 40% of total real estate
	<b>1.89%</b>	<b>CPI-linked weighted debt interest</b>
	<b>1,160</b>	<b>Cash and Credit Frameworks</b> (Millions of NIS)
	<b>93.8%</b>	<b>Occupancy Rate in Israel</b> <b>Increase</b> of 0.8% compared to December 31 2021



# Report of the Board of Directors on the State of Corporate Affairs

For the Period Ending June 30 2022

The Board of Directors of Mivne Real Estate (C.D.) is honored to submit the Financial Statements of the Company and its subsidiaries ("**the Company**") for the period ending June 30 2022 ("**The Reported Period**").

This report must be read in conjunction with the 2021 Periodic report published on March 20 2022 (reference no.: 2022-01-031300) (hereinafter: "**the 2021 Periodic Report**"), presented here by way of referral.

## Business Environment

### Description of the Company and its Business Environment

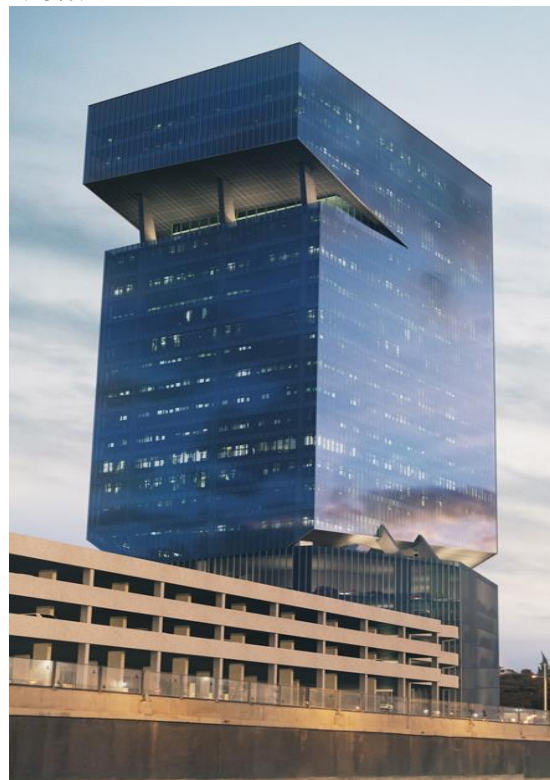
The Company is active in the field of cash-generating real estate and deals, by itself and through its investees, in varied real estate activity centering on Israel. For further details see Section 1.2 of the Report on the Corporation's Business in the 2021 Periodic Report. The Company (including associates) owns some 1,933,000 m<sup>2</sup> of cash-generating space, of which 1,634,000 m<sup>2</sup> is in Israel. The Company has land reserves and unused rights to the amount of 741,000 m<sup>2</sup>

Since 2009, inflation in Israel has been decreasing, and in 2014 to 2021 inflation rates were particularly low and move almost each year within a 1% range. Since 2021 inflation rates have risen in Israel and the world. In 2021 the Israeli Consumer Price Index increased by a rate of 2.8% and the CPI increase in June 2022 reflected a yearly growth of 4.4%. As noted, the price increases are a global trend – inflation in recent months in the US. reflects a yearly growth of 9.1% and the expected inflation for 2022, according to the IMF report published recently, is 6.6% in developed economies and 9.5% in developing economies.

Alongside the global increase in prices, central banks around the world have decided to increase interest rates, in order to halt the price increases. Thus, for instance, in the past two interest rate increases, the U.S. interest rate was raised by 1.5%, to a rate between 2.25% and 2.5%.

Over the course of the second quarter of 2022 and subsequent to the report date, the Bank of Israel

increase the basic Israeli interest rate from 0.1% to 1.25%.



In the first half of 2022 the Consumer Price Index increased by 3.1%. The Company's revenues from rental fees are mostly linked to the Consumer Price Index and the increase in the CPI has contributed to the increase in the Company's revenues from rental fees and to an increase in the fair value of its assets, and in addition the Company is revaluating its CPI-linked obligations, as detailed in the "Summary of Primary Data" and the "Summary of Business Expenses" table in this report.

The Company cannot estimate the future impact, if any, of all of the above factors, on the real estate industry in Israel in general, and on the Company's activity in particular. The Company estimates that its financial fortitude and the state of its assets, along with its cash balances and current cash flows it generates, will allow it to continue financing its activity and upholding its obligations.

## Events During the Reported Period

### Acquisitions

#### Acquisition of Properties from the Bank Mizrahi Group

In September 2021 agreements were reached with a number of companies from the Bank Mizrahi Tefahot Group regarding the purchase of their rights to 24 land properties in Israel with different zoning, including offices and commercial (**"the Purchased Properties"**) in return for a total of 531.6 million NIS plus VAT. The transaction was completed in February 2022. 23 of the 24 Purchased Properties were rented to one of the sellers for variable periods. The total rental fees for the Purchased Properties are expected to amount to 26 million NIS. For further details see immediate report from January 31 2022 (reference no.: 2022-01-013006), presented here by way of referral.

#### Yad Hanna

In July 2022 the Company closed a transaction in accordance with an agreement with Yad Hanna Homesh Cooperative Village and Hutzot Shefayim to purchase shares of Yad Hanna Homesh Industries – Agricultural Cooperative Association Ltd. (hereinafter – the Association) with a total area of 10 hectares, in such a manner that the Company holds shares constituting 50% of the issued and paid-up stock capital of the Association, fully diluted, and joined the Association as a member. In accordance with the plan applicable to part of the Land, the use permitted for them today is for industry, including storage. The Association intends to deal in the planning and promotion of a project for the construction of a cash-generating employment compound on the Land. The proceeds for the shares sold amounted to a total of 140 million NIS, plus VAT. In addition, the Company provided the Association a capital note to the sum of 43 million NIS.

### Capital Raised

In March 2022 the Company issued, by way of expansion, debentures (Series 20 and 23). The debentures (series 20) – the Company issued 530,610,000 NIS NV in return for a total of 645 million NIS. The effective interest embodied in the offering is 0.31%.

The debentures (series 23) – the Company issued 118,732,000 NIS NV in return for a total of 141million NIS. The effective negative interest embodied in the offering is -0.97%.

### Hameitav, Stage B

In April 2022 the protocol of the committee approving the decision of the Local Committee for Planning and Construction Tel Aviv-Yafo from March 23 2022, on the deposit of Plan no. 507-0892091 "TA/MK/4974 – Ayalon Region" was approved, subject to fulfilling certain conditions (**"the Plan"**) regarding part of Parcel 64 in Block 7069, located between Yigal Alon Street west of the Bitzron Neighborhood, Aminadav Street on the south and Meitav Street on the east (**"the Land"**), which is held by the Company via capitalized lease. The plan, as approved by the Local Committee, includes the construction of three buildings: a 47-story residential building, two 47-story employment buildings, and an additional employment structure of the "Mashbir Hamerkazi" building regarding which the plan has established it as a building for preservation.

The Plan area includes 1.3 hectares from the construction rights utilization, as follows:

- Construction rights for housing – 41,600 m<sup>2</sup> primary area (constituting 400 housing units).
- Construction rights for commerce and employment: some 125,000 m<sup>2</sup>.

Approval of the plan is subject to the approval of the legally certified planning authorities.

### Establishment of Joint Venture in the Data Center Field

In June 2022, the Company, through a partnership fully owned by the Company, engaged with a fully-owned company (indirectly) of U.S. RIT company Digital Realty Trust ("DLR" and together: "the Parties") in a number of agreements for the establishment and management of a limited partnership that will be held by the parties in equal shares and operate under the name Digital Realty Mivne ("the Partnership"), key of which are as follows:

The Partnership will act to purchase, establish, manage, finance, develop and rent data centers throughout Israel (**"the Data Center Activity"**).

All of the parties' Data Center Activity in Israel shall be carried out through the Partnership only. Both of the parties must inject capital to the Partnership to the sum of up to \$50 million in accordance with the board of directors of the General Partner ("the **Initial Investment**"). Additional financing of the activity will be carried out via outside financing, shareholder loans or additional capital injections by the parties, with dilution mechanisms set that will apply in the event that a decision is made by the board of directors of the General Partner to make an additional investment by the Parties (beyond the Initial Investment)), and one of the Parties has not provided their share.

Within the framework of the Data Centers Activity, the Partnership shall consider buying, renting and/or building on land and/or of suitable buildings in Israel for the activity in question, including (but not limited to) buildings owned or leased by the parties and/or related parties. In this regard, each party undertook to grant (or lead to the controlling company granting) the Partnership the first vote regarding renting such properties, so long as the purpose of their use is for Data Center Activity, as detailed in the agreement.

The agreements in question include additional generally accepted preconditions including mechanisms held by the Parties regarding the allocation of shares and rights to the General Partner and the Partnership, rights of refusal and joining rights in the event of a sale of shares or rights as noted above, and prohibition on the sale of such shares and rights for a period of seven years from the determining date.

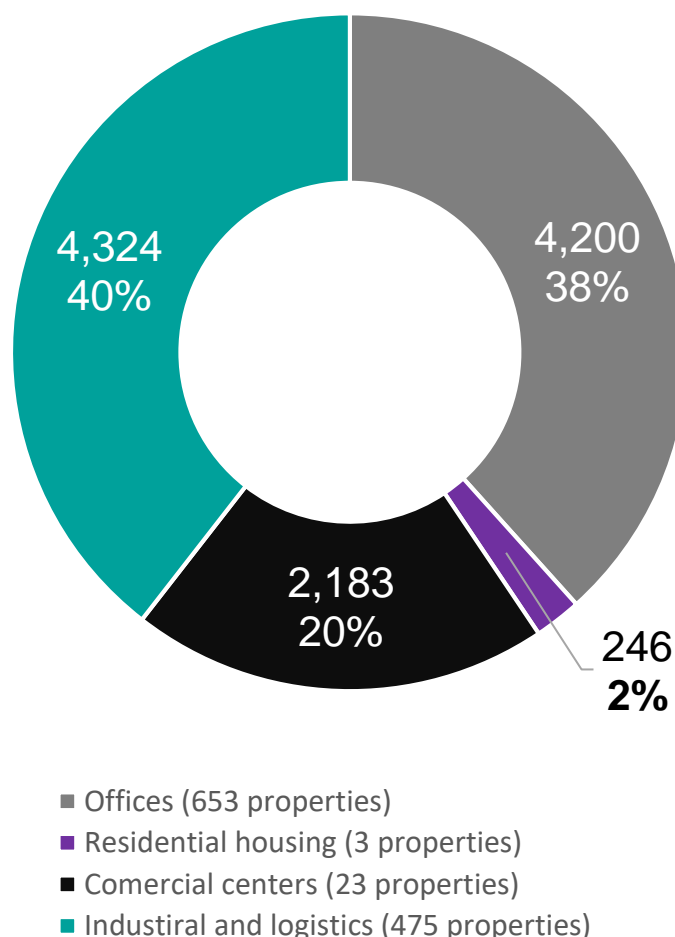


## The Company's Activity

As of June 30 2022, the Company's assets (on a consolidated basis), owned and leased, include 564 cash-generating properties spread out across Israel with a total area of 1.6 million m<sup>2</sup>, not including properties under construction. The properties are rented to 2,882 tenants, in contracts of various length. In addition, the Company has 16 projects in advanced construction and planning stages to the scope of 532,000 m<sup>2</sup>.

The occupancy to value rate of the Company's properties in Israel as of June 30 2022 is 93.8% versus 93% on December 31 2021.

### Cross-Section of the Company's Cash- Generating Properties in Israel by Value of Assets (In Millions of NIS)





## A View of Company Data

### Summary of Key Data (in Millions of NIS)

	Change Compared to Corresponding Period Last Year	1-6/22	1-6/21	Change Compared to Corresponding Period Last Year	4-6/22	4-6/21
NOI in Israel*	13.3%	340	300	13.6%	176	155
Same Property NOI	9.4%	327	299	9.1%	168	154
NOI abroad**	(34.2%)	25	38	(34.6%)	11	17
FFO	16.5%	254	218	16.8%	132	113
Increase in Known Index Rate		3.13%	1.4%		1.93%	1.3%

\* The increase in NOI in the first half of 2022 compared to the corresponding period last year derives from an increase from assets purchased to the sum of 12 million NIS, from an increase due to an increase in CPI to the sum of 10 million NIS, from the impact of Covid-19 to the sum of 11 million NIS and from an increase due to new rentals, an increase in rental fees in contract renewals and a decrease in net management expenses to the sum of 7 million NIS.

\*\* Most of the decrease derives from the sale of properties in Canada, Germany, the Netherlands and Serbia.

