



Mivne Real Estate (K.D) Ltd.

(“The company”)

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

As of September 30th, 2022

This is an English translation of the Hebrew consolidated Interim financial statements, that was published on November 22, 2022 (reference no.: 2022-01-139966) (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

Report of the Board of Directors on the State of the Corporation's Affairs

September 30 2022 Quarterly Report

Overview

**September
30 2022**

14,116

Total Investment Property
(Millions of NIS)

1,140

**Of This, Real Estate Under
Construction**
(Millions of NIS)

Projects under
construction

**September
30 2022**

6

**Projects Under Construction
and In Development**

152

Scope
(Thousands of m²)

1,144

Estimated Cost Balance
(Millions of NIS)

189-205

**Expected NOI at Project
Completion***
(Millions of NIS)

* For details see table under "concentrated data on projects in stages of construction, planning and development" below.

Data from the
Consolidated
Statements

1-9.22

560

NOI
(Millions of NIS)

10.2%

**Same Properties NOI in Israel
Increase** compared to corresponding
period last year

396

FFO
(Millions of NIS)
Increase of 17.2% compared to the
corresponding period last year

5,943

Unrestricted Assets
(Millions of NIS)
Constituting 42% of total real estate

1.95%

**CPI-linked weighted debt
interest**

1,050

**Cash and credit frameworks as of
the publication date of the
Statements**
(Millions of NIS)

94.2%

Occupancy Rate in Israel
Increase of 1.2% compared to
December 31 2021

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

For the Period Ending September 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 September 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 Environment¹

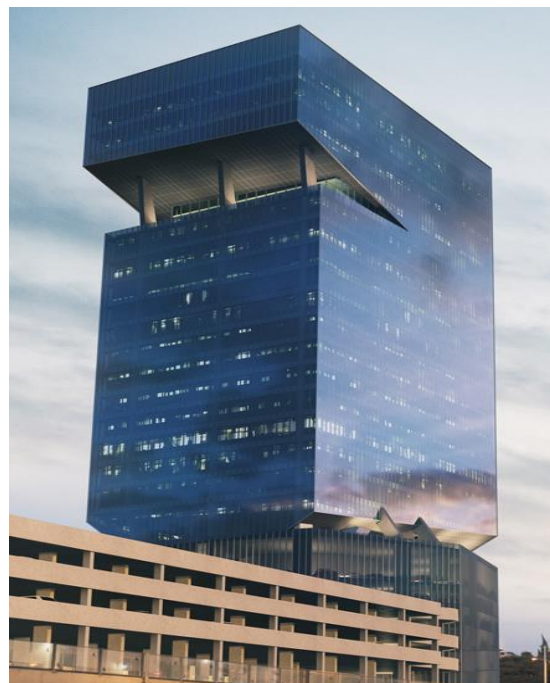
The Company is active in the field of cash-generating real estate and deals, by itself and through its investees, in varied real estate activity centering on Israel. For further details see Section 1.2 of the Report on the Corporation's Business in the 2021 Periodic Report. The Company (including associates) owns some 1,933,000 m² of cash-generating space, of which 1,604,000 m² is in Israel. The Company has land reserves and unused rights to the amount of 741,000 m²

Since 2009, inflation in Israel has been decreasing, and in 2014 to 2020 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 September 2022 reflected a yearly growth of 4.6% in the past twelve months.

The price increases are part of a global trend, 8.2% in the U.S., 10.1% in the UK and 10.7% in the EU.

In response to the price increase and the continued increases in interest rates of central banks in Europe and the United States, starting from April 2022 the Bank of Israel decide to increase the interest rate and it increased by a number of pulses from a negligible rate (where it had been for 7 years) to its current level, which amounts to 2.75%, and in accordance with the forecasts of the Bank of Israel Research Division, the monetary interest rate is expected to amount to 3.5% on average in the third quarter of 2023. The Bank of Israel explained this decision based on the fact that the Israeli economy has been recording strong economic activity, accompanied by a tight labor market with an increase in the inflationary environment.

¹ Sources of information in this section – Bank of Israel report on the subject of monetary policy for the first half of 2022.



In the first nine months of 2022 the Consumer Price Index increased by 4.4%. The Company has loans and debentures linked to the Consumer Price Index and which bear interest linked to the CPI. Therefore, the increase in CPI has led to an increase in the Company's financing costs. Against this, the Company's cash-generating property in Israel, the current value of which is 11.7 billion NIS, is rented in CPI-linked rental agreements, and the Company sees this as long-term inflationary protection. As a result, the increase in CPI has led to an increase in the Company's revenues from building rentals and to an increase in the fair value of its properties. For further details see 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.

The estimates and forecasts presented in this section above constitute forward-looking information, as defined in the Securities Law, 1968

Events During and Subsequent to 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 141 million NIS. The effective negative interest embodied in the offering is -0.97%.

In August 2022 the Company issued a commercial paper type: CP (Series 1) at an amount of 100 million NV, in return for a total of 100 million NIS. The CP is redeemable after 365 days pass from its deposit date with an existing option to renew it for 4 additional periods of 365 days each to August 2027. The CP can be redeemed immediately at any time with 7 business days’ advance notice.

Midroog set a rating of P-1.il for the CP.

Development

Tel Aviv-Yafo – 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:

- a. Construction rights for housing – 41,600 m² primary area (constituting 400 housing units).
- b. Construction rights for commerce and employment: some 125,000 m². The plan was approved for deposit and was deposited.

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 shall act to purchase, build, manage, finance, develop, rent and operate 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 is preparing to inject a plan for a permit for the available licensing system.

Sales

Sale of Property Company in Florida

In October 2022 a partnership fully owned by the Company ("**the Seller**"), which holds 45% of the issued and paid-up capital of a company holding rights to land with an area of 0.88 hectares in Fort Lauderdale, Florida ("**the Property Company**"), entered into an agreement with a third party to sell its full holdings in the Property Company, in return for a total of 115.7 million NIS (some \$32.5 million). From the sum of the proceeds in question, a total of 32.8 million NIS (\$9.2 million) was paid to the Seller upon completion of the transaction and the balance of the Proceeds shall be paid through a seller's loan that the Seller will provide the Buyer ("**the Seller's Loan**"). The Seller's Loan is for a period of 3 years with yearly interest of 4.5%. In addition, the agreement established the events the occurrence of which will grant the Seller the right to added compensation. The profit (before tax) expected for the Seller from the Sale is expected to amount to a total of 9.6 million NIS (\$2.7 million). The expected cash flow for the Seller from the sale (before taxes and transaction costs) shall amount to a total of 124.6 million NIS (\$35 million).

For further details see the immediate report from October 12 2022 (reference no. 2022-01-125833), presented here by way of referral.

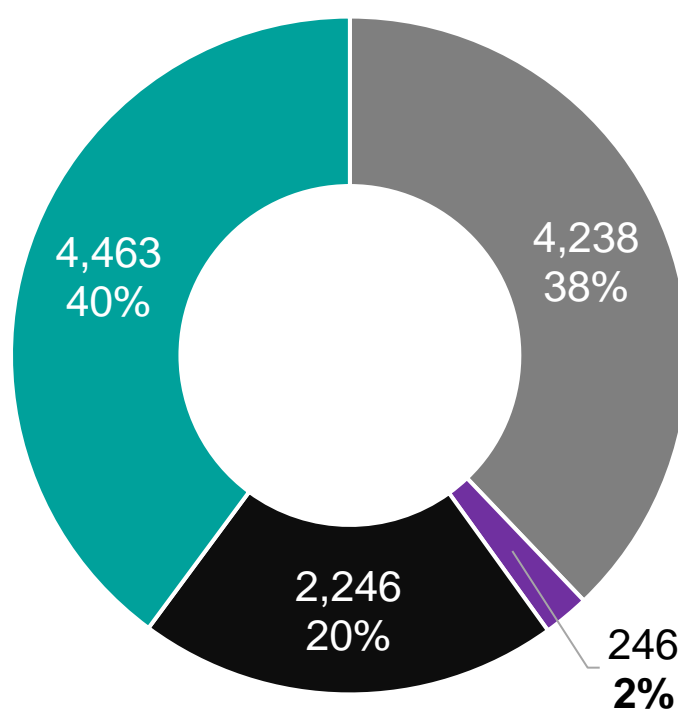


The Company's Activity

As of September 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 m², not including properties under construction. The properties are rented to 2,935 tenants, in contracts of various length. In addition, the Company has 17 projects in advanced construction and planning stages to the scope of 565,000 m².

