Meidar GanEden Ltd.

Consolidated financial statements

For 2020

Meidar GanEden Ltd.

Consolidated financial statements

As of December 31, 2020

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MOORE Israel
נעמה אלפנט, רו"ח
אבישי מהלא, רו"ח

ליאון, אורליצקי ושות'
רואי חשבון
אלפנט, מהלא
Elefant, Mahalla C.P.A.

Auditors' Report
To the shareholders of
Meidar GanEden Ltd.

We have audited the consolidated financial statement on the attached financial condition of Meidar GanEden Ltd. (hereinafter: the "Company") to December 31, 2020, and the consolidated report on profit or loss, changes in equity and cash flowsfor the six-month periodending with theletter and These financial statements are the responsibility of the Company's Board of Directors and management. It is our responsibility to have an opinion on these financial statements based on our audit.

We conducted our auditing in accordance with generally accepted auditing standards inIsrael, including standards set forth in the Accountants Regulations (Accountants' Work Procedures), 5733-1973. According to these standards, we are required to plan and carry out the audit in order to achieve a reasonable degree of assurance that there is no material misrepresentation in the financial statements. An audit includes a sample examination of evidence supporting the amounts and information in the financial statements. An audit also includes an examination of the accounting rules implemented and the significant estimates made by the board of directors and management of the company, as well as an assessment of the appropriateness of the presentation in the financial statements as a whole. We believe that our review provides an adequate basis for our opinion.

In our opinion, the aforementioned financial statements adequately reflect in accordance with generally accepted accounting rules, in all material respects, the financial condition of the Company and its consolidated companies to December 31, 2020, and the results of their operations, changes in capital and cash flows for a periodofsixmonthsending in letterandtitles, in accordance withinternational financial reporting standards (IFRS).

Without restricting our opinion report,we draw attention to what is stated in Note 1.D. regarding the deficit in the company's working capital and the company's ability to meet its obligations.

Leon Orlitsky

Accountants

Jerusalem, March 29, 2022

A independent member firm of
Moore global natwork limited
-members in principal cities
throughout the world

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Meidar GanEden Ltd.

Consolidated Reports on Financial Condition

(in New Israeli Shekels)

	Note	As of December 31st 2020
Current assets		
Cash and cash equivalents	3	233,082
Debtors and debit balances	4	1,197,051
		1,430,133
Non-current assets		
Investments handled according to the balance sheet valuation method	6	1,042,810
Real estate inventory for construction	7	5,279,244
Investments in projects	8	10,432
Option to purchase a property		737,000
Real estate for investment under construction	9	10,356,180
Fixed assets, net	10	2,463
Intangible assets	11	19,732
		17,447,861
		18,877,994

The attached Notes form an integral part of theconsolidated financial statements.

Date of approval and publication Financial statements	Yehiel Porush CEO

Meidar GanEden Ltd.

Consolidated Reports On The Financial Condition

(in New Israeli Shekels)

	Note	As of December 31st 2020
Current liabilities		
Short-term loans	12	873,998
Suppliers and service providers		178,365
Creditors and credit balances	13	84,396
Obligations to landowners		11,108,000
		12,244,759
Non-current liabilities		
Tax reserve		460,300
Long-term loans	14	1,353,383
		1,813,683
Capital		
Capital attributable to the company's shareholders		
Share capital	15	10
Equity fund		2,684,964
Profit balance		1,734,404
		4,419,378
Rights that do not confer control		400,174
		4,819,552
		18,877,994

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

Date of approval and publication Financial statements	Yehiel Porush CEO

Meidar GanEden Ltd.

Consolidated Profit and Loss Statements

(in New Israeli Shekels)

	Note	For the six months ending December 31 2020
Income from management fees		721,000
Other income	9	2,001,535
The company's share of the profits of companies handled according to the balance sheet valuation method		313,833
		3,036,368
Administrative and general expenses	16	639,519
Profit from normal operations		2,396,849
Financing income		606
Financing expenses	17	(19,093)
		(18,487)
Profit before taxes on income		2,378,362
Income taxes	18	460,300
Net profit for the year		1,918,062
Profit attributable to:		
Shareholders of the company		1,734,404
Holders of rights that do not confer control		183,658
		1,918,062
Earnings per share attributable to the company's shareholders	19	
Basic profit		17,344
Diluted space		17,344

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

Meidar GanEden Ltd.