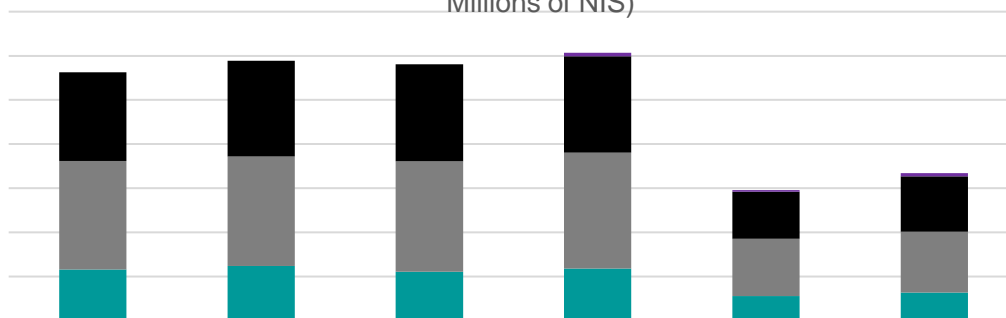
### Primary Information on the Company's Israeli Properties Divided by Uses

	Number of Properties as of June 30 2022	Above-Ground Area as of June 30 2022	NOI for the Period 1-6.22	Fair Value of Cash-Generating Property as of June 30 2022	Occupancy rate as of June 30 2022	Value of Real Estate Under Construction as of June 30 2022
Use		m <sup>2</sup>	In Thousands of NIS	In Thousands of NIS	%	In Thousands of NIS
Offices	63	393,900	125,145	4,199,535	92.3%	1,069,469
Commercial centers	23	191,954	64,137	2,182,955	92.1%	-
Industrial and Logistics	475	1,004,896	138,221	4,323,975	94.7%	-
Residential	3	13,185	6,700	245,895	92.1%	-
<b>Total</b>	<b>564</b>	<b>1,603,935</b>	<b>334,203</b>	<b>10,952,360</b>	<b>93.8%</b>	<b>1,069,469</b>
<b>Associates – Company Share</b>						
Offices	5	16,979	3,514	148,188	74.1%	-
Commercial centers	2	13,352	5,999	195,412	93.9%	-
<b>Total</b>	<b>7</b>	<b>30,331</b>	<b>9,513</b>	<b>343,600</b>	<b>82.8%</b>	<b>-</b>
<b>Expanded Total</b>	<b>571</b>	<b>1,634,266</b>	<b>343,716</b>	<b>11,295,960</b>	<b>93.6%</b>	<b>1,069,469</b>



### Spread of NOI in Israel by Uses (From Cash-Generating Properties, in Millions of NIS)

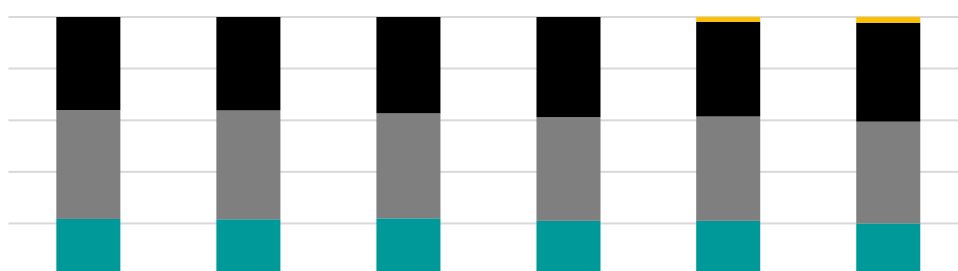
■ Rental Housing  
■ Offices  
■ Industrial and Logistics  
■ Commercial Centers



	1-6/2022	1-6/2021	2021	2020	2019	2018
<b>Commercial Centers</b>	64	56	118	111	124	116
<b>Industrial and Logistics</b>	138	130	263	250	248	246
<b>Offices</b>	125	106	218	218	217	201
<b>Rental Housing</b>	7	4	8	2	-	-
<b>Total</b>	<b>334</b>	<b>296</b>	<b>607</b>	<b>581</b>	<b>589</b>	<b>563</b>

### Spread of Value of Assets in Israel by Uses (From Cash-Generating Properties, in Millions of NIS)

■ Rental Housing  
■ Offices  
■ Industrial and Logistics  
■ Commercial Centers



	30.6.2022	December 31 2021	December 31 2020	December 31 2019	December 31 2018
<b>Commercial Centers</b>	2,183	2,030	1,878	1,892	1,812
<b>Industrial and Logistics</b>	4,324	3,911	3,589	3,500	3,554
<b>Offices</b>	4,200	3,555	3,367	3,213	3,043
<b>Rental Housing</b>	246	174	101	-	-
<b>Total cash-generating property</b>	<b>10,953</b>	<b>9,670</b>	<b>8,935</b>	<b>8,605</b>	<b>8,409</b>
<b>Total construction</b>	<b>1,069</b>	<b>723</b>	<b>168</b>	<b>135</b>	<b>52</b>
<b>Total investment property</b>	<b>12,022</b>	<b>10,393</b>	<b>9,103</b>	<b>8,740</b>	<b>8,461</b>

## Details of Investment Property Including Real Estate Held for Sale by Country

Country	Number of Properties	Above-Ground Area in m <sup>2</sup>	Number Tenants	Rate of Occupancy rate	Fair Value In Thousands of NIS	NOI from Cash-Generating Properties 1-6/2022 In Thousands of NIS
Cash-Generating Properties						
Israel	564	1,603,935	2,882	93.8%	10,952,360	334,203
Switzerland	2	56,650	18	93.9%	387,348	11,675
Ukraine	1	44,672	73	96%	255,500	7,603*
North America	4	77,544	180	72%	235,436	2,880
France	5	119,447	5	98.5%	18,299	2,416
<b>Total cash-generating properties</b>	<b>576</b>	<b>1,902,248</b>	<b>3,158</b>	<b>93.2%</b>	<b>11,848,943</b>	<b>358,777</b>
Land						
Israel lands	36				1,016,481 **	
Abroad	1				23,509	
<b>Total land</b>	<b>37</b>				<b>1,039,990</b>	
<b>Total</b>	<b>613</b>	<b>1,902,248</b>	<b>3,158</b>	<b>93.2%</b>	<b>12,888,933</b>	<b>358,777</b>
Israel – Associated Companies						
	7	30,331	62	82.8%	343,600	9,513
<b>Total</b>	<b>620</b>	<b>1,932,579</b>	<b>3,220</b>	<b>93.1%</b>	<b>13,232,533</b>	<b>368,290</b>
<b>Deferred taxes***</b>					<b>2,163,245</b>	

\* This data reflects partial rental receipts in light of the defense and geopolitical events occurring in the region.

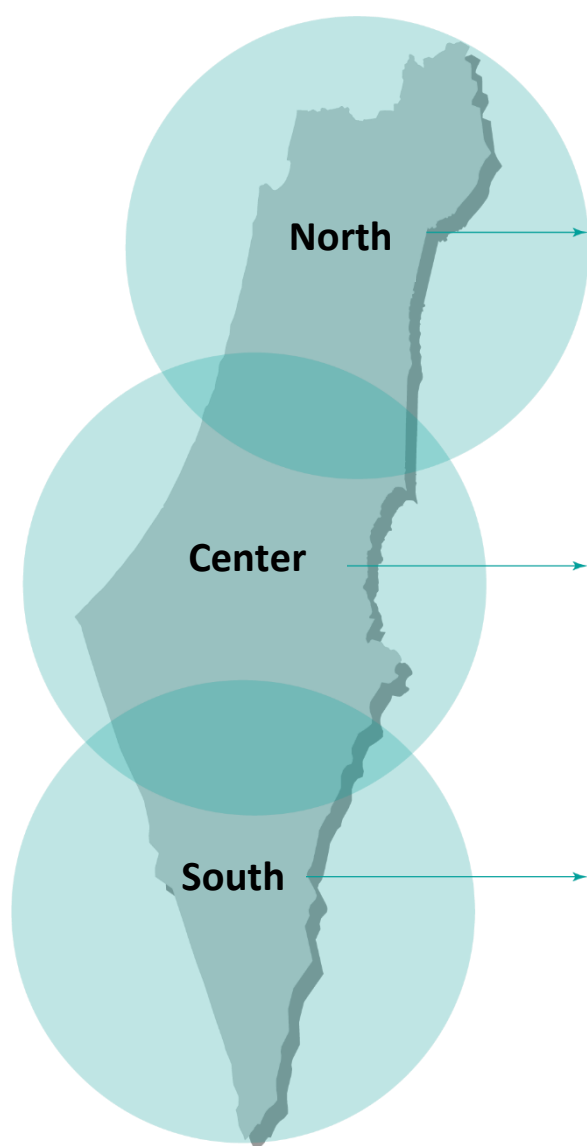
\*\* Including a total of 372 million NIS detailed within the framework of the table of projects being planned.

\*\*\* Deferred taxes included in the Company's Financial Statements and those of associates.



## Cities in which the Group has Properties

The Company owns some 1,933,000 m<sup>2</sup> of cash-generating space, of which 1,634,000 m<sup>2</sup> is in Israel. The Company has land reserves and unused rights to the amount of 741,000 m<sup>2</sup>



Or Akiva	Alon Tavor	Beit She'an
Bnei Yehuda	Gan Shmuel	Haifa
Hatzor Haglilit	Tiberias	Pardes Hannah
Yavniel	Yessod Hama'alah	Yokneam
Kfar Tavor	Karmiel	Migdal Ha'emek
Machanayim	Metula	Menechemia
Ma'alot	Nahariyah	Nof Hagalil
Nesher	Heffer Valley	Afula
Tzipori	Safed	Katzrin
Kiryat Shmona	Segev	Shlomi
Ma'aleh Ephraim	Yad Hanna	

Tel Aviv	Or Yehuda	Elkana
Be'erot Yitzhak	Bat Yam	Herzliya
Holon	Kfar Saba	Tzur Yitzhak
Ra'anana	Rosh Ha'ayin	Kochav Yair
Beit Shemesh	Hadera	Jerusalem
Petach Tikva	Rishon Lezion	Rehovot
Ramleh	Mishor Edomim	Kiryat Ono
Ramat Gan	Netanya	

Yavneh	Ashdod	Be'er Tuvia
Kiryat Malachi	Kiryat Gat	Ashkelon
Sderot	Ofakim	Yerucha
Arad	Ein Yahav	Kannot
Nir Galim	Beersheba	Eilat
Mitzpeh Ramon	Dimona	Lehavim
Sha'ar Hanegev	Ganei Tal	



## Concentrated Data on Projects in Construction, Planning and Development Stages (as of June 30 2022)<sup>1</sup>

### Property Under Construction (included under real estate for investment and development)

Project Name	Location	Main Use	Company's Share	Design Status	Built-Up Area (m <sup>2</sup> )	Project's Value in the Company's Books	Estimated Construction Cost Balance	Estimated NOI Fully Occupied
						In Millions of NIS		
Hasolelim	Tel Aviv	Offices and commercial	100%	End of paneling, excavation and foundation works. Approaching completion of works on lower structure.	**68,300	634	635	109-117
"Mivne" Compound	Holon	Offices	100%	Finishing and adjustment works completed, in final stages of submitting a population permit.	14,800	125	4	8-10
Sarona	Kfar Saba	Offices	100%	Underway, Estimated completion – 2024.	*26,000	132	109	22-24
Haifa Life Sciences Park (2 buildings)	Haifa	Offices	50%	Foundation and lower structure work underway.	14,000	19	137	12
Kiryat Hamishpat	Kiryat Gat	Offices	100%	Finishing works underway. Estimated completion – Q4/2022	5,000	38	1	3
"Mivne" Herzliya Pituach	Herzliya	Residential	100%	Undergoing paneling and excavation works.	103 housing units	120	98	8-9
		Offices and commercial			24,300		216	27-30
Total					152,400	1,068	1,200	189-205

\* The Company is acting to add 4 stories, for a total addition of 6,000 m<sup>2</sup>.

\*\* The projects features 461 parking spaces.

### Planned properties (included within the framework of land in Israel)

Project Name	Location	Main Use	Company's Share	Design Status	Built-Up Area (m <sup>2</sup> )	Project's Value in the Company's Books (Millions of NIS)
Hameitav, Stage B	Tel Aviv	Residential, Employment and commercial	100%	The plan was approved for deposit on April 23 2022. Conditions for deposits in round of signatures.	125,000 400 housing units	139*
Hasivim Neveh Oz	Petach Tikva	Offices	100%	Town construction plan approved. Implementation date not yet decided.	13,000	24
Haifa Life Sciences Park (2 buildings)	Haifa	Offices	50%	Preliminary planning	14,000	11
Crytek 2	Yokneam	Offices	100%	Decided to push permit forward, permit receipt forecast - Q1/2023.	25,000	5
Beersheba	Beersheba	Hotels	100%	Paneling and excavation permit received, full permit expected Q1/2023.	7,000	7
Akerstein Towers Stage B	Herzliya	Offices Residential	53%	In discussions with regional committee. In planning stages for Town Plan.	50,000 150 housing units	-
Office Tower in Giv'at Sha'ul	Giv'at Sha'ul	Offices	100%	Decided to push permit forward, forecast - Q2/2023.	34,750	47
Ha'e'lef Compound	Rishon Lezion	Rental housing and student dormitories	50%	Detailed plans being prepared for the purpose of filing a request for a building permit.	17,000	71
Hadera	Hadera	Offices	50%	Town Plan advanced at district authority for added zoning for residential and commercial	1,250	30
Be'er Tuvia	Be'er Tuvia	Industrial	50%	It was decided to push a permit forward, paneling and excavation permit receipt forecast - 2023.	15,600	38
<b>Total</b>					<b>302,600</b>	<b>372</b>

\* The value of the project, including the cash-generating portion, amounts to 435 million NIS.

(1) Some of the information presented in the above two tables constitutes forward-looking information, as per Section 32a of the Securities Law, 1968. Forward-looking information is any forecast, estimate, assessment or other information in the Company's possession as they are upon the publication of this report with regard to future events or issues, the materialization of which is uncertain and not under the sole control of the Company, and among other things, is subject, by nature, to significant chances of non-realization. Such information is influenced, among other things, by the risk factors characterizing the Company's activity, including the state of the economy, the receipt of permits and approvals from the proper authorities, engagements with third parties, changes in legislation and regulation and increased construction costs. For further details on the risk factors characterizing the Company's activity see Section 1.35 of the Report on the Corporation's Business in the 2021 Periodic Report.

## Rental Housing<sup>(1)</sup>

Town	Use	Number of Units	Area (m <sup>2</sup> )	Book Value/ Sum Paid (Thousands of NIS)	Balance Payable (Thousands of NIS)	NOI/Expected NOI (Thousands of NIS)	Expected Yield
Jerusalem	Housing Collection	317	12,353	119,426	-	7,300	Income-producing
Kiryat Ono	Student Dorms	113	3,334	58,660	-	3,100	Income-producing
Kiryat Ono	Residential	30	2,690	65,647	-	1,789	Income-producing
Ben Shemen	Residential	80	8,913	25,518	109,541	4,235	Q3/2024
Hadera	Residential	50	4,507	14,166	60,313	1,679	Q4/2024
Ramat Hasharon	Residential	50	6,044	24,233	124,996	5,508	Q3/2023
Ramat Chen	Residential	80	7,177	37,485	156,078	5,283	Q4/2026
<b>Total</b>		<b>720</b>	<b>45,018</b>	<b>345,135</b>	<b>450,928</b>	<b>28,894</b>	

## Solar Installations<sup>(1)</sup>

The Company has solar installations installed on the rooftops of buildings it owns in Israel. The installations are used to generate electricity, which is provided to the Israel Electric Corporation for pay. From time to time the Company studies the IEC tenders and their feasibility. The Company is acting to significantly increase the number of solar installations on rooftops in its possession throughout the country and is examining the utilization of additional opportunities in this field. The following is the status of the facilities as of the publication of this report:

	Amount	Size (KW)	Expected Yearly Revenue (Thousands of NIS)
Existing installations	128	17,751	15,560
Increasing the size of existing installations	-	4,383	2,674
Installations with quota	150	20,248	14,222
Installations in approval proceedings	15	1,709	1,308
<b>Total</b>	<b>293</b>	<b>44,091</b>	<b>33,764 (*)</b>

(\*) The Company's share of expected revenues, is expected to amount to a total of 26 million NIS.

