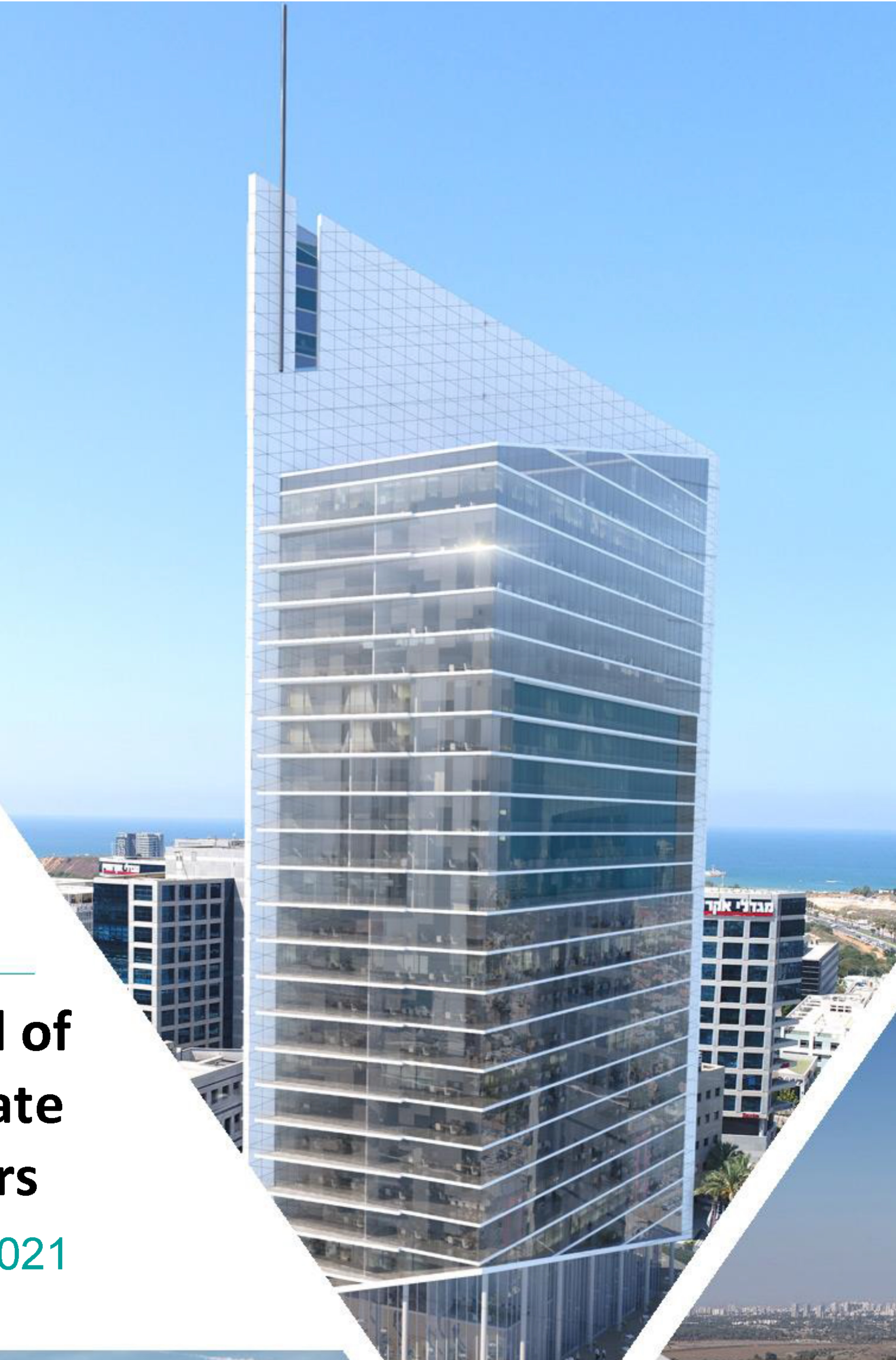
Mivne Real Estate (K.D) Ltd.

("The company")

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

As of December 31th, 2021



MIVNE

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

As of December 31th, 2021

Overview
Dec. 31 2021

12,063	**Total Investment Property** (Millions of NIS)
723	**Of This, Real Estate Under Construction** (Millions of NIS)

Projects under construction Dec. 31 2021

6	**Projects Under Construction and In Development**
152	**Scope** (Thousands of m²)
1,213	**Estimated Cost Balance** (Millions of NIS)
181-197	**Expected NOI at Project Completion*** (Millions of NIS) * For details see table under "concentrated data on projects in stages of construction, planning and development" below.

Data from the Consolidated Statements
1-12.21

691	**NOI** (Millions of NIS)
3.8%	**Same Properties NOI in Israel** **Increase** compared to corresponding period last year
460	**FFO** (Millions of NIS) **Increase** of 13.9% compared to the corresponding period last year
39	**Gross profits from the sale of apartments** (Millions of NIS)
3,525	**Unrestricted Assets** (Millions of NIS) Constituting 29% pf total real estate
2.28%	**CPI-linked weighted debt interest**
1,223	**Cash and Credit Frameworks** (Millions of NIS)
93%	**Occupancy Rate in Israel** **Increase** of 2.45% compared to December 31 2020

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

For the Year Ending December 31 2021

The Board of Directors of Mivne Real Estate (K.D.) is honored to submit the Financial Statements of the Company and its subsidiaries ("**the Company**") for the year ending December 31 2021 ("**The Reported Period**").

Description of the Company and its Business Environment

The Company is active in the field of cash-generating real estate and deals, by itself and through its investees, in varied real estate activity centering on Israel. For further details see Section 1.2 of the Report on Corporate Business. The Company (including associates) owns some 1,900,000 m² of cash-generating space, of which 1,577,000 m² is in Israel. The Company has land reserves and unused rights to the amount of 741,000 m²

For further information on the business environment in which the Company is active see Section 1.8 of the Report on Corporate Business.

The Covid-19 Pandemic and its Impact on the Company's Business Activity

2021 was characterized by the rapid recovery of the Israeli economy, and it seems as though the economy was resuming its regular activity, in light of the efficiency of the vaccines, which led to a sharp drop in severe illness rates as a result of the Covid-19 pandemic ("**the Pandemic**" or "**the Covid-19 Pandemic**"), and allowed most restrictions on activities to be lifted. Over the course of the second half of the year, the Delta variant followed by the Omicron variant spread across the country, increasing the number of severe cases, alongside the third vaccine dose program. The economy's response to this wave of the pandemic was characterized by limited restrictions compared to previous waves of Covid-19. At the same time, there is still uncertainty regarding the economic activity, due to the influence of the pandemic, and in particularly in the event of the spread of new strains of the virus.

Since the outbreak of the COVID-19 pandemic in 2020, the Company's policy has been and still is to maintain continuity of its ongoing activity in all segments, while implementing legal provisions and protecting the health of its workers, tenants and visitors to its properties. As such, the Company has continued with planning, development, marketing, rental and management activities for Company properties and purchased real estate properties in Israel and participated in tenders issued by the Israel Land Authority and local authorities.

As of the balance sheet date, the sum of amortization in rental payments derived from granting relief to Company tenants in Israel over the course of 2021 amounted to some 12 million NIS (without the amortization discount as a result of the provision of government assistance to these tenants), charged as a decrease in revenues over the course of the reported period.

Company management and its Board of Directors estimate at this time that during the reported period, the impact of the Pandemic had not harmed the Company's financial fortitude or its ability to uphold is existing and expected obligations including the financial criteria set in the financing agreements and deeds of trust of the Company's debentures. At the same time, we emphasize that in light of the fact that the Pandemic and its implications are a dynamic and ongoing event, the Company cannot estimate the scope of the impact of the Covid-19 pandemic and its derivatives on the Company's future activity, and this will be influenced by the degree and scope of realization of risk factors relevant to the Company, as detailed in Section 1.35 of the Report of the Corporation's Business.

Business Strategy

The Company examines its business strategy and its goals from time to time, in light of developments in its business and macroeconomic environment.

The Company's Board of Directors has adopted a strategy at the basis of which is the Group's focus on business activity in Israel. As part of this strategy, the Group has been active in recent years in exercising most of its assets abroad, alongside the deepening of its activity in Israel in all segments, while placing an emphasis on logistics and rental housing. Accordingly, in 2021 the Company exercised five properties abroad: in Canada, the Netherlands, France and Serbia in return for an accumulated total of 166 million NIS.

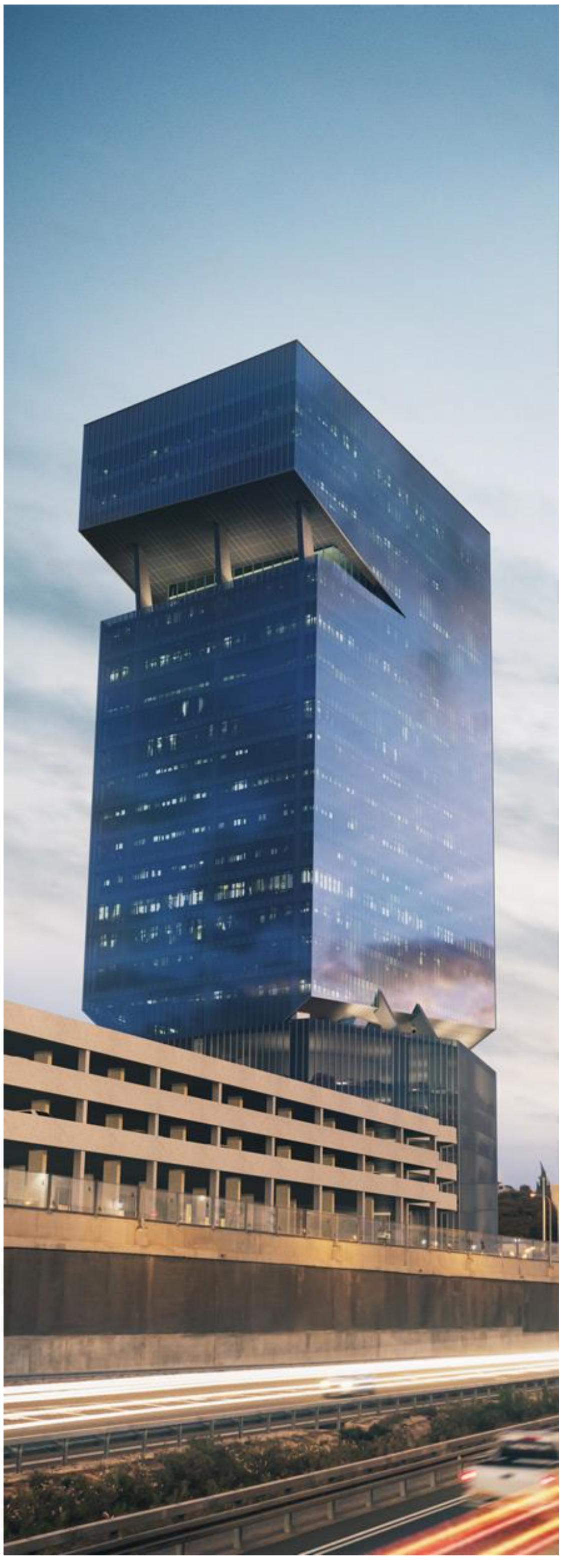
The Group develops, plans and builds new properties on a variety of exiting Group land, and therefore this activity does not depend on additional purchases. Within the framework of new projects being built by the Group, some of the housing units in the residential towers are intended for rental purposes.

In addition, the Company performs purchase transactions of properties, property portfolios, or stock capital in corporations in the field of cash-generating real estate, in accordance with business opportunities and the economic potential involved in them. In 2021 the Company performed a number of purchases, as detailed in Section 1.3 of the Report on Corporate Business and in "Events during the reported period" below.

In addition, the Company is acting for the betterment of its existing properties including by increasing construction rights and renovating older buildings. Within this framework the Group is carrying out a large-scale project of replacing roofs and installing solar facilities, as part of the deepening of its activity in the field of renewable energy.

The Company regularly examines expansion options by entering into additional areas of activity synergistic with its cash-generating properties. The Company combines debt issues and capital offerings in order to serve its needs while taking care to ensure a balanced debt structure.

The integration of these actions was intended to lead to the Group's continued growth in the short and long term.



Events During the Reported Period

Development

Hahascala Boulevard Project, Tel Aviv-Yafo

In February 2021 the Company began excavating, paneling and setting up the base work for the Hahascala Boulevard (Hasolelim) Project in Tel Aviv-Yafo. As a result of the start of works, the Company classified the inventory of land attributed to apartments to a sum of 337 million NIS to current assets and the land attributed to office buildings from investment property to investment property under development to the sum of 326 million NIS. In May 2021 the Company announced that it was starting marketing for some of the project's housing units, with some of the housing units intended for rental purposes. As of the publication of this report, 79 sales agreements have been signed to the total sum of 253 million NIS.

Purchases

Purchase of Housing Units for Rent and Student Dormitories in Central Israel

In May 2021 the Company entered into an agreement with the Aura Group to purchase rights to 290 housing units and 4,000 m² of commercial space located in Ramat Hasharon, Ramat Chen (Ramat Gan), Kiryat Ono, Ben Shemen and Hadera in return for a total of 590 million NIS plus VAT (and linkage differences to the building inputs index), and the purchase of rights to the student dormitories in Kiryat Ono in return for a total of 57 million NIS.

Purchase of Land

In July 2021 the Company purchased 50% of the rights to two lots in Or Yehuda and Be'er Tuvia, with a total area of 3.8 hectares and in return for 72 million NIS.

Winning the ILA Tender – Sdeh Dov

In August 2021 the Company won, along with the Meshulam Levenstein Group and an additional partner, in equal shares, an Israel Land Authority tender for the purchase of capitalized leasing rights (with no development agreement) for 98 years (with an option to extend) in the lot known as "Lot 110" located in the Sdeh Dov compound in Tel Aviv. The Lot has an area of 0.47 hectares and can have 230 housing units and 1,300 m² of commercial space built on it, and the proceeds paid for it amounts to 633.8 million NIS plus VAT and development expenses (including VAT) to the sum of 25.8 million NIS. The Company and the partners in question intended to push forward a permit for the construction of a project in accordance with the Lot's existing town construction plan. For further details see the immediate reports published by the Company on August 24 2021 and November 17 2021 (references: 2021-01-136779 and 2021-01-1167850), presented here by way of referral.

Acquisition of Properties from the Bank Mizrahi Group

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

Purchase of Half of the Stock Capital in Kiryat Shechakim

In December 2021 the Company purchased 50% of the issued and paid-up capital of Kiryat Shechakim Ltd. in return for a sum equal to 80 million NIS as well as additional proceeds for the conversion of shareholder loans totaling 4.3 million NIS.
For further details, see Note 13c to the Financial Statements.

Issuer and Credit Rating Update

In May 2021 Standard & Poor's Maalot revised the rating of the Company and its debentures. The rating of the Company, its unguaranteed debentures (Series 15, 16, 17 and 20) and

debentures (Series 24) guaranteed by the shares of Darban Investments
Ltd. (a subsidiary) increased from ilAA- to ilAA. The rating of the debentures guaranteed by income-generating real estate properties (Series 18, 19 and 23) which had been ilAA and the Company's short-term create rating which was ilA-1+ were ratified with a stable outlook.

In October 2021 Standard & Poor's Maalot announced that it was issuing a rating of ilAA to the debentures (Series 25) issued by the Company, to a total scope of up to 1.2 billion NIS NV.

Issues

Issue of New Linked Series

In November 2021 the Company issued 1,026,666,000 NIS NV debentures in return for a total of 1.041 billion NIS. The net effective interest rate embodied in the debentures is 0.3% and the estimated life span is 8.5 years.

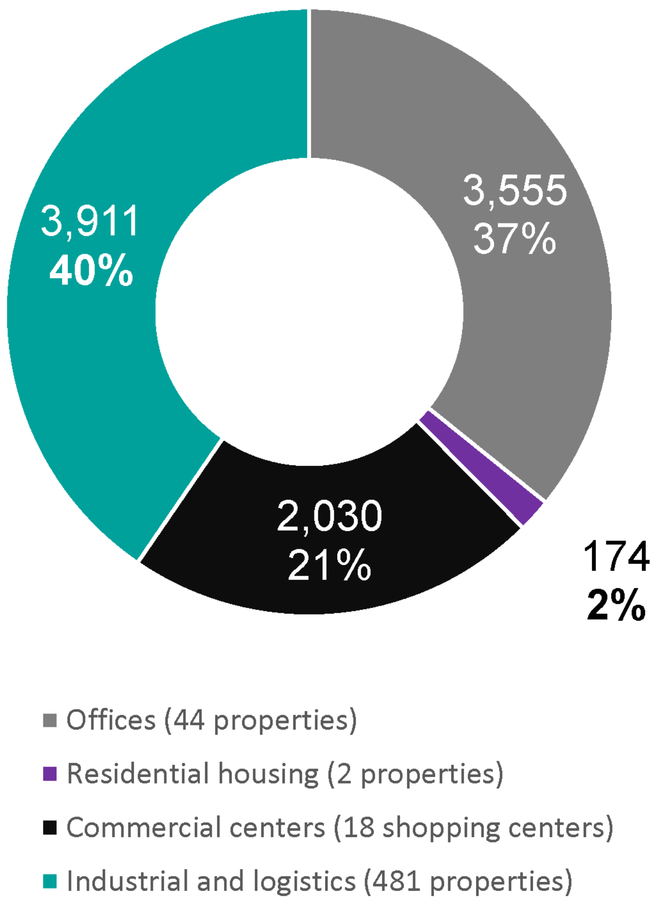
The Company's Activity

As of December 31 2021, the Company's assets (on a consolidated basis), owned and leased, include 545 cash-generating properties spread out across Israel with a total area of 1.6 million m², not including properties under construction. The properties are rented to 2,749 tenants, in contracts of various durations. In addition, the Company has 14 projects in advanced construction and planning stages to the scope of 532,000 m².

The occupancy to value rate of the Company's properties in Israel as of December 31 2021 is 94.5% versus 93% on December 31 2020.
The occupancy to value rate of the Company's properties in Israel as of December 31 2021 is 93% versus 90.6% on December 31 2020.

Cross-Section of the Company's Cash-Generating Properties in Israel by Value of Assets

(In Millions of NIS)



A Look at Company Data

Summary of Key Data (in Millions of NIS)

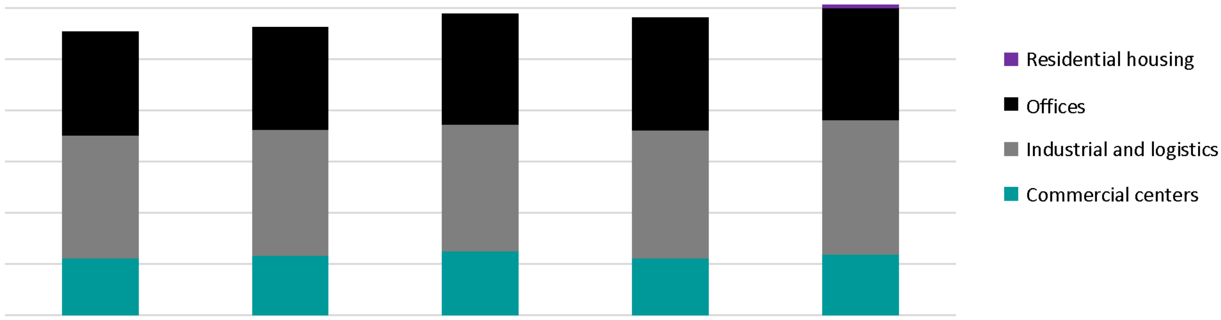
	% Change 2020/21	1-12/21	1-12/20	% Change 2020/21	10-12/21	10-12/20
NOI in Israel	**4.6%**	**615**	588	**6.1%**	157	148
Same Property NOI	**3.8%**	**604**	582	**4.8%**	153	146
NOI abroad	**(8.4%)**	**76**	83	**(15%)**	17	20
Net Profit	**65.5%**	**955**	577	**136.8%**	341	144
FFO	**14 %**	**460**	404	**18.1%**	123	104
Increase (Decrease) in Known Index Rate		**2.4%**	(0.6%)		0.2%	0%

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

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

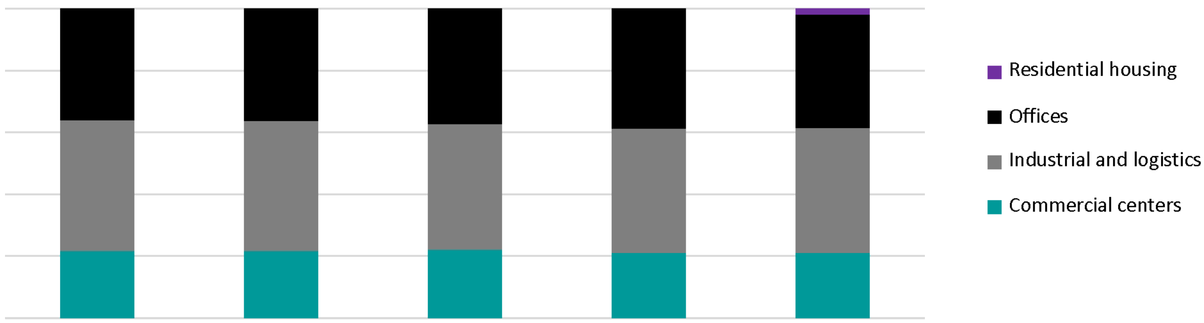
	Number of Properties as of December 31 2021	Above-Ground Area as of December 31 2021	NOI for the Period 1-12.21	Fair Value of Cash-Generating Property as of December 31 2021	Occupancy rate as of December 31 2021	Value of Real Estate Under Construction as of December 31 2021
Uses		**m²**	**In Thousands of NIS**	**In Thousands of NIS**	**%**	**In Thousands of NIS**
Offices	44	371,720	218,870	3,555,043	90.8%	722,908
Commercial centers	18	188,992	117,933	2,030,128	92.8%	
Industrial and Logistics	481	1,005,745	262,775	3,911,248	93.8%	
Residential	2	10,376	7,721	173,442	100%	
Total	**545**	**1,576,833**	**607,299**	**9,669,861**	**93%**	**722,908**
Associates – Company Share						
Offices	5	16,979	6,599	143,111	76.2%	-
Commercial centers	2	13,353	10,722	195,074	94.2%	-
Total	**7**	**30,332**	**17,321**	**338,185**	**84.1%**	**-**
Expanded Total	**552**	**1,607,165**	**624,620**	**10,008,046**	**92.9%**	**722,908**

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



	2021	2020	2019	2018	2017
Commercial Centers	118	111	124	116	111
Industrial and Logistics	263	250	248	246	240
Offices	218	218	217	201	203
Residential housing	8	2	-	-	-
Total	**607**	**581**	**589**	**563**	**554**

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

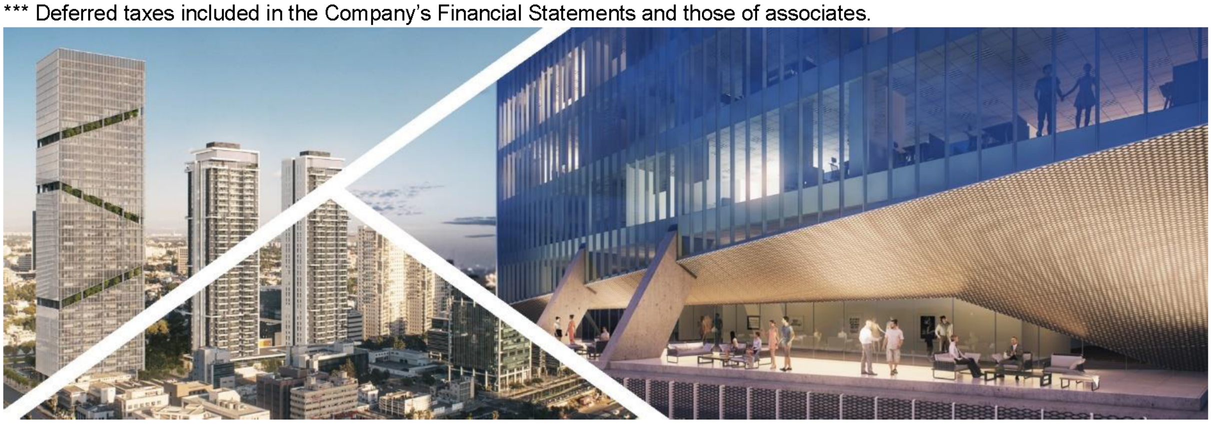


	December 31 2021	December 31 2020	December 31 2019	December 31 2018	December 31 2017
Commercial Centers	2,030	1,878	1,892	1,812	1,802
Industrial and Logistics	3,911	3,589	3,500	3,554	3,513
Offices	3,555	3,367	3,213	3,043	2,994
Residential housing	174	101	-	-	-
Total cash-generating property	9,670	8,935	8,605	8,409	8,309
Total construction	723	168	135	52	40
Total investment property	**10,393**	**9,103**	**8,740**	**8,461**	**8,349**

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

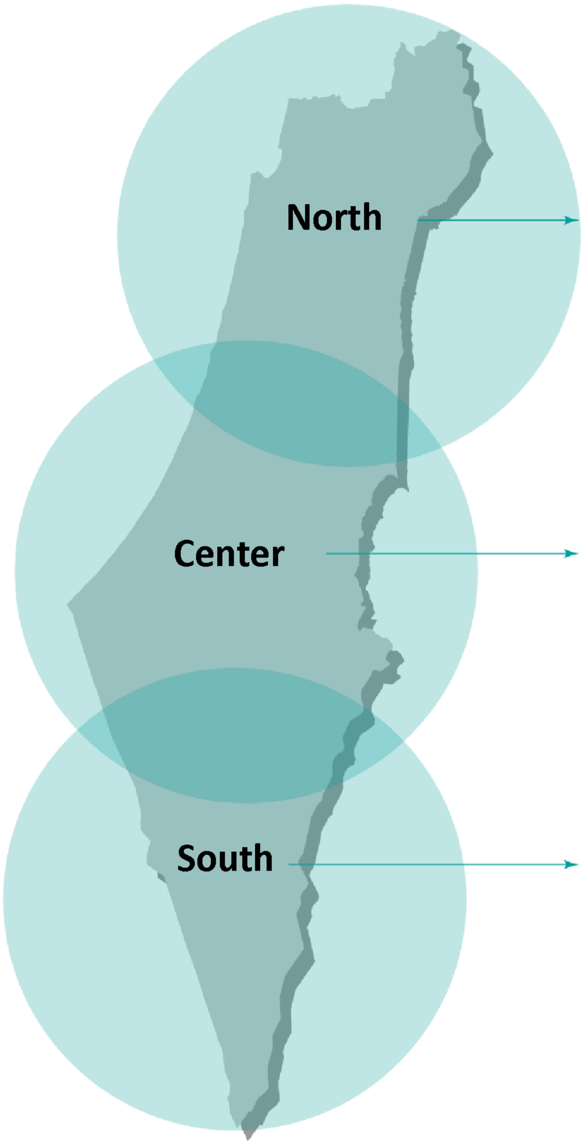
Country	Number of Properties	Above-Ground Area in m²	Number of Tenants	Occupancy Rate	Fair Value In Thousands of NIS	NOI from Cash-Generating Properties 1-12/2021 In Thousands of NIS
Cash-Generating Properties						
Israel	545	1,576,833	2,749	93%	9,669,861	607,299
Switzerland	2	56,221	18	95.4%	361,752	24,986
Ukraine*	1	44,705	83	100%	271,161	29,198
Canada	2	59,035	145	68.4%	123,659	5,845
U.S.A.	2	18,489	34	68.8%	87,391	4,574
France	5	119,447	5	98.4%	17,713	7,246
Germany	2	25,237	7	96%	33,695	4,248
Total Cash-Generating Properties	**559**	**1,899,967**	**3,041**	**92.6%**	**10,565,232**	**683,396**
Land						
Israel lands	37				924,087 **	
Overseas	1				22,756	
Total land	**38**				**946,843**	
Total	**597**	**1,899,967**	**3,041**	**92.6%**	**11,512,075**	**683,396**
Israel – Associated Companies	**7**	**30,332**	**63**	**84.1%**	**338,185**	**17,320**
Total	**604**	**1,930,299**	**3,104**	**92.5%**	**11,850,260**	**700,716**
Deferred taxes* **					**1,971,000**	

* In light of the security and geopolitical events occurring in the area and which are still ongoing as of the publication of the Statements, the Company shall examine the implications of these events on the property.
** Including a total of 309 million NIS detailed within the framework of the table of projects being planned.
*** Deferred taxes included in the Company's Financial Statements and those of associates.



