



Mivne Real Estate (K.D) Ltd.

(“The company”)

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

As of June 30, 2023

This is an English translation of the Hebrew consolidated Interim financial statements, that was published on August 16, 2023 (reference no.: 2023-01-094410) (hereafter: “the Hebrew Version”).

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



Mivne

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

June 30 2023 Quarterly Report

Overview

**June 30
2023**

15,084

Total Investment Property
(Millions of NIS)

1,313

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

1,945

Cash-Generating Areas
(Thousands of m²) of which 1,647 are in Israel.

764

Land Reserves and Unused Rights
(Thousands of m²)

Projects under construction

**June 30
2023**

7

Projects Under Construction and In Development

158

Scope
(Thousands of m²)

1,146

Estimated Cost Balance
(Millions of NIS)

199-213

Expected NOI at Project Completion*
(Millions of NIS)

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

Data from the Consolidated Statements

1-6.23

412

NOI
(Millions of NIS)
Increase of 13.1% compared to the corresponding period last year

12.9%

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

302

FFO
(Millions of NIS)
Increase of 18.9% compared to the corresponding period last year

8,010

Unrestricted Assets
(Millions of NIS) constituting 50% of the total real estate

2.34%

CPI-linked weighted debt interest

2,350

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

93.5%

Occupancy Rate in Israel

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

For the Period Ending June 30 2023

The Board of Directors of Mivne Real Estate (K.D) Ltd. is honored to submit the Financial Statements of the Company and its subsidiaries ("**the Company**") for the period ending June 30 2023 ("**The Reported Period**") and the "**Quarterly Financial Statements**", as the case may be).

This report must be read in conjunction with the 2022 Periodic report published on March 21 2023 (reference no.: 2023-01-029304) (hereinafter: "**the 2022 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 of corporate Business in the 2022 Periodic Report. The Company (including associates) owns some 1,945,000 m² of cash-generating space, of which 1,647,000 m² is in Israel. The Company has land reserves and unused rights to the amount of 764,000 m² and property under construction and planning to the amount of 846,000 m².

Towards the end of the second quarter of 2023 indications arose that inflation was flattening, which began increasing in the second quarter of 2022, among other things in light of the occurrence of a number of economic and geopolitical events that influenced price levels around the world.

Therefore, a slight moderation was observed against the sharp increases in the consumer price index, with the CPI remaining unchanged toward the end of the second quarter of 2023. According to the macroeconomic forecast published by the Research Division of the Bank of Israel in July 2023¹ the inflation rate in Israel in the coming four quarters ending in the second quarter of 2024 is expected to amount to 3.0% and in 2024 as a whole it is expected to be 2.4%.

In an attempt to moderate the inflation rate, and following the interest rate increases of central banks in Europe and the United States, starting April 2022 the Bank of Israel has raised interest rates in Israel on a number of occasions, from a negligible rate to its current rate of 4.75%. According to Bank of Israel forecasts, the interest rate is expected to reach 4.75%-5% in the second quarter of 2024. The fair value of the Company's assets was determined, among other things, by use of capitalization rates for future cash flows in its properties including exposure to changes in capitalization rates, which are influenced among other things by long-term interest rates.

¹ Sources of Information in this section:

The Research Division Macroeconomic Forecast, July 2023, is available on the Bank of Israel website At <https://www.boi.org.il/publications/pressreleases/a10-07-23>

Publication by the Bank of Israel, Financial Stability Report, First Half of 2023, August 2023: 2023.pdf (boi.org.il) - דוח יציבות-מחצית-ראשונה-2023

In accordance with data from the Central Bureau of Statistics, in the second quarter of 2023 the Consumer Price Index rose by 1.36%. The CPI increase led to an increase in the Company's financing costs. Against this, the Company's cash-generating property in Israel, the current value of which is 11.7 billion NIS, is mostly rented in CPI-linked rental agreements, and the Company sees this as long-term inflationary protection. As a result, the increase in CPI has led to an increase in the Company's revenues from building rentals and an increase in the fair value of properties.

The Company determines the fair value of its properties by, *inter alia*, determining the discount rates used to discount future cash flow from such properties. The Company has exposure to changes in these discount rates, which are affected, *inter alia*, by the risk-free interest rate in the market. In this context note that the margin between the weighted capitalization rate and the weighted debt cost, and the Company's current marginal raising date is high.

Since the start of 2023 the Israeli government has been working to push forward legislative amendments intended to make changes to the Israeli judicial system. The proposed legislative amendments are highly controversial and have led to widespread public protests, and according to certain estimates they may impact the performance of the Israeli economy and its fortitude. The judicial reform was suspended for a certain period of time by the Government, but in the second quarter of the year the legislative proceedings were resumed, and on July 24 2023, in spite of widespread public protests, and amendment was passed to Basic Law: Judiciary, in which the judicial review of resolutions by the government, the Prime Minister and its ministers on the basis of reasonableness was revoked. According to the Financial Stability Report published by the Bank of Israel in August 2023¹, developments pertaining to the proposed legislation have led to a significant increase in economic uncertainty in the Israeli economy and the accelerated development of negative sentiment in the markets. In light of the increased uncertainty, in its April 2023 forecast the Research Division published two scenarios: in the first, the dispute regarding the legislative amendments in the matter of the legal system is ultimately resolved in a manner that does not impact economic activity on a prospective basis; the second scenario refers to the possible economic implications to the degree that legislative and institutional changes will be accompanied by an increase in the State's risk premium, by a negative impact on exports, and by a drop in local investments and in the demand for private consumption. On July 25 2023 and on July 27 2023 the two rating companies Moody's and S&P, respectively, issued unusual announcements. In their announcements, they noted the negative developments derived from the progress in legislation for the judicial system, which was accompanied by increased uncertainty pertaining to the Israeli economy. Moody's also presented the second scenario presented above, reflecting an approach according to which the probability this scenario would be realized has increased.

The business and economic environment described above also has an impact on the cash-generating real estate industry in Israel in which the Company is active, and from early 2023 a certain slowdown has been felt in demand as well as an extension of the negotiation stage for closing rental agreements in the office areas, while the other segments, commercial industry and logistics, remained stable with a tendency toward a slight increase.

The Company cannot estimate the future impact, if any, of all of the above factors, on the real estate industry in Israel in general, and on the Company's activity in particular. The Company estimates that its financial robustness, diversification and the state of its assets, along with its cash balances and current cash flows it generates, would allow it to further meet its current and expected obligations, including financial covenants set forth in financing agreements and Deeds of Trust for Company bonds.

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

Events During and Subsequent to the Reported Period

Capital Raised

In February 2023, the Company issued 1,163,191,000 NIS NV debentures (Series 25) by way of a series expansion in return for a total of 1,035 million NIS. The effective annual interest rate embodied in this issue is 2.77%.

In June 2023 the Company issued 875,747,000 NIS NV debentures (Series 25) by way of a series expansion in return for a total of 778 million NIS. The effective yearly interest rate embodied in the offering is 3.2%.

In addition, the Company issued 385,556,000 NIS NV debentures (Series 20) by way of a series expansion in return for a total of 434 million NIS. The effective yearly interest rate embodied in the offering is 2.83%.

Early redemption of debentures

In February 2023, the Company initiated a full early redemption of debentures (Series 15), amounting to 7.5 million NIS NV for a total of 7.7 million NIS for principal and interest, as well as full early redemption of debentures (Series 18), amounting to 572 million NIS NV and at a total sum of 642 million NIS for principal and interest. For further details see Note 4c and d. to the Quarterly Financial Statements.

Hameitav Project, Tel Aviv

In June 2023 the protocol of the Local Committee for Planning and Construction on the deposit of Plan no. 507-0892091 TA/MK/4974 - Ayalon Region ("the Plan") was approved, to validate part of Parcel 64 in Block 7069, located between Yigal Alon Street west of the Bitzaron Neighborhood, Aminadav Street to the south and Meitav Street to the east.

The plan, as approved by the Local Committee, includes the construction of 3 buildings: a 47-story residential building, two 47-story employment buildings, and an additional employment structure of the "Hamashbir Hamerkazi" building regarding which the plan has established it as a building for preservation. The total plan area is 18,525 m², of which 5,500 m² is intended for public buildings, utilizing the construction rights as follows:

- a. Residential construction rights – 41,600 m², constituting 400 housing units.
- b. Construction rights for commerce and employment – some 125,000 m², primary and service areas.
- c. Construction rights for underground spaces of 66,500 m².

Hamashbir Hamerkazi structure on 76 Yigal Alon St., Tel Aviv, will be preserved according to the full documentation file approved by the City of Tel Aviv-Jaffa.

Sales

Pushing Forward the Receipt of Compensation from the Sale of Property Company in Florida

In May 2023 the balance of a loan provided by a partnership fully owned by the Company ("the Seller") to a buyer who had bought the Seller's holdings in a property company in Florida was redeemed to the sum of \$26.7 million (97 million NIS). while pushing dates forward and against implementation of a non-material assumption on the sum of the redemption that cannot have a material impact on the cash flow to the seller from the sale.

For further details see immediate reports from October 12 2022 (reference no.: 2022-01-125833) and from May 3 2023 (reference no. 2023-01-047553), presented here by way of referral.

Appointment of New CEO and Service of Executive Board Committee Until the New CEO Enters his Position

On March 22 2023 Mr. David Zvida concluded his service as Company CEO (for details see "End of Service of CEO" section of the Report of the Board of Directors in the 2022 Periodic Report). On May 22 2023 the Company Board of Directors ratified the appointment of Mr. Uzi Levi as Company CEO starting July 2 2023. In addition, the Company Remuneration Committee, Board of Directors and General Meeting ratified the terms of service and employment of Mr. Levi. For further details on the terms of service and employment of the Company CEO see the immediate report published by the Company on May 23 2023 and July 9 2023 (ref: 2023-01-054891, 2023-01-054921 and 2023-01-077304), presented here by way of referral.

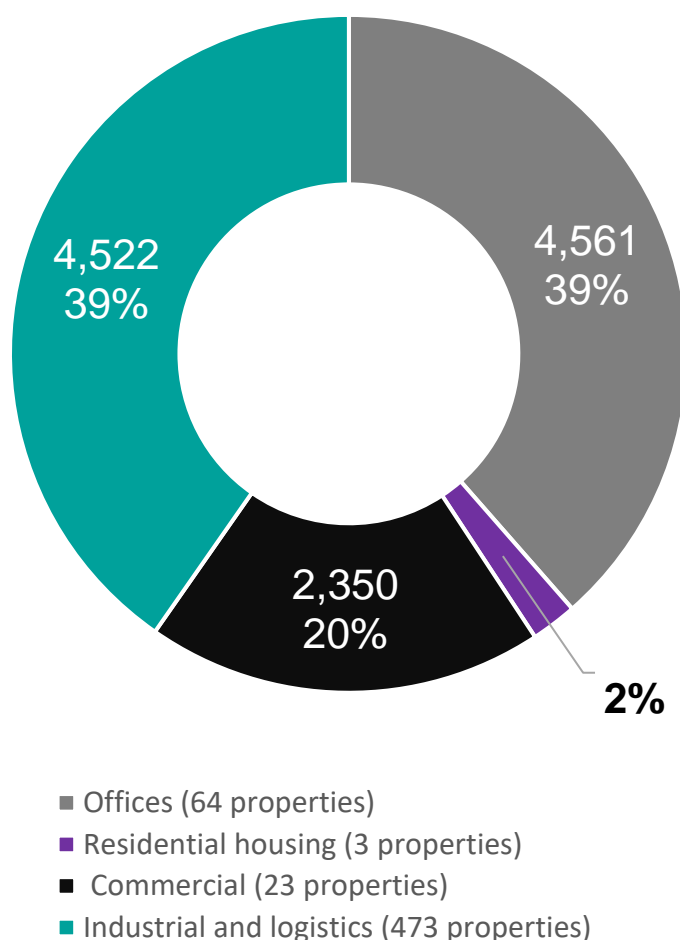
In March 2023 the Company Board of Directors appointed an executive board committee that includes Directors Tal Fuhrer (Chair of the Board of Directors), Ms. Bracha Litvak (external director) and Mr. Ronen Nakar (independent director), which supervised the management's activity in the interim period until the incoming CEO started in his position. The committee's authorizes delegated by the Board of Directors included all of the authorities that had been given to the outgoing Company CEO. The committee's work was concluded when Mr. Levi entered his office.

The Company's Activity

As of June 30 2023, the Company's assets (on a consolidated basis), owned and leased, include 563 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 some 3,000 tenants, in contracts of various length. In addition, the Company has 24 projects in advanced construction and planning stages to the scope of 846,000 m².

The occupancy rate of the Company's properties in Israel as of June 30 2023 is 93.5% compared to 94.5% on December 31 2022.

