



Mivne Real Estate (K.D) Ltd.

(“The company”)

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

As of March 31th, 2022

This is an English translation of the Hebrew consolidated Interim financial statements, that was published on May 23, 2022 (reference no.: 2022-01-062227) (hereafter: “the Hebrew Version”).

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





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

March 31th, 2022 - Quarterly Report



Overview 31.3.22	12,841	Total Investment Property (Millions of NIS)
	778	Of This, Real Estate Under Construction (Millions of NIS)

Projects under construction March 31 2022	6	Projects Under Construction and In Development
	152	Scope (Thousands of m ²)
	1,157	Estimated Cost Balance (Millions of NIS)
	196-213	Expected NOI at Project Completion* (Millions of NIS) <small>* For details see table under "concentrated data on projects in stages of construction, planning and development" below.</small>

Data from the Consolidated Statements 1-3.22	178	NOI (Millions of NIS)
	9.7%	Same Properties NOI in Israel Increase compared to corresponding period last year
	121	FFO (Millions of NIS) Increase of 16.3% compared to the corresponding period last year
	4,160	Unrestricted Assets (Millions of NIS) Constituting 32% of total real estate
	1.98%	CPI-linked weighted debt interest
	1,940	Cash and Credit Frameworks (Millions of NIS)
	93.7%	Occupancy Rate in Israel Increase of 0.7% compared to December 31 2021

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

For the Period Ending March 31 2022

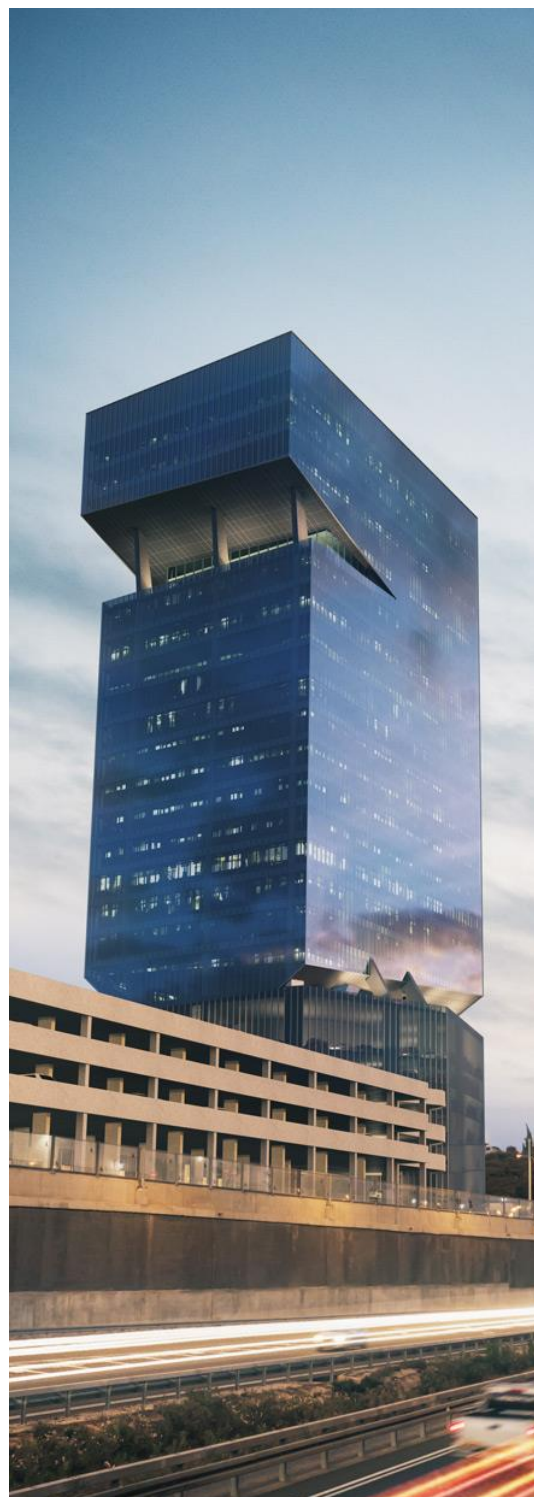
The Board of Directors of Mivne Real Estate (K.D) is honored to submit the Financial Statements of the Company and its subsidiaries ("**the Company**") for the period ending March 31 2022 ("**The Reported Period**").

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

Business Environment

Description of the Company and its Business Environment

The Company is active in the field of cash-generating real estate and deals, by itself and through its investees, in varied real estate activity centering on Israel. For further details see Section 1.2 of the Report on the Corporation's Business in the 2021 Periodic Report. The Company (including associates) owns some 1,934,000 m² of cash-generating space, of which 1,605,000 m² is in Israel. The Company has land reserves and unused rights to the amount of 741,000 m²



Events During the Reported Period

Acquisitions

Acquisition of Properties from the Bank Mizrahi Group

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

Yad Hanna

In March 2022 the Company entered into an agreement with Yad Hanna Homesh Cooperative Village and Hutzot Shefayim to purchase shares of Yad Hanna Homesh Industries – Agricultural Cooperative Association Ltd. (hereinafter – the Association) with a total area of 10 hectares, in such a manner that on the date of the transaction's completion, the Company will hold shares constituting 50% of the issued and paid-up stock capital of the Association, fully diluted, and will join the Association as a member.

In accordance with the plan applicable to part of the Land, the use permitted for them today is for industry, including storage. The Association intends to deal in the planning and promotion of a project for the construction of a cash-generating employment compound on the Land. The purchase agreement is stipulated on the following preconditions: the approval of the Antitrust Commissioner, the approval of the ILA, the approval of the certified organs at the Sellers and the Company and the receipt of approval from any third parties as needed. The proceeds for the shares sold amount to a total of 140 million

NIS, plus VAT. In addition, the Company will provide the Association a capital note to the sum of 43 million NIS.

Capital Raised

In March 2022 the Company issued, by way of expansion, debentures (Series T and W)

The debentures (series T) – the Company issued 530,610,000 NIS NV in return for a total of 645 million NIS. The effective interest embodied in the offering is 0.31%.

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

Yigal Alon

In April 2022 the protocol of the committee approving the decision of the Local Committee for Planning and Construction Tel Aviv-Yafo from March 23 2022, on the deposit of Plan no. 507-0892091 "TA/MK/4974 – Ayalon Region" was approved, subject to fulfilling certain conditions (hereinafter – the Plan) regarding part of Parcel 64 in Block 7069, located between Yigal Alon Street west of the Bitzron Neighborhood, Aminadav Street on the south and Meitav Street on the east ("the Land"), which is held by the Company via capitalized lease.

The plan, as approved by the Local Committee, includes the construction of three buildings: a 47-story residential building, two 47-story employment buildings, and an additional employment structure of the "Mashbir Hamerkazi" building regarding which the plan has established it as a building for preservation.

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

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

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



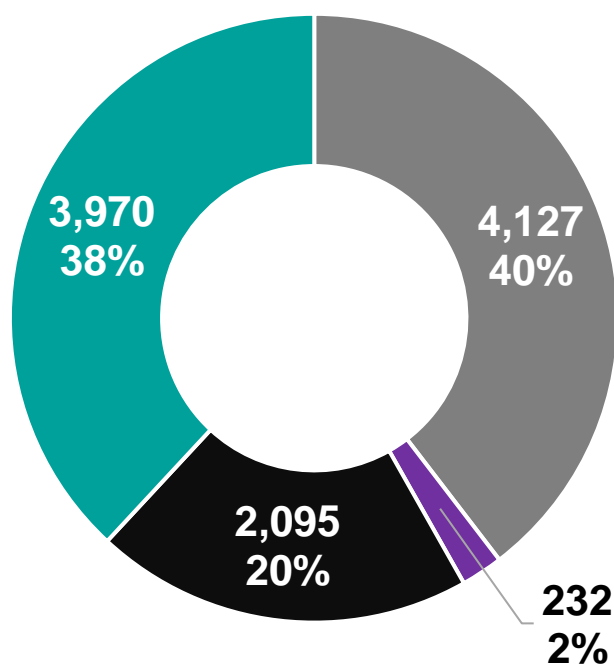
The Company's Activity

As of March 31 2022, the Company's assets (on a consolidated basis), owned and leased, include 570 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 2,815 tenants, in contracts of various length. 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 March 31 2022 is 93.7% versus 93% on December 31 2021.

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

(In Millions of NIS)



- Offices (63 properties)
- Residential housing (3 properties)
- Commercial centers (23 shopping centers)

A View of Company Data

Summary of Key Data (in Millions of NIS)

	% Change 2021/22	1-3/22	1-3/21
NOI in Israel	12.3%	164	146
Same Property NOI	9.7%	159	145
NOI abroad	(33.3%)	14	21
FFO	16.3%	121	104
Increase (Decrease) in Known Index Rate		1.17%	0.1%

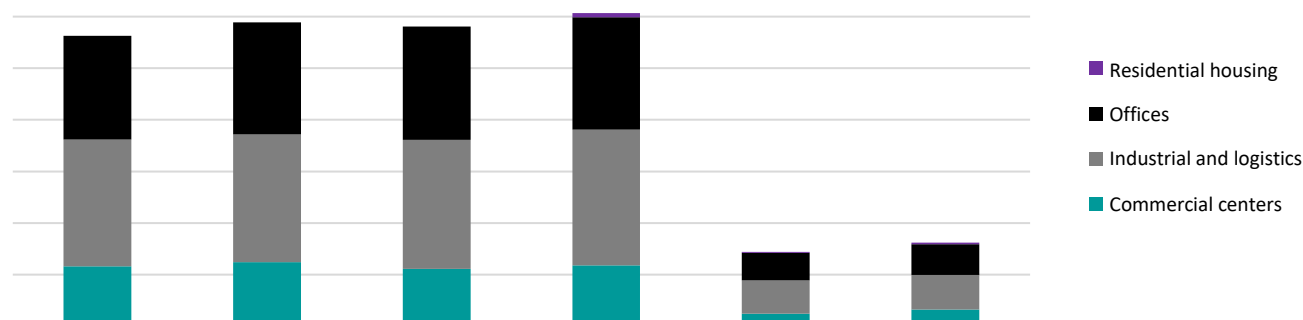
* Most of the decrease derives from the sale of properties in Canada, Germany, the Netherlands and Serbia.