Cities in which the Group has Properties

The Company owns some 1,900,000 m² of cash-generating space, of which 1,577,000 m² is in Israel. The Company has land reserves and unused rights to the amount of 741,000 m²



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

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

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

Concentrated Data on Projects in Construction, Planning and Development Stages (as of December 31 2021)[1]

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

Project Name	Location	Main Use	Company's Share	Design Status	Built-Up Area (m²)	Project's Value in the Company's Books	Estimated Construction Cost Balance	Estimated NOI Fully Occupied
						In Millions of NIS		
Hahaskala Blvd.	Tel Aviv	Offices and commercial	100%	End of paneling, excavation and base works. Lower structure works begun	68,300	367	586	101-109
"Mivne" Compound	Holon	Offices	100%	Finishing and adjustments work, estimated completion Q2/2022.	14,800	105	7	8-10
Sarona	Kfar Saba	Offices	100%	Underway, Estimated completion – 2024.	*26,000	93	148	22-24
Haifa Life Sciences Park (2 buildings)	Haifa	Offices	50%	Paneling and excavation works completed. Foundation work started.	14,000	17	140	12
Kiryat Hamishpat	Kiryat Gat	Offices	100%	Underway, Estimated completion – Q4/2022	5,000	30	9	3
"Mivne" Herzliya Pituach	Herzliya	Residential	100%	Undergoing paneling and excavation works.	103 housing units	111	101	8-9
		Offices and commercial			24,300		222	27-30
Total					**152,400**	**723**	**1,213**	**181-197**

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

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

Project Name	Location	Main Use	Company's Share	Design Status	Built-Up Area (m²)	Project's Value in the Company's Books
Yigal Alon	Tel Aviv	Residential, Employment and commercial	100%	Pre-estimate. City Engineer forum took place, plan advancement approved. Expected discussion of deposit Q2/2022.	*125,000 380-410 housing units	139
Hasivim Neveh Oz	Petach Tikva	Offices	100%	Town construction plan approved. Implementation date not yet decided.	13,000	21
Haifa Life Sciences Park (2 buildings)	Haifa	Offices	50%	Preliminary planning	14,000	11
Crytek 2	Yokneam	Offices	100%	Decided to push permit forward, permit receipt forecast - Q3/2022.	25,000	5
Beersheba	Beersheba	Hotels	100%	Paneling and excavation permit received, full permit expected Q2/2022.	7,000	-
Akerstein Towers Stage B	Herzliya	Offices Residential	53%	In discussions with local committee. In design for Town Construction Plan stages.	50,000 150 housing units	-
Office Tower in Giv'at Sha'ul	Giv'at Sha'ul	Offices	100%	Decided to push permit forward, forecast - Q4/2022.	34,750	7
Ha'elef Compound	Rishon Lezion	Rental housing and student dormitories	50%	Detailed plans being prepared for the purpose of filing a request for a building permit.	17,000	65
Hadera	Hadera	Offices	50%	Town Plan filed with district authority for added zoning for residential and commercial	1,250	30
Be'er Tuvia	Be'er Tuvia	Industrial	50%	Decided to push permit forward, permit receipt forecast - Q1/2023.	15,600	38
Total					**302,600**	**309**

* The Company is acting to advance a town construction plan under the authority of a local committee by virtue of the TA 5000 outline plan for additional rights, as follows: added residential rights of 40,000 m² constituting 380-410 housing units, and increasing existing employment and office rights from 96,000 m² to 125,000 m² (an addition of 29,000 m²).

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

Rental Housing[1]

Town	Use	Number of Units	Area (m²)	Book Value/Sum Paid (Thousands of NIS)	Balance Payable (Thousands of NIS)	NOI/Expected NOI (Thousands of NIS)	Expected Receipt
Jerusalem	Rent controlled housing	317	12,353	116,052	-	7,170	Accepted
Kiryat Ono	Student Dorms	113	3,334	57,392	-	3,100	Accepted
Kiryat Ono	Residential	30	2,690	50,446	2,727	1,789	Q1/2022
Ben Shemen	Residential	80	8,913	25,518	105,284	4,235	Q3/2024
Hadera	Residential	50	4,507	14,166	57,969	1,679	Q4/2024
Ramat Hasharon	Residential	50	6,044	24,233	120,139	5,508	Q3/2023
Ramat Chen	Residential	80	7,177	12,725	174,390	5,283	Q4/2026
Total		**720**	**45,018**	**300,532**	**460,509**	**28,764**	

Solar Installations[1]

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

	Amount	Size (KW)	Expected Revenue (Thousands of NIS)
Existing installations	93	13,571	12,398
Increasing the size of existing installations	-	4,383	2,674
Installations with quota	189	24,132	17,167
Installations in approval proceedings	11	937	716
Total	**293**	**43,023**	**32,955 (*)**

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

The amortized cost in the books for the solar facilities is 78 million NIS and the balance of the cost for implementation totals 69 million NIS.

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Residential

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

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

Location	No. of Housing Units[1]	Holdings in Projects	Number of Housing Units for which Sales Agreements were Signed and Not Yet Delivered	Financial Scope of Sales Agreements (Millions of NIS, Not Yet Delivered)	Number of Housing Units for which Sales Agreements were Signed and Not Yet Delivered	Financial Scope of Sales Agreements (Millions of NIS, Not Yet Delivered)	Sign-Ups for which the Sales Agreement has Not Yet been Signed	Total Investment as of December 31 2021 (Millions of NIS)	Total Cost Balance	Developer Profit Not Yet Recognized
		%	As of December 31 2021		As of the publication of the report					
Hahascala Blvd.[2]	360	75%	79	253	79	253	-	362	335	295
Hameitav Tel-Aviv[3]	2	50%	4	15	3	12	-	2	-	2
Merom Hasharon Stage F	134	90%	7	14	14	33	6	39	109	59
Merom Hasharon Stage G	79	90%	-	-	-	-	-	21	66	35
Total	**575**		**90**	**282**	**96**	**298**	**6**	**424**	**510**	**391**

1. Balance of units in inventory as of December 31 2021
2. Paneling, excavation and base works begun over the course of the year.
3. As of December 31 2021 165 units were delivered to a total monetary value of 436 million NIS. As of the publication of the report 166 apartments were delivered at a monetary scope of 442 million NIS.
4. The balance is attributed to parking and storage.

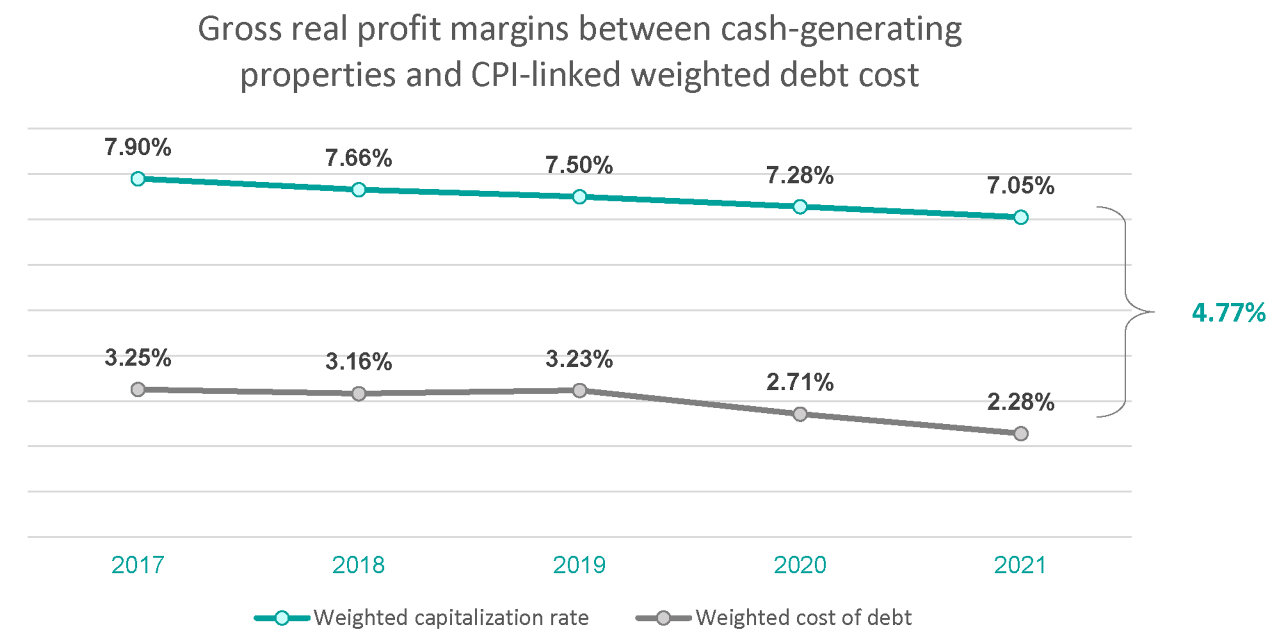
Inventory of Land for Long-Term Residential Construction

Location	Number of Housing Units	Holdings in Projects	Total Investment as of December 31 2021
		In %	In Millions of NIS
Sdeh Dov	230	33.33%	233
Or Akiva	74	100%	9
Other	101	100%	8
Total	**405**	**-**	**250**

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 December 31 2021 amounts to 5 billion NIS. The debt's total life span is 4.6 years and the weighted effective interest rate is 2.28% CPI-linked.

As of the publication of this report, the Company has cash balances and unused credit frameworks totaling 1.2 billion NIS, and unencumbered real estate properties to the sum of 3.5 billion NIS.



Spreading debt redemptions over years

	Average Life Span	Weighted Effective Interest	2022	2023	2024	2025	2026	2027	2028	2029 Onward	Balance as of Dec. 31 2021*
			In Millions of NIS								
Israel	**4.57**	**2.28%**	**556**	**426**	**845**	**513**	**721**	**791**	**699**	**862**	**5,439**
Weighted interest rate			**2.21%**	**2.19%**	**2.1%**	**2.01%**	**1.85%**	**1.56%**	**0.83%**	**0.45%**	
Overseas	**6.30**	**1.77%**	**52**	**1**	**1**	**46**	**-**	**-**	**-**	**162**	**262**
Total redemptions			**608**	**427**	**846**	**559**	**721**	**791**	**699**	**1,024**	
Of these, "balloon" guaranteed by lien			(263)	-	(641)	(225)	(443)	(527)	(368)	(162)	
Redemptions less pledged cash flow			**345**	**427**	**205**	**334**	**278**	**264**	**331**	**862**	
Value of asset pledged			899	-	1,577	579	752	1,349	1,204	162	
LTV rate of pledged asset			**29.2%**	**-**	**40.6%**	**38.9%**	**58.9%**	**39.1%**	**30.5%**	**100%**	

* The balance as of December 31 2021 for debentures includes a discount or premium.

NOI

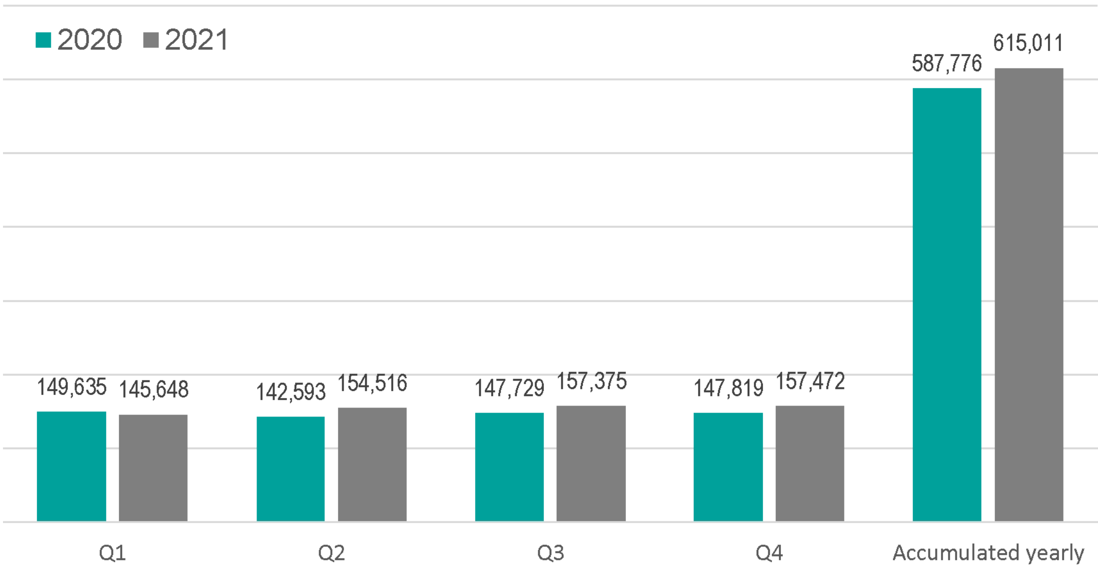
NET OPERATING INCOME

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

Company management believes that NOI is an important parameter in valuing cash-generating real estate. The result of dividing this Transition data by the commonly used discount rate in the geographic location of the property ("cap rate") is one of the indications of valuation of the property (beyond other indications, such as: market value of similar properties in the same area, sales price per m² of built area deriving from the latest transactions effected, etc.). In addition, NOI is used to measure the free cash flow available to service the financial debt taken to finance the property's purchase. Note that NOI:

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

NOI Development (In Thousands of NIS)



The NOI in the fourth quarter of 2021 totaled 157 million NIS, compared to 148 million NIS in the corresponding quarter last year, constituting a growth of 6.5%.

The same property NOI in the fourth quarter of 2021 amounted to 153 million NIS compared to 146 million NIS in the corresponding quarter last year, constituting a 4.7% increase.

Weighted Cap Rate

The following is the calculation of the weighted cap rate derived from all the cash-generating properties in Israel as of December 31 2021:

	Consolidated (in Millions of NIS)
Investment property in consolidated report as of December 31 2021	11,342
Less – real estate abroad	(902)
Less – value of lands classified as investment property	(924)
Plus – value of cash-generating properties intended for realization	4
Cash-generating investment property in Israel as of December 31 2021	**9,520**
Less value attributed to vacant spaces	(535)
Expected investments	50
Investment property attributed to rented spaces as of December 31 2021	**9,035**
NOI from cash-generating properties in Israel as of December 31 2021	**607**
Regulated NOI as of December 31 2021	**637**
Weighted cap rate deriving from revenue-producing investment real estate in Israel	**7.05%**

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)

	1-12.2021	1-12.2020
Net profit for the period	955,048	576,730
Changes in value of investment property and investment property under construction	(756,381)	(299,389)
Profits and losses from the sale of real estate, investees, other revenues and the realization of capital reserves from translation differences.	(43,490)	(43,351)
Tax expenses from the sale of properties and other revenues	5,990	5,461
Impairment of goodwill	7,498	-
Changes in the fair value of financial instruments	8,453	29,202
Adjustments due to taxes	178,570	149,430
Adjustments referring to associates	(7,225)	5,892
Revaluation of assets and liabilities	3,665	5,366
Other revenues	(68,416)	(60,379)
Nominal FFO	**283,712**	**368,962**
Added – expenses of linkage differences on the debt principal and exchange rate differences	153,666	12,735
Real FFO	**437,378**	**381,697**
FFO attributed to cash-generating property	**460,487**	**403,801**

2022 Forecast

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

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

- Known CPI as of December 31 2021.
- Without the purchase of new properties.
- No material changes will occur in the business environment in which the Company is active in Israel beyond the estimate detailed in the business environment section above.
- The expectations of Company Management regarding the renewal of rental agreements that expire over the course of 2022.
- The possible impact of additional lockdowns over the course of 2022 was not taken into account.
- The possible damage to the property in Ukraine was not taken into account.

	Original 2022 Forecast	2021 in Practice
NOI (in Millions of NIS)	715-740	691
FFO attributed to cash-generating property (in millions of NIS)	470-500	460

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

Operating Results According to Consolidated Financial Statements

Business Results Summary Table (in Millions of NIS)

		For 2021	For 2020	Notes and Explanations
Revenues from rental and management fees		899	880	Most of the increase in the period derives from improvements in occupancy and in rental fees offset by the sale of properties.
Maintenance and management cost		216	216	
Revenues from the Sale of Apartments and Land		193	162	Including sale of land to the sum of 67 million NIS.
Cost of Apartments and Land Sold		155	121	
Increase in Fair Value of Investment Property		756	299	Over the course of the period, 232 valuations were carried out for properties worth 11.3 billion NIS and 335 internal valuations of properties with a value of 0.9 billion NIS. Most of the increase in the value of these properties derives from an increase in real rental fees, improved occupation rates, a decrease in capitalization rates and an increase in the Consumer Price Index. In addition, the Company recorded a value increase due to a change in the total value of land and construction rights to the sum of 60 million NIS and an increase in value for the sale of assets to the sum of 54 million NIS.
Administrative and General, Sales and Marketing Expenses		89	111	The decrease in the period derives from streamlining actions that included, among other things, a decrease in activity abroad, a corporate reduction and in addition, a decrease in doubtful debt expenses. Expenses were included for share-based payment in the period to the sum of 6 million NIS compared to 14 million NIS in the corresponding period last year.
Realization of Capital Reserve due to Adjustments from the Translation of Financial Statements		(13)	-	For the sale of properties in Serbia and Canada
Financing Expenses	Net interest expenses	131	154	Decrease in outstanding debt and decrease in interest rate
	Expenses (revenues) from change in CPI, net	100	(27)	A 2.4% CPI increase in the period against a 0.6% decrease in the corresponding period last year.
	Loss from early redemption	14	23	Over the course of the period, an early redemption was made of Series 21 debentures.
	Net expenses from exchange rate differences and others	48	48	
	Total	293	198	
Income tax expenses		211	188	
Net Profit		955	577	

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

	As of December 31 2021	As of December 31 2020	Notes and Explanations
Current Assets	1,644	1,019	Mostly an increase in cash balances and classification of Hahascala Blvd. and Merom Hasharon projects to short-term inventory.
Investments handled using the book value method	367	294	
Investment property, investment property in development and advance payments on account of investment in land	12,254	11,161	
Inventory of land for construction	250	389	The decrease derives from the reclassification of the Hahascala Blvd. project and Merom Hasharon to short-term.
Short-term credit, current maturities	652	674	
Long-term loans and liabilities from banking corporations, credit providers and others.	1,213	1,099	
Long-term debentures	4,243	3,635	The increase derives from issue of series 25 debentures and against the early redemption of Series 21 debentures and current redemptions.
Total equity attributed to shareholders	6,902	6,073	Most of the increase derives from profit in the period to the sum of 955 million NIS, a capital offering of 78 million NIS and offset by dividends to the sum of 205 million NIS.
Total equity	6,892	6,062	

The following table contains a summary of the Reports Comprehensive Income by quarter in the reported year:

	1-12.2021	10-12.2021	7-9.2021	4-6.2021	1-3.2021
	In Thousands of NIS				
Revenues from rental and management fees in Israel	780,782	205,432	200,229	192,408	182,713
Revenues from rental and management fees abroad	118,148	27,900	28,933	28,317	32,998
Revenues from apartment sales	193,219	15,753	15,111	110,497	51,858
Revenues from the sale of fuel, from solar facilities and from the management of buildings and infrastructure, net	7,712	1,174	2,709	2,352	1,477
Total revenues	**1,099,861**	**250,259**	**246,982**	**333,574**	**269,046**
Maintenance and administration costs in Israel	173,483	49,134	45,563	40,244	38,542
Maintenance and administration costs abroad	42,051	10,715	8,323	10,971	12,042
Cost of apartments sold	154,636	12,254	5,230	99,755	37,397
Gross profit	**729,691**	**178,156**	**187,866**	**182,604**	**181,065**
Increase in fair value of investment property	756,381	329,571	158,152	196,434	72,224
Impairment of inventory of land for construction	(523)	(523)	-	-	-
Sales, marketing, administrative and general expenses	(88,966)	(22,785)	(21,993)	(22,264)	(21,924)
The Company's share of the profits (losses) of investees	21,276	9,305	12,106	2,320	(2,455)
Revenues (other expenses)	42,179	(3,215)	21,191	29,489	(5,286)
Profit from regular activities	**1,460,038**	**490,509**	**357,322**	**388,583**	**223,624**
Financing expenses	(296,153)	(82,048)	(86,153)	(97,251)	(30,701)
Loss from early redemption	(13,903)	-	-	-	(13,903)
Financing revenues	16,514	8,319	621	3,533	4,041
Profit before taxes on income	**1,166,496**	**416,780**	**271,790**	**294,865**	**183,061**
Taxes on income	211,449	76,168	50,442	52,475	32,364
Net Profit	**955,047**	**340,612**	**221,348**	**242,390**	**150,697**
Profit (loss) attributable to non-controlling interests	13,267	9,364	1,524	1,170	1,209
Net profit attributed to Company shareholders	**941,780**	**331,248**	**219,824**	**241,220**	**149,488**
Adjustments from the translation of financial statements	(7,074)	2,030	(1,857)	(11,009)	3,762
Profit due to investment in financial asset measured at fair value via other comprehensive income	15,235	-	-	12,341	2,894
Total comprehensive income	**963,208**	**342,642**	**219,491**	**243,722**	**157,353**
Comprehensive income attributed to shareholders	949,152	331,323	217,471	242,691	157,667
Comprehensive income attributable to minority	14,056	11,319	2,020	1,031	(314)

Cash and Credit Frameworks

Sources	In Millions of NIS
Balance of Cash at the Beginning of the Period	432
Cash deriving from current activities	**403**
Investment Activities	
Sale of assets	203
Proceeds from the realization of investment	83
Proceeds from the sale of shares and redemption of shareholder loans of investee sold	(69)
Investment in investment property, real estate under development and fixed assets	(718)
Realization of shares of subsidiary	56
Repayment of long-term deposit	46
Total investment activity	**(399)**
Financing Activity	
Issue of debentures	1,031
Stock offering	78
Short-term credit	217
Receipt of loans from banks and long-term liabilities	249
Repayment of loans from banks and long-term liabilities	(267)
Redemption of debentures	(606)
Dividends paid to shareholders	(205)
Dividend paid to holders of non-controlling interests	(2)
Total financing activity	**495**
Exchange rate differentials due to cash and cash equivalent balances	**(8)**
Balance of cash at the end of the period	**923**

Credit Frameworks

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

As of the report date and as of the publication of this report, the Company is in compliance with all of the financial criteria 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 25) as well as debentures that constitute a “material loan” as this term is defined in Legal Position 104-15: a reportable credit event published by the Securities Authority on November 30 2011 and as updated on March 19 2017, see Appendix C to the Board of Directors' Report.

Working Capital

Working capital, including assets and liabilities held for sale as of December 31 2021, amounted to 800 million NIS in the Financial Statements compared to a total of 47 million NIS as of December 31 2020. Working capital, including assets and liabilities held for sale as of December 31 2021, amounted to 680 million NIS in the Solo Financial Statements compared to a total of 26 million NIS as of December 31 2020.

Linkage Balance

The Company has financial liabilities to the sum of 6.3 billion NIS of which 5 billion NIS are CPI-linked. The Company's cash-generating property in Israel is worth 9.7 billion NIS, is largely rented in CPI-linked rental agreements, and the Company considers this to be long-term inflationary protection.

Investment in Associates

The Company has investments in investees active in Israel, the U.S. and Canada. The Company lists its investments in these companies using the book value method. As of December 31 2021 the investment in these companies amounts to 368 million NIS, of which 285 million NIS is in Israel.

Over the course of the period the Company invested a total of 84 million NIS in an associate. For details on the investment see Note 13c to the December 31 2021 Consolidated Financial Statements

Dividend Policy

In March 2021 the Company Board of Directors decided on a dividend distribution policy for 2021 totaling 200 million NIS but not exceeding 50% of the Company's total yearly FFO, all subject to a specific decision by the Board of Directors before each distribution after examination of the distribution tests set in law.

The Company's Board of Directors declared that it was distributing dividends as follows:

- On May 25 2021 a divided distribution was announced to the sum of 55.3 million NIS, which were paid on June 15 2021 (the sum of the dividends less the share of a subsidiary holding the Company's shares is 50 million NIS).
- On August 12 2021 a dividend distribution was announced to the sum of 53.2 million NIS, which were paid on August 31 2021 (the sum of the dividends less the share of a subsidiary holding the Company's shares is 50 million NIS).
- On November 23 2021 a dividend distribution was announced to the sum of 58.5 million NIS, which were paid on December 14 2021 (the sum of the dividends less the share of a subsidiary holding the Company's shares is 55 million NIS).

On March 17 2022 the Company Board of Directors decided on a dividend distribution to the sum of 79.8 million NIS (the sum of the dividends less the share of a subsidiary holding the Company's shares is 75 million NIS). The accumulated dividends per share from the start of 2021 amounted to a total of 0.20648 NIS. At the same time, the Board of Directors decided to distribute dividends in 2022 in the amount of 240 million NIS, but not more than 50% of the company's annual FFO. For further details, see section 1.6 in the corporation's business report (Chapter A).

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

Tal Fuhrer	**David Zvida**
Chair of the Board of Directors	Company CEO

March 17 2022

Appendices

Appendix A

Exposure to Market Risks and Their Management

Appendix A

Exposure to Market Risk and Management Thereof

1. The person responsible for managing market risks is Mr. David Zvida, Chairman of the Board of Directors. For details on Mr. Zvida, see Regulation 26 in the Additional Details chapter of this report.
2. **Market risks to which the Company is exposed and the Company's policy in managing market risks** – the following are details of policies and primary exposures:

2.1. CPI exposure – as of December 31 2021 the balance of the Company's CPI-linked credit (debentures, loans from banks and loans from institutions) amounted to 4.9 billion NIS, so that a 1% increase in the CPI will lead to additional financing expenses to the sum of 49 million NIS. The Company's cash-generating property in Israel, which is worth 9.7 billion NIS, is largely rented in CPI-linked rental agreements, and the Company considers this to be long-term inflationary protection.

2.2. Exposure to the Israeli capital market – the Company records the value of its investments in tradable securities in its Financial Statements according to their stock market value on the balance sheet date. The changes in the value of the securities portfolio are charged to the Statement of Operations and to Other Comprehensive Income. As of December 31 2021 the value of the securities portfolio amounts to 83 million NIS.

For further details, see Note 25.b.1 to the Consolidated Financial Statements.