The amortized cost in the books for the solar facilities is 107 million NIS and the balance of the cost for implementation totals 47 million NIS.



(1) Some of the information presented in the above two tables constitutes forward-looking information, as per Section 32a of the Securities Law, 1968. Forward-looking information is any forecast, estimate, assessment or other information in the Company's possession as they are upon the publication of this report with regard to future events or issues, the materialization of which is uncertain and not under the sole control of the Company, and among other things, is subject, by nature, to significant chances of non-realization. Such information is influenced, among other things, by the business environment in which the Company is active and the risk factors characterizing the Company's activity, including tenants' ability to pay, the receipt of permits and approvals from the proper authorities, engagements with third parties, and changes in legislation and regulation. For further details on the risk factors characterizing the Company's activity see Section 1.35 of the Report on the Corporation's Business in the 2021 Periodic Report.



## Housing

The Company deals, among other things, in the development, planning and construction of apartments for sale in Israel. The Company has an inventory of land for future construction in Israel, as follows:

### Inventory of Land for Short-Term Residential Construction and Inventory of Apartments for Sale

Location	No. of Housing Units <sup>1</sup>	Holdings in Projects	Number of Housing Units for which Sales Agreements were Signed and Not Yet Delivered	Financial Scope of Sales Agreements (Millions of NIS, Not Yet Delivered)	Number of Housing Units for which Sales Agreements were Signed and Not Yet Delivered	Financial Scope of Sales Agreements (Millions of NIS, Not Yet Delivered)	Sign-Ups for which the Sales Agreement has Not Yet been Signed	Total Investment as of June 30 2022 (Millions of NIS)	Total Cost Balance	Developer Profit Not Yet Recognized
		%	As of June 30 2022		As of the publication of the report					
Hasolelim <sup>2</sup>	360	75%	79	253	80	258	6	371	374	261
Hameitav Tel-Aviv <sup>3</sup>	2	50%	2	12	2	7	2	2	-	2
Merom Hasharon Stage F	134	90%	27	52	29	56	1	51	89	83
Merom Hasharon Stage G	79	90%	-	-	-	-	-	34	42	48
<b>Total</b>	<b>575</b>		<b>108</b>	<b>317</b>	<b>111</b>	<b>3</b>	<b>9</b>	<b>458</b>	<b>505</b>	<b>394</b>

1. Balance of units in inventory As of June 30 2022.

2. The project is undergoing paneling, excavation and foundation works.

3. As of June 30 2022 and as of the publication of the report 167 units were delivered at a monetary scope of 436 million NIS.

Some of the information presented in the above table constitutes forward-looking information, as per Section 32a of the Securities Law, 1968. Forward-looking information is any forecast, estimate, assessment or other information in the Company's possession as they are upon the publication of this report with regard to future events or issues, the materialization of which is uncertain and not under the sole control of the Company, and among other things, is subject, by nature, to significant chances of non-realization. Such information is influenced, among other things, by the risk factors characterizing the Company's activity, including the state of the economy, the receipt of permits and approvals from the proper authorities, engagements with third parties, changes in legislation and regulation and increased construction costs. For further details on the risk factors characterizing the Company's activity see Section 1.35 of the Report on the Corporation's Business in the 2021 Periodic Report.

### Inventory of Land for Long-Term Residential Construction

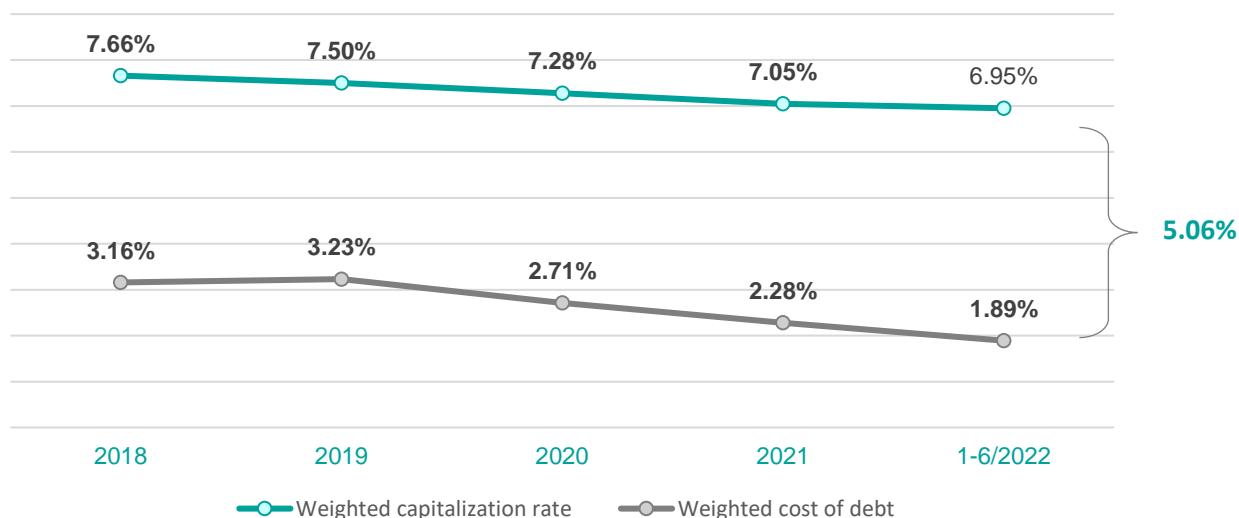
Location	Number of Housing Units	Holdings in Projects	Total Investment as of June 30 2022
		In %	In Millions of NIS
Sdeh Dov	230	33.33%	235
Or Akiva	74	100%	9
Other	101	100%	8
<b>Total</b>	<b>405</b>	<b>-</b>	<b>252</b>

## Debt Structure Management

Company policy is to maintain an efficient leverage rate by recruiting debt with a long-term life span and with no liens. The Company's net financial debt as of June 30 2022 amounts to 5.9 billion NIS. The debt's total life span in Israel is 4.41 years and the weighted effective interest rate is 1.89% CPI-linked.

As of the publication of this report, the Company has cash balances and unused credit frameworks totaling 1.2 billion NIS, and unencumbered real estate properties to the sum of 5.6 billion NIS.

Gross real profit margins between cash-generating properties and CPI-linked weighted debt cost



### Spreading debt redemptions over years

	Average Life Span	Weighted Effective Interest	2022	2023	2024	2025	2026	2027	2028	2029 Onward	Balance as of June 30 2022*
In Millions of NIS											
Israel	4.41	1.89%	159	484	1,090	607	984	819	867	1,093	6,103
Weighted Interest Rate for Redemptions Performed in the Period			2.07%	2.15%	2.45%	2.17%	1.68%	2.32%	2.1%	1.18%	
Weighted interest rate			1.89%	1.87%	1.72%	1.65%	1.64%	1.36%	0.76%	0.49%	
Overseas	7.14	1.5%	14	1	1	47	-	-	-	162	225
Total redemptions			173	485	1,091	654	984	819	867	1,255	
Of these, a "balloon" guaranteed by a lien			(14)	-	(655)	(225)	(551)	(537)	(379)	(162)	
Redemptions less pledged cash flows			159	485	436	429	433	282	488	1,093	
Value of asset pledged			33	-	1,624	590	836	1,369	1,204	354	
LTV rate of pledged asset			42.8%	-	40.4%	38.1%	66%	39.2%	31.45%	45.62%	

\* The balance as of June 30 2022 for debentures includes a discount or premium.

# NOI

## NET OPERATING INCOME

The following is information on the Group's NOI (profit from the rental and operation of properties, less depreciation and amortization) in Israel:

Company management believes that NOI is an important parameter in valuing cash-generating real estate. The result of dividing this Transition data by the commonly used discount rate in the geographic location of the property ("cap rate") is one of the indications of valuation of the property (beyond other indications, such as: market value of similar properties in the same area, sales price per m<sup>2</sup> of built area deriving from the latest transactions effected, etc.). In addition, NOI is used to measure the free cash flow available to service the financial debt taken to finance the property's purchase. We emphasize that NOI:

1. Does not present cash flows from regular activities in accordance with generally accepted accounting rules.
2. Does not reflect cash available for the financing of the Group's entire cash flows, including its ability to distribute monies.
3. Cannot be considered a replacement for reported net profit for purposes of evaluating the results of the Group's activities.

### NOI Development (In Thousands of NIS)

	Q4 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Identical properties for the period	168,074	159,225	156,568	157,112	154,043	145,126
Properties Purchased in the Period	7,485	5,119	736	-	-	-
Properties sold	4	41	168	263	473	522
<b>NOI – Total</b>	<b>175,563</b>	<b>164,385</b>	<b>157,472</b>	<b>157,375</b>	<b>154,516</b>	<b>145,648</b>

The NOI in the second quarter of 2022 totaled 176 million NIS, compared to 155 million NIS in the corresponding quarter last year, constituting a growth of 13.6%.

The same property NOI in the second quarter of 2022 amounted to 168 million NIS compared to 154 million NIS in the corresponding quarter last year, constituting a 9.1% increase.

The increase in the NOI for the second quarter compared to the first quarter of 2022 derives from a 3.3 million NIS increase due to assets purchased, a 3 million NIS increase due to the increase in CPI and real increases (new rentals, an increase in rental fees in contract renewals and a decrease in net management expenses) to the sum of 4.9 million NIS.



## Weighted Yield Rate

The following is the calculation of the weighted cap rate derived from all the cash-generating properties in Israel as of June 30 2022:

	Consolidated (in Millions of NIS)
Investment property in consolidated report as of June 30 2022	12,716
Less - foreign real estate	(920)
Less – value of lands classified as investment property	(1,016)
Plus – value of cash-generating properties intending for realization	2
<b>Income-generating investment property in Israel as of June 30 2022</b>	<b>10,782</b>
Less value attributed to vacant spaces	(597)
Less value attributed to rental housing	(245)
<b>Investment property attributed to rented spaces as of June 30 2022</b>	<b>9,940</b>
<b>NOI from cash-generating properties in Israel as of June 30 2022</b>	<b>334</b>
<b>Standard yearly NOI (plus contracts that have been signed and not yet fully expressed).</b>	<b>705</b>
<b>Yearly NOI less NOI attributed to rental housing</b>	<b>691</b>
<b>Weighted cap rate deriving from income-generating investment property in Israel</b>	<b>6.95%</b>



# FFO

## Funds From Operations

FFO is a commonly-used American, Canadian and European index used to provide additional knowledge on the results of the operations of cash-generating real estate companies, granting a proper basis for comparisons between cash-generating real estate companies. This index is not required by accounting rules. FFO, as defined, expresses net reported profit, less profits (or losses) from the sale of assets, less depreciation and amortization (for real estate) after neutralizing deferred taxes, losses from the early redemption of loans and non-cash flow expenses.

The Company believes that analysts, investors and shareholders may receive information with added value from the measurement of the results of the Company's activity on an FFO basis. The FFO index is used, among other things, by analysts in order to examine the dividend distribution rate from the operating results according to the FFO of real estate companies.

We emphasize that the FFO:

1. Does not present cash flows from regular activities in accordance with generally accepted accounting rules.
2. Does not reflect cash held by the Company and its ability to distribute it;
3. Cannot be considered a replacement for reported net profit for purposes of evaluating the Group's operating results.



## FFO calculations (In Thousands of NIS)

	1-6.2022	1-6.2021	4-6.2022	4-6.2021	1-12.2021
Net profit for the period	685,109	393,089	618,647	242,393	955,048
Changes in value of investment property and investment property under construction	(792,713)	(268,658)	(764,625)	(196,434)	(756,381)
Profits and losses from the sale of real estate, investees, other revenues and realization of capital reserves from translation differences.	4,012	(20,588)	1,288	(27,836)	(43,490)
Tax expenses from the sale of properties and other revenues	-	5,990	-	4,290	5,990
Impairment of goodwill	-	-	-	-	7,498
Changes in fair value of financial instruments	25,130	6,125	17,028	(6,106)	8,453
Adjustments due to taxes	200,498	63,136	183,732	51,799	178,570
Loans attributed to affiliated companies	(99)	7,011	(697)	(1,585)	(7,225)
Revaluation of assets and liabilities	1,778	2,675	928	1,761	3,665
Other revenues	(11,760)	(46,528)	(5,279)	(24,912)	(68,416)
<b>Nominal FFO</b>	<b>111,955</b>	<b>142,252</b>	<b>51,022</b>	<b>43,370</b>	<b>283,712</b>
Added – expenses of linkage differences on the debt principal and exchange rate differences	133,781	64,661	78,281	64,160	153,666
<b>Real FFO</b>	<b>245,736</b>	<b>206,913</b>	<b>129,303</b>	<b>107,530</b>	<b>437,378</b>
<b>FFO attributed to cash-generating property</b>	<b>253,832</b>	<b>217,823</b>	<b>132,467</b>	<b>113,395</b>	<b>460,487</b>



## 2022 Forecast

The following is the projected FFO from cash-generating properties and projected NOI for 2022:

The Company's forecast for its key operating results in 2022, based on the following working assumptions:

- Known CPI as of June 30 2022.
- Without the purchase of new properties.
- No material changes will occur in the business environment in which the Company is active in Israel beyond the estimate detailed in the events over the course of the period reported above item.
- The expectations of Company Management regarding the renewal of rental agreements that expire over the course of 2022.

