

Electra Real Estate Ltd.

Interim Consolidated Financial Information

As of March 31, 2023

(Unaudited)

This is an English translation of parts of the information included in the full Hebrew report of the company, that was published on May 29, 2023 (reference No. 2023-01-049468) at the ISA reporting website (magna.isa.gov.il) (hereafter: "the Hebrew Version"). The English version is Voluntary and only for convenience purposes. This is not an official translation and has no binding force. The translation in any case cannot perfectly reflect the Hebrew Version. In the event of any discrepancy between the Hebrew Version and this translation, the Hebrew Version shall prevail.

Electra Real Estate Ltd.

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To: Electra Real Estate Ltd.

Re: Interim Financial Information

Per your request, we have reviewed the accompanying interim consolidated financial information of Electra Real Estate Ltd. ("the Company") as of March 31, 2023 and for the period of three months then ended ("the Interim Financial Information"). The Interim Financial Information is the responsibility of the Company's Board of Directors and management. Our responsibility is to express a conclusion regarding the Interim Financial Information based on our review.

We did not review the interim financial information of certain subsidiaries, whose assets constitute approximately 3.5% of the total consolidated assets as of March 31, 2023 and whose revenues constitute approximately 0% of the total consolidated revenue for periods of the three months ended on March 31, 2023. The interim financial information for those companies were reviewed by other auditors, whose reports have been furnished to us, and our conclusion, insofar as it relates to amounts included for those companies, is based on the reports of the other auditors.

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review and the reports of the other auditors, we concluded an unqualified conclusion on the Company's consolidated interim financial statements in our report dated May 29, 2023.

The accompanying interim financial information, which are derived from the company's interim consolidated financial statements, are condensed interim financial information and do not include the disclosures required by International Financial Reporting Standards (IFRS). If the omitted disclosures were included in the accompanying interim financial information, it might influence the user's conclusions about the consolidated financial position, results of operations, changes in equity and cash flows of the company. Accordingly, the accompanying interim financial information are not designated for those who are not informed about such matters.

Based on our review and the reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not present fairly, in all material respects, the information contained in it.

Tel-Aviv, Israel
May 29, 2023

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

CONSOLIDATED INFORMATION OF FINANCIAL POSITION

US DOLLARS (in thousands)

	March 31 2023	March 31 2022	December 31 2022
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Assets			
<u>Current assets</u>			
Cash and cash equivalents	5,484	14,891	7,757
Financial asset at fair value through profit or loss	-	271	-
Trade receivables	-	18	-
Current tax assets	-	1,532	-
Other receivables and loans	40,715	31,756	36,597
Investments in companies accounted for at equity that are held for sale	-	63,951	-
Total current assets	<u>46,199</u>	<u>112,419</u>	<u>44,354</u>
<u>Non-current assets</u>			
Investments in residential property held for rental and others accounted for at equity	757,245	473,866	719,418
Investments in realization strategy assets accounted for at equity	-	85	-
Long-term loans and other receivables	19,980	5,592	18,264
Fixed assets	330	470	356
Usage right assets	1,194	1,434	1,282
Total non-current assets	<u>778,749</u>	<u>481,447</u>	<u>739,320</u>
Total assets	<u><u>824,948</u></u>	<u><u>593,866</u></u>	<u><u>783,674</u></u>

CONSOLIDATED INFORMATION OF FINANCIAL POSITION
US DOLLARS (in thousands)

	March 31 2023	March 31 2022	December 31 2022
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Liabilities and Equity			
<u>Current Liabilities</u>			
Short-term credit (including current maturities of loans and bonds)	61,049	39,339	46,188
Current tax liabilities	5,789	775	5,330
Suppliers and providers of services	187	158	67
Other payables	9,673	9,587	11,328
Current maturities of leasing liabilities	360	329	370
Total current liabilities	<u>77,058</u>	<u>50,188</u>	<u>63,283</u>
<u>Non-current Liabilities</u>			
Bonds	106,086	49,800	66,861
Leasing liabilities	758	1,067	878
Other long-term liabilities	21,032	11,906	20,120
Long-term loans from banks	140,193	98,577	149,244
Deferred taxes	80,976	66,396	79,787
Total non-current liabilities	<u>349,045</u>	<u>227,746</u>	<u>316,890</u>
<u>Equity</u>			
Share capital	58	58	58
Share premium	185,270	185,270	185,270
Capital reserves	(118,507)	(114,473)	(119,023)
Retained earnings	326,965	242,554	332,509
Equity attributed to the shareholders	393,786	313,409	398,814
Non-controlling interests	5,059	2,523	4,687
Total equity	<u>398,845</u>	<u>315,932</u>	<u>403,501</u>
Total liabilities and equity	<u>824,948</u>	<u>593,866</u>	<u>783,674</u>