3. **Sensitivity Tests**

In accordance with the 5767 Amendment to the Second Addendum to the Securities Regulations (Periodic and Immediate Reports), 1970, the Company carried out sensitivity tests for changes in risk factors influencing the fair value of “sensitive instruments”.

4. **Description of parameters, assumptions and models:**

- The fair value of tradable securities is their market value.
- The fair value of loans and debentures was calculated by capitalizing future cash flows according to an interest rate that reflects the Company’s financing costs.
- Sensitivity tests to changes in interest rates of some of the fixed-interest loans and debentures were carried out on a duration basis.
- Variable interest loans were not included in sensitivity tests of interest rates, as the influence of the changes in interest rates on their fair value is negligible.

4.1. The exchange rates taken for the sensitivity analysis are the representative rates of exchange as of December 31 2021:

Currency	Representative Rate of Exchange
U.S. dollar	3.11
Euro	3.5199
Canadian dollar	2.4424
Swiss franc	3.4045

4.2. The following are daily changes past 10% in the relevant risk factors. For risk factors, for which no daily changes greater than 10% over the past 10 years were expected, the results of 4 scenarios are presented (±5% and ±10%).

Risk Factor	Maximum Change	Notes
Interest curves	16%	In Israel – Shachar and Galil Abroad – by specific curve according to currency

	Gain (Loss) from Changes			Fair Value	Gain (Loss) from Changes		
	16%	10%	5%		5%-	10%-	16%-
Sensitivity to Changes in Real Interest Rate	(86,469)	(54,257)	(27,220)	(3,814,662)	27,409	55,015	88,412
USD interest sensitivity analysis:	52	31	15	(28,679)	(14)	(26)	(39)
EUR interest sensitivity analysis:	(518)	(327)	(165)	21,004	168	339	548
CAD interest sensitivity analysis:	(1,179)	(745)	(376)	(1,984)	384	775	1,254
CHF interest sensitivity analysis:	1,040	651	326	(84,895)	(326)	(653)	(1,046)
Nominal NIS interest sensitivity analysis:	2,237	1,402	702	(353,161)	(705)	(1,413)	(2,265)

Summary table (in thousands of NIS):

	Gain (Loss) from Changes		Fair Value	Gain (Loss) from Changes	
	10%	5%		5%-	10%-
Sensitivity to Changes in USD/NIS Exchange Rate	(5,157)	(2,579)	(51,574)	2,579	5,157
Sensitivity to Changes in EUR/NIS Exchange Rate	14,932	7,466	149,321	(7,466)	(14,932)
Sensitivity to Changes in CAD/NIS Exchange Rate	1,388	694	13,881	(694)	(1,388)
Sensitivity to Changes in CHF/NIS Exchange Rate	(4,149)	(2,074)	(41,486)	2,074	4,149
Analysis of Sensitivity to Changes in Debenture Rates	5	2	49	(2)	(5)

	Gain (Loss) from Changes			Fair Value	Gain (Loss) from Changes		
	1.5%	0.2%	0.1%		0.1%-	0.2%-	1.5%-
Consumer Price Index	(55,757)	(7,434)	(3,717)	(3,717,141)	3,717	7,434	55,757

4.3. Sensitivity analysis to exchange rates and linkage bases (data is presented in thousands of NIS):

4.3.1. Sensitivity to changes in USD/NIS exchange rate

	Gain (Loss) from Changes		Fair Value	Gain (Loss) from Changes	
	10%	5%		5%-	10%-
Cash and Cash Equivalents	1,495	747	14,947	(747)	(1,495)
Customers	75	38	753	(38)	(75)
Accounts receivable and debit balances	1,133	567	11,331	(567)	(1,133)
Taxes receivables	30	15	297	(15)	(30)
USD rental contract revenues	2,379	1,190	23,795	(1,190)	(2,379)
Long-term loans at fixed interest from banking corporations	(5,247)	(2,624)	(52,474)	2,624	5,247
Liabilities to suppliers and service providers	(1)	(1)	(12)	1	1
Accounts payable and credit balances	(152)	(76)	(1,522)	76	152
Other liabilities	(4,869)	(2,434)	(48,689)	2,434	4,869
Total	**(5,157)**	**(2,578)**	**(51,574)**	**2,578**	**5,157**

4.3.2. Sensitivity to changes in EUR/NIS exchange rate

	Gain (Loss) from Changes		Fair Value	Gain (Loss) from Changes	
	10%	5%		5%-	10%-
Cash and Cash Equivalents	2,940	1,470	29,403	(1,470)	(2,940)
Short-term investments	8,322	4,161	83,216	(4,161)	(8,322)
Customers	538	269	5,376	(269)	(538)
Accounts receivable and debit balances	896	448	8,963	(448)	(896)
Taxes receivables	254	127	2,536	(127)	(254)
Investments in investees	1,942	971	19,415	(971)	(1,942)
EUR rental contract revenues	2,100	1,050	21,004	(1,050)	(2,100)
Trade payables	(725)	(363)	(7,252)	363	725
Accounts payable and credit balances	(1,096)	(548)	(10,961)	548	1,096
Loans from banking corporations and financial institutions	(33)	(17)	(330)	17	33
Taxes payable	(205)	(102)	(2,049)	102	205
Total	14,933	7,466	149,321	(7,466)	(14,933)

4.3.3. Sensitivity to changes in CAD/NIS exchange rate

	Gain (Loss) from Changes		Fair Value	Gain (Loss) from Changes	
	10%	5%		5%-	10%-
Cash and Cash Equivalents	1,373	687	13,730	(687)	(1,373)
Customers	192	96	1,920	(96)	(192)
Taxes receivables	10	5	98	(5)	(10)
Accounts receivable and debit balances	400	200	4,004	(200)	(400)
Deposits and long-term debit balances	22	11	221	(11)	(22)
CAD rental contract revenues	3,415	1,708	34,150	(1,708)	(3,415)
Trade payable liability	(308)	(154)	(3,079)	154	308
Accounts payable and credit balances	(82)	(41)	(818)	41	82
Loans from banking corporations and financial institutions (including maturities)	(3,613)	(1,807)	(36,134)	1,807	3,613
Other liabilities	(21)	(11)	(211)	11	21
Total	1,388	694	13,881	(694)	(1,388)

4.3.4. Sensitivity to Changes in CHF/NIS Exchange Rate

	Gain (Loss) from Changes		Fair Value	Gain (Loss) from Changes	
	10%	5%		5%-	10%-
Cash and Cash Equivalents	4,593	2,297	45,930	(2,297)	(4,593)
Customers	2	1	21	(1)	(2)
Accounts receivable and debit balances	73	36	727	(36)	(73)
Taxes receivables	51	26	514	(26)	(51)
CHF rental contract revenues	8,932	4,466	89,320	(4,466)	(8,932)
Trade payable liabilities	(25)	(12)	(248)	12	25
Accounts payable and credit balances	(227)	(114)	(2,272)	114	227
Loans from banking corporations and financial institutions (including current maturities)	(17,422)	(8,711)	(174,215)	8,711	17,422
Taxes payable	(126)	(63)	(1,263)	63	126
Total	**(4,149)**	**(2,074)**	**(41,486)**	**2,074**	**4,149**

4.3.5. Sensitivity to changes in the Consumer Price Index

	Gain (Loss) from Changes			Fair Value	Gain (Loss) from Changes		
	1.5%	0.2%	0.1%		0.1%-	0.2%-	1.5%-
Accounts receivable and debit balances	971	129	65	64,723	(65)	(129)	(971)
Taxes receivables	253	34	17	16,877	(17)	(34)	(253)
Long-term deposits including current maturities.	464	62	31	30,927	(31)	(62)	(464)
Investments in investees	28,765	3,835	1,918	1,917,666	(1,918)	(3,835)	(28,765)
Rental leases in Israel	(225)	(30)	(15)	(15,006)	15	30	225
Accounts payable and credit balances	(1,814)	(242)	(121)	(120,935)	121	242	1,814
Loans from banking corporations and from institutional bodies	(12,541)	(1,672)	(836)	(836,038)	836	1,672	12,541
Debentures	(71,630)	(9,551)	(4,775)	(4,775,355)	4,775	9,551	71,630
Total	**(55,757)**	**(7,434)**	**(3,717)**	**(3,717,141)**	**3,717**	**7,434**	**55,757**

4.4. Sensitivity analysis to changes in exchange rates (data is presented in thousands of NIS):

4.4.1. Sensitivity to changes in real interest rate

	Gain (Loss) from Changes			Fair Value	Gain (Loss) from Changes		
	16%	10%	5%		5%-	10%-	16%-
Rental leases in Israel	(55,826)	(35,226)	(17,755)	1,917,666	18,044	36,383	58,788
Loans from banking corporations and from institutional bodies	(5,840)	(3,561)	(1,744)	(956,973)	1,671	3,270	5,094
Debentures	(24,803)	(15,470)	(7,721)	(4,775,355)	7,695	15,363	24,529
Total	**(86,469)**	**(54,257)**	**(27,220)**	**(3,814,662)**	**27,410**	**55,016**	**88,411**

4.4.2. USD interest sensitivity analysis

	Gain (Loss) from Changes			Fair Value	Gain (Loss) from Changes		
	16%	10%	5%		5%-	10%-	16%-
USD rental contract revenues	(499)	(315)	(158)	23,795	160	323	521
Long-term fixed-interest loans from banking corporations	552	346	173	(52,474)	(174)	(349)	(560)
Total	**52**	**31**	**15**	**(28,679)**	**(14)**	**(26)**	**(39)**

4.4.3. EUR interest sensitivity analysis:

	Gain (Loss) from Changes			Fair Value	Gain (Loss) from Changes		
	16%	10%	5%		5%-	10%-	16%-
EUR rental contract revenues	(518)	(327)	(165)	21,004	168	339	548
Total	**(518)**	**(327)**	**(165)**	**21,004**	**168**	**339**	**548**

4.4.4. CAD interest sensitivity analysis:

	Gain (Loss) from Changes			Fair Value	Gain (Loss) from Changes		
	16%	10%	5%		5%-	10%-	16%-
CAD rental contract revenues	(1,193)	(754)	(381)	34,150	388	783	1,268
Long-term fixed-interest loans from banking corporations	14	9	4	(36,134)	(4)	(9)	(14)
Total	**(1,179)**	**(745)**	**(377)**	**(1,984)**	**384**	**774**	**1,254**

4.4.5. CHF interest sensitivity analysis:

	Gain (Loss) from Changes			Fair Value	Gain (Loss) from Changes		
	16%	10%	5%		5%-	10%-	16%-
CHF rental contract revenues	(1,222)	(767)	(385)	89,320	388	779	1,253
Long-term fixed-interest loans from banking corporations	2,262	1,418	711	(174,215)	(714)	(1,433)	(2,299)
Total	**1,040**	**651**	**326**	**(84,895)**	**(326)**	**(654)**	**(1,046)**

4.4.6. Nominal NIS interest sensitivity analysis:

	Gain (Loss) from Changes			Fair Value	Gain (Loss) from Changes		
	16%	10%	5%		5%-	10%-	16%-
Loans from banking corporations	559	351	176	(27,556)	(177)	(356)	(572)
Debentures	1,680	1,052	527	(327,259)	(528)	(1,058)	(1,695)
Loans to purchasers	(2)	(1)	(1)	1,655	1	1	2
Total	**2,237**	**1,402**	**702**	**(353,161)**	**(705)**	**(1,413)**	**(2,265)**

Appendix B

Disclosure Instructions in Connection with the Corporation's Financial Reporting

Appendix B

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

1. Material Events During and Subsequent to the Reported Period

For details on material events subsequent to the reported period see Note 31 to the Financial Statements.

2. Aspects of Corporate Governance

2.1. Directors with Accounting and Financial Capabilities

The Company's Board of Directors is comprised of directors with professional, administrative and accounting experience that allows them to deal with the complexities of managing the Company, including the reporting and close accounting accompaniment tasks, provided by the Company's accountants, and their participation in Board of Directors meetings in which accounting issues are discussed. As of the publication of this report, all of the directors serving on the Company Board of Directors have accounting and financial expertise. For details on the directors, their experience and education see Regulation 26 in the chapter on Additional Details in this Periodic Report.

The minimum number of directors with accounting and financial expertise set by the Board of Directors taking the Company's type, size, and scope of complexity of its activity is three directors.

2.2. Independent Directors

As of the report date, the Company has three intendent directors (including external directors). The Company's bylaws do not set a minimum number of independent directors on the Company Board of Directors so long as the Company does not have a controlling shareholder.

3. The Company Internal Auditor

3.1. On October 10 2019 Mr. Guy Monorov of the accounting firm of Monorov & Co. started serving as the Company's internal auditor.

3.2. Mr. Guy Monorov, ID 024163677, year of birth 1969. A Certified Public Accountant by education, and a partner at Monorov & Co. To the best of the Company's knowledge, the Internal Auditor meets all of the terms set in Sections 3(a) and 8 of the Internal Audit Law, 1992 and Section 146 of the Companies Law, 1999.

3.3. The Internal Auditor provides an outside service to the Company (is not employed as an employee). The scope of the Internal Auditor's employment in the reported period is 850 hours. In addition, the Internal Auditor also conducted tests on the subject of evaluation of the effectiveness of internal controls on financial reporting (ISOX) to the amount of 289 hours.

3.4. Four audit reports were prepared in the reported period. The Internal Auditor proposes a yearly auditing plan based on a multi-yearly auditing plan, which is discussed and approved by the Company Audit Committee.

3.5. The Auditor's organizational supervisor is the Chairman of the Board of Directors.

3.6. The dates on which a discussion was held at the Audit Committee on the findings of the Internal Auditor's audit reports in the matter of four final statements filed by the Internal Auditor: June 28 2021 and October 21 2021.

3.7. The Internal Auditor directs the findings of the audit to the CEO and to the Chair of the Audit Committee several days before any of these Audit Committee meetings. The Company directs the reports to the recipients.

3.8. The Internal Auditor's work plan is a multi-year plan ratified by the Audit Committee. The considerations in determining the audit plan include, among other things, reference to the Company's business core, to its various areas of activity and to the control arrays featured in it, placing emphasis on the various risk factors. Over the course of 2016-2017 the Internal Auditor conducted an extensive risk survey at the Company, the findings of which were ratified by the Audit Committee on November 1 2017. The survey is used by the Audit Committee as a tool for its considerations in setting a work plan. The Auditor's work plan for the coming year and a list of all of the auditor's reports discussed in the past year are brought to the attention of the Company Board of Directors. The Company's Auditing Accountant receive a concentration of all of the audit reports prepared by the Internal Auditor on a yearly basis, along with the Company's response and the minutes of the discussions at the Audit Committees. The scope, character and continuity of the Internal Auditor's operations and work plan are reasonable under the circumstances and are capable of achieving the goals of internal auditing in the company.

3.9. According to the Internal Auditor's announcement, the professional standards according to which the Auditor performs the audit are the professional standards of the Israeli Organization of Internal Auditors.

3.10. The Internal Auditor receives free access to information systems, including monetary data required to carry out his duties.

3.11. As of December 31 2021 the internal auditor does not hold Company securities.

3.12. The Internal Auditor is not an interested party in the corporation or related to an interested party, nor is he related to the Auditing Accountant or anyone operating on their behalf.

3.13. The Internal Auditor serves in no other position in the Company with the exception of serving as Internal Auditor. The Internal Auditor's remuneration – the fee paid the Internal Auditor is based on a yearly hour budget (as noted above) at a rate of 250 NIS per hour and does not depend on the results of the audit.

3.14. The total fee paid the Internal Auditor in 2021 amounted to 264,000 NIS, and in addition the Internal Auditor was paid a fee for an assessment of the effectiveness of internal controls of financial reporting (ISOX) to the sum of 116,000 NIS, which is acceptable under market conditions. In the opinion of the Board of Directors, this sum is not a factor that might influence their judgement in the auditing work or create a conflict of interest with their duties as Company Internal Auditor.

4. Auditing Accountant's Fee

Company Name	Names of Accountants	2021 – Fee (Thousands of NIS)		2020 – Fee (Thousands of NIS)	
		For Audit and Tax Services (*)	Other Services	For Audit and Tax Services (*)	Services – Others
Mivne Real Estate and Israeli subsidiaries	Kost Forer Gabbay & Kassirer, Certified Public Accountants	2,092	520	3,034	502
Trusts in Canada	Kost Forer Gabbay & Kassirer, Certified Public Accountants and others	53	-	63	-
Subsidiaries in Israel and abroad	Various accountants	926	-	972	-

(*) Including international taxation services, assessment hearings, structural changes and so on

The Auditing Accountant's fee is a result of the number of auditing hours conducted and is approved by the Company Board of Directors, after receiving the recommendation of the Financial Statements Approval Committee, which discusses the scope of the Auditing Accountant's work and their fitness.

5. The Company's Internal Enforcement Plan

The Company adopted an internal enforcement plan in 2013. Pursuant to the internal enforcement plan, the Company Board of Directors appointed the Audit Committee as responsible for the Internal Enforcement Supervisor and the enforcement and its activity on behalf of the Board of Directors.

The Board of Directors appointed the Company's Legal Counsel and Secretary, Edith Shamir, as responsible for internal enforcement in the field of securities. Her duties include, among other things, to ensure the implementation of the plan among the Company's employees, to ensure its effective and active performance, including by way of providing training and tracking and acting to update it from time to time as needed.

Within the framework of the internal enforcement plan, the Company updated and adopted a number of procedures that constitute part of the Company's comprehensive enforcement array, including (a) an ethical code; (b) a master procedure – implementation of an internal enforcement plan; (c) a procedure prohibiting the use of inside information; (d) a procedure for transactions with related and interested parties; (e) a procedure for information interfaces between the Company and interested parties; (f) a procedure for information interfaces for communications and analysts; (g) a procedure for information interfaces with the Securities authority; (h) an immediate reports procedure; (i) a quarterly and periodic reports procedure; (j) a prospectus procedure and public offerings procedure; (k) a procedure on the activities of the Board of Directors and its committees; (l) a procedure for preventing securities fraud and manipulation, as well as additional procedures that were intended to support and regulate the work of the various organs in the Company and its management.

In 2021 the Company implemented the enforcement plan and acted in accordance with it and within this framework it held training that concentrates relevant updates for officers, executives and workers at the Company.

6. Contribution to the Community

The Company makes contributions to charity, welfare and education activities. The Company's total monetary donations in the reported period amounted to a total of 209,000 NIS, 25,000 of which the Company donated to the "Bicycles" Association, in which Mr. Yaakov Goldman, who serves as Company External Auditor, also serves as a member of the association's audit committee and a volunteer association member, and the Company donated 10,000 NIS to the "Ne'emanei Schneider Center", in which Mr. Pe'er Nadir, who serves as Company intendent director, serves as a member of the Center's friends' committee.

In addition, the total amount of business space the Company provides free of charge, to associations acting for the social, cultural and integration of people with disabilities purposes amounts to 1,650 m² and the value of this donation amounts to 349,000 NIS of rental fees per year.

7. 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 Solar Energy Ventures

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 2021 the Company increased its investment in the field. The Company is in the midst of an extended project, along with partners active in the field, to replace the roofs of 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 up to 25 years. As of the publication of the report, the Company has filed requests to regulate 293 solar energy systems and a licensing process was completed for the installation of 282 systems with an output of 37.7 MW, of which 93 systems were operated with an output of 13.6 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 replacing the existing equipment (solar panels and converters) with equipment with more advanced technology. In addition, over the course of the year 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.

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 – some 49.5% women and 50.5% men.

8. Disclosure Pertaining to the Company's Financial Reporting

The Company chose to present investment property using the fair value method. The fair value of most of the Company's assets in Israel and of all of the Company's assets abroad, is set by appraiser valuations conducted by the Company for its assets on a regular basis using independent professional appraisers at the Company. On a routine basis, appraiser assessments are carried out for the Company's real estate properties once per year, unless according to the Company's estimates circumstances exist that may have a material impact on the fair value of a property, and in such a case the appraiser's valuation will take place as early as possible. According to the decision of the Company Board of Directors, the Company spreads out the assessments in question across all quarters of the year. The division of the appraisals by the various quarter sis, generally set by areas and countries. In cases in which the Company receives an opinion on changes in capitalization rates in a certain country, an update is made to the value of the assets in that country according to the Company's assessment, using updated capitalization rates. The value of some of the Company's cash-generating properties in Israel is determined using models implemented by the Company to test the fair value of the assets, based on the capitalized cash flows received and expected to be received in the future from these assets. These models are examined from time to time by an independent appraiser, who expresses their opinion, among other things, on adapting the models and their ability to assess the market value of the assets, including the capitalization rates used in the models ("standard assets"). As of December 31 2021, the Company had 338 standard assets and their aggregate value amounted to 10.5% of the total value of cash-generating properties in Israel and the value of each of these properties is negligible. As of December 31 2021 the value of the Company's assets whose fair value is determined via appraiser valuation amounted to a total of some 10,300 million NIS from a fair value of investment properties to the sum of 11,492 million NIS (90% of the Company's total investment properties).

Appendix C

Designated Disclosure for Debenture Holders: Bonds Held by the Public

Appendix C

Special Disclosure for Debenture Holders: The Bonds in Public Hands

As of December 31 2021 there are 9 outstanding series of tradable debentures issued by the Company, as detailed in the following table. Note that during the reported period and as of the report date, the Company has met all of the terms and obligations in accordance with the deeds of trust and no conditions existed that gave grounds to the provision of the debentures for redemption or for the realization of collateral in accordance with the terms of the deeds of trust.

As of December 31 2021 (In Thousands of NIS)	Debentures (Series 15)	Debentures (Series 16)	Debentures (Series 17)	Debentures (Series 18)	Debentures (Series 19)	Debentures (Series 20)
Date of Issue	October 31 2013	July 10 2014	July 10 2014	May 10 2016	September 29 2016	July 30 2017
Notational Value Upon Issue	437,881	347,130	757,524	683,000	423,512	523,521
Outstanding Notational Value	11,250	273,121	526,303	657,720	406,371	418,817
Stock market rate (in 0.01 NIS)	110.05	117.3	117.65	113.62	118.06	119.8
Outstanding Notational Value, Linked	11,250	273,121	539,417	687,166	419,865	434,038
Accrued interest	161	-	-	3,327	2,752	-
Fair Value	11,143	320,371	619,196	747,301	479,762	501,743
Interest type	Fixed interest					
Denoted Yearly Interest Rate	5.74%	5.65%	3.7%	2.85%	2.6%	2.81%
Principal payment dates	Nine non-equal yearly installments paid on April 1 of each of the years from 2016 to 2024. 4% will be paid in the first and second installments, 8% of the principal will be paid in the third installment and 14% of the principal will be paid in each of the fourth through ninth installments.	Twelve non-equal yearly installments paid on June 30 of each of the years from 2017 to 2028. 5% of the principal will be paid in each of the first through fourth installments and 10% of the principal paid in each of the fifth to twelfth installments.	Twelve unequal yearly installments, to be paid on June 30 of each of the years from 2017 to 2028, with 5% of the principal paid in each of the first through fourth payments and 10% of the principal paid in each of the fifth to twelfth payments.	Four unequal annual installments on December 30 of each year from 2021 to 2024. 16% of the principal shall be paid in the first installment, 11% of the principal shall be paid in the second installment, 13% of the principal shall be paid in the third installment and 60% of the principal shall be paid in the fourth installment.	Ten unequal annual installments on March 31 of each year from 2018 to 2023 and each year from 2025 to 2027. In the first three installments 2% of the principal shall be paid, in each of the five next installments 5% of the principal shall be paid and in the ninth installment, 69% of the principal shall be repaid.	Eight non-equal yearly installments paid on December 31 of each of the years from 2019 to 2029, except for 2022, 2024 and 2027. First, third and fourth installments 5%, second and fifth installments 10%, sixth and seventh installments 20% and eighth installment 25%.
Interest payment dates	April 1 and October 1 of each year from 2014 to 2024.	June 30 and December 31 of each year from 2014 to 2028	June 30 and December 31 of each year from 2014 to 2028	October 30 and April 30 of each of the years from 2016 through 2024.	March 31 and September 30 of each of the years from 2017 to	December 31 and June 30 on each year from 2017 to 2029.

					2026, as well as on March 31 2027.	
Linkage Basis and Terms (Principal and Interest)	Non-linked	Non-linked	May 2014 CPI	March 2016 CPI	August 2016 CPI	June 2017 CPI
Does it constitute a material obligation?	No	No	No	No	No	No
Rating company	S&P Maalot					
Rating	AA stable					
Are there guarantees for the payment of the obligations?	No					
Are there any liens?	No	No	No	Yes. Real estate properties. See Appendix A of Part A of the 2021 Periodic Report. For details on the security replacement mechanism see Section 5.9 of the Deed of Trust attached as Appendix A to the August 20 2020 Shelf Offering Report (reference no. 2020-01-081835).	Yes. Real estate properties. See Appendix A of Part A of the 2021 Periodic Report. For details on the security replacement mechanism see Section 5.9 of the Deed of Trust attached as Appendix A to the August 26 2020 Shelf Offering Report (reference no. 2020-01-084685).	No
Trustee	Mishmeret Trust Services Ltd. (1)			Resnick Paz Nevo Trusts Ltd. (2)		
Right to early repayment	(3)					

As of December 31 2021 (In Thousands of NIS)	Debentures Series 23 (Formerly Series 14 in Jerusalem Economy Ltd.)	Debentures Series 24 (Formerly Series 15 in Jerusalem Economy Ltd.)	Debentures Series 25
Date of Issue	September 18 2016	June 21 2017	1.11.2021
Notational Value Upon Issue	607,923	612,810	1,026,666
Outstanding Notational Value	537,314	539,273	1,026,666
Stock market rate (in 0.01 NIS)	115.79	118.16	101.95
Outstanding Notational Value, Linked	553,471	554,974	1,026,666
Accrued interest	3,348	-	591
Fair Value	622,155	637,205	1,046,686
Interest type	Fixed interest		
Denoted Yearly Interest Rate	2.4%	2.6%	0.35%
Principal payment dates	Nine non-equal yearly installments paid on September 30 of each of the years from 2018 to 2026. First installment of 2% of the principal, second to eighth payments of 5% of the principal, and ninth payment of 63% of the principal.	Six installments of 4% of the principal each on June 30 of each year from 2019 to 2024, three installments of 6% of the principal on June 30 of each year from 2025 to 2027, the balance of 58% of the principal on June 30 2028.	Nine non-equal yearly installments paid on September 30 of each of the years of 2023, 2025 as well as 2027-2033. First and second installments of 5% of the principal, third to fifth installments of 10% of the principal and sixth through ninth installments of 15% of the principal.
Interest payment dates	March 30 and September 30 of each year from March 30 2017 to September 30 2026.	June 30 and December 31 of each year from December 31 2017 to June 30 2028.	March 31 and September 30 of each year from March 31 2022 to September 30 2033.
Linkage Basis and Terms (Principal and Interest)	July 2016 CPI	May 2017 CPI	October 2021 CPI
Does it constitute a material obligation?	No	No	Yes
Rating company	S&P Maalot		
Rating	AA stable		
Are there guarantees for the payment of the obligations?	No		
Are there any liens?	Yes. Real estate properties. See Appendix A of Part A of the 2021 Periodic Report. For details on the security replacement mechanism see Section 5.9 of the Deed of Trust attached as Appendix A to the August 26 2020 Shelf Offering Report (reference no. 2020-01-084685).	Yes. Darban shares. See Note 23.c.1 to the Consolidated Financial Statements in the 2021 Periodic Report and Appendix B to the 2021 Periodic Report.	No
Trustee	Resnick Paz Nevo Trusts Ltd. (2)		
to early repayment	(3)		

Additional Details on Company Debentures

(1) Mishmeret Trust Services Ltd., the details of the engagement with which, to the best of the Company's knowledge, are as follows: contact: Mr. Rami Sabbati; address: 46-48 Menachem Begin Road Tel Aviv; telephone number: 03-6386894; fax: 03-6374344; email address: Trusts@bdo.co.il.