Cross-Section of the Company's Cash-Generating Properties in Israel by Value of Assets (In Millions of NIS)



A View of Company Data

Summary of Key Data (in Millions of NIS)

	Change Compared to Corresponding Period Last Year	1-6/2023	1-6/2022	Change Compared to Corresponding Period Last Year	4-6/2023	4-6/2022
Comprehensive NOI	13.1%	412	365	11.0%	207	187
NOI in Israel*	12.2%	381	340	9.4%	192	176
Same Property NOI	12.9%	371	329	11.8%	189	169
NOI abroad**	26.3%	31	25	34.9%	15	11
FFO	18.9%	302	254	14.9%	152	132
Increase in Known Index Rate		2.46%	3.13%		1.36%	1.93%

* Including from solar activity. * The increase in NOI in the first six months of 2023 compared to the corresponding period last year derives from an increase due to new rentals, an increase in rental fees in contract renewals and a decrease in net management expenses to the sum of 16 million NIS, an increase due to the CPI increase of 22 million NIS and an increase from properties purchased and operated to the sum of 3 million NIS.

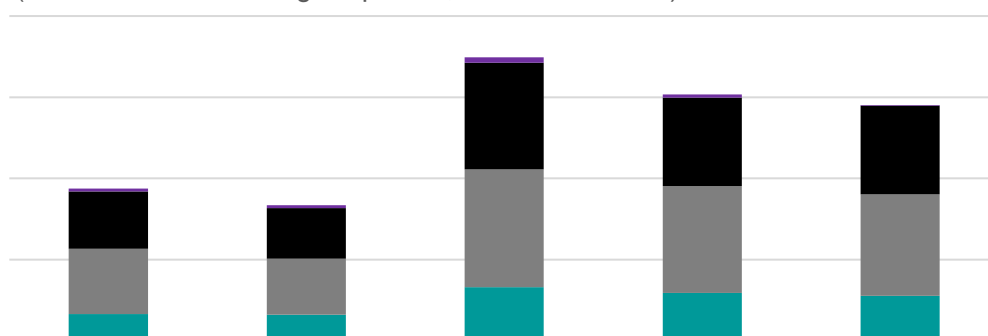
** Most of the increase derives from a one-time revenue of a property in France.

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

	Number of Properties as of June 30 2023	Above- Ground Area as of June 30 2023	NOI for the Period 1-6.23	Fair Value of Cash- Generating Property as of June 30 2023	Occupancy Rate as of June 30 2023	Value of Real Estate Under Construction as of June 30 2023
Uses		m ²	In Thousands of NIS	In Thousands of NIS	%	In Thousands of NIS
Offices	64	408,708	141,493	4,561,250	88.2%	1,313,117
Commercial	23	195,716	66,520	2,349,899	89.6%	
Industrial and Logistics	473	992,671	160,583	4,521,516	96.4%	
Residential	3	13,864	6,720	257,003	99.6%	
Total	563	1,610,959	375,316	11,689,668	93.5%	1,313,117
Associates – Company Share						
Offices	5	17,509	4,463	155,146	84.8%	
Commercial	6	13,150	6,495	206,360	98.6%	
Industrial and Logistics	1	5,256	409	140,647	100%	
Total	12	35,915	11,367	502,153	92.0%	
Expanded Total	575	1,646,874	386,683	12,191,821	93.5%	1,313,117

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

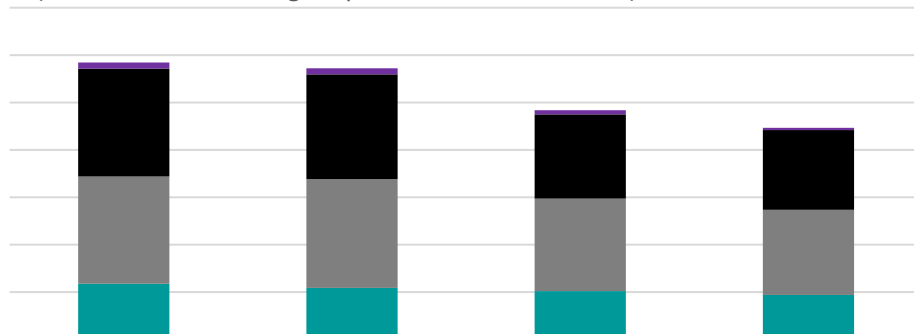
■ Rental Housing
■ Offices
■ Industrial and Logistics
■ Commercial



	1-6/2023	1-6/2022	2022	2021	2020
Commercial	66	64	132	118	111
Industrial and Logistics	161	138	290	263	250
Offices	141	125	263	218	218
Rental Housing	7	7	13	8	2
Total	375	334	698	607	581

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

■ Rental Housing
■ Offices
■ Industrial and Logistics
■ Commercial



	June 30 2023	December 31 2022	December 31 2021	December 31 2020
Commercial	2,350	2,175	2,030	1,878
Industrial and Logistics	4,522	4,585	3,911	3,589
Offices	4,561	4,427	3,555	3,367
Rental Housing	257	252	174	101
Total cash-generating property	11,690	11,439	9,670	8,935
Total under construction	1,313	1,126	723	168
Total investment property	13,003	12,565	10,393	9,103

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 1-6/2023 In Thousands of NIS
Cash-Generating Properties						
Israel	563	1,610,959	3,006	93.5%	11,689,668	375,316
Switzerland	2	56,099	18	93.4%	425,306	13,531
Ukraine	1	44,672	64	79.8%	218,818	7,256*
North America	4	77,536	182	71.9%	231,280	4,304
France	5	119,447	5	98.4%	44,439	5,952**
Total cash-generating properties	575	1,908,713	3,275	92.6%	12,609,511	406,359
Land						
Land in Israel	35				1,350,649***	
Abroad	1				25,839	
Total land	36				1,376,488	
Total	611	1,908,713	3,275	92.6%	13,985,999	406,359
Israel – Associated Companies	12	35,915	91	92.0%	502,153	11,367
Total	623	1,944,628	3,366	92.6%	14,488,152	417,726
Deferred Taxes****					2,373,088	

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

** Including a one-time payment of 3 million NIS.

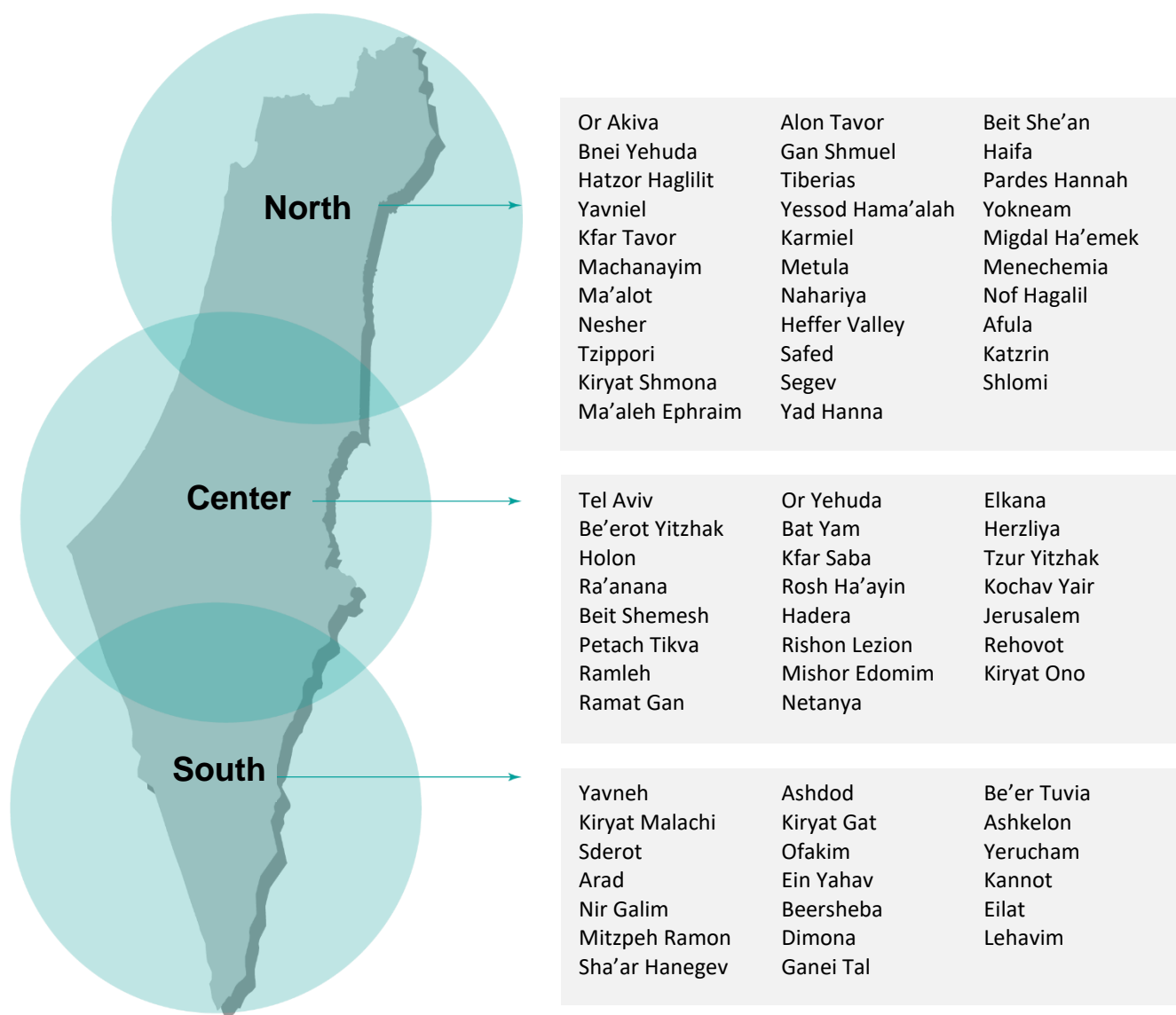
*** Including a total of 993 million NIS detailed within the framework of the "table of planned projects" below.

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



Kol Haaretz Mivne

The Company owns some 1,945,000 m² of cash-generating space, of which 1,647,000 m² is in Israel. The Company has land reserves and unused rights to the amount of 764,000 m² and property under construction to the amount of 158,000 m².



Concentrated Data on Projects in Construction, Planning and Development Stages

(As of June 30 2023)⁽¹⁾

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

Project Name	Location	Main Use	Company's Share	Design Status	Rental Space (m ²)*	Project's Value in the Company's Books	Estimated Construction Cost Balance	Estimated NOI Fully Occupied
						In Millions of NIS		
Hasolelim	Tel Aviv-Yafo	Offices and commercial	100%	In structural stages tenth floor in residential building and in structural stages ninth floor in offices.	68,300	799	515	109-117
Mivne Kfar Saba	Kfar Saba	Offices	100%	Underway, Estimated completion – 2024.	**26,000	227	32	22-24
Science and High-Tech Park (2 buildings)	Haifa	Offices	50%	In structural stage fifth story.	14,000	59	98	12
Kiryat Hamishpat	Kiryat Gat	Offices	100%	In testing for Form 4	5,000	38	-	3
"Mivne" Herzliya Pituach	Herzliya	Residential	100%	Undergoing paneling and excavation works.	103 housing units	159	130	8-9
		Offices and commercial			24,300		195	27-30
Beersheba	Beersheba	Hotels	100%	Start of excavation and shoring work	16,700	14	168	16
Netter Avenue	Sderot	Commercial	100%	Under construction, estimated completion 2024.	3,300	17	8	2
Total					157,600	1,313	1,146	199-213

* Without parking area

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

Primary Planned Properties (included within the framework of land in Israel)

Project Name	Location	Main Use	Company's Share	Design Status	Built-Up Area* (m ²)	Project's Value in the Company's Books (Millions of NIS)
Hameitav Stage B	Tel Aviv	Residential, Employment and commercial	100%	Plan approved for validation	125,000 400 housing units	690
Hasivim Neveh Oz	Petach Tikva	Offices	100%	Town construction plan approved. Implementation date not yet decided.	13,000	23
Science and High-Tech Park (2 buildings)	Haifa	Offices	50%	Preliminary planning	14,000	13
Crytek 2	Yokneam	Offices	100%	Decided to push permit forward, permit receipt forecast - Q4/2023.	25,000	5
Akerstein Towers Stage B	Herzliya	Offices Residential	53%	In discussions with regional committee. In planning stages for Town Plan.	50,000 150 housing units	35
Office Tower in Giv'at Sha'ul	Jerusalem	Offices	100%	Decided to push permit forward – forecast Q3/2023.	34,750	47
Ha'elef Compound	Rishon Lezion	Rental housing and student dormitories	50%	Detailed plans being prepared for the purpose of filing a request for a building permit.	17,000	79
Or Yehuda	Or Yehuda	Offices and commercial	50%	Completion of preliminary conditions for building permit.	15,500	37
Yad Hanna	Yad Hanna	Industry	50%	In the information files stage prior to submitting permits	47,000	141
Kanfei Nesharim	Jerusalem	Offices	50%	Conditional permit issued.	15,000	11
Ofakim - Ofar	Ofakim	Commercial	100%	Building permit request filed.	8,000	28
Gannei Tal	Gannei Tal	Industry	51%	In reservation with administration	28,000	30

Project Name	Location	Main Use	Company's Share	Design Status	Built-Up Area* (m ²)	Project's Value in the Company's Books (Millions of NIS)
Rehovot - Sharfon	Rehovot	Employment and commercial	50%	In the information files stage prior to submitting permits	40,000	37
		Residential			210 housing units	
Eilat - Shemi Bar	Eilat	Employment and commercial	100%	In Town Construction Plan approval stages.	23,000	65
		Residential			220 housing units	
Eilat - Commercial Compound	Eilat	Employment and commercial	100%	In Town Construction Plan approval stages.	21,500	63
		Residential			152 housing units	
DLR Mivne	Petach Tikva	Data center	50%	In permit stages	22MW on some 12,000 m ²	-
Kiryat Shechakim	Herzliya	Offices	25%	-	200,000	-
Total					688,750	1,304

* Without parking area

Rental Housing⁽¹⁾

Town	Use	Number of Units	Area (m ²)	Book Value/ Sum Paid (Thousands of NIS)	Balance Payable (Thousands of NIS)	Yearly NOI/Expected NOI (Thousands of NIS)	Expected Yield
Jerusalem	Housing Collection	317	13,658	128,838	-	8,037	Cash-generating
Kiryat Ono	Student Dorms	113	3,334	59,574	-	2,900	Cash-generating
Kiryat Ono	Residential	30	2,745	68,591	-	2,000	Cash-generating
Ben Shemen	Residential	80	8,913	25,518	112,581	4,235	Q2/2025
Hadera	Residential	50	4,507	14,166	61,987	1,679	Q2/2025
Ramat Hasharon	Residential	50	6,044	28,557	123,978	5,508	Q2/2024 for most of the apartments Q1/2026 on the balance of the apartments
Ramat Chen	Residential	80	7,177	37,485	160,410	5,283	Q4/2026
Total		720	46,378	362,729	458,956	29,642	

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	211	30,587	24,942
Increasing the size of existing installations	-	1,568	1,081
Installations with quota	61	7,719	5,317
Installations in approval proceedings	21	2,967	2,143
Total	293	42,841	33,483*

* The Company's share of expected revenues, is expected to amount to a total of 27 million NIS.

