



# Mivne Real Estate (K.D) Ltd.

(“The company”)

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

As of March 31th, 2024

This is an English translation of the Hebrew consolidated Interim financial statements, that was published on ,May 30, 2024 (reference no.: 2024-01-055036) (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

## Board of Directors' Report on the State of Company's Affairs

Quarterly Report as of March 31, 2024



<b>Overview</b> <b>March</b> <b>31, 2024</b>	<b>15,168</b>	<b>Total Investment Property</b> (Millions of NIS)
	<b>1,526</b>	<b>Of This, Real Estate Under Construction</b> (Millions of NIS)
	<b>1,934</b>	<b>Cash-Generating Areas</b> (Thousands of m <sup>2</sup> ) of which 1,636 in Israel.
	<b>769</b>	<b>Land Reserves and Unused Rights</b> (Thousands of m <sup>2</sup> )
<b>Projects under construction</b> <b>March</b> <b>31, 2024</b>	<b>6</b>	<b>Projects Under Construction and In Development</b>
	<b>141</b>	<b>Scope</b> (Thousands of m <sup>2</sup> )
	<b>755</b>	<b>Estimated Cost Balance</b> (Millions of NIS)
	<b>180-195</b>	<b>Expected NOI at Project Completion*</b> (Millions of NIS) * For details see table under "concentrated data on projects in stages of construction, planning and development" below.
<b>Data from the Consolidated Statements</b> <b>1-3.24</b>	<b>210</b>	<b>NOI</b> (Millions of NIS) <b>Increase</b> of 2.3% compared to the corresponding period last year
	<b>2.7%</b>	<b>Same Properties NOI in Israel</b> <b>Increase</b> compared to corresponding period last year
	<b>155</b>	<b>FFO</b> (Millions of NIS) <b>Increase</b> of 3.4% compared to the corresponding period last year
	<b>8,427</b>	<b>Unrestricted Assets</b> (Millions of NIS), or 56% of total properties
	<b>2.38%</b>	<b>CPI-linked weighted debt interest</b>
	<b>2,213</b>	<b>Unused cash and credit frameworks as of the publication date of the Statements</b> (Millions of NIS)
	<b>93.1%</b>	<b>Occupancy Rate in Israel</b>

# Report of the Board of Directors on the State of Corporate Affairs for the period ended March 31, 2024

The Board of Directors of Mivne Real Estate (K.D.) Ltd. is honored to submit the Financial Statements of the Company and its subsidiaries ("**the Company**") for the period ended March 31, 2024 ("**The Reported Period**" and the "**Quarterly Financial Statements**", as the case may be). This report should be read in conjunction with the 2023 annual report published by the Company on March 27, 2024 (reference no.: 2024-01-032490) (hereinafter: "**the 2023 Periodic Report**"), included herein by way of reference.

## Business Environment

### Description of the Company and its Business Environment

The company has two main areas of activity as of the reported date:

1. The field of cash-generating properties – within this framework the Company engages, by itself and through its investees, in varied real estate activity centering on Israel. For more information, see section 1.2 of Chapter A (Report on corporate affairs) of the 2023 Periodic Report. The Company (and associates) own 1,934 thousand m<sup>2</sup> of rental areas, of which 1,636 thousand m<sup>2</sup> in Israel.
2. Residential real estate development field – the Company is active in the development of residential real estate in Israel including locating, initiating, planning, developing, building, marketing and selling residential construction in Israel. The Company has land reserves and unused rights to the amount of 769,000 m<sup>2</sup> and property under construction and planning to the amount of 824,000 m<sup>2</sup>.

2024 started out as one of the most complicated and challenging years for the Israeli economy, with the Iron Swords war ongoing, which started on October 7, 2023 with a vicious, murderous surprise attack launched by terrorist organization Hamas from the Gaza Strip. In 2023, even prior to this war, the Israeli economy faced soaring inflation, high interest rates and a credit crunch, all in view of the judicial reform and ensuing wave of civil protests.

These trends were slightly more moderate in the first quarter of 2024 when, after the Report Date, the Bank of Israel kept the interest rate unchanged despite the war and as opposed to the more moderate trend of market interest rates, in order to avoid, *inter alia*, further devaluation of the NIS. According to the macro-economic forecast issued by the Bank of Israel Research Division in April 2024 ("**the Revised Forecast**")<sup>1</sup>, interest should be at 3.75% in the first quarter of 2025.

The moderation trend in the CPI, which started in late 2023, continued in the first quarter of 2024, but in March and in April 2024, the CPI increased by 1.4%. Accordingly, the Bank of Israel in its revised forecast, revised the annual inflation forecast, from 2.4% to 2.7%. 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 11.6 billion NIS, is rented in CPI-linked

<sup>1</sup> Macro-economic Forecast by the Research Division, April 2025, available on the Bank of Israel website at <https://www.boi.org.il/publications/pressreleases/8-4-2024/>

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.

In April 2024, after the report date, Iran launched an extensive single air strike against Israel, launching ballistic missiles, cruise missiles and UAVs from Iran to Israel. This attack was averted by the Air Defense system, in collaboration with other countries, among which the USA. Escalation vis-a-vis Iran may have significant impact on Israel, on the Middle East and on other countries involved.

The impact of the war may include higher construction costs due, inter alia, to the Turkish export ban on Israel, with discontinued export of construction materials such as concrete, iron and stone. Should this ban continue, construction companies would be required to find alternatives, which may be more costly. In addition, in such a state of continued warfare, a shortage may be created in personnel at the Company's construction sites or halts in activity for safety reasons, which may lead to delays in the timetables of competing development projects. As of the report issue date, the Company expects its current revenues to decrease by a non-material amount due to the war, and expects no significant delays in projects under development due to the war.

In the first quarter of 2024, rating agency Moody's lowered +Israel's credit rating from A1 / Stable outlook to A2 / Negative Outlook, in light of the risk of the fighting expanding to the north and expanding the fighting in Gaza, which significantly increase the geopolitical risks in the State of Israel and hurt the State's fiscal fortitude in the foreseeable future. International rating agency Fitch announced it was placing Israel's credit rating on the negative watchlist.

As of the report date, in view of this being a dynamic event associated with significant uncertainty, the impact of the continued war in Gaza and Israel's engagement on the Northern front on future Company operations is unknown. Company Management estimates, taking a long-term view, that in light of the broad geographic and segment distribution of the Company's assets, their positioning, their location and their occupancy rates, as well as in light of its financial fortitude, which is expressed, among other things, in high balances of cash and cash equivalents in its possession, the debt's average life span, and the fact that assets valued at NIS 8.4 billion are not encumbered, the exposure of the Company's business to the crisis, including with regard to compliance with current and anticipated obligations and compliance with financial covenants set forth in financing agreements and deeds of trust for Company debentures. At the same time, the Company estimates that the continuation of the conflict for an extended period of time and/or a full conflict on the northern front (or additional fronts) are expected to lead to significant and broader damage to the economy, which will include deepening the harm to private consumption and businesses, including Company tenants, and as a result will lead to a drop in redemptions and changes in additional economic parameters.

**The assessments 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

### Debt Raised

In January 2024 the Company issued 571,916,000 NIS NV debentures (Series 25) and 125,355,000 NIS NV debentures (Series 20) by way of a series expansion in return for a total of 525 million NIS and 143 million NIS, respectively. The effective yearly interest embodied in the debenture offering (Series 25) is 3.06% and in the debenture offering (Series 20) some 2.66%.

### Purchase of Photo Voltaic Systems

In March 2024 the Company completed a transaction with Solog Sun Ltd., a subsidiary (80%) of Sunflower Renewable Investments Ltd., to purchase 101 photovoltaic facilities installed on the rooftops of Group properties with a total existing output of 5 MW including all rights in connection with them in return for a total of 78 million NIS plus VAT. The Company intends to offer an upgrade of the existing systems and add further system, with the cost of these upgrades estimated at 30 million NIS. The Company estimates that as a result of the purchase and upgrades in question, the total output is expected to grow to 10 MW and the Company's yearly FFO is expected to grow in coming years to 15-17 million NIS per year.

### Extension of shelf prospectus

On May 16, 2024, the Company announced that the Securities Authority had decided to extend the period for securities offers in accordance with the Company's shelf prospectus through May 25, 2025.

### Strategic plan

On May 30, 2024, the Company Board of Directors approved a multi-annual strategic plan for the Company, for a 5-year period, in conformity with recommendations received, after a review process led by a strategic consulting firm. For more information see immediate report by the Company dated May 30, 2024 (reference no. 2024-01-054877).

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

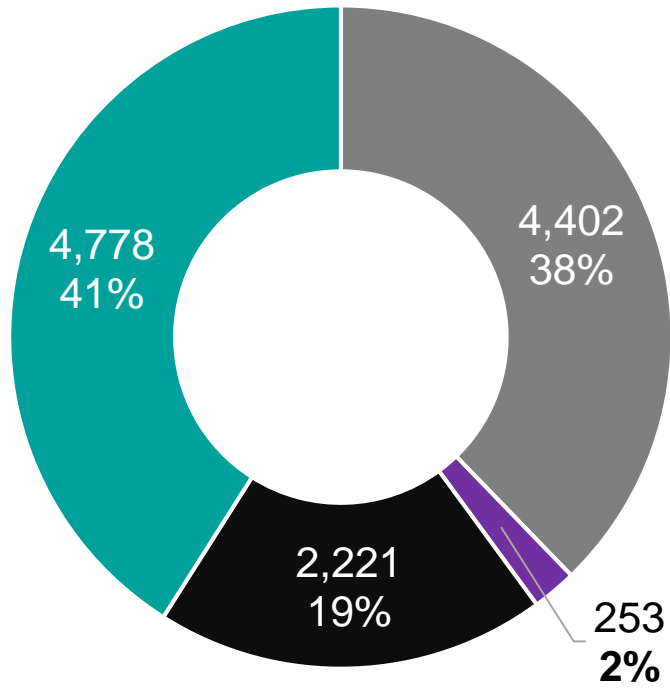
## The Company's Activity

As of March 31 2024, the Company's assets (on a consolidated basis), owned and leased, include 562 cash-generating properties spread out across Israel with a total area of 1.6 million m<sup>2</sup>, not including properties under construction. The properties are rented to some 3,000 tenants, in contracts of various length. In addition, the Company has 24 projects in advanced construction and planning stages to the scope of 838 thousand m<sup>2</sup>.

The occupancy rate of the Company's properties in Israel as of March 31, 2024 is 93.1% versus 92.7% on December 31, 2023.

## 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 (23 properties)
- Industrial and logistics (473 properties)

# A View of Company Data

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

	Change Compared to Corresponding Period Last Year	1-3/24	1-3/23
<b>Comprehensive NOI</b>	<b>2.3%</b>	<b>210</b>	<b>205</b>
<b>NOI in Israel*</b>	<b>3.7%</b>	<b>196</b>	<b>189</b>
<b>Same Properties NOI in Israel</b>	<b>2.7%</b>	<b>194</b>	<b>189</b>
<b>NOI abroad**</b>	<b>(14.5%)</b>	<b>13</b>	<b>16</b>
<b>FFO</b>	<b>3.4%</b>	<b>155</b>	<b>150</b>
<b>Increase in Known Index Rate</b>		<b>0.29%</b>	<b>1.08%</b>

\* Including from solar activity. The increase in NOI in the first three months of 2024 compared to the corresponding period last year derives 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 10 million NIS as well as an increase due to the increase in the CPI by NIS 7 million. This increase was offset by NIS 10 million for vacating areas being leased, primarily in the Achuzat Bayit compound in Tel Aviv.

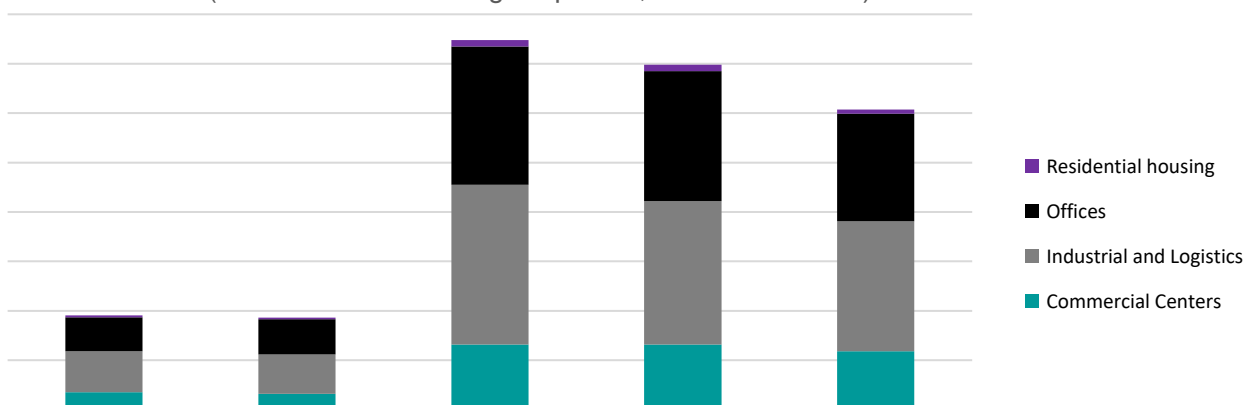
\*\* Most of the decrease derives from a one-time revenue of a property in France included in the period January-March 2023.