(2) Resnick Paz Nevo Trusts Ltd., the details of which, to the best of the Company's knowledge, are as follows: contact: Yossi Resnick; address: 14 Yad Harutzim, Tel Aviv; telephone number: 03-6389200; fax: 03-6389222; email address: trust@rpn.co.il.

(3) The terms of the debentures (Series 15-25) state that the Company has a right to early redemption that will be carried out in accordance with the provisions and guidelines of the Stock Exchange bylaws. The Company shall be entitled to perform an early redemption starting from the date the debentures were listed for trade so long as the minimum redemption sum is no less than 1 million NIS. In addition, in the terms of the debentures Series (15-17 and 25), the Company undertook not to create a general current lien on all of its assets in favor of a third party.

(4) On February 23 2021 the Company performed, at its initiative, an early redemption of all of its Series 21 debentures. For further details see Note 20.a.1 to the December 31 2021 Financial Statements.

Reportable Credit

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

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

The Covenant	Ratio as of the Report Date	Compliance as of Report Date
Equity will be decreased to below 2.5 billion NIS, for two consecutive quarters.	6,902 Thousands of NIS	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall not exceed 75% for two consecutive quarters.	37.2%	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	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall be no less than 20% for two consecutive quarters.	50.5%	Meeting the condition

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

The Covenant	Ratio as of the Report Date	Compliance as of Report Date
Equity will be decreased to below 3.4 billion NIS.	6,902 Thousands of NIS	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall not exceed 70%.	37.2%	Meeting the condition
The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 13.	7	Meeting the condition

Appendix D

Linkage Basis Report

Appendix D

Linkage Basis Report

Linkage basis report in accordance with December 31 2021 Consolidated Financial Statements:

	Thousands of NIS	US Dollar	Swiss	EUR	Canadian Dollar	CPI	Unlinked	Non-Financial	Total
Assets	Cash and cash equivalents	14,947	45,930	29,403	13,730	-	818,505	-	922,515
	Short-term investments	-	-	83,216	-	-	20,948	-	104,164
	Trade receivables	753	21	5,376	1,920	-	20,321	-	28,391
	Other receivables	11,331	727	8,963	4,004	64,723	20,008	11,840	121,596
	Taxes receivable	297	514	2,536	98	16,877	2,375	-	22,697
	Deposits and long-term debit balances	-	-	-	221	30,927	-	-	31,148
	Investments in investees	-	-	19,415	-	-	8,856	339,188	367,459
	Assets held for sale	-	-	-	-	-	-	20,119	20,119
	Advance payments on account of investments in land	-	-	-	-	-	-	190,522	190,522
	Inventory of land for residential construction and apartments under construction	-	-	-	-	-	-	674,473	674,473
	Investment property	-	-	-	-	-	-	11,340,203	11,340,203
	Investment property under construction	-	-	-	-	-	-	722,908	722,908
	Property, plant and equipment	-	-	-	-	-	-	131,669	131,669
	Intangible assets	-	-	-	-	-	-	19,630	19,630
	Deferred taxes	-	-	-	-	-	-	312	312
	Total assets	**27,328**	**47,192**	**148,909**	**19,973**	**112,527**	**891,013**	**13,450,864**	**14,697,806**
Liabilities	Credit from banks and other credit providers	-	-	-	-	-	34,915	-	34,915
	Trade payables	12	248	7,252	3,079	-	30,872	-	41,463
	Payables and credit balances	1,522	2,272	10,961	818	15,006	79,414	20,541	130,534
	Taxes payable	-	1,263	2,049	-	-	4,878	-	8,190
	Provisions	-	-	-	-	-	12,295	-	12,295
	Loans from banking corporations including current maturities	49,078	176,699	330	36,223	702,324	459,518	-	1,424,172
	Other liabilities	48,689	-	-	211	-	53,929	-	102,829
	Debentures	-	-	-	-	4,240,539	305,195	-	4,545,734
	Tenant deposits	852		155		34,431	3,105	-	38,543
	Employee benefit liabilities, net	-	-	-	-	-	-	7,925	7,925
	Deferred taxes	-	-	-	-	-	-	1,459,474	1,459,474
	Total liabilities	**100,153**	**180,482**	**20,747**	**40,331**	**4,992,300**	**984,121**	**1,487,940**	**7,806,074**

Mivne Real Estate (K.D) Ltd.

("The company")

Annually financial statements – for the year ended December 31, 2021

Mivne Real Estate (K.D) Ltd.
(Formerly: "Industrial Buildings Corporation Ltd.:)

December 31 2021 Consolidated Financial Statements

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Building a better working world

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

On the Matter of the Inspection of Components of Internal Controls of Financial Reporting

In Accordance with Section 9.b.(c) of the Securities Regulations (Periodic and Immediate Reports), 1970

We have inspected components of the internal controls of the financial reporting of Mivne Real Estate (K.D) Ltd. and its subsidiaries (hereinafter together – the Company) as of December 31 2021. These control components have been determined as explained in the following paragraph. The Company's Board of Directors and management are responsible for maintaining effective internal controls over financial reporting, and for evaluating the effectiveness of the internal controls over financial reporting included in the periodic report for the date in question. Our responsibility is to express our opinion on the internal control components of the Company's financial reporting, based on our audit.

Components of internal control of financial reporting inspected were determined according to Audit Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel "Inspection of Components of Internal Controls for Financial Reporting" (hereinafter "Audit Standard (Israel) 911"). These components are: (1) organization-level controls, including controls of the process of preparing and closing financial reporting and general controls of information systems; (2) controls for the rental fee income recognition process; (3) controls for investment property (all of the above together are referred to as the "Audited Control Components").

We have conducted our audit in accordance with Audit Standard (Israel) 911. According to this standard, we were required to plan the audit and carry it out with the aim of identifying the inspected control components and achieving a reasonable level of assurance as to whether these control components were upheld effectively in all material respects. Our audit included achieving an understanding of the internal controls over financial reporting, evaluation of the risk regarding the presence of any material weakness in the inspected control components, as well as testing and evaluating those control components based on the assessed risk. Our audit, regarding those control components, also included additional procedures we believed to be necessary under the circumstances. Our audit referred solely to the audited control components, unlike an internal audit on all processes material to financial reporting, and therefore our opinion refers to the audited control components only. Furthermore, our audit did not refer to mutual influences between audited and unaudited control components, and therefore our opinion does not take such negative influences into account. We believe that our audit provides adequate basis for our opinion in the context described above.

Due to their understandable limitations, internal controls over financial reporting in general, and components thereof in particular, may fail to prevent or discover a misrepresentation. Likewise, conclusions regarding the future on the basis of any present effectiveness assessment may be exposed to the risk that the controls become inappropriate due to changes in circumstances or that the application of the policy or the procedures changes to the worse.

In our opinion, the Company has upheld in an effective manner, in all material aspects, its audited control components as of December 31 2021.

We have also audited, in accordance with generally accepted Israeli auditing standards, the Company's Consolidated Financial Statements for December 31 2021 and 2020 and for each of the three years of the period ending December 31 2021 and our report, published March 17 2022, includes our unreserved opinion of those Financial Statements.

Tel-Aviv,
March 17 2022

Kost Forer Gabbay & Kasierer
A Member of Ernst & Young Global

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Auditor's Report

To the Shareholders of Mivne Real Estate (K.D) Ltd

We have audited the accompanying consolidated financial statements of Mivne Real Estate (K.D) Ltd. and its subsidiaries (hereinafter – the Company) dated December 31 2021 and 2020, and the Statements of Operations, Report on Consolidated Income, Report on Changes in Shareholders' Equity and Cash Flow Report for each of the three years of the period ending December 31 2021. These Financial Statements are the responsibility of the Company's Board of Directors and management. Our responsibility is to express our opinion of these Financial Statements on the basis of our audit.

We have not audited the financial statements of consolidated subsidiaries, the assets of which included in the consolidation represent some 19.12% and 17.25% of total consolidated assets as of December 31 2021 and 2020, respectively, and whose revenues included in consolidation constitute 17.92%, 15.83% and 25.76% of total consolidated revenues for the years ending December 31 2021, 2020 and 2019, respectively. Furthermore, we have not audited the financial statements of companies presented according to the book value method, investment in which amounted to a total of 157,798,000 NIS and 167,413,000 NIS as of December 31 2021 and 2020, respectively, and which the Company's share of the profits (losses) of the companies in question, amounted to a total of 12,824,000 NIS, 1,503,000 NIS and 30,060,000 NIS for the years ending December 31 2021, 2020 and 2019, respectively. The financial statements of those companies have been audited by other accountants, whose reports have been submitted to us, and our opinion, to the extent that it relates to the sums consolidated in respect of such companies, is based on the reports of those other accountants.

We conducted our audit in accordance with generally accepted Israeli auditing standards, including standards set in the Accountants Regulations (The Accountant's Method of Operation), 1973. These standards require that we plan and perform the audit with the aim of obtaining reasonable assurance that the Financial Statements are free of material misstatement. An audit includes samplings of evidence supporting the sums and information in the Financial Statements. An audit also includes an examination of the accounting rules implemented and of the material estimates made by the Company's Board of Directors and management, as well as an evaluation of the propriety of presentation on the Financial Statements as a whole. We are of the opinion that this audit, and the reports of the other accountants, provide an adequate basis for the provision of our opinion.

In our opinion, based on our audit and the reports of other accountants, these Consolidated Financial Statements adequately reflect, in all material respects, the financial status of the Company and its subsidiaries as of December 31 2021 and 2020 and the results of their activities, changes to their equity and their cash flows for each of the three years in the period ending December 31 2021, in accordance with International Financial Reporting Standards ("IFRS") and with the provisions of the Israeli Securities Regulations (Yearly Financial Statements), 2010.

We have also audited, in accordance with Audit Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel "Inspection of Components of Internal Controls for Financial Reporting", components of internal controls of the Company's financial reporting as of December 31 2021, and our March 17 2022 report includes an unreserved opinion regarding the effective existence of those components.

Tel-Aviv,
March 17 2022

Kost, Forer, Gabbay & Kassirer
Certified Public Accountants

	Note	As of December 31 2021	2020
		Thousands of NIS	
Current Assets			
Cash and cash equivalents	5	922,515	431,706
Short-term investments and deposits	6a	83,265	69,288
Limited cash and money in trust	7	20,899	63,851
Trade receivables	8	28,391	50,117
Other accounts receivables	9	121,596	157,342
Taxes receivable		22,697	20,150
Inventory of land, apartments and homes for sale and under construction	10.a.1	424,709	175,540
		1,624,072	967,994
Assets held for sale	11	20,119	50,724
		1,644,191	1,018,718
Non-Current Assets			
Advance payments on account of investment property	14b	190,522	-
Investments in financial assets measured at fair value via other comprehensive income	6b	-	85,633
Other accounts receivables	12	31,148	20,301
Investments in companies measured in equity method	13	367,459	294,304
Investment property	14	11,340,203	10,993,476
Investment property under development	15	722,908	167,870
Inventory of land for construction	10.a.2	249,763	389,072
Fixed assets, net	16	131,669	83,722
Intangible assets, net		19,630	27,128
Deferred taxes	27e	312	1,471
		13,053,614	12,062,977
		14,697,805	13,081,695

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

Consolidated Statements of Financial Position

	Note	As of December 31 2021	2020
		Thousands of NIS	
Current Liabilities			
Credit from banks and credit providers	19b	34,915	22,150
Current maturities of debentures	20	302,817	405,327
Current maturities of loans and other liabilities	19	313,825	246,351
Trade payables	17	41,463	34,252
Accounts payables	18	138,250	211,053
Advance payments from buyers		4,578	2,725
Taxes payable		8,190	49,642
		844,038	971,500
Non-Current Liabilities			
Loans from banking corporations and financial institutions	19	1,110,347	982,916
Debentures	20	4,242,917	3,635,402
Other liabilities	21	102,829	116,461
Tenant deposits	22	38,543	37,400
Employee benefit liabilities		7,925	7,781
Deferred taxes	27e	1,459,474	1,268,237
		6,962,035	6,048,197
Equity Attributable to Company Shareholders			
Stock capital	28	1,495,852	1,515,298
Share premium		3,500,029	3,634,931
Principal in respect of share-based payment transactions	29	22,271	17,122
Call options		-	14,456
Treasury shares		(393,227)	(641,127)
Retained earnings		2,458,783	1,718,294
Capital reserve from tradable securities		-	(11,526)
Adjustments arising from the translation of the financial statements of foreign activity		97,080	104,943
Capital reserve from transactions with non-controlling interests		(279,026)	(279,026)
		6,901,762	6,073,365
Non-Controlling Interests		(10,030)	(11,367)
Total equity		6,891,732	6,061,998
		14,697,805	13,081,695

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

March 17 2022			
Financial Statements Approval Date	Tal Fuhrer Chair of the Board of Directors	David Zvida Chief Executive Officer	Yossi Filiba Chief Financial Officer

Consolidated Statements of Profit or Loss

	Note	2021	2020	2019
		For the Year Ending December 31		
		Thousands of NIS (Except for Net Profit per Share Data)		
Revenues				
Rental and management fee income – Israel		780,782	748,467	757,495
Rental and management fee income – abroad		118,148	131,589	169,272
Sale of apartments and land		193,219	162,347	181,598
From management of buildings and infrastructure, net		400	1,538	1,699
From solar installations, net		6,105	3,829	3,716
From the sale of fuel, net		1,207	1,237	1,050
Total revenues		1,099,861	1,049,007	1,114,830
Expenses				
Maintenance expenses – Israel		173,483	167,295	168,663
Maintenance expenses – abroad		42,051	48,658	55,292
Cost of apartments and land sold		154,636	121,405	116,237
Total cost of sales and services		370,170	337,358	340,192
Gross profit		729,691	711,649	774,638
Increase in value of investment property and investment property under development, net	11,14,15	756,381	299,389	494,117
Sales and marketing expenses		(7,771)	(4,402)	(9,372)
Administrative and general expenses	26a	(81,195)	(106,930)	(124,723)
Impairment of inventory of land for construction		(523)	(553)	(2,766)
Other revenues (expenses), net	26b	29,200	57,779	(5,237)
Realization of capital reserve due to adjustments from the translation of financial statements for foreign activity		12,979	-	(55,554)
The Company's share of the profits of companies measured in equity method, net	13d	21,276	6,610	24,973
Operating profit		1,460,038	963,542	1,096,076
Financing expenses	26c	296,153	185,059	234,178
Loss from early redemption of debentures and loans	26c	13,903	23,011	10,655
Financing revenues	26c	16,514	9,716	29,345
Profit before taxes on income		1,166,496	765,188	880,588
Taxes on income	27	211,449	188,458	96,424
Net profit		955,047	576,730	784,164
Attributed to:				
Company shareholders		941,780	577,224	677,832
Non-controlling interests		13,267	(494)	106,332
		955,047	576,730	784,164
Profit per share attributed to company shareholders (in NIS)				
Basic net profit	30	1.24	0.79	1.14
Diluted net profit	30	1.23	0.78	1.14

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

	For the Year Ending December 31		
	2021	2020	2019
	Thousands of NIS		
Net profit	955,047	576,730	784,164
Other comprehensive income (loss) (after tax influence):			
Sums classified or reclassified to gain or loss under specific conditions:			
Profit from cash flow hedging transactions	-	3,732	75
Adjustments arising from the translation of financial statements of foreign activities	5,905	(21,534)	(18,993)
Realization of capital reserve to Statement of Operations due to the realization of foreign activity	(12,979)	-	55,554
Total other comprehensive income (loss)	(7,074)	(17,802)	36,636
Items not reclassified to gain/loss:			
Profit (loss) due to investment in financial asset measured at fair value via other comprehensive income	15,235	(11,526)	-
	15,235	(11,526)	-
Total other comprehensive income (loss)	8,161	(29,328)	36,636
Total comprehensive income	963,208	547,402	820,800
Attributed to:			
Company shareholders	949,152	545,658	699,889
Non-controlling interests	14,056	1,744	120,911
	963,208	547,402	820,800

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

Consolidated Statements of Changes in Equity

	Attributed to Company shareholders											
	Thousands of NIS											
	Capital – Stock	Share premium	Buy options	Capital reserve due to financial assets measured at fair value via other comprehensive income	Shares – Treasury	Retained Earnings	Reserve in respect of share-based payment transactions	Adjustments from the Translation of Financial Statements of Foreign Activity and Other Funds	Capital Reserve from Transactions with Non-Controlling Interests	Total	Non-controlling interests	Total Capital –
Balance as of January 1 2021	1,515,298	3,634,931	14,456	(11,526)	(641,127)	1,718,294	17,122	104,943	(279,026)	6,073,365	(11,367)	6,061,998
Net profit	-	-	-	-	-	941,780	-	-	-	941,780	13,267	955,047
Other comprehensive income (loss)	-	-	-	15,235	-	-	-	(7,863)	-	7,372	789	8,161
Total comprehensive income (loss)	-	-	-	15,235	-	941,780	-	(7,863)	-	949,152	14,056	963,208
Writing off treasury shares	(30,530)	(217,370)	-	-	247,900	-	-	-	-	-	-	-
Issue of shares, net from transaction costs (*)	10,870	81,644	(14,456)	-	-	-	-	-	-	78,058	-	78,058
Departure from consolidation by consolidated company	-	-	-	-	-	-	-	-	-	-	(10,639)	(10,639)
Classification of capital reserve upon realization of securities	-	-	-	(3,709)	-	3,709	-	-	-	-	-	-
Dividends paid Company shareholders	-	-	-	-	-	(205,000)	-	-	-	(205,000)	-	(205,000)
Dividends paid holders of non-controlling interests holders	-	-	-	-	-	-	-	-	-	-	(2,080)	(2,080)
Exercise of employee options	214	824	-	-	-	-	(1,038)	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	6,187	-	-	6,187	-	6,187
Balance as of December 31 2021	1,495,852	3,500,029	0	0	(393,227)	2,458,783	22,271	97,080	(279,026)	6,901,762	(10,030)	6,891,732

(*) See Note 28.a.1

Consolidated Statements of Changes in Equity

	Attributed to Company shareholders											
	Thousands of NIS											
	Capital – Stock	Share premium	Buy options	Capital reserve due to financial assets measured at fair value via other comprehensive income	Shares – Treasury	Retained Earnings	Reserve in respect of share-based payment transactions	Adjustments from the Translation of Financial Statements of Foreign Activity and Other Funds	Capital Reserve from Transactions with Non-Controlling Interests	Total	Non-controlling interests	Total Capital –
Balance as of January 1 2020	1,509,503	3,607,405	-	-	(641,127)	1,231,356	2,694	124,983	(263,678)	5,571,136	(14,763)	5,556,373
Net income (loss)	-	-	-	-	-	577,224	-	-	-	577,224	(494)	576,730
Other comprehensive income (loss)	-	-	-	(11,526)	-	-	-	(20,040)	-	(31,566)	2,238	(29,328)
Total comprehensive income (loss)	-	-	-	(11,526)	-	577,224	-	(20,040)	-	545,658	1,744	547,402
Issue of call options	-	-	14,456	-	-	-		-	-	14,456	-	14,456
Issue of shares for the acquisition of investment property	5,795	27,526	-	-	-	-	-	-	-	33,321	-	33,321
Allocation of capital deficit attributed to non-controlling interests	-	-	-	-	-	-	-	-	(4,260)	(4,260)	4,260	-
Departure from consolidation by consolidated company	-	-	-	-	-	-	-	-	(11,088)	(11,088)	-	(11,088)
Dividends paid to Company shareholders	-	-	-	-	-	(90,286)	-	-	-	(90,286)	-	(90,286)
Dividends paid holders of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,608)	(2,608)
Share-based payment	-	-	-	-	-	-	14,428	-	-	14,428	-	14,428
Balance as of December 31 2020	1,515,298	3,634,931	14,456	(11,526)	(641,127)	1,718,294	17,122	104,943	(279,026)	6,073,365	(11,367)	6,061,998

Consolidated Statements of Changes in Equity

	Attributed to Company shareholders									
	Thousands of NIS									
	Capital – Stock	Premium on Shares	Treasury Treasury	Retained Earnings	Reserve in respect of share-based payment transactions	Adjustments from the Translation of Financial Statements of Foreign Activity and Other Funds	Capital Reserve from Transactions with Non-Controlling Interests	Total	Non-controlling interests	Total Capital –
Balance as of January 1 2019	1,143,690	2,039,586	-	553,524	2,614	110,252	(86,703)	3,762,963	800,852	4,563,815
Net income	-	-	-	677,832	-	-	-	677,832	106,332	784,164
Realization of capital reserve to Statement of Operations	-	-	-	-	-	37,949	-	37,949	17,605	55,554
Other comprehensive loss	-	-	-	-	-	(15,892)	-	(15,892)	(3,026)	(18,918)
Total comprehensive income	-	-	-	677,832	-	22,057	-	699,889	120,911	820,800
Capital benefit from transaction with non-controlling interests	-	-	-	-	-	-	-	-	128,602	128,602
Issue of shares due to merger (see Note 1a)	365,813	1,567,819	(641,127)	-	-	-	(197,158)	1,095,347	(1,041,755)	53,592
Allocation of capital deficit attributed to non-controlling interests	-	-	-	-	-	-	20,183	20,183	(20,183)	-
Repayment of perpetual loans	-	-	-	-	-	(7,326)	-	(7,326)	(3,399)	(10,725)
Departure from consolidation by consolidated company	-	-	-	-	-	-	-	-	(2,249)	(2,249)
Sale of shares to minority	-	-	-	-	-	-	-	-	4,148	4,148
Dividend paid to holders of non-controlling interests ~	-	-	-	-	-	-	-	-	(1,690)	(1,690)
Share-based payment	-	-	-	-	80	-	-	80	-	80
Balance as of December 31 2019	1,509,503	3,607,405	(641,127)	1,231,356	2,694	124,983	(263,678)	5,571,136	(14,763)	5,556,373

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

	For the Year Ending December 31		
	2021	2020	2019
	Thousands of NIS		
Cash flows from current activity			
Net profit	955,047	576,730	784,164
Adjustments required to present cash flows from current activities			
Adjustments to profit or loss items:			
Depreciation and amortization	12,942	5,301	6,567
Loss (profit) from short-term investments, net	(3,804)	6,191	(17,467)
Increase in fair value of investment property and investment property under development, net	(756,381)	(299,389)	(494,117)
The Company's share of the profits of companies measured in equity method, net	(21,276)	(6,610)	(24,973)
Interest and revaluation of debentures and loans	245,043	124,326	205,470
Change in employee benefit liabilities, net	144	321	2,268
Interest and revaluation of deposits and debit balances	38,400	44,826	16,820
Capital gain from the sale of fixed assets	-	(3,039)	-
Income tax expenses	211,449	188,458	96,424
Loss from the impairment of inventory of land for construction and inventory of buildings and apartments for sale	523	553	2,766
Realization of capital reserve from translation differences to Statement of Operations	(12,979)	-	55,554
Loss from merger of company merged for the first time	-	-	18,619
Change in fair value of call options measured at book value	(39,813)	18,830 (*)	(14,529) (*)
Profit from the realization of investment in subsidiary (a)	-	-	(582)
Profit from the realization of investment in associate	-	(69,005)	-
Loss from early redemption of debentures and loans	13,903	23,011	10,665
Cost of share-based payment	6,187	14,428	80
	(305,662)	48,202	(136,435)
Changes in asset and liability items:			
Decrease (increase) in trade receivables	20,573	(14,858)	(1,102)
Decrease (increase) in other accounts receivable	17,015	(22,797)	(90,857)
Increase (decrease) in trade payables	7,846	(24,686)	21,165
Increase (decrease) in other accounts payable and unearned revenues from buyers	(14,103)	5,478 (*)	(2,788) (*)
Increase (decrease) in tenant security deposits	1,195	(5,927)	6,074
	32,526	(43,960)	(82,037)
Cash paid and received during the reported period for:			
Interest paid	(179,814)	(186,886)	(224,370)
Interest received	8,729	4,540	10,922
Taxes paid	(19,906)	(85,671)	(37,139)
Taxes received	12,412	18,260	10,718
Dividends received	8,851	58,443	18,565
	(169,728)	(191,314)	(221,304)
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	512,183	370,828	358,917
Decrease (increase) in inventory of apartments and houses for sale under construction, land for sale and inventory of land for construction	(108,870)	36,958	39,567
Net cash from current activities	403,313	407,786	398,484

(*) Reclassified

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

	For the Year Ending December 31		
	2021	2020	2019
	Thousands of NIS		
Cash Flows from Investment Activities			
Purchases, advances on investments, and investments in investment property	(518,840)	(177,120)	(137,602)
Investment in investment property under development	(145,096)	(74,409)	(25,162)
Investment in fixed assets	(54,145)	(22,049)	(1,555)
Increase in long-term debit balances	-	-	(320,053)
Investment in investees, net	(87,492)	-	45
Short-term investments, net	83,078	(121,630)	51,024
Proceeds from the realization of investment property and real estate held for sale	186,543	431,278	270,165
Proceeds from the realization of fixed assets	-	3,599	340
Proceeds from the sale of shares and redemption of shareholder loans of investee sold	18,456	215,428	95,917
Repayment of long-term loans granted, net	16,003	2,118	5,099
Repayment of long-term deposits	45,815	45,844	48,923
Change in cash from the realization of investment in company consolidated in the past, net (a)	55,695	(225)	40,148
Cash received from company merged for the first time (b)	-	-	8,451
Net cash deriving from (used for) investment activity	(399,983)	302,834	35,740
Cash Flow from Financing Activity			
Issue of shares, net of transaction costs	78,058	-	-
Dividends paid Company shareholders	(205,000)	(90,286)	-
Proceeds from the issue of debentures, net of transaction costs	1,030,566	585,126	332,139
Repayment of perpetual loan	-	-	(11,500)
Repayment of debentures	(605,875)	(765,157)	(678,443)
Short-term credit from banking corporations and others, net	7,415	18,884	828
Receipt of loans and other long-term liabilities	458,570	1,032	2,535
Repayment of loans and other long-term liabilities	(266,544)	(456,021)	(239,034)
Proceeds from the sale of shares to non-controlling interests	-	-	4,148
Dividend paid to holders of non-controlling interests	(2,080)	(2,608)	(1,690)
Net cash deriving from (used in) financing activities	495,110	(709,030)	(591,017)
Increase (decrease) in cash and cash equivalents	498,440	1,590	(156,793)
Exchange rate differentials due to cash and cash equivalent balances	(7,631)	3,326	(21,714)
Balance of cash and cash equivalents at the beginning of the year	431,706	426,790	605,297
Balance of cash and cash equivalents at the end of the year	922,515	431,706	426,790

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

	For the Year Ending December 31		
	2021	2020	2019
	Thousands of NIS		
(a) Proceeds from the Realization of Investments in Subsidiaries Consolidated in the Past, Net			
Assets and liabilities of subsidiaries as of the date of sale:			
Working capital, excluding cash and cash equivalents	(3,693)	118	(16,381)
Investment property and investment property under development	70,305	-	58,331
Other long-term assets and fixed assets	-	10,745	-
Loans from banking corporations	-	-	(135)
Capital loss from the sale of subsidiary	-	-	-
Non-controlling interests	(10,639)	(11,088)	(2,249)
Profit from divestment	(278)	-	582
	55,695	(225)	40,148
(b) Newly Merged Company			
Cash received from merged company	-	-	8,451
Investment property	-	-	282,257
Property, plant and equipment	-	-	87
Receivables and debit balances	-	-	2,188
Investments in associates	-	-	(66,371)
Payables and credit balances	-	-	(17,688)
Trade payables	-	-	(1,234)
Loans from banking corporations	-	-	(116,586)
Deferred taxes	-	-	(40,428)
Capital issued	-	-	(69,295)
Loss from company merger	-	-	18,619
	-	-	-
(c) Additional information on material actions not involving cash flows:			
Classification from investment property and balance of long-term receivables to inventory	-	337,500 *)	-
Realization of assets held for sale against other accounts receivable	-	-	17,499
Purchase of investment property and investment property under construction against the issue of shares and put option	-	46,708	-
Purchase of investment in financial asset measured at fair value via other comprehensive income against the issue of put options	-	14,456	-

*) For further details see Note 10.b.1

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

Note 1: - **General**

a. Company Description

The Company is active in the field of cash-generating real estate and deals, by itself and through its investees, in varied real estate activity centering on Israel. The Company specializes in initiating, purchasing, renting and managing buildings intended for offices, high-tech, industry, logistics and commerce and housing units, and is active in the field of residential real estate in Israel. The Group is largely active in Israel as well as in a number of foreign countries including Switzerland. Furthermore, the Company is active in planning and supervising for the implementation of infrastructure development in Israel and holds partnerships renting and operating gas stations.

