Meidar Gan Eden Ltd.

Consolidated Financial Statements

for 2021

Meidar Gan Eden Ltd.

Consolidated Financial Statements

as of December 31, 2021

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Auditors' Report to the Shareholders of Meidar Gan Eden Ltd.

We reviewed the consolidated statements of the attached financial statements of Meidar Paradise Ltd. (hereinafter: "the Company") as of December 31, 2021, and 2020, and the consolidated statements of profit or loss, changes in capital and cash flows for the year ended December 31, 2021, and for the period from July 1, 2020, to December 31, 2020. These financial statements are the responsibility of the Company's Board of Directors and Management. It is our responsibility to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including standards set forth in the Accountancy Regulations (accountant's method of operation), 5733–1973. The financial statement includes a material misstatement. An audit includes examining, on a test basis, evidence of the amounts and disclosures in the financial statements. Provides a proper basis for our opinion.

In our opinion, the above financial statements adequately reflect in accordance with generally accepted accounting principles, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2021 and 2020 and the results of their operations, changes in capital and cash flows for the year ended December 31. 2021 and for the period from July 1, 2020 to December 31, 2020, in accordance with International Financial Reporting Standards (IFRS).

Without limiting our opinion, we draw attention to what is stated in Note 1.D. Regarding the deficit in the working capital of the company and the management's assessment that the financing of the project will be done as part of a bank loan that will enable it to meet its obligations.

Leon Orlitzky

Certified Public Accountants

Jerusalem, April 12, 2022

Meidar Gan Eden Ltd.

Consolidated Financial Statements

(in New Shekels)

	Note	December 31, 2021	December 31, 2020
Current assets			
Cash and cash equivalents	3	4,665,048	233,082
Debtors and mandatory balances	4	6,813,472	1,197,051
		11,478,520	1,430,133
Non-current assets			
Investments treated according to the equity method	6	3,114,123	1,042,810
Inventory of real estate for construction	7	11,804,688	5,279,244
Investments in projects	8	968,991	10,432
Option to purchase a property		-	737,000
Real estate for investment in construction	9	23,592,481	10,356,180
Fixed assets, net	10	173,265	2,463
Intangible assets	11	44,809	19,732
		39,698,357	17,447,861
		51,176,877	18,877,994

The attached notes are an integral part of the consolidated financial statements.

Meidar Gan Eden Ltd.

Consolidated Financial Statements

(in New Shekels)

	Note	December 31 2021	December 31 2020
Current liabilities			
Short-term loans	12	23,873,338	873,998
Suppliers and service providers		423,073	178,365
Eligible and credit balances	13	206,845	84,396
Liabilities to landowners		-	11,108,000
		24,503,256	12,244,759
Non-current liabilities			
Tax reserve		1,129,364	460,300
Long-term loans	14	15,291,291	1,353,383
		16,420,655	1,813,683
Capital			
Capital attributed to the Company's shareholders			
Share capital	15	10	10
Venture Capital fund		7,314,501	2,684,964
Profit balance (loss)		1,619,547	1,734,404
		8,934,058	4,419,378
Rights that do not confer control		1,318,908	400,174
		10,252,966	4,819,552
		51,176,877	18,877,994

The attached notes are an integral part of the consolidated financial statements.

Yechiel Porush CEO and CFO	Shmaryahu Eidelman Chairman of the Board	Date of approval and publication of financial statements

Meidar Gan Eden Ltd.

Consolidated statements of profit and loss

(in New Shekels)

	Note	For the year that ended on December 31st 2021	For the six months ended December 31st 2020
Rental income and management fees		1,805,841	721,000
Adjusting the fair value of real estate for investment in construction	9	2,908,974	2,001,535
The Company's share in the profits of companies treated according to the equity method		547,232	313,833
		5,262,047	3,036,368
Promotional expenses		586,621	-
Administrative and general expenses	16	2,896,474	639,519
Profit from ordinary operations		1,778,952	2,396,849
Financing income		34,180	606
Financing expenses	17	(1,008,806)	(19,093)
		(974,626)	(18,487)
Profit before taxes on income		804,326	2,378,362
Income taxes	18	669,064	460,300
Net profit per year		135,262	1,918,062
Profit (loss) is attributed to:			
Company shareholders		(114,857)	1,734,404
Holders of rights that do not confer control		250,119	183,658
		135,262	1,918,062

Profit (loss) per share attributable to the			
Company's shareholders	19		
Profit (loss) diluted		(1,149)	17,344
Basic profit (loss)		(1,149)	17,344

The attached notes are an integral part of the consolidated financial statements.