2022 Forecast Update, in Millions of NIS				
	In Practice 1-6/2022	Revised 2022 Forecast	Previous Forecast	2021 in Practice
NOI	365	730-750	720-740	691
FFO attributed to cash-generating property	254	500-520	480-500	460

The information in the above table featuring a forecast for all of 2022 constitutes forward-looking information, as defined in Section 32a of the Securities Law, 1968. Forward-looking information is any forecast, estimate, assessment or other information in the Company's possession as they are upon the publication of this report with regard to future events or issues, the materialization of which is uncertain and not under the sole control of the Company, and among other things, is subject, by nature, to significant chances of non-realization. Such information is influenced, among other things, by the business environment in which the Company is active and by the risk factors that characterize the Company's activity, including the state of the Israeli economy, the global health crisis, the global geopolitical crisis, changes in occupancy rates, in the CPI, in interest rates, and in rental fees. Changes in the business environment or the realization of any of the Company's risk factors may influence the Company's activity and its monetary results in a manner different than the assessments detailed above. For details on the risk factors characterizing the Company's activity see Section 1.35 of the Report on the Corporation's Business and for details on the business environment see Section 1.8 of the Report on the Corporation's Business in the 2021 Periodic Report.

# Operating Results According to Consolidated Financial Statements

## Business Results Summary Table (in Millions of NIS)

		For the Period (in Millions of NIS)				Notes and Explanations
		1-6.2022	1-6.2021	4-6.2022	4-6.2021	
Revenues from rental and property management fees		467	436	235	221	Most of the increase in the period derives from the purchase of Bank Mizrahi properties and rental housing, from the impact of the CPI increase on rental contracts and increased occupancy rates and a real increase in rental fees. Furthermore, during the first half of the year last year an 11 million NIS negative impact was recorded due to the influence of Covid-19.
Maintenance and Management Cost		108	102	51	51	
Revenues from the Sale of Apartments and Land		16	162	16	110	
Cost of Apartments and Land Sold		12	137	12	100	
Increase in Fair Value of Investment Property		793	269	765	196	Over the course of the period, 150 valuations were carried out for properties in Israel worth 5.2 billion NIS. The increase in value in the period derived from an increase in the value of land, and increase in real rental fees, improved occupancy rates and a decrease in capitalization rates. Following the increase in the Consumer Price Index, a 250 million NIS value increase was recorded. In addition, the Company recorded a revaluation of 222 million NIS for the Solelim Project, which largely derived from an increase in rental fees and from a drop in capitalization rates. In addition, in the first quarter the Company listed an impairment to the sum of 45 million NIS as a result of the revaluation of the debt in Kyiv, Ukraine.
Administrative and General, Sales and Marketing Expenses		45	44	21	22	
Realization of Capital Reserve due to Adjustments from the Translation of Financial Statements		-	(13)	-	(17)	
Financing Expenses	Net interest expenses	64	64	32	32	
	Expenses from change in CPI, net	154	59	102	55	A 3.13% CPI increase in the period against a 1.4% increase in the corresponding period last year.
	Loss from early redemption	2	14	2	-	
	Net expenses (revenues) from exchange rate differences and others	6	(2)	(7)	7	
	<b>Total</b>	<b>226</b>	<b>135</b>	<b>129</b>	<b>94</b>	
Income tax expenses		210	85	190	53	
Net Profit		<b>685</b>	<b>393</b>	<b>619</b>	<b>242</b>	

**Table summarizing the concise financial situation, liquidity and sources of finance (in millions of NIS):**

	As of June 30 2022	As of December 31 2021	Notes and Explanations
<b>Current Assets</b>	1,327	1,644	Mostly a decrease in cash balances due to investments and purchases in the period.
<b>Investments handled using the book value method</b>	388	367	
<b>Investment property, investment property in development and advance payments on account of investment in land</b>	13,929	12,254	The increase largely derives from the completion of the Mizrahi transaction, from the receipt of apartments in Kiryat Ono and from increases in value in the period.
<b>Inventory of land for construction</b>	252	250	
<b>Short-term credit, current maturities</b>	383	652	The decrease largely derives from the repayment of private loans.
<b>Long-term loans and liabilities from banking corporations, credit providers and others.</b>	1,295	1,213	
<b>Long-term debentures</b>	4,965	4,243	The increase largely derives from the expansion of Series T and W.
<b>Total equity attributed to shareholders</b>	7,500	6,902	Most of the increase derives from comprehensive income in the period to the sum of 715 million NIS, a capital offering of 16 million NIS, offset by dividends to the sum of 135 million NIS.
<b>Total Equity</b>	7,485	6,892	

## Cash and Credit Frameworks

Sources	In Millions of NIS
<b>Balance of Cash at the Beginning of the Period</b>	<b>923</b>
<b>Cash Deriving from Current Activities</b>	<b>226</b>
<b>Investment Activities</b>	
Sale of assets	40
Investment and issue of loans to investees, net	(22)
Investment in investment property, real estate under development and property, plant and equipment	(802)
Investment in subsidiaries	(10)
<b>Total investment activity</b>	<b>(794)</b>
<b>Financing Activity</b>	
Issue of debentures	780
Repayment of short-term credit	(47)
Stock offering	16
Receipt of loans from banks and long-term liabilities	21
Repayment of loans from banks and long-term liabilities	(252)
Redemption of debentures	(172)
Dividends paid to shareholders	(136)
<b>Total financing activity</b>	<b>210</b>
<b>Exchange rate differentials due to cash and cash equivalent balances</b>	<b>5</b>
<b>Balance of cash at the end of the period</b>	<b>570</b>

## Credit Frameworks

As of the publication of this report, the Company has cash balances and unused credit frameworks totaling 1.2 billion NIS.

As of the report date and as of the publication of this report, the Company is in compliance with all of the financial covenants it was committed to within the framework of the loan agreements and deeds of trust of the Company's debentures.

For details on the debenture series (Series 20 and 25) as well as debentures that constitute a "material loan" as this term is defined in Legal Position 104-15: a reportable credit event published by the Securities Authority on November 30 2011 and as updated on March 19 2017, see Appendix C to the Board of Directors' Report.

## Working Capital

Working capital, including assets and liabilities held for sale as of June 30 2022, amounted to 695 million NIS in the Financial Statements compared to a total of 800 million NIS as of December 31 2021. Working capital, including assets and liabilities held for sale as of June 30 2022, amounted to 556 million NIS in the Solo Financial Statements compared to a total of 680 million NIS as of December 31 2021.

## Linkage Balance

The Company has financial obligations to the sum 6.9 billion NIS, of which 5.6 billion NIS are CPI-linked. The Company's cash-generating property in Israel is worth 11 billion NIS, is largely rented in CPI-linked rental agreements, and the Company considers this to be long-term inflationary protection.

## Investment in Associates

The Company has investments in investees active in Israel and the U.S. The Company lists its investments in these companies using the book value method. As of June 30 2022 the investment in these companies amounts to 388 million NIS, of which 296 million NIS is in Israel.

## Credit Rating

In May 2021 Standard & Poor's Maalot revised the rating of the Company and its debentures. The rating of the Company, its unguaranteed debentures (Series 15, 16, 17 and 20) and debentures (Series 24) guaranteed by the shares of Darban Investments Ltd. (a subsidiary) increased from ilAA- to ilAA. The rating of the debentures guaranteed by income-generating real estate properties (Series 18, 19 and 23) which had been ilAA and the Company's short-term create rating which was ilA-1+ were ratified with a stable outlook. In October 2021 Standard & Poor's Maalot announced that it was issuing a rating of ilAA to the debentures (Series 25) issued by the Company, to a total scope of up to 1.2 billion NIS NV. In March 2022 Standard & Poor's Maalot announced that it was granting a rating of ilAA to the debenture expansion (Series 20 and 23).

On May 22 2022, Midroog Ltd. announced the rating for the Company and the debentures issued by the Company. The rating of the Company and the debentures (Series 15, 16, 17, 20, 24 and 25) was set at Aa2.il. The rating of the debentures guaranteed by cash-generating properties (Series 18, 19 and 23) was set at Aa1.il. All at a stable outlook. Midroog also set a short-term rating for the Company of P-1.il.



## Dividend Policy

In March 2022 the Company Board of Directors decided on a dividend distribution policy for 2022 totaling 240 million (net without the share of a filly-owned subsidiary) NIS but not exceeding 50% of the Company's total yearly FFO, all subject to a specific decision by the Board of Directors before each distribution after examination of the distribution tests set in law.

On May 22 2022 the Company's Board of Directors decided to distribute dividends to the sum of 63.8 million NIS (the net sum of the dividends without the share of a fully-owned subsidiary is 60 million NIS).

On August 14 2022 the Company's Board of Directors decided to distribute dividends to the sum of 62.5 million NIS (the net sum of the dividends without the share of a fully-owned subsidiary is 60 million NIS).

The Company Board of Directors would like to thank the Company's employees for their dedicated work during the reported period as well as the holders of the Company's securities for the trust they have placed in the Company.

---

**Tal Fuhrer**

Chair of the Board of Directors

---

**David Zvida**

Company CEO

August 14 2022

# Appendices

01

Appendix A  
**Exposure to Market Risk and Management Thereof**

02

Appendix B  
**Corporate governance and disclosure Regarding the  
Corporation's Financial Reporting**

03

Appendix C  
**Special Disclosure for Debenture Holders: Bonds in Public Hands**

04

Appendix D  
**Linkage Basis Report**





## Appendix A

### Market risk exposure and management



**Appendix A**

## **Exposure to Market Risk and Management Thereof**

1. The person responsible for managing market risks is Mr. David Zvida, Chairman of the Company Board of Directors. For details regarding Mr. Zvida, see Regulation 26 of Part D (Additional Details) of the 2021 periodic report, presented by way of referral.
2. No material changes in risk factors have occurred in the reported period compared to those reported in the 2021 periodic report.

A large, modern glass skyscraper with the 'MIVN' logo on top, illuminated at dusk. The building features a grid-like facade and several balconies. The sky is a deep blue, and the building's lights are on. A white diagonal line cuts across the image from the bottom left to the top right.

MIVN

## Appendix B

---

### **Disclosure Provisions with Regard to the Corporation's Financial Reporting**





## Appendix B

# Aspect of Corporate Governance and Disclosure Provisions with Regard to the Corporation's Financial Reporting

### 1. Material Events During and Subsequent to the Reported Period

For details on material events during and subsequent to the reported period, see Note 4 to the Company's June 30 2022 Consolidated Interim Financial Statements.

### 2. Aspects of Corporate Governance

In accordance with the option granted within the framework of the Companies Regulations (Rules on Remuneration and Expenses for an External Director) (Temporary Order), 2022 (**"the Temporary Order"**) on March 17 2022 the Company Board of Directors established covenants that will apply in a period in which a state of emergency or a special health situation has been declared as per the Temporary Order, regarding the reclassification of directors in meetings held using means of communications, as participation in a regular meeting (**"the Covenants"**).

After implementing the Covenants, the Company paid the directors additional remuneration to the sum of 70,000 NIS.



## Appendix C

### **Special Disclosure for Debenture Holders: Bonds in Public Hands**

## Appendix C

# Special Disclosure for Debenture Holders: Bonds in Public Hands

As of June 30 2022 there are 9 outstanding series of tradable debentures issued by the Company, as detailed in the following table. Note that during the reported period and as of the report date, the Company has met all of the terms and obligations in accordance with the deeds of trust and no conditions existed that gave grounds to the provision of the debentures for redemption or for the realization of collateral in accordance with the terms of the deeds of trust.

As of June 30 2022 (In Thousands of NIS)	Debentures (Series 15)	Debentures (Series 16)	Debentures (Series 17)	Debentures (Series 18)	Debentures (Series 19)	Debentures (Series 20)
Date of Issue	October 31 2013	July 10 2014	July 10 2014	May 10 2016	September 29 2016	July 30 2017
Notational Value Upon Issue	437,881	347,130	757,524	683,000	423,512	523,521
Outstanding Notational Value	7,500	234,104	451,117	657,720	383,541	949,427
Stock market rate (in 0.01 NIS)	106.34	107.8	116.55	115.06	115.38	115
Outstanding Notational Value, Linked	7,500	234,104	476,833	708,679	408,683	1,014,735
Accrued interest	106	-	-	3,375	2,649	-
Fair Value	7,178	252,364	525,777	756,773	442,530	1,091,841
Interest type	Fixed interest					
Denoted Yearly Interest Rate	5.74%	5.65%	3.7%	2.85%	2.6%	2.81%
Principal payment dates	Nine non-equal yearly installments paid on April 1 of each of the years from 2016 to 2024. 4% will be paid in the first and second installments, 8% of the principal will be paid in the third installment and 14% of the principal will be paid in each of the fourth through ninth installments.	Twelve non-equal yearly installments paid on June 30 of each of the years from 2017 to 2028. 5% of the principal will be paid in each of the first through fourth installments and 10% of the principal paid in each of the fifth to twelfth installments.	Twelve unequal yearly installments, to be paid on June 30 of each of the years from 2017 to 2028, with 5% of the principal paid in each of the first through fourth payments and 10% of the principal paid in each of the fifth to twelfth payments.	Four unequal annual installments on December 30 of each year from 2021 to 2024. 16% of the principal shall be paid in the first installment, 11% of the principal shall be paid in the second installment, 13% of the principal shall be paid in the third installment and 60% of the principal shall be paid in the fourth installment.	Ten unequal annual installments on March 31 of each year from 2018 to 2023 and each year from 2025 to 2027. In the first three installments 2% of the principal shall be paid, in each of the five next installments 5% of the principal shall be paid and in the ninth installment, 69% of the principal shall be repaid.	Eight non-equal yearly installments paid on December 31 of each of the years from 2019 to 2029, except for 2022, 2024 and 2027. First, third and fourth installments 5%, second and fifth installments 10%, sixth and seventh installments 20% and eighth installment 25%.
Interest payment dates	April 1 and October 1 of each year from 2014 to 2024.	June 30 and December 31 of each year from 2014 to 2028	June 30 and December 31 of each year from 2014 to 2028	October 30 and April 30 of each of the years from 2016 through 2024.	March 31 and September 30 of each of the years from 2017 to 2026, as well as on March 31 2027.	December 31 and June 30 on each year from 2017 to 2029.
Linkage Basis and Terms	Non-linked	Non-linked	May 2014 CPI	March 2016 CPI	August 2016 CPI	June 2017 CPI