The Company has activities in additional areas, such as renewable energy, the monetary results of which, as of the reported year, are not material to their activities.

On November 4 2019 the process of structural change the Company was a party to was completed, in which Jerusalem Economy was merged with and into the Company by way of a statutory merger according to Chapter 1 of Part 8 of the Companies Law, so that upon completion of the merger, Jerusalem Economy was eliminated with no liquidation, in return for the issue of Company shares to entitled Jerusalem Economy shareholders on the basis of the replacement rate set.

b. Definitions

In these Financial Statements –

The Company	-	Mivne Real Estate (K.D) Ltd. (formerly: Industrial Buildings Corporation Ltd.).
The Group	-	The Company and its investees.
Jerusalem Economy	-	Jerusalem Economy Ltd., which was the Company’s controlling shareholder until November 4 2019.
Darban	-	Darban Investments Ltd., which to the best of the Company's knowledge, was fully owned by Jerusalem Economy until November 4 2019 and from that date – is a company fully owned by the Company.
Consolidated companies	-	Companies controlled by the Company (as defined in IFRS 10) whose statements are consolidated with those of the Company.
Jointly controlled entities	-	Companies held by a number of entities that have a contractual arrangement for joint control.
Associates	-	Companies over which the Company has significant influence and which are not subsidiaries and for which the Company's investment therein is included in the Company’s Consolidated Financial Statements at book value.
Related Parties	-	As defined in IAS 24
Interested parties and controlling shareholder ~	-	As defined in Securities Regulations (Yearly Financial Statements), 2010.
Investees	-	Subsidiaries, jointly controlled entities and associates.

Note 1: - General (Continued)

c. Impact of Covid-19 Coronavirus

2021 was characterized by the rapid recovery of the Israeli economy from the crisis originating from the spread of Covid-19 (hereinafter – the Pandemic) and it seems as though the economy was resuming its regular activity, in light of the efficiency of the vaccines, which led to a sharp drop in the severe illness rate, and allowed most restrictions on activities to be lifted. Over the course of the second half of the year, the Delta variant followed by the Omicron variant spread across the country, increasing the number of severe cases, alongside the third vaccine dose program. The economy's response to this wave of the pandemic was characterized by limited restrictions compared to previous waves of Covid-19. At the same time, there is still a great deal of uncertainty regarding economic activity, due to the impact of the pandemic, and in particularly in the event of the spread of new strains of the virus.

Since the outbreak of the COVID-19 pandemic in early 2020, the Company's policy has been and still is to maintain continuity of its ongoing activity in all segments, while implementing legal provisions and protecting the health of its workers, tenants and visitors to its properties. As such, the Company has continued with planning, development, construction, rental and management activity for its properties as usual, and purchased real estate properties in Israel. As of the balance sheet date, the sum of amortization in rental payments derived from granting relief to Company tenants in Israel o amounted to some 12 million NIS (without the amortization discount as a result of the provision of government assistance to these tenants), charged as a decrease in revenues over the course of 2021.

Note 2: – Principal Accounting Policies

The accounting policy detailed below has been applied consistently to all periods presented, unless stated otherwise.

a. Basis of Presentation of the Financial Statements

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS).
Furthermore, the Financial Statements have been prepared in accordance with the Israeli Securities Regulations (Yearly Financial Statements), 2010.

The Company's Financial Statements are prepared on a cost basis, with the exception of investment property; investment property under construction; financial assets measured at fair value via Other Comprehensive Income; financial assets and liabilities (including derivatives) measured at fair value via gain/loss.

The Company has chosen to present its gain/loss according to the operations attribute method.

b. Operating Cycle Period

The Group has two operating cycles. In reference to the contracting work, the operating cycle is over one year and may last from two to four years. Regarding other activities, the operational cycle is one year. Therefore, regarding contract works, when the operating cycle is longer than a year, the assets and liabilities directly connected to that activity are classified under current assets and liabilities in the balance sheet in accordance with the operating cycle.

c. Consolidated Financial Statements

The Consolidated Financial Statements include statements from companies controlled by the Company (subsidiaries). Control exists when the company has the power to influence the invested entity, exposure or rights to variable yields as a result of its involvement in the invested entity as well as the ability to use its power to influence the sum of the yields deriving from the invested entity. In evaluating control, one must take into account the influence of potential voting rights only if they are real.

Note 2: – Principal Accounting Policies (Continued)

The Financial Statements of the Company and its subsidiaries have been prepared for identical dates and periods. Accounting policy in the subsidiaries' financial statements has been applied in a unified manner, consistent with that applied in the Company's Financial Statements. Balances and material mutual transactions and profits and losses deriving from transactions between the Company and its subsidiaries have been written off in full in the Consolidated Financial Statements.

Non-controlling interests due to subsidiaries represent the equity in the subsidiaries that cannot be attributed, directly or indirectly, to the parent company. Non-controlling interests are presented separately pursuant to the Company's capital. Gain or loss and any component of other comprehensive income attributed to the Company and to non-controlling interests. Losses are attributed to non-controlling interests even if as a result, the balance of non-controlling interests in the Consolidated Balance Sheet is negative.

Sale of a stake in a subsidiary, without losing control, is recognized as a change in capital. Upon realizing a subsidiary while losing control, the Company:

- Subtracts the assets and liabilities of the subsidiary.
- Subtracts the balance of non-controlling interests in the Financial Statements.
- Subtracts the adjustments deriving from the translation of financial statements charged to equity.
- Recognizes the fair value of proceeds received.
- Recognizes the fair value of proceeds received and of any remaining investment.
- Reclassifies the components recognized earlier in Other Comprehensive Income (Loss).
- Recognizes any difference created as profit or loss.

d. Business Combinations and Goodwill

Business combinations are handled using the purchase method. Purchase cost is measured according to the fair value of the proceeds transferred on the date of purchase plus minority interests in the purchased business. In each business combination, the Company chooses whether to measure the non-controlling interests in the purchased company according to their full fair value on the date of purchase or pro-rata to the fair value of the purchased company's identified assets, net.
Direct acquisition costs are charged to the Statement of Operations upon creation.
In business combinations achieved in stages, capital rights to the purchased company held by the buyers prior to achieving control are measured at fair value as of the date of purchase while being charged to gain/loss from the revaluation of the previous investment on the date control was achieved.
Goodwill is initially recognized at cost, which is the difference between the proceeds from its sale and non-controlling interests and the net sum of the identifiable assets purchased and liabilities taken. If the sum of the goodwill received is negative, the buyer will recognize the profit created on the date of sale.

e. Purchase of Property Companies

When purchasing a property company, the Group applies its judgement when examining whether this is considered the acquisition of a business or an asset, in order to determine the accounting treatment of the transaction. When examining whether a property company constitutes a business, the Group examines, among other things, the nature of the processes existing at the asset company, including the scope and nature of management, security, cleaning and maintenance services provided tenants. In transactions in which the purchased company is a business, the transaction is treated as a business combination as detailed above. On the other hand, transactions in which the purchased company is not a business are treated as the purchase of a group of assets and liabilities. In such transactions the cost of the acquisition, which includes transaction costs, is allocated on a relative basis to the identified assets and liabilities purchased, based on their relative fair value on the date of purchase. In the latter case, no goodwill is recognized, and no deferred taxes are recognized for temporary differences that exist on the date of purchase under other revenues or expenses.

Note 2: – Principal Accounting Policies (Continued)

f. Investments in Joint Arrangements

Joint arrangements are arrangements in which the Company has shared control. Shared control is agreed-upon contractual cooperation for control over order, which only exists when decisions regarding relevant activities require the unanimous decision of the parties sharing control.

1) Joint Ventures

In joint ventures the parties to the arrangement have joint control over the rights to the net assets of the arrangement. Joint ventures are handled using the book value method

2) Joint Operations

In joint activities, the parties to the arrangement have joint control over the arrangement, rights to the assets and obligations to the liabilities of the arrangement. The Company recognizes for the joint activity its relative share of the assets, liabilities, revenues and expenses of the joint activity.

g. Investments in Associates

Associates are companies in which the Group has significant influence over their financial and operating policies, without having control. Investment in associate is presented according to the book value method.

h. Investments Handled using the Book Value Method

The Group's investments in associates and in joint operations are handled using the book value method According to the book value method, the investment in the associate or joint activity is presented at cost plus post-purchase changes in the Group's share of net assets, including other comprehensive income of the associate or joint activity. Profits and losses resulting from transactions between the Group and the associate or joint activity are eliminated in accordance with the holding rate.

Goodwill from the purchase of an associate or joint activity is presented as part of the investment in an associate or joint activity, and is measured at cost and is not depreciated systematically. Goodwill is tested for impairment as part of the investment in the associate or joint activity as a whole.
The Financial Statements of the Company and its associate or joint activity have been prepared for identical dates and periods. The accounting policy in the associate's or joint activity's financial statements has been applied in a unified manner, consistent with that applied in the Group's Financial Statements.

In an associate in which losses were caused that exceed its capital, the Company recognized its share of the losses of the associate to the level of its investments in the associate plus a loss that may be caused it as a result of collateral or other financial support given for this associate to the level of the collateral or other financial compensation. For this reason, the investments includes long-term financial items receivable (such as loans granted), which are not intended to be written off and which are not expected to be redeemed in the foreseeable future.
The book value method is applied until material influence in the associate or material influence in the joint activity ceases, or until they are classified as an investment held for sale.

The Company continues to implement the book value method in cases in which investment in an associate becomes an investment in a joint transaction, and vice versa. The Company implements IFRS 5 on the investment or part of the investment in an associate or a joint transaction classified as held for sale. Some part remaining in this investment not classified as held for sale continues to be handled using the book value method.

Note 2: – Principal Accounting Policies (Continued)

On the date the Group no longer has material influence or joint control, the Groups measures any investment remaining in the associate or joint operation at fair value, and charges to gain/loss the difference between the proceeds from the realization of part of the investment in the associate or joint operation and the fair value of the investment remaining, and the book value of the investment realized on this date.

i. Functional, Presentation and Foreign Currency

1. Functional and Presentation Currency

The presentation currency of the Financial Statements and the Company's operating currency is the NIS.
The Company determines for each group member, including companies presented according to the book value method, the functional currency of each company.

The assets and liabilities or an investee constituting foreign activity including surplus costs created are translated according to the closing rate on each balance sheet date. Statement of Operations items are translated according to average exchange rates in all of the periods presented. The translation differences created are charged to other comprehensive income (loss).
When realizing foreign activity, or when partially realizing foreign activity, while losing control, the accumulated profit (loss) referring to this activity recognized in Other Comprehensive Income is charged to gain/loss. During the partial realization of foreign activity, while maintaining control of the subsidiary, a relative portion of the sum recognized under Other Comprehensive Earnings is re-attributed to non-controlling interests.

2. Transactions, Assets and Liabilities in Foreign Currency

Transactions quoted in foreign currency are listed upon first recognition according to exchange rates in effect on the date the transaction took place. Subsequent to initial recognition, financial assets and liabilities denominated in foreign currency are translated on each reporting date into the functional currency, using the exchange rate on said date. Non-monetary assets and liabilities quoted in foreign currency presented at cost are translated according to the exchange rate on the transaction date. Non-monetary assets and liabilities denominated in foreign currencies that are presented at fair value are translated to the functional currency at the exchange rate on the date on which the fair value was determined.

3. CPI-Linked Monetary Items

Financial assets and liabilities linked according to their terms to changes in the Consumer Price Index (hereinafter – CPI) are adapted according to the relevant CPI, on each reporting date, in accordance with the terms of the agreement. Linkage differentials arising from such an adjustment, except those capitalized for qualified assets or charged to equity for hedging transactions, are charged to gain/loss.

j. Cash Equivalents

Cash equivalents are considered highly liquid investments, which include unencumbered short-term bank deposits, the original period of which is no greater than three months from the investment date.

k. Provision to Doubtful Debt

The provision to doubtful debt is set specifically for debts for which, Company management estimates, their collection is in doubt. Furthermore, for balances of customers for whom no specific provision was recognized, the Company records a provision for impairment for those customer balances that are evaluated on a group basis, based on the characteristics of their credit risks. Impaired customer debts are written off on the date on which it is determined that these debts can no longer be collected.

Note 2: – Principal Accounting Policies (Continued)

l. Inventory of Real Estate, Buildings and Apartments for Sale

The cost of the inventory of buildings and apartments for sale includes direct identified costs due to the cost of the land, such as taxes, fees and excises as well as construction costs. The Company also capitalizes to the cost of the inventory of buildings and apartments for sale, any credit costs incurred from the period in which the Company had begun land development activities to the date on which the building permit was received.

Real estate under construction is measured on a cost basis. The cost of real estate includes credit costs referring to the financing of the properties' construction until their completion date, planning and design costs, indirect construction costs allocated and other related construction costs.

Inventory of land acquired by the Group in a receipt combination transaction, whereby the Group commits to provide cash depending on the price apartments to be constructed on said land will be sold, is measured in accordance with the fair value of the land alongside recognition of the financial obligation generated due to expected future payments. In subsequent periods, the financial liability is measured again based on cash flows expected to be paid, discounted using the original effective interest rate. Changes in present value of capitalized cash flows are recognized under inventory.

The inventory of buildings and apartments for sale is measured at cost or net realization value, whichever is lower. Net realization value is the estimated sales price over the regular course of business less estimated completion costs and costs required to carry out the sale.

m. Non-Current Asset or Group of Assets Held for Sale

A non-current asset or group of assets are classified as held for sale if they may be recovered mainly through a sales transaction rather than through continuing use. For this to be the case, the assets must be available for immediate sale in their present condition, the Company must be committed to sell, a plan exists to locate a buyer and it is highly probable that their sale will be completed within one year from the date of classification. Investment real estate held for sale continues to be measured at fair value in accordance with IAS 40. Other comprehensive income (loss) and for a non-current asset or group of assets classified as held for sale are presented separately in equity.

n. Leases

The Company treats a contract as a leasing contract when in accordance with the terms of the contract, the right to control an identified property is transferred for a period of time for compensation.

1. The Company as Tenant

For the transaction in which the Company constitutes a tenant it recognizes upon the start of the lease a right of use asset against the lease liability, with the exception of lease transactions for a period of up to 12 months and lease transactions in which the base asset is of low value, in which the Company chose to recognize lease payments as an expense in gain or loss on a straight line across the lease period.

On the start date, a lease liability includes all lease payments not yet paid, capitalized by the lease rate embodied in the lease, when it can be determined easily or at the Company's incremental interest rate. After the start date, the Company measures the lease liability using the effective interest method.

A usage right asset at the start date is recognized at the level of the lease liability plus lease payments paid on the start date or prior to it and plus transaction costs created.

Note 2: – Principal Accounting Policies (Continued)

The usage right asset is leased using the cost model and is amortized across its useful life span or the lease period whichever is shorter, except for those classified as investment property. The leased rear estate properties classified by the Group as investment properties, are recognized in the Group's Balance Sheet at fair value, and the lease is treated as a financial lease.

2. The Company as Lessor

The tests for classifying leases as finance or operating leases depend on the substance of the agreement and are given at the inception of the lease in accordance with the principles as set in the Standard:

Operating Lease

Lease transactions in which all risks and benefits related to owning the property are not actually transferred, are classified as operational leases. Lease receipts are charged as an ongoing income to gain/loss for the duration of the lease. Direct initial costs incurred with respect to the lease agreement are added to the cost of the leased asset and are recognized as an expense throughout the leasing period at the same base.

3. Variable Lease Payments

Variable lease payments based on implementation or use and not dependent on CPI or interest, are recognized as an expense in transactions in which the Company constitutes the lessee and as income in transactions in which the Company constitutes a lessee, on their creation date.

o. Fixed Assets

Fixed asset items are presented at cost plus direct acquisition costs, less accumulated depreciation, less accumulated impairment losses and do not include expenses for ongoing maintenance.

Amortization is calculated at equal yearly rates on a straight line basis throughout the asset's useful life span.

The useful life span, amortization method and residual value of each asset are reviewed at the end of each year at least, and changes are treated as changes to accounting estimates on a prospective basis. Asset depreciation is halted on the date on which the asset is classified as held for sale or on the date on which the asset is subtracted, whichever is earlier.

p. Credit Costs

The Group capitalizes credit costs related to the purchase, construction or manufacture of qualifying assets requiring a significant amount of time for their preparation, their intended use or their sale.
The capitalization of borrowing costs begins on the date when costs has been incurred with respect to the actual asset, activities necessary to prepare the asset have started and credit costs have been incurred, and ends when all activities needed to prepare the qualifying asset for its intended use or sale have been essentially completed. The sum of borrowing costs capitalized in the reported period includes specific borrowing costs and general borrowing costs based on a weighted capitalization rate.

q. Investment Property

Investment property is real estate (land, structure or both) held by the owners (leased via operational lease) or leased by a financial lease in order to produce rental fees or for purposes of revaluation, or both, and not for manufacturing or supplying goods or service or for administrative purposes, or for sale throughout the normal course of business.

Note 2: – Principal Accounting Policies (Continued)

Investment property is written off upon realization, or when its use is discontinued and no future economic benefits from its realization are expected. The difference between the net yield from the realization of the property and its balance in the balance sheet is charged to gain/loss in the period when the property is subtracted. Investment property is first measured at cost, including direct purchasing costs. After its initial recognition, investment property is measured at fair value, which reflects market conditions on the reporting date. Profits or losses deriving from changes in the fair value of investment property are charged to gain/loss upon creation. Investment property is not depreciated systematically.

Investment property undergoing development designated for future use as investment property, is also measured at fair value, as noted above, provided that fair value may be measured reliably. The cost basis of investment property under development includes the cost of real estate plus credit costs used to finance construction, direct incremental planning and development costs and brokerage fees due to engagement in agreements for its rental.
In order to determine the fair value of the investment property, the Group relies on a value estimate performed by independent external directors who are experts in real estate value estimates and have the requisite knowledge and experience.

r. Intangible Assets

Intangible assets purchased separately are measured upon initial recognition at cost plus direct purchasing costs. Intangible assets acquired in business combinations are measured at fair value on the date of purchase. Intangible assets with defined useful life spans are depreciated across their useful life spans and impairment is measured when signs of impairment exist.

s. Impairment of Non-Financial Assets

The Company evaluates the need to record an impairment to non-financial assets whenever events or changes in circumstances indicate that the balance in the Financial Statements is not recoverable.
If the book value of non-financial assets exceeds their recoverable sum, the assets are reduced to their recoverable sum. The recoverable sum is the fair value less costs of sale or value in use, whichever is higher. The recoverable sum of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are charged to gain/loss.

An impairment loss of an asset, other than goodwill, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Such a reversal of loss is limited to the sum of asset impairment recognized in the past (net of depreciation or amortization), or to the recoverable sum of the asset - whichever is lower.

The unique criteria below are implemented when examining the impairment of the following specific assets:

1. Goodwill Due to Subsidiaries

The Company tests impairment of goodwill once per year, as of December 31, or more often if events or changes in circumstances indicate that impairment exist.
Examination of the impairment of goodwill is determined by studying the recoverable sum of a cash-generating unit (or group of cash-generating units) to which the goodwill was assigned. When the recoverable sum of the cash-generating unit (or group of cash-generating units) is lower than the balance sheet balance of the cash-generating unit (or group of cash-generating units) to which the goodwill was allocated, an impairment loss attributed first to goodwill is recognized. Goodwill impairment losses are not reversed in subsequent periods.

Note 2: – Principal Accounting Policies (Continued)

2. Investment in Associate or Joint Ventures.

The Company examines, after applying the book value method, whether it is necessary to recognize another loss for the impairment of an investment in associates or joint ventures. The Company examines on each reporting date whether there is any objective evidence that the investment in an associate or a joint venture has been impaired. Impairment review is conducted for the entire investment, including goodwill attributed to the associated company or joint venture.

t. Financial Instruments

1. Financial Assets

Financial assets are measured upon first recognition at fair value plus transaction costs that can be directly attributed to purchasing the financial asset, except in the event of financial assets measured to fair value via gain/loss, for which transaction costs are charged to gain/loss.

The Company classifies and measures debt instruments in its Financial Statements on the basis of the following criteria:
- The financial model of the company managing the financial assets, and -
- The characteristics of the projected cash flow of the financial asset.

a) The Company measures debt instruments at amortized cost when:

The Company's business model is to hold the financial assets in order to charge contractual cash flows; and the contractual terms of the financial asset provide rights on defined date for their cash flows, which are just principal and interest payments for the principal sum not yet redeemed.
After initial recognition, instruments in this group will be presented based on their terms at amortized cost using the effective interest method and less an impairment provision.

b) Capital Instruments and Other Financial Assets Held for Trade

Investments in capital instruments do not meet the criteria noted above and are therefore measured at fair value via gain/loss.

Other financial liabilities held for trade such as derivatives, including embedded derivatives that have been separated from a host contact are measured at fair value via gain/loss, unless they are intended to be used for effective hedging.

Regarding specific capital instruments that are not held for trade, upon initial recognition, the Company made an unalterable choice to present consecutive changes in fair value in Other Comprehensive Income, which otherwise would have been measured at fair value via gain or loss. These changes will not be charged to gain or loss in the future, even when the investment is subtracted.

Dividend revenues from investments in capital instruments are recognized upon the determining date
for dividend eligibility in the Statement of Operations.

Note 2: – **Principal Accounting Policies (Continued)**

2. Impairment of Financial Assets

On each report date, the Company tests the provision to loss due to financial debt instruments not measured at fair value via gain/loss.
The Company has financial assets with short credit periods such as customers, for which it implements the relief set in the model, meaning that the Company measures the provision to loss at a sum equal to projected credit losses for the device's life span. The Company implements the relief set in the standard for these financial assets.

The impairment for debt instruments measured at amortized cost will be charged to gain/loss against a provision while the impairment for debt instruments measured at fair value via other comprehensive income shall be charged to gain/loss against other comprehensive income and shall not decrease the book value of the financial asset in the Balance Sheet.

The Company subtracts a financial instrument only when the contractual rights for cash flows from the financial instrument expire.

3. Financial Liabilities

a) Financial Liabilities Measured at Depreciated Cost

Upon first recognition, the Company measures financial liabilities at fair value less transaction costs that can be directly attributed to the offering of the financial liability. After initial recognition, the Company measures all financial liabilities according to the amortized cost method, except for financial liabilities measured at fair value via gain/loss.

b) Financial Liabilities Measured at Depreciated Cost

Upon initial recognition, the Company measures its financial liabilities not measured at deprecated costs at fair value when the transaction costs are charged to gain/loss.
After initial recognition, changes in fair value charged to gain/loss.

4. Subtraction of Financial Liabilities

The Company subtracts a financial liability when, and only when, it is paid up, meaning when the liability defined in the contract is defrayed, cancelled or expired.
A financial liability is cleared when the debtor has paid off the liability by making a payment in cash, in other financial assets, in goods or services, or is freed of the liability by legal means.
In the event of changes in terms due to existing financial liabilities, the Company studies whether the terms of the liabilities are materially different from the existing terms and takes qualitative and quantitative considerations into account.
When a material change is made to the terms of an existing financial liability or the replacement of a liability with a different liability with materially different terms, between the Company and the same lender, the transaction is treated as a write-off of the original liability and as recognition of a new liability. The difference between the book values of the above liabilities is charged to gain/loss.
In the event of a non-material change in the terms of an existing liability or the replacement of a liability with a different liability with terms that are not materially different, between the Company and the same lender, the Company updates the sum of the liability, which means capitalizing the new cash flows at the original effective interest rate, with the difference charged to gain/loss.

Note 2: – Principal Accounting Policies (Continued)

5. Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net sum is presented in the Balance Sheet if there is an enforceable legal right to offset the sums recognized and

the intent exists to clear the asset and the liability on a net basis or realize the asset and clear the liability concurrently. The offsetting right needs to be legally enforceable not only over the regular course of business of the parties to the contract but also in the event of bankruptcy or insolvency of one of the parties. In order for the right to offset to exist immediately, it cannot be dependent on a future event or that there be periods of time in which it does not apply, or events exist that cause it to expire.

6. Hedge Accounting

Derivative Financial Instruments used for Hedging (Defensive) Purposes

From time to time, the Group enters into agreements with derivative financial instruments such as foreign currency forward contracts (forward) and interest rate swatch (IRS) agreements to hedge itself from the risks associated with fluctuations of foreign exchange rates and interest rates.

Any gains or losses arising from changes in the fair values of derivatives that are not used for hedge accounting are charged directly to gain/loss.

Hedges that meet the criteria for hedge accounting are accounted for as follows:

Cash Flow Hedging

The effective portion of the changes in the fair value of the hedging instrument is recognized under Other Comprehensive Income, while the ineffective portion is charged immediately to gain/loss.

Other comprehensive income (loss) is transferred to gain/loss when the results of the hedging agreement are charged to gain/loss, for instance, when the hedged income or expense is charged to gain/loss.

Net Investment Hedging in Foreign Activity

Hedges of a net investment in a foreign activity, including a hedge of a monetary item treated as part of the net investment, are treated similar to cash flow hedges. Gains or losses referring to the effective part of the hedging are charged to other comprehensive income, while profits or loss referring to the non-effective portion of the hedging are charged to gain/loss.

u. Fair Value Measurement

Fair value is the price that would have been received from the sale of an asset or the sum that would be paid for the transfer of a liability, in an orderly transaction between market participants in the date of measurement.

The fair value of an asset or liability is measured using assumptions market participants use when pricing the asset or liability, assuming the market participants are acting in their own economic interest. Measuring fair value for a non-financial asset takes into account the ability of a market participant to receive economic benefits through the asset at its optimal use or by selling to a different market participant who will use the asset for its best possible use or when a projected transaction occurs.

Note 2: – Principal Accounting Policies (Continued)

The Group uses evaluation techniques suitable to the circumstances and for which enough achievable data exists in order to measure fair value, while maximizing use of relevant observable data and minimizing use of non-observable data.