Meidar Gan Eden Ltd.

Consolidated Statements of Changes in Capital

(in New Shekels)

	Shares Capital	Venture Capital fund	Balance of profit	Total	Rights that do not confer control	Total Capital
Balance as of January 1, 2020	-	-	-	-	-	-
Issuance of shares	10	-	-	10	-	10
Profit for the period	-	-	1,734,404	1,734,404	183,658	1,918,062
Other comprehensive income	-	2,684,964	-	2,684,964	216,516	2,901,480
Balance as of December 31, 2020	10	2,684,964	1,734,404	4,419,378	400,174	4,819,552
Profit (loss) per year	-	-	(114,857)	(114,857)	250,119	135,262
Other comprehensive income	-	4,629,537	-	4,629,537	668,615	5,298,152

Balance as of December 31, 2021	10	7,314,501	1,619,547	8,934,058	1,318,908	10,252,966

The attached notes are an integral part of the consolidated financial statements.

Meidar Gan Eden Ltd.

Consolidated Statements of Cash Flows

(in New Shekels)

	For the year that ended on December 31st 2021	For the six months ended December 31st 2020
Cash flows from operating activities		
Net profit per year	135,262	1,918,062
Adjustments required for the presentation of cash flows from operating activities (Appendix A)	(18,324,820)	(3,733,638)
Cash was used for current operations	(18,189,558)	(1,815,576)
Cash flows from investing activities		
Investment in fixed assets	(224,570)	(25,220)
Investments in projects	(958,559)	(10,432)
Real estate investments	(16,212,772)	(2,245,868)
Cash was used for investing activities	(18,118,374)	(2,281,520)
Cash flows from financing activities		
Getting loans	40,739,898	4,330,168
Issuance of shares	-	10
Cash arising from financing activities	40,739,898	4,330,178
Increase in cash and cash equivalents	4,431,966	233,082
Cash balance and cash value at the beginning of the period	233,082	-
Cash balance and cash value at the end of the period	4,665,048	233,082

Appendix a-Adjustments required to present cash flows from operating activities:

Expenses (income) that do not involve cash flow

Depreciation and amortization	28,691	3,025
The Company's share in the profits of investee companies treated according to the equity method	(547,232)	(313,833)
Adjusting the fair value of real estate for investment	(2,908,974)	(2,001,535)
Financial expenses	402,629	8,258
Income taxes	669,064	460,300
	(2,355,822)	(1,843,785)
Changes in property items and liabilities		
An increase in debtors and debit balances and customers	(5,626,148)	(1,197,051)
Increase in inventory under construction and real estate for the construction of apartments for sale	(6,408,897)	(5,254,673)
Increase (decrease) in eligibility and credit balances and suppliers	(3,933,953)	4,561,871
	(15,968,998)	(1,889,853)
	(18,324,820)	(3,733,638)

The attached notes are an integral part of the consolidated financial statements.

Meidar Gan Eden Ltd.

Notes to the Financial Statements

For December 31, 2021

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 held by it.
B. The company and the companies held by it are engaged in locating, initiating, planning, establishing, and promoting projects in the field of residential and rental real estate in Israel.
C. The company owns, through subsidiaries, land and real estate under construction, some of which are intended for commerce and offices and some for residence.
D. The company has a working capital deficit in the amount of NIS 13,024,736, which originates from the obligation of the subsidiary, Meidar Lev Ha'ir, to the land sellers. The deficit is financed through a loan from Bank Leumi that was actually taken in August 2021 for the purpose of repaying the obligations to the sellers. Under the agreement with the bank, the company will complete all approval procedures by February 2023 (with an option to extend). After that, the company's management expects that the loan will be included in the bank loan that will be provided for the benefit of the project and will be repaid from the date of sale of the apartments in a convenient layout, corresponding to the company's cash flow expectations from the sale of apartments. According to the management, the financing of the project will be done as part of a bank loan that will allow it to meet its obligations.

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 (hereinafter - IFRS). The Company's financial statements are prepared on a cost basis, excluding investment real estate and financial assets measured at fair value through other comprehensive income.

The company chose to present the statement of comprehensive income according to the method of characterization of operations.