(Principal and Interest)						
Does it constitute a material obligation?	No	No	No	No	No	No
Rating company	S&P Maalot					
Rating	AA stable					
Are there guarantees for the payment of the obligations?	No					
Are there any liens?	No	No	No	Yes. Real estate properties. See Appendix A of Part A of the 2021 Periodic Report. For details on the security replacement mechanism see Section 5.9 of the Deed of Trust attached as Appendix A to the August 20 2020 Shelf Offering Report (reference no. 2020-01-081835).	Yes. Real estate properties. See Appendix A of Part A of the 2021 Periodic Report. For details on the security replacement mechanism see Section 5.9 of the Deed of Trust attached as Appendix A to the August 26 2020 Shelf Offering Report (reference no. 2020-01-084685).	No
Trustee	Mishmeret Trust Services Ltd. (1)			Resnick Paz Nevo Trusts Ltd. (2)		
Right to early repayment	(3)					



As of June 30 2022 (In Thousands of NIS)	Debentures Series 23 (Formerly Series 14 in Jerusalem Economy Ltd.)	Debentures Series 24 (Formerly Series 15 in Jerusalem Economy Ltd.)	Debentures Series 25
Date of Issue	September 18 2016	June 21 2017	1.11.2021
Notational Value Upon Issue	607,923	612,810	1,026,666
Outstanding Notational Value	656,046	514,760	1,026,666
Stock market rate (in 0.01 NIS)	113.78	114.32	91.88
Outstanding Notational Value, Linked	696,930	546,333	1,058,808
Accrued interest	4,216	-	924
Fair Value	746,449	588,474	943,301
Interest type	Fixed interest		
Denoted Yearly Interest Rate	2.4%	2.6%	+0.35%
Principal payment dates	Nine non-equal yearly installments paid on September 30 of each of the years from 2018 to 2026. First installment of 2% of the principal, second to eighth payments of 5% of the principal, and ninth payment of 63% of the principal.	Six installments of 4% of the principal each on June 30 of each year from 2019 to 2024, three installments of 6% of the principal on June 30 of each year from 2025 to 2027, the balance of 58% of the principal on June 30 2028.	Nine non-equal yearly installments paid on September 30 of each of the years of 2023, 2025 as well as 2027-2033. First and second installments of 5% of the principal, third to fifth installments of 10% of the principal and sixth through ninth installments of 15% of the principal.
Interest payment dates	March 30 and September 30 of each year from March 30 2017 to September 30 2026.	June 30 and December 31 of each year from December 31 2017 to June 30 2028.	March 31 and September 30 of each year from March 31 2022 to September 30 2033.
Linkage Basis and Terms (Principal and Interest)	July 2016 CPI	May 2017 CPI	October 2021 CPI
Does it constitute a material obligation?	No	No	Yes
Rating company	S&P Maalot		
Rating	AA stable		
Are there guarantees for the payment of the obligations?	No		
Are there any liens?	Yes. Real estate properties. See Appendix A of Part A of the 2021 Periodic Report. For details on the security replacement mechanism see Section 5.9 of the Deed of Trust attached as Appendix A to the August 26 2020 Shelf Offering Report (reference no. 2020-01-084685).	Yes. Darban shares. See Note 23.c.1 to the Consolidated Financial Statements in the 2021 Periodic Report and Appendix B to the 2021 Periodic Report.	No
Trustee	Resnick Paz Nevo Trusts Ltd. (2)		
to early repayment	(3)		



**Further Details on Company Debentures**

- (1) Mishmeret Trust Services Ltd., the details of the engagement with which, to the best of the Company's knowledge, are as follows: contact: Mr. Rami Sabbati; address: 46-48 Menachem Begin Road Tel Aviv; telephone number: 03-6386894; fax: 03-6374344; email address: [Trusts@bdo.co.il](mailto:Trusts@bdo.co.il).
- (2) Resnick Paz Nevo Trusts Ltd., the details of which, to the best of the Company's knowledge, are as follows: contact: Yossi Resnick; address: 14 Yad Harutzim, Tel Aviv; telephone number: 03-6389200; fax: 03-6389222; email address: [trust@rpn.co.il](mailto:trust@rpn.co.il).
- (3) The terms of the debentures (Series 15-25) state that the Company has a right to early redemption that will be carried out in accordance with the provisions and guidelines of the Stock Exchange bylaws. The Company shall be entitled to perform an early redemption starting from the date the debentures were listed for trade so long as the minimum redemption sum is no less than 1 million NIS. In addition, in the terms of the debentures Series (15-17 and 25), the Company undertook not to create a general current lien on all of its assets in favor of a third party.

## Reportable Credit

The Company's debentures (Series 20 and 25) constitute reportable credit.

The following are details regarding the Company's compliance with the financial covenants (Series 20):

The Covenant	Ratio as of the Report Date	Compliance as of Report Date
Equity will be decreased to below 1.2 billion NIS, for two consecutive quarters.	7,500 Millions of NIS	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall not exceed 75% for two consecutive quarters.	38.9%	Meeting the condition
The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 17 for two consecutive quarters.	8.2	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall be no less than 16% for two consecutive quarters.	48.5%	Meeting the condition

Restrictions on the distribution of dividends in accordance with the to the debentures' (Series 20) deed of trust:

The Covenant	Ratio as of the Report Date	Compliance as of Report Date
Equity will be decreased to below 1.3 billion NIS.	7,500 Millions of NIS	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall not exceed 73%.	38.9%	Meeting the condition
The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 15.	8.2	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall be no less than 17% for two consecutive quarters.	48.5%	Meeting the condition

The following are details regarding the Company's compliance with the financial covenants (Series 25):

The Covenant	Ratio as of the Report Date	Compliance as of Report Date
Equity will be decreased to below 2.5 billion NIS, for two consecutive quarters.	7,500 Millions of NIS	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall not exceed 75% for two consecutive quarters.	38.9%	Meeting the condition
The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 16 for two consecutive quarters.	8.2	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall be no less than 20% for two consecutive quarters.	48.5%	Meeting the condition

Restrictions on the distribution of dividends in accordance with the to the debentures' (Series 25) deed of trust:

The Covenant	Ratio as of the Report Date	Compliance as of Report Date
Equity will be decreased to below 3.4 billion NIS.	7,500 Millions of NIS	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall not exceed 70%.	38.9%	Meeting the condition
The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 13.	8.2	Meeting the condition



## Appendix D

### Linkage Basis Report



## Appendix D

# Linkage Basis Report

Linkage basis report in accordance with June 30 2022 Consolidated Financial Statements:

	Section	US Dollar	Swiss	EUR	Canadian Dollar	CPI	Unlinked	Non-Financial	Total
	Thousands of NIS								
Assets	Cash and cash equivalents	16,080	20,771	40,010	11,287	-	481,429	-	569,577
	Short-term investments	-	-	59,713	-	-	20,381	-	80,094
	Trade receivables	917	390	6,290	2,835	-	28,167	-	38,599
	Receivables and debit balances	12,492	1,787	12,132	4,091	40,073	51,537	10,263	132,375
	Taxes receivable	150	449	498	29	38,963	-	-	40,089
	Deposits and long-term debit balances	-	-	-	245	29,549	-	-	29,794
	Investments in investees	-	-	19,415	-	-	8,502	360,048	387,965
	Assets held for sale	-	-	-	-	-	-	1,660	1,660
	Advance payments on account of investments in land	-	-	-	-	-	-	143,641	143,641
	Inventory of land for residential construction and apartments under construction	-	-	-	-	-	-	716,691	716,691
	Investment property	-	-	-	-	-	-	12,716,069	12,716,069
	Investment real estate under construction	-	-	-	-	-	-	1,069,469	1,069,469
	Fixed assets	-	-	-	-	-	-	158,167	158,167
	Intangible assets	-	-	-	-	-	-	19,630	19,630
	Deferred taxes	-	-	-	-	-	-	306	306
	<b>Total assets</b>	<b>29,639</b>	<b>23,397</b>	<b>138,058</b>	<b>18,487</b>	<b>108,585</b>	<b>590,016</b>	<b>15,195,944</b>	<b>16,104,126</b>
Liabilities	Trade payables	13	317	7,461	3,653	-	52,411	-	63,855
	Accounts payable and credit balances	3,148	1,444	10,904	813	15,782	111,335	31,632	175,058
	Taxes payable	-	-	7,384	-	-	2,839	-	10,223
	Loans from banking corporations including current maturities	54,734	173,408	15,249	39,331	482,603	478,761	-	1,244,086
	Other liabilities	54,795	-	-	234	-	57,508	-	112,537
	Debentures	-	-	-	-	5,026,778	259,673	-	5,286,451
	Tenant deposits	952	22	141	-	40,693	-	-	41,808
	Employee benefit liabilities, net	-	-	-	-	-	-	8,070	8,070
	Deferred taxes	-	-	-	-	-	-	1,677,291	1,677,291
	<b>Total liabilities</b>	<b>113,642</b>	<b>175,191</b>	<b>41,139</b>	<b>44,031</b>	<b>5,565,856</b>	<b>962,527</b>	<b>1,716,993</b>	<b>8,619,379</b>



# **Mivne Real Estate (K.D) Ltd.**

**(“The company”)**

**Annually financial statements - for the period  
ended June 30, 2022**

This is an English translation of the Hebrew consolidated Interim financial statements, that was published on August 15, 2022 (reference no.:2022-01-102949) (hereafter: “the Hebrew Version”).

This English version is only for convenience purposes. This is not an official translation and has no binding force. Whilst reasonable care and skill have been exercised in the preparation hereof, no translation can ever perfectly reflect the Hebrew Version. In the event of any discrepancy between the Hebrew Version and this translation, the Hebrew Version shall prevail.



Mivne Real Estate (K.D) Ltd.

Consolidated Interim Financial Statements

As of June 30 2022

Unaudited

Table of Contents

	<u>Page</u>
C.P.A. Review	2
Consolidated Financial Statements (unaudited):	
Consolidated Balance Sheets	3-4
Consolidated Statements of Profit or Loss	5
Consolidated Statements of Comprehensive Income	6
Consolidated Statements of Changes in Equity	7-11
Consolidated Cash Flow Reports	12-14
Notes to the Interim Consolidated Financial Statements	15-21

-----

## **Auditors' Report to Shareholders of Mivne Real Estate (K.D.) Ltd.**

### **Introduction**

We have reviewed the attached interim financial information on Mivne Real Estate (K.D.) Ltd. and its subsidiaries (hereinafter – the Group), which includes its Concise Consolidated Balance Sheet as of June 30 2022 and its Concise Consolidated Statements of Profit or Loss, Reports on Comprehensive Income, Changes in Equity and Cash Flows for the six and three-month periods ending that date. The Company's Board of Directors and management are responsible for the preparation and presentation of financial information for this interim period in accordance with International Accounting Standard 34 "Interim Financial Reporting", as well as for the preparation of financial information for these interim periods in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express our conclusions with regard to the financial information for these interim periods, based on our review.

We have not reviewed the concise interim financial information of recently consolidated companies the assets of which included in the consolidation constitute 13.3% of all consolidated assets as of June 30 2022, and revenues of which included in the consolidation constitute 14.27% and 11.45%, respectively, of all consolidated revenues for the nine and three month periods ending that date. Furthermore, we did not audit the concise interim financial information of companies presented according to the book value method, the investment in which amounted to a total of 169 million NIS as of June 30 2022, with the Group's share of the profits of the companies in question amounting to 1.8 million NIS and 237 million NIS in the six and three month periods ending that date, respectively. The concise interim financial statements of said companies have been reviewed by other accountants, the reports of whom have been provided us and our conclusion, inasmuch as it refers to financial information for the aforementioned companies, is based on the reviews conducted by these other accountants.

### **Scope of the Review**

We conducted our review in accordance with Review Standard (Israel) 2410 of the Israeli Institute of Certified Public Accountants, "Reviews of Financial Information for Interim Periods Prepared by the Entity's Auditor." A review of financial information for interim periods consists of inquiries, mainly from people responsible for finances and accounting, and from the application of analytical and other reviewing procedures. A review is significantly limited in scope relative to an audit conducted according to generally accepted Israeli auditing standards, and therefore does not allow us to achieve assurance that we have been made aware of all material issues that might have been identified in an audit. Accordingly, we are not expressing an audit-level opinion.

### **Conclusion**

Based on our review and on those of other accountants, nothing has come to our attention to make us believe that the financial information in question has not been prepared, in all material aspects, in accordance with IAS 34.

In addition to the previous paragraph, based on our review and on those of other accountants, nothing has come to our attention to make us believe that the financial information in question does not comply, in all material aspects, with disclosure regulations as per Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv,  
August 14 2022

Kost Forrer Gabbay & Kassirer  
Certified Public Accountants

**Concise Consolidated Balance Sheets**

	As of June 30		As of
	2022	2021	December 31
	Unaudited		Audited
	Thousands of NIS		
<u>Current Assets</u>			
Cash and cash equivalents	569,577	214,499	922,515
Short-Term Investments and Deposits	59,762	143,232	83,265
Limited cash and funds in trust	20,332	80,256	20,899
Trade receivables	38,599	39,939	28,391
Receivables and debit balances	132,375	94,973	121,596
Taxes receivable	40,089	15,258	22,697
Inventory of land, apartments and buildings for sale and under construction	464,939	410,937	424,709
	1,325,673	999,094	1,624,072
<u>Assets held for sale</u>	1,660	110,288	20,119
	1,327,333	1,109,382	1,644,191
<u>Non-Current Assets</u>			
Advance payments on account of investment property	143,641	192,667	190,522
Other receivables	29,794	27,745	31,148
Investments in companies handled using the book value method	387,965	281,110	367,459
Investment property	12,716,069	10,816,807	11,340,203
Investment property under development	1,069,469	533,304	722,908
Inventory of land for construction	251,752	16,654	249,763
Fixed assets, net	158,167	104,191	131,669
Intangible assets, net	19,630	27,128	19,630
Deferred taxes	306	241	312
	14,776,793	11,999,847	13,053,614
	16,104,126	13,109,229	14,697,805

The attached Notes constitute an inseparable part of these Consolidated Interim Financial Statements.