The occupancy to value rate of the Company's properties in Israel as of September 30 2022 amounts to 94.2% 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)



- Offices (63 properties)
- Residential housing (3 properties)
- Commercial centers (23 properties)
- Industrial and logistics (475 properties)

A View of Company Data

Summary of Key Data (in Millions of NIS)

	Change Compared to Corresponding Period Last Year	1-9/22	1-9/21	Change Compared to Corresponding Period Last Year	7-9/22	7-9/21
NOI in Israel*	14.2%	523	458	16.7%	183	157
Same Property NOI	10.2%	503	456	11.9%	176	157
NOI abroad**	(37.3%)	37	58	(40.5%)	13	21
FFO	17.2%	396	338	18.7%	142	120
Increase in Known Index Rate		4.4%	2.2%		1.23%	0.8%

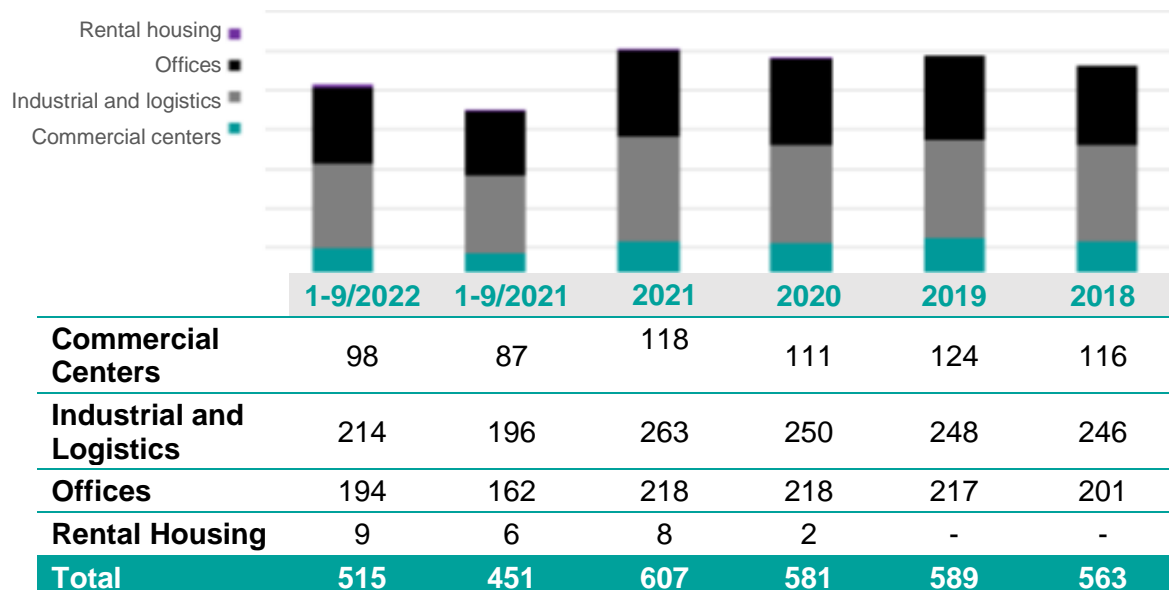
* The increase in NOI in the first nine months of 2022 compared to the corresponding period last year derives from an increase from assets purchased to the sum of 20 million NIS, from an increase due to an increase in CPI to the sum of 17 million NIS, from the impact of Covid-19 to the sum of 12 million 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 16 million NIS.

** Most of the decrease derives from the sale of properties in Canada, France, Germany, the Netherlands and Serbia. In addition, a decrease due to the property in Ukraine to the sum of 11 million NIS due to the receipt of partial rent in light of the war between Russia and Ukraine.

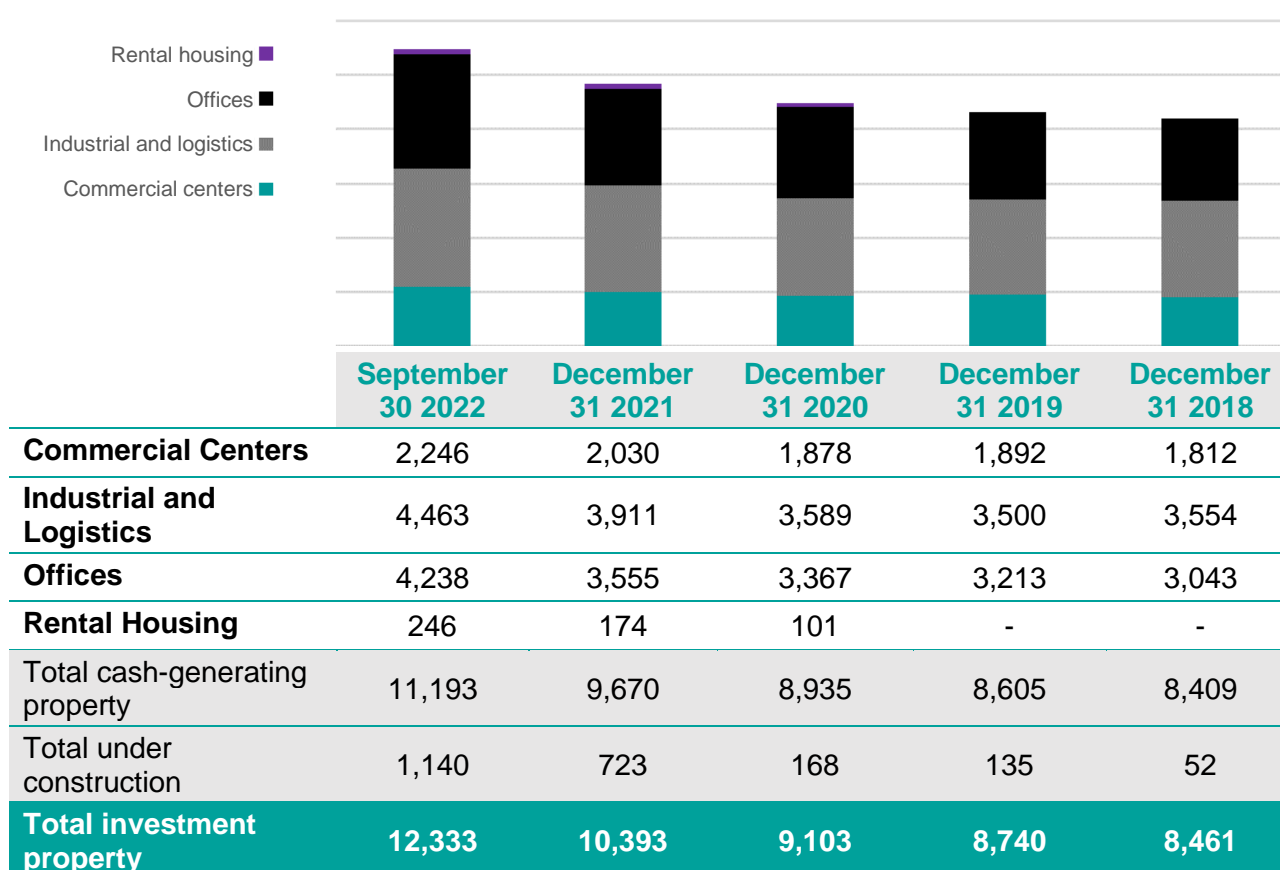
Primary Information on the Company's Israeli Properties Divided by Uses

	Number of Properties as of September 30 2022	Above-Ground Area as of September 30 2022	NOI for the Period 1-9.22	Fair Value of Cash-Generating Property as of September 30 2022	Occupancy rate as of September 30 2022	Value of Real Estate Under Construction as of September 30 2022
Uses		m ²	In Thousands of NIS	In Thousands of NIS	%	In Thousands of NIS
Offices	63	393,904	193,964	4,238,725	92.4%	1,140,218
Commercial centers	23	192,345	97,763	2,245,820	92.0%	-
Industrial and Logistics	475	1,003,888	213,464	4,462,812	95.3%	-
Residential	3	13,191	9,360	246,006	97.6%	-
Total	564	1,603,328	514,551	11,193,363	94.2%	1,140,218
Associates – Company Share						
Offices	5	17,509	5,619	149,879	73.5%	-
Commercial centers	2	13,215	9,026	198,926	95.8%	-
Industrial and Logistics	1	5,256	-	142,205	100%	-
Total	8	35,980	14,645	491,010	88.7%	-
Expanded Total	572	1,639,308	529,196	11,684,373	94.1%	1,140,218

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



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



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

Country	Number of Properties	Above-Ground Area in m ²	Number of Tenants	Rate of Occupancy	Fair Value In Thousands of NIS	NOI from Cash-Generating Properties 1-9/2022 In Thousands of NIS
Cash-Generating Properties						
Israel	564	1,603,328	2,935	94.2%	11,193,363	514,551
Switzerland	2	57,042	17	93.4%	384,048	17,670
Ukraine	1	44,672	68	85.8%	259,355	10,857 *
North America	4	77,544	183	72.4%	230,801	4,994
France	5	119,447	5	98.5%	17,541	3,555
Total cash-generating properties	576	1,902,033	3,208	93.3%	12,085,108	551,627
Land						
Israel lands	36				1,058,433 **	
Abroad	1				22,536	
Total land	37				1,080,969	
Total	613	1,902,033	3,208	93.3%	13,166,077	551,627
Israel – Associated Companies	8	35,980	84	88.7%	491,010	14,645
Total	621	1,938,013	3,292	93.3%	13,657,087	566,272
Deferred taxes***					2,225,940	

