

Meidar Gan Eden Ltd.

Unaudited Consolidated Condensed Interim Financial Statements
as of and for the six-month period ended
30 June 2022

Meidar Gan Eden Ltd.

Consolidated Audited Financial Reports

As of June 30, 2022

Meidar Gan Eden Ltd.

Consolidated Financial Reports

As of June 30, 2022

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

Introduction

We have reviewed the attached financial information of Meidar Gan Eden Ltd., which includes the concise consolidated report on the financial condition as of June 30, 2022, and the concise consolidated reports on the total profit, changes in capital and cash flows for the six-month period ending on the same date. The Board of Directors and management are responsible for preparing and presenting financial information for this interim period in accordance with IAS 34 International Accounting Standard - "Financial Reporting for Interim Periods", it is our responsibility to draw a conclusion on financial information for this interim period based on our review.

Scope of Review

We conducted our review in accordance with Review standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel - "Review of interim financial information performed by the independent auditor of the entity". A review of financial information for interim periods consists of inquiries, mainly with persons responsible for financial and accounting affairs, and the implementation of analytical and other reviewing procedures. A review is considerably smaller in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and therefore does not allow us to gain confidence that we will become aware of all the significant matters that could have been identified in an audit. Accordingly, we do not provide an audit opinion.

Conclusion

Based on our review, nothing comes to our attention that would lead us to believe that the aforementioned financial information is not prepared, in all material respects, in accordance with the IAS 34 International Accounting Standard.

Meidar Gan Eden Ltd.

A summary of a consolidated report on the financial state

(in New Israeli Shekels)

	As of June 30th <u>2022</u> Unaudited	As of June 30th <u>2021</u> Unaudited	As of December 31st <u>2021</u> Audited
<u>Current assets</u>			
Cash and cash equivalents	5,510,144	3,498,872	4,665,048
Debtors and debit balances	5,238,569	1,846,848	6,813,472
Real estate inventory for construction	12,700,773	5,814,416	11,804,688
	<u>23,449,486</u>	<u>11,160,136</u>	<u>23,283,208</u>
<u>Non-current assets</u>			
Investments handled according to the balance sheet method	3,427,439	1,648,470	3,114,123
Investments in projects	1,313,229	557,614	968,991
Option to purchase a property	-	737,000	-
Real estate for investment under construction	24,687,695	11,773,566	23,637,290
Fixed assets, net	277,175	65,932	173,265
	<u>29,705,538</u>	<u>14,782,582</u>	<u>27,893,669</u>
	<u>53,155,024</u>	<u>25,942,718</u>	<u>51,176,877</u>

The attached notes form an integral part of the consolidated financial reports.

Meidar Gan Eden Ltd.

Summary of consolidated reports on financial condition

(in New Israeli Shekels)

	As of June 30th	As of June 30th	As of December 31st
	2022	2021	2021
	Unaudited	Unaudited	Audited
<u>Current liabilities</u>			
Short-term loans	20,089,788	-	23,873,338
Suppliers and service providers	135,989	155,267	423,073
Payables and credit balances	225,683	11,183,760	206,845
Loans from related parties	-	3,804,405	-
	20,451,460	15,143,432	24,503,256
<u>Non-current liabilities</u>			
Tax reserve	1,129,364	587,573	1,129,364
Long-term loans	23,381,035	4,707,192	15,291,291
	24,510,399	5,294,765	16,420,655
<u>Capital</u>			
<u>Capital attributable to the company's shareholders</u>			
Share capital	10	10	10
Equity fund	7,392,267	3,530,070	7,314,501
Profit balance (loss)	(506,533)	1,451,820	1,619,547
	6,885,744	4,981,900	8,934,058
<u>Rights that do not confer control</u>	1,307,421	522,621	1,318,908

<u>8,193,165</u>	<u>5,504,521</u>	<u>10,252,966</u>
<u>53,155,024</u>	<u>25,942,718</u>	<u>51,176,877</u>

The attached notes form an integral part of the consolidated financial reports.

Date of approval and publication of Financial reports	Shmaryahu Eidelman Chairman of the Board	Yecheiel Porush CEO & Chief CFO
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Meidar Gan Eden Ltd.