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

	Number of Properties as March 31 2022	Above-Ground Area as of March 31 2022	NOI for the Period 1-3.22	Fair Value of Cash-Generating Property as of March 31 2022	Occupancy rate as of December 31 2022	Value of Real Estate Under Construction as of March 31 2022
Use		m ²	In Thousands of NIS	In Thousands of NIS	%	In Thousands of NIS
Offices	63	394,132	59,880	4,126,581	92.4%	777,513
Commercial centers	23	192,195	31,511	2,095,283	93.2%	-
Industrial and Logistics	481	1,005,888	67,118	3,970,034	94.5%	-
Residential	3	13,120	3,150	231,827	81.7%(*)	-
Total	570	1,605,335	161,659	10,423,725	93.7%	777,513
Associates – Company Share						
Offices	5	16,979	1,757	144,081	72.9%	-
Commercial centers	2	13,353	2,989	194,834	94.2%	-
Total	7	30,332	4,746	338,915	82.3%	-
Expanded Total	577	1,635,667	166,405	10,762,640	93.5%	777,513

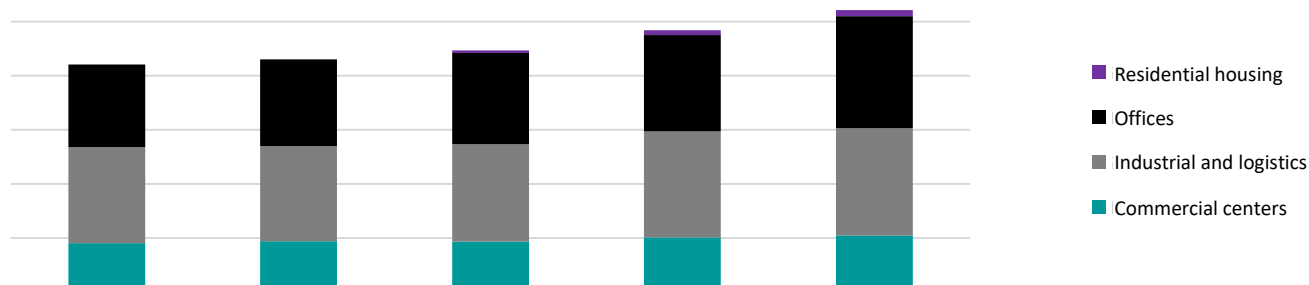
(*) The occupancy rate after neutralizing 30 rental apartments in Kiryat Ono received near the report date is 100%.

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



	1-3/2022	1-3/2021	2021	2020	2019	2018
Commercial Centers	32	24	118	111	124	116
Industrial and Logistics	67	65	263	250	248	246
Offices	60	53	218	218	217	201
Rental Housing	3	2	8	2	-	-
Total	162	144	607	581	589	563

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



	31.3.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Commercial Centers	2,095	2,030	1,878	1,892	1,812
Industrial and Logistics	3,970	3,911	3,589	3,500	3,554
Offices	4,127	3,555	3,367	3,213	3,043
Rental Housing	232	174	101	-	-
Total cash-generating property	10,424	9,670	8,935	8,605	8,409
Total construction	778	723	168	135	52
Total investment property	11,202	10,393	9,103	8,740	8,461

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

Country	Number of Properties	Above-Ground Area in m ²	Number of Tenants	Occupancy Rate	Fair Value In Thousands of NIS	NOI from Cash-Generating Properties 1-3/2022 In Thousands of NIS
Cash-Generating Properties						
Israel	570	1,605,335	2,815	93.7%	10,423,725	161,659
Switzerland	2	56,650	18	93.9%	365,584	5,950
Ukraine*	1	44,705	83	100%	231,848	4,850
North America	4	77,544	181	68.5%	217,624	1,263
France	5	119,447	5	98.5%	17,732	1,163
Total cash-generating properties	582	1,903,681	3,102	93.2%	11,256,513	174,885
Land						
Israel lands	37				948,661 **	
Abroad	1				22,780	
Total land	38				971,441	
Total	620	1,903,681	3,102	93.2%	12,227,954	174,885
Israel – Associated Companies	7	30,332	61	82.3%	338,915	4,746
Total	627	1,934,013	3,163	93%	12,566,868	179,631
Deferred taxes***					1,984,657	

* In light of the security and geopolitical events occurring in the area and which are still ongoing, the Company included an impairment to the value of the property to the sum of 45 million NIS.

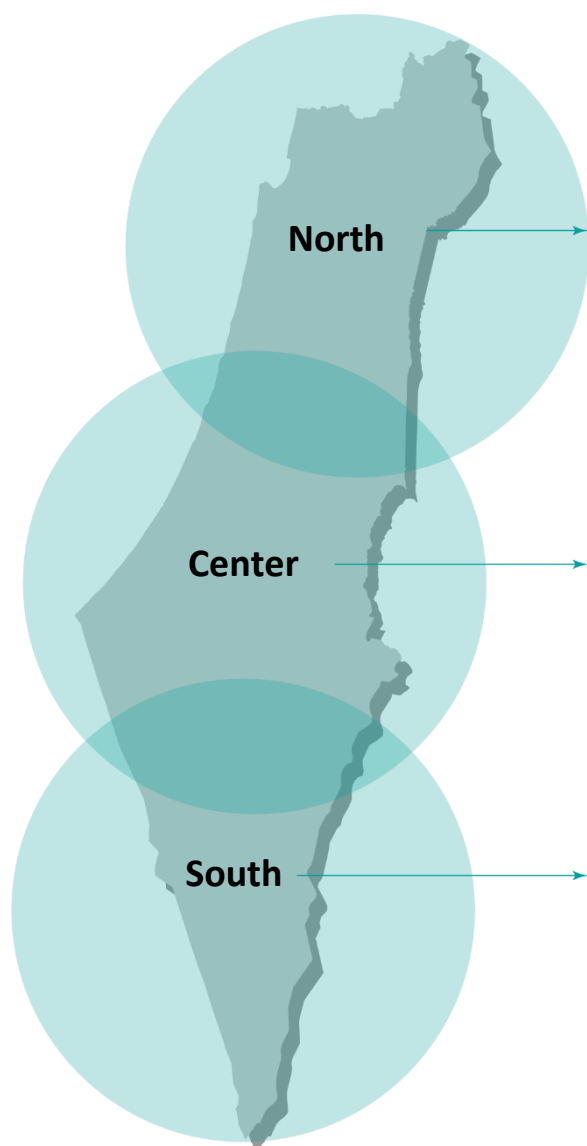
** Including a total of 323 million NIS detailed within the framework of the table of projects being planned.

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



Cities in which the Group has Properties

The Company owns some 1,934,000 m² of cash-generating space, of which 1,605,000 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 2022)¹

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

Project Name	Location	Main Use	Company's Share	Design Status	Built-Up Area (m ²)	Project's Value in the Company's Books	Estimated Construction Cost Balance	Estimated NOI Fully Occupied
						In Millions of NIS		
Hahaskala Blvd.	Tel Aviv	Offices and commercial	100%	End of paneling, excavation and foundation works. Lower structure works are underway	68,300	386	566	109-117
"Mivne" Compound	Holon	Offices	100%	Finishing and adjustments work, estimated completion Q3/2022.	14,800	108	4	8-10
Sarona	Kfar Saba	Offices	100%	Underway, Estimated completion – 2024.	*26,000	114	127	22-24
Haifa Life Sciences Park (2 buildings)	Haifa	Offices	50%	Paneling and excavation works completed. Foundation and lower structure work started.	14,000	17	139	12
Kiryat Hamishpat	Kiryat Gat	Offices	100%	Underway, Estimated completion – Q4/2022	5,000	35	4	3
"Mivne" Herzliya Pituach	Herzliya	Residential	100%	Undergoing paneling and excavation works.	103 housing units	117	99	8-9
		Offices and commercial			24,300		218	27-30
Total					152,400	777	1,157	196-213

* 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 (m ²)	Project's Value in the Company's Books
Yigal Alon	Tel Aviv	Residential, Employment and commercial	100%	The plan was approved for deposit on April 23 2022. Working on meeting the conditions for deposit.	125,000* 400 housing units	139
Hasivim Neveh Oz	Petach Tikva	Offices	100%	Town construction plan approved. Implementation date not yet decided.	13,000	24
Haifa Life Sciences Park (2 buildings)	Haifa	Offices	50%	Preliminary planning	14,000	11
Crytek 2	Yokneam	Offices	100%	Decided to push permit forward, permit receipt forecast - Q3/2022.	25,000	5
Beersheba	Beersheba	Hotels	100%	Paneling and excavation permit received, full permit expected Q3/2022.	7,000	-
Akerstein Towers Stage B	Herzliya	Offices Residential	53%	In discussions with regional committee. In planning stages for Town Plan.	50,000 150 housing units	-
Office Tower in Giv'at Sha'ul	Giv'at Sha'ul	Offices	100%	Decided to push permit forward, forecast - Q2/2023.	34,750	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	69
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%	It was decided to push a permit forward, paneling and excavation permit receipt forecast - Q1/2023.	15,600	38
Total					302,600	323

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

Rental Housing⁽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	Cash-generating
Kiryat Ono	Student Dorms	113	3,334	57,392	-	3,100	Cash-generating
Kiryat Ono	Residential	30	2,690	53,173	-	1,789	Cash-generating
Ben Shemen	Residential	80	8,913	25,518	106,935	4,235	Q3/2024
Hadera	Residential	50	4,507	14,166	58,878	1,679	Q4/2024
Ramat Hasharon	Residential	50	6,044	24,233	122,022	5,508	Q3/2023
Ramat Chen	Residential	80	7,177	37,485	152,365	5,283	Q4/2026
Total		720	45,018	328,019	440,200	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 Yearly Revenue (Thousands of NIS)
Existing installations	105	14,839	13,356
Increasing the size of existing installations	-	4,383	2,674
Installations with quota	172	22,778	16,134
Installations in approval proceedings	16	2,091	1,600
Total	293	44,091	33,764 (*)

(*) 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 100 million NIS and the balance of the cost for implementation totals 54 million NIS.