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

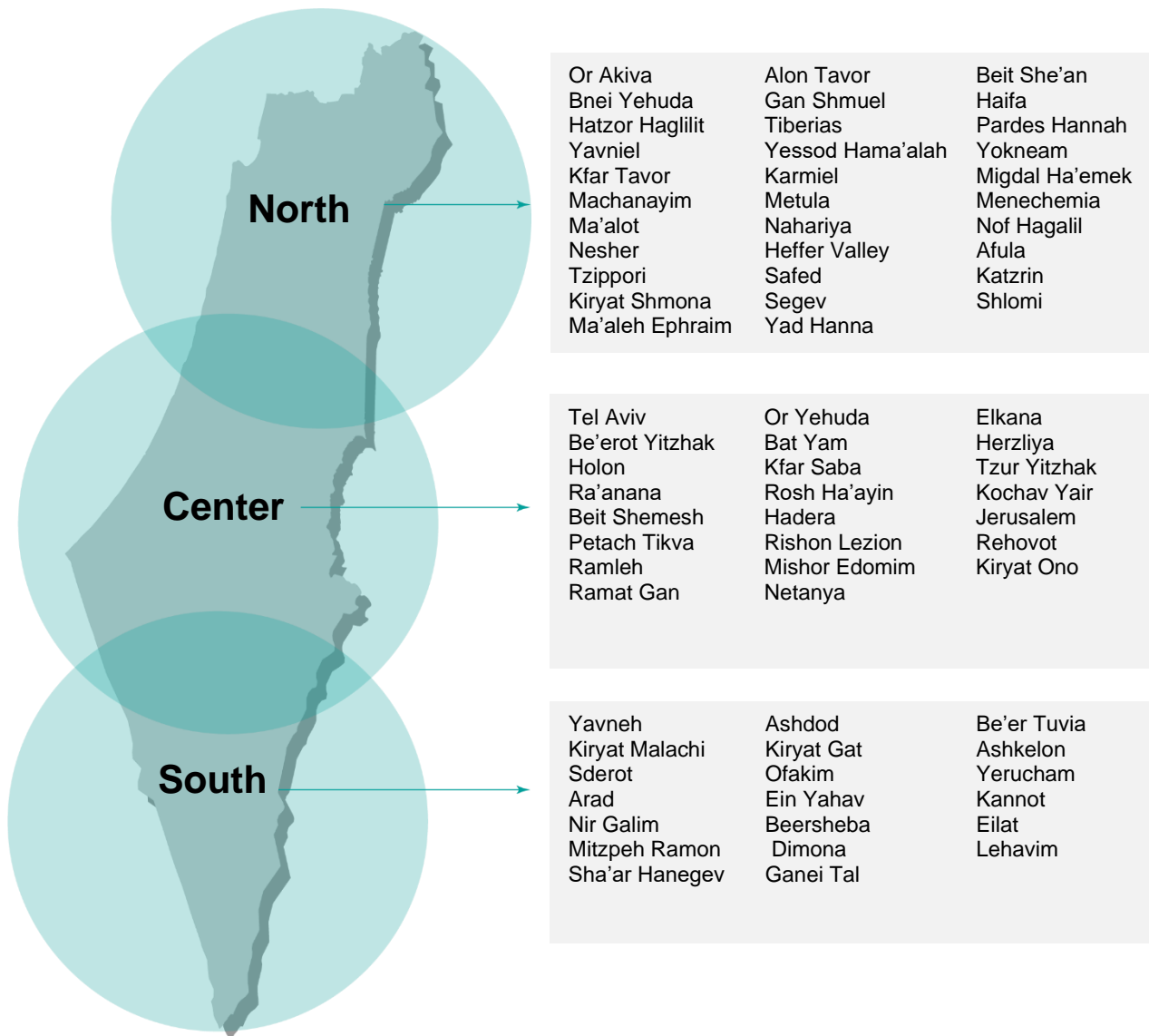
** Including a total of 689 million NIS detailed within the framework of the table of projects being planned.

*** 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 m² of cash-generating space, of which 1,634,000 m² is in Israel. The Company has land reserves and unused rights to the amount of 741,000 m²



Concentrated Data on Projects in Construction, Planning and Development Stages (as of September 30 2022)¹

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 ²)	Project's Value in the Company's Books	Estimated Construction Cost Balance	Estimated NOI Fully Occupied
						In Millions of NIS		
Hasolelim	Tel Aviv-Yafo	Offices and commercial	100%	End of paneling, excavation and foundation works. Approaching completion of works on lower structure.	*68,300	647	620	109-117
"Mivne" Holon	Holon	Offices	100%	Form 4 and finishing certificate received on October 24 2022	14,800***	129	-	8-10
Sarona	Kfar Saba	Offices	100%	Underway, Estimated completion – 2024.	26,000**	169	88	22-24
Haifa Life Sciences Park (2 buildings)	Haifa	Offices	+50%	Foundation and lower structure work underway.	14,000	35	122	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	121	98	8-9
		Offices and commercial			24,300		215	27-30
Total					152,400	1,139	1,144	189-205

* The projects includes 461 parking spaces.

** The Company is acting to add 4 stories, for a total addition of 6,000 m².

*** Adaptation works are being carried out for tenants with an area of 2,000 m². Negotiations are underway for an area of 4,000 m².

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

Project Name	Location	Main Use	Company's Share	Design Status	Built-Up Area (m ²)	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 and was published for deposit on October 7 2022	125,000 400 housing units	435
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	+53%	In discussions with regional committee. In planning stages for Town Plan.	50,000	-
		Residential			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'elef Compound	Rishon Lezion	Rental housing and student dormitories	+50%	Detailed plans being prepared for the purpose of filing a request for a building permit. By the end of the year, a discussion shall be held to approve the design plan.	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	59
DLR Mivne	Petach Tikva	Data center	+50%	In permit stages	22MW on some 15,000 m ²	-
Total					317,600	689

(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 as well as the "general environment" item in this report above.

Rental Housing⁽¹⁾

Town	Use	Number of Units	Area (m ²)	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	119,065	-	7,300	Cash-generating
Kiryat Ono	Student Dorms	113	3,334	58,675	-	3,100	Cash-generating
Kiryat Ono	Residential	30	2,690	65,647	-	1,789	Cash-generating
Ben Shemen	Residential	80	8,913	25,518	110,757	4,235	Q3/2024
Hadera	Residential	50	4,507	14,166	60,982	1,679	Q4/2024
Ramat Hasharon	Residential	50	6,044	24,233	126,383	5,508	Q3/2023
Ramat Chen	Residential	80	7,177	37,485	157,811	5,283	Q4/2026
Total		720	45,018	344,789	455,933	28,894	

Solar Installations⁽¹⁾

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	148	20,380	17,560
Increasing the size of existing installations	-	4,383	2,674
Installations with quota	130	18,030	12,535
Installations in approval proceedings	15	1,327	1,015
Total	293	44,120	33,784 (*)

(*) 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 118 million NIS and the balance of the cost for implementation totals 28 million NIS.



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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 ¹	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 September 30 2022 (Millions of NIS)	Total Cost Balance	Developer Profit Not Yet Recognized
		%	As of September 30 2022		As of the publication of the report					
Hasolelim ²	360	75%	86	291	86	291	-	387	364	320
Hameitav Tel-Aviv ³	2	50%	2	12	2	7	2	2	-	2
Merom Hasharon Stage F	134	90%	31	59	32	61	4	67	65	76
Merom Hasharon Stage G	79	90%	-	-	-	-	-	43	39	51
Total	575		119	362	120	359	6	499	468	449

1. Balance of units in inventory as of September 30 2022.

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

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

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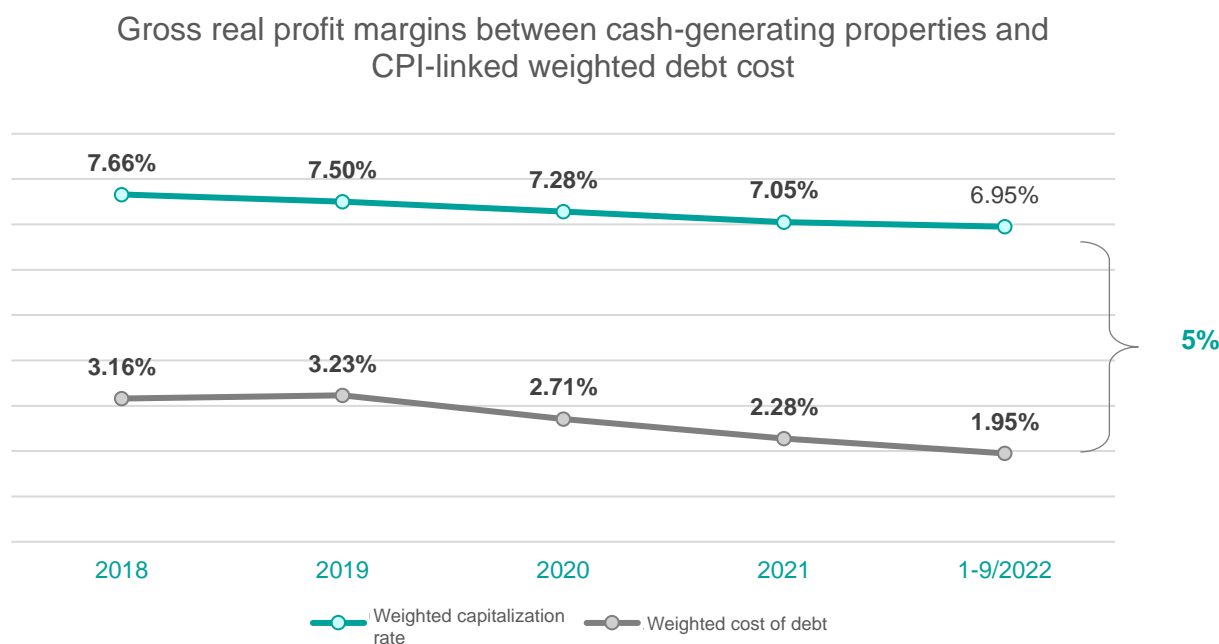
Inventory of Land for Long-Term Residential Construction