Consolidated reports on changes in capital

(in New Israeli Shekels)

	Share capital	Profit balance	Equity fund	Total	Rights that do not confer control	Total Capital
Balance as of January 1, 2020	-	-	-	-	-	-
Issuance of shares	10	-	-	10	-	10
Profit for period	-	1,734,404	-	1,734,404	183,658	1,918,062
Other total profit	-	-	2,684,964	2,684,964	216,516	2,901,480
Balance as of December 31, 2020	10	1,734,404	2,684,964	4,419,378	400,174	4,819,552

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

Meidar GanEden Ltd.

Consolidated Reports On Cash Flows

(in New Israeli Shekels)

	For the six months ending December 31 2020
Cash Flows From Operating Activities	
Net profit for the year	1,918,062
Adjustments required to presentcash flows from operating activities (Appendix A)	(3,733,638)
Cash used forongoing operations	(1,815,576)
Cash flows from investment activities	
Investment in fixed assets	(25,220)
Investments in projects	(10,432)
Real Estate Investments	(2,245,868)
Cash used forinvestment activities	(2,281,520)
Cash flows from financing activities	
Obtaining loans	4,330,168
Issuance of shares	10
Cash derived from financing activities	4,330,178
Increase in cash and cash equivalents	233,082
Cash balance and cash equivalents for the beginning of the period	-
Cash balance and cash equivalents for the end of the period	233,082
Appendix A-adjustments necessary to present cash flows from operating activities:	
Expenses (income) that do not involve cash flow	
Depreciation and amortization	3,025
The company's share of the profits of held companies that are handled according to the balance sheet valuation method	(313,833)
Matching the fair value of real estate for investment	(2,001,535)
Financing expenses	8,258
Income taxes	460,300
	(1,843,785)
Changes in property clauses and liabilities	
Increase in debtors and mandatory balances and customers	(1,197,051)
Increase in inventory in construction and real estate for the construction of apartments for sale	(5,254,673)
Increase in payables and credit balances and suppliers	4,561,871
	(1,889,853)
	(3,733,638)

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

Meidar GanEden Ltd.

Notes For The Consolidated Financial Statements

As of December 31, 2020

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 it holds are engaged in locating, initiating, planning, constructing, and promoting residential and rental real estate projects in Israel.

C. The company holds, through subsidiaries, land, and real estate under construction, intended partly for commerce and offices, and partly for residential use.

D. The company has a deficit in working capital in the amount of 10,814,625 NIS. The company's management announced that the deficit will be financed through a loan from Bank Leumi that was actually taken at the end of 2021 for the purpose of repaying its current obligations. The loan will be repaid once the sale of the apartments in a convenient spread, which is in line with the company's cash flow expectations from the sale of the apartments. Therefore, no adjustments were made to the presentation of the financial statements in accordance with the laying of the live business.

Note 2 - Principles of Accounting Policy:

The accounting policies set forth below have been applied to the financial statements consistently, in all periods presented, unless otherwise stated.

A. Basis of presentation of the financial statements

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

B. Period of the operating cycle

The period of the Group's normal operating cycle, with respect to the construction of buildings for sale is 3 years.

C. Consolidated Financial Reports

The consolidated financial reports include the reports of companies over which the company has a controlling stake (subsidiaries). Control takes place when the company has the power to influence the invested entity, exposure, or rights to variable returns as a result of its involvement in the invested entity as well as the ability to use its power to influence the amount of returns that will arise from the entity Invested. In terms of control, the impact of potential voting rights is taken into account only if they are real. Consolidation of financial reports is carried out from the date of obtaining control, until the date when control is terminated.

The financial reports of the company and its subsidiaries are prepared for the same dates and periods. The accounting policy in the financial reports of the subsidiaries was implemented uniformly and consistently with that implemented in the financial reports of the company. Balances and material mutual transactions and profits and losses arising from transactions between the group companies are fully eliminated in the consolidated financial reports.

Rights that do not confer control over 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 capital framework of the company. Profit or loss is attributed to the company and to 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 report of financial condition is negative.