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Housing

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

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

Location	No. of Housing Units ¹	Holdings in Projects	Number of Housing Units for which Sales Agreements were Signed and Not Yet Delivered	Financial Scope of Sales Agreements (Millions of NIS, Not Yet Delivered)	Number of Housing Units for which Sales Agreements were Signed and Not Yet Delivered	Financial Scope of Sales Agreements (Millions of NIS, Not Yet Delivered)	Sign-Ups for which the Sales Agreement has Not Yet been Signed	Total Investment as of March 31 2022 (Millions of NIS)	Total Cost Balance	Developer Profit Not Yet Recognized
		%	As of March 31 2022		As of the publication of the report					
Hahascala Blvd. ²	360	75%	79	253	79	253	-	364	333	295
Hameitav Tel-Aviv ³	3	50%	3	12	3	12	-	2	-	2
Merom Hasharon Stage F	134	90%	14	28	17	34	12	48	100	59
Merom Hasharon Stage G	79	90%	-	-	-	-	-	28	59	35
Total	576		96	293	99	299	12	442	492	391

- Balance of units in inventory as of March 31 2022.
- The project is undergoing paneling, excavation and foundation works.
- As of March 31 2022 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.

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

Inventory of Land for Long-Term Residential Construction

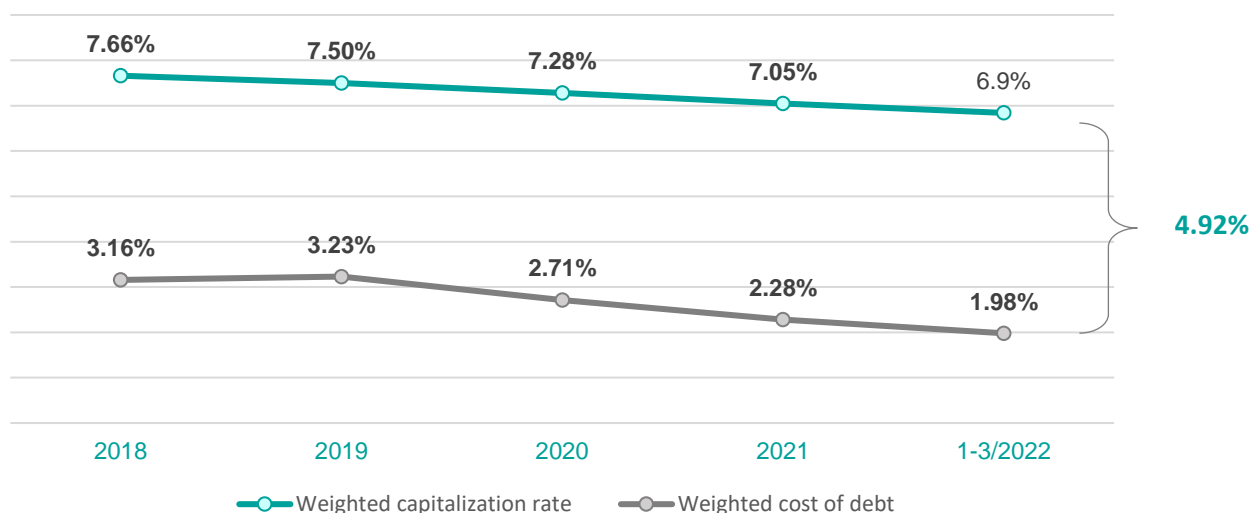
Location	Number of Housing Units	Holdings in Projects	Total Investment as of March 31 2022
		In %	In Millions of NIS
Sdeh Dov	230	33.33%	234
Or Akiva	74	100%	9
Other	101	100%	8
Total	405	-	251

Debt Structure Management

Company policy is to maintain an efficient leverage rate by recruiting debt with a long-term life span and with no liens. The Company's net financial debt as of March 31 2022 amounts to 5.6 billion NIS. The debt's total life span is 4.45 years and the weighted effective interest rate is 1.98% CPI-linked.

As of the publication of this report, the Company has cash balances and unused credit frameworks totaling 1.1 billion NIS, and unencumbered real estate properties to the sum of 4.2 billion NIS.

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



Spreading debt redemptions over years

	Average Life Span	Weighted Effective Interest	2022	2023	2024	2025	2026	2027	2028	2029 Onward	Balance as of March 31 2022*
In Millions of NIS											
Israel	4.45	1.98%	571	473	862	594	964	800	846	1,040	6,150
Weighted interest rate			1.91%	1.88%	1.75%	1.67%	1.66%	1.32%	0.68%	0.35%	
Overseas	7.37	1.48%	54	1	1	47	-	-	-	162	265
Total redemptions			625	757	863	641	964	800	846	1,202	
Of these, a "balloon" guaranteed by a lien			(263)	-	(647)	(225)	(542)	(531)	(372)	(162)	
Redemptions less pledged cash flows			362	474	216	416	422	269	474	1,040	
Value of asset pledged			832	-	1,581	581	756	1,361	1,204	333	
LTV rate of pledged asset			31.6%	-	40.9%	38.7%	71.8%	39%	30.9%	48.5%	

* The balance as of March 31 2022 for debentures includes a discount or premium.

** Over the course of the period debt redemptions were carried out to the sum of 88 million NIS, at weighted interest at a rate of 2.67%.

NET OPERATING INCOME

NOI

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

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

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

NOI Development (In Thousands of NIS)

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Identical properties for the period	159,258	156,608	157,152	154,080	145,164
Properties activated in the period	5,119	736	-	-	-
Properties sold	8	128	223	436	484
NOI – Total	164,385	157,472	157,375	154,516	145,648

The NOI in the first quarter of 2022 totaled 164 million NIS, compared to 146 million NIS in the corresponding quarter last year, constituting a growth of 12.8%.

The same property NOI in the first quarter of 2022 amounted to 159 million NIS compared to 145 million NIS in the corresponding quarter last year, constituting a 9.7% increase.

Weighted Yield Rate

The following is the calculation of the weighted cap rate derived from all the cash-generating properties in Israel as of March 31 2022:

	Consolidated (in Millions of NIS)
Investment property in consolidated report as of March 31 2022	12,063
Less - foreign real estate	(856)
Less – value of lands classified as investment property	(949)
Plus – value of cash-generating properties intending for realization	9
Cash-generating investment property in Israel as of March 31 2022	10,267
Less value attributed to vacant spaces	(544)
Investment property attributed to rented spaces as of March 31 2022	9,723
NOI from cash-generating properties in Israel as of March 31 2022	162
Standard NOI as of March 31 2022	670
Weighted cap rate deriving from income-generating investment property in Israel	6.9%



Funds From Operations

FFO

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

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

We emphasize that the FFO:

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



FFO calculations (In Thousands of NIS)

	1-3.2022	1-3.2021
Net profit for the period	66,462	150,697
Changes in value of investment property and investment property under construction	(28,088)	(72,224)
Profits and losses from the sale of real estate, investees, other revenues and realization of capital reserves from translation differences.	2,724	7,248
Tax expenses from the sale of properties and other revenues	-	1,700
Changes in fair value of financial instruments	8,102	12,231
Adjustments due to taxes	16,766	11,337
Loans attributed to affiliated companies	598	8,596
Revaluation of assets and liabilities	850	914
Other revenues	(6,481)	(21,617)
Nominal FFO	60,933	98,882
Added – expenses of linkage differences on the debt principal and exchange rate differences	55,500	501
Real FFO	116,433	99,383
FFO attributed to cash-generating property	121,365	104,428

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 March 31 2022.
- Without the purchase of new properties.
- No material changes will occur in the business environment in which the Company is active in Israel beyond the estimate detailed in the 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 restrictions due to Covid-19 over the course of 2022 was not taken into account.