The amortized cost in the books for the solar facilities is 136 million NIS and the balance of the cost for implementation totals 14 million NIS.



(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 business environment in which the Company is active and the risk factors characterizing the Company's activity, including tenants' ability to pay, the receipt of permits and approvals from the proper authorities, engagements with third parties, and changes in legislation and regulation. For further details on the risk factors characterizing the Company's activity see Section 1.36 "Risk Factors" as well as Section 1.8 "General Environment" in of the Report on the Corporation's Business in the 2022 Periodic Report.

Residential

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

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

Location	No. of Housing Units 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 June 30 2023 (Millions of NIS)	Total Cost Balance	Developer Profit Not Yet Recognized
		%	As of June 30 2023		As of the publication of the report					
Hasolelim	360	75%	82	285	82	285	2	426	280	358
Hameitav Tel-Aviv ²	1	50%	-	-	-	-	-	1	-	1
Merom Hasharon Stage F	134	90%	43	82	44	83	-	84	25	59
Merom Hasharon Stage G	79	90%	-	-	-	-	-	74	9	50
Total	574		125	367	126	368	2	585	314	468

1. Balance of units in inventory as of June 30 2023

2. As of June 30 2023 and as of the report publication date, 169 units have been delivered, valued at 453 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 1.36 "Risk Factors" as well as Section 1.8 "General Environment" in of the Report on the Corporation's Business in the 2022 Periodic Report.

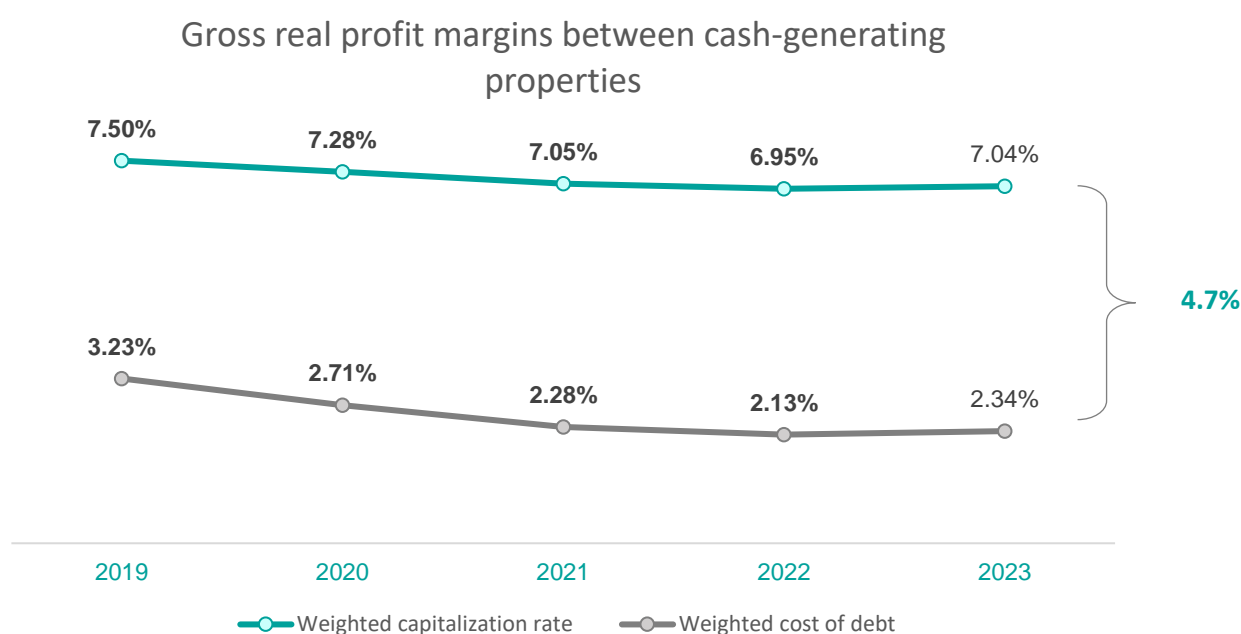
Inventory of Land for Long-Term Residential Construction

Location	Number of Housing Units	Holdings in Projects	Total Value as of June 30 2023
		In %	In Millions of NIS
Sdeh Dov	230	33.33%	223
Or Akiva	56	100%	10
Ramleh	57	100%	7
Total	343		240

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 June 30 2023 amounts to 6.6 billion NIS. The debt's total life span in Israel is 4.65 years and the weighted effective interest rate is 2.34% CPI-linked.

As of the publication of this report, the Company has cash balances and unused credit frameworks totaling 2.4 billion NIS, and unencumbered real estate properties to the sum of 8 billion NIS.



Spreading debt redemptions over years

	Average Life Span	Weighted Effective Interest	2023	2024	2025	2026	2027	2028	2029 Onward	Balance as of June 30 2023*
In Millions of NIS										
Israel	4.65	2.34%	322	557	794	1,128	1,151	1,228	2,835	8,015
Weighted Interest Rate for Redemptions Performed in the Period			1.97%	3.60%	2.70%	1.82%	2.68%	2.32%	2.06%	
Weighted interest rate			2.33%	2.23%	2.18%	2.25%	2.13%	2.05%	2.12%	
Abroad	5.67	1.78%	1	40	55	-	-	-	195	291
Total redemptions			323	597	849	1,128	1,151	1,228	3,030	8,306
Of these, a "balloon" guaranteed by a lien			-	(155)	(244)	(574)	(544)	(395)	(195)	
Redemptions less pledged cash flows			323	442	605	554	607	833	2,835	
Value of asset pledged			-	583	522	996	1,457	817	395	
LTV rate of pledged asset			-	26.6%	46.8%	57.6%	37.3%	48.3%	49.5%	

* The balance as of June 30 2023 for debentures includes a discount or premium.

NOI

NET OPERATING INCOME

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

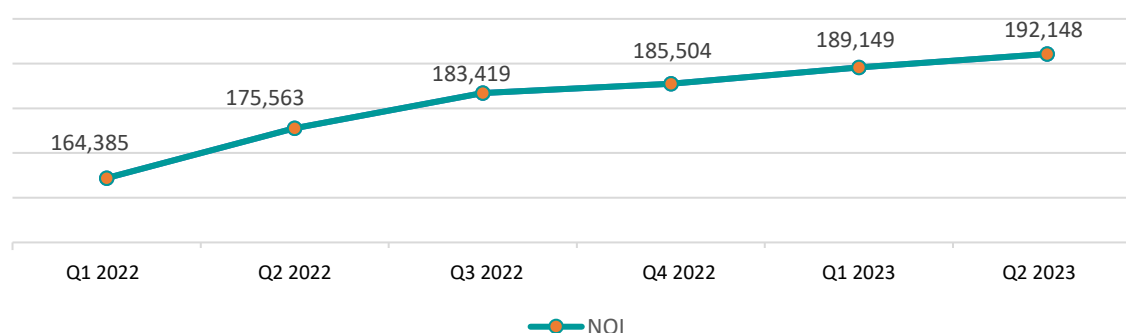
Company management believes that NOI is an important parameter in valuing cash-generating real estate. The result of dividing this Transition data by the commonly used discount rate in the geographic location of the property ("cap rate") is one of the indications of valuation of the property (beyond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

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

NOI Development (In Thousands of NIS)

	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Total – NOI	192,148	189,149	185,504	183,419	175,563	164,385

NOI Development in Israel (In Thousands of NIS)



The NOI in Israel in the second quarter of 2023 totaled 192 million NIS, compared to 176 million NIS in the corresponding quarter last year, constituting a growth of 9.4%.

Weighted Cap Rate

The following is the calculation of the weighted cap rate derived from all the cash-generating properties in Israel as of June 30 2023:

	Consolidated (in Millions of NIS)
Investment property in consolidated report as of June 30 2023	13,771
Less - foreign real estate	(946)
Less – value of lands classified as investment property	(1,351)
Plus – value of cash-generating properties intending for realization	2
Income-generating investment property in Israel as of June 30 2023	11,476
Less value attributed to vacant spaces	(832)
Less value attributed to rental housing	(257)
Investment property attributed to rented spaces as of June 30 2023	10,387
NOI from cash-generating properties in Israel for the period ending June 30 2023	374
Standard Yearly NOI	744
Yearly NOI less NOI attributed to rental housing	731
Weighted cap rate deriving from cash-generating investment property in Israel	7.04%



FFO Funds From Operations

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

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

We emphasize that the FFO:

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



FFO calculations (In Thousands of NIS)

	1-6.2023	1-6.2022	4-6.2023	4-6.2022	1-12.2022
Net profit for the period	340,226	685,109	168,335	618,647	1,285,219
Changes in value of investment property and investment property under construction	(198,805)	(792,713)	(104,780)	(764,625)	(1,346,603)
Profits and losses from the sale of real estate, investees, other revenues and realization of capital reserves from translation differences.	4,413	4,012	1,752	1,288	(9,814)
Tax expenses from the sale of properties and other revenues	-	-	-	-	1,584
Changes in fair value of financial instruments	6,323	25,130	(2,271)	17,028	37,319
Adjustments due to taxes	59,916	200,498	29,841	183,732	340,305
Loans attributed to affiliated companies	(3,844)	(99)	(4,449)	(697)	3,432
Revaluation of assets and liabilities	2,279	1,778	1,277	928	14,414
Other revenues	(32,956)	(11,760)	(14,791)	(5,279)	(34,128)
Nominal FFO pursuant to ISA directives	174,552	111,955	74,914	51,022	291,728
Added – expenses of linkage differences on the debt principal and exchange rate differences	117,683	133,781	72,306	78,281	238,844
Real FFO pursuant to management's approach	292,235	245,736	147,220	129,303	530,572
FFO attributed to cash-generating property	301,836	253,832	152,258	132,467	544,196
Change in CPI rate in the period *	2.46%	3.13%	1.36%	1.93%	5.3%

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

2023 Forecast

The following is the projected FFO from cash-generating properties and projected NOI for 2023:

The Company's forecast for its key operating results in 2023, based on the following working assumptions:

- Known CPI as of June 30 2023.
- Without the purchase of new properties.
- No material changes will occur in the business environment in which the Company is active in Israel beyond that stated in the "general environment" item in the Report on Corporate Business of the 2022 Periodic Report and in this report.
- Company Management expects that most of the rental agreements expiring over the course of 2023 will be renewed.

2023 Forecast Update, in Millions of NIS				
	In Practice 1-6/2023	Revised 2023 Forecast	Previous Forecast	2022 in Practice
NOI	412	810-820	795-815	760
FFO attributed to cash-generating property	302	580-590	560-580	544

The information in the above table featuring a forecast for all of 2023 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 1.36 for details on the business environment see Section 1.8 of the Report on the Corporation's Business in the 2022 Periodic Report.