D. Investment in joint arrangements

Joint arrangements are arrangements in which the company has joint control. Joint control is an agreed-upon contractual sharing of control over the arrangement, which exists only when decisions regarding the relevant activities require the unanimous consent of the parties sharing control.

1) Joint Ventures

In joint Ventures, the parties to the settlement have joint control over the rights in the net assets of the arrangement. A joint venture is handled according to the balance sheet valuation method.

2) <u>Joint Operations</u>

In Joint_Operations, the parties to the settlement have joint control over the arrangement, rights to assets and obligations to the obligations of the arrangement. The company recognizes in respect of the joint operation in its relative share in the assets, liabilities, income, and expenses of the joint operation.

E. <u>Investments handled according to the balance sheet valuation method</u>

Affiliates are companies which the group has material influence on their financial and operational policies, but not control. The Group's investments in affiliates and joint ventures are handled according to the balance sheet valuation method.

According to the balance sheet valuation method, the investment in the included company or joint venture is presented at cost plus post-purchase changes in the group's share of net assets, including other total profit of the included company or joint venture. Profits and losses arising from transactions between the group and the affiliate or joint venture are canceled in accordance with the holding rate.

Reputation for the acquisition of an included company or joint venture is presented as part of the investment in the included company or joint venture, measured by cost and not systematically reduced. Reputation is examined for the purpose of examining impairment as part of an investment in the included company or in the joint venture as a whole.

The financial statements of the company and the affiliate or joint venture are prepared for the same dates and periods. The accounting policy in the financial statements of the included company or joint venture was implemented uniformly and consistently with that implemented in the group's financial statements.

F. <u>Activity Currency, Presented Currency And Foreign Currency</u>

1. <u>Activity Currency And Presented Currency</u>

The financial statements are presented in NIS, since the company is of the opinion that financial statements in NIS provide relevant information to investors and users of the financial statements located in Israel.

The Group determines for each company in the Group, including companies presented on the basis of the balance sheet value, what is the currency of the activity of each company.

Assets and liabilities of a holding company that constitutes a foreign activity includingcost surpluses generated are translated according to the SegYera rate on each reporting date. Profit or loss statement items are translated by average exchange rates.

Intercompany loans in the Group, which have no intention of clearing and are not expected to be repaid in the foreseeable future, are essentially part of the investment in foreign activities, and therefore, rate differences from these loans (net of the tax effect) are credited as a different total profit (loss).

At the time of the realization of an external activity, or when partially realizing an external activity, while losing control, the cumulative profit (loss) relating to that activity, which was recognized as another total profit, is credited to the profit or loss. When partially exercising foreign activities while maintaining control of the consolidated company, a proportional part of the amount recognized in the other total profit is re-attributed to rights that do not confer control.

Note 2 - Principles of Accounting Policy (Continued):

F. Activity currency, display currency and foreign currency (continued)

2. Foreign Currency Transactions, Assets And Liabilities

   Transactions set in foreign currency are recorded upon their initial recognition according to the exchange rate at the time of the transaction. After the initial recognition, financial assets and liabilities denominated in foreign currency are translated on each reporting date into the currency of the activity according to the exchange rate at that time. Exchange rate differentials, except those that are discounted to qualified assets or are credited to equity in hedging transactions, are credited to profit or loss. Non-monetary assets and liabilities denominated in foreign currency presented at fair value are translated into the currency of activity in accordance with the exchange rate at the time when the fair value is determined.

3. Index-linked monetary items

   Assets and financial liabilities indexed according to their terms to changes in the Consumer Price Index in Israel (hereinafter: the "Index") are adjusted according to the relevant index, on each reporting date, in accordance with the terms of the agreement.

G. Cash equivalents

Cash equivalents are considered high-liquidity investments, which include deposits in short-term banking corporations that are not limited by pledge, whose original term does not exceed three months from the date of investment or exceeds three months but can be withdrawn immediately without penalty, and form part of the Group's cash management.

H. Inventory 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.

I. Capitalization of credit costs

The Group discounts credit costs related to the purchase, establishment, or production of eligible assets, which require a significant period of time for their preparation, intended use or sale.

The capitalization of the credit begins on the date on which the credit was spent on and on the property itself, the actions to prepare the property began and credit costs were incurred and ends when all the actions for the preparation of the property that is fit for its intended use or sale have been materially completed. The amount of discounted credit costs in the reporting period includes direct credit andcredit increases according to a weighted capitalization rate.