	2022 Forecast	2021 in Practice
NOI (in Millions of NIS)	720-740	691
FFO attributed to cash-generating property (in millions of NIS)	480-500	460

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

Operating Results According to Consolidated Financial Statements

Business Results Summary Table (in Millions of NIS)

		For		Notes and Explanations
		1-3.2022	1-3.2021	
Revenues from rental and property management fees		232	216	Most of the increase in the period derives from the purchase of Bank Mizrahi assets, improvements in occupancy and in rental fees offset by the sale of properties. In addition, in the corresponding quarter last year, revenues dropped by 9 million NIS under the influence of Covid-19.
Maintenance and Management Cost		58	51	
Revenues from the Sale of Apartments and Land		-	52	
Cost of Apartments and Land Sold		-	37	
Increase in Fair Value of Investment Property		28	72	Over the course of the period, 60 valuations were carried out for properties worth 0.9 billion NIS. Most of the 77 million NIS 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 listed an impairment to the sum of 45 million NIS as a result of the revaluation of the debt in Kyiv, Ukraine.
Administrative and General, Sales and Marketing Expenses		23	22	
Realization of Capital Reserve due to Adjustments from the Translation of Financial Statements		-	4	
Financing Expenses	Net interest expenses	32	32	
	Expenses (revenues) from change in CPI, net	53	4	A 1.17% CPI increase in the period against a 0.1% increase in the corresponding period last year.
	Loss from early redemption	-	14	
	Net expenses from exchange rate differences and others	12	(9)	
	Total	97	41	
Income tax expenses		20	32	
Net Profit		66	151	

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

	As of March 31 2022	As of December 31 2021	Notes and Explanations
Current Assets	1,887	1,644	
Investments handled using the book value method	374	367	
Investment property, investment property in development and advance payments on account of investment in land	12,956	12,254	The increase largely derives from the completion of the Mizrahi transaction and the receipt of apartments in Kiryat Ono (the Aura Transaction)
Inventory of land for construction	251	250	
Short-term credit, current maturities	598	652	
Long-term loans and liabilities from banking corporations, credit providers and others.	1,266	1,213	
Long-term debentures	5,028	4,243	The increase largely derives from the expansion of Series T and W.
Total equity attributed to shareholders	6,919	6,902	Most of the increase derives from profit in the period to the sum of 67 million NIS, a capital offering of 16 million NIS, offset by dividends to the sum of 75 million NIS.
Total Equity	6,909	6,892	

Cash and Credit Frameworks

Sources	In Millions of NIS
Balance of Cash at the Beginning of the Period	923
Cash Deriving from Current Activities	77
Investment Activities	
Sale of assets	35
Increase in restricted cash	(4)
Investment and issue of loans to investees, net	(5)
Investment in investment property, real estate under development and property, plant and equipment	(681)
Total investment activity	(655)
Financing Activity	
Issue of debentures	780
Repayment of short-term credit	(47)
Stock offering	16
Receipt of loans from banks and long-term liabilities	21
Repayment of loans from banks and long-term liabilities	(17)
Redemption of debentures	(24)
Total financing activity	729
Exchange rate differentials due to cash and cash equivalent balances	2
Balance of cash at the end of the period	1,076



Credit Frameworks

As of the publication of this report, the Company has cash balances and unused credit frameworks totaling 1.9 billion NIS.

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

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

Working Capital

Working capital, including assets and liabilities held for sale as of March 31 2022, amounted to 954 million NIS in the Financial Statements compared to a total of 800 million NIS as of December 31 2021. Working capital, including assets and liabilities held for sale as of March 31 2022, amounted to 803 million NIS in the Solo Financial Statements compared to a total of 680 million NIS as of December 31 2021.

Linkage Balance

The Company has financial obligations to the sum of 7.2 billion NIS, of which 5.8 billion NIS are CPI-linked. The Company's cash-generating property in Israel is worth 10.4 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 March 31 2022 the investment in these companies amounts to 374 million NIS, of which 291 million NIS is in Israel.

Credit Rating

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



On May 22, 2022 Midroog Ltd announced at first the rating of the Company and its debentures. The rating of the Company and its debentures (Series 15, 16, 17, 20, 24 and 25) determined to be Aa2.il. The rating of the debentures guaranteed by income-generating real estate (Series 18, 19 and 23) determined to be Aa1.il. The Company's short-term create rating determined to be P-1.il. All with a stable outlook.



Dividend Policy

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

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

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

Tal Fuhrer

Chair of the Board of Directors

David Zvida

Company CEO

May 22 2022



Appendices

01

Appendix A
Exposure to Market Risk and Management Thereof

02

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

03

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

04

Appendix D
Linkage Basis Report



Appendix A

Exposure to Market Risks and Their Management

Appendix A

Exposure to Market Risk and Management Thereof

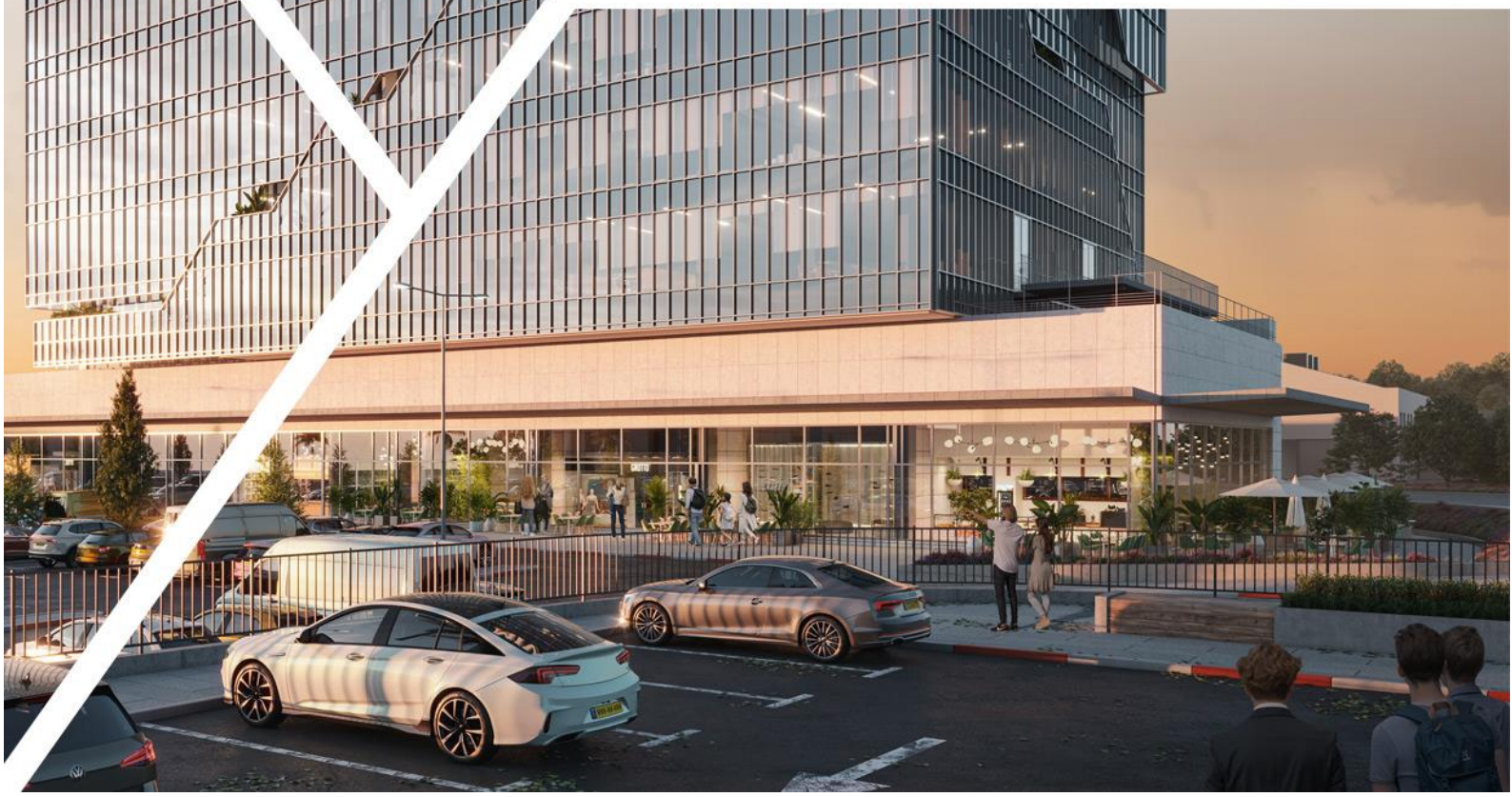
1. The person responsible for managing market risks is Mr. David Zvida, Chairman of the Company Board of Directors. For details regarding Mr. Zvida, see Regulation 26 of Part D (Additional Details) of the 2021 periodic report, presented by way of referral.
2. No material changes in risk factors have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

A modern glass skyscraper with the MIVN logo on top, set against a dark blue sky. The building's glass facade reflects the ambient light. A large white diagonal graphic element cuts across the image from the bottom left towards the top right.

MIVN

Appendix B

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



Appendix B

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

1. Material Events During and Subsequent to the Reported Period

For details on material events during and subsequent to the reported period, see Note 4 to the Company's March 31 2022 Consolidated Interim Financial Statements.

2. Aspects of Corporate Governance

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

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



Appendix C

Designated Disclosure for Debenture Holders: Bonds Held by the Public

Appendix C

Special Disclosure for Debenture Holders: Bonds in Public Hands

As of March 31 2022 there are 9 outstanding series of tradable debentures issued by the Company, as detailed in the following table. Note that during the reported period and as of the report date, the Company has met all of the terms and obligations in accordance with the deeds of trust and no conditions existed that gave grounds to the provision of the debentures for redemption or for the realization of collateral in accordance with the terms of the deeds of trust.