B. Operating cycle period

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

C. Consolidated financial statements

The consolidated financial statements include the statements of companies over which the Company has control (subsidiaries). Control exists when a company has the power to influence the invested entity, exposure, or rights to variable returns because of its involvement in the invested entity and the ability to use its power to influence the amount of returns to be derived from the invested entity.

Note 2 - Principles of Accounting Policy (continued):

In terms of control, the effect of potential voting rights is considered only if they are real. The consolidated financial statements are consolidated from the date on which control is acquired, until the date on which control is terminated.
The financial statements of the Company and its subsidiaries are prepared for the same dates and periods. The accounting policies in the financial statements of the subsidiaries have been applied uniformly and consistently with those applied in the financial statements of the Company. Significant mutual balances and transactions and gains and losses arising from transactions between the Group companies were eliminated in full in the consolidated financial statements.
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 non-controlling interests are presented separately in the company's capital framework. Profit or loss is attributed to the Company and rights that do not confer control. Losses are attributed to non-controlling interests even if as a result the balance of non-controlling interests in the consolidated statement of financial position is negative.

D. Investment in joint arrangements

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

1) Joint Ventures

In joint transactions the parties to the arrangement have joint control over the rights in the net assets of the arrangement. A joint transaction is treated according to the equity method.

2) Joint Operations

In joint activities the parties to the arrangement have joint control over the arrangement, property rights and obligations to the obligations of the arrangement. The Company recognizes in respect of the joint venture its proportionate share in the assets, liabilities, income and expenses of the joint venture.

E. Investments treated according to the equity method

Affiliates are companies whose group has a material influence over their financial and operating policies, but not control. The Group's investments in affiliated companies and joint ventures are treated according to the equity method.

Meidar Gan Eden Ltd.

Notes to the Financial Statements

Note 2 - Principles of Accounting Policy (continued):

Investments treated according to the equity method (continued)

According to the equity method, the investment in the affiliated company or joint venture is presented at cost plus post-acquisition changes in the group's share in net assets, including other comprehensive income of the affiliated company or joint venture. Gains and losses arising from transactions between the Group and the subsidiary, or the joint venture are eliminated in accordance with the holding rate.
Goods in respect of the acquisition of an affiliated company or joint venture are presented as part of the investment in the affiliated company or joint venture, measured by cost and not systematically reduced. Goodwill is examined for the purpose of examining impairment as part of an investment in the affiliated company or in the joint transaction 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 policies in the financial statements of the affiliated company or joint venture have been applied uniformly and consistently with those applied in the financial statements of the Group.

F. Currency of activity, currency of presentation and foreign currency

1. Currency of activity and currency of presentation

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 based on the balance sheet value, what is the currency of each company's activity.
Assets and liabilities of an investee company that constitutes foreign operations, including cost surpluses, are translated at the closing rate at each reporting date. Profit or loss statement items are translated at average exchange rates.

Note 2 - Principles of Accounting Policy (continued):

Currency of activity and currency of presentation (continued)

Intergovernmental loans in the group, which are not intended to be repaid and are not expected to be repaid in the foreseeable future, are essentially part of the investment in foreign operations, and therefore, the exchange differences from these loans (less tax effect) are recognized as other comprehensive income (loss).

Upon realization of an external activity, or when a partial realization of an external activity, while losing control, the cumulative gain (loss) relating to that activity, which was recognized in other comprehensive income, is recognized in profit or loss. Upon partial exercise of foreign operations while retaining control of the subsidiary, a proportionate portion of the amount recognized in the other comprehensive income is reallocated to non-controlling interests.

2. Transactions, assets and liabilities in foreign currency

   Transactions denominated in foreign currency are recorded upon initial recognition according to the exchange rate at the date of the transaction. After initial recognition, assets and financial liabilities denominated in foreign currency are translated at each reporting date into the currency of activity at the exchange rate at that date. Exchange rate differences, other than those capitalized for eligible assets or capitalized in hedging transactions, are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currency that are presented at fair value are translated into the activity currency in accordance with the exchange rate on the date on which the fair value is determined.

3. CPI-linked financial items

   Assets and financial liabilities linked according to their terms to changes in the consumer price index in Israel (hereinafter: "the index") are adjusted according to the relevant index, at each reporting date, in accordance with the terms of the agreement.

G. Cash equivalents

   Cash equivalents are considered high-liquidity investments, which include short-term deposits in banking corporations that are not restricted to mortgages, whose original period 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.