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

	Number of Properties as of March 31, 2024	Above-Ground Area as of March 31, 2024	NOI for the Period 1-3.24	Fair Value of Cash-Generating Property as of March 31, 2024	Occupancy Rate as of March 31, 2024	Value of Real Estate Under Construction as of March 31, 2024
Uses		m <sup>2</sup>	In Thousands of NIS	In Thousands of NIS	%	In Thousands of NIS
Offices	63	406,110	69,781	4,401,880	86.3%	1,525,865
Commercial	23	187,381	34,431	2,221,059	90.3%	
Industrial and logistics	473	992,723	83,078	4,778,331	96.3%	
Residential	3	13,864	3,471	253,111	99.5%	
<b>Total</b>	<b>562</b>	<b>1,600,078</b>	<b>190,761</b>	<b>11,654,381</b>	<b>93.1%</b>	<b>1,525,865</b>
<b>Associated Companies – Company's Share</b>						
Offices	5	17,519	2,466	155,994	91.7%	
Commercial	6	13,149	3,303	209,829	98.6%	
Industrial and Logistics	1	5,256	228	145,254	100.0%	
<b>Total</b>	<b>12</b>	<b>35,924</b>	<b>5,997</b>	<b>511,077</b>	<b>95.4%</b>	
<b>Expanded Total</b>	<b>574</b>	<b>1,636,002</b>	<b>196,758</b>	<b>12,165,458</b>	<b>93.1%</b>	<b>1,525,865</b>

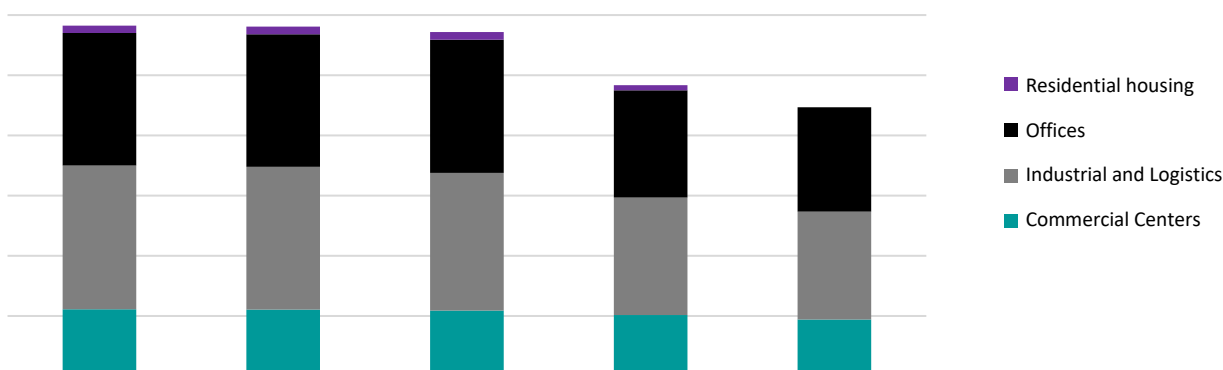


### Spread of NOI in Israel by Uses (From Cash-Generating Properties, in Millions of NIS)



	1-3/2024	1-3/2023	2023	2022	2021
<b>Commercial</b>	34	32	132	132	118
<b>Industrial and Logistics</b>	83	80	323	290	263
<b>Offices</b>	70	71	280	263	218
<b>Rental Housing</b>	4	3	13	13	8
<b>Total</b>	<b>191</b>	<b>186</b>	<b>748</b>	<b>698</b>	<b>607</b>

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



	March 31, 2024	December 31, 2023	December 31 2022	December 31 2021	December 31 2020
<b>Commercial</b>	2,221	2,217	2,175	2,030	1,878
<b>Industrial and Logistics</b>	4,778	4,739	4,585	3,911	3,589
<b>Offices</b>	4,402	4,408	4,427	3,555	3,367
<b>Rental Housing</b>	253	253	252	174	101
<b>Total cash-generating property</b>	<b>11,654</b>	<b>11,617</b>	<b>11,439</b>	<b>9,670</b>	<b>8,935</b>
<b>Total under construction</b>	<b>1,526</b>	<b>1,414</b>	<b>1,126</b>	<b>723</b>	<b>168</b>
<b>Total investment property</b>	<b>13,180</b>	<b>13,031</b>	<b>12,565</b>	<b>10,393</b>	<b>9,103</b>

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

Country	Number of Properties	Above-Ground Area in m <sup>2</sup>	Number of Tenants	Rate of Occupancy	Fair Value In thousands of NIS	NOI from Cash-Generating Properties in January-March 2024, NIS in thousands
<b>Cash-Generating Properties</b>						
Israel	562	1,600,078	2,986	93.1%	11,654,381	190,761
Switzerland	2	56,220	17	93.3%	417,954	7,135
Ukraine	1	45,100	67	79.6%	198,627	4,809*
North America	4	77,522	174	65.2%	186,509	1,166
France	5	119,447	5	98.5%	30,096	352
<b>Total cash-generating properties</b>	<b>574</b>	<b>1,898,367</b>	<b>3,249</b>	<b>92.0%</b>	<b>12,487,567</b>	<b>204,223</b>
<b>Land</b>						
Land in Israel	33				1,360,583	
Abroad	1				25,588	
<b>Total land</b>	<b>34</b>				<b>1,386,171</b>	
<b>Total</b>	<b>608</b>	<b>1,898,367</b>	<b>3,249</b>	<b>92.0%</b>	<b>13,873,738</b>	<b>204,223</b>
<b>Israel – Associated Companies</b>	<b>12</b>	<b>35,924</b>	<b>92</b>	<b>95.4%</b>	<b>511,077</b>	<b>5,997</b>
<b>Total</b>	<b>620</b>	<b>1,934,291</b>	<b>3,341</b>	<b>92.0%</b>	<b>14,384,815</b>	<b>210,220</b>
<b>Deferred taxes**</b>					<b>2,348,684</b>	

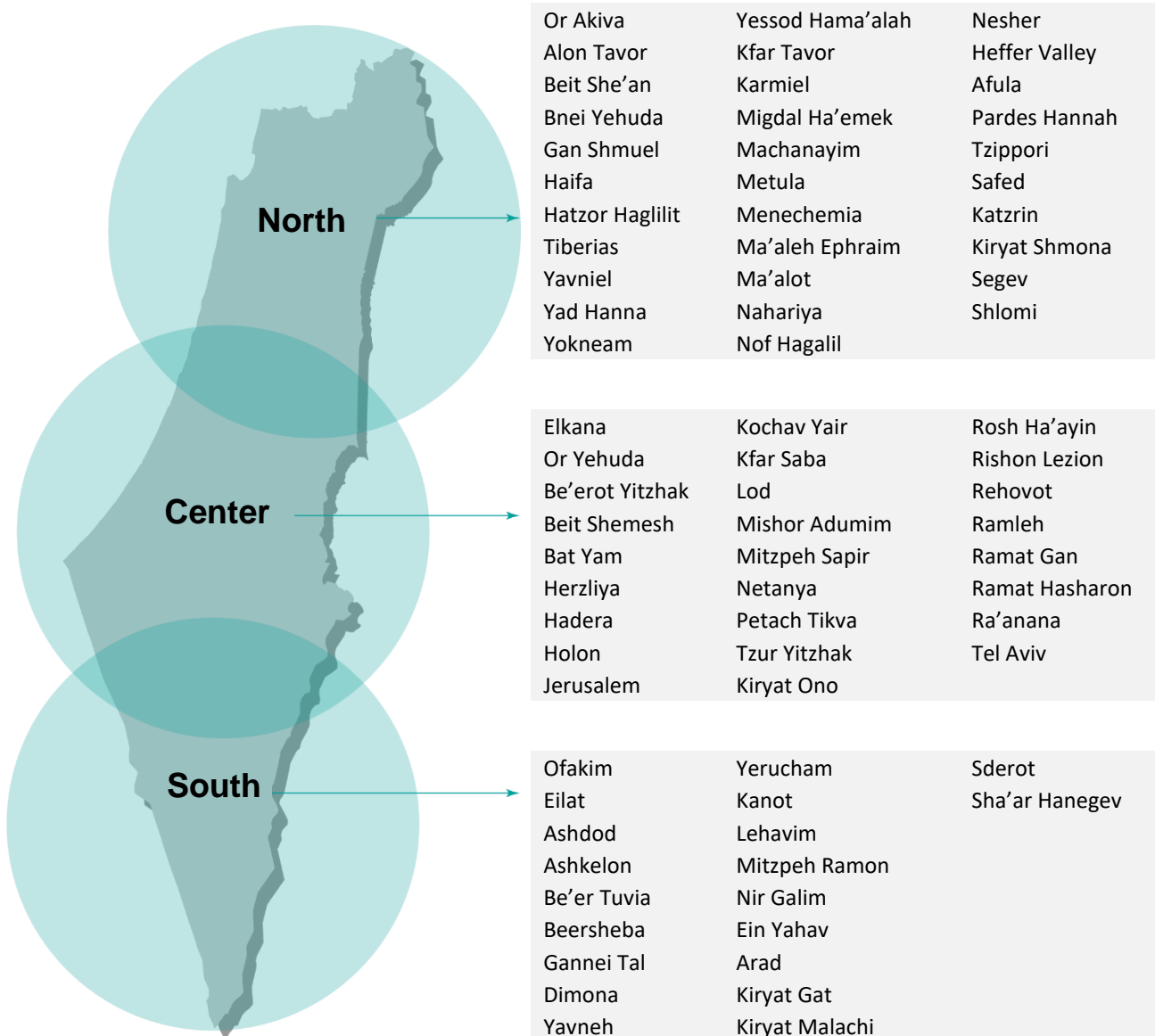
\* This data reflects partial rental receipts in light of the defense and geopolitical events occurring in the region. For further details see Note 1c to the Quarterly Financial Statements.

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



## All Across Israel - Mivne

The Company owns 1,934 thousand m<sup>2</sup> of cash-generating space, of which 1,636 thousand m<sup>2</sup> in Israel. The Company has land reserves and unused rights to the amount of 769,000 m<sup>2</sup> and property under construction as detailed in the above table "properties under construction", with a total area of 141 thousand m<sup>2</sup>.



## Concentrated Data on Projects in Construction, Planning and Development Stages

(As of March 31, 2024)<sup>(1)</sup>

### Properties Under Construction

Project Name	Location	Main Use	Company's Share	Design Status	Rental Space (m <sup>2</sup> )*	Project's Value in the Company's Books	Estimated Construction Cost Balance	Estimated NOI Fully Occupied
<b>In Millions of NIS</b>								
<b>Hasolelim</b>	Tel Aviv-Yafo	Offices and commercial	100%	<u>Offices</u> : the structural elements of the small building are completed, the structural elements of the large structure are at the 28th floor. <u>Public building</u> : the structural elements of the building are completed and finishing works have begun.	68,300	961	351	109-117
<b>Mivne Kfar Saba</b>	Kfar Saba	Offices	100%	Underway, Estimated completion – Q1 of 2025.	26,000**	248	12	19-22
<b>Science and High-Tech Park (2 buildings)</b>	Haifa	Offices	50%	The structural elements of the building have been completed, is undergoing system and aluminum works on the floors.	14,000	97	60	12
<b>Kiryat Hamishpat</b>	Kiryat Gat	Offices	100%	Certificate of completion issued for envelope level	5,000	41	1	3
<b>Mivne Herzliya Pituach</b>	Herzliya	Residential	100%	Paneling and foundation works completed. Changes in design made and progress has been made toward the completion of basements.	103 housing units	153	131	8-9
		Offices and commercial			24,300		197	27-30
<b>Sderot Netter</b>	Sderot	Commercial	100%	Under construction, estimated completion 2024.	3,300	26	3	2
<b>Total</b>					<b>140,900</b>	<b>1,526</b>	<b>755</b>	<b>180-195</b>

\* Without parking area.

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

## Primary Properties Undergoing Planning

Project Name	Location	Main Use	Company's Share	Design Status	Built-Up Area* (m <sup>2</sup> )	Project Value in the Company's Books (Millions of NIS)
Mivne Towers Yigal Alon, Tel Aviv	Tel Aviv	Employment and commercial	100%	Plan approved for validation, awaiting resolution by the Appeals Committee.	125,000	715
		Residential			400 housing units	
Hasivim Neveh Oz	Petach Tikva	Offices	100%	Town construction plan approved. Implementation date not yet decided.	13,000	23
Science and High-Tech Park (2 buildings)	Haifa	Offices	50%	Preliminary design and zoning plan preparation.	14,000	14
Crytek 2	Yokneam	Offices	100%	Decided to push permit forward, permit receipt forecast - Q1/2025.	25,000	5
Akerstein Towers Stage B	Herzliya	Offices and commercial	53%	In discussions with regional committee. In planning stages for Town Plan.	46,000	14
		Residential			150 housing units	
Office Tower in Giv'at Sha'ul	Jerusalem	Offices	100%	Permit in preparation for completion.	34,750	47
Mitham Ha'elef	Rishon Lezion	Rental housing and student dormitories	50%	Detailed plans being prepared for the purpose of filing a request for a building permit.	17,000	80
Or Yehuda	Or Yehuda	Offices and commercial	50%	Permit request filed after preliminary conditions have been met.	15,500	31
Yad Hanna	Yad Hanna	Industry	50%	Working on permit	47,000	145
Kanfei Nesharim	Jerusalem	Offices	50%	Conditional permit issued, in process of setting values for improvement surcharge.	15,000	8
Ofakim – Opar	Ofakim	Commercial	100%	Building permit request filed, first permit received	8,000	28
Gannei Tal	Gannei Tal	Industry	51%	In second reservation with administration.	28,000	31
Rehovot – Sharfon	Rehovot	Employment and commercial	50%	Planning for permit	40,000	35
		Residential			210 housing units	
Eilat – Shemi Bar	Eilat	Employment and commercial	100%	In Town Construction Plan approval stages.	23,000	66
		Residential			220 housing units	
Eilat – Commercial Compound	Eilat	Employment and commercial	100%	In Town Construction Plan approval stages.	21,500	68
		Residential			152 housing units	
DLR Mivne	Petach Tikva	Data center	50%	In advanced permit stages.	18MW on some 10,000 m <sup>2</sup>	-
Kiryat Shechakim	Herzliya	Offices	25%	-	200,000	-
Mivne Hadera	Hadera	Offices and commercial	50%	In preliminary design approval stages.	14,418	32
		Residential			138 housing units	
<b>Total</b>					<b>697,168</b>	<b>1,342</b>

\* Without parking area.