As of March 31 2022 (In Thousands of NIS)	Debentures (Series 15)	Debentures (Series 16)	Debentures (Series 17)	Debentures (Series 18)	Debentures (Series 19)	Debentures (Series 20)
Date of Issue	31.10.2013	10.7.2014	10.7.2014	10.5.2016	29.9.2016	30.7.2017
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	383,541	949,427
Stock market rate (in 0.01 NIS)	105.3	111.1	119.38	116.81	119.26	119.63
Outstanding Notational Value, Linked	11,250	273,121	545,738	695,218	400,921	995,461
Accrued interest	320	3,805	4,979	8,251	-	6,897
Fair Value	10,662	303,438	628,301	768,238	457,411	1,135,799
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%.

As of March 31 2022 (In Thousands of NIS)	Debentures (Series 15)	Debentures (Series 16)	Debentures (Series 17)	Debentures (Series 18)	Debentures (Series 19)	Debentures (Series 20)
Interest payment dates	April 1 and October 1 of each year from 2014 to 2024.	June 30 and December 31 of each year from 2014 to 2028	June 30 and December 31 of each year from 2014 to 2028	October 30 and April 30 of each of the years from 2016 through 2024.	March 31 and September 30 of each of the years from 2017 to 2026, as well as on March 31 2027.	December 31 and June 30 on each year from 2017 to 2029.
Linkage Basis and Terms (Principal and Interest)	Non-linked	Non-linked	May 2014 CPI	March 2016 CPI	August 2016 CPI	June 2017 CPI
Does it constitute a material obligation?	No	No	No	No	No	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 March 31 2022 (In Thousands of NIS)	Debentures Series 23 (Formerly Series 14 in Jerusalem Economy Ltd.)	Debentures Series 24 (Formerly Series 15 in Jerusalem Economy Ltd.)	Debentures Series 25
Date of Issue	18.9.2016	21.6.2017	1.11.2021
Notational Value Upon Issue	607,923	612,810	1,026,666
Outstanding Notational Value	656,046	539,273	1,026,666
Stock market rate (in 0.01 NIS)	116.45	118.42	94.91
Outstanding Notational Value, Linked	683,692	561,478	1,038,697
Accrued interest	-	3,600	-
Fair Value	763,965	638,607	974,409
Interest type	Fixed interest		
Denoted Yearly Interest Rate	2.4%	2.6%	0.35%
Principal payment dates	Nine non-equal yearly installments paid on September 30 of each of the years from 2018 to 2026. First installment of 2% of the principal, second to eighth payments of 5% of the principal, and ninth payment of 63% of the principal.	Six installments of 4% of the principal each on June 30 of each year from 2019 to 2024, three installments of 6% of the principal on June 30 of each year from 2025 to 2027, the balance of 58% of the principal on June 30 2028.	Nine non-equal yearly installments paid on September 30 of each of the years of 2023, 2025 as well as 2027-2033. First and second installments of 5% of the principal, third to fifth installments of 10% of the principal and sixth through ninth installments of 15% of the principal.
Interest payment dates	March 30 and September 30 of each year from March 30 2017 to September 30 2026.	June 30 and December 31 of each year from December 31 2017 to June 30 2028.	March 31 and September 30 of each year from March 31 2022 to September 30 2033.
Linkage Basis and Terms (Principal and Interest)	July 2016 CPI	May 2017 CPI	October 2021 CPI
Does it constitute a material obligation?	No	No	Yes
Rating company	S&P Maalot		
Rating	AA stable		
Are there guarantees for the payment of the obligations?	No		
Are there any liens?	Yes. Real estate properties. See Appendix A of Part A of the 2021 Periodic Report. For details on the security replacement mechanism see Section 5.9 of the Deed of Trust attached as Appendix A to the August 26 2020 Shelf Offering Report (reference no. 2020-01-084685).	Yes. Darban shares. See Note 23.c.1 to the Consolidated Financial Statements in the 2021 Periodic Report and Appendix B to the 2021 Periodic Report.	No
Trustee	Resnick Paz Nevo Trusts Ltd. (2)		
to early repayment	(3)		



Further Details on Company Debentures

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

Reportable Credit

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

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

The Covenant	Ratio as of the Report Date	Compliance as of Report Date
Equity will be decreased to below 1.2 billion NIS, for two consecutive quarters.	6,913 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.	39.4%	Meeting the condition
The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 17 for two consecutive quarters.	7.87	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall be no less than 16% for two consecutive quarters.	47.7%	Meeting the condition

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

The Covenant	Ratio as of the Report Date	Compliance as of Report Date
Equity will be decreased to below 1.3 billion NIS.	6,913 Thousands of NIS	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall not exceed 73%.	39.4%	Meeting the condition
The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 15.	7.87	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall be no less than 17% for two consecutive quarters.	47.7%	Meeting the condition

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

The Covenant	Ratio as of the Report Date	Compliance as of Report Date
Equity will be decreased to below 2.5 billion NIS, for two consecutive quarters.	6,913 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.	39.4%	Meeting the condition
The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 16 for two consecutive quarters.	7.87	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.	47.7%	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.	6,913 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%.	39.4%	Meeting the condition
The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 13.	7.87	Meeting the condition



Appendix D

Linkage Basis Report

Appendix D

Linkage Basis Report

Linkage basis report in accordance with March 31 2022
Consolidated Financial Statements:

	Thousands of NIS	US Dollar	Swiss	EUR	Canadian Dollar	CPI	Unlinked	Non-Financial	Total
Assets	Cash and cash equivalents	13,433	47,056	41,929	13,457	-	960,287	-	1,076,162
	Short-term investments	-	-	74,989	-	-	24,602	-	99,591
	Trade receivables	102	198	5,923	1,501	-	29,533	-	37,257
	Receivables and debit balances	12,540	219	8,772	4,035	116,951	34,381	11,561	188,459
	Taxes receivable	212	1,344	892	130	32,250	-	-	34,828
	Deposits and long-term debit balances	-	-	-	230	27,343	-	-	27,573
	Investments in investees	-	-	19,415	-	-	8,574	346,148	374,137
	Assets held for sale	-	-	-	-	-	-	8,537	8,537
	Advance payments on account of investments in land	-	-	-	-	-	-	114,869	114,869
	Inventory of land for residential construction and apartments under construction	-	-	-	-	-	-	693,068	693,068
	Investment property	-	-	-	-	-	-	12,063,122	12,063,122
	Investment real estate under construction	-	-	-	-	-	-	777,513	777,513
	Fixed assets	-	-	-	-	-	-	151,931	151,931
	Intangible assets	-	-	-	-	-	-	19,630	19,630
	Deferred taxes	-	-	-	-	-	-	318	318
	Total assets	26,287	48,817	151,920	19,353	176,544	1,057,377	14,186,697	15,666,995
Liabilities	Credit from banks and other credit providers	-	-	-	-	-	69	-	69
	Trade payables	12	2,195	6,704	2,188	-	50,612	-	61,711
	Accounts payable and credit balances	2,511	2,016	10,098	702	17,280	98,692	51,940	183,239
	Payables for dividends	-	-	-	-	-	75,000	-	75,000
	Taxes payable	-	-	3,537	-	-	4,860	-	8,397
	Provisions	-	-	-	-	-	11,856	-	11,856
	Loans from banking corporations including current maturities	49,889	178,144	330	37,151	701,019	478,306	-	1,444,839
	Other liabilities	49,723	-	-	219	-	51,844	-	101,786
	Debentures	-	-	-	-	5,041,459	303,631	-	5,345,090
	Tenant deposits	889	-	157	-	39,408	-	-	40,454
	Employee benefit liabilities, net	-	-	-	-	-	-	8,013	8,013
	Deferred taxes	-	-	-	-	-	-	1,477,725	1,477,725
	Total liabilities	103,024	182,355	20,826	40,260	5,799,166	1,074,870	1,537,678	8,758,179



Mivne Real Estate (K.D) Ltd.

(“The company”)

**Annually financial statements - for the year ended
March 31, 2022**

This is an English translation of the Hebrew consolidated Interim financial statements, that was published on May 23, 2022 (reference no.: 2022-01-062227) (hereafter: “the Hebrew Version”).

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



Mivne Real Estate (K.D) Ltd.

Consolidated Interim Financial Statements as of March 31 2022

Unaudited

Table of Contents

	<u>Page</u>
Review of Consolidated Interim Financial Statements	2
Consolidated Interim Balance Sheets	3-4
Consolidated Interim Statements of Operations	5
Consolidated Interim Reports on Comprehensive income	6
Consolidated Interim Reports on Changes in Equity	7-9
Consolidated Interim Cash Flow Reports	10-12
Notes to the Interim Consolidated Financial Statements	13-18

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

Introduction

We have reviewed the attached financial information on Mivne Real Estate (K.D) Ltd. and its subsidiaries (hereinafter - the Group), which includes its Concise Consolidated Balance Sheet as of March 31 2022 and its Concise Consolidated Statements of Operations, Reports on Comprehensive Profit and Loss, Reports on Changes in Equity and Cash Flow Reports for the three-month period ending that date. The Board of Directors and Management are responsible for preparing and presenting financial information for this interim period in accordance with IAS 34, Interim Financial Reporting, and are responsible for preparing financial information for this interim period in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express our conclusions on this interim financial information based on our review.

We have not reviewed the concise interim financial information of subsidiaries the assets of which included in the consolidation constitute 19.56% of all consolidated assets as of March 31 2022, and revenues of which included in the consolidation constitute 15.18% of all consolidated revenues for the three-month period ending that date. Furthermore, we did not review the concise interim financial information of companies presented according to the book value method, the investment in which amounted to a total of 158 million NIS as of March 31 2022, with the Group's share of the losses of the companies in question amounting to 1.5 million NIS for the three-month period ending that date. The concise interim financial statements of said companies have been reviewed by other accountants, the reports of whom have been provided us and our conclusion, inasmuch as it refers to financial information for the aforementioned companies, is based on the reviews conducted by these other accountants.