Note 2 - Principles of Accounting Policy (continued):

H. 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 the financing of 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 capitalizes credit costs related to the purchase, construction or production of eligible assets, which require a significant period of time for their preparation, intended use or sale.
The capitalization of credit costs begins at the time when costs were incurred in respect of the property itself, the operations for the preparation of the property began and credit costs were incurred and ends when all the operations for the preparation of the property suitable for its intended use or sale have been substantially completed. The amount of discounted credit costs in the reporting period includes direct credit costs and credit increases according to a weighted discount rate.
The Company capitalizes exchange rate differences arising from foreign currency credit insofar as they are considered as an adjustment to interest costs.

J. Investment real estate and investment real estate under construction

Investment real estate is real estate (land or building, or both) held by the owner (lessee in an operating lease) or a lessee in a finance 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 purposes Administrative, or sale in the ordinary course of business.
Investment real estate is deducted 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 any gain or loss.
Investment real estate is first measured by cost including direct purchase increases. After initial recognition, investment real estate is measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment real estate are recognized in profit or loss at the date of their formation. Investment real estate is not systematically reduced.

Note 2 - Principles of Accounting Policy (continued):

Investment real estate and investment real estate under construction (continued)

Investment real estate 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 measured reliably. When the fair value is not Can be measured reliably, due to the nature and extent of the project's risks, then it is measured according to its cost, less impairment losses if any, until the fair value can be measured reliably or construction 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, additional direct planning and development costs and brokerage fees due to contracts in rental agreements.

For determining the fair value of investment real estate, the Group relies on a valuation performed by independent external appraisers who are experts in the valuation of real estate and have the required knowledge and experience.

The transfer of property from fixed assets to investment real estate takes place at the date of cessation of use of the property by the owner. The transfer of an asset from stock to investment for investment takes place on the date of commencement of an operating lease to another party.

The cost of an asset transferred from real estate to investment in fixed assets or inventory is the fair value at the date of 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 revalued in accordance with IAS 16 and recognized in a revaluation fund.

K. Intangible assets

Intangible assets purchased separately are measured at initial cost recognition plus direct acquisition costs. Intangible assets acquired in business combinations are measured at fair value at the date of acquisition. Costs in respect of intangible assets that have been developed internally, other than capitalized development costs, are recognized in profit or loss when incurred.

Intangible assets with a defined useful life, are reduced over their useful life and impairment is examined for them when there are signs that indicate impairment. The amortization period and the amortization method of an intangible asset are reviewed at least at the end of each year.

Note 2 - Principles of Accounting Policy (continued):

Intangible assets (continued)

Intangible assets with indefinite useful lives are not systematically amortized and are subject to impairment testing each year and whenever there is a sign that impairment may have occurred. The useful life of these assets is reviewed annually to determine whether the life expectancy assessment as indefinite is still valid. If the events and circumstances no longer support such an assessment, the change in useful life from indefinite to defined is treated as a change in an accounting estimate and at the same time impairment is also examined. From that date the property is systematically reduced over the period of its useful life.

L. Impairment of non-financial assets

The Group examines the need for impairment of non-financial assets when there are signs as a result of events or changes in circumstances that indicate that the balance in the financial statements is not recoverable.

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 higher of fair value less costs to sell and value in use. In estimating the value of use, the expected cash flows are discounted according to a pre-tax discount rate that reflects the specific risks for each asset. In the case of an asset that does not generate independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An impairment loss of an asset, excluding goodwill, is reversed only when there have been changes in the estimates used to determine the recoverable amount of the asset from the date on which the impairment loss was last recognized. In such a loss, the 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. In respect of an asset measured by cost, the cancellation of such loss is charged to profit or loss.

The useful life of intangible assets is as follows:

	%
Website	33

Note 2 - Principles of Accounting Policy (continued):

M. Fixed assets

Items of fixed assets are presented at cost plus direct purchase costs, less accumulated depreciation. Depreciation is calculated at equal annual rates based on the straight-line method over the useful life of the asset. The useful life of fixed assets is as follows:

	%
Computers	33

N. Financial Assets

The Group implements the provisions of IFRS 9:

1. Financial assets

Financial assets in the application of IAS 39 are recognized at the date of initial recognition at fair value plus direct transaction costs, except for profit and loss. Financial assets measured at fair value through profit or loss, transaction costs are recognized in profit or loss. After initial recognition, the accounting treatment of financial assets is based on their classification as detailed below:

Loans and debtors

Loans and debtors are investments that are repaid in fixed or determinable installments that are not traded in an active market. After initial recognition, loans are presented on their terms according to the cost-plus direct transaction costs, using the effective interest method and deducting an impairment provision. Must be briefly presented according to their terms, usually at face value.