Location	Number of Housing Units	Holdings in Projects	Total Investment as of September 30 2022
		In %	In Millions of NIS
Sdeh Dov	230	33.33%	236
Or Akiva	74	100%	9
Other	101	100%	8
Total	405	-	253

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 September 30 2022 amounts to 6.2 billion NIS. The debt's total life span in Israel is 4.4 years and the weighted effective interest rate is 1.95% CPI-linked.

As of the publication of this report, the Company has cash balances and unused credit frameworks totaling 1.1 billion NIS, and unencumbered real estate properties to the sum of 5.9 billion NIS.



Spreading debt redemptions over years

	Average Life Span	Weighted Effective Interest	2022	2023	2024	2025	2026	2027	2028	2029 Onward	Balance as of September 30 2022*
			In Millions of NIS								
Israel	4.4	1.95%	133	489	1,066	616	995	927	875	1,122	6,223
Weighted Interest Rate for Redemptions Performed in the Period			2.38%	2.17%	2.61%	2.32%	1.69%	2.34%	2.11%	1.2%	
Weighted interest rate			1.95%	1.93%	1.77%	1.68%	1.68%	1.37%	0.79%	0.54%	
Overseas	6.93	1.5%	13	1	1	47	-	-	-	-	62
Total redemptions			146	490	1,067	663	995	927	875	1,122	
Of these, a "balloon" guaranteed by a lien			(13)	-	(667)	(235)	(557)	(549)	(383)	(162)	
Redemptions less pledged cash flows			133	490	400	428	438	378	492	960	
Value of asset pledged			32	-	1,637	591	849	1,392	1,089	352	
LTV rate of pledged asset			39.9%	-	40.8%	39.8%	65.6%	39.5%	35.14%	45.9%	

* The balance as of September 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 m² 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)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Identical properties for the period	175,754	168,074	159,225	156,568	157,112	154,043	145,126
Properties purchased during the period	7,515	7,485	5,119	736	-	-	-
Properties sold	-	4	41	168	263	473	522
NOI – Total	183,269	175,563	164,385	157,472	157,375	154,516	145,648

The NOI in the third quarter of 2022 totaled 183 million NIS, compared to 157 million NIS in the corresponding quarter last year, constituting a growth of 16.5%.

The same property NOI in the third quarter of 2022 amounted to 176 million NIS compared to 157 million NIS in the corresponding quarter last year, constituting a 11.9% increase.

The increase in the NOI for the third quarter compared to the second quarter of 2022 derives from a 2.2 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 7.5 million NIS.

Weighted Cap Rate

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

	Consolidated (in Millions of NIS)
Investment property in consolidated statement as of September 30 2022	12,975
Less - foreign real estate	(914)
Less – value of lands classified as investment property	(1,058)
Plus – value of cash-generating properties intending for realization	4
Cash-generating investment property in Israel as of September 30 2022	11,007
Less value attributed to vacant spaces	(577)
Less value attributed to rental housing	(264)
Investment property attributed to rented spaces as of September 30 2022	10,166
NOI from cash-generating properties in Israel as of September 30 2022	515
Standard yearly NOI (plus contracts that have been signed and not yet fully expressed).	720
Yearly NOI less NOI attributed to rental housing	707
Weighted cap rate deriving from cash-generating investment property in Israel	6.95%



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)

	1-9.2022	1-9.2021	7-9.2022	7-9.2021	1-12.2021
Net profit for the period	978,047	614,435	292,938	221,346	955,048
Changes in value of investment property and investment property under construction	(1,027,708)	(426,810)	(234,995)	(158,152)	(756,381)
Profits and losses from the sale of real estate, investees, other revenues and realization of capital reserves from translation differences.	(5,012)	(40,384)	(9,024)	(19,796)	(43,490)
Tax expenses from the sale of properties and other revenues	-	5,990	-	-	5,990
Impairment of goodwill	-	-	-	-	7,498
Changes in fair value of financial instruments	33,664	6,380	8,534	255	8,453
Adjustments due to taxes	202,366	106,511	1,868	43,375	178,570
Loans attributed to affiliated companies	8,686	(1,913)	8,785	(8,924)	(7,225)
Revaluation of assets and liabilities	3,259	4,275	1,481	1,600	3,665
Other revenues	(25,074)	(64,006)	(13,314)	(17,478)	(68,416)
Nominal FFO	168,228	204,478	56,273	62,226	283,712
Added – expenses of linkage differences on the debt principal and exchange rate differences	216,890	115,419	83,109	50,758	153,666
Real FFO	385,118	319,897	139,382	112,984	437,378
FFO attributed to cash-generating property	396,234	337,947	142,402	120,124	460,487

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 September 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 that stated in the "general environment" item above.
- The expectations of Company Management regarding the renewal of most of the rental agreements that will expire over the course of 2022.

2022 Forecast Update, in Millions of NIS				
	Actual 1-9/2022	Revised 2022 Forecast	Previous Forecast	2021 in Practice
NOI	560	750-765	730-750	691
FFO attributed to cash-generating property	396	525-540	500-520	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 as well as the "general environment" item in this report above.

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	
	1-9.2022	1-9.2021	7-9.2022	7-9.2021		
Revenues from Rental and Management Fees	717	666	250	229	Most of the increase in the periods 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 corresponding period last year a 12 million NIS negative impact was recorded due to the influence of Covid-19 (1 million NIS in the third quarter of 2021).	
Maintenance and Management Cost	165	156	57	54		
Revenues from the Sale of Apartments and Land	31	177	16	15		
Cost of Apartments and Land Sold	22	142	10	5		
Increase in Fair Value of Investment Property	1,028	427	235	158	Over the course of the period, 210 valuations were carried out for properties in Israel worth 7.4 billion NIS. In addition, 360 internal assessments were performed according to the value in use model used at the Company with a total value of 1.05 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 330 million NIS value increase was recorded. In addition, in the second quarter the Company recorded a revaluation of 222 million NIS for the Solelim Project, which largely derived from an increase in expected 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	68	66	23	22		
Realization of Capital Reserve due to Adjustments from the Translation of Financial Statements	-	(13)	-	-		
Financing Expenses	Net interest expenses	92	99	30	35	
	Expenses from change in CPI, net	220	93	66	34	A 4.4% CPI increase in the period against a 2.2% CPI increase in the corresponding period last year. A 1.2% CPI increase in the quarter against a 0.8% CPI increase in the corresponding period last year.
	Loss from early redemption	2	14	-	-	
	Net expenses (revenues) from exchange rate differences and others	31	14	23	17	
	Total	345	220	119	86	
Income tax expenses	216	135	7	50		
Net Profit	978	614	293	221		

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

	As of September 30 2022	As of December 31 2021	Notes and Explanations
Current Assets	1,152	1,644	Mostly a decrease in cash balances due to investments and purchases in the period.
Investments handled using the book value method	582	367	Mainly for the purchase of shares in a company holding land in Yad Hannah
Investment property, investment property in development and advance payments on account of investment in land	14,259	12,254	The increase largely derives from the completion of the Mizrahi transaction, from the receipt of apartments in Kiryat Ono and from increases and investments made in the period.
Inventory of land for construction	253	250	
Short-term credit, current maturities	594	652	The decrease largely derives from the repayment of private loans.
Long-term loans and liabilities from banking corporations, credit providers and others.	1,210	1,213	
Long-term debentures	4,919	4,243	The increase largely derives from the expansion of Series 20 and 23.
Total equity attributed to shareholders	7,740	6,902	Most of the increase derives from comprehensive income in the period to the sum of 1,017 million NIS, a capital offering of 16 million NIS, offset by dividends to the sum of 195 million NIS.
Total Equity	7,776	6,892	

Cash and Credit Frameworks

Sources	In Millions of NIS
Balance of Cash at the Beginning of the Period	923
Cash Deriving from Current Activities	313
Investment Activities	
Sale of assets	37
Proceeds from the realization of investment	6
Investment and issue of loans to investees, net	(215)
Investment in investment property, real estate under development and fixed assets	(919)
Investment in consolidated companies	(10)
Total investment activity	(1,101)
Financing Activity	
Issue of debentures	780
Receipt of short-term credit	122
Stock offering	16
Receipt of loans from banks and long-term liabilities	22
Repayment of loans from banks and long-term liabilities	(292)
Redemption of debentures	(214)
Dividends paid to shareholders	(196)
Total financing activity	238
Exchange rate differences due to cash and cash equivalent balances	2
Balance of cash at the end of the period	375

Credit Frameworks

As of the publication of this report, the Company has cash balances and unused credit frameworks totaling 1.1 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 September 30 2022, amounted to 324 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 September 30 2022, amounted to 185 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 7 billion NIS, of which 5.9 billion NIS are CPI-linked. The Company's cash-generating property in Israel is worth 13 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 September 30 2022 the investment in these companies amounts to 582 million NIS, of which 485 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. On August 15 2022 Midroog 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).