The company capitalizes rate differences resulting from credit in foreign currency if they are considered as coordination with interest costs.

J. Investment Real Estate And Investment Real Estate Under Construction

Investment real estate is real estate (land or structure, or both) held by the owner (leasing under operating lease) or leasing under a financial lease for the purpose of generating rent or for the purpose of increasing value or both and not for the purpose of exporting or supplying goods or services or for administrative purposes, or for sale in the ordinary course of business.

Investment real estate is withdrawn when it is realized or when its use is stopped, 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 withdrawn.

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

Real estate for investment in development intended for future use as investment real estate is also measured at fair value as stated above when the fair value can be reliably measured. When fair value is not reliably measurable, due to the nature and scope of the project's risks, then it is measured according to its cost, minus losses from impairment if any, until the date when the fair value can be reliably measured or the construction is completed, whichever is earlier. The cost base of real estate for investment in development includes the cost of real estate plus credit costs used to finance the construction, direct additional planning and development costs and brokerage fees due to contracts in agreements for renting it.

In order to determine the fair value of investment real estate, the Group relies on a valuation carried out by independent external appraisers who are experts in real estate valuations and have the necessary knowledge and experience.

The transfer of an asset from fixed assets to investment real estate is carried out at the time of the cessation of use of the property by the owner. The transfer of property from investment real estate to fixed assets is carried out on the date of commencement of use of the property on the owner. The transfer of property from inventory to investment real estate is carried out on the date of commencement of an operating lease to another party. The transfer of property from investment real estate to inventory is carried out on the date of commencement of development with the intention of selling the real estate.

The cost of the asset transferred from investment real estate to fixed assets or inventory is the fair value at the time of the transition, while the difference between the fair value and the cost of an asset transferred from fixed assets to investment real estate is treated as a reassessment in accordance with IAS 16 and is credited to a reassessment fund.

K. <u>Intangible assets</u>

Intangible assets acquired separately are measured with the initial recognition by cost plus direct acquisition costs. Intangible assets acquired in business combinations are measured at fair value at the time of purchase. Costs for intangible assets that are developed internally, excluding capitalized development costs, are credited to the profit or loss at the time of their formation.

Intangible assets with a defined useful lifespan are reduced over their useful lifespan and value depreciation is examined when there are signs indicating a decrease in value. The amortization period and method of amortization of an intangible asset are examined at least at the end of each year.

Intangible assets with indefinite useful lifespan are not systematically reduced and are subject to an examination of impairment every year as well as whenever there is a sign indicating that there may have been a depreciation.

The useful life span of these assets is reviewed annually to determine whether the lifetime estimate as indeterminate is still valid. If the events and circumstances no longer support such an estimate, the change in the useful life from undefined to defined is treated as a change in the accounting estimate and at the same time a decrease in value is also examined. Starting from that date, the property is systematically reduced over the period of its useful life.

Meidar GanEden Ltd.

Notes of the financial statements

Note 2 - Principles of Accounting Policy (Continued):

L. Depreciation of non-financial assets

In cases where the balance in the financial statements of the non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the highest of fair value minus selling costs to use value. In the valuation of the use, the expected cash flows are discounted according to a pre-tax discount rate that reflects the risks specific to each asset. For an asset that does not generate independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Losses from impairment are credited to profit or loss.

A loss from a decrease in the value of an asset, excluding Reputation, is canceled only when there have been changes in the estimates used to determine the recoverable amount of the asset from the date on which the loss from the decrease in value was last recognized. Such loss is limited to the lower of the amount of impairment of the previously recognized asset (less depreciation or amortization) or the recoverable amount of the asset. For an asset measured by cost, the cancellation of such loss is credited to a profit or loss.