2. Financial liabilities

Liabilities are recognized for the first time at fair value. Loans and other liabilities measured at amortized cost are recognized less transaction costs. After initial recognition, the accounting treatment of financial liabilities is based on their classification as detailed below:

Reduced financial liabilities

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

Note 2 - Principles of Accounting Policy (continued):

Liabilities in respect of financial guarantees

Liabilities in respect of financial guarantees are recognized for the first time at fair value while also considering direct transaction costs attributed to the provision of the guarantee. After initial recognition, the liability is measured according to the higher of the amount initially recognized (less an appropriate reduction over the guarantee period) and the estimated amount required (if required) to be recognized at the reporting date under UAS 37 with respect to the guarantee agreement.

3. Offsetting financial instruments

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

4. Deduction of financial instruments

   financial assets

   A financial asset was deducted when the contractual rights to receive cash flows from the financial asset expired, or when the company transferred the contractual rights to receive cash flows from the financial asset or when the company undertook to pay the cash flows received in full to the third party, without significant delay. In addition, it has in effect transferred all the risks and benefits associated with the property or has not transferred and has not actually left all the risks and benefits associated with the property but has transferred control of the property.

   Financial liabilities

   A financial liability is deducted when it is settled, i.e., a liability has been repaid, canceled or expired. A financial liability is settled when the debtor (group) repays the liability 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 to the same borrower on substantially different terms, or when a material change is made in the terms of an existing liability, the replacement or change is treated as a subtraction of the original liability and recognition of a new liability. The difference between the balance of the two aforementioned liabilities in the financial statements is charged to the statement of profit or loss. The company considers qualitative and quantitative considerations.

Meidar Gan Eden Ltd.
Notes to the Financial Statements

Note 2 - Principles of Accounting Policy (continued):

5. Impairment of financial assets

   The Group examines at each reporting date whether there is objective evidence of impairment of a financial asset, or a group of financial assets presented at amortized cost.

   If there is objective evidence that there is an impairment loss on loans and receivables presented at amortized cost, the amount of the loss recognized in profit or loss is measured as the difference between the asset amount and the present value of the future cash flows (excluding future credit losses). 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 the contract. The Group recognizes the right of use of the property on the one hand and a lease obligation on the other hand in respect of all the lease contracts in which it is the lessee, except for short-term leases (for a period of up to 12 months) and leases of low value properties. In these leases the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term, unless another systematic basis better represents the pattern of consumption of economic benefits by the Group from the leased assets.

P. Secretions

A provision in accordance with IAS 37 is recognized when a group has a present or implied legal obligation as a result of an event that has occurred in the past, it is expected that economic resources will be required to eliminate the obligation and can be measured reliably. When the group expects that some 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 a time when there is actual certainty of receipt of the asset.

The expense will be recognized in the income statement less the expense reimbursement.

Note 2 - Principles of Accounting Policy (continued):

Q. Income taxes

Tax results in respect of current or deferred taxes are recognized in profit or loss, unless they relate to items recognized in other comprehensive income or capital.

1. Current taxes

   Liability for current taxes is determined using the tax rates and tax laws that have been enacted or whose enactment has actually been completed, up to the reporting date, and adjustments are required in connection with the tax liability to be paid for previous years.

2. Deferred taxes

   Deferred taxes are calculated in respect of temporary differences between the amounts included in the financial statements and the amounts taken into account for tax purposes. Deferred tax balances are calculated according to the tax rate expected to 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 the investments in investee companies are not taken into account, as long as the sale of the investments in investee companies is not expected in the foreseeable future. Also, deferred taxes on the distribution of profits by companies held as dividends were not taken into account, since the distribution of the dividend does not involve a reprimanding tax liability or due to the company's policy not to initiate a dividend distribution that entails additional tax liability.

   Income taxes relating to the divisions of owners of a capital instrument and the transaction costs of a capital transaction are treated in accordance with IAS 12.

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

Meidar Gan Eden Ltd.
Notes to the Financial Statements

Note 2 - Principles of Accounting Policy (continued):

R. Earnings per share

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

S. Measuring fair value

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

Measurement of fair value is based on the assumption that the transaction takes place in the main market of the asset or liability, or in the absence of a main 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 for the benefit of their 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 sufficient data is available to measure fair value, while maximizing the use of relevant observable data and minimizing the use of unobservable data.