On November 21 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

November 21 2022

Appendices

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Appendix A

Exposure to Market Risk and Management Thereof

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Corporate governance and disclosure Regarding the Corporation's Financial Reporting

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Linkage Basis Report



Appendix A

Exposure to Market Risk and Management Thereof

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.



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 September 30 2022 Consolidated Interim Financial Statements.



Appendix C

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

Appendix C

Special Disclosure for Debenture Holders: Bonds in Public Hands

As of September 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 September 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)	102.08	105.43	115.15	113.17	112.65	112.27
Outstanding Notational Value, Linked	7,500	234,104	482,696	717,393	413,708	1,027,212
Accrued interest	215	3,334	4,502	8,570	-	7,275
Fair value	6,890	246,816	519,461	744,342	432,059	1,065,921
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 (Principal and Interest)	Non-linked	Non-linked	May 2014 CPI	March 2016 CPI	August 2016 CPI	June 2017 CPI
Does it constitute a material obligation?	No	No	No	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?	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 September 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	616,525	514,760	1,026,666
Stock market rate (in 0.01 NIS)	110.67	111.73	88.28
Outstanding Notational Value, Linked	662,999	553,051	1,071,827
Accrued interest	-	3,627	-
Fair value	682,308	575,142	906,341
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.
- (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.
- (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.	7,740 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.	39.4%	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.	8.45	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.	7,740 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%.	39.4%	Meeting the condition
The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 15.	8.45	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.	7,740 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.	39.4%	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.	8.45	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.	7,740 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%.	39.4%	Meeting the condition
The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 13.	8.45	Meeting the condition



Appendix D

Linkage Basis Report

Appendix D

Linkage Basis Report

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

Item	US Dollar	Swiss	Euro	Canadian Dollar	CPI	Unlinked	Non-Financial	Total
Thousands of NIS								
Cash and cash equivalents	17,542	26,514	37,377	11,131	-	282,409	-	374,973
Short-term investments	-	-	48,837	-	-	14,595	-	63,432
Customers	861	405	7,407	2,362	-	38,066	-	49,101
Accounts receivable and debit balances	12,092	1,831	11,984	3,583	45,231	36,930	8,454	120,105
Taxes receivable	363	392	391	15	35,104	-	-	36,265
Deposits and long-term debit balances	-	-	-	235	29,258	-	-	29,493
Investments in investees	-	-	21,233	-	-	57,084	503,351	581,668
Assets held for sale	-	-	-	-	-	-	4,160	4,160
Advance payments on account of investments in land	-	-	-	-	-	-	143,641	143,641
Inventory of land for residential construction and apartments under construction	-	-	-	-	-	-	757,117	757,117
Investment property	-	-	-	-	-	-	12,975,481	12,975,481
Investment property under construction	-	-	-	-	-	-	1,140,218	1,140,218
Property, plant and equipment	-	-	-	-	-	-	168,517	168,517
Intangible assets	-	-	-	-	-	-	19,630	19,630
Deferred taxes	-	-	-	-	-	-	331	331
Total assets	30,858	29,142	127,229	17,326	109,593	429,084	15,720,900	16,464,132
Credit from banks and other credit providers	-	-	-	-	-	157,375	-	157,375
Trade payables	-	604	7,876	3,445	-	22,812	-	34,737
Accounts payable and credit balances	2,656	1,777	10,412	736	16,910	129,608	26,438	188,537
Taxes payable	-	621	7,706	-	-	2,505	-	10,832
Loans from banking corporations including current maturities	55,155	172,368	14,236	37,338	479,980	444,927	-	1,204,004
Other liabilities	-	-	-	224	-	63,834	-	64,058
Debentures	-	-	-	-	5,039,556	258,313	-	5,297,869
Tenant deposits	1,042	22	134	-	41,969	-	-	43,167
Employee benefit liabilities, net	-	-	-	-	-	-	8,070	8,070
Deferred taxes	-	-	-	-	-	-	1,679,874	1,679,874
Total liabilities	58,853	175,392	40,364	41,743	5,578,415	1,079,374	1,714,382	8,688,523

Assets

Liabilities



Mivne Real Estate (K.D) Ltd.

(“The company”)

Annually financial statements - for the period
ended September 30, 2022

This is an English translation of the Hebrew consolidated Interim financial statements, that was published on November 22, 2022 (reference no.:2022-01-139966) (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 September 30, 2022

Unaudited

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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 September 30 2022 and its Concise Consolidated Statements of Profit or Loss, Reports on Comprehensive Income, Changes in Equity and Cash Flows for the nine 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 conclusion on this interim financial information based on our review.

We have not reviewed the concise interim financial information of consolidated companies, the assets of which included in the consolidation constitute some 14.51% of all consolidated assets as of September 30, 2022, and revenues of which included in the consolidation constitute some 13.93% and 11.45% of all consolidated revenues for the nine- and three-month periods ending that date, respectively. Furthermore, we did not audit the concise interim financial information of companies presented according to the book value method, investment in which amounted to a total of approximately 354 million NIS as of September 30, 2022, with the Group's share of the losses of the companies in question amounting to approximately 6.3 million NIS and 8.3 million NIS in the nine- 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,
November 21, 2022

Kost Forer Gabbay and Kassirer
Accountants

Concise Consolidated Balance Sheets

	As of September 30		As of
	2022	2021	December 31
	Unaudited		Audited
	Thousands of NIS		
<u>Current Assets</u>			
Cash and cash equivalents	374,973	190,994	922,515
Short-term investments and deposits	48,886	90,634	83,265
Restricted cash and funds in trust	14,546	41,033	20,899
Trade receivables	49,101	40,522	28,391
Receivables and debit balances	120,105	93,953	121,596
Taxes receivable	36,265	14,719	22,697
Inventory of land, apartments and buildings for sale and under construction	503,919	424,760	424,709
	<u>1,147,795</u>	<u>896,615</u>	<u>1,624,072</u>
<u>Assets held for sale</u>	<u>4,160</u>	<u>101,629</u>	<u>20,119</u>
	<u>1,151,955</u>	<u>998,244</u>	<u>1,644,191</u>
<u>Non-Current Assets</u>			
Other receivables	29,493	33,955	31,148
Investments in companies handled using the book value method	581,668	276,296	367,459
Advance payments on account of investment property	143,641	220,146	190,522
Investment property	12,975,481	11,031,206	11,340,203
Investment property under development	1,140,218	563,640	722,908
Inventory of land for construction	253,198	24,454	249,763
Fixed assets, net	168,517	117,182	131,669
Intangible assets, net	19,630	27,128	19,630
Deferred taxes	331	244	312
	<u>15,312,177</u>	<u>12,294,251</u>	<u>13,053,614</u>
	<u>16,464,132</u>	<u>13,292,495</u>	<u>14,697,805</u>