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

Town	Use	Number of Units	Area (m <sup>2</sup> )	Book Value/ Sum Paid (Thousands of NIS)	Balance Payable (Thousands of NIS)	Yearly NOI/ Expected NOI (Thousands of NIS)	Expected Yield
Jerusalem	Housing Cluster	317	13,658	125,981	-	8,037	Cash-generating
Kiryat Ono	Student Dorms	113	3,334	59,143	-	2,900	Cash-generating
Kiryat Ono	Residential	30	2,745	67,987	-	2,000	Cash-generating
Ben Shemen	Residential	80	8,913	27,856	113,102	4,235	Q3/2024
Hadera	Residential	50	5,168	15,172	62,274	1,679	Q3/2025
Ramat Hasharon	Residential	50	6,041	29,910	124,552	5,508	Q3/2024 for most of the apartments Q4/2026 for the remaining apartments
Ramat Chen	Residential	80	7,206	38,376	161,153	5,283	Q1/2027
<b>Total</b>		<b>720</b>	<b>47,065</b>	<b>364,425</b>	<b>461,081</b>	<b>29,642</b>	

## Photo Voltaic Systems <sup>(1)</sup>

The Company has solar installations installed on the rooftops of buildings it owns in Israel. The installations are used to generate electricity, which is provided to the Israel Electric Corporation for pay. From time to time the Company studies the IEC tenders and their feasibility. The following is the status of the facilities as of the publication of this report:

	Amount	Size (KW)	Expected Yearly Revenue (Thousands of NIS)
Existing facilities**	354	42,014	43,994
Increasing the size of existing installations	-	-	-
facilities with quota	20	2,502	1,677
facilities in approval proceedings	27	4,033	2,855
<b>Total</b>	<b>401</b>	<b>48,549</b>	<b>48,526*</b>

\* The Company's share of the expected revenues is expected to amount to a total of 42 million NIS. The amortized cost in the books for the photovoltaic facilities is 220 million NIS and the balance of the cost for implementation totals 36 million NIS.

\*\* In March 2024 the Company completed a transaction to purchase 101 photovoltaic facilities installed on rooftops of Company properties, with an existing total output of 5 MW. For further details see under "Purchase of Photo Voltaic Systems " in this chapter above.



- (1) Some of the information presented in the above three tables constitutes forward-looking information, as per Section 32a of the Securities Law, 1968. Forward-looking information is any forecast, estimate, assessment or other information in the Company's possession as they are upon the publication of this report with regard to future events or issues, the materialization of which is uncertain and not under the sole control of the Company, and among other things, is subject, by nature, to significant chances of non-realization. Such information is influenced, among other things, by the business environment in which the Company is active and the risk factors characterizing the Company's activity, including tenants' ability to pay, the receipt of permits and approvals from the proper authorities, engagements with third parties, changes in legislation and regulation as well as the impact of the "Iron Swords" war, which was detailed in the "Business Environment" chapter above on the Israeli economy in general and on the Company's activity in particular, including the impact of the war on all of the above items. For further details on the risk factors characterizing the Company's activity see Section 1.38 "Risk Factors" as well as Section 1.7 "General Environment" in of the Report on the Corporation's Business in the 2023 Periodic Report.

## Residential

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

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

Location	No. of Housing Units <sup>1</sup>	Company's share	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 March 31, 2024 (Millions of NIS)	Total Cost Balance	Developed Profit Yet Recognized
		%	As of March 31, 2024		As of the publication of the report					
Hasolelim	360	75%	94	337	105	373	14	510	160	312
Hameitav Tel-Aviv, Stage A <sup>2</sup>	1	50%	-	-	1	4	-	1	-	1
Marom Hasharon Stage F	134	90%	47	89	52	98	4	88	13	64
Marom Hasharon Stage G	79	90%	-	-	-	-	-	89	9	42
<b>Total</b>	<b>574</b>		<b>141</b>	<b>426</b>	<b>158</b>	<b>475</b>	<b>18</b>	<b>688</b>	<b>182</b>	<b>419</b>

1. Balance of units in inventory as of March 31, 2024.

2. As of March 31, 2024 and as of the report issue date, 158 units have been delivered, valued at 453 million NIS.

For more information about the required quarterly update on projects, pursuant to proposed legislation of amendment to the Securities Regulations regarding real estate development operations, see Appendix A to this report.

Some of the information presented in the above table constitutes forward-looking information, as per Section 32a of the Securities Law, 1968. Forward-looking information is any forecast, estimate, assessment or other information in the Company's possession as they are upon the publication of this report with regard to future events or issues, the materialization of which is uncertain and not under the sole control of the Company, and among other things, is subject, by nature, to significant chances of non-realization. Such information is influenced, among other things, by the risk factors characterizing the Company's activity, including the state of the economy, the receipt of permits and approvals from the proper authorities, engagements with third parties, changes in legislation and regulation, increased construction costs and the implications of the "Iron Swords" war, which was detailed in the "Business Environment" chapter above on the Israeli economy as a whole and on the Company's activity in particular. For further details on the risk factors characterizing the Company's activity see Section 1.38 "Risk Factors" as well as Section 1.7 "General Environment" in of the Report on the Corporation's Business in the 2023 Periodic Report.

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

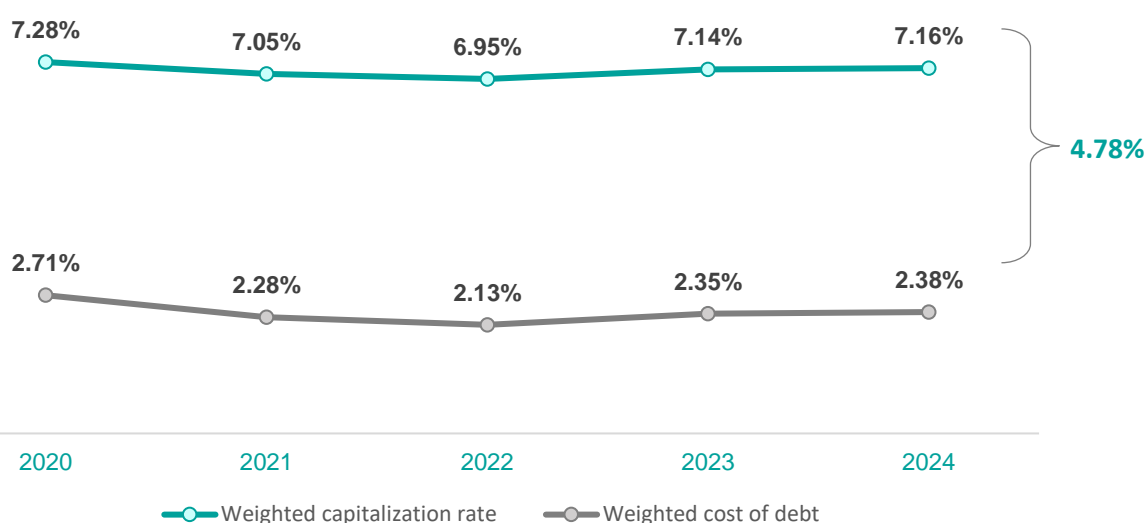
Location	Number of Housing Units	Company's share	
		In %	In Millions of NIS
Sdeh Dov	230	33.33%	224
Or Akiva	56	100%	12
Ramleh	57	100%	7
<b>Total</b>	<b>343</b>		<b>243</b>

## Debt Structure Management

Company policy is to maintain an efficient leverage rate by recruiting debt with a long-term life span and with no liens. The Company's net financial debt as of March 31 2024 amounts to 6.9 billion NIS. The debt's total life span is 4.34 years and the weighted effective interest rate is 2.38% CPI-linked.

As of the publication of this report, the Company has cash balances and unused credit frameworks totaling 2.2 billion NIS, and unencumbered real estate properties to the sum of 8.4 billion NIS.

Gross real profit margins between cash-generating properties



### Spreading debt redemptions over years

	Average Life Span	Weighted Effective Interest	2024	2025	2026	2027	2028	2029	2030 onward	Balance as of March 31 2024*
			In Millions of NIS							
Israel	4.34	2.38%	403	872	1,329	1,235	1,352	931	2,463	8,585
Weighted Interest Rate for Redemptions Performed in the Period			3.82%	2.67%	2.02%	2.66%	2.35%	2.03%	2.24%	
Weighted interest rate			2.31%	2.26%	2.32%	2.23%	2.18%	2.24%	2.27%	
Abroad	5.0	1.76%	38	55	-	-	-	-	194	287
<b>Total redemptions</b>			<b>441</b>	<b>927</b>	<b>1,329</b>	<b>1,235</b>	<b>1,352</b>	<b>931</b>	<b>2,657</b>	<b>8,872</b>
Of these, a "balloon" guaranteed by a lien			(176)	(250)	(703)	(557)	(401)	-	(194)	
<b>Redemptions less pledged cash flows</b>			<b>265</b>	<b>677</b>	<b>626</b>	<b>678</b>	<b>951</b>	<b>931</b>	<b>2,463</b>	
Value of asset pledged			224	546	1,802	1,491	861	-	391	
<b>LTV rate of pledged asset</b>			<b>78.8%</b>	<b>45.7%</b>	<b>39.0%</b>	<b>37.3%</b>	<b>46.6%</b>	<b>0.0%</b>	<b>49.6%</b>	

\* The balance as of March 31, 2024 for debentures includes a discount or premium.



# NOI

## NET OPERATING INCOME

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

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

	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
<b>Total – NOI</b>	<b>196,110</b>	<b>185,529</b>	<b>196,127</b>	<b>192,148</b>	<b>189,149</b>

NOI in the first quarter of 2024 totaled 196 million NIS, compared to 189 million NIS in the corresponding quarter last year, constituting a growth of 3.7%.

## Weighted Cap Rate

The following is the calculation of the weighted cap rate derived from all the cash-generating properties in Israel as of March 31 2024:

	Consolidated (In Millions of NIS)
Investment property in consolidated report as of March 31 2024	13,642
Less – foreign real estate	(846)
Less – value of lands classified as investment property	(1,361)
Plus – value of cash-generating properties intending for realization	2
<b>Cash-generating investment property in Israel as of March 31 2024</b>	<b>11,437</b>
Less value attributed to vacant spaces	(804)
Less value attributed to rental housing	(253)
<b>Investment property attributed to rented spaces as of March 31 2024</b>	<b>10,380</b>
<b>NOI from cash-generating properties in Israel for the period ended March 31, 2024</b>	<b>191</b>
<b>Standard Yearly NOI</b>	<b>756</b>
<b>Yearly NOI less NOI attributed to rental housing</b>	<b>743</b>
<b>Weighted cap rate deriving from cash-generating investment property in Israel</b>	<b>7.16%</b>



# FFO

## Funds From Operations

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

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

### We emphasize that the FFO –

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



## FFO calculations (In Thousands of NIS)

	1-3.2024	1-3.2023	1-12.2023
Net income for the period	115,036	171,891	337,043
Changes in value of investment property and investment property under construction	(21,831)	(94,025)	61,922
Profits and losses from the sale of real estate, investees, other revenues and realization of capital reserves from translation differences.	6,633	2,661	3,193
Changes in fair value of financial instruments	(1,262)	8,594	(3,632)
Adjustments due to taxes	25,442	27,075	50,468
Loans attributed to affiliated companies	(61)	605	(5,037)
Revaluation of assets and liabilities	3,623	1,002	11,614
Other revenues	(1,660)	(18,165)	(52,075)
<b>Nominal FFO pursuant to ISA directives</b>	<b>125,920</b>	<b>99,638</b>	<b>403,496</b>
Added – expenses of linkage differences on the debt principal and exchange rate differences	23,362	45,377	179,355
<b>Real FFO pursuant to management's approach</b>	<b>149,282</b>	<b>145,015</b>	<b>582,851</b>
<b>FFO attributed to cash-generating property</b>	<b>154,729</b>	<b>149,578</b>	<b>602,604</b>
<b>Change in CPI rate in the period *</b>	<b>0.29%</b>	<b>1.08%</b>	<b>3.3%</b>

\* The change in the Consumer Price Index rate has an impact on current tax expenses. In the event of an increase/decrease in the Consumer Price Index, an increase/decrease occurs in financing expenses due to a CPI-linked debt, which causes a decrease/increase in provisions to current taxes.

## 2024 Forecast

The following is the projected FFO from cash-generating properties and projected NOI for 2024:

The Company's forecast for its key operating results in 2024, based on the following working assumptions:

- Known CPI as of March 31 2024.
- Without the purchase of new properties and sale of properties as of the report date.
- 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 in Chapter A of the Report on Corporate Business of the 2023 Periodic Report.
- Company Management expects that most of the rental agreements expiring over the course of 2024 will be renewed.
- Company management estimates that assuming that the "Iron Swords" War continues at its current intensity, the war's impact on the Company's business is not material.

2024 Forecast in Millions of NIS		
	2024 Forecast	2023 in Practice
NOI	825-850	825
FFO attributed to cash-generating property	610-630	603

The information in the above table featuring a forecast for all of 2024 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, as well as the implications of the "Iron Swords" War, which was detailed in the "Business Environment" chapter above on the Israeli economy in general and on the Company's activity in particular. 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 information regarding risk factors characterizing the Company's activity see Section 1.38 "Risk Factors" as well as Section 1.7 "General Environment" in of the Report on the Corporation's Business in the 2023 Periodic Report.