## Consolidated Balance Sheets

	As of June 30		As of
	2022	2021	December 31
	Unaudited		Audited
	Thousands of NIS		
<u>Current Liabilities</u>			
Credit from banks and credit providers	-	15,000	34,915
Current maturities of debentures	321,589	368,162	302,817
Current maturities of loans and other liabilities	61,546	391,881	313,825
Trade payables	63,855	52,687	41,463
Accounts payable and credit balances	173,351	171,782	138,250
Advance payments from buyers	1,707	38,336	4,578
Taxes payable	10,223	14,122	8,190
	632,271	1,051,970	844,038
<u>Non-Current Liabilities</u>			
Loans from banking corporations and financial institutions	1,182,540	831,555	1,110,347
Debentures	4,964,862	3,312,295	4,242,917
Other liabilities	112,537	100,675	102,829
Tenant deposits	41,808	38,835	38,543
Employee benefit liabilities	8,070	7,921	7,925
Deferred taxes	1,677,291	1,333,953	1,459,474
	7,987,108	5,625,234	6,962,035
<u>Equity Attributable to Company Shareholders</u>			
Share capital	1,499,999	1,526,222	1,495,852
Premium on Shares	3,515,622	3,716,971	3,500,029
Reserve from Share-Based Payment Transactions	20,391	20,286	22,271
Treasury shares	(393,227)	(641,127)	(393,227)
Retained earnings	3,007,000	2,012,711	2,458,783
Adjustments arising from the translation of the financial statements of foreign activity	129,101	99,358	97,080
Capital reserve from transactions with minority shareholders	(279,026)	(279,026)	(279,026)
	7,499,860	6,455,395	6,901,762
<u>Non-Controlling Interests</u>	(15,113)	(23,370)	(10,030)
<u>Total Equity</u>	7,484,747	6,432,025	6,891,732
	16,104,126	13,109,229	14,697,805

The attached Notes constitute an inseparable part of these Consolidated Interim Financial Statements.

August 14 2022			
Approval Date of the Financial Statements	Tal Fuhrer Chair of the Board of Directors	David Zvida Chief Executive Officer	Yossi Filiba Chief Financial Officer

**Consolidated Statements of Operations**

	For the 6 Months Ending June 30		For the 3 Months Ending June 30		For the Year Ending on December 31
	2022	2021	2022	2021	2021
	Unaudited				Audited
	Thousands of NIS (Except for Net Profit per Share Data)				
<u>Revenues</u>					
Rental and management fee income – Israel	420,034	375,121	212,040	192,408	780,782
Rental and management fee income – abroad	47,049	61,315	22,587	28,317	118,148
Sale of apartments and land	15,612	162,355	15,612	110,497	193,219
From management of buildings and infrastructure	112	251	38	96	400
From solar installations, net	5,076	3,007	2,714	1,994	6,105
From the sale of fuels, net	557	571	263	262	1,207
Total revenues	488,440	602,620	253,254	333,574	1,099,861
<u>Expenses</u>					
Maintenance expenses – Israel	85,831	78,786	39,496	40,244	173,483
Maintenance expenses – abroad	22,475	23,013	11,239	10,971	42,051
Cost of apartments and land sold	12,242	137,152	12,242	99,755	154,636
Total cost of sales and services	120,548	238,951	62,977	150,970	370,170
Gross profit	367,892	363,669	190,277	182,604	729,691
Increase in value of investment property and investment property under development, net	792,713	268,658	764,625	196,434	756,381
Sales and marketing expenses	3,973	2,753	939	1,594	7,771
Administrative and general expenses	40,664	41,435	20,305	20,670	81,195
Increase (decrease) in value of inventory of land for construction	-	-	-	-	(523)
Other revenues (expenses), net	(2,212)	11,224	(473)	12,514	29,200
Realization of capital reserve due to adjustments from the translation of financial statements for foreign activity	-	12,979	-	16,975	12,979
The Company's share of the profits (losses) of companies handled using the book value method, net	7,188	(135)	4,606	2,320	21,276
Operating profit	1,120,944	612,207	937,791	388,583	1,460,038
Financing expenses	226,451	127,952	127,753	97,251	296,153
Loss from early redemption of debentures and loans	2,359	13,903	2,359	-	13,903
Financing revenues	2,755	7,574	1,220	3,533	16,514
Profit before taxes on income	894,889	477,926	808,899	294,865	1,166,496
Taxes on income	209,780	84,839	190,252	52,475	211,449
Net profit	685,109	393,087	618,647	242,390	955,047
Attributed to:					
Company shareholders	683,217	390,708	617,563	241,220	941,780
Non-controlling interests	1,892	2,379	1,084	1,170	13,267
	685,109	393,087	618,647	242,390	955,047
<u>Profit per share attributed to company shareholders (in NIS)</u>					
Basic net income	0.85	0.53	0.77	0.32	1.24
Diluted net income	0.84	0.52	0.76	0.32	1.23

The attached Notes constitute an inseparable part of these Consolidated Interim Financial Statements.

## Consolidated Reports on Comprehensive Income

	For the 6 Months Ending June 30		For the 3 Months Ending June 30		For the Year Ending on December 31
	2022	2021	2022	2021	2021
	Unaudited				Audited
	Thousands of NIS				
Net profit	685,109	393,087	618,647	242,390	955,047
Other comprehensive income (after tax influence):					
<u>Sums restated to gain or loss under specific conditions:</u>					
Adjustments arising from the translation of the financial statements of foreign activity	26,340	5,732	17,840	5,966	5,905
Realization of capital reserve to Statement of Operations due to foreign activity	-	(12,979)	-	(16,975)	(12,979)
	26,340	(7,247)	17,840	(11,009)	(7,074)
<u>Items not reclassified to gain/loss:</u>					
Profit due to investment in financial asset measured at fair value via other comprehensive income	-	15,235	-	12,341	15,235
	-	15,235	-	12,341	15,235
Total other comprehensive income	26,340	7,988	17,840	1,332	8,161
Total comprehensive income	711,449	401,075	636,487	243,722	963,208
Attributed to:					
Company shareholders	715,238	400,358	640,112	242,691	949,152
Non-controlling interests	(3,789)	717	(3,625)	1,031	14,056
	711,449	401,075	636,487	243,722	963,208

The attached Notes constitute an inseparable part of these Consolidated Interim Financial Statements.

## Consolidated Reports on Changes in Equity

	Attributed to Company shareholders									
					Reserve from Share-Based Payment Transactions	Adjustments from the Translation of Financial Statements of Foreign Activity and Other Funds	Capital Reserve from Transactions with Non-Controlling Interests		Non-Controlling Interests	Total Capital
	Stock Capital	Premium on Shares	Treasury Shares	Retained Earnings				Total		

The attached Notes constitute an inseparable part of these Consolidated Interim Financial Statements.

**Consolidated Statements of Changes in Equity**

	Attributed to Company shareholders											
	Stock Capital	Premium on Shares	Call Options	Capital reserve due to financial assets measured at fair value via other comprehensive income:	Treasury Shares	Retained Earnings	Reserve from Share-Based Payment Transactions	Adjustments from the Translation of Financial Statements of Foreign Activity and Other Funds	Capital Reserve from Transactions with Non-Controlling Interests	Total	Non-Controlling Interests	Total Capital
	Unaudited											
	Thousands of NIS											
Balance as of January 1 2021 (Audited)	1,515,298	3,634,931	14,456	(11,526)	(641,127)	1,718,294	17,122	104,943	(279,026)	6,073,365	(11,367)	6,061,998
Net profit	-	-	-	-	-	390,708	-	-	-	390,708	2,379	393,087
Realization of capital reserve to Statement of Operations	-	-	-	-	-	-	-	(12,979)	-	(12,979)	-	(12,979)
Other comprehensive income (loss)	-	-	-	15,235	-	-	-	7,394	-	22,629	(1,662)	20,967
Total comprehensive income (loss)	-	-	-	15,235	-	390,708	-	(5,585)	-	400,358	717	401,075
Departure from consolidation by consolidated company	-	-	-	-	-	-	-	-	-	-	(10,639)	(10,639)
Classification of capital reserve upon realization of securities	-	-	-	(3,709)	-	3,709	-	-	-	-	-	-
Exercise of employee options	54	396	-	-	-	-	(450)	-	-	-	-	-
Stock offering	10,870	81,644	(14,456)	-	-	-	-	-	-	78,058	-	78,058
Dividend to Company shareholders	-	-	-	-	-	(100,000)	-	-	-	(100,000)	-	(100,000)
Dividends to non-controlling interest holders	-	-	-	-	-	-	-	-	-	-	(2,081)	(2,081)
Share-based payment	-	-	-	-	-	-	3,614	-	-	3,614	-	3,614
Balance as of June 30 2021	1,526,222	3,716,971	-	-	(641,127)	2,012,711	20,286	99,358	(279,026)	6,455,395	(23,370)	6,432,025

The attached Notes constitute an inseparable part of these Consolidated Interim Financial Statements.



## Consolidated Reports on Changes in Equity

	Attributed to Company shareholders							Total	Non-Controlling Interests	Total Capital
	Stock Capital	Premium on Shares	Treasury Shares	Retained Earnings	Reserve from Share-Based Payment Transactions	Adjustments from the Translation of Financial Statements of Foreign Activity and Other Funds	Capital Reserve from Transactions with Non-Controlling Interests			
	Unaudited Thousands of NIS									
<u>Balance as of April 1 2022</u>	1,499,999	3,515,622	(393,227)	2,449,437	19,576	106,552	(279,026)	6,918,933	(10,194)	6,908,739
Net profit	-	-	-	617,563	-	-	-	617,563	1,084	618,647
Other comprehensive income (loss)	-	-	-	-	-	22,549	-	22,549	(4,709)	17,840
Total comprehensive income (loss)	-	-	-	617,563	-	22,549	-	640,112	(3,625)	636,487
Dividend to Company shareholders	-	-	-	(60,000)	-	-	-	(60,000)	-	(60,000)
Dividends to non-controlling interest holders	-	-	-	-	-	-	-	-	(1,294)	(1,294)
Share-based payment	-	-	-	-	815	-	-	815	-	815
<u>Balance as of June 30 2022</u>	<u>1,499,999</u>	<u>3,515,622</u>	<u>(393,227)</u>	<u>3,007,000</u>	<u>20,391</u>	<u>129,101</u>	<u>(279,026)</u>	<u>7,499,860</u>	<u>(15,113)</u>	<u>7,484,747</u>

The attached Notes constitute an inseparable part of these Consolidated Interim Financial Statements.

## Consolidated Reports on Changes in Equity

	Attributed to Company shareholders											
	Stock Capital	Premium on Shares	Call Options	Capital reserve due to financial assets measured at fair value via other comprehensive income:	Treasury Shares	Retained Earnings	Reserve from Share-Based Payment Transactions	Adjustments from the Translation of Financial Statements of Foreign Activity and Other Funds	Capital Reserve from Transactions with Non-Controlling Interests	Total	Non-Controlling Interests	Total Capital
Unaudited												
Thousands of NIS												
Balance as of April 1 2021	1,515,298	3,634,931	14,456	(8,632)	(641,127)	1,817,782	19,083	110,228	(279,026)	6,182,993	(22,320)	6,160,673
Net profit	-	-	-	-	-	241,220	-	-	-	241,220	1,170	242,390
Realization of capital reserve to Statement of Operations	-	-	-	-	-	-	-	(16,975)	-	(16,975)	-	(16,975)
Other comprehensive income (loss)	-	-	-	12,341	-	-	-	6,105	-	18,446	(139)	18,307
Total comprehensive income (loss)	-	-	-	12,341	-	241,220	-	(10,870)	-	242,691	1,031	243,722
Classification of capital reserve upon realization of securities	-	-	-	(3,709)	-	3,709	-	-	-	-	-	-
Exercise of employee options	54	396	-	-	-	-	(450)	-	-	-	-	-
Stock offering	10,870	81,644	(14,456)	-	-	-	-	-	-	78,058	-	78,058
Dividend to Company shareholders	-	-	-	-	-	(50,000)	-	-	-	(50,000)	-	(50,000)
Dividends to non-controlling interest holders	-	-	-	-	-	-	-	-	-	-	(2,081)	(2,081)
Share-based payment	-	-	-	-	-	-	1,653	-	-	1,653	-	1,653
Balance as of June 30 2021	1,526,222	3,716,971	-	-	(641,127)	2,012,711	20,286	99,358	(279,026)	6,455,395	(23,370)	6,432,025

The attached Notes constitute an inseparable part of the Interim Consolidated Financial Statements.

