

Meidar GanEden Ltd.

Consolidated Financial Statements Reviews

As of June 30, 2023

Meidar GanEden Ltd.

Consolidated Financial Statements

As of June 30, 2023

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Review report of the auditor to shareholders of
Meidar GanEden Ltd.

Introduction

We have reviewed the attached financial information of Meidar GanEden Ltd., which includes the consolidated concise financial statement as of June 30, 2023 and the consolidated concise statements of total income, changes in capital and cash flows for the six-month period ended on that date. The Board of Directors and management are responsible for drafting and presenting the financial information for these interim periods in accordance with international accounting standards IAS 34 - "Interim Financial Reporting", it is our responsibility to bring a conclusion about financial information for these interim periods based on our review.

Scope of review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Certified Public Accountants Institute in Israel - "Review of Interim Financial Information Conducted by the Entity's Auditor". A review of interim financial information consists of inquiries, mainly with persons responsible for financial and accounting matters, and the implementation of analytical and other review procedures. A review is considerably smaller in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and therefore does not allow us to gain assurance that we will become aware of all significant matters that could have been identified in an audit. Accordingly, we do not give an audit opinion report.

Conclusion

Based on our review, nothing has come to our attention that leads us to believe that the above financial information is not compiled, in all material respects, in accordance with international accounting standard - IAS 34.

Jerusalem, 31/10/2023

Elefant, Mahalla, C.P.A.

Meidar GanEden Ltd.

Summary of consolidated statements of financial Situation

(in Israeli Shekels)

	As of June 30	As of June 30	As of December 31
	2023	2022	2022
	Unaudited	Unaudited	Audited
<u>Current assets</u>			
Cash and cash equivalents	5,730,502	5,510,144	6,352,485
Debtors and Debt balances	13,503,478	5,158,098 (*)	4,679,097
Stock of buildings for construction	13,458,549	12,700,773	12,939,514
Loans to Related Parties	9,492,423	80,471 (*)	7,155,496
	42,184,952	23,449,486	31,126,592
<u>Non-current assets</u>			
Investments treated according to the book value method	6,266,371	3,427,439	5,230,382
Real Estate Stock	5,244,545	1,313,229	4,005,481
Real Estate under construction	24,832,014	24,687,695	24,738,571
Fixed assets, net	1,164,053	254,763	429,757
Intangible assets	12,240	22,412	22,412
	37,519,223	29,705,538	34,426,603
	79,704,175	53,155,024	65,553,195

(*) Resort.

The attached Notes form an integral part of the consolidated financial statements.

Meidar GanEden Ltd.

Summary of consolidated statements of financial situation

(in Israeli Shekels)

	As of June 30 2023 <u>Unaudited</u>	As of June 30 2022 <u>Unaudited</u>	As of December 31 2022 <u>Audited</u>
<u>Current Liabilities</u>			
Short-term loans	26,711,287	20,089,788	24,799,421
Suppliers and service providers	17,938	135,989	400,012
Payables and Balances	325,440	225,683	244,901
Lease Obligations	-	-	367,506
	27,054,665	20,451,460	25,811,840
<u>Non-current liabilities</u>			
Tax reserve	812,511	1,129,364	980,710
Long-term loans	37,338,774	23,381,035	33,025,953
Bonds	7,880,407	-	666,464
	46,031,692	24,510,399	34,673,127
<u>Capital</u>			
<u>Capital attributable to the company's shareholders</u>			
Share capital	10	10	10
Equity Fund	7,417,903	7,392,267	7,552,158
Loss balance	(1,935,506)	(506,533)	(3,701,168)
	5,482,407	6,885,744	3,851,000
<u>Rights that do not confer control</u>	1,135,411	1,307,421	1,217,228
	6,617,818	8,193,165	5,068,228
	79,704,175	53,155,024	65,553,195

The attached Notes form an integral part of the consolidated financial statements.

Yechiel Porush
CEO & Chief Financial
Officer

Shmaryahu
Adilman
Chairman of the
Board

Confirmation and
publication date
Financial Statements

Meidar GanEden Ltd.