May 29, 2023

Date of approval of the
financial statements

E. Vessely
Chief Financial
Officer

A. Yaniv
Chief Executive Officer

G. Rushinek
Chairman of the
Board of Directors

CONSOLIDATED INFORMATION OF PROFIT OR LOSS
US DOLLARS (in thousands)

	Three months ended March 31 2023	Three months ended March 31 2022	Year ended December 31 2022
	Unaudited	Unaudited	Audited
Revenues and profits			
From the operations of investment funds and partnerships			
Revenues from management fees and purchase commissions	3,886	4,652	14,970
Revenues from success fees (Promote)	3,927	81,977	208,662
The Company's share of operation results under the equity method	(4,784)	1,304	5,126
The Company's share of fair value adjustments under the equity method and others	4,694	24,846	42,596
From realization strategy assets			
Revenues from rental fees and other	699	1,244	1,169
The Company's share of the results of realization strategy assets under the equity method	-	35	61
	8,423	114,058	272,584
Costs and expenses			
Cost of revenues from realization strategy assets	-	30	131
Cost of revenues from the operation of investment funds and partnerships	448	3,239	12,111
Administrative and general expenses	867	3,157	8,275
	1,315	6,426	20,517
Operating income	7,108	107,632	252,067
Financing expenses	(4,938)	(811)	(14,112)
Financing income	5,271	3,197	12,850
Financing (expenses) income, net	333	2,386	(1,262)
Income before taxes on income	7,441	110,018	250,805
Taxes on income	(1,686)	(30,812)	(69,325)
Net income for the period	5,755	79,206	181,481
Attributable to:			
Shareholders of the parent company	5,673	79,058	180,627
Non-controlling interests	82	148	854
Net income for the period	5,755	79,206	181,481
Net earnings per share attributable to the shareholders in the parent company			
Basic – in US\$	0.10	1.39	3.18
Fully diluted – in US\$	0.10	1.38	3.15
Weighted average number of shares used in the calculation of the net earnings per share:			
Basic – in thousands	56,363	56,905	56,761
Fully diluted – in thousands	56,823	57,397	57,265

CONSOLIDATED INFORMATION OF COMPREHENSIVE INCOME
US DOLLARS (in thousands)

	Three months ended March 31 2023	Three months ended March 31 2022	Year ended December 31 2022
	Unaudited	Unaudited	Audited
Net income for the Period	5,755	79,206	181,481
Other comprehensive income (net of tax effect)			
Amounts that will never be classified to profit or loss:			
Adjustments deriving from the translation of statements from the functional currency into the presentation currency	-	771	771
Amounts that will be classified or reclassified to the profit or loss in the future:			
Exchange differences on the translation of foreign operations	507	(1,662)	539
Total other comprehensive income (loss) for the period	507	(891)	1,310
Total comprehensive income for the period	6,262	78,315	182,791
Comprehensive income for the period attributable to:			
Shareholders in the parent company	6,180	78,319	182,195
Non-controlling interests	82	(4)	596
	6,262	78,315	182,791

Electra Real Estate Ltd.
CONSOLIDATED INFORMATION OF CHANGES IN EQUITY
US DOLLARS (in thousands)

	Share Capital	Share Premium	Capital reserve on financial assets through other comprehensive income	Capital reserve on share- based payment	Adjustments deriving from the translation of financial Statements	Treasury Shares	Retained Earnings	Total Attributable to equity holders in the company	Non- controlling interests	Total equity
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Balance as of January 1, 2023	58	185,270	(57,759)	474	(52,258)	(9,479)	332,509	398,814	4,687	403,501
Net income for the period	-	-	-	-	-	-	5,673	5,673	82	5,755
Exchange differences on the translation of foreign operations	-	-	-	-	507	-	-	507	-	507
Total comprehensive income for the period	-	-	-	-	507	-	5,673	6,180	82	6,262
Cost of share-based payment	-	-	-	9	-	-	-	9	-	9
Non-controlling interests' share in the capital of a subsidiary company in the operations of investment funds and partnerships	-	-	-	-	-	-	-	-	317	317
Dividend paid by a consolidated company to non-controlling interests	-	-	-	-	-	-	-	-	(27)	(27)
Dividend to shareholders in the company	-	-	-	-	-	-	(11,217)	(11,217)	-	(11,217)
Total equity as of March 31, 2023	58	185,270	(57,759)	483	(51,751)	(9,479)	326,965	393,786	5,059	398,845