## Consolidated Reports on Changes in Equity

	Attributed to Company shareholders											
	Audited											
	Thousands of NIS											
	Stock Capital	Premium on Shares	Buy options	Capital Reserve of Securities Available for Sale	Treasury Shares	Retained Earnings	Reserve from Share-Based Payment Transactions	Adjustments from the Translation of Financial Statements of Foreign Activity and Other Funds	Capital Reserve from Transactions with Non-Controlling Interests	Total	Non-Controlling Interests	Total Capital
<u>Balance as of January 1 2021</u>	1,515,298	3,634,931	14,456	(11,526)	(641,127)	1,718,294	17,122	104,943	(279,026)	6,073,365	(11,367)	6,061,998
Net profit	-	-	-	-	-	941,780	-	-	-	941,780	13,267	955,047
Other comprehensive income (loss)	-	-	-	15,235	-	-	-	(7,863)	-	7,372	789	8,161
Total comprehensive income (loss)	-	-	-	15,235	-	941,780	-	(7,863)	-	949,152	14,056	963,208
Writing off treasury shares	(30,530)	(217,370)	-	-	247,900	-	-	-	-	-	-	-
Issue of shares, net of transaction costs	10,870	81,644	(14,456)	-	-	-	-	-	-	78,058	-	78,058
Departure from consolidation by consolidated company	-	-	-	-	-	-	-	-	-	-	(10,639)	(10,639)
Classification of capital reserve upon realization of securities	-	-	-	(3,709)	-	3,709	-	-	-	-	-	-
Dividends paid Company shareholders	-	-	-	-	-	(205,000)	-	-	-	(205,000)	-	(205,000)
Dividends paid holders of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,080)	(2,080)
Exercise of employee options	214	824	-	-	-	-	(1,038)	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	6,187	-	-	6,187	-	6,187
<u>Balance as of December 31 2021</u>	<u>1,495,852</u>	<u>3,500,029</u>	<u>-</u>	<u>-</u>	<u>(393,227)</u>	<u>2,458,783</u>	<u>22,271</u>	<u>97,080</u>	<u>(279,026)</u>	<u>6,901,762</u>	<u>(10,030)</u>	<u>6,891,732</u>

The attached Notes constitute an inseparable part of these Consolidated Interim Financial Statements.

## Consolidated Cash Flow Reports

	For the 6 Months Ending June 30		For the 3 Months Ending June 30		For the Year Ending on December 31
	2022	2021	2022	2021	2021
	Unaudited				Audited
	Thousands of NIS				
<b>Cash Flows from Current Activity</b>					
Net profit	685,109	393,087	618,647	242,390	955,047
Adjustments required to present cash flows from current activities					
Adjustments to profit or loss items:					
Depreciation and amortizations	3,386	2,328	1,737	1,148	12,942
Loss (profit) from short-term investments, net	25,792	(7,570)	17,315	(6,109)	(3,804)
Increase in fair value of investment property and investment property under development, net	(792,713)	(268,658)	(764,625)	(196,434)	(756,381)
The Group's share of losses (profits) of associates handled using the book value method, net	(7,188)	135	(4,606)	(2,320)	(21,276)
Interest and revaluation of debentures and loans	245,243	116,270	139,849	76,383	245,043
Change in employee benefit liabilities, net	145	140	57	83	144
Interest and revaluation of deposits and debit balances	(47,339)	11,677	(30,631)	23,443	38,400
Taxes on income	209,780	84,839	190,252	52,475	211,449
Loss from the impairment of inventory of land for construction and inventory of buildings and apartments for sale	-	-	-	-	523
Realization of capital reserve from translation differences to Statement of Operations	-	(12,979)	-	(16,975)	(12,979)
Change in fair value of call options measured at fair value	3,624	-	3,203	-	(39,813)
Loss from early redemption of debentures and loans	2,359	13,903	2,359	-	13,903
Share-based payment	1,800	3,614	815	1,653	6,187
	(355,111)	(56,301)	(444,275)	(66,653)	(305,662)
Changes in asset and liability items:					
Decrease (increase) in trade receivables	(9,793)	10,092	(1,009)	9,620	20,573
Decrease (increase) in other receivables	33,308	33,052	80,795	(8,740)	17,015
Increase in trade liabilities	21,977	18,439	1,330	18,921	7,846
Decrease in payables, credit balances and liabilities due to contract	(2,570)	(52,874)	(21,980)	(44,837)	(14,103)
Increase in tenant security deposits	3,146	1,438	1,252	1,481	1,195
	46,068	10,147	60,388	(23,555)	32,526
Cash paid and received during the reported period for:					
Interest paid	(81,695)	(78,668)	(54,727)	(56,086)	(179,814)
Interest received	1,181	3,815	532	1,164	8,729
Taxes paid	(30,801)	(21,138)	(11,500)	(5,298)	(19,906)
Taxes received	2,182	11,389	2,182	9,675	12,412
Dividends received	226	6,832	68	6,832	8,851
	(108,907)	(77,770)	(63,445)	(43,713)	(169,728)
Net cash deriving from current activity before a decrease in inventory of apartments and houses for sale under construction, land for sale and inventory of land for construction.	267,159	269,163	171,315	108,469	512,183
Decrease (increase) in inventory of apartments and houses for sale under construction, land for sale and inventory of land for construction.	(41,385)	149,405	(22,805)	129,421	(108,870)
Net cash deriving from current activity	225,774	418,568	148,510	237,890	403,313

The attached Notes constitute an inseparable part of these Consolidated Interim Financial Statements.

**Consolidated Cash Flow Reports**

	For the 6 Months Ending June 30		For the 3 Months Ending June 30		For the Year Ending on December 31
	2022	2021	2022	2021	2021
	Unaudited				Audited
	Thousands of NIS				
<u>Cash Flows from Investment Activity</u>					
Purchases, advance payments and investments in investment property	(669,927)	(283,584)	(59,586)	(225,638)	(518,840)
Investment in investment property under development	(108,972)	(58,641)	(54,367)	(39,786)	(145,096)
Investment in property, plant and equipment	(23,733)	(23,416)	(7,844)	(12,987)	(54,145)
Investment and loans to companies handled using the book value method, net	(22,098)	(2,400)	(17,297)	-	(87,492)
Yield from the sale of short-term investments, net	591	25,236	4,237	68,834	83,078
Proceeds from the realization of investment property and real estate held for sale	38,076	109,407	4,365	36,554	186,543
Proceeds from the sale of shares and redemption of shareholder loans of investee sold	-	-	-	-	18,456
Repayment of long-term loans granted, net	1,670	-	424	-	16,003
Repayment of long-term deposits	-	-	-	-	45,815
Net cash paid for a company consolidated for the first time (b)	(9,916)	-	(9,916)	-	-
Proceeds from the realization of investment in subsidiary consolidated in the past, net (a)	-	55,695	-	42,056	55,695
Net cash used for investment activity	(794,309)	(177,703)	(139,984)	(130,967)	(399,983)
<u>Cash Flows from Financing Activity</u>					
Exercise of options	16,059	-	-	-	-
Issue of shares, net of transaction costs	-	78,058	-	78,058	78,058
Dividends paid Company shareholders	(135,000)	(100,000)	(135,000)	(100,000)	(205,000)
Proceeds from the issue of debentures, net of transaction costs	780,493	-	-	-	1,030,566
Redemption of debentures	(171,743)	(414,581)	(147,879)	(143,682)	(605,875)
Short-term credit from banking corporations and others, net	(46,915)	(12,500)	(70)	-	7,415
Receipt of loans from banks and other long-term liabilities	20,800	34,800	-	10,400	458,570
Repayment of loans from banks and other long-term liabilities	(252,157)	(40,540)	(235,427)	(20,896)	(266,544)
Dividend paid to holders of non-controlling interests	(1,294)	(2,081)	(1,294)	(2,081)	(2,080)
Net cash deriving from (used in) financing activity	210,243	(456,844)	(519,670)	(178,201)	495,110
<u>Increase (decrease) in cash and cash equivalents</u>	(358,292)	(215,979)	(511,144)	(71,278)	498,440
<u>Exchange rate differences due to balances of cash and cash equivalents</u>	5,354	(1,228)	4,559	(330)	(7,631)
<u>Balance of cash and cash equivalents at the beginning of the period</u>	922,515	431,706	1,076,162	286,107	431,706
<u>Cash and cash equivalents balance at the end of the period</u>	569,577	214,499	569,577	214,499	922,515

The attached Notes constitute an inseparable part of these Consolidated Interim Financial Statements.



**Consolidated Cash Flow Reports**

	For the 6 Months Ending June 30		For the 3 Months Ending June 30		For the Year Ending on December 31
	2022	2021	2022	2021	2021
	Unaudited				Audited
	Thousands of NIS				
(a) <u>Net Cash from the Realization of Investments in Subsidiaries Consolidated in the Past</u>					
Assets and liabilities of subsidiaries as of the date of sale:					
Working capital	-	(3,427)	-	(140)	(3,693)
Investment property and investment property under construction	-	70,305	-	42,740	70,305
Non-controlling interests	-	(10,639)	-	-	(10,639)
Profit from divestment	-	-	-	-	(278)
Capital loss	-	(544)	-	(544)	-
	-	55,695	-	42,056	55,695
(b) <u>Net cash paid for a company consolidated for the first time</u>					
Working capital	12,490	-	12,490	-	-
Investment property and investment property under construction	(30,393)	-	(30,393)	-	-
Long-term liabilities	7,987	-	7,987	-	-
	(9,916)	-	(9,916)	-	-

The attached Notes constitute an inseparable part of the Interim Consolidated Financial Statements.

## Notes to the Interim Consolidated Financial Statements

---

### Note 1: - General

- a. These Financial Statements have been prepared in a concise format as of June 30 2022 and for the six and three month periods ending that date (hereinafter – Interim Consolidated Financial Statements). These Statements should be read in conjunction with of the Company's Annual Financial Statements as of December 31 2021 and for the year ending that date and accompanying Notes (hereinafter – the Annual Consolidated Financial Statements).

- b. Implications of the War Between Russia and Ukraine

War broke out between Russia and Ukraine in February 2022. As of the date of the Consolidated Interim Financial Statements, the war has caused, and is continuing to cause, significant casualties, damage to infrastructure and to buildings and disruptions to economic activity in Ukraine.

The Company has a property in Kiev, Ukraine that due to the war, the Company updated its valuation over the course of the reported period via an independent outside appraiser. As a result, the Company recognized an impairment loss in the first quarter of 2022 to the sum of 45 million NIS. The value of the property as of June 30 2022 amounts to \$73 million (256 million NIS). The Company's revenues from rental and management fees for this property in the six-month period ending June 30 2022 amounted to a total of 12 million NIS compared to a total of 19 million NIS in the corresponding period last year.

### Note 2: – Principal Accounting Policies

- a. Basis of Preparation of the Interim Consolidated Financial Statements

These Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as well as in accordance with disclosure requirements as per Chapter D of the Securities Regulations (Periodic and Immediate Reports) 1970.

The accounting policy applied in the preparation of the Consolidated Interim Financial Statements is consistent with that used in the preparation of the Consolidated Yearly Financial Statements, except as described below:

- a. Initial adoption of amendments to existing financial reporting and accounting standards:

1. Revisions to IFRS 9, IFRS 7, IFRS 16, IFRS 4 and IFRS 39 on the Reform in IBOR Interest Rates

In August 2020 the IASB published amendments to IFRS 9 Financial Instruments, to IFRS 7 Financial Instruments: Disclosures, to IAS 39 Financial Instruments: Recognition and Measurement, to IFRS 4 Insurance Contracts and IFRS 16 Leases (hereinafter – “the Amendments”).

The Amendments provide practical relief dealing with the impact of accounting treatment of the Financial Statements when the benchmark interest rates (IBORs – Interbank Offered Rates) are replaced with risk-free interest rates (RFRs).

In accordance with one of the practical reliefs, the Company will handle contractual amendments or amendments to cash flows directly required as a result of implementation of the reform similar to the accounting treatment of changes in variable interest rates. In other words, a company needs to recognize the changes in interest rates by adjusting the effective interest rate without altering the book value of the financial instrument. Use of this practical relief is dependent on the fact that the change from IBOR to RFR occurs on the basis of equal economic conditions. In addition, the Amendments allow the changes required by the IBOR reform to be made to the designation of the hedging and the documentation without halting the hedging relationships when certain conditions are met. Pursuant to the Amendments, a temporary practical relief was also given in connection with the implementation of hedge accounting pertaining to identifying the hedged risk as “identifiable separately.”

## Notes to the Interim Consolidated Financial Statements

Note 2: – Principal Accounting Policies (Continued)

Pursuant to the Amendments, disclosure requirements were added in connection with the impact of the expected reform on the Company's Financial Statements including reference to the manner in which the Company manages implementation of the interest reform, the risks it is exposed to as a result of the expected reform and quantitative disclosures pertaining to financial instruments at IBOR interest rates expected to change.

The above revisions were not expected to have a material impact on the Company's Interim Financial Statements.

2. Revision to IAS 12 Taxes on Income

In May 2021 the IASB published an amendment to International Accounting Standard 12 Taxes on Income (hereinafter: "IAS 12" or "the Standards"), which reduces the incidence of the "initial recognition exclusion" of the deferred taxes presented in Sections 15 and 24 of IAS 12 (hereinafter: "the Amendment").

Pursuant to the guidelines on recognizing deferred tax assets and liabilities, IAS 12 excludes recognition of deferred tax asset and liabilities for certain temporary differences deriving from initial recognition of assets and liabilities in certain transactions. This exclusion is called the "initial recognition exclusion". The Amendment reduces the incidence of the "initial recognition exclusion" and clarifies that it does not apply to recognition of deferred tax assets and liabilities deriving from a transaction that is not a business compilation and due to which temporary differences were created equal in terms of credit and debit even if they meet the remaining conditions of the exclusion.

The Amendment shall be applied to yearly reporting periods starting January 1 2023 or subsequently. Early implementation is possible. Regarding lease agreements and recognition of liabilities due to disassembly and renovation – the Amendment will be implemented starting from the start of the earliest reporting period presented in the Financial Statements in which the amendment was implemented for the first time, while charging the cumulative impact of the first-time implementation to the surpluses opening balance (or some other capital component, as relevant) as of this date.

The Company estimates that the above revision will not have a material impact on the Company's Financial Statements.

b. The following is data pertaining to the exchange rates of principal currencies in the countries in which the Group operates and the Consumer Price Index:

<u>Rate of Change during the Period</u>	<u>The Consumer Price Index</u>					
	<u>Israel (*)</u>					
	<u>Actual</u>	<u>Known</u>	<u>US Dollar</u>	<u>Euro</u>	<u>Canadian Dollar</u>	<u>Swiss Franc</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
30.6.2022						
(6 months)	3.22	3.13	12.5	3.3	10.8	7.2
30.6.2022						
(3 months)	1.73	1.93	10.2	3.2	6.8	6.3
June 30 2021						
(6 months)	1.6	1.4	1.4	(1.8)	4.3	(3.2)
June 30 2021						
(3 months)	0.8	1.3	(2.2)	(1.0)	(0.6)	(0.2)
December 31, 2021	2.8	2.4	(3.3)	(10.7)	(3.1)	(6.7)
	<u>CPI (in points)</u>		<u>Representative rate of exchange (in NIS)</u>			
30.6.2022	140.74	140.21	3.5	3.636	2.707	3.650
June 30 2021	134.76	134.63	3.26	3.875	2.629	3.532
December 31, 2021	136.3	136.0	3.110	3.520	2.442	3.405

(\*) CPI according to average base of 2000 = 100.