Operating Results According to Consolidated Financial Statements

Business Results Summary Table (in Millions of NIS)

		For the Period (in Millions of NIS)				Notes and Explanations
		1-6.2023	1-6.2022	4-6.2023	4-6.2022	
Revenues from Rental and Management Fees		515	467	258	235	Most of the increase in the periods from the impact of the CPI increase on rental contracts, a real increase in rental fees.
Maintenance and Management Cost		109	108	53	51	
Revenues from the Sale of Apartments and Land		69	16	28	16	The revenues in the period derive from revenues from Hasolelim Project in Tel Aviv to the sum of 49 million NIS and at Marom Hasharon to the sum of 20 million NIS.
Cost of Apartments and Land Sold		43	12	18	12	
Increase in Fair Value of Investment Property		199	793	105	765	Over the course of the period, 117 valuations were carried out for properties worth 5.7 billion NIS. Most of the increase derives from an increase in the Consumer Price Index, an increase in real rental fees as well as an increase in the value of land.
Administrative and General, Sales and Marketing Expenses		48	45	25	21	The increase is mainly due to costs due to the end of the CEO's term.
Financing Expenses	Net interest expenses	67	64	35	32	The increase in the period largely derives from an increase in the Company's debt.
	Expenses from change in CPI, net	143	154	82	102	A 2.46% CPI increase in the period against a 3.13% CPI increase in the corresponding period last year. In addition, an increase in linked financial debt.
	Loss from early redemption	-	2	-	2	
	Net expenses (revenues) from exchange rate differences and others	(20)	6	(14)	(7)	
	Total	190	226	103	129	
Tax expenses on income		66	210	34	190	
Net Profit		340	685	168	619	

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

	As of June 30 2023	As of December 31 2022	Notes and Explanations
Current Assets	2,257	983	The increase in the period largely derives from an increase in the balances of cash and cash equivalents as a result of the issue of debentures in return for a total of 2,247 million NIS, with this being offset in part by the redemption of debentures to the sum of 816 million NIS and the payment of dividends to the sum of 157 million NIS.
Investments handled using the book value method	519	501	
Investment property, investment property in development and advance payments on account of investment in land	15,232	14,725	The increase mainly derives from real estate revaluations and investments in the period.
Inventory of land for construction	240	239	
Short-term credit, current maturities	764	639	
Long-term loans and liabilities from banking corporations, credit providers and others.	949	1,187	
Long-term debentures	6,365	4,776	The increase in the period largely derives from the issue of Series Y debentures and the expansion of Series T and Y in return for a total of 2,247 million NIS and against debenture redemptions of Series R, O, P, Q and S to a total sum of 817 million NIS.
Total equity attributed to shareholders	8,182	7,985	Most of the increase derives from comprehensive income in the period to the sum of 354 million NIS, offset by dividends to the sum of 157 million NIS.
Total Equity	8,237	8,026	

Cash and Credit Frameworks

Sources	In Millions of NIS
Balance of Cash at the Beginning of the Period	179
Cash Deriving from Current Activities	228
Sale of assets and redemption of loans given to others	95
Short-term investments, net	(52)
Investment and issue of loans to investees, net	(11)
Investment in investment property, real estate under development and fixed assets	(264)
Total investment activity	(232)
Issue of debentures	2,248
Repayment of short-term credit	(33)
Receipt of loans from banks and long-term liabilities	89
Repayment of loans from banks and long-term liabilities	(142)
Redemption of debentures	(817)
Dividends paid to shareholders	(158)
Total financing activity	1,187
Exchange rate differences due to cash and cash equivalent balances	5
Balance of cash at the end of the period	1,367

Financing and credit facilities

As of the publication of this report, the Company has cash balances and unused credit frameworks totaling 2.35 billion NIS.

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

For details on the debentures (Series 20 and 25) as well as debentures that constitute a "material loan" as this term is defined in Legal Position 104-15: a reportable credit event published by the Securities Authority on October 30 2011 and as updated on March 19 2017 and February 2, 2023, see Appendix C to the Board of Directors' Report.

For details on the issue of debentures and early redemption of debentures, see Notes 4a, c., d. and I. to the Company's June 30 2023 Interim Consolidated Financial Statements ("Financial Statements").

Working Capital

Working capital, including assets and liabilities held for sale as of June 30 2023, amounted to 1,225 million NIS in the Financial Statements compared to a total of 50 million NIS as of December 31 2022. Working capital in the solo financial statements, including assets held for sale as of June 30 2023, amounted to 1,150 million NIS vs. a working capital deficit, including assets held for sale to the sum of 32 million NIS as of December 31 2022.

Linkage Balance

The Company has financial obligations to the sum 8.3 billion NIS, of which 7.1 billion NIS are CPI-linked. The Company's cash-generating property in Israel is worth 11.7 billion NIS, is largely rented in CPI-linked rental agreements, and the Company considers this to be long-term inflationary protection.

Investment in Associates

The Company has investments in investees active in Israel and the U.S. The Company lists its investments in these companies using the book value method. As of June 30 2023 the investment in these companies amounts to 519 million NIS, of which 507 million NIS is in Israel.

Credit Rating

On February 5, 2023, Standard & Poor's Maalot announced that it was issuing a rating of ilAA Stable Outlook for debentures (Series 25), issued in February 2023 by way of series expansion. See immediate report published by the Company on February 5, 2023 (reference no.: 2023-01-014259).

On February 12 2023, Midroog Ltd. announced that it was rating debentures (Series 25), issued in February 2023 by way of series expansion, an Aa2.il/Stable outlook. See immediate report published by the Company on February 12, 2023 (reference no.: 2023-01-016137).

On March 27 2023 Midroog Ltd. announced that it was retaining the Aa2.il Stable Outlook rating for the Company and for the debentures (Series 16, 17, 20, 24 and 25) issued by the Company, the rating Aa1.il Stable Outlook for the debentures (Series 19 and 23) the Company has issued as well as rating P-1.il for the Company's Commercial Securities 1.

On June 6 2023 Standard & Poor's Maalot announced that it was ratifying the Company's rating at ilAA- Stable Outlook, see the Company's report from June 6 2023 (2023-01-062226).

On June 7 2023 Midroog Ltd. announced that it was retaining the Aa2.il Stable Outlook rating for the Company and for the debentures (Series 16, 17, 20, 24 and 25) issued by the Company, the rating Aa2.il Stable Outlook for the debentures (Series 24 and 25) the Company has issued, see the Company's report from June 7 2023 (2023-01-062802).

On June 7 2023 Standard & Poor's Maalot announced that it was ratifying the rating of ilAA Stable Outlook for the debentures issued by the Company (Series 20 and 25), see the Company's report from June 7 2023 (2023-01-062997).

Dividend Policy

In March 2023 the Company Board of Directors decided on a dividend distribution policy for 2023 totaling 260 million NIS but not exceeding 50% of the Company's total yearly FFO, all subject to a specific decision by the Board of Directors before each distribution after examination of the distribution tests set in law, alongside business considerations.

On May 30 2023 the Company's Board of Directors decided to distribute dividend to the amount of 65 million NIS (0.0861055 NIS per share).

On August 15 2023 the Company's Board of Directors decided to distribute dividend to the amount of 65 million NIS (0.0861052 NIS per share).

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

Uzi Levi

Company CEO

August 15 2023

Appendices

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Appendix A

Exposure to Market Risk and Management Thereof

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Appendix B

Corporate governance and disclosure Regarding the Corporation's Financial Reporting

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Special Disclosure for Debenture Holders: Bonds in Public Hands

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Appendix D

Linkage Basis Report

An aerial photograph of a modern city skyline. The central focus is a tall, rectangular skyscraper with a glass facade, featuring several horizontal bands of greenery. To its right is another tall, dark blue glass building. The background shows a dense urban landscape with various other buildings and a clear blue sky. A white diagonal line cuts across the image from the top right to the bottom left.

Appendix A

Exposure to Market Risk and Management Thereof

Appendix A

Exposure to Market Risk and Management Thereof

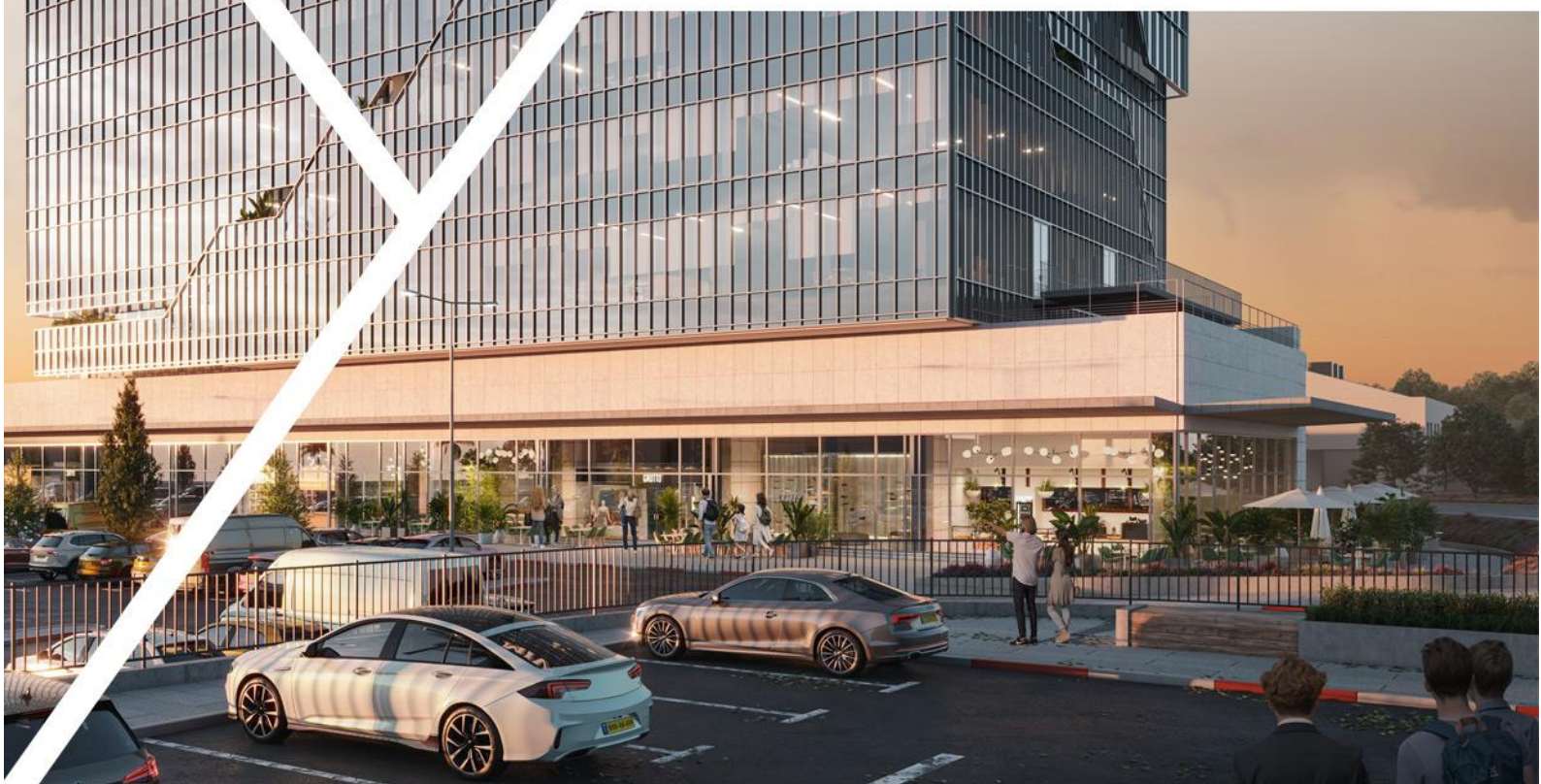
1. The person responsible for managing market risks is Mr. Uzi Levi, Company CEO.
2. No material changes in risk factors have occurred in the reported period compared to those reported in the 2022 periodic report.

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

Disclosure Provisions with Regard to the Corporation's Financial Reporting



Appendix B

Aspects of Corporate Governance and Disclosure Provisions with Regard to the Corporation's Financial Reporting; Environmental and Social Responsibility

Material Events During and Subsequent to the Reported Period

1. For details on the departure of the CEO and his retirement terms, see headline "End of Service of CEO" in the Board of Directors' Report of the 2022 Periodic Report as well as Note 4J to the Company's June 30 2023 Consolidated Interim Financial Statements.
2. For details on the appointment of Uzi Levi as Company CEO see Note 4a to the Company's June 30 2023 Consolidated Interim Financial Statements.
3. For details on the Company's remuneration policy for 2023-2025 that was approved on June 4 2023 as well as long-term goals set for Company officers within the framework of this policy see the (corrective) summons of the Special General Meeting published by the Company on May 23 2023 (reference: 2023-01-055170) presented by way of referral as well as Note 4f to the Company's Consolidated Interim Financial Statements as of June 30 2023.

Environmental, Social and Governance Responsibility

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

Investment in Solar Energy Ventures

The Company is acting to expand its involvement in the field of solar energy and the creation of green energy and over the course of recent years the Company increased its investment in the field. The Company is in the advanced stages of an extended project, a significant portion of which is carried out along with partners active in the field, to replace the roofs on properties in its possession across the country with new roofs on which solar energy systems are installed in order to allow the production of renewable energy, in accordance with a long-term agreement with the Electric Company to provide electricity for up to 25 years. As of the publication of the report, the Company has filed requests to regulate 293 solar energy systems and a licensing process was completed for the installation of 272 systems with an output of 39.8 MW, of which 211 systems were operated with an output of 30.5 MW. Concurrently, over the course of the year the Company has upgraded the existing solar energy systems in its possession while increasing their utilization level, by increasing the size of the systems, making the systems denser and replacing the existing equipment (solar panels and converters) with equipment with more advanced technology. In addition, the Company has engaged with a partner in the field in an agreement to build electrical storage facilities that will be operated on the Company's properties across the country,

with a total output of 400 MW/h. At this stage the Company is in the process of granting approvals and permits for 26 systems in the information files stage and 6 systems in the pre-permit stage.