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

Consolidated Balance Sheets

	As of September 30		As of
	2022	2021	December 31
	Unaudited		2021
	Thousands of NIS		Audited
<u>Current Liabilities</u>			
Credit from banks and credit providers	157,375	-	34,915
Current maturities of debentures	378,371	370,193	302,817
Current maturities of loans and other liabilities	58,276	226,570	313,825
Trade payables	34,737	41,279	41,463
Accounts payable and credit balances	186,588	170,423	138,250
Advance payments from buyers	1,949	45,819	4,578
Taxes payable	10,832	14,110	8,190
	<u>828,128</u>	<u>868,394</u>	<u>844,038</u>
<u>Non-Current Liabilities</u>			
Loans from banking corporations and financial institutions	1,145,728	999,143	1,110,347
Debentures	4,919,498	3,299,968	4,242,917
Other liabilities	64,058	98,565	102,829
Tenant deposits	43,167	39,675	38,543
Employee benefit liabilities	8,070	8,125	7,925
Deferred taxes	1,679,874	1,375,713	1,459,474
	<u>7,860,395</u>	<u>5,821,189</u>	<u>6,962,035</u>
<u>Equity Attributable to Company Shareholders</u>			
Stock capital	1,483,474	1,495,692	1,495,852
Share Premium	3,397,964	3,499,601	3,500,029
Reserve from Share-Based Payment Transactions	21,052	21,682	22,271
Treasury Shares	(259,044)	(393,227)	(393,227)
Retained earnings	3,281,613	2,224,653(*)	2,500,901(*)
Adjustments from the translation of financial statements of foreign activities	93,839	54,887(*)	54,962(*)
Capital reserve from transactions with minority shareholders	(279,026)	(279,026)	(279,026)
	<u>7,739,872</u>	<u>6,624,262</u>	<u>6,901,762</u>
<u>Non-controlling interests</u>	<u>35,737</u>	<u>(21,350)</u>	<u>(10,030)</u>
<u>Total equity</u>	<u>7,775,609</u>	<u>6,602,912</u>	<u>6,891,732</u>
	<u>16,464,132</u>	<u>13,292,495</u>	<u>14,697,805</u>

(*) Reclassified

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

November 21, 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 9 Months Ending		For the 3 Months Ending		For the Year
	September 30		September 30		Ending
	2022	2021	2022	2021	December 31
	Unaudited				Audited
	Thousands of NIS				
	(Except for Net Profit per Share Data)				
Revenues					
Rental and management fee income – Israel	647,286	575,350	227,252	200,229	780,782
Rental and management fee income – abroad	69,826	90,248	22,777	28,933	118,148
Sale of apartments and land	31,196	177,466	15,584	15,111	193,219
From management of buildings and infrastructure	201	333	89	82	400
From solar installations, net	7,835	5,324	2,759	2,317	6,105
From the sale of fuels, net	779	881	222	310	1,207
Total revenues	757,123	849,602	268,683	246,982	1,099,861
Expenses					
Maintenance expenses – Israel	132,735	124,349	46,904	45,563	173,483
Maintenance expenses – abroad	32,750	31,336	10,275	8,323	42,051
Cost of apartments and land sold	22,420	142,382	10,178	5,230	154,636
Total cost of sales and services	187,905	298,067	67,357	59,116	370,170
Gross profit	569,218	551,535	201,326	187,866	729,691
Increase in value of investment property and investment property under development, net	1,027,708	426,810	234,995	158,152	756,381
Sales and marketing expenses	5,942	4,566	1,969	1,813	7,771
Administrative and general expenses	61,771	61,615	21,107	20,180	81,195
Increase (decrease) in value of inventory of land for construction	-	-	-	-	(523)
Other revenues, net	7,473	32,415	9,685	21,191	29,200
Realization of capital reserve due to adjustments from the translation of financial statements for foreign activity	-	12,979	-	-	12,979
The Company's share of the profits (losses) of companies handled using the book value method, net	2,452	11,971	(4,736)	12,106	21,276
Operating profit	1,539,138	969,529	418,194	357,322	1,460,038
Financing expenses	347,276	214,105	120,825	86,153	296,153
Loss from early redemption of debentures and loans	2,359	13,903	-	-	13,903
Financing revenues	4,920	8,195	2,165	621	16,514
Profit before taxes on income	1,194,423	749,716	299,534	271,790	1,166,496
Taxes on income	216,376	135,281	6,596	50,442	211,449
Net profit	978,047	614,435	292,938	221,348	955,047
Attributed to:					
Company shareholders	975,712	610,532	292,495	219,824	941,780
Non-controlling interests	2,335	3,903	443	1,524	13,267
	978,047	614,435	292,938	221,348	955,047
Profit per share attributed to company shareholders (in NIS)					
Basic net income	1.22	0.82	0.37	0.29	1.24
Diluted net income	1.21	0.82	0.37	0.3	1.23

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

Consolidated Statements on Comprehensive Income

	For the 9 Months Ending September 30		For the 3 Months Ending September 30		For the Year Ending on December 31
	2022	2021	2022	2021	2021
	Unaudited				Audited
	Thousands of NIS				
Net profit	978,047	614,435	292,938	221,348	955,047
Other comprehensive profit (loss) (after tax influence):					
<u>Sums relates to gain or loss under specific conditions:</u>					
Adjustments from the translation of financial statements of foreign activities	32,398	3,875	6,058	(1,857)	5,905
Realization of capital reserve to Statement of Operations foreign activity	-	(12,979)	-	-	(12,979)
	32,398	(9,104)	6,058	(1,857)	(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	-	-	15,235
Total other comprehensive income	32,398	6,131	6,058	(1,857)	8,161
Total comprehensive income	1,010,445	620,566	298,996	219,491	963,208
Attributed to:					
Company shareholders	1,014,589	617,829	299,351	217,471	949,152
Non-Controlling Interests	(4,144)	2,737	(355)	2,020	14,056
	1,010,445	620,566	298,996	219,491	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									
	Stock capital	Share Premium	Treasury shares	Retained earnings	Reserve in respect of share-based payment trans-actions	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									
<u>Balance as of January 1 2022 (Audited)</u>	1,495,852	3,500,029	(393,227)	2,500,901(*)	22,271	54,962(*)	(279,026)	6,901,762	(10,030)	6,891,732
Net profit	-	-	-	975,712	-	-	-	975,712	2,335	978,047
Other comprehensive income (loss)	-	-	-	-	-	38,877	-	38,877	(6,479)	32,398
Total comprehensive income (loss)	-	-	-	975,712	-	38,877	-	1,014,589	(4,144)	1,010,445
Writing off treasury shares	(16,525)	(117,658)	134,183	-	-	-	-	-	-	-
Departure from consolidation by consolidated company	-	-	-	-	-	-	-	-	51,205	51,205
Exercise of employee options	4,147	15,593	-	-	(3,680)	-	-	16,060	-	16,060
Dividends to Company shareholders	-	-	-	(195,000)	-	-	-	(195,000)	-	(195,000)
Dividends to holders of non-controlling interests	-	-	-	-	-	-	-	-	(1,294)	(1,294)
Share-based payment	-	-	-	-	2,461	-	-	2,461	-	2,461
<u>Balance as of September 30, 2022</u>	<u>1,483,474</u>	<u>3,397,964</u>	<u>(259,044)</u>	<u>3,281,613</u>	<u>21,052</u>	<u>93,839</u>	<u>(279,026)</u>	<u>7,739,872</u>	<u>35,737</u>	<u>7,775,609</u>

(*) Reclassified

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	Share Premium	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	Reserve from Transactions with Non-Controlling Interests	Total	Non-Controlling Interests	Total Capital
	Unaudited											
	Thousands of NIS											
<u>Balance as of January 1 2021 (Audited)</u>	1,515,298	3,634,931	14,456	(11,526)	(641,127)	1,760,412(*)	17,122	62,825(*)	(279,026)	6,073,365	(11,367)	6,061,998
Net profit	-	-	-	-	-	610,532	-	-	-	610,532	3,903	614,435
Realization of capital reserve to Statement of Operations	-	-	-	-	-	-	-	(12,979)	-	(12,979)	-	(12,979)
Other comprehensive income (loss)	-	-	-	15,235	-	-	-	5,041	-	20,276	(1,166)	19,110
Total comprehensive income (loss)	-	-	-	15,235	-	610,532	-	(7,938)	-	617,829	2,737	620,566
Writing off treasury shares	(30,530)	(217,370)	-	-	247,900	-	-	-	-	-	-	-
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
Dividends to Company shareholders	-	-	-	-	-	(150,000)	-	-	-	(150,000)	-	(150,000)
Dividends to holders of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,081)	(2,081)
Share-based payment	-	-	-	-	-	-	5,010	-	-	5,010	-	5,010
<u>Balance as of September 30, 2021</u>	<u>1,495,692</u>	<u>3,499,601</u>	<u>-</u>	<u>-</u>	<u>(393,227)</u>	<u>2,224,653</u>	<u>21,682</u>	<u>54,887</u>	<u>(279,026)</u>	<u>6,624,262</u>	<u>(21,350)</u>	<u>6,602,912</u>

(*) Reclassified

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	Share Premium	Treasury Shares	Retained Earnings	Reserve from Share-Based Payment Transactions	Adjustments from the Translation of Financial Statements of Foreign Activity and Other Funds	Reserve from Transactions with Non-Controlling Interests	Total	Non-Controlling Interests	Total Capital
	Unaudited									
	Thousands of NIS									
<u>Balance as of July 1, 2022</u>	1,499,999	3,515,622	(393,227)	3,049,118(*)	20,391	86,983(*)	(279,026)	7,499,860	(15,113)	7,484,747
Net profit	-	-	-	292,495	-	-	-	292,495	443	292,938
Other comprehensive income (loss)	-	-	-	-	-	6,856	-	6,856	(798)	6,058
Total comprehensive income (loss)	-	-	-	292,495	-	6,856	-	299,351	(355)	298,996
Writing off treasury shares	(16,525)	(117,658)	134,183	-	-	-	-	-	-	-
Departure from consolidation by consolidated company	-	-	-	-	-	-	-	-	51,205	51,205
Dividends to Company shareholders	-	-	-	(60,000)	-	-	-	(60,000)	-	(60,000)
Share-based payment	-	-	-	-	661	-	-	661	-	661
<u>Balance as of September 30, 2022</u>	<u>1,483,474</u>	<u>3,397,964</u>	<u>(259,044)</u>	<u>3,281,613</u>	<u>21,052</u>	<u>93,839</u>	<u>(279,026)</u>	<u>7,739,872</u>	<u>35,737</u>	<u>7,775,609</u>