Scope of the Review

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

Conclusion

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

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

Tel-Aviv,
May 22, 2022

Kost Forrer Gabbay & Kassirer
Certified Public Accountants

Consolidated Balance Sheets

	As of March 31		As of December 31
	2022	2021	2021
	Unaudited		Audited
	Thousands of NIS		
<u>Current Assets</u>			
Cash and cash equivalents	1,076,162	286,107	922,515
Short-term investments	75,038	70,595	83,265
Limited cash and funds in trust	24,553	107,465	20,899
Trade receivables	37,257	49,619	28,391
Receivables and debit balances	188,420	126,901	121,596
Taxes receivable	34,828	24,342	22,697
Inventory of land, apartments and buildings for sale and under construction	442,371	494,064	424,709
	<u>1,878,629</u>	<u>1,159,093</u>	<u>1,624,072</u>
<u>Assets held for sale</u>	<u>8,537</u>	<u>139,173</u>	<u>20,119</u>
	<u>1,887,166</u>	<u>1,298,266</u>	<u>1,644,191</u>
<u>Non-Current Assets</u>			
Advance payments on account of investment property	114,869	-	190,522
Investments in financial assets measured at fair value via other comprehensive income	-	88,527	-
Other receivables	27,573	25,469	31,148
Investments in companies handled using the book value method	374,137	286,877	367,459
Investment property	12,063,122	10,628,414	11,340,203
Investment property under development	777,513	515,853	722,908
Inventory of land for construction	250,697	52,329	249,763
Fixed assets, net	151,931	92,386	131,669
Intangible assets, net	19,630	27,128	19,630
Deferred taxes	318	257	312
	<u>13,779,790</u>	<u>11,717,240</u>	<u>13,053,614</u>
	<u>15,666,956</u>	<u>13,015,506</u>	<u>14,697,805</u>

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

Consolidated Balance Sheets

	As of March 31		As of
	2022	2021	December 31
	Unaudited		Audited
	Thousands of NIS		
Current Liabilities			
Credit from banks and credit providers	69	25,150	34,915
Current maturities of debentures	316,902	364,548	302,817
Current maturities of loans and other liabilities	280,607	264,198	313,825
Trade payables	61,711	34,051	41,463
Accounts payable and credit balances	185,042	229,135	138,250
Dividends payable	75,000	50,000	-
Advance payments from buyers	10,089	11,270	4,578
Taxes payable	8,397	61,391	8,190
	<u>937,817</u>	<u>1,039,743</u>	<u>844,038</u>
Non-Current Liabilities			
Loans from banking corporations and financial institutions	1,164,232	957,239	1,110,347
Debentures	5,028,188	3,418,761	4,242,917
Other liabilities	101,786	117,596	102,829
Tenant deposits	40,454	37,374	38,543
Employee benefit liabilities	8,013	7,838	7,925
Deferred taxes	1,477,725	1,276,282	1,459,474
	<u>7,820,398</u>	<u>5,815,090</u>	<u>6,962,035</u>
Equity Attributable to Company Shareholders			
Share capital	1,499,999	1,515,298	1,495,852
Share premium	3,515,622	3,634,931	3,500,029
Reserve in respect of share-based payment transactions	19,576	19,083	22,271
Call options	-	14,456	-
Treasury shares	(393,227)	(641,127)	(393,227)
Retained earnings	2,449,437	1,817,782	2,458,783
Capital reserve from tradable securities	-	(8,632)	-
Adjustments arising from the translation of the financial statements of foreign activity	106,552	110,228	97,080
Capital reserve from transactions with minority shareholders	<u>(279,026)</u>	<u>(279,026)</u>	<u>(279,026)</u>
	6,918,933	6,182,993	6,901,762
Non-Controlling Interests	<u>(10,192)</u>	<u>(22,320)</u>	<u>(10,030)</u>
Total Equity	<u>6,908,741</u>	<u>6,160,673</u>	<u>6,891,732</u>
	<u>15,666,956</u>	<u>13,015,506</u>	<u>14,697,805</u>

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

May 22, 2022			
Approval Date of the Financial Statements	Tal Fuhrer Chair of the Board of Directors	David Zvida Chief Executive Officer	Yossi Filiba Chief Financial Officer

Consolidated Statements of Profit or Loss

	For the 3 Months Ending March 31		For the Year Ending On December 31
	2022	2021	2021
	Unaudited		Audited
	Thousands of NIS (Except for Net Profit per Share Data)		
<u>Revenues</u>			
Rental and management fee income - Israel	207,994	182,713	780,782
Rental and management fee income - abroad	24,462	32,998	118,148
Sale of apartments and land	-	51,858	193,219
From management of buildings and infrastructure	74	155	400
From solar installations, net	2,362	1,013	6,105
From the sale of fuels, net	294	309	1,207
Total revenues	235,186	269,046	1,099,861
<u>Expenses</u>			
Maintenance expenses - Israel	46,335	38,542	173,483
Maintenance expenses - abroad	11,236	12,042	42,051
Cost of apartments and land sold	-	37,397	154,636
Total cost of sales and services	57,571	87,981	370,170
Gross profits	177,615	181,065	729,691
Increase in value of investment property and investment property under development, net	28,088	72,224	756,381
Sales and marketing expenses	(3,034)	(1,159)	(7,771)
Administrative and general expenses	(20,359)	(20,765)	(81,195)
Impairment of inventory of land for construction	-	-	(523)
Other revenues (expenses), net	(1,739)	(1,290)	29,200
Realization of capital reserve due to adjustments from the translation of financial statements for foreign activity	-	(3,996)	12,979
The Company's share of the profits (losses) of companies handled using the book value method, net	2,582	(2,455)	21,276
Operating profit	183,153	223,624	1,460,038
Financing expenses	(98,698)	(30,701)	(296,153)
Loss from early redemption of debentures and loans	-	(13,903)	(13,903)
Financing revenues	1,535	4,041	16,514
Profit before taxes on income	85,990	183,061	1,166,496
Taxes on income	19,528	32,364	211,449
Net profit	66,462	150,697	955,047
Attributed to:			
Company shareholders	65,654	149,488	941,780
Non-controlling interests	808	1,209	13,267
	66,462	150,697	955,047
<u>Profit per share attributed to company shareholders (in NIS)</u>			
Basic net income	0.08	0.2	1.24
Diluted net income	0.08	0.2	1.23

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

Consolidated Reports on Comprehensive Income

	For the 3 Months Ending March 31		For the Year Ending on December 31
	2022	2021	2021
	Unaudited		Audited
	Thousands of NIS		
Net profit	66,462	150,697	955,047
Other comprehensive income (after tax influence):			
<u>Sums restated to gain or loss under specific conditions:</u>			
Adjustments arising from the translation of the financial statements of foreign activity	8,500	7,758	5,905
Realization of capital reserve to Statement of Operations due to foreign activity	-	(3,996)	(12,979)
	8,500	3,762	(7,074)
<u>Items not reclassified to gain/loss:</u>			
Profit due to investment in financial asset measured at fair value via other comprehensive income	-	2,894	15,235
	-	2,894	15,235
Total other comprehensive income	8,500	6,656	8,161
Total comprehensive income	74,962	157,353	963,208
Attributed to:			
Company shareholders	75,126	157,667	949,152
Non-controlling interests	(164)	(314)	14,056
	74,962	157,353	963,208

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

Consolidated Reports on Changes in Equity

	Attributed to Company shareholders											
	Stock Capital	Premium on Shares	Call Options	Capital reserve due to financial assets measured at fair value via other comprehensive income:	Treasury Shares	Retained Earnings	Reserve from Share-Based Payment Transactions	Adjustments from the Translation of Financial Statements of Foreign Activity and Other Funds	Capital Reserve from Transactions with Non-Controlling Interests	Total	Non-Controlling Interests	Total Capital
	Unaudited											
	Thousands of NIS											
<u>Balance as of January 1 2022 (Audited)</u>	1,495,852	3,500,029	-	-	(393,227)	2,458,783	22,271	97,080	(279,026)	6,901,762	(10,030)	6,891,732
Net profit	-	-	-	-	-	65,654	-	-	-	65,654	808	66,462
Other comprehensive income (loss)	-	-	-	-	-	-	-	9,472	-	9,472	(972)	8,500
Total comprehensive income (loss)	-	-	-	-	-	65,654	-	9,472	-	75,126	(164)	74,962
Exercise of employee options	4,147	15,593	-	-	-	-	(3,680)	-	-	16,060	-	16,060
Dividend to Company shareholders	-	-	-	-	-	(75,000)	-	-	-	(75,000)	-	(75,000)
Share-based payment	-	-	-	-	-	-	985	-	-	985	-	985
<u>Balance as of March 31 2022</u>	1,499,999	3,515,622	-	-	(393,227)	2,449,437	19,576	106,552	(279,026)	6,918,933	(10,194)	6,908,739