Summary of consolidated reports on total profit

(in New Israeli Shekels)

	For the six months ending June 30	For the six months ending June 30	For the year ended December 31
	2022	2021	2021
	Unaudited	Unaudited	Audited
Rental income and management fees	785,080	618,000	1,805,841
Matching the fair value of real estate for investment under construction	-	553,363	2,908,974
The company's share of the profits of companies handled according to the balance sheet valuation method	(41,739)	(31)	547,232
	743,343	1,171,332	5,262,047
Promotional expenses	68,442	117,276	586,621
Administrative and general expenses	2,043,290	1,047,794	2,896,474
Profit (loss) from ordinary operations	(1,368,389)	6,262	1,778,952
Financing income	41,075	1,026	34,180
Financing expenses	(791,949)	(114,746)	(1,008,806)
	(750,874)	(113,719)	(974,626)
Profit (loss) before taxes on income	(2,119,263)	(107,457)	804,326
Deferred taxes (tax expenses)	(33,333)	127,273	669,064
Net profit (loss) for the period	(2,152,596)	(234,730)	135,262
 <u>Profit (loss) attributable to:</u>			
Shareholders of the company	(2,126,079)	(282,584)	(114,857)
Holders of rights that do not confer control	(26,517)	47,852	250,119
	(2,152,596)	(234,731)	135,262
 <u>Loss per share attributable to share owners of the company</u>			
Basic loss	(21,261)	(2,826)	(1,149)
Diluted loss	(21,261)	(2,826)	(1,149)

The attached notes form an integral part of the consolidated financial reports.

Meidar Gan Eden Ltd.

Concise Consolidated reports on changes in capital

(in New Israeli Shekels)

	<u>Share capital</u>	<u>Equity fund</u>	<u>Profit balance</u>	<u>Total</u>	<u>Rights that do not confer control</u>	<u>Total Capital</u>
Balance as of January 1, 2022 (audited)	10	7,314,501	1,619,547	8,934,058	1,318,908	10,252,966
Profit (loss) for the period	-	-	(2,126,079)	(2,126,079)	(26,517)	(2,152,596)
Other total profit	-	77,766	-	77,766	15,030	92,796
Balance as of June 30, 2022 (Unaudited)	10	<u>7,392,267</u>	<u>(506,533)</u>	<u>6,885,744</u>	<u>1,307,421</u>	<u>8,193,165</u>
Balance as of January 1, 2021 (audited)	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 total profit	-	4,629,537	-	4,629,537	668,614	5,298,151
Balance as of December 31,	<u>10</u>	<u>7,314,501</u>	<u>1,619,547</u>	<u>8,934,058</u>	<u>1,318,908</u>	<u>10,252,966</u>

2021 (audited)

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Meidar Gan Eden Ltd.

Concise Consolidated reports on changes in capital

(in New Israeli Shekels)

	Share capital	Equity fund	Profit balance	Total	Rights that do not confer control	Total Capital
	_____	_____	_____	_____	_____	_____
Balance as of January 1, 2021 (audited)	10	2,684,964	1,734,404	4,419,378	400,174	4,819,552
Profit (loss) per year	-	-	(282,584)	(282,584)	47,853	(234,731)
Other total profit	-	845,106	-	845,106	74,594	919,700
Balance as of June 30, 2021 (Unaudited)	<u>10</u>	<u>3,530,070</u>	<u>1,451,820</u>	<u>4,981,900</u>	<u>522,621</u>	<u>5,504,521</u>

The ignorance for financial reports are an integral part of them.

Meidar Gan Eden Ltd.
Summary of consolidated reportson cash flows
(in New Israeli Shekels)