Green Construction: Energy Efficiency in Maintaining Older Properties

New projects of office towers and employment compounds in development are being built according to the LEED Platinum or LEED Gold rating, a voluntary international standard for certifying buildings for green construction acting according to principles of environmental and social responsibility. The standard selects various categories such as energy savings and use of renewable energy, effective use of water, the environment inside the structure and so on. The standard consists of four grades – Certified, Silver, Gold and Platinum, with Platinum being the highest rating. Accordingly, the Company's employment compounds will provide its customers with optimal working conditions with energy savings and environmental protection.

In the Company's older employment compounds as well, the Company is working on a regular basis to upgrade them both in terms of environmental protection and energy savings and is making investments in replacing bulbs with cost-effective LED bulbs, replacing chillers and installing charging stations for electrical vehicles in its parking garages.

Promoting electric transportation infrastructure

The Company and Scala Smart Energy Ltd. signed a collaboration agreement for construction and operation of EV charging stations at Company properties across Israel. As of the publication of the report, 24 public charging stations have been installed on the Company's properties and 15 stations are operational. 46 additional public charging stations are expected to be installed over the course of the year.

Ethical Code; Gender Equality and Protecting Employee Rights

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

The Company takes pride in gender equality in employee placement - 51.6% women and 48.4% men.



Appendix C

Special Disclosure for Debenture Holders: The Bonds in Public Hands

Appendix C

Special Disclosure for Debenture Holders: The Bonds in Public Hands

As of the report issue date, there are 7 outstanding series of tradable debentures issued by the Company, as detailed in the following table. Note that during the reported period and as of the report date, the Company has met all of the terms and obligations in accordance with the deeds of trust and no conditions existed that gave grounds to the provision of the debentures for redemption or for the realization of collateral in accordance with the terms of the deeds of trust.

As of June 30 2023 (In Thousands of NIS)	Debentures (Series 16)	Debentures (Series 17)	Debentures (Series 19)	Debentures (Series 20)
Date of Issue	July 10 2014 May 17 2020 expansion	July 10 2014 Expansions - over the course of 2016, February 23 2017, October 23 2017	September 29 2016 Expansions - January 12 2017, January 26 2017, February 21 2017, August 27 2020.	July 30 2017 Expansions - March 27 2022, June 8 2023
Notational value on the date of issue, including offering as a result of options exercise and by way of expansion	347,130	747,503	487,512	1,439,687
Outstanding Notational Value	195,087	375,931	360,711	1,334,983
Stock market rate (in 0.01 NIS)	101.94	113.91	112.76	112.17
Outstanding Notational Value, Linked	195,087	415,613	402,012	1,492,351
Accrued interest	-	-	2,606	-
Fair value	198,871	428,223	406,738	1,497,450
Interest type	Fixed interest			
Denoted Yearly Interest Rate	5.65%	3.7%	2.6%	2.81%
Principal payment dates	Twelve non-equal yearly installments paid on June 30 of each of the years from 2017 to 2028. 5% of the principal will be paid in each of the first through fourth installments and 10% of the principal paid in each of the fifth to twelfth installments.	Twelve unequal yearly installments, to be paid on June 30 of each of the years from 2017 to 2028, with 5% of the principal paid in each of the first through fourth payments and 10% of the principal paid in each of the fifth to twelfth payments.	Ten unequal annual installments that will be paid on March 31 of each year from 2018 through 2023 and each year from 2025 to 2027. In the first three installments 2% of the principal shall be paid, in each of the five next installments 5% of the principal shall be paid and in the ninth installment, 69% of the principal shall be repaid.	Eight non-equal yearly installments paid on December 31 of each of the years from 2019 through 2029, except for 2022, 2024 and 2027. First, third and fourth installments 5%, second and fifth installments 10%, sixth and seventh installments 20% and eighth installment 25%.
Interest payment dates	June 30 and December 31 of each year from 2014 to 2028.	June 30 and December 31 of each year from 2014 to 2028.	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.

As of June 30 2023 (In Thousands of NIS)	Debentures (Series 16)	Debentures (Series 17)	Debentures (Series 19)	Debentures (Series 20)
Linkage Basis and Terms (Principal and Interest)	Non-linked	May 2014 CPI	August 2016 CPI	June 2017 CPI
Does it constitute a material obligation?	No	No	No	Yes
Rating company 1	Midroog For more information see "Financing" in this report, under "Credit rating".			
Rating	Aa2 Stable outlook	Aa2 Stable outlook	Aa1 Stable outlook	Aa2 Stable outlook
Rating company 2	S&P Maalot For more information see "Financing" in this report, under "Credit rating".			
Rating	AA stable			
Are there guarantees for the payment of the obligations?	No			
Are there any liens?	No	No	Yes. Real estate properties. See Appendix A of Part A of the 2022 Periodic Report. For details on the security replacement mechanism see Section 5.9 of the Deed of Trust attached as Appendix A to the August 26 2020 Shelf Offering Report (reference no. 2020-01-084685). Note that the liens in question are valid in accordance with the law and with the Company's articles of association.	No
The value of pledged properties on the financial statements	-	-	707,702	-
Trustee	Mishmeret Trust Services Ltd. (1)		Resnick Paz Nevo Trusts Ltd. (2)	
Right to early repayment	(3)			

As of June 30 2023 (In Thousands of NIS)	Debentures Series 23 (Formerly Series 14 in Jerusalem Economy Ltd.)	Debentures Series 24 (Formerly Series 15 in Jerusalem Economy Ltd.)	Debentures Series 25 (4)
Date of Issue	September 18 2016 Expansions - August 27 2020, March 27 2022	June 21 2017	1.11.2021 Expansions - February 6 2023, June 8 2023
Notational value on the date of issue, including offering by way of expansion	837,655	612,810	3,065,604
Outstanding Notational Value	616,525	490,248	3,065,604
Stock market rate (in 0.01 NIS)	111.43	111.02	90.55
Outstanding Notational Value, Linked	685,030	544,217	3,306,803
Accrued interest	4,144	-	2,886
Fair value	686,994	544,273	2,775,904
Interest type	Fixed interest		
Denoted Yearly Interest Rate	2.4%	2.6%	0.35%
Principal payment dates	Nine non-equal yearly installments paid on September 30 of each of the years of 2018 through 2026. First installment of 2% of the principal, second to eighth payments of 5% of the principal, and ninth payment of 63% of the principal.	Six installments of 4% of the principal each on June 30 of each year from 2019 to 2024, three installments of 6% of the principal on June 30 of each year from 2025 to 2027, the 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 and 2025 as well as 2027-2033. First and second installments at a rate of 5% of the principal, third to fifth installments at a rate of 10% of the principal and sixth through ninth installments of 15% of the principal, each.
Interest payment dates	March 30 and September 30 of each year from March 30 2017 to September 30 2026.	June 30 and December 31 of each year from December 31 2017 to June 30 2028.	March 31 and September 30 of each year from March 31 2022 to September 30 2033.
Linkage Basis and Terms (Principal and Interest)	July 2016 CPI	May 2017 CPI	September 2021 CPI
Does it constitute a material obligation?	No	No	Yes
Rating company 1	Midroog For more information see "Financing" in this report, under "Credit rating".		
Rating	Aa1 Stable outlook	Aa2 Stable outlook	Aa2 Stable outlook
Rating company 2	S&P Maalot For more information see "Financing" in this report, under "Credit rating".		
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 2022 Periodic Report. For details on the security replacement mechanism see Section 5.9 of the Deed of Trust attached as Appendix A to the August 26 2020 Shelf Offering Report (reference no. 2020-01-084685). The liens in question are valid in accordance with the law and with the Company's articles of association.	Yes. Shares of Darban Investments Ltd. (a wholly- owned subsidiary of the Company). See Note 23.c.1 to the Consolidated Financial Statements in the 2022 Periodic Report. The liens in question are valid in accordance with the law and with the Company's articles of association.	No
The value of pledged properties on the financial statements	925,832	816,676	-
Trustee	Resnick Paz Nevo Trusts Ltd. (2)		
Right to early repayment	(3)		

Further Details on the Company's Debentures

- (1) Mishmeret Trust Services Ltd., the details of the engagement with which, to the best of the Company's knowledge, are as follows: contact: Mr. Rami Sabbati; address: 46-48 Menachem Begin Road Tel Aviv; telephone number: 03-6386894; fax: 03-6374344; email address: Trusts@bdo.co.il.
- (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 16-25) state that the Company has a right to early redemption that will be carried out in accordance with the provisions and guidelines of the Stock Exchange bylaws. The Company shall be entitled to perform an early redemption starting from the date the debentures were listed for trade so long as the minimum redemption sum is no less than 1 million NIS. In addition, in the terms of the debentures Series (16-19), the Company undertook not to create a general current lien on all of its assets in favor of a third party.
- (4) Over the course of February 2023, the Company issued 1,163,191,000 NIS NV debentures (Series 25) by way of a series expansion in return for a total of 1,035 million NIS.
- (5) In February 2023 the Company performed an early redemption of all of its debentures (Series 15 and 18), in accordance with the terms set in the deeds of trust of these debentures. For more information about these early redemptions, see immediate report published by the Company on February 22, 2023 (reference no.: 2023-01-019692).
- (6) In June 2023 the Company issued 875,747,000 NIS NV debentures (Series 25) by way of a series expansion in return for a total of 778 million NIS.
- (7) In June 2023 the Company issued 385,556,000 NIS NV debentures (Series 20) by way of a series expansion in return for a total of 434 million NIS.

Reportable Credit

The Company's debentures (Series T and Y) constitute reportable credit.

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

The Covenant	Ratio as of the Reports Date	Compliance as of Report Date
Equity will be decreased to below 1.2 billion NIS, for two consecutive quarters.	8,117	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.	39.1%	Meeting the condition
The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 17 for two consecutive quarters.	7.9	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall be no less than 16% for two consecutive quarters.	47.5%	Meeting the condition

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

The Covenant	Ratio as of the Reports Date	Compliance as of Report Date
Equity will be decreased to below 1.3 billion NIS.	8,117	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall not exceed 73%.	39.1%	Meeting the condition
The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 15.	7.9	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall be no less than 17% for two consecutive quarters.	47.5%	Meeting the condition

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

The Covenant	Ratio as of the Reports Date	Compliance as of Report Date
Equity will be decreased to below 2.5 billion NIS, for two consecutive quarters.	8,117	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.	39.1%	Meeting the condition
The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 16 for two consecutive quarters.	7.9	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall be no less than 20% for two consecutive quarters.	47.5%	Meeting the condition

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

The Covenant	Ratio as of the Reports Date	Compliance as of Report Date
Equity will be decreased to below 3.4 billion NIS.	8,117	Meeting the condition
The net financial debt to balance sheet ratio, as defined in the deed of trust, shall not exceed 70%.	39.1%	Meeting the condition
The net financial debt to gross profit ratio, as defined in the deed of trust, shall not exceed 13.	7.9	Meeting the condition

Existence of Cross Default Mechanism

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



Appendix D

Linkage Basis Report

Appendix D

Linkage Basis Report

Linkage basis report in accordance with June 30 2023 Consolidated Financial Statements:

	Section	US Dollar	Swiss	Euro	Canadian Dollar	CPI	Unlinked	Non-Financial	Total
	Thousands of NIS								
Assets	Cash and cash equivalents	6,228	22,174	36,342	7,955	-	1,294,030	-	1,366,729
	Short-term investments	10,142	-	46,983	98	-	55,700	-	112,923
	Trade receivables	664	232	2,280	1,827	-	22,333	-	27,336
	Accounts receivable and debit balances	1,730	2,205	8,861	3,784	74,306	48,538	14,267	153,691
	Taxes receivable	682	1,090	113	-	7,138	-	-	9,023
	Deposits and long-term debit balances	-	-	-	253	33,384	-	-	33,637
	Investments in investees	-	-	23,463	-	-	57,480	438,458	519,401
	Assets held for sale	-	-	-	-	-	-	1,660	1,660
	Advance payments on account of investments in land	-	-	-	-	-	-	147,966	147,966
	Inventory of land for residential construction and apartments under construction	-	-	-	-	-	-	825,136	825,136
	Investment property	-	-	-	-	-	-	13,771,081	13,771,081
	Investment property under construction	-	-	-	-	-	-	1,313,117	1,313,117
	Property, plant and equipment	-	-	-	-	-	-	188,220	188,220
	Intangible assets	-	-	-	-	-	-	19,630	19,630
	Deferred taxes	-	-	-	-	-	-	362	362
	Total assets	19,446	25,701	118,042	13,917	114,828	1,478,081	16,719,897	18,489,912
Liabilities	Credit from banks and other credit providers	-	-	-	-	-	103,402	-	103,402
	Trade payables	-	202	5,178	3,617	-	58,471	-	67,468
	Other payables	1,597	2,342	8,724	809	16,104	117,800	44,527	191,903
	Taxes payable	-	-	8,296	-	-	808	-	9,104
	Loans from banking corporations including current maturities	56,775	195,387	-	39,149	443,668	428,476	-	1,163,455
	Other liabilities	-	-	-	241	-	19,645	-	19,886
	Debentures	-	-	-	-	6,583,247	208,482	-	6,791,729
	Tenant deposits	1,108	25	-	-	44,374	-	-	45,507
	Employee benefit liabilities, net	-	-	-	-	-	-	6,857	6,857
	Deferred taxes	-	-	-	-	-	-	1,853,368	1,853,368
	Total liabilities	59,480	197,956	22,198	43,816	7,087,393	937,084	1,904,752	10,252,679



Mivne Real Estate (K.D) Ltd.