(*) Reclassified

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	Share Premium	Call Options	Capital reserve due to financial assets measured at fair value via other comprehensiv e income:	Treasury Shares	Retained Earnings	Reserve from Share- Based Payment Transactions	Adjustments from the Translation of Financial Statements of Foreign Activity and Other Funds	Reserve from Transactions with Non- Controlling Interests	Total	Non- Controlling Interests	Total Capital
	Unaudited											
	Thousands of NIS											
<u>Balance as of July 1, 2021</u>	1,526,222	3,716,971	-	-	(641,127)	2,054,829(*)	20,286	57,240(*)	(279,026)	6,455,395	(23,370)	6,432,025
Net profit	-	-	-	-	-	219,824	-	-	-	219,824	1,524	221,348
Other comprehensive income (loss)	-	-	-	-	-	-	-	(2,353)	-	(2,353)	496	(1,857)
Total comprehensive income (loss)	-	-	-	-	-	219,824	-	(2,353)	-	217,471	2,020	219,491
Writing off treasury shares	(30,530)	(217,370)	-	-	247,900	-	-	-	-	-	-	-
Dividends to Company shareholders	-	-	-	-	-	(50,000)	-	-	-	(50,000)	-	(50,000)
Share-based payment	-	-	-	-	-	-	1,396	-	-	1,396	-	1,396
<u>Balance as of September 30, 2021</u>	<u>1,495,692</u>	<u>3,499,601</u>	<u>-</u>	<u>-</u>	<u>(393,227)</u>	<u>2,224,653</u>	<u>21,682</u>	<u>54,887</u>	<u>(279,026)</u>	<u>6,624,262</u>	<u>(21,350)</u>	<u>6,602,912</u>

(*) Reclassified

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	Share Premium	Call 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	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)	1,760,412(*)	17,122	62,825(*)	(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>2,500,901</u>	<u>22,271</u>	<u>54,962</u>	<u>(279,026)</u>	<u>6,901,762</u>	<u>(10,030)</u>	<u>6,891,732</u>

(*) Reclassified

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

Consolidated Cash Flow Reports

	For the 9 Months Ending September 30		For the 3 Months Ending September 30		For the Year Ending on December 31
	2022	2021	2022	2021	2021
	Unaudited				Audited
Thousands of NIS					
Cash Flows from Current Activity					
Net profit	978,047	614,435	292,938	221,348	955,047
Adjustments required to present cash flows from current activities					
Adjustments to profit or loss items:					
Depreciation and amortizations	5,913	3,448	2,527	1,120	12,942
Financing expenses, net	344,715	219,813 (*)	118,660	85,533 (*)	293,542 (*)
Increase in fair value of investment property and investment property under development, net	(1,027,708)	(426,810)	(234,995)	(158,152)	(756,381)
The Group's share of losses (profits) of associates handled using the book value method, net	(2,452)	(11,971)	4,736	(12,106)	(21,276)
Change in employee benefit liabilities, net	145	344	-	204	144
Taxes on income	216,376	135,274	6,596	50,435	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)	-	-	(12,979)
Change in fair value of put options measured at fair value	2,407	-	(1,217)	-	(39,813)
Capital gain for departure from consolidation by consolidated company (c)	(7,569)	-	(7,569)	-	-
Share-based payment	2,461	5,010	661	1,396	6,187
	(465,712)	(87,871)	(110,601)	(31,570)	(305,662)
Changes in asset and liability items:					
Decrease (increase) in trade receivables	(20,647)	8,991	(10,854)	(1,101)	20,573
Decrease (increase) in accounts receivable and debit balances	19,978	24,809	(13,329)	(8,243)	17,015
Increase (decrease) in trade liabilities	(6,847)	7,319	(28,824)	(11,120)	7,846
Decrease (decrease) in payables, credit balances and liabilities due to contract	4,735	(57,966)	7,304	(5,092)	(14,103)
Increase in tenant deposits	4,481	2,286	1,335	848	1,195
	1,700	(14,561)	(44,368)	(24,708)	32,526
Cash paid and received during the reported period for:					
Interest paid	(102,083)	(98,448)	(20,398)	(19,780)	(179,814)
Interest received	1,964	5,989	783	2,174	8,729
Taxes paid	(30,097)	(28,454)	(2,360)	(7,316)	(19,906)
Taxes received	2,182	11,472	-	83	12,412
Dividends received	338	7,269	112	437	8,851
	(127,696)	(102,172)	(21,863)	(24,402)	(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.	386,339	409,831	116,106	140,668	512,183
Decrease (increase) in inventory of apartments and houses for sale under construction, land for sale and inventory of land for construction.	(73,599)	127,785	(32,214)	(21,620)	(108,870)
Net cash deriving from current activity	312,740	537,616	83,892	119,048	403,313

(*) Reclassified

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

Consolidated Cash Flow Reports

	For the 9 Months Ending		For the 3 Months Ending		For the Year
	September 30		September 30		Ending on
	2022	2021	2022	2021	December 31
	Unaudited				Audited
	Thousands of NIS				
<u>Cash Flows from Investment Activity</u>					
Purchases, advance payments and additions of investment property	(717,594)	(411,419)	(47,667)	(127,835)	(518,840)
Additions of investment property under development	(164,719)	(96,180)	(55,747)	(37,539)	(145,096)
Purchase of fixed assets	(36,663)	(37,581)	(12,931)	(14,165)	(54,145)
Investment and loans to companies handled using the book value method, net	(215,396)	(3,097)	(193,298)	(697)	(87,492)
Proceeds from the realization of short-term investments, net	6,371	64,447	5,780	39,211	83,078
Proceeds from the realization of investment property and real estate held for sale	35,162	153,159	160	43,752	186,543
Proceeds from the sale of shares and redemption of shareholder loans of investee sold	-	17,969	-	17,969	18,456
Repayment of long-term loans granted, net	1,679	-	9	-	16,003
Repayment of long-term deposits	-	45,815	-	45,815	45,815
Net cash paid for a company consolidated for the first time (b)	(9,916)	-	-	-	-
Proceeds from the realization of investment in subsidiary consolidated in the past, net (a)	-	55,695	-	-	55,695
Net cash used for investment activity	(1,101,076)	(211,192)	(303,694)	(33,489)	(399,983)
<u>Cash Flows from Financing Activity</u>					
Proceeds from the issue of debentures, net of transaction costs	780,492	-	-	-	1,030,566
Issue of shares as a result of option exercise	16,060	78,058	-	-	78,058
Dividends paid Company shareholders	(195,000)	(150,000)	(60,000)	(50,000)	(205,000)
Redemption of debentures	(214,244)	(447,858)	(42,501)	(33,277)	(605,875)
Short-term credit from banking corporations and others, net	122,185	(27,500)	169,100	(15,000)	7,415
Receipt of loans from banks and other long-term liabilities	21,739	238,552	939	203,752	458,570
Repayment of loans from banks and other long-term liabilities	(292,296)	(252,686)	(40,139)	(212,146)	(266,544)
Dividend paid to holders of non-controlling interests	(1,294)	(2,081)	-	-	(2,080)
Net cash deriving from (used in) financing activity	237,642	(563,515)	27,399	(106,671)	495,110
<u>Increase (decrease) in cash and cash equivalents</u>	(550,694)	(237,091)	(192,403)	(21,112)	498,440
<u>Exchange rate differences due to balances of cash and cash equivalents</u>	3,152	(3,621)	(2,201)	(2,393)	(7,631)
<u>Balance of cash and cash equivalents at the beginning of the period</u>	922,515	431,706	569,577	214,499	431,706
<u>Balance of cash and cash equivalents at the end of the period</u>	374,973	190,994	374,973	190,994	922,515

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

Consolidated Cash Flow Reports

	For the 9 Months Ending September 30		For the 3 Months Ending September 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	-	(3,693)	-	-	(3,693)
Investment property and investment property under construction	-	70,305	-	-	70,305
Non-Controlling Interests	-	(10,639)	-	-	(10,639)
Profit from divestment	-	-	-	-	(278)
Capital loss	-	(278)	-	-	-
	-	55,695	-	-	55,695
(b) <u>Net cash paid for a company consolidated for the first time</u>					
Working capital	12,490	-	-	-	-
Investment property and investment property under construction	(30,393)	-	-	-	-
Long-term liabilities	7,987	-	-	-	-
	(9,916)	-	-	-	-
(c) <u>Departure from consolidation by formerly consolidated company</u>					
Working capital	(3,306)	-	(3,306)	-	-
Non-Controlling Interests	51,205	-	51,205	-	-
Long-term liabilities	(55,468)	-	(55,468)	-	-
Capital gains	7,569	-	7,569	-	-
	-	-	-	-	-