Summary of consolidated statements of total profit

(in Israeli Shekels)

	<u>for the six months ended June 30</u>	<u>for the six months ended June 30</u>	<u>for the year ended December 31</u>
	<u>2023</u>	<u>2022</u>	<u>2022</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Rental income and management fees	903,929	785,080	1,866,228
Income from the sale of real estate rights	8,500,000	-	-
Adjustment of the fair value of real estate for investment under construction	(727,977)	-	(649,873)
	<u>8,675,952</u>	<u>785,080</u>	<u>1,216,355</u>
Cost of Sold of real estate rights	(930,688)	-	-
Advertising and sales expenses	(358,156)	(68,442)	(191,348)
General and admin. expenses	(3,312,662)	(2,043,290)	(4,315,644)
Other income	2,174	-	260,000
	<u>(4,599,332)</u>	<u>(2,111,732)</u>	<u>(4,246,992)</u>
Operating profit (loss)	4,076,620	(1,326,652)	(3,030,637)
The company's share of the profits (losses) of companies treated according to the book value method	(1,650,801)	(41,739)	(1,087,550)
Financing income	1,077,506	41,075	990,120
Financing expenses	(2,004,808)	(791,947)	(2,424,970)
	<u>(927,302)</u>	<u>(750,872)</u>	<u>(1,434,850)</u>
Profit (loss) before income taxes	1,498,517	(2,119,263)	(5,553,037)
Income taxes	167,435	(33,333)	115,319
Net profit (loss) for the period	<u>1,665,952</u>	<u>(2,152,596)</u>	<u>(5,437,718)</u>
<u>Profit (loss) is attributable to:</u>			
Company shareholders	1,765,662	(2,126,079)	(5,321,007)
Holder of non-controlling rights	(99,710)	(26,517)	(116,711)
	<u>1,665,952</u>	<u>(2,152,596)</u>	<u>(5,437,718)</u>
<u>Earnings (loss) per share attributable</u>			
<u>To the company's shareholders</u>			
Basic gain (loss)	17,656	(21,261)	(53,210)
Diluted profit (loss)	17,656	(21,261)	(53,210)

The Notes of the financial statements are an integral part of them.

Meidar GanEden Ltd.

Summary of consolidated statements on changes in capital

(in Israeli Shekels)

	Share capital	Equity Fund	Profit balance	Total	Rights that do not confer control	Total Capital
Balance as of January 1, 2023 (audited)	10	7,552,158	(3,701,168)	3,851,000	1,217,228	5,068,228
Profit (loss) for the period	-	-	1,765,662	1,765,662	(99,710)	1,665,952
Other total profit	-	(134,255)	-	(134,255)	17,893	(116,362)
Balance as of June 30, 2023 (unaudited)	10	7,417,903	(1,935,506)	5,482,407	1,135,411	6,617,818
Balance as of January 1, 2022 (audited)	10	7,314,501	1,619,547	8,934,058	1,318,908	10,252,966
Capital Interest rate adjustment	-	-	292	292	-	292
1-Year profit (loss)	-	-	(5,321,007)	(5,321,007)	(116,711)	(5,437,718)
Other total profit	-	237,657	-	237,657	15,031	252,688
Balance as of December 31, 2022 (audited)	10	7,552,158	(3,701,168)	3,851,000	1,217,228	5,068,228

Meidar GanEden Ltd.

Consolidated concise reports on changes in capital

(in Israeli Shekels)

	Share capital	Equity Fund	Profit balance	Total	Rights that do not confer control	Total Capital
Balance as of January 1, 2022 (audited)	10	7,314,501	1,619,547	8,934,058	1,318,908	10,252,966
1-Year profit (loss)	-	-	(2,126,080)	(2,126,080)	(26,517)	(2,152,597)
Other total profit	-	77,766	-	77,766	15,030	92,796
Balance as of June 30, 2022 (unaudited)	10	7,392,267	(506,533)	6,885,744	1,307,421	8,193,165

The Notes of the financial statements are an integral part of them.

Meidar GanEden Ltd.

Summary of consolidated statements of cash flows

(in Israeli Shekels)