Electra Real Estate Ltd.
CONSOLIDATED INFORMATION OF CHANGES IN EQUITY
US DOLLARS (in thousands)

	Share Capital	Share Premium	Capital reserve on financial assets through other comprehensive income	Capital reserve on share- based payment	Adjustments deriving from the translation of financial Statements	Treasury Shares	Retained Earnings	Total Attributable to equity holders in the company	Non- controlling interests	Total equity
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Balance as of January 1, 2022	58	185,270	(57,759)	392	(53,826)	(2,563)	175,665	247,237	3,813	251,050
Net income for the period	-	-	-	-	-	-	79,058	79,058	148	79,206
Exchange differences on the translation of foreign operations	-	-	-	-	(739)	-	-	(739)	(152)	(891)
Total comprehensive income for the period	-	-	-	-	(739)	-	79,058	78,319	(4)	78,315
Cost of share-based payment	-	-	-	22	-	-	-	22	-	22
Non-controlling interests' share in the capital of a subsidiary company in the operations of investment funds and partnerships	-	-	-	-	-	-	-	-	717	717
Dividend paid by a consolidated company to non-controlling interests	-	-	-	-	-	-	-	-	(2,003)	(2,003)
Dividend to shareholders in the company	-	-	-	-	-	-	(12,169)	(12,169)	-	(12,169)
Total equity as of March 31, 2022	58	185,270	(57,759)	414	(54,565)	(2,563)	242,554	313,409	2,523	315,932

Electra Real Estate Ltd.
CONSOLIDATED INFORMATION OF CHANGES IN EQUITY
US DOLLARS (in thousands)

	Share Capital	Share Premium	Capital reserve on financial assets through other comprehensive income	Capital reserve on share- based payment	Adjustments deriving from the translation of financial Statements	Treasury Shares	Retained Earnings	Total Attributable to equity holders in the company	Non- controlling interests	Total equity
	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
Balance as of January 1, 2022	58	185,270	(57,759)	392	(53,826)	(2,563)	175,665	247,237	3,813	251,050
Net income for the year	-	-	-	-	-	-	180,627	180,627	854	181,481
Exchange differences on the translation of foreign operations	-	-	-	-	1,568	-	-	1,568	(258)	1,310
Total comprehensive income for the year	-	-	-	-	1,568	-	180,627	182,195	596	182,791
Cost of share-based payment	-	-	-	82	-	-	-	82	-	82
Non-controlling interests' share in the capital of a subsidiary company in the operations of investment funds and partnerships	-	-	-	-	-	-	-	-	2,586	2,586
Acquisition of treasury shares in the company	-	-	-	-	-	(6,916)	-	(6,916)	-	(6,916)
Dividend paid by a consolidated company to non-controlling interests	-	-	-	-	-	-	-	-	(2,308)	(2,308)
Dividend to shareholders in the company	-	-	-	-	-	-	(23,783)	(23,783)	-	(23,783)
Total equity as of December 31, 2022	58	185,270	(57,759)	474	(52,258)	(9,479)	332,509	398,814	4,687	403,501

Electra Real Estate Ltd.**CONSOLIDATED INFORMATION OF CASH FLOWS****US DOLLARS (in thousands)**

	Three months ended March 31 2023	Three months ended March 31 2022	Year ended December 31 2022
	Unaudited	Unaudited	Audited
Cash flows from operating activities:			
Net income for the period	5,755	79,206	181,481
Adjustments required in order to present the cash flows from operating activities (Appendix A)	(7,347)	(61,255)	(94,799)
Net cash generated by operating activities	(1,592)	17,951	86,682
Cash flows from investment activities:			
Marketable securities, net	-	(111)	89
Consideration from the disposal of entities accounted for at equity	404	18,426	116,680
Change in short-term and long-term deposits, net	-	-	(12,341)
Changes in investments, loans to investments funds and partnerships, loans to investee companies and partners, net	(39,890)	(18,963)	(229,115)
Income tax received (paid) on the disposal of income-generating assets, net	-	-	(4,421)
Investment in and enhancement of income-generating assets	-	(99)	(83)
Consideration from the disposal of (investment in) fixed assets and usage right assets, net	-	(28)	(41)
Net cash absorbed by investment activities	(39,486)	(774)	(129,232)
Cash flows from financing activities:			
Issue of bonds (net of issue expenses)	50,937	-	44,832
Dividend paid to shareholders in the company	(11,217)	(12,169)	(23,783)
Non-controlling interests' share of a subsidiary company holding residential property for rent in the United States, net	317	717	2,586
Payment of dividend in a consolidated company to non-controlling interests	(27)	(2,003)	(2,308)
Receipt of long-term loans	7,107	40,899	107,138
Repayment of long-term loans	(16,572)	(27,412)	(58,698)
Leasing liabilities	(91)	(2)	(77)
Purchase of treasury shares in the company	-	-	(6,916)
Repayment of bonds	-	-	(16,016)
Receipt of short-term loans	8,350	-	86,538
Repayment of short-term loans	-	(18,940)	(98,764)
Net cash generated (absorbed) by financing activities	38,804	(18,910)	34,532
Increase (decrease) in cash and cash equivalents	(2,274)	(1,732)	(8,018)
Balance of cash and cash equivalents at the beginning of the period	7,757	16,992	16,992
Translation differences in respect of cash balances in foreign currency	1	(369)	(1,217)
Balance of cash and cash equivalents at the end of the period	5,484	14,891	7,757