# Operating Results According to Consolidated Financial Statements

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

	For the period		Notes and Explanations	
	1-3.2024	1-3.2023		
<b>Revenues from Rental and Management Fees</b>	261	258	Most of the increase derives from the influence of the CPI increase on rental contracts and a real increase in rent, offset by decrease in rent and management fee revenues overseas.	
<b>Maintenance and Management Costs</b>	57	55		
<b>Revenues from the Sale of Apartments and Land</b>	41	41		
<b>Cost of Apartments and Land Sold</b>	26	25		
<b>Increase in Fair Value of Investment Property</b>	22	94	Over the course of the period, 60 valuations were carried out for properties in Israel worth 1.1 billion NIS. The increase in property valuation in the period is due to increase in the CPI, higher real rent and land valuations.	
<b>Administrative and General, Sales and Marketing Expenses</b>	27	24	The increase is primarily due to increase in doubtful debt.	
<b>Financing Expenses</b>	Net interest expenses	33	32	The increase largely derives from an increase in the Company's debt.
	Expenses from change in CPI, net	22	61	A 0.3% CPI increase in the period against a 1.1% CPI increase in the corresponding period last year. In addition, an increase in linked financial debt.
	Net expenses (revenues) from exchange rate differences and others	15	(6)	
	<b>Total</b>	<b>70</b>	<b>87</b>	
<b>Income tax expenses</b>	35	32		
<b>Net Income</b>	<b>115</b>	<b>172</b>		

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

	As of March 31, 2024	As of December 31 2023	Notes and Explanations
<b>Current Assets</b>	2,541	1,868	The increase largely derives from an increase in the balances of cash and cash equivalents as a result of debenture expansion by NSI 662 million, net.
<b>Investments handled using the book value method</b>	538	533	
<b>Investment property, investment property in development and advance payments on account of investment in land</b>	15,319	15,202	The increase mainly derives from real estate revaluations and investments in the period.
<b>Inventory of land for construction</b>	243	242	
<b>Short-term credit, current maturities</b>	736	710	
<b>Long-term loans and liabilities from banking corporations, credit providers and others.</b>	751	770	
<b>Long-term debentures</b>	7,015	6,351	The increase is primarily due to expansion of debentures (Series 20 and 25) by NIS 662 million, net.
<b>Total equity attributed to shareholders</b>	8,095	8,054	Most of the increase derives from comprehensive income in the period to the sum of 103 million NIS, offset by dividend to the sum of 65 million NIS.
<b>Total Equity</b>	8,152	8,111	

## Cash and Credit Frameworks

Sources	In Millions of NIS
<b>Balance of Cash at the Beginning of the Period</b>	<b>923</b>
<b>Cash Deriving from Current Activities</b>	<b>114</b>
Sale of assets	9
Short-term investments, net	(13)
Investment in investment property, real estate under development and fixed assets	(110)
Investment in photo voltaic systems	(78)
Investment in long-term deposit	(4)
<b>Total investment activity</b>	<b>(196)</b>
Issue of debentures	662
Repayment of loans from banks and long-term liabilities	(11)
<b>Total financing activity</b>	<b>651</b>
<b>Exchange rate differences due to balances of cash and cash equivalents</b>	<b>(4)</b>
<b>Balance of cash at the end of the period</b>	<b>1,488</b>



## Financing and credit facilities

As of the publication of this report, the Company has cash balances and unused credit frameworks totaling 2.2 billion NIS.

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

For details on the debentures (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 October 30 2011 and as updated on March 19 2017, February 2 2023 and January 14 2024 ("**Reportable Credit Directive**"), see Appendix C to the Board of Directors' Report.

For details on the issue of debentures and early redemption of debentures in the reported period, see Notes 6a and 6b to the Company's Consolidated Financial Statements as of March 31, 2024.

## Working Capital

Working capital, including assets and liabilities held for sale as of March 31, 2024, amounted to NIS 1,369 million in the Financial Statements compared to NIS 894 million as of December 31 2023. Working capital in the solo financial statements, including assets held for sale as of March 31, 2024, amounted to NIS 1,134 million vs. working capital, including assets held for sale to the sum of NIS 778 million as of December 31, 2023.

## Linkage Balance

The Company has financial liabilities amounting to NIS 9 billion, of which NIS 7.7 billion are linked to the CPI. The Company's cash-generating property in Israel is worth 11.6 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 operating in Israel and overseas. The Company accounts for its investments in these entities using the book value method. As of March 31, 2024, the investment in these companies amounts to 538 million NIS, of which 527 million NIS in Israel.

## Credit Rating

On April 18, 2024, Midroog Ltd. announced that it was retaining the Aa2.il Stable Outlook rating for the Company and for the debentures (Series 16, 17, 24 and 25) issued by the Company, the rating Aa1.il Stable Outlook for the debentures (Series 19 and 23) the Company has issued as well as rating P-1.il for the Company's Commercial Securities 1.

## Dividend Policy

On March 26 2024 the Company's Board of Directors decided to distribute dividends with respect to 2023 amounting to 65 million NIS (0.08605 NIS per share).

On said date, the Company Board of Directors decided to adopt a dividend policy according to which the Company intends to distribute up to 50% of the Company's yearly FFO per year, taking into account the act that the ratio of the net financial debt to the CAP desired at the Company will not exceed 50%.

Note that the dividend policy in question is in the form of policy statements only and shall not be seen as a commitment by the Company to distribute dividends. Any dividend distribution shall be stipulated on a specific decision passed by the Company Board of Directors after examining the distribution tests in accordance with legal requirements taking the Company's business situation into account, as well as its expected cash flow, the Company's strategy and its business needs. In addition, the Company Board of Directors may change from time to time, at its sole discretion, the Company's dividend distribution policy.

Note also that within the framework of the above dividend distribution policy, the Company may make self-purchases of the Company's shares.

On April 9, 2024, the Company Board of Directors approved an outline for Company share buy-back, amounting up to NIS 180 million, in two stages as follows:

- a. In stage 1, a buy-back plan was approved, amounting up to NIS 90 million (hereinafter: "Buy-back Plan" and "Buy-back Amount", respectively), such that any outstanding Buy-back Amount would be distributed as dividends for the final quarter of 2024, subject to a specific Board resolution, after review of statutory distribution tests, considering the state of Company affairs, its cash flow forecast, strategy and business needs. The Buy-back Plan would start one trading day after the approval date of the financial statements as of March 31, 2024 and would run through December 31, 2024. It would be conducted subject to ISA directive dated July 26, 2010, as revised in February 2021 (Position 199-8) with regard to Safe Haven protection for share buy-back by a corporation.
- b. Execution of Stage 2 of the aforementioned outline, amounting up to a further NIS 90 million, is subject to approval by the Company Board of Directors.

Note that the aforementioned Buy-back outline of two stages is subject to the Company's dividends policy, and is an integral part of the implementation thereof.

For more information about the Buy-back Plan, see immediate report published by the Company on April 10, 2024 (reference no.: 2024-01-035752).

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.

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**Tal Fuhrer**

Chair of the Board of Directors

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**Uzi Levi**

Company CEO

May 30, 2024

# Appendices

**01**

Appendix A

**Information about development real estate properties**

**02**

Appendix B

**Exposure to Market Risk and Management Thereof**

**03**

Appendix C

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

**04**

Appendix D

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

**05**

Appendix E

**Linkage Basis Report**



## Appendix A

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# Information about development real estate properties

## Appendix A

# Information about development real estate properties

### 1. Information about development real estate properties classified as Highly Material Assets on the 2023 annual report

#### 1.1 HaSolelim project

##### 1.1.1 Cost invested and to be invested in the project

Data for 100%, unless otherwise indicated. Company's Share of the property: 75%		Q1 2024	2023	2022
Invested cost	Cumulative cost with respect to land at end of period	344,423	344,423	344,423
	Cumulative cost with respect to development, taxes and fees	37,302	35,571	31,584
	Cumulative cost with respect to construction	264,627	205,450	51,738
	Cumulative cost with respect to financing (capitalized) (*)	12,756	12,756	12,756
	<b>Total cumulative cost</b>	659,109	598,101	440,500
	<b>Total cumulative carrying amount (*)</b>	509,793	473,533	415,671
Cost to be invested and completion rate	Cost with respect to land to be invested (estimate)	-	-	-
	Cost with respect to development, taxes and fees to be invested (estimate)	27,912	28,912	49,026
	Cost with respect to construction to be invested (estimate)	185,111	241,551	375,352
	Cumulative cost with respect to financing (to be capitalized) (estimate)	-	-	-
	<b>Total cost to be invested</b>	213,023	270,463	424,378
	<b>Completion rate (excluding land)</b>	59%	46%	-
	Expected construction completion date	2026	2026	2027

(\*) Company's share

Note that the aforementioned estimates with respect to cost to be invested and expected completion date constitute forward-looking information (as this term is defined in the Securities Act, 1968), whose materialization is uncertain and not within the Company control. The aforementioned information is based on existing agreements, forecasts and estimates by the Company with regard to project schedules, and on the assumption that expenses to be incurred would be as estimated by the Company. Any changes to the aforementioned variables, including due to implications of the Iron Swords war, as listed above in chapter "Business Environment", may result in change to the costs described and/or to delay in the completion date.

1.1.2 Project marketing

Company's share of the project: 75%			Q1 2024	2023	2022
Contracts signed during the period	Housing Units	Amount	8	6	6
		m <sup>2</sup>	936	1,071	1,150
Average price per m <sup>2</sup> in contracts signed during the period	Housing Units (NIS in thousands)		40,530	39,441	36,795
Cumulative contracts through the period	Housing Units	Amount	94	86	80
		m <sup>2</sup>	10,985	10,291	9,415
Average price per m <sup>2</sup> on aggregate in contracts signed through the period	Housing Units (NIS in thousands)		39,071	37,612	34,868
Project marketing rate	Total revenues expected from entire project (NIS in thousands)		1,471,622	1,471,943	1,565,083
	Total revenues expected from signed projects on aggregate (NIS in thousands)		353,055	317,061	274,130
	Marketing rate at end of the period		24%	22%	18%
Areas for which contracts have yet to be signed	Housing Units	Amount	266	274	280
		m <sup>2</sup>	30,262	31,198	32,269
<b>Total cumulative cost (inventory balance) attributed to areas for which binding contracts have yet to be signed on the statement of financial position</b>			508,022	473,152	415,671
Number of contracts signed from end of the period through the report publication date	Amount		13		
	m <sup>2</sup>		1,163		
Average price per m <sup>2</sup> in contracts signed from end of the period through the report publication date (NIS in thousands)			38,855		

2. Information about development real estate properties not classified as Highly Material Assets on the 2023 annual report

Project Name		Q1 2024	2023
Marom Hasharon Stage F	Contracts signed during the period	2	5
	Areas for which agreements were signed during the period (m <sup>2</sup> )	215	54
	Average price per m <sup>2</sup> in contracts signed (NIS)	17,015	16,825



Appendix B

**Exposure to Market  
Risk and  
Management Thereof**



## Appendix B

# Exposure to Market Risk and Management Thereof

1. The person responsible for managing market risks is Mr. Uzi Levi, Company CEO.
2. No material changes in risk factors have occurred in the reported period compared to those reported in the 2023 periodic report.

A modern, multi-story building with a glass and metal facade. The letters "MIVN" are prominently displayed on the upper part of the building. The building is illuminated from within, and the sky is a clear blue. A large white triangle is overlaid on the right side of the image, containing the text.

MIVN

Appendix C

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

**Appendix C****Aspects of Corporate Governance and Disclosure Provisions with Regard to the Corporation's Financial Reporting; Environmental and Social Responsibility****1. Material Events During and Subsequent to the Reported Period**

On April 9, 2024, the Company Board of Directors approved an outline for Company share buy-back, amounting up to NIS 180 million, and a share buy-back plan amounting up to NIS 90 million, constituting stage 1 of the aforementioned outline. For more information see chapter "Dividend Policy".

For more information about other material events during or after the report period, see Note 6 to the Quarterly Financial Statements, and immediate reports by the Company issued in these periods.

**2. Environmental, Social and Governance Responsibility**

The Company is active in a number of fields for the purpose of proper treatment of environmental influences deriving from its activity, while reducing risks and building relationships of trust with the community.

**Investment in Photo Voltaic Systems**

The Company is acting to expand its involvement in the field of solar energy and the creation of green energy and over the course of recent years the Company increased its investment in the field. The Company is in the advanced stages of an extended project, a significant portion of which is also carried out along with a partner active in the field, to replace the roofs on properties in its possession across the country with new roofs on which solar energy systems are installed in order to allow the production of renewable energy, in accordance with a long-term agreement with the Electric Company to provide electricity for a period of up to 25 years. As of the publication of the report, the Company has filed requests to regulate 301 solar energy systems and a licensing process was completed for the installation of 374 systems with an output of 44.5 MW, of which 354 systems were operated with an output of 42 MW. Concurrently, over the course of the year the Company has upgraded the existing solar energy systems in its possession while increasing their utilization level, by increasing the size of the systems, making the systems denser and replacing the existing equipment (solar panels and converters) with equipment with more advanced technology. In addition, the Company has engaged with a partner in the field in an agreement to build electrical storage facilities that will be operated on the Company's properties across the country, with a total output of 400 MW/h.

### Green Construction: Energy Efficiency in Maintaining Older Properties

New projects of office towers and employment compounds in development are being built according to the LEED Platinum or LEED Gold rating, a voluntary international standard for certifying buildings for green construction acting according to principles of environmental and social responsibility. The standard selects various categories such as energy savings and use of renewable energy, effective use of water, the environment inside the structure and so on. The standard consists of four grades – Certified, Silver, Gold and Platinum, with Platinum being the highest rating. Accordingly, the Company's employment compounds will provide its customers with optimal working conditions with energy savings and environmental protection. In the Company's older employment compounds as well, the Company is working on a regular basis to upgrade them both in terms of environmental protection and energy savings and is making investments in replacing bulbs with cost-effective LED bulbs, replacing chillers and installing charging stations for electrical vehicles in its parking garages.

### Promoting electric transportation infrastructure

The Company and Scala Smart Energy Ltd. signed a collaboration agreement for construction and operation of EV charging stations at Company properties across Israel.

As of the publication of the report, 178 regular stations and 44 fast stations have been installed by Scala in 55 compounds and 34 private stations are managed at office buildings across Israel. Some 60 more fast public charging stations are expected to be installed over the course of 2024. Of these, 38 regular stations and 11 fast stations were installed at Group properties in 10 compounds and 19 private managed stations. Some 6 more fast public charging stations are expected to be installed over the course of 2024.