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 September 30, 2022 and for the nine- and three-month periods ending that date (hereinafter – the Consolidated Interim 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 September 30 2022 amounts to \$73 million (259 million NIS). The Company's revenues from rental and management fees for this property in the nine-month period ending September 30 2022 amounted to a total of 17 million NIS compared to a total of 28 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 policies applied in the preparation of the Consolidated Interim Financial Statements are consistent with those followed in the preparation of the Annual Consolidated 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>
September 30 2022 (9 months)	4.6	4.4	13.9	(0.96)	6.1	6.5
September 30 2022 (3 months)	1.42	1.23	1.2	(4.14)	(4.26)	(0.6)
September 30 2021 (9 months)	2.5	2.2	0.4	(5.3)	0.5	(5.6)
September 30 2021 (3 months)	0.9	0.8	(1.0)	(3.6)	(3.6)	(2.4)
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>			
September 30 2022	142.2	141.9	3.543	3.485	2.592	3.628
September 30 2021	135.96	135.69	3.229	3.736	2.5351	3.4472
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 September 30		As of
	2022	2021	December 31
	Unaudited		Audited
	Thousands of NIS		
<u>Current Assets</u>			
Cash and cash equivalents	4,352	8,847	7,755
Investments in financial assets	48,838	90,319	83,217
Others	13,897	14,429	9,842
	<u>67,087</u>	<u>113,595</u>	<u>100,814</u>
Assets held for sale	-	-	15,840
	<u>67,087</u>	<u>113,595</u>	<u>116,654</u>
<u>Non-Current Assets</u>			
Investment in shares of parent company	335,289	549,647	647,953
Investments in associates handled using the book value method	145,441	132,516	145,347
Investment property	1,040,239	986,917	986,218
Others	2,829	4,530	4,397
	<u>1,523,798</u>	<u>1,673,610</u>	<u>1,783,915</u>
	<u>1,590,885</u>	<u>1,787,205</u>	<u>1,900,569</u>
<u>Current Liabilities</u>			
Accounts payable and credit balances	11,461	23,111	10,183
Current maturities of long-term loans	10,087	9,644	9,662
Current maturities of loan from parent company	3,044	37,690	14,601
Others	3,120	6,468	5,062
	<u>27,712</u>	<u>76,913</u>	<u>39,508</u>
<u>Non-Current Liabilities</u>			
Long-term loans from financial institutions	156,995	159,733	157,624
Loan from parent company	-	24,359	45,329
Other long-term liabilities	15,000	15,000	15,000
Deferred taxes	167,746	151,332	155,745
	<u>339,741</u>	<u>350,424</u>	<u>373,698</u>
Total equity	<u>1,223,432</u>	<u>1,359,868</u>	<u>1,487,363</u>
	<u>1,590,885</u>	<u>1,787,205</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 9 Months Ending September 30		For the 3 Months Ending September 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	59,055	52,438	20,764	17,931	70,890
From building rental, management and maintenance abroad and others	-	1,915	-	444	2,336
Total revenues	59,055	54,353	20,764	18,375	73,226
<u>Costs</u>					
Cost of building management and maintenance	7,783	7,517	2,741	2,893	9,403
Gross profit	51,272	46,836	18,023	15,482	63,823
Increase in fair value of investment property, net	51,486	38,901	-	-	53,405
Administrative and general and sales and marketing expenses	7,877	8,401	2,803	2,815	11,419
The Group's share of the profits (losses) of associates handled at book value	(2,430)	8,563	2,267	2,806	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	92,451	81,903	17,487	15,473	127,255
Financing revenues (expenses), net	(27,126)	10,818	(11,830)	(2,773)	4,690
Profit from the realization of consolidated companies and an investee according to the book value method	-	373	-	-	373
Profit after financing	65,325	93,094	5,657	12,700	132,318
Tax expenses	17,945	14,244	2,896	1,915	20,915
Net profit	47,380	78,850	2,761	10,785	111,403
Attributed to:					
Company shareholders	47,413	78,727	2,773	10,789	111,289
Non-Controlling Interests	(33)	123	(12)	(4)	114
	47,380	78,850	2,761	10,785	111,403

Notes to the Interim Consolidated Financial Statements

Note 3: – Concise Darban Data (Continued)c. Consolidated Cash Flow Reports

	For the 9 Months Ending September 30		For the 3 Months Ending September 30		For the Year Ending on December 31
	2022	2021	2022	2021	2021
	Unaudited				Audited
	Thousands of NIS				
Net cash deriving from current activity	35,144	50,360	7,476	13,969	65,520
Net cash derived from (used in) investment activity	15,722	(2,960)	(1,506)	47,395	(3,344)
Net cash used in financing activities	(54,485)	(44,980)	(6,100)	(62,159)	(60,568)
Translation differences due to cash balances held in foreign currency	216	(79)	(289)	(73)	(359)
Increase (decrease) in cash and cash equivalents	(3,403)	2,341	(419)	(868)	1,249
Balance of cash and cash equivalents at the beginning of the year	7,755	6,506	4,771	9,715	6,506
Balance of cash and cash equivalents at the end of the year	4,352	8,847	4,352	8,847	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 Zabida, 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 63.8 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.
On November 21 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 series 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.
- 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.

Notes to the Interim Consolidated Financial Statements

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

- 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:
- a. Construction rights for housing – 41,600 m² primary area (constituting 400 housing units).
 - b. Construction rights for commerce and employment: some 125,000 m².
- The plan was approved for deposit and was deposited
- g. On May 24 2022, the Company announced that it had received a permit from the Securities Authority to publish 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 (hereinafter – the Partnership), key of which are as follows:
 1. The Partnership will act to purchase, establish, manage, finance, develop and rent data centers throughout Israel (hereinafter – the Data Center Activity).
 2. All of the parties’ Data Center Activity in Israel shall be carried out through the Partnership only.
 3. 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 (hereinafter – 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.
 4. 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.
 5. 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.
 6. 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.
 7. 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.

Notes to the Interim Consolidated Financial Statements

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

- j. On October 11 2022, a partnership fully owned by the Company (hereinafter – the Seller), which holds 44.9% of the issued and paid-up stock capital of a company holding rights to land with an area of 0.88 hectares in Fort Lauderdale, Florida (hereinafter – the Property Company), entered into an agreement with an unrelated third party (hereinafter – the Buyer) to sell its full holdings in the Property Company, in return for a total of 115.7 million NIS (some \$32.5 million) (the Agreement and the Proceeds, respectively). From the sum of the Proceeds, a total of 32.8 million NIS (\$9.2 million) shall be paid to the Seller upon completion of the transaction and the balance of the Proceeds shall be paid through a seller's loan that the Seller will provide the Buyer (hereinafter – the Seller's Loan). The Seller's Loan is for a period of 3 years with yearly interest of 4.5% and the Buyer shall be entitled to repay the loan early without paying a fine.
- To guarantee the repayment of the Seller's loan, the Buyer and its controlling shareholders provided the following securities: a first-degree mortgage on the real estate of the Property Company, a lien on the Buyer's full holdings in the stock capital of the Property Company and personal guarantees by the Buyer's controlling shareholders. In addition, the agreement stated that in the event that the Buyer transfers or sells shares in the Property Company or the Property Company's land or if the development of the land in question begins within five years of completing the transaction, the Buyer shall pay the Seller an addition of \$10 million to the Proceeds, and in by the event that this applies after five years have passed but before the completion of the tenth year from the completion of the transaction– the Buyer shall pay the seller an addition of \$7 million to the Proceeds (hereinafter – the Additional Conditional Proceeds). In order to guarantee the payment of the Additional Conditional Proceeds (if they are formed), a second-degree mortgage shall be recorded in the Seller's name on the Property Company's land in addition to the controlling shareholders' guarantees in the Buyer.
- In addition, upon completing the transaction, the Company redeemed a shareholders' loan for the Seller provided by the Seller, the balance of which amounted to a total of 17 million NIS (\$4.8 million). The profit (before tax) for the Seller for the sale is expected to amount to a total of 9.6 million NIS (\$2.7 million). The expected cash flow for the Seller from the sale (before taxes and transaction costs) shall amount to a total of 124.6 million NIS (\$35 million).
- k. On August 18 2022, the Company issued a commercial paper (non-tradable) type: CP (Series 1) (hereinafter: CP) at an amount of 100 million NV, in return for a total of 100 million NIS. The CP is redeemable after 365 days pass from its deposit date with an existing option to renew it for 4 additional periods of 365 days each to August 2027. A call can be made to redeem the CP at any time with 7 business days' advance notice. Midroog set a rating of P-1.il for the CP.