(“The company”)

**Annually financial statements - for the period
ended June 30, 2023**

This is an English translation of the Hebrew consolidated Interim financial statements, that was published on August 16, 2023 (reference no.: 2023-01-094410) (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 June 30 2023

Unaudited

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

Introduction

We have reviewed the attached interim financial information on Mivne Real Estate (K.D) Ltd. and its subsidiaries (hereinafter - the Group), which includes its Concise Consolidated Balance Sheet as of June 30, 2023 and its Concise Consolidated Statements of Profit or Loss, Reports on Comprehensive Income, Changes in Equity and Cash Flows for the six and three-month periods ending that date. The Company's Board of Directors and management are responsible for the preparation and presentation of financial information for this interim period in accordance with International Accounting Standard 34 "Interim Financial Reporting", as well as for the preparation of financial information for these interim periods in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express our conclusion on this interim financial information based on our review.

We have not reviewed the concise interim financial information of recently consolidated companies the assets of which included in the consolidation constitute 11.8% of all consolidated assets as of June 30, 2023, and revenues of which included in the consolidation constitute 11.08% and 11.64% of all consolidated revenues for the six and three month periods ending that date, respectively. Furthermore, we did not audit the concise interim financial information of companies presented according to the book value method, investment in which amounted to a total of 284 million NIS as of June 30, 2023, with the Group's share of the losses of the companies in question amounting to 4.7 and 2.6 million NIS in the six and three month periods ending that date, respectively. The concise interim financial statements of said companies have been reviewed by other accountants, the reports of whom have been provided us and our conclusion, inasmuch as it refers to financial information for the aforementioned companies, is based on the reviews conducted by these other accountants.

Scope of the Review

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

Conclusion

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

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

Tel-Aviv,
August 15, 2023

Kost Forer Gabbay and
Kassirer
Certified Public Accountants

Concise Consolidated Balance Sheets

	As of June 30		As of
	2023	2022	December 31
	Unaudited		Audited
	Thousands of NIS		
<u>Current Assets</u>			
Cash and cash equivalents	1,366,729	569,577	178,575
Short-term investments	47,032	59,762	50,185
Restricted cash and funds in trust and in accompaniment accounts	65,891	20,332	14,310
Trade receivables	27,336	38,599	29,423
Accounts receivable and debit balances	153,691	132,375	131,180
Taxes receivable	9,023	40,089	28,992
Inventory of land, apartments and buildings for sale and under construction	585,611	464,939	548,324
	<u>2,255,313</u>	<u>1,325,673</u>	<u>980,989</u>
<u>Assets held for sale</u>	<u>1,660</u>	<u>1,660</u>	<u>1,660</u>
	<u>2,256,973</u>	<u>1,327,333</u>	<u>982,649</u>
<u>Non-Current Assets</u>			
Advance payments on account of investment property	147,966	143,641	143,641
Other receivables	33,637	29,794	119,902
Investments in companies handled using the book value method	519,401	387,965	500,667
Investment property	13,771,081	12,716,069	13,455,538
Investment property under development	1,313,117	1,069,469	1,126,157
Inventory of land for construction	239,525	251,752	239,314
Fixed assets, net	188,220	158,167	175,471
Intangible assets, net	19,630	19,630	19,630
Deferred taxes	362	306	354
	<u>16,232,939</u>	<u>14,776,793</u>	<u>15,780,674</u>
	18,489,912	16,104,126	16,763,323

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

Consolidated Balance Sheets

	As of June 30		As of
	2023	2022	December 31
	Unaudited		Audited
	Thousands of NIS		
<u>Current Liabilities</u>			
Credit from banks and credit providers	103,402	-	134,095
Current maturities of debentures	426,651	321,589	462,073
Current maturities of loans and other liabilities	233,939	61,546	43,242
Trade payables	67,468	63,855	65,684
Other payables	181,333	173,351	202,002
Advance payments from buyers	10,570	1,707	3,719
Taxes payable	9,104	10,223	21,593
	<u>1,032,467</u>	<u>632,271</u>	<u>932,408</u>
<u>Non-Current Liabilities</u>			
Loans from banking corporations and financial institutions	929,516	1,182,540	1,128,754
Debentures	6,365,078	4,964,862	4,775,715
Other liabilities	19,886	112,537	58,353
Tenant deposits	45,507	41,808	43,981
Employee benefit liabilities	6,857	8,070	6,829
Deferred taxes	1,853,368	1,677,291	1,791,117
	<u>9,220,212</u>	<u>7,987,108</u>	<u>7,804,749</u>
<u>Equity Attributable to Company Shareholders</u>			
Share capital	1,451,459	1,499,999	1,483,344
Share premium	3,170,590	3,515,622	3,397,666
Reserve in respect of share-based payment transactions	22,589	20,391	22,002
Treasury shares	-	(393,227)	(259,044)
Retained earnings	3,703,845	3,007,000	3,522,470
Adjustments from the translation of financial statements of foreign activities	112,060	129,101	97,690
Capital reserve from transactions with minority shareholders	(278,968)	(279,026)	(279,026)
	<u>8,181,575</u>	<u>7,499,860</u>	<u>7,985,102</u>
<u>Non-Controlling Interests</u>	<u>55,658</u>	<u>(15,113)</u>	<u>41,064</u>
<u>Total Equity</u>	<u>8,237,233</u>	<u>7,484,747</u>	<u>8,026,166</u>
	<u>18,489,912</u>	<u>16,104,126</u>	<u>16,763,323</u>

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

August 15, 2023			
Financial Statements Approval	Tal Fuhrer	Uzi Levi	Yosi Filiba
Date	Chair of the Board of	Chief Executive	Chief Financial
	Directors	Officer	Officer

Consolidated Statements of Profit or Loss

	For the 6 Months Ending June 30		For the 3 Months Ending June 30		For the Year Ending December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	Thousands of NIS				
	(Except for Net Profit per Share Data)				
Revenues					
Rental and management fee income – Israel	461,224	420,034	231,071	212,040	875,887
Rental and management fee income – abroad	53,836	47,049	26,467	22,587	93,138
Sale of apartments and land	69,017	15,612	28,267	15,612	53,671
From management of buildings and infrastructure	504	112	308	38	249
From solar installations, net	5,339	5,076	2,983	2,714	10,021
From the sale of fuels, net	138	557	54	263	972
Total revenues	590,058	488,440	289,150	253,254	1,033,938
Expenses					
Maintenance expenses – Israel	85,908	85,831	42,268	39,496	178,258
Maintenance expenses – abroad	22,793	22,475	11,164	11,239	42,491
Cost of apartments and land sold	43,282	12,242	17,815	12,242	35,745
Total cost of sales and services	151,983	120,548	71,247	62,977	256,494
Gross profit	438,075	367,892	217,903	190,277	777,444
Increase in value of investment property and investment property under development, net	198,805	792,713	104,780	764,625	1,346,603
Sales and marketing expenses	(4,270)	(3,973)	(2,472)	(939)	(7,665)
Administrative and general expenses	(44,111)	(40,664)	(22,269)	(20,305)	(82,971)
Impairment of inventory of land for construction	-	-	-	-	(10,126)
Other revenues (expenses), net	(3,743)	(2,212)	(1,476)	(473)	16,657
Realization of capital reserve due to adjustments from the translation of financial statements for foreign activity	-	-	-	-	(3,860)
The Company's share of the profits of companies handled using the book value method, net	11,040	7,188	7,681	4,606	10,792
Operating profit	595,796	1,120,944	304,147	937,791	2,046,874
Financing expenses	204,728	226,451	112,160	127,753	410,872
Loss from early redemption of debentures and loans	286	2,359	-	2,359	3,605
Financing revenues	15,334	2,755	9,913	1,220	12,394
Profit before taxes on income	406,116	894,889	201,900	808,899	1,644,791
Taxes on income	65,890	209,780	33,565	190,252	359,572
Net profit	340,226	685,109	168,335	618,647	1,285,219
Attributed to:					
Company shareholders	338,375	683,217	167,365	617,563	1,276,569
Non-controlling interests	1,851	1,892	970	1,084	8,650
	340,226	685,109	168,335	618,647	1,285,219
Profit per share attributed to company shareholders (in NIS)					
Basic net income	0.45	0.91	0.22	0.82	1.69
Diluted net income	0.45	0.90	0.22	0.81	1.68

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

Consolidated Statements on Comprehensive Income

	For the 6 Months Ending June 30		For the 3 Months Ending June 30		For the Year Ending December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	Thousands of NIS				
Net profit	340,226	685,109	168,335	618,647	1,285,219
Other comprehensive profit (loss) (after tax influence):					
<u>Sums classified or reclassified to gain or loss under specific conditions:</u>					
Adjustments from the translation of financial statements of foreign activities	14,230	26,340	5,938	17,840	32,186
Realization of capital reserve to gain or loss due to the realization of foreign activity	-	-	-	-	3,860
Total other comprehensive income	14,230	26,340	5,938	17,840	36,046
Total comprehensive income	354,456	711,449	174,273	636,487	1,321,265
Attributed to:					
Company shareholders	352,745	715,238	173,320	640,112	1,319,297
Non-controlling interests	1,711	(3,789)	953	(3,625)	1,968
	354,456	711,449	174,273	636,487	1,321,265

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

Consolidated Reports on Changes in Equity

	Attributed to Company shareholders							Total	Non-controlling interests	Total Capital
	Stock Capital	Share Premium	Treasury Shares	Retained Earnings	Reserve in respect of share-based payment transactions	Adjustments Deriving from the Translation of Financial Statements of Foreign Activity and Other Funds	Capital Reserve from Transactions with Non-Controlling Interests			
	Unaudited									
	Thousands of NIS									
<u>Balance as of January 1, 2023</u> (audited)	1,483,344	3,397,666	(259,044)	3,522,470	22,002	97,690	(279,026)	7,985,102	41,064	8,026,166
Net profit	-	-	-	338,375	-	-	-	338,375	1,851	340,226
Other comprehensive income (loss)	-	-	-	-	-	14,370	-	14,370	(140)	14,230
Total comprehensive income	-	-	-	338,375	-	14,370	-	352,745	1,711	354,456
Writing off treasury shares	(31,902)	(227,142)	259,044	-	-	-	-	-	-	-
Dividends paid Company shareholders	-	-	-	(157,000)	-	-	-	(157,000)	-	(157,000)
Dividends paid holders of non-controlling interests	-	-	-	-	-	-	-	-	(650)	(650)
Share-based payment	-	-	-	-	670	-	-	670	-	670
Exercise of employee options	17	66	-	-	(83)	-	-	-	-	-
Purchase of shares from minority shareholders of subsidiary	-	-	-	-	-	-	58	58	13,533	13,591
<u>Balance as of June 30, 2023</u>	<u>1,451,459</u>	<u>3,170,590</u>	<u>-</u>	<u>3,703,845</u>	<u>22,589</u>	<u>112,060</u>	<u>(278,968)</u>	<u>8,181,575</u>	<u>55,658</u>	<u>8,237,233</u>

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

Consolidated Reports on Changes in Equity

	Attributed to Company shareholders									
	Stock Capital	Share Premium	Treasury Shares	Retained Earnings	Reserve in respect of share-based payment transactions	Adjustments Deriving 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 at January 1, 2022</u>	1,495,852	3,500,029	(393,227)	2,500,901	22,271	54,962	(279,026)	6,901,762	(10,030)	6,891,732
Net profit	-	-	-	683,217	-	-	-	683,217	1,892	685,109
Other comprehensive income (loss)	-	-	-	-	-	32,021	-	32,021	(5,681)	26,340
Total comprehensive income (loss)	-	-	-	683,217	-	32,021	-	715,238	(3,789)	711,449
Dividends paid Company shareholders	-	-	-	(135,000)	-	-	-	(135,000)	-	(135,000)
Dividends paid holders of non-controlling interests	-	-	-	-	-	-	-	-	(1,294)	(1,294)
Exercise of employee options	4,147	15,593	-	-	(3,680)	-	-	16,060	-	16,060
Share-based payment	-	-	-	-	1,800	-	-	1,800	-	1,800
<u>Balance as of June 30, 2022</u>	<u>1,499,999</u>	<u>3,515,622</u>	<u>(393,227)</u>	<u>3,049,118</u>	<u>20,391</u>	<u>86,983</u>	<u>(279,026)</u>	<u>7,499,860</u>	<u>(15,113)</u>	<u>7,484,747</u>