All assets and liabilities measured at fair value or disclosed at their fair value are divided into categories within the fair value ranking, based on the lowest level of data, significant for measuring fair value as a whole:

Level 1: Quoted prices (without adjustments) in an active market of identical assets and liabilities.

Level 2: Non-quoted prices included in Level 1 which can be viewed directly or indirectly.

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

T. Advertising expenses

Advertising expenses are charged to the income statement when they are incurred.

Note 2 - Principles of Accounting Policy (continued):

U. Income and financing expenses

Financing income includes interest income in respect of amounts invested, income from dividends, changes in the fair value of financial assets measured at fair value through profit or loss and gains from exchange rate differences. Interest income is recognized upon accrual, using the effective interest method. Dividend income is recognized at the time 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. Non-capitalized credit costs on eligible assets are recognized in profit or loss according to the effective interest method.

V. Employee benefits:

Short-term employee benefits

Short-term employee benefits are benefits that are expected to be paid in full 12 months before the end of the year in which the qualifying service is provided by the employee. Short-term employee benefits in the company include the company's obligations in respect of wages, vacation and grant payments. These benefits are recognized in profit or loss at the time of their formation. The benefits are measured on a non-capitalized basis that the company is expected to pay.

Long-term employee benefits

The company allocates to the provident and pension funds the social rights of employees in the current period.

Meidar Gan Eden Ltd.

Notes to the Financial Statements

Note 3 – Cash and Cash Equivalent

Composition:

	December 31	
	2021	2020
Cash in the Bank	4,665,048	233,082
	4,665,048	233,082

Note 4 - Debtors and mandatory balances:

Composition:

	December 31	
	2021	2020
governmental institutions	3,898,554	394,192
Shareholders	453,906	74,459
Related Parties	460,547	-
Short-term loans	19,965	-
Revenue to receive	1,980,500	721,000
Expenses in advance	-	7,400
	6,813,472	1,197,051

Note 5 - Investments in subsidiaries:

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

	Capital Rights	Capital Inves.	Loans transferred by the company to the subsidiary	The company's share capital in the subsidiary	The Company's share in the profits of the subsidiary	Total Inves.
December 31, 2020						
Meidar Lev Ha'ir	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
December 31, 2021						
Meidar Lev Ha'ir	88%	9	4,173,920	6,490,945	3,181,033	13,845,907
		9	4,173,920	6,490,945	3,181,033	13,845,907

B. Information regarding the activities of the subsidiaries:

Meidar Lev Ha'ir Ltd. - owns a 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 Gan Eden Ltd.

Notes to the Financial Statements

Note 6 - Investments in companies treated according to the equity method

A. Information regarding companies treated according to the equity method:

	Capital Rights	Capital Inves.	Loans transferred by the company to the subsidiary	The company's share capital in the subsidiary	The Company's share in the profits of the subsidiary	Total Inves.
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
December 31, 2021						
Meidar at the Station Ltd.	50%	2,000	326,074	1,924,985	861,064	3,114,123
		2,000	326,074	1,924,985	861,064	3,114,123

B. Information regarding the activities of the subsidiaries:

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 plot of about 1,700 square meters on which is built an old one-story building used for commerce and with a variety of shops.
The plot is intended for the construction of commerce and employment in accordance with an existing master plan and potential for the construction of commerce and housing 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 a 2-story parking lot.

The proposed design for the project is the construction of 2 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.

Meidar Gan Eden Ltd.

Notes to the Financial Statements

C. Summary of financial information of the patient company according to the equity method

	December 31 2021	December 31 2020
In the report on the financial position of the affiliated companies:		
Current assets	551,190	659,137
Non-current assets	36,104,466	30,193,094
Current liabilities	24,720,012	25,517,000
Non-current liabilities	6,359,548	3,249,611
Total capital	5,576,096	2,085,620

	For the year ending on December 31, 2021	For the six months ended December 31, 2020
Results of operations of the companies included in the period:		
Other incomes	1,455,861	819,147
Profit for the period	1,094,460	627,666

Note 7 - Real estate inventory for construction:

Composition:

	December 31 2021	December 31 2020
Cost of real estate for construction	10,933,490	5,133,027
Associated costs	871,198	146,217

	11,804,688	5,279,244

Note 8- Investments in projects:

Composition:

	December 31	
	2021	2020
Armon Ha'natziv Project	676,993	10,432
Iceland Project	177,596	-
Construction evacuation project	53,348	-
Hasida project	61,054	-
	968,991	10,432

Meidar Gan Eden Ltd.