## Notes to the Interim Consolidated Financial Statements

Note 3: – Concise Darban Data

The following is a summary of the financial data of Darban, the shares of which are pledged to the holders of Company debentures (Series 24):

a. Consolidated Balance Sheets

	As of June 30		As of
	2022	2021	December 31
	Unaudited		Audited
	Thousands of NIS		
<u>Current Assets</u>			
Cash and cash equivalents	4,771	9,715	7,755
Investments in financial assets	59,714	97,095	83,217
Current maturities of long-term deposits	-	45,815	-
Others	8,985	17,455	9,842
	<u>73,470</u>	<u>170,080</u>	<u>100,814</u>
Assets held for sale	-	-	15,840
	<u>73,470</u>	<u>170,080</u>	<u>116,654</u>
<u>Non-Current Assets</u>			
Investment in shares of parent company	492,018	842,593	647,953
Investments in associates handled using the book value method	143,585	131,421	145,347
Investment property	1,038,733	987,558	986,218
Others	2,970	4,653	4,397
	<u>1,677,306</u>	<u>1,966,225</u>	<u>1,783,915</u>
	<u>1,750,776</u>	<u>2,136,305</u>	<u>1,900,569</u>
<u>Current Liabilities</u>			
Accounts payable and credit balances	11,663	22,046	10,183
Current maturities of long-term loans	9,965	24,539	9,662
Current maturities of loan from parent company	8,154	37,690	14,601
Others	3,650	7,611	5,062
	<u>33,432</u>	<u>91,886</u>	<u>39,508</u>
<u>Non-Current Liabilities</u>			
Long-term loans from financial institutions	157,576	160,889	157,624
Loan from parent company	-	73,642	45,329
Other long-term liabilities	15,000	15,000	15,000
Deferred taxes	166,540	175,622	155,745
	<u>339,116</u>	<u>425,153</u>	<u>373,698</u>
Total Equity	<u>1,378,228</u>	<u>1,619,266</u>	<u>1,487,363</u>
	<u>1,750,776</u>	<u>2,136,305</u>	<u>1,900,569</u>

## Notes to the Interim Consolidated Financial Statements

Note 3: – Concise Darban Data (Continued)b. Consolidated Statements of Operations

	For the 6 Months Ending June 30		For the 3 Months Ending June 30		For the Year Ending on December 31
	2022	2021	2022	2021	2021
	Unaudited				Audited
	Thousands of NIS				
<u>Revenues</u>					
From building rental, management and maintenance in Israel	38,291	34,507	19,358	17,028	70,890
From building rental, management and maintenance abroad and others	-	1,471	-	446	2,336
Total revenues	38,291	35,978	19,358	17,474	73,226
<u>Costs</u>					
Cost of building management and maintenance	5,042	4,624	3,008	2,281	9,403
Gross profit	33,249	31,354	16,350	15,193	63,823
Net increase in fair value of investment property	51,486	38,901	51,486	39,411	53,405
Administrative and general and sales and marketing expenses	5,074	5,586	1,896	2,383	11,419
The Group's share of profits (losses) of associates treated according to the book value method	(4,697)	5,757	2,047	3,463	25,442
Realization of capital reserve due to adjustments from the translation of financial statements for foreign activity	-	(3,996)	-	-	(3,996)
Other revenues	-	-	-	-	-
Profits from regular activities	74,964	66,430	67,987	55,684	127,255
Financing revenues (expenses), net	(15,296)	13,591	(9,995)	6,086	4,690
Profit from the realization of consolidated companies and an investee according to the book value method	-	373	-	-	373
Profit after financing	59,668	80,394	57,992	61,770	132,318
Tax expenses	15,049	12,329	13,070	10,359	20,915
Net profit	44,619	68,065	44,922	51,411	111,403
Attributed to:					
Company shareholders	44,640	67,938	44,935	51,391	111,289
Non-controlling interests	(21)	127	(13)	20	114
	44,619	68,065	44,922	51,411	111,403



## Notes to the Interim Consolidated Financial Statements

Note 3: – Concise Darban Data (Continued)

c. Consolidated Cash Flow Reports

	For the 6 Months Ending June 30		For the 3 Months Ending June 30		For the Year Ending on December 31
	2022	2021	2022	2021	2021
	Unaudited				Audited
	Thousands of NIS				
Net cash deriving from current activity	27,668	36,390	14,073	27,842	65,520
Net cash deriving from (used for) investment activity	17,228	(50,355)	(272)	(62,938)	(3,344)
Net cash deriving from (used in) financing activity	(48,385)	17,179	(18,434)	24,828	(60,568)
Translation differences due to cash balances held in foreign currency	485	(5)	93	(781)	(359)
Increase (decrease) in cash and cash equivalents	(3,004)	3,209	(4,540)	(11,049)	1,249
Balance of cash and cash equivalent balance at start of year	7,775	6,506	9,311	20,764	6,506
Balance of cash and cash equivalents at the end of the year	4,771	9,715	4,771	9,715	7,755

## Notes to the Interim Consolidated Financial Statements

### Note 4: - Material Events During and Subsequent to the Reported Period

- a. On January 17 2022 the Company CEO, Mr. David Zvida, exercised 3,870,000 options as 3,870,000 regular Company shares worth 1 NIS NV each.
- b. On February 10 2022 the Company completed a transaction with Bank Mizrahi Tefahot Ltd., Netzivim Assets and Equipment Ltd., Israel Union Bank Ltd. and Egudim Ltd. (hereinafter each of these – a Seller and hereinafter together – the Sellers) for the purchase of the full rights of the sellers to 24 cash-generating land properties throughout Israel with different zoning, including offices and commercial, and including the Israel Union Bank Ltd. management building on Achuzat Bayit Street in Tel Aviv-Yafo, an office building on Lincoln Street in Tel Aviv-Yafo, the main Tel Aviv branch of Union Bank on Echad Ha'am Street in Tel Aviv, and a number of properties in the Bursa Compound in Ramat Gan (all 24 purchased properties shall hereby be referred to together as the Properties).  
The proceeds paid by the Company for the purchase of the rights to the properties amounted to a total of 531.6 million NIS plus VAT (hereinafter - the Proceeds). 23 of the 24 properties were rented out by the Company to one of the sellers for variable periods of time starting February 2022 in accordance with rental agreements signed between the Company and the relevant seller regarding each property.
- c. On March 17 2022 the Company's Board of Directors approved a distribution of dividends to the sum of 79.8 million NIS (of this a sum of 4.8 million NIS was distributed to Darban Investments Ltd, a fully owned subsidiary holding Company shares (hereinafter – Darban)). The dividend per share is 0.099 NIS.  
On the same occasion, the Company Board of Directors decided on a dividend distribution policy for 2022 according to which a total of 240 million NIS will be distributed (net, without Darban's share) from the Company's profits but not exceeding 50% of the Company's total yearly FFO, all subject to a specific decision by the Board of Directors before each distribution after examination of the distribution tests set in law.  
On May 22, 2022 the Company's Board of Directors approved a distribution of dividends to the sum of 68.3 million NIS (of this a sum of 3.8 million NIS would be distributed to Darban). The dividend per share is 0.07949 NIS.  
On August 14 2022 the Company's Board of Directors approved a distribution of dividends to the sum of 62.5 million NIS (of this a sum of 2.5 million NIS would be distributed to Darban). The dividend per share is 0.07949 NIS.
- d. On March 27 2022 the Company issued debentures (Series 20 and 23) by way of expansion.  
The debentures (Series 20) – 530,610,000 NIS NV were issued, in return for a total of 645 million NIS. The effective yearly interest embodied in the offering is 0.31%.  
The debentures (Series 23) – 118,732,000 NIS NV were issued, in return for a total of 141 million NIS. The effective yearly interest embodied in the offering is -0.97%.
- e. On March 31 2022 the Company entered into an agreement with Yad Hanna Homesh Community Cooperative Village – Agricultural Cooperative Association Ltd. (hereinafter: Yad-Hanna) and Hutzot Shefayim – Agricultural Cooperative Association Ltd. (hereinafter – Shefayim) (Shefayim and Yad Hanna are hereby together – the Sellers) to purchase shares of Yad Hanna Homesh Industries – Agricultural Cooperative Association Ltd. (hereinafter – the Association) with existing and potential rights to parts of the land in Block 8634 and Block 8635 and additional land around them (hereinafter – the Land) with a total area of 10 hectares, in such a manner that on the date of the transaction's completion, the Company will hold shares constituting 50% of the issued and paid-up stock capital of the Association (fully diluted) and will join the Association as a member (hereinafter – the Purchase Agreement). In accordance with the plan applicable to part of the Land, the use permitted for them today is for industry, including storage. The Association intends to engage in planning and advancing a project for the construction of a cash-generating employment compounds on the Land. The purchase agreement was stipulated on the following preconditions: the approval of the Antitrust Commissioner, the approval of the ILA, the approval of the certified organs at the Sellers and the Company and the receipt of approval from any third parties as needed. The proceeds for the shares sold amount to a total of 140 million NIS, plus VAT. In addition, the Company provided the Association a capital note to the sum of 43 million NIS.  
On July 19 2022 all of the preconditions were met for the completion of the “Yad Hannah” transaction and accordingly, the parties completed the transaction on the same day.

## Notes to the Interim Consolidated Financial Statements

Note 4: - Material Events During and Subsequent to the Reported Period (Continued)

- f. On April 27 2022 the protocol of the committee approving the decision of the Local Committee for Planning and Construction Tel Aviv-Yafo from March 23 2022, on the deposit of Plan no. 507-0892091 "TA/MK/4974 – Ayalon Region" was approved, subject to fulfilling certain conditions (hereinafter – the Plan) regarding part of Parcel 64 in Block 7069, located between Yigal Alon Street west of the Bitzron Neighborhood, Aminadav Street on the south and Meitav Street on the east (hereinafter – the Land), which is held by the Company via capitalized lease.
- The plan, as approved by the Local Committee, includes the construction of three buildings: a 47-story residential building, two 47-story employment buildings, and an additional employment structure of the "Mashbir Hamerkazi" building regarding which the plan has established it as a building for preservation. The Plan area includes 1.3 hectares from the construction rights utilization, as follows:
- Construction rights for housing – 41,600 m<sup>2</sup> primary area (constituting 400 housing units).
  - Construction rights for commerce and employment: some 125,000 m<sup>2</sup>.
- Approval of the plan is subject to the approval of the legally certified planning authorities.
- g. On May 24 2022 the Company announced that it had received a permit from the Securities Authority to published a shelf prospectus according to which securities could be issued, in effect until May 25 2024.
- h. On June 13 2022, the Company, through a partnership fully owned by the Company, engaged with a company fully-owned (indirectly) by U.S. RIT company Digital Realty Trust ("DLR" and together: "the Parties") in a number of agreements for the establishment and management of a limited partnership that will be held by the parties in equal shares and operate under the name Digital Realty Mivne ("the Partnership"), key of which are as follows:
- The Partnership will act to purchase, establish, manage, finance, develop and rent data centers throughout Israel ("the Data Center Activity").
  - All of the parties' Data Center Activity in Israel shall be carried out through the Partnership only.
  - Both of the parties must inject capital to the Partnership to the sum of up to \$50 million in accordance with the board of directors of the General Partner ("the Initial Investment"). Additional financing of the activity will be carried out via outside financing, shareholder loans or additional capital injections by the parties, with dilution mechanisms set that will apply in the event that a decision is made by the board of directors of the General Partner to make an additional investment by the Parties (beyond the Initial Investment)), and one of the Parties has not provided their share.
  - So long as the Parties hold equal rights in the General Partner, the Board of Directors of the General Partner shall be comprised of an equal number of representatives for each of the parties, with the Chairman of the Board of Directors being a director on behalf of DLR and holding the deciding vote in the event of a tie in a vote except for subjects in which a special majority is needed, such as regarding certain changes in the articles of association of the Partnership or the General Partner, an initial public offering and sale of activity, expansion of the Partnership's areas of activity beyond Data Center Activity, offering, buying back, cancelling or redeeming shares or rights of the Partnership or the General Partner not in accordance with the terms of the agreement, changing the representation mechanism in the Board of Directors, long-term purchases or rentals of a material asset and approval of a budget or a deviation from the budget unless carried out within the framework of "permitted projects", voluntary dissolution of the General Partner or the Partnership, appointment or dismissal of senior officers, receipt of outside financing above the threshold set and interested party transactions.
  - Within the framework of the Data Centers Activity, the Partnership shall consider buying, renting and/or building on land and/or of suitable buildings in Israel for the activity in question, including (but not limited to) buildings owned or leased by the parties and/or related parties. In this regard, each party undertook to grant (or lead to the controlling company granting) the Partnership the first vote regarding renting such properties, so long as the purpose of their use is for Data Center Activity, as detailed in the agreement.
  - The agreements in question include additional generally accepted preconditions including mechanisms held by the Parties regarding the allocation of shares and rights to the General Partner and the Partnership, rights of refusal and joining rights in the event of a sale of shares or rights as noted above, and prohibition on the sale of such shares and rights for a period of seven years from the determining date.
  - When five years pass from the determining date, the Parties (subject to the terms of the agreement) shall be entitled to initiate the activation of a forced sales mechanism of the rights to the Partnership and the General Partner.
- i. On July 10 2022 Darban distributed as dividend in kind 16,525,024 NV company shares held by it at a value of 175 million NIS, based on the value of the shares on the distribution date. After the distribution, the number of dormant shares for voting purposes, held by Darban, was 31,901,921 NV shares and the number of dormant shares held by the Company was 47,054,553 NV shares. On July 12 2022 the Company deleted the dormant shares in question in its possession.