The useful life span of intangible assets is as follows:

	%
Website	33

M. Fixed assets

Fixed assets items are presented according to the cost plus direct purchase costs, minus accrued depreciation. Depreciation is calculated at equal annual rates based on the straight-line method over the period of useful life in the asset. The useful life of fixed asset items is as follows:

	%
Computers	33

N. Financial Instruments

The group implements the provisions of IFRS 9 :

1. Financial assets

   Financial assets under IAS 39 are recognized at the time of initial recognition at fair value plus direct transaction costs, except for financial assets measured at fair value through profit or loss, transaction costs are credited to profit or loss. After the initial recognition, the accounting treatment of financial assets is based on their classification as follows:

   Loans and Debtors

   Loans and debtors are investments that are repaid in fixed or determined payments that are not traded on an active market. After the initial recognition, loans are presented according to their terms according to the cost plus direct transaction costs, using the effective interest method and minus the provision for impairment. Short-term debtors are presented according to their terms, usually in their nominal value.

2. Financial Liabilities

   Obligations are initially recognized at fair value. Loans and other liabilities measured at a reduced cost are presented minus direct transaction costs. After the initial recognition, the accounting treatment of financial obligations is based on their classification as detailed below:

   Financial liabilities at a reduced cost

   After the initial recognition, loans and other liabilities, are presented according to their terms according to the cost minus direct transaction costs using the effective interest method .

   Liabilities in respect of financial guarantees

   Liabilities in respect of financial guarantees are recognized for the first time at fair value taking into account also direct transaction costs attributable to the provision of the guarantee. After the initial recognition, the liability is measured by the amount higher than the amount first recognized (minus an appropriate reduction over the period of the guarantee) and the estimate of the amount required (if required) to be recognized for the reporting date under UAS 37 with respect to the guarantee agreement.

3. Offsetting financial instruments

   Financial assets and liabilities are offset and the net amount is presented in the statement on the financial condition if there is a legally enforceable right to offset the amounts recognized, and there is also an intention to remove the asset and the liability on a net basis or to realize the asset and remove the obligation at the same time.

Note 2 - Principles of Accounting Policy (Continued):

N. Financial Instruments (continued)

4. Subtracting financial instruments

Financial assets

A financial asset is deducted when the contractual rights to receive cash flows from the financial asset have expired, or when the company has transferred the contractual rights to receive cash flows from the financial asset or when the company has undertaken an obligation to pay the cash flows received in full to the third party, without significant delay. In addition, the transferor materially transferred all the risks and benefits related to the property or did not even materially leave all the risks and benefits associated with the property but transferred control of the property.

Financial liabilities

A financial obligation is deducted when it is cleared, that is, the liability is repaid, canceled, or expired. A financial liability is settled when the debtor (group) repays the obligation by paying in cash, other financial assets, goods, or services, or is legally released from the liability.

When an existing financial liability is replaced by another liability towards the same lender under materially different conditions, or when a material change is made to the terms of an existing liability, the replacement or change is treated as a subtraction of the original liability and as recognition of a new liability. The difference between the balance of the above two liabilities in the financial statements is credited to the statement of profit or loss. If the replacement or change is not material, it is treated as a change in the terms of the original commitment and profit or loss from the exchange is not recognized at that time. When examining whether this is a material change in the terms of an existing commitment, the company takes into account qualitative and quantitative considerations.

5. Depreciation of financial assets

The group examines on each reporting date whether there is objective evidence of a decrease in the value of a financial asset, or a group of financial assets presented at the reduced cost.

If there is objective evidence that there is a loss from a decrease in value in respect of loans and receivables presented at their reduced cost, the amount of the loss credited to the profit and loss is measured as the difference between the bookmark amount of the asset and the current value of the estimate of future cash flows (excluding future credit losses that have not yet been formed), which are discounted in accordance with the original effective interest rate of the financial asset.

O. Leases

The Group assesses whether a contract is a lease (or includes a lease) at the time of entering into a contract. The Group recognizes the property as a right of use on the one hand and a lease obligation on the other in respect of all leases in which it is the lessee, except for short-term leases (for a period of up to 12 months) and leases of low-value assets. In these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease period, unless another systematic basis better represents the pattern of consumption of economic benefits by the group than the leased assets.

P. Provisions

A provision under IAS 37 is recognized when the group has a legal obligation in the present or implied as a result of a past event, it is expected that economic resources will be required to eliminate the obligation and can be reliably estimated. When the group expects that part or all of the expense will be reimbursed to the company, such as in an insurance contract, the reimbursement will be recognized as a separate asset only at the time when there is actual certainty of receiving the asset. The expense will be recognized in the profit or loss statement minus the reimbursement of the expense.