Notes to the Financial Statements

Note 9 - Real estate for investment in construction:

A. Composition:

	December 31	
	2021	2020
Balance for the beginning of the period	10,356,180	-
Extras:		
Cost of real estate	9,179,751	8,123,473
Direct construction costs	300,914	192,374
Credit costs	846,662	38,798
Fair value adjustment (c below)	2,908,974	2,001,535
	13,236,301	10,356,180

Balance at the end of the period	23,592,481	10,356,180

B. More info:

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

The property is a plot of approximately 1,600 square meters 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 shops. There is also a parking lot for vehicles.

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

The proposed design for the project is a master plan 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 housing units.

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

C. The fair value of the property was presented based on an expert opinion.

Meidar Gan Eden Ltd.

Notes to the Financial Statements

Note 10 - Fixed assets, net:

Composition:

	Furniture and equipment	Leasehold improvements	Computers	Total
Cost				
Balance for the beginning of the year	-	-	2,564	2,564
Extras	100,897	16,508	61,950	179,355
Balance for the end of the year	100,897	16,508	64,514	181,919
Accumulated depreciation				
Balance for the beginning of the year	-	-	101	101
Depreciation per year	298	101	8,154	8,553
Balance for the end of the year	298	101	8,255	8,654
Reduced balance to December 31, 2021	**100,599**	**16,407**	**56,259**	**173,265**

Reduced balance to December 31, 2020	-	-	2,463	2,463

Note 11 - Intangible assets:

Composition:

	Cost	Accumulated depreciation	Reduced balance to 31 December	
			2021	2020
Website	67,781	23,062	44,809	19,732
	67,781	23,062	44,809	19,732

Note 12 - Short-term loans:

A. Composition:

	December 31	
	2021	2020
Short-term credit from a bank (B below)	23,873,338	-
Related parties (C below)	-	873,998
	23,873,338	873,998

Meidar Gan Eden Ltd.

Notes to the Financial Statements

Note 12 - Short-term loans (continued)

B. The loan was provided by Bank Leumi for the purpose of financing the purchase of the land and repaying the current liabilities. According to the agreement with the bank, the loan will be extended until the approvals and permits for the construction of the project are received, assuming that these will be granted by 2/2023 and there is an option to extend for another six months.
The loan was granted at an interest rate of 2.86% per annum and against a first-degree lien and without an amount limit on all the company's rights in the real estate.

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

The interest rate was set at 18% per annum on the basis of an expert opinion, in accordance with the fair value in accordance with the provisions of IFRS 13, as stated in Note 2 S

Note 13 - Eligible and credit balances:

	December 31	
	2021	2020
Employess	62,015	47,981
E,ployees Insitutions	57,983	32,080
Other eligibles	86,847	4,335
	206,845	84,396

Note 14 - Long-term loans:

Composition:

	December 31	
	2021	2020
From others (b)	9,494,187	-
Related parties (c)	5,797,104	1,353,383
	15,291,291	1,353,383

B. The loans carry interest at rates between 4-7%.

C. The loans are related parties with no interest or linkage.

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

Meidar Gan Eden Ltd.

Notes to the Financial Statements

Note 15- Share capital:

		As of December 31, 2021, and 2020
	Registered	Issued and repaid
Ordinary shares of NIS 0.1 nominal value each	100	10

Note 16- General and administrative expenses:

Composition:

	to the year that ended on December 31st 2021	For the six months ended December 31st 2020
Wages and benefits	839,885	127,386
Issue expenses	202,806	189,421
Professional Services	514,838	250,524
Travel abroad	76,173	13,021
Rent and property management	1,037,850	51,800
Taxes and fees	4,290	2,182
depreciation	28,691	3,025
Car rental and maintenance	9,123	
Continuing education	17,069	
Offices and maintenance	129,080	2,160
Refreshments, gifts and donations	36,669	
	2,896,474	639,519

Note 17 - Expenditure and financing income:

Composition:

	to the year that ended on December 31st 2021	For the six months ended December 31st 2020
Financing income:		
Related parties	33,091	606
Authority interest	1,089	-
	34,180	606
Financial expenses:		
Bank fees	58,436	124
Interest rates on loans	724,367	
Related Parties	224,979	8,257
Exchange rate differences	1,024	10,712
	1,008,806	19,093

Meidar Gan Eden Ltd.