All assets and liabilities measured at fair value or the fair value of which has been disclosed are divided into categories within the fair value grading, based on the lowest level of data material to measuring fair value as a whole:

Level 1: Quoted prices (without adjustments) in an active market of identical assets and liabilities.
Level 2: Data other than quoted prices included in Level 1, which may be observed directly or indirectly.
Level 3: Data not based on observable market information (evaluation techniques not using observable market data).

v. Provisions

A provision in accordance with IAS 37 is recognized when the Group has a present (legal or implied) obligation as a result of a past event, it is probable that it will require the use of economic resources to clear the obligation and a reliable estimate can be made of it.

Lawsuits

A provision for lawsuits is recognized when the Group has a current legal obligation or an implied obligation due to an event that has occurred in the past, when the Group's use of its financial resources in order to discharge the obligation is more likely than not, and the obligation may be reliably estimated.

w. Employee Benefit Liabilities

The Group has several types of employee benefits:

1. Short-Term Employee Benefits

Short-term employee benefits are benefits that are expected to be cleared in full within 12 months after the end of the yearly reporting period in which the workers provide the referring services. Liabilities due to cash bonuses or profit-sharing programs are recognized when the Group has a legal or implied obligation to pay the sum in question for a service provided by the employee in the past and the sum may be reliably estimated.

2. Post-Employment Benefits

The programs are generally funded by insurance company deposits and are classified as defined deposit plans as well as defined benefit plans.

The Group has defined deposit plans in accordance with Section 14 of the Severance Pay Law, according to which the Group makes regular payments while having no legal or implied obligation to make additional payments even if the plan has not accumulated sufficient assets to pay for all employee benefits pertaining to the employee's service in the current period and in previous periods.
Deposits to a defined deposit plan for compensation or for remuneration are recognized as an expense while depositing to the plan concurrently with the receipt of the work services from the employee.
In addition, the Group operates a defined benefit plan for the payment of compensation in accordance with the Severance Pay Law. According to the law, employees are entitled to compensation upon dismissal or retirement. The severance pay liability is presented according to the actuarial value of the projected eligibility unit. The severance pay liability is presented according to the actuarial value of the anticipated eligibility unit.

Note 2: – Principal Accounting Policies (Continued)

x. Share-Based Payment Transactions

Company workers/other service providers are eligible for benefits by way of share-based payment discharged in capital instruments, and some workers/other service providers are eligible for benefits by way of payment based on shares discharged in cash and calculated based on the appreciation of Company shares.

Transactions Cleared via Capital Instruments

The cost of transactions with employees cleared using capital instruments are measured at the fair value of the capital instruments upon the date of issue. Fair value is determined using an acceptable option pricing model. The cost of transactions cleared using capital instruments is charged to gain/loss together with a concurrent increase in shareholders' equity over the course of the period in which the conditions of performance and/or the service exist and ends on the date on which the relevant employees are entitled to remuneration (hereinafter: the Vesting Period). The accumulated expenses recognized for transactions cleared using equity instruments at the end of any reporting date until the vesting date reflects the passage of the vesting period and the Group's best estimate as to the number of capital instruments that will eventually vest.

An expense for grants that do not eventually vest is not recognized, with the exception of grants the vesting of which depends on market conditions that are treated as grants vesting with no connection to the existence of market conditions, assuming that all of the other terms of the vesting (service and/or implementation) have been upheld.

When the Company makes changes to the conditions of a grant cleared using capital instruments, an additional expense is recognized past the original expense that was calculated for any change increasing the fair value of the remuneration granted or which benefits the employee/service provider according to the fair value on the date of change.

Cancellation of a grant cleared using a capital instrument is treated as though vested as of the cancellation date, and the unrecognized expense for the grant is recognized immediately. Nevertheless, if the canceled grant is replaced with a new grant and is intended to be a substitute grant as of the grant date, the canceled grant and new grant are both treated as a change of the original grant, as described above.

y. Profit (Loss) per Share

Profit (loss) per share is calculated by dividing the net profit (loss) attributable to Company shareholders by the weighted number of ordinary shares existing in practice during the period.

Potential ordinary shares are included in the calculation of diluted profit (loss) per share when their impact dilutes the profit (loss) per share from ongoing activities. Potential ordinary shares that are converted during the period are included in diluted profit per share only until the conversion date, and from that date are included in basic profit (loss) per share. The Company's share of the profits (loss) of associates is calculated in accordance with its share of the profit (loss) per share of said associates, multiplied by the number of shares held by the Company.

z. Treasury Shares

Company shares held by the Company and/or subsidiaries are measured at purchase cost and presented offset from Company equity. Any gain or loss deriving from the buying, selling, issuance or cancellation of treasury shares is charged directly to equity.

Note 2: – Principal Accounting Policies (Continued)

aa. Recognition of Income

Revenues from contracts with customers are changed to gain/loss when control of the asset or service is transferred to the customer. The transaction price is the sum of compensation expected to be received in accordance with the terms of the contract, less sums charged in favor of third parties (such as taxes).

When setting the sum of the revenue from contracts with customers, the Company examines whether it acts as a primary supplier or an agent in the contract. The Company is a primary supplier when it controls the goods or the service promised prior to its transfer to the customer. In such cases, the Company recognizes revenues at the net sum of the compensation. In cases in which the Company acts as agent, the Company recognizes revenues at a net sum, after deducting the sums owed the primary supplier.

Revenues from the Provision of Services (Including Management Fees)

Revenues from services are recognized over time, across the period in which the customer receives and consumes the benefits produced by the Company's performance. Revenues are recognized in accordance with the reporting period in which the services were provided. The Company charges payment from its customers in accordance with the terms of payment agreed upon in specific agreements, with payments capable of taking place before the service period or after the service period, and accordingly, the Company recognizes an asset or liability for the contract with the customer.

Revenues from the Development and Construction of Developed Real Estate in Israel

The Company is active in the field of real estate in developing, building and selling residential apartments, offices and commercial space in Israel. Upon entering into a contact with a customer, the Company recognizes the housing units or offices as implementation liabilities.

Regarding the Company's activity in the field of development real estate in Israel, the Company has reached the conclusion, based on its sales contracts with customers in the field of development real estate in Israel, and based on the relevant laws and regulations, and in accordance with a legal opinion received, that when the Company enters into a contract to sell residential apartments, offices and commercial space in Israel, no asset is created with an alternative use for the Company, and it has a payment right enforceable for performances completed as of that date. Under these circumstances, the Company recognizes a long-term revenue.

The Company implements the input method in order to measure the progress of its implementation, when the implementation obligation is upheld over time. The Company believes that use of the inputs method according to which revenues are recognized on the basis of inputs the Company invested in order to uphold the implementation obligation represents the income produced in practice in the best possible manner. In order to implement the input method, the Company estimates the cost required to complete the project in order to determine the revenue sum recognized. These estimates include direct costs and indirect costs directly referring to the existence of the contract and allocated to each contract separately on the basis of a reasonable load index. In addition, when measuring the “completion rate”, the Company does not include costs that do not reflect progress in implementation such as the cost of land, fees and surcharges and credit costs.

The Company sets the rate of progress according to which revenue is recognized in each sales contract as the rate of progress of the entire building or project as the case may be, so long as a delivery cannot be made of the asset covered by the agreement before construction of the building or project, as the case may be, has been completed in full.

The Company sets the level of income from each contract according to the price of the transaction with each customer separately and recognizes income for each contract separately.

Note 2: – Principal Accounting Policies (Continued)

When the Company starts carrying out actions in connection with the expected contract even before the contract has been signed with the customer, upon signing the contract in question the Company recognizes income on a cumulative basis at a sum reflecting the completion rate of the implementation commitment as of that date.

The Company discounts credit costs to land for construction constituting a fit asset, such as land on which the Company is acting to securing building permits and cannot sell apartments it plans to build on the land. The Company ceases discounting credit costs when receiving building permits for land.

When loss is expected from the contract, the entire loss is recognized immediately, regardless of the completion rate.

Revenues from the Development and Construction of Developed Real Estate

The Company is active in the field of real estate in developing, building and selling residential apartments, offices and commercial space abroad. Upon entering into a contact with a customer, the Company recognizes the housing units or offices as implementation liabilities.

Regarding the Company's activity in the field of real estate development, the Company has reached the conclusion that on the basis of the laws, regulations and commercial characteristics of the companies in which it is active outside of Israel, control of property is transferred to the customer upon delivery of the apartment, in light of the fact that the Company and its legal counsel estimate that the contract cannot be enforced until the delivery of the apartment/office/commercial space and therefore revenues from the sale of the housing units, offices and commercial spaces abroad are recognized at a single point in time (upon delivery).

Contract Upholding Costs

The costs that arose to uphold a contract with the customer, or an expected contract with the customer, are presented as an asset when costs are expected to be recovered. Contract upholding costs include direct identified costs and indirect shared costs that can be attributed directly to a contract on the basis of a reasonable loading key. In cases in which a loss is expected in the project, it is charged to gain/loss immediately.

Contract Securing Costs

In order to secure some of the Company's contracts with its customers, it bears incremental contract securing costs (such as sales permissions stipulated on the completion of a binding sales transaction). Costs created in order to secure the contract with the customer and which would not have been realized if the contract had not been achieved and the Company expects to recover them, are recognized as an asset and amortized on a systematic basis that is consistent with the provision of services provided within the framework of the specific contract.

The Company selected the possible relief according to the standard according to which it recognized incremental costs for securing a contract as an expense upon creation, when the property's amortization period, if sold, would have been shorter than one year.

Contractual Balances

The Company charges customers upon upholding the implementation commitments in accordance with the terms with the customers. These charges are presented under customers in the Balance Sheet. In cases in which revenues are charged to gain/loss due to an implementation commitment and before the customers are charged, the sums recognized are presented under contract assets/income receivable under receivables and debit balances.
Sums received from customers before the Company upholds the implementation commitment are presented under contract obligations/unearned income from customers under receivables and debit balances and are recognized as revenues in gain/loss when the implementation commitment is upheld.

Note 2: – Principal Accounting Policies (Continued)

Transactions Carried Out in Credit

In some of the transactions the Company grants customers credit terms for a period longer than one year. In these cases, the Company recognizes income according to the sum reflecting the price the customer would have paid in cash upon receiving the goods or service, and the balance is charged under financing revenues.
In cases of the receipt of long-term advance payments for a future service provided by the Company, the Company accumulates interest and recognizes financing expenses for the advance payments over the course of the expected engagement period, when the contract features a material financing component. Upon realization of the advance payments, the Company recognizes interest accumulated as part of the services revenues.
The Company chose a possible relief according to the standard according to which it will not separate the credit component in transactions in which the credit terms are for a period shorter than one year and recognizes income in accordance with the sum of the proceeds set in the agreement even if the customer has paid on a later or earlier date than the date the goods or service were received.

bb. Taxes on Income

Tax results for current or deferred taxes are charged to gain/loss, unless they refer to items charged directly to other comprehensive income or to equity.

1. Current Taxes

Liability due to current taxes is set using tax rates and tax laws passed or passed in effect by the report date, as well as required adjustments pertaining to tax liability payable for previous years.

2. Deferred Taxes

Deferred taxes are calculated for temporary differences between sums included in the Financial Statements and sums taken into account for tax purposes.

Deferred tax balances are measured at the tax rates that are expected to apply when the asset is realized or the liability cleared, based on tax laws that have been enacted or enacted in effect by the reporting date.

On each reporting date deferred tax assets are studied, and in the event that their use is not expected they are amortized, temporary differences for which no deferred tax assets have been recognized are reviewed on each reporting date, and if they are expected to be realized, an appropriate deferred tax asset is recognized.

Deferred taxes due to investment property held with the aim of returning substantially all of the economic benefits embodied in it through sale rather than through use, are measured according to the anticipated method of calculation of the base asset, on the basis of sale and not use.

Taxes that would apply in the event of the sale of investments in investees have not been taken into account in calculating the deferred taxes, as long as the sale of the investments in investees is not expected in the foreseeable future. Also not taken into account are deferred taxes resulting from the distribution of profits by subsidiaries as dividends, as distributing dividends does not involve additional tax liability, or due to the Company's policy not to initiate the distribution of dividends by a subsidiary leading to additional tax liability.

Deferred taxes are offset if a legitimate right exists to offset deferred tax assets against current tax liabilities and the deferred taxes refer to the same taxable entity and the same tax authority.

Note 2: – Principal Accounting Policies (Continued)

cc. Change in accounting policy – first-time application of new financial reporting standards and revisions to existing accounting standards:

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

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

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

In accordance with one of the practical reliefs, the Company will handle contractual amendments or amendments to cash flows directly required as a result of implementation of the reform similar to the accounting treatment of changes in variable interest rates. In other words, a company needs to recognize the changes in interest rates by adjusting the effective interest rate without altering the book value of the financial instrument. Use of this practically relief is dependent on the fact that the change from IBOR to RFR occurs on the basis of equal economic conditions.

Likewise, in accordance with the amendments, under certain conditions, changes that will be made to designating the hedging and documentation as a result of the implementation of the IBOR will not lead to the discontinuation of the hedging ratios. Pursuant to the Amendments, a temporary practical relief was also given in connection with the implementation of hedge accounting pertaining to identifying the hedged risk as "identifiable separately."

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

The Amendments are applied starting from the yearly periods starting January 1 2021 or subsequently. The Amendments are applied retrospectively, however, restatement of comparison numbers is not required.

The above Amendments have no material impact on the Company's Financial Statements.

Note 3: – Key Considerations, Estimates and Presumptions Employed in Preparing the Financial Statements

In the process of applying its principal accounting policies to its Financial Statements, the Group has made the following judgments and taken the following considerations into account, which have the material effect on the sums recognized in the Financial Statements:

a. Considerations

- Timing of Implementation Commitment

The Company studies the date contractor of an asset or service is transferred in order to identify the timing of recognition of income from contracts with customers at a point in time or over time. Among other things, the Company studies whether the customer secures control over an asset at a specific point in time or consumes the economic benefits concurrent with the Company's performance. In addition, the Company also takes into account, in order to determine the timing of recognition of income, the relevant laws and regulations.

- Determining the Fair Value of Share-Based Payment Transactions

The fair value of share-based payment transactions is determined upon first recognition using a generally accepted option pricing model. The mode is based on share price data.

b. Estimates and Assumptions

When preparing the Financial Statements, management must use of estimates and assumptions that affect the application of accounting policies and the reported sums of assets, liabilities, revenues and expenses. Changes in accounting estimates are applied in the period in which the estimate was changed.
The following are the major assumptions made in the Financial Statements with regard to uncertainty as of the report date as well as critical estimates calculated by the Group, where a material change in such estimates and assumptions may alter the value of assets and liabilities in the Financial Statements for the next reported year:

- Investment Property and Investment Property Under Development

Investment property and investment property under development (when the fair value can be estimated reliably) is presented at fair value as of the balance sheet date, with changes in fair value charged to gain/loss.

Fair value is generally determined by independent valuators in accordance with assessments of economic value that include valuation techniques and assumptions regarding estimated expected future cash flows from the property and an estimate of the suitable capitalization rate for these cash flows, as well as on management estimates based on economic models. In the matter of real estate under development, an estimate of construction costs is also needed. If possible, fair value is measured in reference to recent real estate transactions with characteristics and locations similar to the assessed asset. See further information in Note 2q.

- Inventory of Apartments/Land for Residential Construction

The net realization value is set in accordance with the Company's estimate, which includes projections and assessments regarding the expected receipts from the sale of the inventory in the project and the construction costs required to bring the inventory to sale condition. See further information in Note 2l.

- Deferred Tax Assets

Deferred tax assets are recognized in respect of losses carried forward for tax purposes and temporary, unused differences, if future taxable income is expected which would allow them to be used. Management's discretion is required in order to determine the sum of the deferred tax asset that may be recognized based on timing, the sum and source of expected taxable revenue and tax planning strategy.

Note 4: - Disclosure for New IFRS Standards in the Period Prior to their Application

a. 2018-2020 International Standards Improvement Project

In May 2020 the IASB published certain amendments within the framework of the 2018-2020 improvements project. The following is the key amendment referring to IFRS 9:
The amendment to IFRS 9 clarifies which commissions the Company must include while preparing the “10 percent” test in Section 3.3.6 of IFRS 9, while examining whether the terms of a debt instrument amended or replaced are materially different from the original debt instrument.

This amendment was applied to yearly reporting periods starting January 1 2022 or subsequently. Earlier application is possible. The amendment was applied to the debt instrument amended or replaced starting from the year in which the amendment to the Standard was first implemented.

Note 5: - Cash and Cash Equivalents

a. Composition

		December 31	
		2021	2020
	Interest rate	Thousands of NIS	
Cash and deposits for immediate withdrawal		167,359	234,652
Short-term deposits	0.15%	755,156	197,054
		922,515	431,706

b. Linkage Terms

	December 31	
	2021	2020
	Thousands of NIS	
NIS	818,505	219,237
U.S. dollar	14,947	2,118
Swiss franc	45,930	44,304
Canadian dollar	13,730	11,908
Euro	29,403	150,445
Other	-	3,694
	922,515	431,706

Note 6: – Investments in Financial Assets

A. Short-Term Investments

	December 31	
	2021	2020
	Thousands of NIS	
Investments in financial assets measured at fair value via gain/loss (detailed below)	83,265	24,107
Current maturities of long-term deposits in banking corporations and short-term deposits	-	45,181
	83,265	69,288

Details of Investments in Financial Assets Measured at Fair Value via Gain/Loss

	December 31	
	2021	2020
	Thousands of NIS	
Shares and options convertible to negotiable shares	57,278	24,058
Debentures	25,987	49
	83,265	24,107

B. Long-Term Investments

	December 31	
	2021	2020
	Thousands of NIS	
Investments in financial assets measured at fair value via other comprehensive income	-	85,633(*)
	-	85,633
Dividends recognized in gain/loss	1,417	1,397

(*) The balance represents some 11.8 million shares of Sela Capital Real Estate Ltd. (hereinafter – Sela). Over the course of 2021 the Company sold these shares in return for 106.1 million NIS. The total increase in capital created for the Company from its investment in Sela shares (including dividends) amounted to a total of 26 million NIS.

Note 7: - Limited Cash and Money in Trust

	December 31	
	2021	2020
	Thousands of NIS	
Restricted deposits (mainly accompaniment accounts of apartment buyers)	20,899	63,851
	20,899	63,851

Note 8: - Trade Receivables

a. Composition:

	December 31 2021	December 31 2020
	Thousands of NIS	
Tenants:		
Outstanding debts	57,135	103,190
Checks collectable	2,679	2,492
	59,814	105,682
Less - provision to tenants' doubtful debt	31,423	55,565
Total tenants, net	28,391	50,117

b. Below is an analysis of trade receivables due to tenants, net, by the extent of the arrears relative to the balance sheet date:

	Customers whose Date has Not Yet Arrived their Redemption (with No Delays in Collection)	Customers Whose Repayment Date Has Passed and the Arrears is Collecting them is					
		Up to 30 Days	30-60 Days	60-90 days	90-120 days	Over 120 Days	Total
	Thousands of NIS						
December 31 2021	5,987	5,492	2,042	1,511	2,019	11,340	28,391
December 31 2020	1,880	12,202	4,564	12,694	4,707	14,070	50,117

Note 9: - Other Receivables

	December 31 2021	December 31 2020
	Thousands of NIS	
Institutions	53,667	22,039
Income receivable	23,214	20,001
Prepaid expenses	13,274	12,581
Debit balances with partners in associates	11,417	11,490
Receivables due to contract	2,677	58,903
Current maturities of loans to long-term buyers	1,652	15,957
Other receivables and debit balances	15,695	16,371
	121,596	157,342

Note 10 – Inventory of Land, Apartments and Homes for Sale in Development

a. Composition:

	December 31 2021	December 31 2020
	Thousands of NIS	
1. Inventory of land, apartments and homes for sale and under construction:		
Apartments under construction in Hahaskala Blvd. compound (B1)	361,455	-
Apartments under construction in Moshav Tzur Yitzhak (B2)	60,316	56,770
Apartments under construction in Aminadav compound in Tel Aviv (B3)	2,254	117,362
Other	684	1,408
	424,709	175,540
2. Inventory of Land for Construction		
Land for construction in Sdeh Dov Compound in Tel Aviv (B4)	233,009	-
Land in Moshav Tzur Yitzhak (B2)	-	34,918
Land for construction in Hahaskala Blvd. compound (B1)	-	337,500
Other lands	16,754	16,654
	249,763	389,072

b. Additional Information

1. Land in Hahaskala Blvd. Compound in Tel Aviv

The Company has signed agreements with Tidhar Construction Ltd. of the Tidhar Group (hereinafter – Tidhar Construction) in connection with the implementation of a project on land between Hashalom Road, Hasolelim St. and Hahascala Blvd. in Tel Aviv-Yafo (hereinafter – the Land) for the construction of two buildings zoned for employment and commercial, two buildings zoned residential and commercial, a public building and underground space, in accordance with a local plan that has been deposited and approved (hereinafter – the Plan and the Project, respectively). In addition, the Company sold Tidhar Rosh Ha'ayin Real Estate Ventures Ltd. (hereinafter – Tidhar Ventures), an additional company from the Tidhar Group, 25% of the construction rights zoned residential that will be approved within the framework of the Plan. In accordance with the Plan, 360 housing units will be built in the project in two residential towers with 32 stories each.

Over the course of August 2020 the Town Plan was validated and the Company recognized the revenue from the sale of the land, classified the balance of receivables for advance payments paid for the inventory and classified a relative portion attributed to inventory from investment property.

Over the course of 2021 the Company began paneling, excavation and foundation work. As of the Financial Statements date, 79 apartment sales contracts were signed to an accumulated sum of 253 million NIS. The sales agreements signed are conditional agreements for the receipt of a building permit and the advance payments received from the buyers were deposited in trust.

2. Apartments under construction in Moshav Tzur Yitzhak

The balances represent the rights of a Company consolidated partnership to the land, which is located west of Moshav Tzur Yitzhak (hereinafter – the Moshav). The land is zoned for the construction of 758 housing units as well as commercial areas. In return for purchasing the rights, the Partnership has undertaken to construct the project and pay the Moshav, in accordance with the terms and dates set in the agreement between the parties, 7.5% of the proceeds deriving from the sales and/or the lease of commercial space.
As of December 31 2021, 534 housing units have been sold out of 758 housing units the Company began building, of which 527 housing units have been delivered.

Note 10 – Inventory of Land, Apartments and Homes for Sale in Development (Continued)

3. Apartments Under Construction in Aminadav Compound in Tel Aviv

The Company has real estate on Aminadav Street, Tel Aviv, which according to the town plan are intended for mixed housing, employment and commercial use.
Construction of the residential structure featuring 170 housing units was finished over the course of 2020 and a Form 4 was received. As of the Financial Statements date, 169 apartment sales contracts were signed at an accumulated sum of 451 million NIS, of which 166 housing units were delivered.

4. Land in Sdeh Dov Compound, Tel Aviv

On August 23 2021 the Company received notice that it had won, along with two additional partners, in equal shares, for the purchase of capitalized leasing rights (with no development agreement) for 98 years (with an option to extend) in the lot known as "Lot 110" pursuant to a tender published by the Israel Land Administration located in the Sdeh Dov compound in Tel Aviv (hereinafter: the Lot and the Tender, respectively). The Lot has an area of 0.47 hectares and 230 housing units and 1,300 square meters of commercial space can be built on it. The sum of the offer made by the Company along with its partners for the Lot amounted to 633.8 million NIS plus VAT and total development expenses (including VAT) of 25.8 million NIS. The investment is included under long-term inventory of land for construction.

Note 11: – Assets Held for Sale and Liabilities Referring to Assets Held for Sale

a. The following is data on assets and liabilities held for sale by geographical distribution:

	December 31 2021		
	Assets	Liabilities	Assets, net
	Thousands of NIS		
Israel	4,279	-	4,279
Overseas	15,840	-	15,840
	20,119	-	20,119

	December 31 2020		
	Assets	Liabilities	Assets, net
	Thousands of NIS		
Israel	7,059	-	7,059
Abroad	43,665	-	43,665
	50,724	-	50,724

b. Movement in assets held for sale in 2021:

	Overseas	Israel	Total
	Thousands of NIS		
Balance as of January 1 2021	43,665	7,059	50,724
Additions	563	-	563
Classification of assets as held for sale over the course of the period	130,969	98,421	229,390
Classification of assets to investment property	-	(2,300)	(2,300)
Sale of investment property	(165,570)	(145,289)	(310,859)
Increase in value of investment property	6,300	46,388	52,688
Adjustments from the translation of financial statements	(87)	-	(87)
Balance as of December 31 2021	15,840	4,279	20,119

Note 12: Other Receivables

		December 31 2021		December 31 2020	
	Linkage Basis	Balance	Balance Less Current Maturities	Balance	Balance Less Current Maturities
		Thousands of NIS		Thousands of NIS	
Loans to purchasers	Unlinked	1,651	-	17,608	1,651
Investment in financial asset	Unlinked	2,704	2,704	2,477	2,477
Income receivable	CPI	27,899	27,899	12,486	12,486
Advance payment for joint venture in India	Rupee	-	-	3,073	3,073
Other receivables	Unlinked	545	545	614	614
		32,799	31,148	36,258	20,301

Note 13: - Investments in companies measured in equity method

A. Darban

On August 9 2021 Darban distributed a dividend in kind of 30,529,529 NV company shares held by it at a value of 290 million NIS, based on the value of the shares on the distribution date. After the distribution, the number of dormant shares for voting purposes, held by Darban, was 48,426,945 NV shares and the number of dormant shares held by the Company was 30,529,529 NV shares. On August 12 2021 the Company Board of Directors approved the deletion of the dormant shares, which were distributed to the Company as dividend in kind.

B. HVMT – Property Management and Building Maintenance and Lev Ha'ir Nazareth Mall (Management) Ltd.

On March 3 2021 mergers were completed between the Company and its fully owned subsidiaries: HBMT – Property Management and Building Maintenance Ltd. and the Nazareth Lev Ha'ir Mall (Management) Ltd. (hereinafter – the Target Companies), in such a manner that each of the Target Companies was merged with and into the Company, by way of a statutory merger, in accordance with the Eighth Part of the Companies Law. The Target Companies were eliminated without liquidation in accordance with the Companies Law and all of the issued and paid-up and registered capital of the Target Companies was cancelled. The mergers were made free of charge.

C. Kiryat Shechakim Ltd.

On October 27 2021 agreements were reached between ICR Israel Canada Ram Holdings Ltd. (hereinafter – ICR) and Rotem Shani Development and Investments Ltd. (hereinafter – Rotem Shani), regarding the sale of the full holdings of ICR (50%) in the issued and paid-up capital of Kiryat Shechakim Ltd. (hereinafter – Kiryat Shechakim) to Rotem Shani or their representative, in return for a sum equal to 80 million NIS (hereinafter – the Purchased Shares and the Purchase Sum, as the case may be) as well as additional proceeds for the conversion of a shareholder loan provided by ICR to Kiryat Shechakim to a sum total of 4.3 million NIS. In accordance with the cooperation agreement signed between the Company and Rotem Shani the company purchased the Purchased Shares in return for the sum of the purchase and the shareholder loans denoted above were converted to the Company. On the date in question, a shareholders agreement between the company and Rotem Shani in connection with Kiryat Shechakim will come into effect, which among other things includes certain provisions that, under certain circumstances, the Company will have an option to purchase from Rotem Shani and under similar circumstances Rotem Shani will have an option to sell to the Company 69% of Rotem Shani's holdings in Kiryat Shechakim in return for a total of 45 million NIS, plus sums that may arise from further adjustment mechanisms.