	for the six months ended June 30 2023	for the six months ended June 30 2022	for the year ended December 31 2022
	Unaudited	Unaudited	Audited
<u>Operating Cash Flows</u>			
1-year net profit (loss)	1,665,954	(2,152,596)	(5,437,718)
Adjustments required to present cash flows from operating activities (Appendix A)	(9,720,018)	1,004,427	(3,767,503) (*)
Cash used for current operations	(8,054,064)	(1,148,169)	(9,205,221) (*)
<u>Cash flows from investment activities</u>			
Investment in fixed assets	(836,500)	(159,357)	(328,812)
Project investments	(2,474,876)	(344,238)	(3,078,923)
Real Estate Investments	(735,937)	(996,191)	(1,024,347)
Loan to a Held Company	(1,239,064)	(496,424)	(3,036,490)
Cash used for investment activities	(5,286,377)	(1,996,210)	(7,468,572)
<u>Cash flows from financing activities</u>			
Getting loans	12,718,458	3,989,475	18,361,230
Cash derived from financing activities	12,718,458	3,989,475	18,361,230
Increase (decrease) in cash and cash equivalents	(621,983)	845,096	1,687,437
Cash balance and cash equivalents for beginning period	6,352,485	4,665,048	4,665,048
Cash balance and cash equivalents at end of period	5,730,502	5,510,144	6,352,485
<u>Appendix A-Adjustments required to present cash flows from operating activities:</u>			
<u>Expenses (income) that do not involve cash flow</u>			
Depreciation and amortization	89,964	55,447	72,320
The company's share (of profits) in the losses of held companies treated according book value method	1,650,866	41,740	1,087,551
Adjustment of fair value of investment real estate	727,977	316,218 (*)	649,873
Financing expenses	697,635	87,878 (*)	335,697
Income taxes	(167,435)	33,333	(115,319)
	2,999,007	534,616	2,030,122
<u>Changes in property and liabilities</u>			
Decline (increase) in receivables and outstanding balances and in customers	(11,582,552)	1,589,785	(4,759,037) (*)
Increase in inventory under construction and real estate for the construction of apartments for sale	(467,432)	(851,728)	(1,053,543)
Decline in payables and credits and suppliers	(669,041)	(268,246)	14,955
	(12,719,025)	469,811	(5,797,625) (*)
	(9,720,018)	1,004,427	(3,767,503) (*)
Appendix B - Non-Cash Activity	(116,362)	(35,556)	(106,071)

(*) Resorted.

Meidar GanEden Ltd.

Notes to the Consolidated Financial Statements

As of June 30, 2023

Note 1- General:

- A. The company was incorporated in June 2020 and began operations in July 2020. As of August 2020, the company has investments in companies it holds.
- B. The Company and the companies held by it are engaged in locating, initiating, planning, constructing, and promoting residential and rental real estate projects in Israel.
- C. Through subsidiaries, the company owns land and real estate under construction, partly for commerce and offices, and partly for residential.

Note 2- Main accounting policies:

The accounting policy set forth below has been applied in the financial statements consistently, in all periods presented, unless otherwise noted.

I. Basis for presenting financial statements.

The financial statements are prepared in accordance with international financial reporting standards (hereinafter: IFRS). The company's financial statements are prepared on the basis of cost, excluding real estate investment and financial assets that are measured at fair value through other total profit.

The company chose to present the total profit report according to the operations characteristic method.

The accounting policy implemented in the preparation of interim financial statements is consistent with that implemented in the preparation of the annual financial statements.

II. Operating cycle period

The period of the group's normal operating cycle, in relation to the construction of buildings for sale, is 3 years.

Meidar GanEden Ltd.

Notes to the Consolidated Financial Statements

Note 2- Main accounting policies (continued):

III. Consolidated Financial Statements

Consolidated financial statements include the companies' statements over which the Company has control of (subsidiaries). Control exists when a company has influence over the invested entity, exposure or rights to variable returns as a result of its involvement in the invested entity, and the ability to use its power to influence the amount of returns resulting from the invested entity.

In examining control, the effect of potential voting rights is taken into account only if they are real. The consolidation of financial statements is carried out from the date of acquisition of control until the date on which control was terminated.

The financial statements of the Company and its subsidiaries are prepared for identical dates and periods. The accounting policy in the financial statements of the subsidiaries has been implemented uniformly and consistently with that implemented in the financial statements of the company. Material mutual balances and transactions and profits and losses arising from transactions between Group companies were fully eliminated in the consolidated financial statements.

Non-controlling rights in respect of subsidiaries represent the capital in the subsidiaries that cannot be attributed, directly or indirectly, to the parent company. The rights that do not confer control are presented separately within the framework of the company's capital. Profit or loss is attributed to the company and rights that do not confer control. Losses are attributable to rights that do not confer control even if, as a result, the balance of rights that do not confer control in the consolidated statement of financial position is negative.

IV. Investing in joint arrangements

Common arrangements are arrangements in which a company has common control. Common control is an agreed contractual sharing of control over a settlement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

1) Joint Ventures

In joint transactions, the parties to the settlement have joint control over the rights in the net assets of the settlement. A joint transaction is handled according to the book value method.