Q. Income taxes

The tax consequences for current or deferred taxes are credited to profit or loss, unless they relate to items that are credited to other total profit or capital.

1. Current taxes

   Liability for current taxes is determined using the tax rates and tax laws enacted or whose enactment has actually been completed, up to the reporting date, as well as necessary adjustments in connection with the tax liability payable for previous years.

2. Deferred taxes

   Deferred taxes are calculated for temporary differences between the amounts included in the financial statements and the amounts taken into account for tax purposes. The deferred tax balances are calculated at the expected tax rate that will apply when the asset is realized or the liability is settled, based on the tax laws enacted or whose enactment has actually been completed by the reporting date.

   In the calculation of deferred taxes, the taxes that would have applied in the event of the realization of investments in held companies are not taken into account, aslong as the sale of investments in held companies is not expected in the foreseeable future. Also, deferred taxes were not taken into account for the distribution of profits by companies held as dividends, since the distribution of the dividend does not involve reprimand tax liability or due to the company's policy not to initiate a dividend distribution that entails additional tax liability.

   Income taxes relating to equity instrument owner distributions and capital transaction costs are treated according to IAS 12.

Deferred taxes are offset if there is a legal right to offset a current tax asset against a current tax obligation and the deferred taxes refer to the same taxable entity and the same tax authority.

K. EPS

Earnings per share is calculated by dividing the net profit attributable to the company's shareholders by the weighted number of ordinary shares actually existing during the period.

L. Fair Value Measurement

Fair value is the price that would have been obtained at the sale of an asset or the price that would have been paid for the transfer of a pledge in a regular transaction between market participants at the time of measurement.

Fair value measurement is based on the assumption that the transaction occurs in the main market of the asset or liability, or in the absence of a major market, in the most advantageous market.

The fair value of an asset or liability is measured using the assumptions that market participants will use when pricing the asset or liability, assuming that market participants are acting in the interests of their own economic interests.

Measuring the fair value of a non-financial asset takes into account the ability of the market participant to derive economic benefits through the asset in its optimal use or by selling it to another market participant who will use the asset in its optimal use.

The group uses assessment techniques that are appropriate to the circumstances and for which there is enough achievable data to measure fair value, maximizing the use of relevant observable data and minimizing the use of unforeseeable data.

Meidar GanEden Ltd.

Note of the financial statements

Note 2 - Principles of Accounting Policy (Continued):

L. Fair Value Measurement (continued)

All assets and liabilities measured at fair value or whose fair value can be disclosed are categorized within the fair value scale, based on the lowest level of data that is significant for measuring fair value as a whole:

Level 1: Quoted prices (no adjustments) in an active market of identical assets and liabilities.

Level 2: Data other than quoted prices included in Level 1 that can be viewed directly or indirectly.

Level 3: Data that is not based on observable market information (assessment techniques without the use of observable market data).

M. Advertising Expenses

Advertising expenses are credited to a profit or loss statement as they arise.

N. Financing income and expenses

Financing income includes interest income for amounts invested, dividend income, changes in the fair value of financial assets measured at fair value through profit or loss, and profits from exchange rate differentials. Interest income is recognized as they are accrued, using the effective interest method. Income from dividends is recognized at the time when the group is granted the right to receive payment.

Financing expenses include interest expenses on loans received, changes in the fair value of financial assets measured at fair value through profit or loss, and losses from impairment of financial assets. Credit costs that are not capitalized on eligible assets are credited to profit and loss according to the effective interest method.

Note 3 – Cash And Cash Equivalents:

	As of December 31st 2020
Cash in the bank	233,082
	233,082

Meidar GanEden Ltd.

Notes of the financial statements

Note 4 - Debtors and Debt balances:

	As of December 31st 2020
Government institutions	394,192
Shareholders	74,459
Income receive	721,000
Upfront expenses	7,400
	1,197,051

Note 5 - Investments in Consolidated Companies:

A. General information as appears in the company's separate financial information:

December 31, 2020	Rights in equity	Capital investment	Loans transferred by the company to the consolidated company	The company's share in an equity fund in the consolidated company	The company's share in the profits of the consolidated company	Total investment
Meidar Lev Ha'ir Ltd.	88%	9	200,221	1,587,775	1,346,828	3,134,833
		9	200,221	1,587,775	1,346,828	3,134,833

B. Information regarding the activities of the consolidated companies:

Meidar Lev Ha'ir Ltd. - owns real estate property known as plot 169 in block 3703 at 178 Herzl St. corner of 1 Yaakov Street in Rehovot - See Note 9b.