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

Consolidated Reports on Changes in Equity

	Attributed to Company shareholders											
	Stock Capital	Premium on Shares	Call Options	Capital reserve due to financial assets measured at fair value via other comprehensive income:	Treasury Shares	Retained Earnings	Reserve from Share-Based Payment Transactions	Adjustments from the Translation of Financial Statements of Foreign Activity and Other Funds	Capital Reserve from Transactions with Non-Controlling Interests	Total	Non-Controlling Interests	Total Capital
	Unaudited											
	Thousands of NIS											
Balance as of January 1 2021 (Audited)	1,515,298	3,634,931	14,456	(11,526)	(641,127)	1,718,294	17,122	104,943	(279,026)	6,073,365	(11,367)	6,061,998
Net profit	-	-	-	-	-	149,488	-	-	-	149,488	1,209	150,697
Other comprehensive income (loss)	-	-	-	2,894	-	-	-	5,285	-	8,179	(1,523)	6,656
Total comprehensive income (loss)	-	-	-	2,894	-	149,488	-	5,285	-	157,667	(314)	157,353
Departure from consolidation by consolidated company	-	-	-	-	-	-	-	-	-	-	(10,639)	(10,639)
Dividend to Company shareholders	-	-	-	-	-	(50,000)	-	-	-	(50,000)	-	(50,000)
Share-based payment	-	-	-	-	-	-	1,961	-	-	1,961	-	1,961
Balance as of March 31 2021	1,515,298	3,634,931	14,456	(8,632)	(641,127)	1,817,782	19,083	110,228	(279,026)	6,182,993	(22,320)	6,160,673

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

Consolidated Reports on Changes in Equity

	Attributed to Company shareholders											
	Audited											
	Thousands of NIS											
	Stock Capital	Premium on Shares	Call Options	Capital Reserve of Securities Available for Sale	Treasury Shares	Retained Earnings	Reserve from Share-Based Payment Transactions	Adjustments from the Translation of Financial Statements of Foreign Activity and Other Funds	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 of transaction costs	10,870	81,644	(14,456)	-	-	-	-	-	-	78,058	-	78,058
Departure from consolidation by consolidated company	-	-	-	-	-	-	-	-	-	-	(10,639)	(10,639)
Classification of capital reserve upon realization of securities	-	-	-	(3,709)	-	3,709	-	-	-	-	-	-
Dividends paid Company shareholders	-	-	-	-	-	(205,000)	-	-	-	(205,000)	-	(205,000)
Dividends paid holders of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,080)	(2,080)
Exercise of employee options	214	824	-	-	-	-	(1,038)	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	6,187	-	-	6,187	-	6,187
Balance as of December 31 2021	1,495,852	3,500,029	-	-	(393,227)	2,458,783	22,271	97,080	(279,026)	6,901,762	(10,030)	6,891,732

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

Consolidated Cash Flow Reports

	For the 3 Months Ending March 31		For the Year Ending on December 31
	2022	2021	2021
	Unaudited		Audited
	Thousands of NIS		
<u>Cash Flows from Current Activity</u>			
Net profit	66,462	150,697	955,047
Adjustments required to present cash flows from current activities			
Adjustments to profit or loss items:			
Depreciation and amortizations	1,649	1,180	12,942
Loss (profit) from short-term investments, net	8,477	(1,461)	(3,804)
Increase in fair value of investment property and investment property under development, net	(28,088)	(72,224)	(756,381)
The Group's share of losses (profits) of associates handled using the book value method, net	(2,582)	2,455	(21,276)
Interest and revaluation of debentures and loans	105,394	39,887	245,043
Change in employee benefit liabilities, net	88	57	144
Interest and revaluation of deposits and debit balances	(16,708)	(11,766)	38,400
Taxes on income	19,528	32,364	211,449
Loss from the impairment of inventory of land for construction and inventory of buildings and apartments for sale	-	-	523
Realization of capital reserve from translation differences to Statement of Operations	-	(3,996)	(12,979)
Change in fair value of call options measured at fair value	421	-	(39,813)
Loss from early redemption of debentures and loans	-	13,903	13,903
Share-based payment	985	1,961	6,187
	89,164	2,360	(305,662)
Changes in asset and liability items:			
Decrease (increase) in trade receivables	(8,784)	472	20,573
Decrease (increase) in other receivables	(47,487)	41,792	17,015
Increase (decrease) in trade liabilities	20,647	(482)	7,846
Increase (decrease) in other accounts payable and unearned revenues from buyers	19,410	(45)	(14,103)
Increase (decrease) in tenant security deposits	1,894	(43)	1,195
	(14,320)	41,694	32,526
Cash paid and received during the reported period for:			
Interest paid	(26,968)	(22,582)	(179,814)
Interest received	649	2,651	8,729
Taxes paid	(19,301)	(15,840)	(19,906)
Taxes received	-	1,714	12,412
Dividends received	158	-	8,851
	(45,462)	(34,057)	(169,728)
Net cash deriving from current activity before a decrease in inventory of apartments and houses for sale under construction, land for sale and inventory of land for construction.	95,844	160,694	512,183
Decrease (increase) in inventory of apartments and houses for sale under construction, land for sale and inventory of land for construction.	(18,580)	19,984	(108,870)
Net cash deriving from current activity	77,264	180,678	403,313

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

Consolidated Cash Flow Reports

	For the 3 Months Ending March 31		For the Year Ending on December 31
	2022	2021	2021
	Unaudited		Audited
	Thousands of NIS		
<u>Cash Flows from Investment Activities</u>			
Acquisitions of and investments in investment property	(610,341)	(57,946)	(518,840)
Investment in investment property under development	(54,605)	(18,855)	(145,096)
Investment in property, plant and equipment	(15,889)	(10,429)	(54,145)
Investment and loans to companies handled using the book value method, net	(4,801)	(2,400)	(87,492)
Yield from the sale of short-term investments (investments), net	(3,646)	(43,598)	83,078
Proceeds from the realization of investment property and real estate held for sale	33,711	72,853	186,543
Proceeds from the sale of shares and redemption of shareholder loans of investee sold	-	-	18,456
Repayment of long-term loans granted, net	1,246	-	16,003
Repayment of long-term deposits	-	-	45,815
Proceeds from the realization of investment in subsidiary consolidated in the past, net (a)	-	13,639	55,695
Net cash used for investment activity	(654,325)	(46,736)	(399,983)
<u>Cash Flows from Financing Activity</u>			
Exercise of options	16,059	-	-
Issue of shares, net of transaction costs	-	-	78,058
Dividends paid Company shareholders	-	-	(205,000)
Proceeds from the issue of debentures, net of transaction costs	780,493	-	1,030,566
Redemption of debentures	(23,864)	(270,899)	(605,875)
Short-term credit from banking corporations and others, net	(46,845)	(12,500)	7,415
Receipt of loans from banks and other long-term liabilities	20,800	24,400	458,570
Repayment of loans from banks and other long-term liabilities	(16,730)	(19,644)	(266,544)
Dividend paid to holders of non-controlling interests	-	-	(2,080)
Net cash deriving from (used in) financing activity	729,913	(278,643)	495,110
<u>Increase (decrease) in cash and cash equivalents</u>	152,852	(144,701)	498,440
<u>Exchange rate differences due to balances of cash and cash equivalents</u>	795	(898)	(7,631)
<u>Balance of cash and cash equivalents at the beginning of the period</u>	922,515	431,706	431,706
<u>Cash and cash equivalents balance at the end of the period</u>	1,076,162	286,107	922,515

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

Consolidated Cash Flow Reports

For the 3 Months Ending March 31		For the Year Ending on December 31
2022	2021	2021
Unaudited		Audited
Thousands of NIS		

(a) Net Cash from the Realization of Investments in Subsidiaries Consolidated in the Past

Assets and liabilities of subsidiaries as of the date of sale:

Working capital	-	(3,287)	(3,693)
Investment property and investment property under construction	-	27,565	70,305
Non-controlling interests	-	(10,639)	(10,639)
Profit from divestment	-	-	(278)
	-	13,639	55,695

(b) Additional information on material actions not involving cash flows:

Dividends declared and not yet paid	75,000	50,000	-
Purchase of investment property against creditors	18,900	-	-

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

Notes to the Interim Consolidated Financial Statements

Note 1: - General

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

- b. Implications of the War Between Russia and Ukraine

War broke out between Russia and Ukraine in February 2022. The war has caused, and is continuing to cause, significant casualties, damage to infrastructure and to buildings and disruptions to economic activity in Ukraine.

The Company has a property in Kyiv, Ukraine and due to the war, the Company revised its valuation and included an impairment to its value to the sum of 45 million NIS. The value of the property, based on external valuation, as of March 31 2022 amounts to a total of \$73 million (232 million NIS).

Note 2: - Principal Accounting Policies

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

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

The accounting policies applied in the preparation of the Consolidated Interim Financial Statements are consistent with those followed in the preparation of the Annual Consolidated Financial Statements.