	For the six months ending June 30 2022	For the six months ending June 30 2021	For the year ended December 31 2021
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
<u>Cash flows from operating activities</u>			
Net profit for the year	(2,152,596)	(234,731)	135,262
Adjustments required to present cash flows from operating activities (Appendix A)	1,004,427	(915,849)	(18,324,820)
Cash used for ongoing operations	<u>(1,148,169)</u>	<u>(1,150,580)</u>	<u>(18,189,558)</u>
<u>Cash flows from investment activities</u>			
Investment in fixed assets	(159,357)	(54,332)	(224,570)
Investments in projects	(344,238)	(546,773)	(958,559)
Real Estate Investments	(996,191)	(1,321,915)	(16,212,772)
Loan to the held company	(496,424)	-	(722,473)
Cash used for investment activities	<u>(1,996,210)</u>	<u>(1,923,020)</u>	<u>(18,118,374)</u>
<u>Cash flows from financing activities</u>			
Obtaining loans	3,989,475	6,339,391	40,739,898
Cash derived from financing activities	<u>3,989,475</u>	<u>6,339,391</u>	<u>40,739,898</u>
Increase in cash and cash equivalents	845,096	3,265,790	4,431,966
Cash balance and cash equivalents for the beginning of the period	4,665,048	233,082	233,082
Cash balance and cash equivalents for the end of the period	<u>5,510,144</u>	<u>3,498,872</u>	<u>4,665,048</u>
<u>Appendix A-adjustments necessary to present cash flows from operating activities:</u>			
<u>Expenses (income) that do not involve cash flow</u>			
Depreciation and amortization	55,447	10,595	28,691
The company's share of the profits of held companies that are handled according to the balance sheet valuation method	41,740	-	(547,232)
Matching the fair value of real estate for investment	-	-	(2,908,974)
Financing expenses	437,429	110,894	402,629
Income taxes	-	127,273	669,064
	<u>534,616</u>	<u>248,762</u>	<u>(2,355,822)</u>
<u>Changes in property clauses and liabilities</u>			
Decrease (increase) in debtors and outstanding balances and in customers	1,589,785	(658,744)	(5,626,148)
Increase in inventory in construction and real estate for the construction of apartments for sale	(851,728)	(474,133)	(6,408,897)
Decrease in creditors and credit balances and suppliers	(268,246)	(31,734)	(3,933,953)
	<u>469,811</u>	<u>(1,164,611)</u>	<u>(15,968,998)</u>

1,004,427

(915,849)

(18,324,820)

Meidar Gan Eden Ltd.

Notes to the consolidated financial statements

As of June 30, 2022

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.

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 consolidated interim financial statements are prepared in accordance with International Accounting Standard 34 - "Financial reporting for interim periods", as well as in accordance with the disclosure instructions according to Chapter D of the Securities Regulations (Periodic and Immediate Reports) 1970.

The accounting policy applied in preparing the interim financial statements is consistent with the one applied in preparing the annual financial statements.

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.

Meidar Gan Eden Ltd.

Notes to the consolidated financial statements

Note 2 - Principles of Accounting Policy (continued):

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) Joint Operations

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. Investments handled according to the balance sheet valuation method

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.

F. 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.

G. Real Estate for Investment and Real Estate for Investment under construction

Real Estate for Investment 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.

Real Estate for Investment is deducted 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 reports is recognized in the report of all profit or loss during the period in which the asset was withdrawn.

Real Estate for Investment is initially measured 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. Real Estate for Investment is not systematically reduced.

Meidar Gan Eden Ltd.

Notes to the consolidated financial statements

Note 3 – Notes In The Report Period

- A. In May 2022, Meidar Elnor Logistics Ltd. (a company with a 49% stake) signed an authorization agreement with the Israel Ports Development and Assets Company Ltd. for the use of an area of 23,760 sqm for the purposes defined in the authorization, in exchange for 4.7 million NIS per year, starting in March 2023. During and after the reporting period, the company hired an architect and consultants and began activities to prepare the area at the port for its purposes.

- B. In June 2022, Meidar Lev Rehovot Ltd. (a company with 50% stake) signed an agreement to purchase real estate in Rehovot known as Block 3703, lot 761, with a registered area of 1,116 sqm and all built on it, in exchange for a total of 18 million NIS plus VAT. During and after the reporting period, the company completed the initial planning.

- C. During the reporting period, the company promoted the plan in respect of the project on Herzl Street in Rehovot, owned by a subsidiary of Meidar Lev Ha'ir.

- D. During the reporting period, the company completed the conditions for obtaining an excavation and lining permit for a project on Jabotinsky Street in Bnei Brak, owned by a held company - Meidar at the station. In addition, an agreement was signed to finance the project with Bank Hapoalim.

- E. During the reporting period, approval was received from the Israel Lands Authority regarding the company's urban renewal project on Derech Yavne Street, Rehovot, the conditions for the permit were completed, and a contractor was selected to carry out foundation work.

- F. During the reporting period, the company promoted two urban renewal projects in Jerusalem, including the promotion of zoning planning and the promotion of draft agreements with the residents.