Meidar GanEden Ltd.

Notes of the financial statements

Note 6-Investments in companies handled according to the balance sheet valuation method:

A. Information regarding companies treated according to the balance sheet valuation method:

	Rights in equity	Capital investment	The company's share in an equity fund in the consolidated company	The company's share in the profits of the consolidated company	Total investment
December 31, 2020					
Meidar at the Station Ltd.	50%	2,000	726,977	313,833	1,042,810
		2,000	726,977	313,833	1,042,810

B. Information regarding the activities of the consolidated companies:

Meidar at the Station Ltd.- owns half of a real estate property known as plots 402,403,404 405,406,407 in block 6123 at 12 Jabotinsky St. in Bnei Brak.

The property is a 1,700-square-meter lot on which an old one-story building is built, used for commerce and with a variety of shops.

The lot is intended for commercial and employment construction in accordance with an existing zoning plan and the potential for commercial and residential construction in accordance with the Bnei Brak master plan.

On the land, a master plan is approved for the construction of a 10-story office building above a commercial floor and above 2 parking lots.

The proposed plan for the project is the construction of two 6.5-story residential buildings above a commercial floor and above 2 basement floors, the upper basement floor will be used for commerce and the lower basement floor will be used for parking.

C. Summary of financial information of the patient company according to the balance sheet valuation method

	As of December 31st 2020
In the report on the financial condition of the included companies:	
Current assets	659,137
Non-current assets	30,193,094
Current liabilities	25,517,000
Non-current liabilities	3,249,611
Total Capital	2,085,620

	For the six months ending December 31 2020
The results of the actions of the companies included in the period:	
Other income	819,147
Profit for the period	627,666

Note 7-inventory of real estate for construction:

Composition:

	As of December 31st 2020
Cost of real estate for construction	5,133,027
Ancillary costs	146,217
	5,279,244

Note 8 - Investments in Projects:

	As of December 31st 2020
The Armon Hanatziv Project	10,432
	10,432

Meidar GanEden Ltd.

Notes of the financial statements

Note 9- Real Estate for investment under construction:

A. Constitution:

	As of December 31st 2020
Balance for the beginning of the period	-
Additions:	
Cost of real estate	8,123,473
Direct set-up costs	192,374
Credit costs	38,798
Fair value adjustment	2,001,535
	10,356,180
Balance for the end of the period	10,356,180

B. More information:

Real estate at 178 Herzl St., corner of 1 Yaakov St., Rehovot:

The property is a 1,600-square-meter lot on which an old 2-story building is built, which is a conservation building, as well as another one-story building used for a variety of street stores. There is also a parking lot for cars.

On the land there are building rights for a commercial floor, an office floor and residential floors.

The proposed plan for the project is a zoning change that will allow the construction of 2 basement floors, a commercial floor, an office floor, an additional office floor for the benefit of the municipality and 56 apartments.

In 2020, the company acquired 50% of the rights in the land as well as an irrevocable option to purchase 50% of the additional rights, in 2021 the company fully exercised the option and acquired the said rights.

Meidar GanEden Ltd.

Notes of the financial statements

Note 10-fixed assets, net:

	Computers	Total
Cost		
Balance for the beginning of the year	-	-
Extras	2,564	2,564
Year-end balance	2,564	2,564
Accrued depreciation		
Balance for the beginning of the year	-	-
Depreciation per year	101	101
Year-end balance	101	101
Reduced balance as of December 31, 2020	**2,463**	**2,463**

Note 11-Intangible assets:

	cost	Accrued depreciation	Reduced balance as of December 31, 2020
Website	22,656	2,924	19,732
	22,656	**2,924**	**19,732**

Note 12- Short-term loans:

A. Composition:

	As of December 31st 2020
From Related parties	873,998
	873,998

B. The loans are from related parties without interest and linkage.

The interest rate was set at 18% on the basis of an expert opinion, in accordance with the fair value according to the provisions of IFRS 7 , as stated in Note 2(17).