Notes to the Financial Statements

Note 18 - Taxes on income:

Composition:

	For the six months ended December 31st 2020
Current taxes	-
Deferred taxes	669,064

669,064

Note 19- Net earnings per share:

A breakdown of the amount of shares used in calculating earnings per share from continuing operations

	to the year that ended on December 31st 2021	
	Weighted stock quantity	Profit attributed to the Company's shareholders
For the purpose of calculating basic profit	100	(114,857)
Impact of diluting potential stocks	-	-
For the purpose of calculating diluted profit	100	(114,857)

Note 20 - Pledges and contingent liabilities:

Bonding of Meidar shares in Station Ltd. Company No. 516247251 held by the company, including the rights arising from the said shares, 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.

Meidar Gan Eden Ltd.

Notes to the Financial Statements

Note 21 - Balances and transactions with related parties:

A. Remuneration of senior functionary

	For the year ended in December 31 2021	For the six months ended December 31st 2020
Remuneration of controlling shareholders in the company	564,401	127,386
The number of people for whom the reward relates	4	3

B. Balances with related parties

	December 31 2021	2020
Loans from affiliated companies	5,797,104	2,227,381

C. Transactions with related parties

	For the year ended in December 31 2021	For the six months ended December 31st 2020
Providing management fee services, see section D	1,236,000	721,000

D. The company enters into an agreement for the provision of management fee services

On October 3, 2021, the Company signed an agreement for the provision of management services to affiliated companies Weizmann Dormitories Ltd. H.P. 515977106 and D'kelim Real Estate and Investments Ltd. H.P. 515976777.

Management services were provided as of 6/2020 for the project of building student dormitories and commerce, at 56 Derech Yavne Street in Rehovot, known as Block 30702 Plots 151,152.
The companies are companies controlled by the company's shareholders and they will pay, each of the companies a management fee of NIS 51,500 per month, the management fee will be paid retroactively from the date of commencement of the services.

Meidar Gan Eden Ltd.

Notes to the Financial Statements

List of companies held

Company Name	The holding company	Place of registration of the investee company	The rate of control and ownership of the company as of the date of the report	Presenting in the financial Statements
Meidar Lev Hair Ltd.	Meidar Gan Eden Ltd.	Company) (registered in Israel	88%	Consolidated
Meidar in the Station	Meidar Gan Eden Ltd.	Company) (registered in Israel	50%	Consolidated

Meidar Gan Eden Ltd.

Consolidated Financial Statements
(in New Shekels)

	Note	as of December 31 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 not by the equity value method	6	1,042,810
Real estate inventory for construction	7	5,279,244
Investments in projects	8	10,432
Option to purchase property		737,000
Real estate for investment in 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 are an integral part of the consolidated financial statements.

Date of Approval and publication of the financial statements	Yechiel Porush CEO

Meidar Gan Eden Ltd.

Consolidated financial statements

(in new shekels)

		as of December 31
		2020
Current liabilities		
Short term loans	12	873,998
Suppliers and service providers		178,365
Eligible and credit balances	13	84,396
Liabilities 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
Equity		
Capital attributed to the Company's shareholders		
Share capital	15	10
Capital fund		2,684,964
Profit balance		1,734,404
		4,419,378
Non-controlling interests		400,174
		4,819,552
		18,877,994

The attached notes are an integral part of the consolidated financial statements.

Date of Approval and publication of the financial statements	Yechiel Porush CEO

Meidar Gan Ltd. Ltd.

Consolidated statements of profit and loss

(in new shekels)

	Note	For the 6 months ended on December 31st
		2020
Income from management fees		721,000
Other income	9	2,001,535
The Company's share in the profits of companies treated according to the Balance Sheet Value method		313,833
		3,036,368
General and administrative expenses	16	639,519
Profit from ordinary activities		2,396,849
Financing Income		606
Financing expenses	17	(19,093)
		(18,487)
Profit before Tax Income		2,378,362
Taxes on Income	18	460,300
Net profit per year		1,918,062
Profit attributable to:		
The Company's shareholders		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 profit		17,344

The attached notes are an integral part of the financial statements.

Meidar Gan Eden Ltd.

Consolidated reports on changes in capital

(in new shekels)

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

The attached notes are an integral part of the financial statements.