### Ethical Code; Gender Equality and Protecting Employee Rights

The Company is dedicated to principles of proper corporate governance, gender equality and protecting employee rights. The Company has an ethical code that all of the Company's employees and executives are committed to follow, which includes the Company's values, which are: green construction, social responsibility at the Company's offices, protecting the environment in all areas of activity, the advancement and integration of people with disabilities, investment in employees, preventing discrimination, mutual respect, fair working hours, preventing harassment, a safe work environment, public sharing and reporting transparency, fair severance, fair trade, decency and respect for customers, upholding contracts and more. For this purpose, the Company has appointed a Human Resources Manager, among the chief duties of whom are protecting the employees' welfare and protecting their rights.

The Company takes pride in gender equality in employee placement – 51% women and 49% men.



Appendix D

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

## Appendix D

# Special Disclosure for Debenture Holders: The Debentures in Public Hands

As of the report issue date, there are 7 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 March 31, 2024 (In Thousands of NIS)	Debentures (Series 16)	Debentures (Series 17)	Debentures (Series 19)	Debentures (Series 20)
Date of Issue	July 10 2014 May 17 2020 expansion	July 10 2014 Expansions – over the course of 2016, February 23 2017, October 23 2017	September 29 2016 Expansions – January 12 2017, January 26 2017, February 21 2017, August 27 2020.	July 30 2017 Expansions – March 27 2022, June 8 2023, January 4 2024
Notational value on the date of issue and by way of expansion	347,130	747,503	487,512	1,565,042
Outstanding Notational Value	195,087	375,931	360,711	1,376,901
Stock market rate (in 0.01 NIS)	103.65	116.15	114.14	115.32
Outstanding Notational Value, Linked	195,087	420,399	406,642	1,556,937
Accrued interest	2,748	3,878	-	10,908
Fair value	202,207	436,644	411,716	1,587,843
Interest type	Fixed interest			
Denoted Yearly Interest Rate	5.65%	3.7%	2.6%	2.81%
Principal payment dates	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.	Nine unequal installments that will be paid on March 31 of each year from 2018 through 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 installments paid on December 31 of each of the years from 2019 through 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	June 30 and December 31 of each year from 2014 through 2027 as well as on June 30, 2028.	June 30 and December 31 of each year from 2014 through 2027 as well as on June 30, 2028	March 31 and September 30 of each year from 2017 to 2026, as well as on March 31 2027.	December 31 and June 30 of each year from 2017 to 2029

As of March 31, 2024 (In Thousands of NIS)	Debentures (Series 16)	Debentures (Series 17)	Debentures (Series 19)	Debentures (Series 20)
Linkage Basis and Terms (Principal and Interest)	Non-linked	May 2014 CPI	August 2016 CPI	June 2017 CPI
Does it constitute a material obligation?	No	No	No	Yes
Rating company 1	Midroog For more information see "Financing" in this report, under "Credit rating".			
Rating	Aa2 Stable outlook	Aa2 Stable outlook	Aa1 Stable outlook	Aa2 Stable outlook
Rating company 2	S&P Maalot			
Rating	AA stable			
Are there guarantees for the payment of the obligations?	No			
Are there any liens?	No	No	Yes. Real estate properties. See Appendix A of Part A of the 2023 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). Note that the liens in question are valid in accordance with the law and with the Company's articles of association.	No
The value of pledged properties on the financial statements	-	-	720,960	-
Trustee	Mishmeret Trust Services Ltd. (1)		Resnick Paz Nevo Trusts Ltd. (2)	
Right to early repayment	(3)			

As of March 31, 2024 (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 (4)
Date of Issue	September 18 2016 Expansions – August 27 2020, March 27 2022	June 21 2017	1.11.2021 Expansions – February 6 2023, June 8 2023, January 4 2024
Notational value on the date of issue, including offering by way of expansion	837,655	612,810	3,637,520
Outstanding Notational Value	577,004	490,248	3,484,240
Stock market rate (in 0.01 NIS)	112.83	113.87	92.07
Outstanding Notational Value, Linked	648,501	550,485	3,801,659
Accrued interest	-	3,568	-
Fair value	651,034	558,245	3,207,940
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 of 2018 through 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 remaining 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 and 2025 as well as 2027-2033. First and second installments at a rate of 5% of the principal, third to fifth installments at a rate of 10% of the principal and sixth through ninth installments of 15% of the principal, each.
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	September 2021 CPI
Does it constitute a material obligation?	No	No	Yes
Rating company 1	Midroog For more information see "Financing" in this report, under "Credit rating".		
Rating	Aa1 Stable outlook	Aa2 Stable outlook	Aa2 Stable outlook
Rating company 2	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 2023 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). The liens in question are valid in accordance with the law and with the Company's articles of association.	Yes. Shares of Darban Investments Ltd. (a wholly- owned subsidiary of the Company). See Note 23.c.1 to the Consolidated Financial Statements in the 2023 Periodic Report. The liens in question are valid in accordance with the law and with the Company's articles of association.	No
The value of pledged properties on the financial statements	1,313,549	860,930	-
Trustee	Resnick Paz Nevo Trusts Ltd. (2)		
Right to early repayment	(3)		



### **Further Details on the Company's Debentures**

- (1) Mishmeret Trust Services Ltd., the details of the engagement with which, to the best of the Company's knowledge, are as follows: contact: Mr. Rami Sabbati; address: 46-48 Menachem Begin Road Tel Aviv; telephone number: 03-6386894; fax: 03-6374344; email address: [Trusts@bdo.co.il](mailto:Trusts@bdo.co.il).
- (2) Resnick Paz Nevo Trusts Ltd., the details of which, to the best of the Company's knowledge, are as follows: contact: Yossi Resnick; address: 14 Yad Harutzim, Tel Aviv; telephone number: 03-6389200; fax: 03-6389222; email address: [trust@rpn.co.il](mailto:trust@rpn.co.il).
- (3) The terms of the debentures (Series 16-25) 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 (Series 16-17 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 Reports Date	Compliance as of Report Date
Equity will be decreased to below 1.2 billion NIS, for two consecutive quarters.	8,095	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.	40%	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.	7.9	Meeting the condition
The net equity to total assets ratio, as defined in the deed of trust, shall be no less than 16% for two consecutive quarters.	46.4%	Meeting the condition

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

The Covenant	Ratio as of the Reports Date	Compliance as of Report Date
Equity will be decreased to below 1.3 billion NIS.	8,095	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall not exceed 73%.	40%	Meeting the condition
The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 15.	7.9	Meeting the condition
The net equity to balance sheet ratio, as defined in the deed of trust, shall be no less than 17% for two consecutive quarters.	46.4%	Meeting the condition

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

The Covenant	Ratio as of the Reports Date	Compliance as of Report Date
Equity will be decreased to below 2.5 billion NIS, for two consecutive quarters.	8,095	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.	40%	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.	7.9	Meeting the condition
The net equity to total assets ratio, as defined in the deed of trust, shall be no less than 20% for two consecutive quarters.	46.4%	Meeting the condition

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

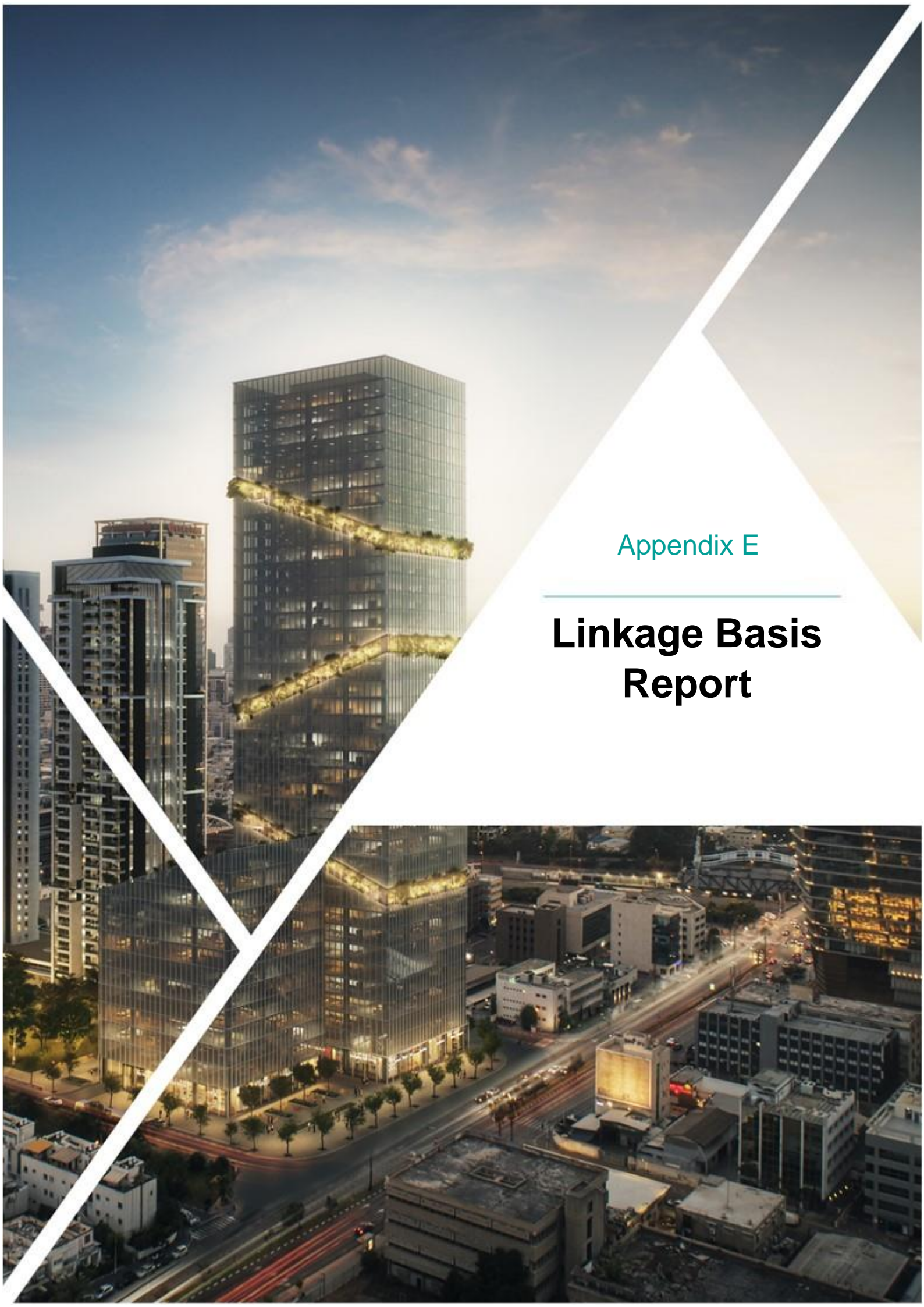
The Covenant	Ratio as of the Reports Date	Compliance as of Report Date
Equity will be decreased to below 3.4 billion NIS.	8,095	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall not exceed 70%.	40%	Meeting the condition
The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 13.	7.9	Meeting the condition

### Existence of Cross Default Mechanism

Debentures (Series 20)	Grounds were established for calling for the immediate redemption of any of the following: (1) another debenture series issued by the Company; or (2) debt and/or accumulated debt by the Company to one or more financial institutions, including institutional investors (except for non-recourse debt) in excess of 200 million NIS, provided that such a call for immediate redemption has not been reversed within 21 days.
Debentures (Series 25)	Grounds were established for calling for the immediate redemption of any of the following: (1) another debenture series issued by the Company; or (2) debt and/or accumulated debt by the Company to one or more financial institutions, including institutional investors (except for non-recourse debt) in excess of 400 million NIS, provided that such a call for immediate redemption has not been reversed within 30 days.

General

As of March 31, 2024, the Group had loans, debentures and credit amounting to NIS 8.5 billion in total. Other than debentures (Series 20 and 25), none of these constitute a Material Loan pursuant to the Reportable Credit Directive. Credit documents contracted by the Group from time to time for obtaining various loans include causes for call for immediate repayment which refer, inter alia, to cross-default of other credit obtained by the Group (where such other credit may be in excess of a specified amount, credit of unlimited amount, credit extended by the same lender along, or credit extended by any lender), as well as other causes with respect to events indicating apparent deterioration in Company business and/or in its debt repayment capacity. Therefore, call for immediate repayment of non-material credit extended to the Company, or to Group companies, may result in call for immediate repayment of other credit. Note also that, even though the scenario whereby a cause may exist for call for immediate repayment due to a cross-default provision, as noted above, may exist under such circumstances – the Company believes, given its financial standing and assets, that the likelihood of such event is not high.