Note 13: - (Continued) **Investments in companies measured in equity method**

d. Investments in Companies Handled Using the Book Value Method

.1. Composition:

	Associates	
	December 31	
	2021	2020
	Thousands of NIS	
Shares and retained earnings	340,280	251,349
Loans	27,179	42,955
Total	367,459	294,304

2. Movement in Investments in Companies Handled Using the Book Value Method

	Associates	
	Thousands of NIS	
	2021	2020
Balance at the Beginning of the Year	294,304	604,014
Movement during the year:		
Redemption of loans and investments made, net	(20,496)	-
Investment and loan given to associate (see c. above)	80,697	-
Equity profits, net	21,276	6,610
Adjustments from the translation of financial statements	186	(3,795)
Balances of taxes charged to the balance of the investment in an associate for the writing off of a home company.	-	(18,563)
Revaluation of loans and interest	(224)	(2,633)
Realization of associated company	(487)	(234,283)
Dividends	(7,797)	(57,046)
Balance at the end of the year	367,459	294,304

3. Dividend Sums the Company Received or is Entitled to Receive from Companies Treated According to the Book Value Method

	For the Year Ending December 31		
	2021	2020	2019
	Thousands of NIS		
Dividends from companies handled using the book value method	7,797	57,046	18,565

Note 14: - Investment Property

a. Composition and movement:

	2021	2020
	Thousands of NIS	
Balance as of January 1	10,993,476	10,632,076
Additions During the Year		
Acquisitions and investments	327,779	221,088
Reclassification from investment property under development	40,031	58,661
Reclassification for investment property from inventory	-	14,785
Reclassification to investment property from held for sale	2,300	-
Classification from fixed assets	655	-
Increase in fair value, net	696,602	314,063
Adjustments from the translation of financial statements of foreign activity	(48,368)	(65,798)
Total additions	1,018,999	542,799
Disposals During the Year		
Reclassification to assets held for sale (see Note 11b above)	229,390	71,838
Reclassification to investment property under development (see Note 10.b.1)	442,882	26,315
Reclassification of land to inventory (see Note 10.b.1.)	-	83,246
Total disposals	672,272	181,399
Balance as of December 31	11,340,203	10,993,476

b. Details of material agreements for the purchase of assets:

Acquisition of Rights from Aura Group

On May 11 2021 the Company entered into a framework agreement with three corporations of the Aura Group (hereinafter – the Sellers) to purchase rights to 290 housing units and 4,000 m² of office space located in a number of locations in central Israel in return for a total of 590 million NIS plus VAT (and linkage difference to the Construction Inputs Index), which will be paid according to milestones, which primarily are: 20% to the date the vouchers are produced and 80% near the delivery of the property. For each such payment, the relevant seller shall provide the Company with Sales Law guarantees. Pursuant to the framework agreement in question, the Company also entered into an agreement to purchase rights in student dormitories in Kiryat Ono in return for a total of 57 million NIS. In addition, the Company received a one-time option to purchase residential apartments at a 5% discount on the price of assessments at the advance sales stage relative to housing units in 17 future projects of the sellers in central Israel, subject to the terms set. The Company is entitled to trade this option to a corporation in which it holds at least 50% of the issued and paid-up capital over the course of the exercise period. It was also established that in the event that the Company issues a residential REIT during the period set the sellers shall be entitled to purchase up to 15% of the shares of this principle at a discount of 7.5% on the issue price, subject to the terms set. As of December 31 2021, the Company received in its possession and began operating the student dormitories and some of the commercial spaces in Kiryat Ono. The total advance payments the Company paid for the balance of the housing units and commercuial spaces not yet receives amounts to a total of 191 million NIS.

Note 14: - Investment Property (Continued)

c. The following are the discount rate ranges used by the value assessors in determining the fair value of the Group's investment properties:

	Israel	Other
	%	
December 31 2021	5.5-9.5	3.8-10.6
December 31 2020	6.0-9.5	4.0-11.1

For some of the Company's properties, the Company's rights will be registered at the land title registration office after the land is subdivided.
Leasing rights of investment property in Israel are for a period of 49 years with the option to extend them by another 49 years.

d Property in Ukraine
The Company has a property in Ukraine, the value of which as of December 31 2021 amounted to a total of 271 million NIS and as of December 31 2020 to a total of 242 million. In light of the security and geopolitical events occurring in the area and which are still ongoing as of the publication of the Statements, the Company shall examine the implications of these events on the property.

e. Information on Fair Value

The following are the chief assumptions used by the value assessors in determining the fair value of the Group's investment properties:

	Offices	Industry	Commercial	Housing	Parking lot	Rights and land	Total
Fair value as of December 31 2021 *)	3,938,921	4,132,628	2,286,802	173,442	33,440	946,843	11,512,076
Weighted grossed-up yield rate	6.4%	6.8%	5.9%	6.0%	7.4%	-	6.5%
Weighted NOI	253,900	281,022	134,692	10,477	2,461	-	682,552

	Offices	Industry	Commercia l	Housing	Parking lot	Rights and land	Total
Fair Value as of December 31 2020 *)	3,784,759	3,868,336	2,178,406	100,796	33,100	1,218,444	11,183,841
Weighted grossed-up yield rate	6.7%	7.1%	+5.9%	8.3%	6.6%	-	+6.7%
Weighted NOI	254,490	274,466	128,154	8,370	2,185	-	667,665

*) The balance includes the balance of investment property held for sale

Note 14: - Investment Property (Continued)

The following table presents the effect on the Group's pre-tax gain (loss) as a result of a change in the assumptions used in calculating the fair value of the assets:

	December 31 2021					
	Offices	Industry	Commercial	Housing	Parking lot	Total
	Thousands of NIS					
Profit (loss) as a result of changes in assumptions:						
An increase of 25 base points in the grossed-up yield rate	(147,064)	(146,545)	(92,527)	(6,893)	(1,099)	(394,712)
A drop of 25 base points in the grossed-up yield rate.	158,932	157,732	100,702	7,488	1,176	426,694
5% increase in grossed-up NOI	196,946	206,631	114,340	8,672	1,672	528,262
5% decrease in grossed-up NOI	(196,946)	(206,631)	(114,340)	(8,672)	(1,672)	(528,262)

	December 31 2020				
	Offices	Industry	Commercial	Parking lot	Total
	Thousands of NIS				
Profit (loss) as a result of changes in assumptions:					
An increase of 25 base points in the grossed-up yield rate	(135,672)	(131,662)	(88,800)	(2,946)	(1,208)
A drop of 25 base points in the grossed-up yield rate.	146,151	141,279	96,682	3,129	1,303
5% increase in grossed-up NOI	189,238	193,417	108,920	5,040	1,655
5% decrease in grossed-up NOI	(189,238)	(193,417)	(108,920)	(5,040)	(1,655)

Note 15: - Investment Property under Development

Composition and movement:

	2021	2020
	Thousands of NIS	
Balance as of January 1	167,870	134,597
Additions During the Year		
Investments	145,096	74,409
Transfer from investment property (see Note 10.b.1)	442,882	26,315
Increase (decrease) in fair value	7,091	(8,790)
Total additions	595,069	91,934
Disposals During the Year		
Reclassification to investment property	40,031	58,661
Total disposals	40,031	58,661
Balance as of December 31	722,908	167,870

Note 16: – Fixed Assets, Net

a. Composition and movement:

	Offices (*)	Computers Furniture, Office Equipment and Others	Station Fuel	Installations Photo-voltaic	Total
Cost					
Balance as of January 1 2021	40,573	48,276	23,224	39,708	151,781
Additions during the year	-	956	-	53,187	54,143
Disposals during the year	-	(17)	-	-	(17)
Capital reserve from translation differences	-	(36)	-	(43)	(79)
Balance as of December 31 2021	40,573	49,179	23,224	92,852	205,828
Accumulated Depreciation					
Balance as of January 1 2021	9,860	44,173	3,240	10,786	68,059
Additions during the year	451	2,880	307	2,462	6,100
Balance as of December 31 2021	10,311	47,053	3,547	13,248	74,159
Depreciated cost as of December 31 2021	30,262	2,126	19,677	79,604	131,669
Depreciated cost as of December 31 2020	30,713	4,103	19,984	28,922	83,722

(*) The offices are owned by the Company.

b. As for liens, see Note 23c.

Note 17: Trade Payables

	December 31 2021	December 31 2020
	Thousands of NIS	
Outstanding debts	41,280	29,966
Notes payable	183	4,286
	41,463	34,252

Note 18: – Payables and Credit Balances

	December 31 2021	December 31 2020
	Thousands of NIS	
Interest payable	14,515	15,910
Unearned rent	15,963	11,671
Expenses payable	38,979	32,065
Government institutions	11,239	17,908
Wear fund	2,913	2,739
Financial liability for put options measured at fair value via gain or loss	4,663	44,878
Liability due to combination transaction	22,683	10,193
Others	27,295	75,689
	138,250	211,053

Note 19: - Loans from Banking Corporations and Financial Institutions

a. Composition:

		December 31 2021			December 31 2020		
	Effective Interest Rate	Balance	Current Maturities	Balance Less Current Maturities	Balance	Current Maturities	Balance Less Current Maturities
		Thousands of NIS					
Loans from Banking Corporations							
Loans in CAD	2.91	36,223	36,223	-	38,582	1,183	37,399
Loans in USD*	4.35	49,078	999	48,079	51,608	987	50,621
Loan in CHF*	0.81	176,699	14,985	161,714	192,250	175,398	16,852
CPI-linked loans	3.73	107,397	3,927	103,470	109,900	4,800	105,100
Unlinked loans	-	292,561	2,598	289,963	45,871	17,405	28,466
		661,958	58,732	603,226	438,211	199,773	238,438
Loans from financial institutions							
CPI-linked loans **	3.23	762,214	255,093	507,121	791,056	46,578	744,478
		1,424,172	313,825	1,110,347	1,229,267	246,351	982,916

* The loans are non-recourse loans.

** Including loans from financial institutions that are interested parties, the balance of which as of December 31 2021 amounts to a total of 544 million NIS (656 million NIS as of December 31 2020). The loans were received over the normal course of business and under generally accepted market conditions.

b. As of December 31 2021 the Company has unlinked short-term credit from a banking corporation to the sum of 34,915,000 NIS with yearly interest of Prime. As of December 31 2020 the Company has unlinked short-term credit from a banking corporation to the sum of 22,150,000 NIS with yearly interest of Prime + 1.2%

c. Financial Covenants

In a number of loan agreements in which the Company and its subsidiaries are a party, grounds were set that allow the immediate redemption of the loan in the event of its immediate redemption by a third party. Furthermore, in accordance with some of the loan agreements from institutional bodies, lowering the Company’s rating to Baa3 will lead to the immediate repayments of the loans and for some of them it was determined that an (indirect) change in control constitutes grounds for the immediate redemption of the loans and the credit provided by these lenders.

Note 19: - Loans from Banking Corporations and Financial Institutions (Continued)

The Company

Balance of loan as of December 31 2021	Financial Covenant
Loans from financial institution to the sum of 133 million NIS.	DSCR ratio (ratio of rental revenues to current maturities – principal and interest) of no less than 150%. The ratio of debt to the value of pledged assets (LTV) shall not exceed 65%.
Loans from financial institution to the sum of 85 million NIS.	The DSCR ratio shall be no less than 120%. The ratio of debt to the value of the pledged assets shall not exceed 42.5%.
Loan from financial institution to the sum of 115 million NIS	DSCR ratio of no less than 120% The ratio of debt to the value of assets (LTV) shall not exceed 80%. The yearly NOI ratio shall be no less than 19.5 million NIS The Company's rating shall not drop below (-BBB) according to Maalot S&P or under comparable ratings from some other rating company.
Loan from financial institution to the sum of 179 million NIS	DSCR ratio of no less than 120% The ratio of debt to the value of assets (LTV) shall not exceed 71%. The ratio of equity to total balance sheet shall be no less than 25%
Loan from financial institution to the sum of 83 million NIS	A Company subsidiary undertook that: The DSCR ratio shall be no less than 120% The ratio of debt to the value of pledged assets (LTV) shall not exceed 70%. The yearly NOI ratio shall be no less than 15.5 million NIS The Company's rating shall not drop below (-BBB) according to Maalot S&P or below comparable ratings from some other rating company.
Loan from financial institution to the sum of 168 million NIS	A Company subsidiary undertook that: The DSCR ratio shall be no less than 120% The ratio between the balance of the loans less cash and cash equivalents deposited in a designated account (the Net Debt Balance) and the NOI in the last four quarters prior to the examination shall not exceed 9 (with a healing mechanism set in the ratio between 9 and 10.2). The ratio between the net debt and the value of the land shall not exceed 80%.

As of December 31 2021 the Company was in compliance with all necessary financial covenants.

The Company has non-recourse loans provided overseas subsidiaries (hereinafter – the Subsidiaries) from financial bodies for financing the acquisition of properties overseas, the balance of which as of December 31 2021 amounted to 226 million NIS (versus 244 million NIS as of December 31 2020), which stipulate that these subsidiaries must maintain a certain ratio of loan to property value (LTV), and for some of the loans, also a certain Debt Coverage Service Ratio (DSCR). As of December 31 2021 the subsidiaries are in compliance with all of the financial covenants in question.

Note 20: - Debentures

a. Additional Information

Debentures	Linkage Basis	Repayment Dates	Principal Repayment Periods	Rating as of December 31 2021	Notational Value as of December 31 2021	Interest rate	Effective Interest Rate	December 31 2021 Balance	December 31 2021 Current Maturities	December 31 2021 Balance After Deduction of Current Maturities	December 31 2020 Balance After Deduction of Current Maturities
Series					Thousands of NIS	%	%	Thousands of NIS			
Series 15	Unlinked	April 1	2016-2024	ilAA	11,250 (3)	5.74	5.35	10,197	3,415	6,782	10,194
Series 16	Unlinked	June 30	2017-2028	ilAA	273,121	5.65	2.82	294,998	44,835	250,163	294,998
Series 17	CPI	June 30	2017-2028	ilAA	526,303	3.70	3.21	548,911	79,312	469,599	536,047
Series 18	CPI	October 30	2021-2024	ilAA	657,720	2.85	2.25	696,857	93,947	602,910	680,524
Series 19	CPI	March 31	2018-2027	ilAA	406,371	2.60	2.43	423,375	24,180	399,195	413,573
Series 20	CPI	December 31	2019-2029	ilAA	418,817	2.81	2.96	431,413	-	431,413	421,302
Series 21 (formerly 12) (1)	CPI	June 1	2016-2026	-	-	-	-	-	-	-	193,316
Series 23 (formerly 14)	CPI	September 30	2018-2026	ilAA	537,314	2.40	2.21	557,695	32,443	525,252	546,603
Series 24 (formerly 15)	CPI	June 30	2019-2028	ilAA	539,273	2.60	2.74	551,776	24,685	527,091	538,845
Series 25 (2)	CPI	September 30	2023-2033	ilAA	1,026,666	0.35	0.3	1,030,512	-	1,030,512	-
								4,545,734	302,817	4,242,917	3,635,402

(1) On February 23 2021 the Company performed, at its initiative, an early redemption of the debentures (Series 21) (formerly 12 of Jerusalem Economy) to the sum of 222,344,571 NIS NV and at a total sum of 249,515,078 NIS for principal and interest. The principal sum redeemed via early redemption amounted to 222,344,571 NIS. The accrued interest sum, including the added interest for the full early redemption, for the sum of the principal, as of the early full redemption date is 27,170,507 NIS. The interest rate and the added interest for the full early redemption, calculated for the uncleared balance, is 12.22%. The Company listed an early redemption loss in the reported period of 14 million NIS due to the early full redemption. See Note 26c.

(2) On November 1 2021 the Company issued 1,026,666,000 NIS NV debentures (Series 25) in return for a total of 1,041 million NIS. The net effective interest rate embodied in the debentures is 0.3%. The debentures (Series 25) carry an annual interest rate of 0.35%, and is paid twice a year, on March 31 and the September 30 of each of the years from 2022 to 2033. The debentures (Series 25) are linked (principal and interest) to the Consumer Price Index and are not secured. The debenture principal (Series 25) is redeemable in nine unequal annual payments, which will be paid on September 30 2023, 2025 and 2027 to 2033. The average life span of the series is 8.5 years. The issuing costs amounted to a total of 10.5 million NIS. This series' financial covenants are detailed in Section B below.

(3) *) 1,121,000 NIS NV are held by a Company subsidiary. As of the report date, this balance amounted to a total of 1,129,000 NIS.

Note 20: - Debentures (Continued)

b Financial Covenants

Series	Financial covenant
15	Equity attributable to Company shareholders shall not drop below 750 million NIS.
	The net financial debt to net balance sheet ratio, as defined in the deed of trust, shall not exceed 75% for a period greater than two consecutive quarters.
	The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 17 for a period exceeding two consecutive quarters.
	The ratio of equity attributed to the Company's shareholders to the net balance sheet shall be no less than 15% for a period greater than two consecutive quarters.
16-18	Equity less minority rights shall be no less than 1 billion NIS.
	The net financial debt to net balance sheet ratio, as defined in the deed of trust, shall not exceed 75% for two consecutive quarters.
	The ratio of capital attributed to the Company's shareholders to the net balance sheet shall be no less than 15% for two consecutive quarters.
	The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 17 for two consecutive quarters.
19	Equity attributable to Company shareholders shall be no less than 1 billion NIS for 2 consecutive quarters. If the ratio of equity to balance sheet is 40% or more, the equity attributed to Company shareholders of shall be no less than 600 million NIS, for two consecutive quarters, so long as the ratio of capital to the balance sheet is 40% or more in each of the two quarters in question.
	The net financial debt to balance sheet ratio, as defined in the deed of trust, shall not exceed 75% for two consecutive quarters.
	The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 17 for two consecutive quarters.
	The net financial debt to balance sheet ratio, as defined in the deed of trust, shall be no less than 15% for two consecutive quarters.

Note 20: - Debentures (Continued)

Series	Financial covenant
20	Equity attributable to Company shareholders shall be no less than 1.2 billion NIS for 2 consecutive quarters. If the ratio of equity to balance sheet is 40% or more, the equity attributed to Company shareholders of shall be no less than 700 million NIS, for two consecutive quarters, so long as the ratio of capital to the balance sheet is 40% or more in each of the two quarters in question.
	The net financial debt to balance sheet ratio, as defined in the deed of trust, shall not exceed 75% for two consecutive quarters.
	The net financial debt ratio, as defined in the deed of trust will not exceed 17, for two consecutive quarters.
	The ratio between the capital attributed to the Company's shareholders and the net balance sheet shall be no less than 16% for two consecutive quarters.
23 (formerly 14)	Equity attributable to Company shareholders shall be no less than 1.5 billion NIS for two consecutive quarters.
	The net financial debt to balance sheet ratio, as defined in the deed of trust, shall not exceed 75% for two consecutive quarters.
	The net financial debt ratio, as defined in the deed of trust will not exceed 18, for two consecutive quarters.
24 (formerly 15)	Equity attributable to Company shareholders shall be no less than 1.5 billion NIS for two consecutive quarters.
	The net financial debt to balance sheet ratio, as defined in the deed of trust, shall not exceed 80% for two consecutive quarters.
	The LTV ratio for pledged assets (Darban shares) shall not exceed 75%.
	The net financial debt ratio, as defined in the deed of trust will not exceed 19, for two consecutive quarters.
25	Equity attributable to Company shareholders shall be no less than 2.5 billion NIS for two consecutive quarters.
	The net financial debt to balance sheet ratio, as defined in the deed of trust, shall not exceed 75% for two consecutive quarters.
	The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 16 for two consecutive quarters.
	The net financial debt to balance sheet ratio, as defined in the deed of trust, shall be no less than 20% for two consecutive quarters.
25, Financial Covenants for Adjusting the Interest Rate	Equity attributable to Company shareholders shall be no less than 2.9 billion NIS for two consecutive quarters.
	The net financial debt to balance sheet ratio, as defined in the deed of trust, shall not exceed 70% for two consecutive quarters.
	The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 13 for two consecutive quarters.
	The net financial debt to balance sheet ratio, as defined in the deed of trust, shall be no less than 25% for two consecutive quarters.

As of December 31 2021 the Company was in compliance with all necessary financial covenants.

Note 20: - Debentures (Continued)

c. Restrictions on the Distributions of Dividends

According to the deeds of trust for the debentures (Series 15-25), the Company undertook not to perform a distribution (as defined in the Companies Law, 1999), including to discontinue distributing dividends to its shareholders in each of the following cases, including a situation in which one of the following occurs as a result of the distribution in question:

A. If the ratio between “net financial debt” and “net balance sheet” exceeds 75% in Series 15, exceeds 73% in Series 16-20 and exceeds 70% in series 23-25;

B. If the ratio between “net financial debt” and gross profits, according to the Company's consolidated balance sheets (audited or reviewed, as the case may be) has exceeded 15 in Series 15-20, exceeded 16 in Series 23-24 and exceeded 13 in Series 25;

C. If the Company’s equity, with the exception of minority interests, drops below 1 billion NIS in Series 15, below 1.3 billion NIS in Series 16-20, BELOW 2 billion NIS in Series 23-24 and below 3.4 million NIS in Series 25;

D. If the ratio between the equity attributed to the Company's shareholders, according to its consolidated balance sheets (audited or reviewed, as the case may be) and the balance sheet exceeds 15% in Series 15-19 and exceeds 17% in Series 20.

E. If grounds exist for immediate redemption (in Series 17-25).

In this regard: “net financial debt” means debt less cash and cash equivalents, short-term investments, and deposits; and “net balance sheet” means balance sheet total less cash and cash equivalents, short-term investments, and deposits. All of the parameters in this section will be determined based on the Company’s Consolidated Financial Statements

d. Ratings

a. On May 27 2021 Standard & Poor’s Maalot revised the rating of the Company and its debentures. The rating of the Company, its unguaranteed debentures (Series 15, 16, 17 and 20) and debentures guaranteed by Darban shares (Series 24) increased from ilAA- to ilAA; the rating of the Company’s short--term credit, which was +1 ilA-, was ratified. All at a stable outlook.

b. On October 28 2021 Standard & Poor’s Maalot announced, following its announcement from October 10 2021, that it was issuing a rating of ilAA to the debentures (Series 25) issued by the Company, to a total scope of up to 1.2 billion NIS NV.

Note 21: - Other Liabilities

	December 31	
	2021	2020
	Thousands of NIS	
Liability due to combination agreement in Israel, see Note 10.b.2.	1,110	15,809
Loans from partners in subsidiaries	79,689	77,954
Loans from investees	7,030	7,698
Advance rental revenues	15,000	15,000
	102,829	116,461

Note 22: - Deposits from Tenants

To guarantee the payment of rental fees, CPI-linked deposits and non-interest bearing deposits in foreign currency have been received from tenants.
These deposits are refunded to the tenants at the end of the rental period, after the tenants have met all of their obligations.

Note 23: - Pending Liabilities, Liens and Guarantees

a. Pending Liabilities

Claims were filed against Group companies over the ordinary course of business, the total sum of none of which is not material to the group. Company management estimates that the provision included in the Financial Statements suffices to cover exposure from the claims in question.

b. Guarantees Provided by the Group

Guaranteeing Company	Guaranteed Company	Details	Collateral level (in millions of NIS)
The Company	Associates	Due to loan from financial corporations.	117
The Company	Memadim Investments Ltd., subsidiary	Due to loans from financial corporations.	21
The Company	-	To guarantee the completion of buildings within the areas of various local authorities, for the purpose of participation in tenders and for credit assurance.	26
The Company	-	Collateral for the purchase of Bank Mizrahi assets	10*
A partnership under Company control	-	Guarantees to apartment buyers in the Merom Hasharon project and Aminadav project.	170
The Company	M.N. Nofar Energy Partnership – Mivne Limited Partnership	Due to loans from a financial corporation	37
The Company	The Be'erot Yitzhak Land Development Company, subsidiary	For a loan given the Be'erot Yitzhak Land Development Company from a financial corporation.	83

* Subsequent to the report date, the transaction was completed and collateral expired.

Additional guarantees were provided by Group companies over the ordinary course of business, the sum of each of which nor their total sum is material to the Group.

Note 23: - Pending Liabilities, Liens and Guarantees (Continued)

c. Liens

1. In order to guarantee most of the liabilities of the Company and of its subsidiaries, rights in various properties owned by them including a portion of the receipts of customers from them, the inventory of buildings for sale, deposits in banking corporations and securities (including Darban shares held by the Company) were mortgaged.

The balances of guaranteed liabilities are as follows:

	December 31	
	2021	2020
	Thousands of NIS	
Short-term loans and credit	244,083	22,150
Non-current liabilities (including current maturities)	1,214,673	1,228,898
Bank guarantees secured by lien	463,603	320,690
Debentures (*)	2,229,703	2,391,369
	4,152,062	3,963,107

(*) To guarantee the Company's debentures (Series 24), Darban shares were pledged and to guarantee the debentures (Series 18, 19 and 23), real estate properties were pledged.

1. The fair value of pledged assets in Israel as of December 31 2021 amounted to a total of 8.2 billion (as of December 31 2020, 7.7 billion NIS) and overseas to the sum of 540 million NIS (as of December 31 2020, 637 million NIS).

Note 24: - Balances and Transactions with Interested and Related Parties

a. Balances with Related Parties

	December 31	
	2021	2020
	Investees	
	Thousands of NIS	
Other receivables	11,417	11,490
Investments in investees	367,459	294,304
	378,876	305,794

b. Management Fees, Salaries and Benefits

	For the Year Ending December 31		
	2021	2020	2019
	Thousands of NIS		
Management fees and participation in the expenses of the Chairman and members of the Board of Directors (1)	1,439	1,665	4,301
Salary and bonus to CEO (2)	6,500	5,951	11,681
Share-Based Payment (3)	3,535	8,245	80
Number of Board members	7	7	7

Note 24: - Balances and Transactions with Interested and Related Parties (Continued)

(1) Starting November 4 2019, the date of the completion of the merger with Jerusalem Economy (hereinafter – the Merger Completion Date), the Chairman of the Board is paid compensation identical to the directors' compensation paid the other directors.

(2) Mr. Zvida has served as Company CEO since January 1 2014, and CEO of Darban since April 16 2012. Until the completion of the merger, Mr. Zvida also served as the CEO of Jerusalem Economy. On November 7 2016 the Company General Meeting approved the cost of updating the terms of the Company CEO's service from October 5 2016. Mr. Zvida (through a fully-owned private company, in this section: the Private Company) shall be paid monthly management fees of 220,000 per month, plus VAT. The management fees are linked to increases in the Consumer Price Index for February 2013. Mr. Zvida is not a Company employee and there are no employer/employee relationships between him and the Group companies. The engagement is not limited in time, and may be concluded by either party with 180 days' advance notice. In addition, the Company has the right to end the engagement immediately, in accordance with accepted practice. The Group companies provide Mr. Zvida with a Group 7 vehicle and bear all of its expenses including grossing-up the vehicle tax or in lieu of this cost. Mr. Zvida is entitled to 25 days of vacation per year, which may be accumulated (but not redeemed) to up to 50 days. Mr. Zvida is also entitled to 30 sick days per year. At the conclusion of Mr. Zvida's service as Company CEO, the Private Company shall be entitled to a persistence bonus equal to the last monthly management fees paid the Private Company upon the conclusion of the agreement, multiplied by the number of years of Mr. Zvida's service as CEO, starting from the start of his term of service as CEO of Darban, but no more than 10 years. In addition, the private Company shall be entitled to a retirement bonus equal to 6 monthly management fee payments. Mr. Zvida shall be entitled to a yearly bonus and a long-term bonus in accordance with the Company's remuneration policy. On July 15 2021 and on August 12 2021 the Remuneration Committee and the Company Board of Directors (respectively) decided to update the management fees by 6%, in accordance with the Company's remuneration policy.