CONSOLIDATED INFORMATION OF CASH FLOWS
US DOLLARS (in thousands)

	Three months ended March 31 2023	Three months ended March 31 2022	Year ended December 31 2022
	Unaudited	Unaudited	Audited
Appendix A' – Adjustments to present the cash flows from operating activities			
Expenses (income) not involving cash flows:			
The Company's share of the results of affiliated companies, net	90	(26,185)	(47,783)
Success fee in respect of increase in the value of residential property held for rental (promote)	(3,927)	(81,977)	(208,662)
Dividends, success fees and interest received from companies accounted for at equity and others	2,245	13,370	90,557
Depreciation and amortization	114	114	350
Change in the value of financial assets	-	(158)	(113)
Cost of share-based payment	9	22	82
Change in deferred taxes, net	1,188	30,769	51,378
Changes in asset and liability items:			
Change in trade receivables	-	(3)	47
Change in other receivables	(2,076)	(2,024)	(3,172)
Change in suppliers and providers of services	120	(353)	(417)
Change in other payables	(285)	5,298	12,522
Revaluation of long-term payables and receivables, net	(4,825)	(126)	10,412
	<u>(7,347)</u>	<u>(61,255)</u>	<u>(94,799)</u>

	Three months ended March 31 2023	Three months ended March 31 2022	Year ended December 31 2022
	Unaudited	Unaudited	Audited
Appendix B' – Additional details			
Cash paid in the year for:			
Interest	<u>3,982</u>	<u>1,765</u>	<u>11,989</u>
Current taxes paid on income	<u>-</u>	<u>-</u>	<u>9,993</u>
Cash received in the period for:			
Interest	<u>8,136</u>	<u>710</u>	<u>7,842</u>

Notes to the Consolidated Financial Information

US Dollars (in thousands)

Note 1 - General

The accompanying Financial Information, is derived from the Hebrew version of the Company's interim consolidated financial statement as at March 31, 2023 and for the period of three months ended on that date and do not include the disclosures required by International Financial Reporting Standards (IFRS) (hereinafter - The Interim Consolidate Financial Information).

The interim consolidated financial Information should be read together with the Company's Hebrew version of the annual consolidated financial statement as at December 31, 2022 and for the year ended on that date and the accompanying notes thereto (hereinafter – The Annual Consolidated Financial Statement).

The interim consolidated financial Information is a translation which is based on The Interim Consolidated Financial Statements, which have been prepared in accordance with International Financial Reporting Standard IAS 34 "Financial Reporting for Interim Periods", and also in accordance with the disclosure requirements in accordance with section D of the Securities Regulations (Periodic and Immediate Reports) - 1970.

The financial Information are presented in USD since the Company believes that financial Information in USD provide more relevant information to the investors and users of the financial Information.

Note 2 - General description of the Company and its activities

Electra Real Estate Ltd. (hereinafter: "The Company") is a public company whose securities are listed for trading on the Tel-Aviv Stock Exchange. The Company focusses on the management of investment funds and partnerships for limited partners, where the Company is a partner in the entity that serves as the managing partner of the investment funds and partnerships (General Partner). As of the time of the publication of the financial information, the Company manages three investment funds, which invest in multi-family housing complexes in the United States, two debt fund for the provision of loans for the financing of housing complexes in the United States, 23 special purpose partnerships for investment in single family residences on plots of land for rental (Single Family Rental) including, inter alia build to rent activities (BTR), (The single family homes activity and the BTR activities will be called hereinafter: "SFR"). In addition, the Company manages an American REIT partnership which invests in opportunities in hotels in the United States and holds two office buildings in Great Britain, within the framework of a fund that is being established for investment in offices in Great Britain and two reserves of land that are designated primarily for the development of residential complexes for rental in Southern Miami.