Appendix E

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# Linkage Basis Report

## Appendix E

# Linkage Basis Report

Linkage basis report in accordance Consolidated Financial Statements as of March 31, 2024

Item	US Dollar	Swiss	Euro	Canadian Dollar	CPI	Unlinked	Non-Financial	Total	
Thousands of NIS									
Assets	Cash and cash equivalents	3,644	82,277	43,229	14,918	-	1,343,845	-	1,487,913
	Short-term investments	-	-	33,743	98	-	20,437	-	54,278
	Customers	603	713	343	1,589	-	27,245	-	30,493
	Receivables and debit balances	2,376	2,103	6,054	1,872	89,560	140,474	10,496	252,935
	Taxes receivable	445	953	131	14	11,381	-	-	12,924
	Deposits and long-term debit balances	-	-	-	246	45,706	-	-	45,952
	Investments in investees	-	-	23,720	-	-	58,021	456,267	538,008
	Assets held for sale	-	-	-	-	-	-	14,717	14,717
	Advance payments on account of investments in land	-	-	-	-	-	-	151,008	151,008
	Inventory of land for residential construction and apartments under construction	-	-	-	-	-	-	930,797	930,797
	Investment property	-	-	-	-	-	-	13,641,987	13,641,987
	Investment property under construction	-	-	-	-	-	-	1,525,865	1,525,865
	Property, plant and equipment	-	-	-	-	-	-	212,663	212,663
	Intangible assets	-	-	-	-	-	-	76,605	76,605
	Deferred taxes	-	-	-	-	-	-	391	391
<b>Total assets</b>	<b>7,068</b>	<b>86,046</b>	<b>107,220</b>	<b>18,737</b>	<b>146,647</b>	<b>1,590,022</b>	<b>17,020,796</b>	<b>18,976,536</b>	
Liabilities	Credit from banks and other credit providers	-	-	-	-	-	103,129	-	103,129
	Trade payables	-	2,405	3,976	3,102	-	90,683	-	100,166
	Payables and credit balances	1,653	2,223	5,902	1,834	14,763	144,306	21,084	191,765
	Payables for dividends	-	-	-	-	-	65,000	-	65,000
	Taxes payable	-	143	11,158	563	-	67,618	-	79,482
	Loans from banking corporations including current maturities	55,695	193,515	-	37,027	590,763	258,754	-	1,135,754
	Other liabilities	-	-	-	235	-	18,296	-	18,531
	Debentures	-	-	-	-	7,038,760	205,111	-	7,243,871
	Tenant deposits	759	25	2,443	-	48,016	-	-	51,243
	Employee benefit liabilities, net	-	-	-	-	-	-	3,190	3,190
	Deferred taxes	-	-	-	-	-	-	1,832,216	1,832,216
	<b>Total liabilities</b>	<b>58,107</b>	<b>198,311</b>	<b>23,479</b>	<b>42,761</b>	<b>7,692,302</b>	<b>952,897</b>	<b>1,856,490</b>	<b>10,824,347</b>



# Mivne Real Estate (K.D) Ltd.

**(“The company”)**

Annually financial statements - for the period  
ended March 31, 2024

This is an English translation of the Hebrew consolidated Interim financial statements, that was published on May 30, 2024 (reference no.: 2024-01-055036) (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 March 31, 2024

Unaudited

Table of Contents

	<u>Page</u>
Review of Consolidated Interim Financial Statements	2
Consolidated Interim Balance Sheets	3-4
Consolidated Interim Statements of Operations	5
Consolidated Interim Reports on Comprehensive income	6
Consolidated Interim Reports on Changes in Equity	7-9
Consolidated Interim Cash Flow Reports	10-12
Notes to the Interim Consolidated Financial Statements	13-24

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

### **Introduction**

We have reviewed the attached financial information on Mivne Real Estate (K.D.) Ltd. and its subsidiaries (hereinafter – the Group), which includes its Concise Consolidated Balance Sheet as of March 31 2024 and its Concise Consolidated Statements of Operations, Reports on Comprehensive Profit and Loss, Reports on Changes in Equity and Cash Flow Reports for the three-month period ending that date. The Board of Directors and Management are responsible for preparing and presenting financial information for this interim period in accordance with IAS 34, Interim Financial Reporting, and are responsible for preparing financial information for this interim period in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express our conclusions on this interim financial information based on our review.

We have not reviewed the concise interim financial information of subsidiaries the assets of which included in the consolidation constitute 12.38% of all consolidated assets as of March 31, 2024, and revenues of which included in the consolidation constitute 13% of all consolidated revenues for the three-month period ending that date. Furthermore, we did not review the concise interim financial information of companies presented according to the book value method, the investment in which amounted to a total of NIS 295 million as of March 31, 2024, with the Group's share of earnings of the companies in question amounting to NIS 2.4 million for the three month period ending that date. 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 cannot express 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.

**Consolidated Balance Sheets**

	<b>As of March 31</b>		<b>As of</b>
	<b>2024</b>	<b>2023</b>	<b>December 31</b>
	<b>Unaudited</b>		<b>2023</b>
	<b>Thousands of NIS</b>		<b>Audited</b>
<b><u>Current Assets</u></b>			
Cash and cash equivalents	1,487,913	439,195	922,626
Short-term investments	33,791	43,684	32,719
Cash in assistance accounts, restricted cash and funds held in trust	20,487	63,620	7,010
Customers	30,493	23,820	30,776
Receivables and debit balances	252,935	150,746	204,357
Taxes receivable	12,924	29,217	9,520
Inventory of land, apartments and buildings for sale and under construction	<u>687,634</u>	<u>561,013</u>	<u>648,788</u>
	2,526,177	1,311,295	1,855,796
<b><u>Assets held for sale</u></b>	<u>14,717</u>	<u>1,660</u>	<u>12,281</u>
	<u>2,540,894</u>	<u>1,312,955</u>	<u>1,868,077</u>
<b><u>Non-Current Assets</u></b>			
Advance payments on account of investment property	151,008	143,641	150,989
Restricted cash	15,026	-	11,824
Other receivables	30,926	123,041	30,893
Investments in companies handled using the book value method	538,008	503,906	533,058
Investment property	13,641,987	13,627,693	13,636,719
Investment property under development	1,525,865	1,221,242	1,413,947
Inventory of land for construction	243,163	239,345	242,025
Fixed assets, net	212,663	183,950	193,503
Intangible assets, net	76,605	19,630	19,630
Deferred taxes	391	375	413
	<u>16,435,642</u>	<u>16,062,823</u>	<u>16,233,001</u>
	<u>18,976,536</u>	<u>17,375,778</u>	<u>18,101,078</u>

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

## Consolidated Balance Sheets

	As of March 31		As of
	2024	2023	December
	Unaudited		31
			2023
			Audited
	Thousands of NIS		
<u>Current Liabilities</u>			
Credit from banks and credit providers	103,129	148,160	101,905
Current maturities of debentures	229,288	356,227	202,929
Current maturities of loans and other liabilities	403,134	158,318	404,838
Trade payables	100,166	35,513	56,386
Payables and credit balances	190,671	205,927	168,461
Dividends payable	65,000	92,000	-
Advance payments from buyers	1,094	16,246	3,719
Taxes payable	79,482	11,101	36,063
	<u>1,171,964</u>	<u>1,023,492</u>	<u>974,301</u>
<u>Non-Current Liabilities</u>			
Loans from banking corporations and financial institutions	732,620	1,018,307	750,594
Debentures	7,014,583	5,300,914	6,351,373
Other liabilities	18,531	45,721	19,218
Tenant deposits	51,243	44,841	50,447
Employee benefit liabilities	3,190	6,857	5,835
Deferred taxes	1,832,216	1,820,903	1,838,618
	<u>9,652,383</u>	<u>8,237,543</u>	<u>9,016,085</u>
<u>Equity Attributable to Company Shareholders</u>			
Stock capital	1,451,960	1,451,442	1,451,959
Premium on shares	3,172,278	3,170,524	3,172,272
Principal in respect of share-based payment transactions	25,242	22,396	22,108
Retained earnings	3,617,392	3,601,480	3,568,031
Adjustments arising from the translation of the financial statements of foreign activity	106,714	106,105	118,426
Capital reserve from transactions with minority shareholders	(278,968)	(279,026)	(278,968)
	<u>8,094,618</u>	<u>8,072,921</u>	<u>8,053,828</u>
<u>Non-Controlling Interests</u>	<u>57,571</u>	<u>41,822</u>	<u>56,864</u>
<u>Total Equity</u>	<u>8,152,189</u>	<u>8,114,743</u>	<u>8,110,692</u>
	<u>18,976,536</u>	<u>17,375,778</u>	<u>18,101,078</u>

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

May 30, 2024			
Financial Statements Approval	Tal Fuhrer	Uzi Levi	Amir Bennet
Date	Chair of the Board of Directors	CEO	Controller

## Consolidated Statements of Operations

	For the 3 months ended March 31		For the Year Ending December 31
	2024	2023	2023
	Unaudited		Audited
	Thousands of NIS (Except for Net Profit per Share Data)		
<u>Revenues</u>			
Rental and management fee income – Israel	235,394	230,153	939,435
Rental and management fee income – abroad	25,805	27,369	109,707
From the sale of apartments and land for housing	41,441	40,750	130,386
From solar installations, net	4,900	2,356	13,742
Other revenues, net	449	280	1,132
Total revenues	307,989	300,908	1,194,402
<u>Expenses</u>			
Maintenance expenses – Israel	44,633	43,640	191,356
Maintenance expenses – abroad	12,343	11,629	47,327
Cost of apartments and land sold	26,408	25,467	81,736
Total cost of sales and services	83,384	80,736	320,419
Gross profit	224,605	220,172	873,983
Increase (decrease) in value of investment property and investment property under development, net	21,831	94,025	(61,922)
Sales and marketing expenses	(1,916)	(1,798)	(8,327)
Administrative and general expenses	(25,398)	(21,842)	(92,434)
Other expenses, net	(3,492)	(2,267)	(824)
The Company's share of the profits of companies handled using the book value method, net	4,505	3,359	24,699
Operating profit	220,135	291,649	735,175
Financing expenses	87,624	92,568	366,942
Loss from early redemption of debentures and loans	-	286	286
Financing income	17,308	5,421	51,452
Profit before taxes on income	149,819	204,216	419,399
Taxes on income	34,783	32,325	82,356
Net income	115,036	171,891	337,043
Attributed to:			
Company shareholders	114,361	171,010	332,561
Non-controlling interests	675	881	4,482
	115,036	171,891	337,043
<u>Profit per share attributed to company shareholders (in NIS)</u>			
Basic and diluted earnings	0.15	0.23	0.44

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

**Consolidated Statements of Comprehensive Income**

	For the 3 months ended		For the Year
	March 31		Ending
	2024	2023	2023
	Unaudited		Audited
	Thousands of NIS		
Net income	115,036	171,891	337,043
Other comprehensive income (loss) (after tax influence):			
<u>Sums classified or reclassified to gain or loss under specific conditions:</u>			
Adjustments arising from the translation of the financial statements of foreign activity	(11,680)	8,292	20,601
Total other comprehensive income (loss)	(11,680)	8,292	20,601
Total comprehensive income	<u>103,356</u>	<u>180,183</u>	<u>357,644</u>
Attributed to:			
Company shareholders	102,649	179,425	353,297
Non-controlling interests	<u>707</u>	<u>758</u>	<u>4,347</u>
	<u>103,356</u>	<u>180,183</u>	<u>357,644</u>

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

## Consolidated Statements of Changes in Equity

	Attributed to Company shareholders						Total	Non-Controlling Interests	Total Equity
	Stock capital	Premium on shares	Retained earnings	Principal in respect of share-based transactions	Adjustments arising from the translation of the financial statements of foreign activity and other funds	Reserve from Transactions with Non-Controlling Interests			
	Unaudited								
	Thousands of NIS								
<u>Balance as of January 1, 2024</u> (audited)	1,451,959	3,172,272	3,568,031	22,108	118,426	(278,968)	8,053,828	56,864	8,110,692
Net income	-	-	114,361	-	-	-	114,361	675	115,036
Other comprehensive income (loss)	-	-	-	-	(11,712)	-	(11,712)	32	(11,680)
Total comprehensive income	-	-	114,361	-	(11,712)	-	102,649	707	103,356
Declared dividend to Company shareholders	-	-	(65,000)	-	-	-	(65,000)	-	(65,000)
Exercise of employee options	1	6	-	(7)	-	-	-	-	-
Share-based payment	-	-	-	3,141	-	-	3,141	-	3,141
<u>Balance as of March 31, 2024</u>	<u>1,451,960</u>	<u>3,172,278</u>	<u>3,617,392</u>	<u>25,242</u>	<u>106,714</u>	<u>(278,968)</u>	<u>8,094,618</u>	<u>57,571</u>	<u>8,152,189</u>

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

**Consolidated Statements of Changes in Equity**

	Attributed to Company shareholders									
	Stock capital	Premium on shares	Treasury shares	Retained earnings	Principal in respect of share-based payment transactions	Adjustments arising from the translation of the financial statements of foreign activity and other funds	Reserve from Transactions with Non-Controlling Interests	Total	Non-Controlling Interests	Total Equity
	Unaudited									
	Thousands of NIS									
<u>Balance as of January 1 2023</u> (audited)	1,483,344	3,397,666	(259,044)	3,522,470	22,002	97,690	(279,026)	7,985,102	41,064	8,026,166
Net income	-	-	-	171,010	-	-	-	171,010	881	171,891
Other comprehensive income (loss)	-	-	-	-	-	8,415	-	8,415	(123)	8,292
Total comprehensive income	-	-	-	171,010	-	8,415	-	179,425	758	180,183
Writing off treasury shares	(31,902)	(227,142)	259,044	-	-	-	-	-	-	-
Dividend paid to Company shareholders	-	-	-	(92,000)	-	-	-	(92,000)	-	(92,000)
Share-based payment	-	-	-	-	394	-	-	394	-	394
<u>Balance as of March 31, 2023</u>	<u>1,451,442</u>	<u>3,170,524</u>	<u>-</u>	<u>3,601,480</u>	<u>22,396</u>	<u>106,105</u>	<u>(279,026)</u>	<u>8,072,921</u>	<u>41,822</u>	<u>8,114,743</u>

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

## Consolidated Statements of Changes in Equity

	Attributed to Company shareholders							Total	Non-Controlling Interests	Total equity
	Stock capital	Premium on shares	Treasury shares	Retained earnings	Principal in respect of share-based payment transactions	Adjustments arising from the translation of the financial statements of foreign activity and other funds	Reserve from Transactions with Non-Controlling Interests			
<u>Balance as of January 1 2023</u>	1,483,344	3,397,666	(259,044)	3,522,470	22,002	97,690	(279,026)	7,985,102	41,064	8,026,166
Net income	-	-	-	332,561	-	-	-	332,561	4,482	337,043
Other comprehensive income (loss)	-	-	-	-	-	20,736	-	20,736	(135)	20,601
Total comprehensive income	-	-	-	332,561	-	20,736	-	353,297	4,347	357,644
Writing off treasury shares	(31,902)	(227,142)	259,044	-	-	-	-	-	-	-
Dividend paid to Company shareholders	-	-	-	(287,000)	-	-	-	(287,000)	-	(287,000)
Dividend to holders of non-controlling interests	-	-	-	-	-	-	-	-	(2,080)	(2,080)
Purchase of shares from minority shareholders of subsidiary	-	-	-	-	-	-	58	58	13,533	13,591
Exercise of employee options	517	1,748	-	-	(2,265)	-	-	-	-	-
Share-based payment	-	-	-	-	2,371	-	-	2,371	-	2,371
<u>Balance as of December 31 2023</u>	<u>1,451,959</u>	<u>3,172,272</u>	<u>-</u>	<u>3,568,031</u>	<u>22,108</u>	<u>118,426</u>	<u>(278,968)</u>	<u>8,053,828</u>	<u>56,864</u>	<u>8,110,692</u>