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

Consolidated Reports on Changes in Equity

	Attributed to Company shareholders									
	Stock Capital	Share Premium	Treasury Shares	Retained Earnings	Reserve in respect of share-based payment transactions	Adjustments Deriving 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 April 1, 2023</u>	1,451,442	3,170,524	-	3,601,480	22,396	106,105	(279,026)	8,072,921	41,822	8,114,743
Net profit	-	-	-	167,365	-	-	-	167,365	970	168,335
Other comprehensive income (loss)	-	-	-	-	-	5,955	-	5,955	(17)	5,938
Total comprehensive income	-	-	-	167,365	-	5,955	-	173,320	953	174,273
Dividends paid Company shareholders	-	-	-	(65,000)	-	-	-	(65,000)	-	(65,000)
Dividends paid holders of non-controlling interests	-	-	-	-	-	-	-	-	(650)	(650)
Share-based payment	-	-	-	-	276	-	-	276	-	276
Realization of employee options	17	66	-	-	(83)	-	-	-	-	-
Purchase of shares from minority shareholders of subsidiary	-	-	-	-	-	-	58	58	13,533	13,591
<u>Balance as of June 30, 2023</u>	<u>1,451,459</u>	<u>3,170,590</u>	<u>-</u>	<u>3,703,845</u>	<u>22,589</u>	<u>112,060</u>	<u>(278,968)</u>	<u>8,181,575</u>	<u>55,658</u>	<u>8,237,233</u>

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

Consolidated Reports on Changes in Equity

	Attributed to Company shareholders									
	Stock Capital	Share Premium	Treasury Shares	Retained Earnings	Capital Reserve in Respect of Share-Based Payment Transactions	Adjustments Deriving from the Translation of Financial Statements of Foreign Activity and Other Funds	Capital Reserve from Transactions with Non- Controlling Interests	Total	Non- Controllin g Interests	Total Capital
	Unaudited Thousands of NIS									
Balance as of April 1, 2022	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
Net profit	-	-	-	617,563	-	-	-	617,563	1,084	618,647
Other comprehensive income (loss)	-	-	-	-	-	22,549	-	22,549	(4,709)	17,840
Total comprehensive income (loss)	-	-	-	617,563	-	22,549	-	640,112	(3,625)	636,487
Dividends to Company shareholders	-	-	-	(60,000)	-	-	-	(60,000)	-	(60,000)
Dividends to non-controlling interest holders	-	-	-	-	-	-	-	-	(1,294)	(1,294)
Share-based payment	-	-	-	-	815	-	-	815	-	815
Balance as of June 30, 2022	1,499,999	3,515,622	(393,227)	3,007,000	20,391	129,101	(279,026)	7,499,860	(15,113)	7,484,747

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	Share Premium	Treasury Shares	Retained Earnings	Capital Reserve in Respect of Share-Based Payment Transactions	Adjustments Deriving 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
	Audited									
	Thousands of NIS									
Balance as at January 1, 2022	1,495,852	3,500,029	(393,227)	2,500,901	22,271	54,962	(279,026)	6,901,762	(10,030)	6,891,732
Net profit	-	-	-	1,276,569	-	-	-	1,276,569	8,650	1,285,219
Other comprehensive income (loss)	-	-	-	-	-	42,728	-	42,728	(6,682)	36,046
Total comprehensive income (loss)	-	-	-	1,276,569	-	42,728	-	1,319,297	1,968	1,321,265
Writing off treasury shares	(16,525)	(117,658)	134,183	-	-	-	-	-	-	-
Issue of shares, net of transaction costs	-	-	-	-	-	-	-	-	51,205	51,025
Departure from consolidation by consolidated company	-	-	-	-	-	-	-	-	-	-
Classification of capital reserve upon realization of securities	-	-	-	-	-	-	-	-	-	-
Dividends paid Company shareholders	-	-	-	(255,000)	-	-	-	(255,000)	-	(255,000)
Dividends paid holders of non-controlling interests	-	-	-	-	-	-	-	-	(2,079)	(2,079)
Exercise of employee options	4,017	15,295	-	-	(3,252)	-	-	16,060	-	16,060
Share-based payment	-	-	-	-	2,983	-	-	2,983	-	2,983
Balance as of December 31, 2022	1,483,344	3,397,666	(259,044)	3,522,470	22,002	97,960	(279,026)	7,985,102	41,064	8,026,166

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

Consolidated Cash Flow Reports

	For the 6 Months Ending June 30		For the 3 Months Ending June 30		For the Year Ending December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	Thousands of NIS				
<u>Cash Flows from Current Activity</u>					
Net profit	340,226	685,109	168,335	618,647	1,285,219
Adjustments required to present cash flows from current activities					
Adjustments to profit or loss items:					
Depreciation and amortizations	5,776	3,386	3,238	1,737	8,684
Financing expenses, net	189,680	226,055	102,247	128,892	402,083
Increase in fair value of investment property and investment property under development, net	(198,805)	(792,713)	(104,780)	(764,625)	(1,346,603)
The Company's share of the profits of companies handled using the book value method, net	(11,040)	(7,188)	(7,681)	(4,606)	(10,792)
Change in employee benefit liabilities, net	28	145	-	57	(1,096)
Taxes on income	65,890	209,780	33,565	190,252	359,572
Loss from the impairment of inventory of land for construction and inventory of buildings and apartments for sale	-	-	-	-	10,126
Change in fair value of put options measured at fair value	3,245	3,624	1,796	3,203	(2,052)
Realization of capital reserve from translation differences to Statement of Operations	-	-	-	-	3,860
Profit from the realization of investment in subsidiary (a)	-	-	-	-	(7,569)
Profit from the realization of investment in associate	-	-	-	-	(10,751)
Share-based payment	670	1,800	276	815	2,983
	55,444	(355,111)	28,661	(444,275)	(591,555)
Changes in asset and liability items:					
Decrease (increase) in trade receivables	2,303	(9,793)	(3,398)	(1,009)	(712)
Decrease (increase) in accounts receivable and debit balances	(43,812)	33,308	(23,895)	80,795	(15,390)
Increase (decrease) in trade liabilities	(67)	21,977	30,307	1,330	23,897
Increase (decrease) in payables, credit balances and liabilities due to contract	7,898	(2,570)	(13,199)	(21,980)	5,557
Increase in tenant deposits	1,450	3,146	631	1,252	5,268
	(32,228)	46,068	(9,554)	60,388	18,620
Cash paid and received during the reported period for:					
Interest paid	(124,521)	(81,695)	(51,529)	(54,727)	(127,710)
Interest received	16,096	1,181	10,831	532	7,825
Taxes paid	(31,602)	(30,801)	(14,766)	(11,500)	(37,603)
Taxes received	30,728	2,182	29,076	2,182	1,876
Dividends received	4,259	226	4,000	68	4,313
	(105,040)	(108,907)	(22,388)	(63,445)	(151,299)
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.	258,402	267,159	165,054	171,315	560,985
Increase in inventory of apartments and houses for sale under construction, land for sale and inventory of land for construction.	(30,718)	(41,385)	(24,114)	(22,805)	(117,456)
Net cash deriving from current activity	227,684	225,774	140,940	148,510	443,529

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

Consolidated Cash Flow Reports

	For the 6 Months Ending June 30		For the 3 Months Ending June 30		For the Year Ending December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	Thousands of NIS				
<u>Cash Flows from Investment Activity</u>					
Purchases, advance payments and investments in investment property	(94,646)	(669,927)	(47,270)	(59,586)	(785,083)
Investment in investment property under development	(151,215)	(108,972)	(55,567)	(54,367)	(221,785)
Investment in property, plant and equipment	(18,543)	(23,733)	(7,551)	(7,844)	(46,385)
Investment and loans to companies handled using the book value method, net	(10,900)	(22,098)	(10,900)	(17,297)	(215,396)
Change in short-term investments, in restricted cash and in money in trust and in accompaniment accounts, net	(51,558)	591	(2,256)	4,237	6,607
Proceeds from the realization of investment property and real estate held for sale	1,920	38,076	-	4,365	40,002
Proceeds from the sale of shares and redemption of shareholder loans of investee sold	-	-	-	-	30,183
Repayment of long-term loans granted, net	92,866	1,670	92,866	424	1,668
Net cash paid for a consolidated company (a)	-	(9,916)	-	(9,916)	(14,916)
Net cash used for investment activity	(232,076)	(794,309)	(30,678)	(139,984)	(1,205,085)
<u>Cash Flows from Financing Activity</u>					
Issue of shares as a result of option exercise	-	16,059	-	-	16,060
Dividends paid Company shareholders	(157,000)	(135,000)	(157,000)	(135,000)	(255,000)
Issue of debentures	2,247,413	780,493	1,212,548	-	780,493
Redemption of debentures	(816,712)	(171,743)	(149,348)	(147,879)	(308,365)
Short-term credit from banking corporations and others, net	(33,000)	(46,915)	(46,000)	(70)	98,085
Receipt of loans from banks and other long-term liabilities	89,166	20,800	9,958	-	61,686
Repayment of loans from banks and other long-term liabilities	(123,500)	(252,157)	(36,064)	(235,427)	(382,902)
Repayment of liabilities to minority	(18,193)	-	(18,193)	-	-
Dividend paid to holders of non-controlling interests	(650)	(1,294)	(650)	(1,294)	(2,079)
Net cash deriving from (used in) financing activity	1,187,524	210,243	815,251	(519,670)	7,978
<u>Increase (decrease) in cash and cash equivalents</u>	1,183,132	(358,292)	925,513	(511,144)	(753,578)
<u>Exchange rate differences due to balances of cash and cash equivalents</u>	5,022	5,354	2,021	4,559	9,638
<u>Balance of cash and cash equivalents at the beginning of the period</u>	178,575	922,515	439,195	1,076,162	922,515
<u>Balance of cash and cash equivalents at the end of the period</u>	1,366,729	569,577	1,366,729	569,577	178,575

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

Consolidated Cash Flow Reports

	For the 6 Months Ending June 30		For the 3 Months Ending June 30		For the Year Ending December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	Thousands of NIS				
(a) <u>Net cash paid for a company consolidated for the first time</u>					
Working capital	-	12,490	-	12,490	7,490
Investment property and investment property under construction	-	(30,393)	-	(30,393)	(30,393)
Long-term liabilities	-	7,987	-	7,987	7,987
	-	(9,916)	-	(9,916)	(14,916)
(b) <u>Departure from consolidation by formerly consolidated company</u>					
Working capital	-	-	-	-	(3,306)
Non-Controlling Interests	-	-	-	-	51,205
Long-term liabilities	-	-	-	-	(55,468)
Capital gains	-	-	-	-	7,569
	-	-	-	-	-

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

Notes to the Interim Consolidated Financial Statements

NOTE 1: - GENERAL

- A. These Financial Statements have been prepared in a concise format as of June 30, 2023 and for the six and three month periods ending that date (hereinafter - Interim Consolidated Financial Statements). These Statements should be read in conjunction with of the Company's Annual Financial Statements as of December 31 2022 and for the year ending that date and accompanying Notes (hereinafter - the Annual Consolidated Financial Statements).

B. IMPLICATIONS OF THE WAR BETWEEN RUSSIA AND UKRAINE

War broke out between Russia and Ukraine in February 2022. As of the date of the Consolidated Interim Financial Statements, the war has caused, and is continuing to cause, significant casualties, damage to infrastructure and to buildings and disruptions to economic activity in Ukraine.

The Company has a property in Kiev, Ukraine that due to the war, the Company updated its valuation over the course of the reported period via an independent outside appraiser. As a result, the Company recognized an impairment loss in the second quarter of 2023 to the sum of 37 million NIS. The value of the property as of June 30 2023 amounts to \$59 million (219 million NIS). A total of 10 million NIS located in bank accounts in Ukraine was reclassified to restricted cash as a result of trade restriction legislation for the withdrawal of foreign currency from Ukraine to Israel.

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

Amendment to IAS 8 Accounting Policy, Changes in Accounting Estimates and Mistakes. In February 2021, the IASB published an amendment to International Accounting Standard 8: Accounting Policy, Changes in Estimates and Errors (hereinafter – the Amendment). The purpose of the Amendment is to present a new definition of the term "accounting estimates".

Accounting estimates are defined as "monetary sums in the Financial Statements subject to uncertainty in measurement. The Amendment clarifies what changes in accounting estimates are and how they are different from changes in accounting policy and error corrections.

The Amendment will was applied on a prospective basis for yearly periods starting January 1 2023 and it applies to changes in accounting policies and in accounting estimates occurring at the start of that period or subsequently.

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

Notes to the Interim Consolidated Financial Statements

NOTE 2: – PRINCIPAL ACCOUNTING POLICIES (Continued)**AMENDMENT TO IAS 12, TAXES ON INCOME**

In May 2021 the IASB published an amendment to International Accounting Standard 12 Taxes on Income (hereinafter: IAS 12 or the Standards), which reduces the incidence of the "initial recognition exclusion" (hereinafter - the Exclusion) of the deferred taxes presented in Sections 15 and 24 of IAS 12 (hereinafter - the Amendment).