In addition, Mr. Zvida is entitled to executive liability insurance, exemption from liability and to an indemnification commitment, as generally accepted for Company executives.

On March 17 2022 the Company Board of Directors approved, after receiving the recommendation of the Remuneration Committee on March 15 2022, a bonus to Mr. Zvida for 2021 to the sum of 2.9 million NIS.

(3) Upon the completion of the merger, Mr. Zvida was allocated 3,870,000 options not listed for trade in lieu of the options he held in Jerusalem Economy, which expired and were cancelled on the merger completion date. On January 17 2022 Mr. Zvida exercised all of the options in question, at an exercise price of 4.547 NIS per share, to 3,870,000 regular Company shares worth 1 NIS NV each.
On January 2 2020, as part of an options plan for Company officers and employees, the Company issued 9,523,809 non-tradable options for the purchase of 9,523,809 regular shares worth 1 NIS NV each (hereinafter - the Options) to the Company CEO. For details see Note 28.a.3.

b. The Company prepares an insurance policy for the liability of the other directors and officers, renewed annually, with a liability limit of $75 million for one claim and on an accumulated bonus according to the policy, and in any event in which the sum ruled, along with litigation costs, exceeds the liability limit, the policy will cover "reasonable litigation costs" as per Section 66 of the Insurance Contract Law, 1981. On the date the merger came into effect, the runoff addition of policies for insuring the liability of directors and officers of Group companies and accordingly, starting November 3 2019 the policies in question cover the liability of those directors and officers that served at the companies and their subsidiaries until November 3 2019, or who had completed their service prior to this date, for suits filed for the first time during a disclosure period of 7 years starting November 4 2019 for their actions and failures to act during their service period up to November 3 2019.

c. Within the framework of an advance sales of apartments on Hahascala Blvd. in Tel Aviv, agreements were signed to purchase six apartments by related parties, to a monetary scope of 16.7 million NIS. The agreements are stipulated on the receipt of a building permit. See Note 10.b.1 above.

Note 24: - Balances and Transactions with Interested and Related Parties (Continued)

d. The following data concentrates transactions with associates and interested parties:

	For the Year Ending December 31		
	2021	2020	2019
	Associates		
	Thousands of NIS		
Revenues from management and maintenance fees	1,882	2,253	2,253
Financing expenses, net	8,638	7,936	20,329
	Interested parties		
	Thousands of NIS		
Rental revenues	2,132	2,115	330 (*)
Consolidated revenues	503	499	78 (*)

(*) Started being interested parties in November 2019

Note 25: - Financial Instruments

a. Classification of Financial Assets and Financial Liabilities

The following is the classification of financial assets in accordance with IFRS 9 and financial liabilities in accordance with IAS 9 in the balance sheet to the various groups of financial instruments:

	December 31	
	2021	2020
	Thousands of NIS	
Financial Assets		
Financial assets measured at fair value via gain/loss	83,265	24,107
Financial assets measured at fair value via other comprehensive income	-	85,633
Financial assets measured at depreciated cost	1,652	68,953
Financial Liabilities		
Financial liabilities measured at depreciated cost	5,805,232	5,287,903

b. Financial Risk Factors

The Group's activities expose it to various financial risks, such as market risk (foreign currency risk, CPI risk and interest risk), credit risk and liquidity risk. The Group's comprehensive risk management program focuses on actions designed to minimize possible negative influences on the Group's financial performance.
Risk management is carried out by the Company CEO.

1. Market Risks

a) Foreign Currency Risk

The Group has investments in foreign activities, the net assets of which are exposed to possible changes in the exchange rate of the U.S. dollar, the euro, the Canadian dollar, and the Swiss franc.

Note 25: - Financial Instruments (Continued)

b) Consumer Price Index Risk

The Group has loans from banking corporations and others and issued debentures that are linked to fluctuations in the consumer price index in Israel. The net sum of the financial instruments that are linked to the CPI and due to which as of December 31 2021 the Group is exposed to changes in the CPI amounts to 5 billion NIS.

c) Interest Risk

The Group is exposed to risk due to fluctuations in market interest stemming from short-term deposits given and from long-term and short-term loans received bearing variable interest. The Group's policy is to manage the financing costs relating to interest whilst using a mix of variable and fixed interest for the Group's long-term loans. The net sum of short-term deposits and short and long-term loans at a variable interest rate is 82 million NIS as of December 31 2021.

d) Price Risk

The Group has investments in financial instruments that are traded on the stock exchange, shares, options and debentures measured at fair value via gain/loss, for which the Company is exposed to risks for fluctuations in the price of the security. The balance sheet balance of these investments as of December 31 2021 is 83 million NIS.

2. Credit Risk

The Company does not have any significant concentrations of credit risk. The Group has a policy of ensuring that properties are rented to customers who have an adequate credit history and the rentals are in cash or check. In the matter of the possible impact of the Covid-19 crisis, see Note 1c.
The Company holds cash and cash equivalents, short-term and long-term investments and other financial instruments at various financial institutions. These financial institutions are located in different geographical locations around the world, and the Company's policy is to spread its investments out among the various institutions. In accordance with the Company's policy, evaluations of the relative strength of credit of the various financial institutions are made on an ongoing basis.

Note 25: - Financial Instruments (Continued)

3. Liquidity Risk

The Group's goal is to preserve the current ratio between receipt of ongoing financing and current flexibility though the use of unused frameworks, banks loans and debentures.

Concentration of Liquidity Risk

The following table presents the repayment dates of the Group's financial liabilities in accordance with the contractual conditions in non-discounted sums (including interest payments):

As of December 31 2021

	Up to 1 Year	From 1 Year to 2 Years	From 2 Years to 3 Years	From 3 Years to 4 Years	From 4 Years to 5 Years	Over 5 Years	Total
	Thousands of NIS						
Credit from banking corporation	35,474	-	-	-	-	-	35,474
Trade payables	41,463	-	-	-	-	-	41,463
Payables and credit balances	111,441	-	-	-	-	-	111,441
Non-current loans from banking institutions and others and other long-term liabilities	373,740	223,155	305,776	216,312	108,838	441,424	1,669,245
Debentures	399,809	484,590	755,032	383,141	763,759	2,180,295	4,966,626
	961,927	707,745	1,060,808	599,453	872,597	2,621,719	6,824,249

As of December 31 2020

	Up to 1 Year	From 1 Year to 2 Years	From 2 Years to 3 Years	From 3 Years to 4 Years	From 4 Years to 5 Years	Over 5 Years	Total
	Thousands of NIS						
Credit from banking corporations	22,150	-	-	-	-	-	22,150
Trade payables	34,252	-	-	-	-	-	34,252
Payables and credit balances	177,640	-	-	-	-	-	177,640
Non-current loans from banking institutions and others and other long-term liabilities	297,874	511,258	103,033	46,923	292,626	244,789	1,496,503
Debentures	508,929	432,968	463,649	776,703	361,351	1,973,161	4,516,761
	1,040,845	944,226	566,682	823,626	653,977	2,217,950	6,247,306

Note 25: - Financial Instruments (Continued)

c. Fair Value

The following table demonstrates the balance in the Financial Statements and the fair value of the groups of financial instruments that are presented in the Financial Statements not at fair value:

	Balance		Fair Value	
	December 31		December 31	
	2021	2020	2021	2020
	Thousands of NIS			
Financial Assets				
Deposits and long-term debit balances	1,652	68,953	1,655	68,971
Financial Liabilities				
Liabilities to banking corporations and others	1,249,335	1,247,174	1,337,131	1,326,114
Debentures	4,555,897	4,040,729	5,102,614	4,462,435
	5,805,232	5,287,903	6,439,745	5,788,549

The balance in the financial statements of cash and cash equivalents, short-term investments, receivables, payables and debit balances and credit providers, deposits and long term debt balances, loans to associates, credit from banking corporations and others, liabilities to suppliers and service providers and creditors and credit balances matches or approximates their fair value. The balance includes a conversion component and accrued interest as of the balance sheet date.

Note 25: - Financial Instruments (Continued)

d. Further Information on Material Investments in Financial Assets

Projected realization dates of the material investments by groups of financial instruments in accordance with IFRS 9:

December 31 2021

	Up to 1 Year	From 1 to 2 Years	From 2 to 3 Years	From 3 to 4 Years	From 4 to 5 Years	Over 5 Years	Total
	Thousands of NIS						
Financial assets measured at fair value via gain/loss:							
Shares and options	83,265	-	-	-	-	-	83,265
Debentures	49	-	-	-	-	-	49
Financial assets measured at fair value via other comprehensive income:							
Financial assets measured at depreciated cost	1,652	-	-	-	-	-	1,652
	84,966	-	-	-	-	-	84,966

December 31 2020

	Up to 1 Year	From 1 to 2 Years	From 2 to 3 Years	From 3 to 4 Years	From 4 to 5 Years	Over 5 Years	Total
	Thousands of NIS						
Financial assets measured at fair value via gain/loss:							
Shares and options	24,058	-	-	-	-	-	24,058
Debentures	49	-	-	-	-	-	49
Financial assets measured at fair value via other comprehensive income:							
Shares –	85,633	-	-	-	-	-	85,633
Financial assets measured at depreciated cost	61,138	1,669	5,796	-	350	-	68,953
	170,878	1,669	5,796	-	350	-	178,693

Note 25: - Financial Instruments (Continued)

e. Sensitivity Tests due to Changes in Market Factors and their Impact on the Statements of Operations

	Test of Sensitivity to Changes in Interest Rates	
	Profit (Loss) From the Change	Profit (Loss) From the Change
	1% Increase in Interest	1% Decrease in Interest
	Thousands of NIS	
2021	100	(100)
2020	300	(300)

	Test of Sensitivity to Changes in Exchange Rates	
	Profit (Loss) From the Change	Profit (Loss) From the Change
	5% Exchange Rate Increase	5% Exchange Rate Decrease
	Thousands of NIS	
2021	3,507	(3,507)
2020	10,067	(10,067)

	Sensitivity Test of Changes in the Consumer Price Index	
	Profit (Loss) From the Change	Profit (Loss) From the Change
	2% CPI increase	2% CPI Decrease
	Thousands of NIS	
2021	(74,343)	74,343
2020	(63,790)	63,790

	Test of Sensitivity to Changes in Stock Market Rates of Tradable Securities	
	Profit from Change	Loss from Change
	10% Rate Increase	10% Rate Decrease
	Thousands of NIS	
2021	8,327	(8,327)
2020	8,577	(8,577)

Sensitivity Tests and Principal Working Assumptions

The fluctuations chosen in the relevant risk variables were set in accordance with management assessments regarding possible reasonable changes in these risk variables.

The Company has performed sensitivity tests of principal market risk factors that are liable to affect its reported operating results or financial position. The sensitivity tests present the profit or loss and/or change in equity (before tax) with respect to each financial instrument for the relevant risk variable chosen for it as of each reporting date. The test of risk factors was determined based on the materiality of the exposure of the operating results or financial condition of each risk with reference to the functional currency and assuming that all the other variables are constant.

Note 26: - Supplementary Information to Gain/Loss Items

	2021	2020	2019
	For the Year Ending December 31		
	Thousands of NIS		
a. Administrative and General Expenses			
Fees, salaries and associated	44,823	46,835	49,433
Management fees and director remuneration	3,264	4,021	7,259
Depreciation	4,142	5,093	5,966
Provision to doubtful and bad debt	6,707	20,913	15,215
Professional fees	16,306	23,734	34,257
Administrative and other expenses	5,953	6,334	12,593
	81,195	106,930	124,723
b. Other Revenues (Expenses), Net			
Changes in fair value of financial liability due to put option	39,813	(14,197)	14,106
Amortization of goodwill	(7,498)	-	-
Profit (loss) from the realization of investment in investees	-	68,381	(17,568)
Capital gain from the sale of fixed assets	-	3,273	-
Miscellaneous	(3,115)	322	(1,775)
	29,200	57,779	(5,237)
c. Financing Expenses and Revenues			
Financing Expenses			
Interest from short term credit	3,323	4,655	1,490
Interest due to non-current loans	36,133	42,197	51,077
Interest due to debentures	98,609	114,514	154,606
Linkage differentials due to long-term credit and non-current loans	22,364	(39)	(3,134)
Linkage differentials due to debentures	82,636	(19,915)	17,910
Exchange rate differences	51,269	34,838	7,425
Loss from early redemption of debentures and loans	13,903	23,011	10,655
Loss from tradable securities, net	-	6,191	-
Miscellaneous	1,818	2,618	4,804
	310,055	208,070	244,833

Note 26: - Supplementary Information to Statement of Operations Items (Continued)

	For the Year Ending December 31		
	2021	2020	2019
	Thousands of NIS		
Financing Revenues			
Interest due to deposits and short-term investments	1,289	3,675	5,089
Dividends and profit from negotiable securities and from short-term investments	5,450	-	17,476
Linkage differentials due to bank deposits	650	(1,278)	1,384
Other financing revenues	9,125	7,319	5,396
	16,514	9,716	29,345

Note 27: - Taxes on Income

a. Tax Laws Applicable to Group Members

Income Tax Law (Adjustments due to Inflation), 1985

According to the law, up to the end of 2007 results for tax purposes in Israel were measured after being adapted to changes in the Consumer Price Index.

In February 2008 the Knesset passed an amendment to the Income Tax Law (Adjustments due to Inflation), 1985, limiting the incidence of the Adjustments Law from 2008 onward. Starting 2008, results are measured for tax purposes in nominal sums with the exception of various adjustments due to changes in the CPI in the period ending December 31 2007. Adjustments referring to capital gains, such as for the realization of real estate (betterment) and securities continue to apply until the realization date. The amendment to the law includes, inter alia, cancellation of the adjustment of the addition and deduction for inflation and the additional deduction for depreciation (on depreciable assets acquired after the 2007 tax year) starting in 2008.

b. Tax Rates Applicable to Group Members

In December 2016 the Knesset General Assembly passed the Economic Streamlining Law (Legislative Amendment for Achieving Budget Goals for the 2017 and 2018 Budget Years), 2016, which was published on December 29 2016. Pursuant to the approved law, the corporate tax rates will be decreased starting January 1 2017 to 24% (instead of 25%) and starting January 1 2018 to a rate of 23%.

The corporate tax rate in Israel is 23% in 2019-2021., including in the matter of capital gains tax.

Note 27: - Taxes on Income (Continued)

c. Taxes on Income Referring to Other Comprehensive Income (Loss) Items

	For the Year Ending December 31		
	2021	2020	2019
	Thousands of NIS		
Tax due to translation differences	3,100	7,085	-
Tax due to hedge of investment in foreign activity	-	-	306
Tax benefit (expense) due to cash flow hedging transactions	-	1,115	(17)
Taxes passing through other comprehensive income	3,100	8,200	289

d. Taxes on Income Included in Gain/Loss

	For the Year Ending December 31		
	2021	2020	2019
	Thousands of NIS		
Current taxes	32,879	39,028	35,253
Deferred taxes	193,375	142,371	30,565
Current taxes for previous years	(14,805)	7,059	30,606
	211,449	188,458	96,424

e. Deferred Taxes

	Balance Sheets		Statements of Operations		
	December 31		For the Year Ending December 31		
	2021	2020	2021	2020	2019
	Thousands of NIS				
Investment property presented at fair value	1,884,304	1,739,183	146,101	76,935	166,692
Losses carried forward for tax purposes	(424,658)	(457,521)	32,863	92,869	(186,277)
Debentures and securities	(163)	(3,941)	3,778	934	2,455
Others	(321)	(10,955)	10,633	(28,367)	47,695
Deferred tax expenses (revenues)			193,375	142,371	30,565
Deferred tax liabilities, net	1,459,162	1,266,766			

Note 27: - Taxes on Income (Continued)

f. Losses Carried Forward for Tax Purposes and Other Temporary Differences

The Group has business losses and capital losses for tax purposes carried forward for tax purposes to coming years, totaling 2 billion NIS as of December 31 2021 (a total of 2 billion NIS as of December 31 2020).

No deferred tax assets have been recognized for transferable business losses and capital losses to the amount of 90 million NIS, in the absence of any expectation of them being used in the foreseeable future.

g. Tax Assessments

Most Company investees incorporated in Israel have tax assessments considered final for the tax years up to and including the 2016 tax year.

On December 17 2020 Jerusalem Economy received tax assessments from the Tax Authority in accordance with their best judgement for 2015-2018, to the total payable sum of 25 million NIS (including interest and linkage). On February 7 2022 the Company signed an assessment agreement for the years in question in which the Company paid a sum of 12.3 million NIS on that date. The Company included a provision for the tax assessments for these years in its Financial Statements.

The Company has received tax assessments deemed final up to and including the 2016 tax year; Saklar, a subsidiary of Darban and Darban consolidated companies, have tax assessments considered final up to and including the 2016 tax year.

h. Theoretical Tax

The following is a reconciliation between the tax sum, assuming that all revenues and expenses, gains and losses in the Statement of Comprehensive Income would have been taxed at the statutory tax rate and the sum of taxes on income charged to gain/loss:

	For the Year Ending December 31		
	2021	2020	2019
	Thousands of NIS		
Profit before taxes on income	1,166,496	765,188	880,588
Statutory tax rate	23%	23%	23%
Tax calculated using statutory tax rate	268,294	175,993	202,535
Increase (decrease) in taxes on income due to the following factors:			
Expenses not deductible for tax purposes	1,496	10,297	-
First-time creation of deferred taxes for investees	(9,890)	-	(70,130)
Exempt income	(2,501)	(1,224)	(3,192)
Different tax rates at foreign companies and in Israel	(4,339)	(2,088)	653
Back tax expenses (revenues)	(14,805)	7,059	30,606
Taxes due to profits (losses) of associates	(4,893)	(1,520)	7,034
Increase in losses for tax purposes for which deferred taxes were recognized.	(1,277)	(3,843)	(78,735)
Utilization of tax losses from previous years, for which no deferred taxes were previously recognized	(11,135)	(4,567)	(1,597)
CPI benefit and others	(9,501)	8,351	9,250
Taxes on income	211,449	188,458	96,424
Average effective tax rate	19%	25%	10%

Note 28: - Equity

a. Composition of Share Capital

	December 31			
	2021		2020	
	Registered	Issued and paid-up	Registered	Issued and paid-up
	Thousands of NIS			
Regular shares worth 1 NIS NV each	2,000,000	799,280	2,000,000	818,725

1. On April 21 2021 the Company announced that it had allocated to three recipients form the Phoenix Group 10,869,484 Company shares as a result of the exercise of a Call option for the purchase of Company shares granted them, in return for the receipt of an exercise price of 78 million NIS.

2. On August 9 2021 Darban distributed a dividend in kind of 30,529,529 NV company shares held by it at a value of 290 million NIS, based on the value of the shares on the distribution date. See Note 13a.

3. On January 2 2020 the Company issued 18,231,293 non-tradable options to purchase 18,231,293 regular shares worth 1 NIS (hereinafter – the Options) NV each for Company employees and officers. The exercise price for each option – 7.93 NIS (before adjustments set in the options plan). The options' vesting period was set on a quarterly basis over the course of four years, so that on the allocation date, meaning January 1 2020 and subsequently on the first day of each calendar quarter, 1/16 of the options shall vest and will be exercisable (meaning that he final batch of 1/16 of the options shall be exercisable starting October 1 2023). The options shall expire 5.5 years from their date of issue. Unless the Company Board of Directors has established otherwise, 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 economic value of each option is 1.47 NIS. 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. In 2021, on a number of dates, 706,122 options were exercised as 214,229 regular shares worth 1 NIS NV each

Note 28: - Equity (Continued)

b. Management of Equity at the Company

The Company's capital management objectives are:

1. To preserve the Group's ability to ensure the continuity of the business and thereby generate yields to shareholders, investors and other interested parties.
2. To take care to ensure adequate yields for shareholders by pricing the products and services in such a manner so as to match the level of risk present in the Group's business activity.
3. To preserve a high credit rating and good equity ratios that will guarantee support of commercial operations and create maximum value for shareholders.
4. On March 18 2021 the Company's Board of Directors announced that it was distributing dividends to the sum of 55.3 million NIS, which were paid on April 12 2021 (the sum of the dividends less the share of a subsidiary holding the Company's shares is 50 million NIS). On the same occasion, the Company Board of Directors decided on a dividend distribution policy for 2021 totaling 200 million NIS but not exceeding 50% of the Company's total yearly FFO, all subject to a specific decision by the Board of Directors before each distribution after examination of the distribution tests set in the Companies Law. On May 25 2021 the Company's Board of Directors decided to distribute dividends to the sum of 55.3 million NIS, which were paid on June 15 2021 (the sum of the dividends less the share of a subsidiary holding the Company's shares is 50 million NIS). On August 12 2021 the Company's Board of Directors decided to distribute dividends to the sum of 53.2 million NIS, which were paid on August 31 2021 (the sum of the dividends less the share of a subsidiary holding the Company's shares is 50 million NIS). On November 23 2021 the Company's Board of Directors approved a distribution of dividends to the sum of 58.5 million NIS (the sum of the dividends less the share of a subsidiary holding the Company's shares is 55 million NIS).

Note 29: - Share-Based Payment

a. The expense that was recognized in the Financial Statements for services received from employees and officers is presented in the following table:

For the Year Ending December 31		
2021	2020	2019
Thousands of NIS		
6,187	14,428	80

b. In the matter of share-based payment at the Company see Note 28.a.3

Note 30: - Net Profit per Share

Details of Number of Shares Used in Calculating Net Earnings per Share

	For the Year Ending December 31 2021		For the Year Ending December 31 2020		For the Year Ending December 31 2019	
	Weighted number of shares	Net income Attributed to shareholders	Weighted number of shares	Net income Attributed to shareholders	Weighted number of shares	Net profit attributed to shareholders
	Thousands	Thousands of NIS	Thousands	Thousands of NIS	Thousands	Thousands of NIS
Number of shares and income before Company's share in earnings of associates, net	759,423	920,504	734,457	570,614	594,946	652,859
Company's share in basic profits per share of associates	-	21,276	-	6,610	-	24,973
for the purpose of calculating basic net earnings	759,423	941,780	734,457	577,224	594,946	677,832
Influence of potentially dilutive ordinary shares	5,571	-	2,941	-	-	-
For the purpose of calculating diluted net earnings	764,995	941,780	737,398	577,224	594,946	677,832

Note 31: – Events Subsequent to the Report Date

a. On February 10 2022 the Company completed a transaction with Bank Mizrahi Tefahot Ltd., Netzivim Assets and Equipment Ltd., Israel Union Bank Ltd. and Egudim Ltd. (hereinafter each of these – a Seller and hereinafter together – the Sellers) for the purchase of the full rights of the sellers to 24 cash-generating land properties throughout Israel with different zoning, including offices and commercial, and including the Israel Union Bank Ltd. management building on Achuzat Bayit Street in Tel Aviv-Yafo, an office building on Lincoln Street in Tel Aviv-Yafo, the main Tel Aviv branch of Union Bank on Echad Ha'am Street it Tel Aviv, and a number of properties in the Bursa Compound in Ramat Gan (all 24 purchased properties shall hereby be referred to together as the Properties). The proceeds paid by the Company for the purchase of the rights to the properties amounted to a total of 531.6 million NIS plus VAT (hereinafter - the Proceeds). 23 of the 24 properties were rented out by the Company to one of the sellers for variable periods of time starting February 2022 in accordance with rental agreements signed between the Company and the relevant seller regarding each property. The total appropriate rental fees, on average, for the real estate properties mentioned above, are expected to amount to 26 million NIS per year in the coming year.

b. On March 17 2022 the Company Board of Directors approved a divided distribution of 79.8 million NIS (of which a sum of 4.8 million will be distributed to Darban Investments Ltd, a fully-owned subsidiary, which holds the Company's shares). The dividend per share is 0.09936 NIS.

Note 32: – Concise Darban Data

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

a. Consolidated Balance Sheets

	As of December 31	
	2021	2020
	Thousands of NIS	
Current Assets		
Cash and cash equivalents	7,755	6,506
Investments in financial assets	83,217	23,969
Current maturities of long-term deposits	-	45,181
Others	9,842	23,599
	100,814	99,255
Assets held for sale	15,840	-
	116,654	99,255
Non-Current Assets		
Investment in shares of parent company	647,953	799,508
Investments in investees handled using the book value method	145,347	136,934
Investment property	986,218	975,698
Others	4,397	4,738
	1,783,915	1,916,878
	1,900,569	2,016,133
Current Liabilities		
Payables and credit balances	24,784	25,787
Current maturities of long-term loans	9,662	24,941
Current maturities of loan from parent company	-	65,212
Others	5,062	4,160
	39,508	120,100
Non-Current Liabilities		
Long-term loans from financial institutions	157,624	163,452
Loan from parent company	45,329	31,792
Other long-term liabilities	15,000	15,000
Deferred taxes	155,745	158,916
	373,698	369,160
Total equity	1,487,363	1,526,873
	1,900,569	2,016,133

Note 32: – <u>Concise Darban Data</u> (Continued)

a. <u>Consolidated Statements of Operations</u>

	For the Year Ending December 31		
	2021	2020	2019
	Thousands of NIS		
<u>Revenues</u>			
From renting, managing and maintaining buildings in Israel	70,890	72,866	136,173
Revenues from apartment sales	-	-	55,401
From renting, managing and maintaining buildings abroad and others	2,336	6,473	8,860
Total revenues	73,226	79,339	200,434
<u>Costs</u>			
Cost of building management and maintenance	9,403	10,856	22,941
Cost of apartments sold	-	-	36,737
Gross profit	63,823	68,483	140,756
Increase in fair value of investment property, net	53,405	12,415	91,491
Administrative and general, and sales and marketing expenses	11,419	13,708	20,867
The Group's share of (profits) losses of associates treated according to the book value method	25,442	11,082	(1,012)
Other comprehensive loss items charged to gain/loss due to Investment in investees	(3,996)	-	-
Other revenues	-	66	924
Profit from regular activities	127,255	78,338	211,292
Loss from early redemption of debentures	-	-	10,665
Profit from the realization of consolidated companies and investee using the book value method	373	68,315	13,343
Financing revenues (expenses), net	4,690	(14,843)	(20,656)
Profit after financing	132,318	131,810	193,314
Tax expenses	20,915	21,184	60,730
Net profit	111,403	110,626	132,584
Attributed to:			
Company shareholders	111,289	109,553	118,523
Non-controlling interests	114	1,073	14,061
	111,403	110,626	132,584

Note 32: – **Concise Darban Data (Continued)**

b. Consolidated Cash Flow Reports

	For the Year Ending December 31		
	2021	2020	2019
	Thousands of NIS		
Net cash deriving from current activities	65,520	60,947	92,394
Net cash derived from (used for) investing activities	(3,344)	255,134	75,317
Net cash used in financing activities	(60,568)	(371,430)	(199,599)
Translation differences due to cash balances held in foreign currency	(359)	468	(6,699)
	1,249	(54,881)	(38,587)
Balance of cash and cash equivalents at the beginning of the year	6,506	61,387	99,974
Balance of cash and cash equivalents at the end of the year	7,755	6,506	61,387

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