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



**Consolidated Cash Flow Reports**

	For the 3 months ended		For the Year
	March 31		Ending
	2024	2023	December 31
	Unaudited		Audited
	Thousands of NIS		
<u>Cash Flows from Current Activity</u>			
Net income	115,036	171,891	337,043
Adjustments required to present cash flows from current activities			
Adjustments to profit or loss items:			
Depreciation and amortizations	5,792	2,538	12,236
Financing expenses, net	70,316	87,433	315,776
Increase in fair value of investment property and investment property under development, net	(21,831)	(94,025)	61,922
The Company's share of the profits of companies handled using the book value method, net	(4,505)	(3,359)	(24,699)
Change in employee benefit liabilities, net	(2,645)	28	(994)
Taxes on income	34,783	32,325	82,356
Change in fair value of call options measured at fair value	1,623	1,449	(580)
Share-based payment	3,141	394	2,371
	86,674	26,783	448,388
Changes in asset and liability items:			
Decrease (increase) in trade receivables	295	5,701	(1,050)
Increase in accounts receivable and debit balances	(62,822)	(19,917)	(96,388)
Increase (decrease) in trade liabilities	20,785	(30,374)	(9,799)
Increase (decrease) in other accounts payable and unearned revenues from buyers	10,394	21,097	(15,629)
Increase in tenant deposits	802	819	6,376
	(30,546)	(22,674)	(116,490)
Cash paid and received during the reported period for:			
Interest paid	(27,894)	(72,993)	(205,689)
Interest received	15,649	5,265	45,057
Taxes paid	(7,043)	(16,836)	(36,200)
Taxes received	3	1,652	26,024
Dividend received	-	259	4,520
	(19,285)	(82,653)	(166,288)
Net cash deriving from current activity before an increase in inventory of apartments and houses for sale under construction, land for sale and inventory of land for construction.	151,879	93,347	502,653
Increase in inventory of apartments and houses for sale under construction, land for sale and inventory of land for construction.	(37,508)	(6,604)	(94,143)
Net cash from operating activities	114,371	86,743	408,510

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

**Consolidated Cash Flow Reports**

	<b>For the 3 months ended</b>		<b>For the Year</b>
	<b>March 31</b>		<b>Ending</b>
	<b>2024</b>	<b>2023</b>	<b>December 31</b>
	<b>Unaudited</b>		<b>Audited</b>
	<b>Thousands of NIS</b>		
<u>Cash Flows from Investment Activities</u>			
Purchases, advances on investments, and investments in investment property	(20,582)	(47,376)	(156,217)
Investment in investment property under development	(85,491)	(95,648)	(322,556)
Investment in solar installations	(78,000)	-	-
Investment in property, plant and equipment	(3,939)	(10,993)	(30,202)
Investment and loans to companies handled using the book value method, net	-	-	(10,900)
Short-term investments, net	(13,480)	(49,302)	31,812
Proceeds from the realization of investment property and real estate held for sale	9,235	1,920	6,649
Long-term restricted cash	(4,172)	-	(11,824)
Repayment of long-term loans granted, net	57	-	93,004
Net cash used for investment activity	(196,372)	(201,399)	(400,234)
<u>Cash Flows from Financing Activity</u>			
Dividend paid to Company shareholders	-	-	(287,000)
Proceeds from the issue of debentures, net of transaction costs	662,264	1,034,865	2,247,413
Redemption of debentures	-	(667,364)	(1,122,446)
Short-term credit from banking corporations and others, net	-	13,000	(33,000)
Receipt of loans from banks and other long-term liabilities	-	79,208	89,166
Repayment of loans from banks and other long-term liabilities	(10,777)	(87,436)	(162,896)
Dividend paid to holders of non-controlling interests	-	-	(2,080)
Net cash provided by financing operations	651,487	372,273	729,157
Increase in cash and cash equivalents	569,486	257,617	737,433
Exchange rate differences due to balances of cash and cash equivalents	(4,199)	3,003	6,618
Balance of cash and cash equivalents at the beginning of the period	922,626	178,575	178,575
Balance of cash and cash equivalents at the end of the period	1,487,913	439,195	922,626

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

**Consolidated Cash Flow Reports**

	<b>For the 3 months ended March 31</b>		<b>For the Year Ending December 31</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
	<b>Unaudited</b>		<b>Audited</b>
	<b>Thousands of NIS</b>		
<u>Additional information on material actions not involving cash flows:</u>			
Purchase of investment property against trade payables	<u>23,000</u>	<u>-</u>	<u>-</u>
Dividends declared and not yet paid	<u>65,000</u>	<u>92,000</u>	<u>-</u>

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

## Notes to the Interim Consolidated Financial Statements

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### Note 1 – General

- A. These Financial Statements have been prepared in a concise format as of March 31, 2024 and for the three-month period ending that date (hereinafter: "Consolidated Interim Financial Statements"). These Statements should be read along with of the Company's Annual Financial Statements as of December 31, 2023 and for the year ending that date and accompanying Notes (hereinafter – the Annual Consolidated Financial Statements).
- B. The Iron Swords War  
 2024 started out as one of the most complicated and challenging years for the Israeli economy, with the Iron Swords war ongoing, which started on October 7, 2023 with a vicious, murderous surprise attack launched by terrorist organization Hamas from the Gaza Strip. Even prior to this war, the Israeli economy faced soaring inflation, high interest rates and a credit crunch, all in view of the judicial reform and ensuing wave of civil protests. In the first quarter of 2024, rating agency Moody's lowered Israel's credit rating to A2 / Negative Outlook, in light of the risk of the fighting expanding to the north and expanding the fighting in Gaza, which significantly increase the geopolitical risks in the State of Israel and hurt the State's fiscal fortitude in the foreseeable future and international rating agency Fitch has announced that it was placing the State of Israel's credit rating under a negative watch.  
 After the report date, Iran launched an attack against Israel by launching ballistic missiles, cruise missiles and UAVs. This attack was averted by the Air Defense system, in collaboration with other countries, among which the USA. Escalation vis-a-vis Iran may have significant impact on Israel, on the Middle East and on other countries involved.  
 The Company is continuing to operate subject to Homefront Command directives, including continuing the marketing and management of its properties, developing, planning and building property, albeit on a partial basis as a result of the personnel shortage.  
 At the same time, subject to the above, the Company predicts that its ongoing revenues will decrease at a non-material rate as a result of the war and as of the publication of this report, the Company does not predict material delays in the construction of the projects.  
 In view of this being a dynamic event associated with significant uncertainty, the impact of the war and the geo-political situation in the region on future Company operations is unknown. The Company believes that should the war continue for an extensive period of time and/or should it escalate on other fronts, these implications may have significant negative impact on the Israeli economy and on Company operations.  
 At the same time, at this stage, the Company cannot estimate the change, if one occurs, in the value of its investment properties as a result of the war.
- C. 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 owns a property in Kiev, Ukraine whose fair value as of March 31, 2024 and 2023, respectively, amounted to USD 54 million and USD 69 million (NIS 199 and 250 million, respectively). Company revenues from this property, for rent and management fee in the three-month periods ended March 31, 2024 and 2023 amounted to NIS 8 million and NIS 6 million, respectively.  
 The war resulted in trade restrictions being imposed placed on withdrawing foreign capital from Ukraine. Therefore, cash deposited in bank accounts in Ukraine, amounting to NIS 15 million (as of December 31, 2023: NIS 11 million), after a credit loss provision of NIS 1 million (in 2023: NIS 3.9 million) was classified as a non-current asset.

**Notes to the Interim Consolidated Financial Statements**

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Note 2 – Principal Accounting PoliciesA. Basis of Preparation of the Interim Consolidated Financial Statements

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

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

Revision to IAS 1 "Presentation of Financial Statements"

In January 2020, the IASB published a revision to IAS 1 on requirements to classify liabilities as current or non-current (hereinafter: "the Original Revision"). In October 2022, IASB issued a subsequent revision to the above revision (hereinafter: "the Subsequent Revision").

The Subsequent Revision states that:

- Only financial covenants an entity must comply with at the end of the reported period or prior to that, impact the classification of that liability as a current liability or a non-current liability.
- For liabilities the examination of compliance with financial covenants is tested within the 12 months consecutive to the report date, disclosure must be provided in a manner that will allow users of the Financial Statements to assess the risks for that liability. This means that the Consecutive Amendment states that disclosure must be provided for the book value of the liability, as well as information on financial covenants and facts and circumstance as of the end of the reported period, which may lead to the conclusion that the entity will have difficulty upholding the financial covenants.

The Original Amendment states that a conversion right of a liability will impact the classification of the liability as a whole as a current or non-current liability, except in cases in which the conversion component is capital-based.

Both the Original Revision and the Subsequent Revision were applied retroactively as from annual reporting periods starting on or after January 1, 2024.

The above Amendment had no material impact on the Company's Interim Financial Statements.

Revision to IFRS 16 "Leases"

In September 2022, IASB issued a revision to IFRS 16 "Leases" (hereinafter: "the Revision"), designed to provide for accounting treatment on the financial statements of the seller-lessee in sale and lease back transactions, where lease payments are variable lease payments not dependent on any index or rate. In the Revision, the seller-lessee is required to adopt either of two approaches for measurement of the lease liability upon initial recognition of such transactions. The approach selected constitutes accounting policy, to be applied consistently.

The Revision was applied to annual reporting periods starting on January 1, 2024. The Revision was applied retroactively.

The above Amendment had no material impact on the Company's Interim Financial Statements.

**Notes to the Interim Consolidated Financial Statements**Note 2 – Principal Accounting Policies (Continued)

- 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>US Dollar</u>	<u>Euro</u>	<u>Canadian Dollar</u>	<u>Swiss Franc</u>
	<u>Israel (*)</u>					
	<u>Actual</u>	<u>Known</u>				
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
For the three-month period ended March 31, 2024	0.95	0.29	1.49	(0.81)	(0.98)	(5.55)
For the three-month period ended March 31, 2023	1.19	1.08	2.73	4.77	2.7	3.42
For the year ended December 31, 2023	2.96	3.34	3.07	6.89	5.49	13.06
	<u>CPI (in points)</u>		<u>Representative rate of exchange (in NIS)</u>			
March 31, 2024	149.18	148.34	3,681	3,979	2,712	4,074
March 31, 2023	145.24	144.68	3,615	3,932	2,667	3,946
December 31, 2023	147.78	147.92	3,627	4,012	2,739	4,314

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

Note 3 – Disclosure for New IFRS Standards in the Period Prior to their ApplicationIFRS 18 "Presentation and Disclosure in Financial Statements"

In April 2024, IASB issued IFRS 18 "Presentation and Disclosure in Financial Statements" (hereinafter: "the New Standard"), superseding IAS 1 "Presentation of Financial Statements" (hereinafter: "IAS 1").

The objective of the New Standard is to improve comparability and transparency on financial statements.

The New Standard is to include current IAS 1 stipulations, as well as new requirements for presentation on the income statement, including presentation of amounts and sub-totals required by the New Standard, providing disclosure of management-defined performance measures and new requirements for grouping and un-grouping of financial information.

The New Standard does not change the recognition and measurement provisions for items on the financial statements. However, since items on the income statement would be required to be classified under one of five categories (current operations, investment operations, financing operations, taxes on income and discontinued operations), this may change the entity's operating income. Furthermore, the publication of the New Standard resulted in limited revisions to other accounting standards, including IAS 7 "Statement of Cash Flows" and IAS 34 "Interim Financial Reporting".

The New Standard shall be applied retroactively starting with annual reporting periods starting on or after January 1, 2027. Early implementation is possible, subject to disclosure.

The Company is reviewing the impact of the New Standard, including the impact of revisions to other accounting standards resulting from the New Standard, on its consolidated financial statements.

## Notes to the Interim Consolidated Financial Statements

Note 4 – Segment-Based InformationA. General:

The Company reports two reportable segments in accordance with Management's approach to IFRS 8. Distribution to segments is carried out on the basis of the Company's areas of activity. Management tracks the segment's results separately in order to allocate the resources and assess the performance of the sector, which in certain cases is measured differently than the sums reported in the Consolidated Financial Statements. Management has established that the operating sectors are based on reports reviewed by senior management when making strategic decisions. The following is information on the Company's operating segments:

– Cash-generating property – ownership and operation of investment property mainly used for offices, high-tech, industry, logistics and trade, data centers and housing units for generating rental fees.

– Development residential real estate – the development of residential real estate in Israel including locating, planning, developing, building, marketing and selling residential construction in Israel.

Reportable operating segments were not collected. No transactions were made between the various segments.

Management examines the operating results of business units separately for the purpose of reaching decisions regarding the allocation of resources and the assessment or performance. Segment results are assessed on a gross profit basis.