Pursuant to the guidelines on recognizing deferred tax assets and liabilities, IAS 12 excludes recognition of deferred tax asset and liabilities for certain temporary differences deriving from initial recognition of assets and liabilities in certain transactions. The Amendment reduces the incidence of the Exclusion and clarifies that it does not apply to recognition of deferred tax assets and liabilities deriving from a transaction that is not a business compilation and due to which temporary differences were created equal in terms of credit and debit even if they meet the remaining conditions of the exclusion.

The revision was applied to yearly reporting periods starting January 1 2023.

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

AMENDMENT TO IAS 1, DISCLOSURE FOR FINANCIAL POLICY

In February 2021, the IASB published an amendment to International Accounting Standard 1: Presentation of Financial Statements (hereinafter - the Amendment). According to the amendment, companies are required to provide disclosure of their material accounting policy in lieu of the current requirement to present disclosure for their significant accounting policy. One of the main reasons for this Amendment derives from the fact that the term "significant" has no definition in the IFRS while the term "material" has a definition in the various standards, and in IAS 1 in particular.

The revision was applied to yearly reporting periods starting January 1 2023.

The above Amendment had no material impact on the Company's Concise Interim Financial Statements, but the Amendment is expected to influence the disclosure of accounting policy in the Company's Consolidated Yearly 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>
June 30 2023 (6 months)	2.17	2.46	5.7	7.0	7.4	7.8
June 30 2023 (3 months)	0.97	1.36	2.3	2.2	4.5	4.2
June 30 2022 (6 months)	3.22	3.13	12.5	3.3	10.8	7.2
June 30 2022 (3 months)	1.73	1.93	10.2	3.2	6.8	6.3
December 31 2022	5.26	5.28	12.5	6.6	6.3	12
	<u>CPI (in points)</u>		<u>Representative rate of exchange (in NIS)</u>			
June 30 2023	146.65	146.65	3.7	4.018	2.789	4.113
June 30 2022	140.74	140.21	3.5	3.636	2.707	3.650
December 31 2022	143.53	143.13	3.519	3.753	2.596	3.815

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

Notes to the Interim Consolidated Financial Statements

NOTE 3: – CONCISE DARBAN DATA

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

A. CONSOLIDATED BALANCE SHEETS

	As of June 30		As of
	2023	2022	December 31
	Unaudited		Audited
	Thousands of NIS		
<u>Current Assets</u>			
Cash and cash equivalents	6,598	4,771	4,705
Investments in financial assets	46,983	59,714	50,136
Loan to parent company	12,978	-	14,941
Others	17,908	9,730	8,922
	84,467	74,215	78,704
Assets held for sale	-	-	-
	84,467	74,215	78,704
<u>Non-Current Assets</u>			
Investment in shares of parent company	-	492,018	357,302
Investments in associates handled using the book value method	144,310	143,585	147,070
Investment property	1,062,006	1,038,733	1,048,337
Others	2,286	2,970	2,537
	1,208,602	1,677,306	1,555,246
	1,293,069	1,751,521	1,633,950
<u>Current Liabilities</u>			
Other payables	25,189	11,663	9,633
Current maturities of long-term loans	164,822	9,965	10,172
Current maturities of loan from parent company	-	8,154	13,189
Others	2,651	4,395	1,389
	192,662	34,177	34,383
<u>Non-Current Liabilities</u>			
Long-term loans from financial institutions	-	157,576	155,775
Other long-term liabilities	-	15,000	15,000
Deferred taxes	169,634	166,540	166,542
	169,634	339,116	337,317
Total equity	930,773	1,378,228	1,262,250
	1,293,069	1,751,521	1,633,950

Notes to the Interim Consolidated Financial Statements

NOTE 3: – CONCISE DARBAN DATA (Continued)B. CONSOLIDATED STATEMENTS OF OPERATIONS

	For the 6 Months Ending June 30		For the 3 Months Ending June 30		For the Year Ending December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	Thousands of NIS				
<u>Revenues</u>					
From building rental, management and maintenance in Israel	40,432	38,291	20,392	19,358	79,706
<u>Costs</u>					
Cost of building management and maintenance	5,643	5,042	2,447	3,008	9,595
Gross profit	34,789	33,249	17,945	16,350	70,111
Increase in fair value of investment property, net	11,091	51,486	11,091	51,486	58,110
Administrative and general and sales and marketing expenses	4,665	5,074	2,218	1,896	9,428
The Group's share of the profits (losses) of associates handled at book value	(1,859)	(4,697)	(4,080)	2,047	(644)
Realization of capital reserve due to adjustments from the translation of financial statements for foreign activity	-	-	-	-	291
Profits from regular activities	39,356	74,964	22,738	67,987	117,858
Financing revenues (expenses), net	(6,338)	(15,296)	1,373	(9,995)	(28,029)
Profit from the realization of consolidated companies and an investee according to the book value method	-	-	-	-	(172)
Profit before taxes on income	33,018	59,668	24,111	57,992	89,657
Taxes on income	7,844	15,049	5,213	13,070	26,819
Net profit	25,174	44,619	18,898	44,922	62,838
Attributed to:					
Company shareholders	25,178	44,640	18,895	44,935	62,875
Non-Controlling Interests	(4)	(21)	3	(13)	(37)
	25,174	44,619	18,898	44,922	62,838

Notes to the Interim Consolidated Financial Statements

NOTE 3: - CONCISE DARBAN DATA (CONTINUED)

C. CONSOLIDATED CASH FLOW REPORTS

	For the 6 Months Ending June 30		For the 3 Months Ending June 30		For the Year Ending December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	Thousands of NIS				
Net cash deriving from current activity	6,422	27,668	4,956	14,073	38,744
Net cash deriving from (used for) investment activity	182	17,228	345	(272)	(857)
Net cash used in financing activity	(5,177)	(48,385)	(2,606)	(18,434)	(41,537)
Translation differences due to cash balances held in foreign currency	466	485	210	93	600
Increase (decrease) in cash and cash equivalents	1,893	(3,004)	2,905	(4,540)	(3,050)
Balance of cash and cash equivalents at the beginning of the period	4,705	7,775	3,693	9,311	7,755
Balance of cash and cash equivalents at the end of the period	6,598	4,771	6,598	4,771	4,705

NOTE 4: - MATERIAL EVENTS DURING AND SUBSEQUENT TO THE REPORTED PERIOD

- a. On February 5, 2023, the Company issued 1,163,191,000 NIS NV debentures (Series 25) by way of a series expansion in return for a net total of 1,035 million NIS. The effective annual interest rate in this issue is 2.77%. Standard & Poor's Maalot announced a rating of ilAA, and Midroog Ltd. announced a rating of Aa2.il, both with Stable outlook, for issued debentures.
- b. On February 9, 2023, an agreement was signed with a banking corporation, for the issue vouchers for Sales Act guarantees, to a sum of 300 million NIS, that the banking corporation will produce for the apartment buyers at the project on Hasolelim Street, Tel Aviv.
- c. On February 22, 2023, the Company conducted, at its initiative, a full early redemption of debentures (Series 18) amounting to 571.6 million NIS NV and for a total sum of 642.1 million NIS for principal and interest. The principal sum redeemed via early redemption amounted to 632.4 million NIS. The accrued interest sum, including the added interest for the full early redemption, for the sum of the principal, as of the early full redemption date amounted to 9.7 million NIS. The interest rate and the added interest for the full early redemption, calculated for the uncleared balance, is 1.54%. With respect to the full early redemption, the Company recognized a loss amounting to NIS 309 thousand. The properties released from pledging after the early redemption were valued at NIS 1.3 billion.
- d. On February 22, 2023, the Company conducted, at its initiative, a full early redemption of debentures (Series 15) amounting to NIS 7.5 million par value for a total of NIS 7.7 million in respect of principal and interest. The principal sum redeemed via early redemption amounted to NIS 7.5 million. The accrued interest sum, including the added interest for the full early redemption, for the sum of the principal, as of the early full redemption date amounted to NIS 184 thousand. The interest rate and the added interest for the full early redemption, calculated for the uncleared balance, is 2.45%. The Company recognized a non-material gain with respect to the full early redemption.
- e. On February 28, 2023, Darban distributed as dividend in kind 31,901,921 NV shares, which constituted the remainder of dormant Company shares held in its possession, valued at 299 million NIS, based on share value upon the distribution date. After said distribution, Darban no longer holds any Company shares. On March 2, 2023, the Company canceled the remaining dormant shares thus distributed.

NOTE 4: - MATERIAL EVENTS DURING AND SUBSEQUENT TO THE REPORTED PERIOD
(Continued)

- f. On March 20, 2023, the Company reported (further to prior reports on this matter) that it has signed a definitive separation agreement with Mr. Zvida with regard to termination of the services agreement with the private company and conclusion of Mr. Zvida's term in office as Company CEO. Mr. Zvida concluded his term in office as Company CEO, including with subsidiaries and affiliates (and with the exception of director in a number of subsidiaries as detailed below) on March 22, 2023 and shall conclude this advance notice period on December 20, 2023. The separation agreement governs the contracting terms with Mr. Zvida during and after the notice period. The Company included expenses in the Financial Statements to the sum of 1.7 million NIS for the advance notice period. On June 4, 2023 a Special Company General Meeting ratified the remuneration policy for Company officers for 2023-2025, a special retirement bonus was approved for Mr. Zvida at a sum equal to management fees for 3 months, and the Company's engagement with Mr. Zvida in an agreement to receive consultation services in the field of data centers as well as his service as director in Company related corporations in return for a monthly total of 25,000 NIS per month (linked to the February 2023 CPI), plus VAT as required by law for an 18-month period beginning starting December 2023.

On March 19, 2023 the Company Remuneration Committee and Board of Directors approved a bonus for Mr. Zvida at a sum equal to management fees for 3 months, a total of 786,000 NIS plus VAT as required by law, for the first quarter of 2023, in light of the Company's compliance, at the end of the first quarter of 2023, with the goals set (the Company's annual goals divided by four). The bonus shall be paid at the conclusion of Mr. Zvida's early notice period.

- g. On March 20, 2023 the Company announced that it does recognize the National Histadrut as the representative workers' union for the Company's employees and that it had instructed Company management to initiate negotiations for a collective agreement.
- h. On March 20, 2023, the Company Board of Directors approved distribution of dividend amounting the sum of 92 million NIS. The dividend per share is 0.1218752 NIS. The dividend was paid on April 19, 2023.
On the same occasion, the Company Board of Directors decided on a dividend distribution policy for 2023 according to which a total of 260 million NIS will be distributed from the Company's proper 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, alongside business considerations.
- i. On May 30, 2023, the Company Board of Directors approved distribution of dividend amounting the sum of 65 million NIS. The dividend per share is 0.0861055 NIS. The dividend was paid on June 27, 2023.

NOTE 4: - MATERIAL EVENTS DURING AND SUBSEQUENT TO THE REPORTED PERIOD
(Continued)

- j. On May 2, 2023 the balance of a loan provided by a subsidiary partnership fully owned by the Company (hereinafter - the Seller) to a buyer who had bought the Seller's holdings in a property company in Florida was redeemed to the sum of \$26.7 million (97 million NIS), while pushing dates forward and against implementation of a non-material assumption on the sum of the redemption that cannot have a material impact on the cash flow to the seller from the sale.
- k. On May 22, 2023 the Company's Remuneration Committee and Board of Directors approved the appointment of Mr. Uzi Levi as Company CEO, starting July 2, 2023, and his terms of service, as follows: (1) a gross monthly salary of 105,000 NIS; (2) a sign-on bonus equal to 5 salaries; (3) a yearly bonus of up to 12 salaries, composed as follows - 75% achievement-based bonus and 25% bonus at the discretion of the Company Board of Directors; (4) a long-term (three-year) achievement-based bonus of 900,000 NIS; (5) capital remuneration - 2,084,645 non-tradable options exercisable as regular Company shares for an exercise price of 12 NIS per option, which will vest across a period of 4 years, the economic value of which, as of the approval date of the General Meeting, according to the B&S model is calculated according to a linear spread in the vesting period. according to the stock rate on the approval date which amounted to 9.61 NIS, risk-free interest at a rate of 3.595%, is 1.3 million NIS per year; (6) Mr. Levi shall be included in the Company's executive liability insurance policy and shall be entitle to a letter of exemption and indemnification liability according to the versions accepted at the Company. On July 24, 2023 the General Meeting ratified Mr. Levi's terms of service and employment.
- l. On June 7, 2023 the Company issued debentures (Series 20 and 25) by way of series expansion.
The debentures (Series 20) - 385,556,000 NIS NV were issued, in return for a net total of 434 million NIS. The effective yearly interest embodied in the offering is 2.83%.
The debentures (Series 25) - 875,747,000 NIS NV were issued, in return for a net total of 778 million NIS. The effective yearly interest embodied in the offering is 3.2%.
Standard & Poor's Maalot announced a rating of ilAA, and Midroog Ltd. announced a rating of Aa2.il, both with Stable outlook, for issued debentures.
- m. On August 15, 2023, the Company Board of Directors approved distribution of dividend to the sum of 65 million NIS. The dividend per share is 0.0861052 NIS.