2) Joint Operations

In joint activities, the parties to the arrangement have joint control over the settlement, rights to assets and obligations to the obligations of the settlement. The company recognizes for the common activity in its proportionate share of the assets, liabilities, income, and expenses of the joint activity.

Meidar GanEden Ltd.

Notes to the Consolidated Financial Statements

Note 2- Main accounting policies (continued):

V. Investments treated according to the book value method

Affiliates are companies in which the Group has a material influence on their financial and operational policies, but not control. The Group's investments in affiliated companies and joint ventures are handled according to the book value method.

Under the book value method, the investment in the affiliated company or joint venture is presented at cost plus post-acquisition changes in the group portion of net assets, including other total profit of the affiliated company or joint venture. Profits and losses arising from transactions between the Group and the affiliated company or joint venture are canceled in accordance with the holding rate.

VI. Stock of land for construction

Real estate under construction is measured on the basis of cost. The cost of real estate includes credit costs relating to financing the construction of the property up to the date of completion, planning and design costs, allocated indirect construction costs and other related costs.

VII. Real Estate investment and Real Estate investments under construction

Real Estate investment is real estate (land or building, or both) held by the owner (leaseholder under an operating lease) or leased under a financial lease for the purpose of generating rent or for the purpose of increasing value or both, and not for use in export or supply of goods or services or for administrative purposes, or sale in the ordinary course of business.

Real estate investment is cut off when it is realized or when its use ceases and no future economic benefits are expected from its realization. The difference between the net proceeds from the realization of the asset and the balance in the financial statements is recognized in the statement of all profit or loss during the period in which the asset was subtracted.

Real estate investment is measured for the first time by cost, including direct purchase increases. After initial recognition, real estate investment is measured at its fair value, which reflects market conditions at the reporting date. Profits or losses resulting from changes in the fair value of real estate investment are credited to profit or loss at the time of their formation. Real estate investment is not systematically reduced.

Meidar GanEden Ltd.

Notes to the Consolidated Financial Statements

Note 3- Events in the reporting period.

- I. In December 2022, a bond issue was carried out in Germany, through its wholly owned subsidiary Meidar GanEden Finance GmbH. The bonds were issued for a period of five years at an annual interest rate of 7% to be paid annually in December.
During the reporting period and up to the date of signing of the financial statements, approximately 9.2 million NIS was raised. The market value of the bonds on the Frankfurt Stock Exchange, as of the date of signing the statements, is 100% of the nominal value of the bonds.
- II. In May 2022, Meidar Elnor Logistics Ltd. (a 49% holding company) signed an authorization agreement with Israel Ports Development and Properties Ltd. for the use of an area of 23,760 square meters for the purposes defined in the letter of authorization, in return for a total of 4.7 million NIS per year, starting in March 2023. During and after the reporting period, the company hired an architect and consultants and began activities to prepare the area at the port for its purposes, including submitting an application for a building permit.
- III. In June 2022, Meidar Lev Rehovot Ltd. (a company with a 50% holding) signed an agreement to purchase real estate in Rehovot known as Block 3703, Plot 761, with a registered area of 1,116 square meters and everything built on it, for a total of 18 million NIS plus VAT. During the reporting period, payment of consideration was completed, and the company received possession of the real estate.
- IV. During the reporting period, the company advanced the plan for the project on Herzl Street in Rehovot, owned by a subsidiary of Meidar Heart of the City.
- V. During the reporting period, the company completed the conditions for obtaining an excavation and paving permit for a project on Jabotinsky Street in Bnei Brak, owned by a company owned by a held company Meidar at the station. An agreement was also signed to finance the project with Hapoalim Bank.

- VI. During the reporting period, construction work began on a project to build 89 student dormitories managed by the company on Derech Yavne Street, Rehovot, and a master plan was submitted to change the building rights so that the student dormitories would be there permanently.
- VII. During the reporting period, the company promoted a number of urban renewal projects in Jerusalem, Kiryat Ata, Ramat Gan and Haifa, including advancing master planning and promoting draft agreements with tenants.
- VIII. In June 2023, an agreement was signed to transfer the company's rights in an urban renewal project in Ramla, totaling 15 million NIS to a holding company in which the company has a 50% holding. Out of the above consideration, the Company is entitled to 8.5 million NIS at the time of signing the agreement and the balance of 6.5 million NIS will be paid subject to meeting the targets.