B. Operating segments:

	<b>For the 3 months ended March 31, 2024</b>			
	<b>Cash-generating property</b>	<b>Residential development real estate</b>	<b>Others</b>	<b>Total</b>
	<b>Thousands of NIS</b>			
Revenues	261,199	41,441	5,349	307,989
Expenses	(56,976)	(26,408)	-	(83,384)
Gross profit	204,223	15,033	5,349	224,605
Increase in value of investment property, net	21,831	-	-	21,831
Company share of profits of companies accounted for using the book value method, net	4,989	-	(484)	4,505
Administrative and general, sales, and marketing and other expenses	-	(1,043)	-	(30,806)
Operating profit	<u>231,043</u>	<u>13,990</u>	<u>4,865</u>	220,135
Financing expenses, net				<u>(70,316)</u>
Profit before taxes on income				149,819
Taxes on income				<u>(34,783)</u>
Net income for the year				<u>115,036</u>
Segment assets:				
Investment property, investment property under construction, advance payments on account of investment property, trade, receivables, fixed assets, intangible assets and assets held for sale.	15,352,083	-	281,625	15,633,708
Inventory of land, apartments and homes for sale and under construction	-	1,027,658	-	1,027,658
Investments in companies handled using the book value method	523,313	-	14,695	538,008
Total segment assets	<u>15,875,396</u>	<u>1,027,658</u>	<u>296,320</u>	<u>17,199,374</u>

## Notes to the Interim Consolidated Financial Statements

Note 4 – Segment-Based Information (Continued)

	For the 3 months ended March 31, 2023			
	Cash- generating property	Residential development real estate	Others	Total
	Thousands of NIS			
Revenues	257,522	40,750	2,636	300,908
Expenses	(55,269)	(25,467)	-	(80,736)
Gross profit	202,253	15,283	2,636	220,172
Increase in value of investment property, net	94,025	-	-	94,025
Company share of profits of companies accounted for using the book value method, net	3,339	-	20	3,359
Administrative and general, sales, and marketing and other expenses	-	(998)	-	(25,907)
Operating profit	<u>299,617</u>	<u>14,286</u>	<u>2,656</u>	291,649
Financing expenses, net				<u>(87,433)</u>
Profit before taxes on income				204,216
Taxes on income				<u>(32,325)</u>
Net income for the year				<u>171,891</u>
Segment assets:				
Investment property, investment property under construction, advance payments on account of investment property, Trade receivables, fixed assets and assets held for sale.	15,072,532	-	129,474	15,202,006
Inventory of land, apartments and homes for sale and under construction	-	831,891	-	831,891
Investments in companies handled using the book value method	499,967	-	3,939	503,906
Total segment assets	<u>15,572,499</u>	<u>831,891</u>	<u>133,413</u>	<u>16,537,803</u>



## Notes to the Interim Consolidated Financial Statements

Note 4 – Segment-Based Information (Continued)

	For the Year Ending December 31 2023			
	Cash- generating property	Residential development real estate	Others	Total
	Audited			
	Thousands of NIS			
Revenues	1,049,142	130,386	14,874	1,194,402
Expenses	(238,683)	(81,736)	-	(320,419)
Gross profit	810,459	48,650	14,874	873,983
Decrease in value of investment property, net	(61,922)	-	-	(61,922)
Company share of profits of companies accounted for using the book value method, net	25,337	-	(638)	24,699
Administrative and general, sales, and marketing and other expenses	-	(1,501)	-	(101,585)
Operating profit	<u>773,874</u>	<u>47,149</u>	<u>14,236</u>	735,175
Financing expenses, net				(315,776)
Profit before taxes on income				419,399
Taxes on income				(82,356)
Net income for the year				<u>337,043</u>
Segment assets:				
Investment property, investment property under construction, advance payments on account of investment property, Trade receivables, fixed assets and assets held for sale.	15,274,123	-	163,556	15,437,679
Inventory of land, apartments and homes for sale and under construction	-	965,038	-	965,038
Investments in companies handled using the book value method	518,174	-	14,884	533,058
Total segment assets	<u>15,792,297</u>	<u>965,038</u>	<u>178,440</u>	<u>16,935,775</u>

**Notes to the Interim Consolidated Financial Statements**Note 5 – Summary of 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

	<u>As of March 31</u>		<u>As of</u>
	<u>2024</u>	<u>2023</u>	<u>December 31</u>
	<u>Unaudited</u>		<u>Audited</u>
	<u>Thousands of NIS</u>		
<u>Current Assets</u>			
Cash and cash equivalents	42,041	3,693	37,166
Investments in financial assets	33,743	43,635	32,670
Current maturities of long-term deposits	7,226	14,475	11,239
Others	30,184	7,505	27,910
	<u>113,194</u>	<u>69,308</u>	<u>108,985</u>
<u>Non-Current Assets</u>			
Investments in associates handled using the book value method	138,036	150,934	134,036
Investment property	1,061,914	1,049,308	1,058,907
Others	1,812	2,393	2,018
	<u>1,201,762</u>	<u>1,202,635</u>	<u>1,194,961</u>
	<u>1,314,956</u>	<u>1,271,943</u>	<u>1,303,946</u>
<u>Current Liabilities</u>			
Payables and credit balances	9,098	25,466	12,615
Current maturities of long-term loans	10,543	125,369	160,983
Current maturities of loan from parent company	491	-	477
Others	967	2,712	392
	<u>21,099</u>	<u>153,547</u>	<u>174,467</u>
<u>Non-Current Liabilities</u>			
Long-term loans from financial institutions	148,265	39,802	-
Deferred taxes	170,829	166,870	169,480
	<u>319,094</u>	<u>206,672</u>	<u>169,480</u>
Total equity	<u>974,763</u>	<u>911,724</u>	<u>959,999</u>
	<u>1,314,956</u>	<u>1,271,943</u>	<u>1,303,946</u>

**Notes to the Interim Consolidated Financial Statements**Note 5 – Summary of Darban Data (Continued)B. Consolidated Statements of Operations

	<b>For the Three Month Period Ending March 31</b>		<b>For the Year Ending December 31</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
	<b>Unaudited</b>		<b>Audited</b>
	<b>Thousands of NIS</b>		
<u>Revenues</u>			
From building rental, management and maintenance in Israel	21,339	20,040	85,889
<u>Costs</u>			
Cost of building management and maintenance	2,327	3,196	12,053
Gross profit	19,012	16,844	73,836
Increase in fair value of investment property, net	41	-	10,324
Administrative and general and sales and marketing expenses	2,776	2,447	10,854
Group share of earnings (loss) of equity-accounted investees	3,296	2,221	(4,197)
Profit from regular activities	19,573	16,618	69,109
Financing revenues (expenses), net	(396)	(7,711)	(2,317)
Profit after financing	19,177	8,907	66,792
Tax expenses	4,404	2,631	12,696
Net income	<u>14,773</u>	<u>6,276</u>	<u>54,096</u>
Attributed to:			
Company shareholders	14,773	6,283	54,092
Non-controlling interests	-	(7)	4
	<u>14,773</u>	<u>6,276</u>	<u>54,096</u>

**Notes to the Interim Consolidated Financial Statements**Note 5 – Summary of Darban Data (Continued)C. Consolidated Cash Flow Reports

	<b>For the Three Months Ending March 31</b>		<b>For the Year Ending December 31</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
	<b>Unaudited</b>		<b>Audited</b>
	<b>Thousands of NIS</b>		
Net cash from operating activities	6,414	1,466	6,362
Net cash derived from (used in) investment activity	1,236	(163)	35,841
Net cash used in financing activities	(2,636)	(2,571)	(10,430)
Translation differences due to cash balances held in foreign currency	(139)	256	688
	4,875	(1,012)	32,461
Balance of cash and cash equivalents at the beginning of the period	37,166	4,705	4,705
Balance of cash and cash equivalents at the end of the period	42,041	3,693	37,166

**Notes to the Interim Consolidated Financial Statements**

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Note 6 – Material Events During and Subsequent to the Reported Period

- A. On January 4, 2024 the Company issued 125,355 thousand NIS NV debentures (Series 20) by way of a series expansion in return for a total of 143 million NIS. The effective yearly interest rate embodied in the offering is 2.66%. Standard & Poor's Maalot announced a rating of i1AA, and Midroog Ltd. announced a rating of Aa2.il, both with Stable outlook, for issued debentures.
- B. On January 4, 2024 the Company issued 571,916 thousand NIS NV debentures (Series 25) by way of a series expansion in return for a total of 525 million NIS. The effective yearly interest rate embodied in the offering is 3.06%. Standard & Poor's Maalot announced a rating of i1AA, and Midroog Ltd. announced a rating of Aa2.il, both with Stable outlook, for issued debentures.
- C. In January 2024 the Company issued 3,011,966 non-tradable options to purchase 3,011,966 regular shares worth 1 NIS (hereinafter – the Options) NV each for 23 officers and employees as well as for an additional consultant (who is not an officer) providing services to a subsidiary under the Company's control. The options shall vest in phases across a period of four years, in such a manner that: (1) at the end of one year from the allocation date in practice – 1/4 of the number of options shall vest; (2) at the end of each calendar quarter after a year has passed from the allocation date in practice – options shall vest at a rate of 1/12 of the balance of the number of options, so long as on the vesting date the recipient is still employed by or provides services to the Company or a subsidiary under its control. The options shall expire 4.5 years from their date of issue. The exercise price will not be paid in practice to the Company but will be taken into account when calculating the number of shares each recipient is actually entitled to when exercising the options, so that the shares allocated them will reflect the benefit component embodied in the options that will be exercised by them on that date as will be calculated on the exercise date in accordance with the calculation detailed in the plan. The vested options and be exercised at all times, starting from their vesting date to their expiry date, all subject to the terms of the plan. The average economic value of each of the options is 3.65 NIS. This economic value was calculated according to the Black & Scholes formula, based on the following assumptions: (1) as of December 28 2023 (the day of trade prior to the date of the Board resolution), the closing price for the Company's share on the stock exchange was 10.75 NIS; (2) the exercise price for each option is 10.87 NIS; (3) the expected standard deviation for the Company's shares is 34.28% (according to an estimate by an outside valuator); (4) the expected risk-free interest rate (according to an estimate by an outside valuator) in the option's life span is 3.6%.
- D. On March 11, 2024 the Company completed a transaction with Soleg Sun Ltd., a subsidiary (80%) of Sunflower Renewable Investments Ltd., to purchase 101 photovoltaic facilities installed on the rooftops of Group properties with a total existing output of 5 MW including all rights in connection with them in return for a total of 78 million NIS plus VAT. NIS 19 million was recognized under Investment in Fixed Assets, and NIS 59 million was recognized under Investment in Intangible Assets. The Company intends to upgrade the existing systems and to add new ones, The upgrade cost is estimated at NIS 30 million.

**Notes to the Interim Consolidated Financial Statements**

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Note 6 – Material Events During and Subsequent to the Reported Period (Continued)

- E. On March 26, 2024, the Company Board of Directors approved distribution of dividend amounting to NIS 65 million. The dividend per share is NIS 0.0860484. The dividend was paid on April 16, 2024. On said date, the Company Board of Directors decided to adopt a dividend policy according to which the Company intends to distribute up to 50% of the Company's yearly FFO per year, taking into account the act that the ratio of the net financial debt to the CAP desired at the Company will not exceed 50%. The dividend policy in question is in the form of policy statements only and shall not be seen as a commitment by the Company to distribute dividends. Any dividend distribution shall be stipulated on a specific decision passed by the Company Board of Directors after examining the distribution tests in accordance with legal requirements taking the Company's business situation into account, as well as its expected cash flow, the Company's strategy and its business needs. In addition, the Company Board of Directors may change from time to time, at its sole discretion, the Company's dividend distribution policy.
- F. On April 7, 2024, the Company appointed Mr. Itay Vaknin to serve as CFO of the Company, as from June 18, 2024.
- G. On April 9, 2024, the Company Board of Directors approved an outline for Company share buy-back, amounting up to NIS 180 million, in two stages as follows:
- a. In stage 1, a buy-back plan was approved, amounting up to NIS 90 million (hereinafter: "Buy-back Plan" and "Buy-back Amount", respectively), such that any outstanding Buy-back Amount would be distributed as dividends for the final quarter of 2024, subject to a specific Board resolution, after review of statutory distribution tests, considering the state of Company affairs, its cash flow forecast, strategy and business needs. The Buy-back Plan would start one trading day after the approval date of the financial statements as of March 31, 2024 and would run through December 31, 2024. It would be conducted subject to ISA directive dated July 26, 2010, as revised in February 2021 (Position 199-8) with regard to Safe Haven protection for share buy-back by a corporation.
  - b. Execution of Stage 2 of the aforementioned outline, amounting up to a further NIS 90 million, is subject to approval by the Company Board of Directors.
- Note that the aforementioned Buy-back outline of two stages is subject to the Company's dividends policy, and is an integral part of the implementation thereof.
- H. On April 18, 2024, Midroog Ltd. announced that it was retaining the Aa2.il Stable outlook for the Company and for debentures (Series 16, 17, 20, 24 and 25) issued by the Company, the rating Aa1.il Stable outlook for debentures (Series 19 and 23) issued by the Company, as well as the rating P-1.il for the Company-issued Commercial Paper.
- I. On December 28 2022 the Company received assessments from the Tax Authority in accordance with their best judgement for 2017-2020, to the total sum of 227 million NIS (including interest and linkage). On May 12, 2024, the Company signed an assessment agreement for the years in question in which the Company paid NIS 61 million, which was partially recognized as carry-forward tax loss over five years as from the 2023 tax year. The Company recognized a non-material expense with respect to tax assessments for these years.

**Notes to the Interim Consolidated Financial Statements**

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- J. On May 16, 2024, the Company announced that the Securities Authority had decided to extend the period for securities offers in accordance with the Company's shelf prospectus through May 25, 2025.
- K. On May 30, 2024, the Company Board of Directors approved a multi-annual strategic plan for the Company, for a 5-year period, in conformity with recommendations received, after a review process led by a strategic consulting firm (hereinafter: "the Plan"). The Plan was formulated in view of significant market changes, including changes to the macro-economic environment (high interest rate environment, high inflation, volatility and economic slow-down in Israel), changes to consumer patterns for rental properties, implications of the Iron Swords war and given continued growth in the Company's diverse operations, including launch of new operating segments (such as Data Centers), changes to asset mix with development of Class A projects in areas of strong demand, as well as changes to Company management. Formulating the multi-annual strategic plan was designed to achieve long-term growth and to maximize the potential of existing assets, with re-structuring of the Company while maintaining financial resilience. The plan consists of three key elements: (1) Maximize value of the current asset portfolio; (2) Pursue acquisition-based growth; (3) Significant leap in management infrastructure. The Company will strive to implement this plan quickly and efficiently.
- L. On May 30, 2024, the Company Board of Directors certified Mr. Amir Bennet, the Company Comptroller, to sign the Company's Financial Statements as of March 31, 2024, along with the Chairman of the Board of Directors and Company CEO, due to the fact that there was no CFO serving at the Company upon the approval of its Financial Statements as of March 31, 2024.

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