Meidar GanEden Ltd.

Notes of the financial statements

Note13 - Creditors and Credit Balances:

	As of December 31st 2020
Work	47,981
Institutions for employees	32,080
Other eligible individuals	4,335
	84,396

Note 14- Long Term Loans:

A. Composition:

	As of December 31st 2020
From Related parties	1,353,383
	1,353,383

B. The loans are from related parties without interest and linkage.

The interest rate was set at 18% on the basis of an expert opinion, in accordance with the fair value according to the provisions of IFRS 7 , as stated in Note 2 (17).

Note 15 - Share Capital:

		As of December 31, 2020
	Registered	Issued and repaid
Ordinary shares of 0.1 NIS each	100	10

Meidar GanEden Ltd.

Notes of the financial statements

Note 16 - General and administrative expenses:

	For the six months ending December 31 2020
Labor Pay and additional	127,386
Issuance expenses	189,421
Professional Services	250,524
Travel abroad	13,021
Rental fees and property management	51,800
Taxes and fees	2,182
decrease	3,025
Office & Maintenance	2,160
	639,519

Note 17 - Expenses and Financing Income:

	For the six months ending December 31 2020
Financing income:	
Related parties	606
Interest Authorities	-
	606
Financial expenses:	
Bank fees	124
Related Parties	8,257
Rate differentials	10,712
	19,093

Meidar GanEden Ltd.

Notes of the financial statements

Note 18 - Taxes on Income:

	For the six months ending December 31 2020
Current taxes	-
Deferred taxes	460,300
	460,300

Note 19 - Net Earnings Per Share:

Details of the number of shares used in calculating earnings per share from continuing operations

	For the six months ending December 31 2020	
	Weighted stock quantity	Profit attributable to the company's shareholders
For the purpose of calculating a base profit	100	1,734,404
Impact of diluted potential stocks	-	-
For the purpose of calculating diluted profit	100	1,734,404

Note 20 - Liens and Outstanding liabilities:

1. Lien of Share capital of Meidar at the station Ltd., Company No. 516247251 held by the company, including the rights arising from the shares as aforesaid, including rights to receive receipts and/or income and/or dividends and/or value of money, in favor of Barak Tama Yam Suf 8 Ltd., Company No. 515600245.
2. According to the statement of the company's managers approved by its legal advisors, the company does not have dependent liabilities as of the balance sheet date.

Meidar GanEden Ltd.

Notes of the financial statements

Note 21- Balances and transactions with related parties:

A. Remuneration of senior officers

	For the six months ending December 31 2020
Remuneration of controlling shareholders in the company	127,386
The number of people for whom the remuneration relates	3

B. Balances with related parties

	As of December 31st 2020
Loans from related companies	2,227,381

C. Transactions with affiliates

	As of December 31st 2020
Provision of management fee services, see section D	721,000

D. Entering into an agreement with the company for the provision of management fee services

On October 3, 2021, the Company signed an agreement to provide management services to related companies of Weizmann Dormitories Ltd. Company No. 515977106 and Palms Real Estate and Investments Ltd. Company No. 515976777.

Management services were provided as of 6/2020 for a project to build student dormitories and commerce on 56 Derech Yavne Street known as Block 30702 Plots 151,152.

The companies are subsidiaries of the company's shareholders, and they will pay, each company, a management fee of 51,500 NIS per month, the management fee will be paid retroactively from the date of commencement of the provision of the services.

<u>Note22 - Material events after the date of the report:</u>

On August 12, 2021, Meidar Lev Ha'ir Ltd. exercised the option to purchase 50% of the rights in real estate at 178 Herzl Street at the corner of 1 Yaakov Street in Rehovot. (See Note 9b. above).

Meidar GanEden Ltd.

Appendix to the Financial Statements

List of held companies

Company Name	Holding Company	Place of registration of the company held	The rate of control and ownership of the company as of the date of the report	How to present in the financial statements
Meidar Lev Ha'ir Ltd.	Meidar GanEden Ltd.	(Company registered in Israel)	88%	Consolidated
Meidar at the Station Ltd.	Meidar GanEden Ltd.	(Company registered in Israel)	50%	Held