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

<u>Rate of Change during the Period</u>	<u>The Consumer Price Index</u>					
	<u>Israel (*)</u>					
	<u>Actual</u>	<u>Known</u>	<u>US Dollar</u>	<u>Euro</u>	<u>Canadian Dollar</u>	<u>Swiss Franc</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
For the three-month period ending March 31 2022	1.46	1.17	2.12	0.11	3.82	0.88
For the three-month period ending March 31 2021	0.8	0.1	3.7	(0.8)	5.0	(3.0)
For the Year Ending December 31 2021	2.8	2.4	(3.3)	(10.7)	(3.1)	(6.7)
	<u>CPI (in points)</u>		<u>Representative rate of exchange (in NIS)</u>			
March 31, 2021	138.3	137.6	3.176	3.524	2.536	3.434
March 31 2021	133.7	132.9	3.334	3.912	2.645	3.538
December 31, 2021	136.3	136.0	3.110	3.520	2.442	3.405

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

Notes to the Interim Consolidated Financial Statements

Note 3: - Summary of Darban Data

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

a. Consolidated Balance Sheets

	As of March 31		As of December 31
	2022	2021	2021
	Unaudited		Audited
	Thousands of NIS		
<u>Current Assets</u>			
Cash and cash equivalents	9,311	20,764	7,755
Investments in financial assets	74,990	25,044	83,217
Current maturities of long-term deposits	-	45,226	-
Others	8,944	26,330	9,842
	93,245	117,364	100,814
Assets held for sale	-	-	15,840
	93,245	117,364	116,654
<u>Non-Current Assets</u>			
Investment in shares of parent company	605,337	780,417	647,953
Investments in associates handled using the book value method	139,203	139,646	145,347
Investment property	986,975	947,773	986,218
Others	3,100	4,797	4,397
	1,734,615	1,872,633	1,783,915
	1,827,860	1,989,997	1,900,569
<u>Current Liabilities</u>			
Accounts payable and credit balances	11,643	24,526	10,183
Current maturities of long-term loans	9,776	24,448	9,662
Current maturities of loan from parent company	27,790	37,690	14,601
Others	5,598	5,522	5,062
	54,807	92,186	39,508
<u>Non-Current Liabilities</u>			
Long-term loans from financial institutions	157,033	161,209	157,624
Loan from parent company	-	47,658	45,329
Other long-term liabilities	15,000	15,000	15,000
Deferred taxes	155,958	152,116	155,745
	327,991	375,983	373,698
Total Equity	1,445,062	1,521,828	1,487,363
	1,827,860	1,989,997	1,900,569

Notes to the Interim Consolidated Financial Statements

Note 3: - Summary of Darban Data (Continued)b. Consolidated Statements of Operations

	For the Three Month Period		For the Year Ending
	Ending March 31		December 31
	2022	2021	2021
	Unaudited		Audited
	Thousands of NIS		
<u>Revenues</u>			
From building rental, management and maintenance in Israel	18,933	17,479	70,890
From building rental, management and maintenance abroad and others	-	1,025	2,336
Total revenues	18,933	18,504	73,226
<u>Costs</u>			
Cost of building management and maintenance	2,034	2,343	9,403
Gross profits	16,899	16,161	63,823
Net increase (decrease) in fair value of investment property	-	(510)	53,405
Administrative and general and sales and marketing expenses	3,178	3,203	11,419
The Group's share of profits (losses) of associates treated according to the book value method	(6,744)	2,294	25,442
Other comprehensive loss items charged to gain/loss due to investment in investees	-	-	(3,996)
Realization of capital reserve due to adjustments from the translation of financial statements for foreign activity		3,996	-
Profits from regular activities	6,977	10,746	127,255
Profit from the realization of consolidated companies and an investee according to the book value method	-	373	373
Financing revenues (expenses), net	(5,301)	7,505	4,690
Profit after financing	1,676	18,624	132,318
Tax expenses	1,979	1,970	20,915
Net profit (loss)	(303)	16,654	111,403
Attributed to:			
Company shareholders	(295)	16,547	111,289
Non-controlling interests	(8)	107	114
	(303)	16,654	111,403

Notes to the Interim Consolidated Financial Statements

Note 3: - Summary of Darban Data (Continued)

c. Consolidated Cash Flow Reports

	For the Three Months Ending March 31		For the Year Ending December 31
	2022	2021	2021
	Unaudited		Audited
	Thousands of NIS		
Net cash deriving from current activity	13,595	8,548	65,520
Net cash derived from (used in) investment activity	17,500	12,583	(3,344)
Net cash used in financing activities	(29,951)	(7,649)	(60,568)
Translation differences due to cash balances held in foreign currency	412	776	(359)
	1,556	14,258	1,249
Balance of cash and cash equivalents at the beginning of the period	7,755	6,506	6,506
Cash and cash equivalents balance at the end of the period	9,311	20,764	7,755

Notes to the Interim Consolidated Financial Statements

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

- A. On January 17 2022 the Company CEO, Mr. David Zvida, exercised 3,870,000 options as 3,870,000 regular Company shares worth 1 NIS NV each at an exercise price of 4.547 NIS per share.
- B. On February 10 2022 the Company completed a transaction with Bank Mizrahi Tefahot Ltd., Netzivim Assets and Equipment Ltd., Israel Union Bank Ltd. and Egudim Ltd. (hereinafter each of these - a Seller and hereinafter together - the Sellers) for the purchase of the full rights of the sellers to 24 cash-generating land properties throughout Israel with different zoning, including offices and commercial, and including the Israel Union Bank Ltd. management building on Achuzat Bayit Street in Tel Aviv-Yafo, an office building on Lincoln Street in Tel Aviv-Yafo, the main Tel Aviv branch of Union Bank on Echad Ha'am Street in Tel Aviv, and a number of properties in the Bursa Compound in Ramat Gan (all 24 purchased properties shall hereby be referred to together as the Properties). The proceeds paid by the Company for the purchase of the rights to the properties amounted to a total of 531.6 million NIS plus VAT (hereinafter - the Proceeds). 23 of the 24 properties were rented out by the Company to one of the sellers for variable periods of time starting February 2022 in accordance with rental agreements signed between the Company and the relevant seller regarding each property.
- C. On March 17 2022 the Company's Board of Directors approved a distribution of dividends to the sum of 79.8 million NIS (of this a sum of 4.8 million NIS was distributed to Darban Investments Ltd, a fully owned subsidiary holding Company shares). The dividend per share is 0.099 NIS.
On the same occasion, the Company Board of Directors decided on a dividend distribution policy for 2022 according to which a total of 240 million NIS will be distributed (net, without Darban's share) from the Company's profits but not exceeding 50% of the Company's total yearly FFO, all subject to a specific decision by the Board of Directors before each distribution after examination of the distribution tests set in law.
- D. On March 27 2022 the Company issued debentures (Series 20 and 23) by way of expansion.
The debentures (Series 20) - 530,610,000 NIS NV were issued, in return for a total of 645 million NIS. The effective yearly interest embodied in the offering is 0.31%.
The debentures (Series 23) - 118,732,000 NIS NV were issued, in return for a total of 141 million NIS. The effective yearly interest embodied in the offering is -0.97%.
- E. On March 31 2022 the Company entered into an agreement with Yad Hanna Homesh Community Cooperative Village - Agricultural Cooperative Association Ltd. (hereinafter: Yad-Hanna) and Hutzot Shefayim - Agricultural Cooperative Association Ltd. (hereinafter - Shefayim) (Shefayim and Yad Hanna are hereby together - the Sellers) to purchase shares of Yad Hanna Homesh Industries - Agricultural Cooperative Association Ltd. (hereinafter - the Association) with existing and potential rights to parts of the land in Block 8634 and Block 8635 and additional land around them (hereinafter - the Land) with a total area of 10 hectares, in such a manner that on the date of the transaction's completion, the Company will hold shares constituting 50% of the issued and paid-up stock capital of the Association (fully diluted) and will join the Association as a member (hereinafter - the Purchase Agreement). In accordance with the plan applicable to part of the Land, the use permitted for them today is for industry, including storage. The Association intends to engage in planning and advancing a project for the construction of a cash-generating employment compounds on the Land. The purchase agreement is stipulated on the following preconditions: the approval of the Antitrust Commissioner, the approval of the ILA, the approval of the certified organs at the Sellers and the Company and the receipt of approval from any third parties as needed. The proceeds for the shares sold amount to a total of 140 million NIS, plus VAT. In addition, the Company will provide the Association a capital note to the sum of 43 million NIS.

Notes to the Interim Consolidated Financial Statements

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

- F. On April 27 2022 the protocol of the committee approving the decision of the Local Committee for Planning and Construction Tel Aviv-Yafo from March 23 2022, on the deposit of Plan no. 507-0892091 "TA/MK/4974 - Ayalon Region" was approved, subject to fulfilling certain conditions (hereinafter - the Plan) regarding part of Parcel 64 in Block 7069, located between Yigal Alon Street west of the Bitzron Neighborhood, Aminadav Street on the south and Meitav Street on the east (hereinafter - the Land), which is held by the Company via capitalized lease.
- The plan, as approved by the Local Committee, includes the construction of three buildings: a 47-story residential building, two 47-story employment buildings, and an additional employment structure of the "Mashbir Hamerkazi" building regarding which the plan has established it as a building for preservation. The Plan area includes 1.3 hectares from the construction rights utilization, as follows:
- Construction rights for housing - 41,600 m² primary area (constituting 400 housing units).
 - Construction rights for commerce and employment: some 125,000 m².
- Approval of the plan is subject to the approval of the legally certified planning authorities.
- G. On May 22, 2022 Midroog Ltd announced at first the rating of the Company and its debentures. The rating of the Company and its debentures (Series 15, 16, 17, 20, 24 and 25) determined to be Aa2.il. The rating of the debentures guaranteed by income-generating real estate (Series 18, 19 and 23) determined to be Aa1.il. The Company's short-term create rating determined to be P-1.il. All with a stable outlook.
- H. On May 22, 2022 the Company's Board of Directors approved a distribution of dividends, payment to the sum of approximately 63.8 million NIS (of this a sum of approximately 3.8 million NIS will be distributed to Darban Investments Ltd., a fully owned subsidiary holding Company shares). The dividend sum per share is 0.07949 NIS.

Note 5: - Financial InstrumentsFair Value

The following are the balances in the books and the fair value of financial liabilities:

	Book Value		Fair Value		
	As of March 31	As of December 31	As of March 31	As of December 31	
	2022	2021	2022	2021	2021
	Unaudited				Audited
	Thousands of NIS				
Debentures	5,372,910	3,809,829	4,555,897	5,680,875	4,255,611
					5,102,614

The fair value of the liabilities to banking corporations and others are close to the book value of these liabilities.
