

CONSOLIDATED
FINANCIAL STATEMENTS
2019



**AMOT INVESTMENTS.
PEOPLE FIRST.**

2019 PERIODIC REPORT

AMOT INVESTMENTS OF
THE ALONY HETZ GROUP



AMOT INVESTMENTS MEMBERS OF THE BOARD OF DIRECTORS



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NIRA DROR

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DESCRIPTION OF THE **CORPORATION'S BUSINESS**

AMOT INVESTMENTS OF
THE ALONY HETZ GROUP



2019 PERIODIC REPORT





ITS ACTIVITIES AND ASSETS ,THE COMPANY

CHAPTER 1

DESCRIPTION OF GENERAL DEVELOPMENT OF THE GROUP'S BUSINESS



DESCRIPTION OF THE GENERAL DEVELOPMENT OF THE GROUP'S BUSINESS

Amot Investments Ltd. (hereafter – the “Company”) hereby submits the description of the corporation's business as of December 31 2019 (hereafter – the “Report Date”), which reviews the description of the Company and the development of its business during the year ended December 31 2019. The Company and its investees shall be named hereafter in this report - the “Group”.

For the Implications of the coronavirus on the Group's business activities , see chapter 2 below.

This document is an english translation of the hebrew version of the company's financial statements and the management discussion and analysis for the year 2019 (the “reports”). The hebrew version of the reports is the binding version and the only version having legal effect. The english translation has been created for the purpose of convenience only. The approval of the company's board of directors was given to the hebrew version only and no such approval has been given to the english translation. The english translation was not published and has not been submitted to the israeli securities authority for its review.

Pursuant to Section 32A of the Securities Law, 1968, reduced liability applies to a Company which includes forward-looking information in its reports provided that it complies with the conditions set out in the aforesaid section, which include, among other things, expressly stating alongside such information, that the information is forward-looking information. Therefore, it should be clarified that the aforesaid Section 32A applies to this prospectus only where it is specifically noted that the section includes forward-looking information. Pursuant to Section 32A, forward-looking information is a forecast, assessment, estimate, or other information relating to a future event or matter, whose realization is uncertain and which is not controlled solely by the Group.

1.1

THE GROUP'S ACTIVITIES AND DESCRIPTION OF ITS BUSINESS

- Amot Investments is a public company which is engaged, both directly and indirectly through corporations under its control, in renting out, management and maintenance of income-generating real estate in Israel as well as in the development of real estate for renting out purposes.
- The Company was incorporated on December 27 1964 as an unlisted private company. Its principal shareholders were Hevrat Ovdim the General Cooperative Association of Jewish Laborers in Eretz Israel Ltd., the pension funds under its control and Bank Hapoalim Ltd.
- On August 11 2005, Alony Hetz Properties and Investments Ltd. (hereafter – “Alony Hetz”), a public company whose securities are listed on the Tel Aviv Stock Exchange, acquired 100% of the Company's share capital and voting rights in consideration for 956 NIS million; as from the said date, Alony Hetz is the controlling shareholder of the Company.
- In May 2006 Amot listed its shares on the Stock Exchange for the first time. The Company's share is included in the Tel Aviv 35 Index and in the Tel Aviv – Real Estate Index. As of the Report Date, Alony Hetz – the Company's controlling shareholder – holds 55% of the Company's share capital.

1.2

AREA OF ACTIVITY

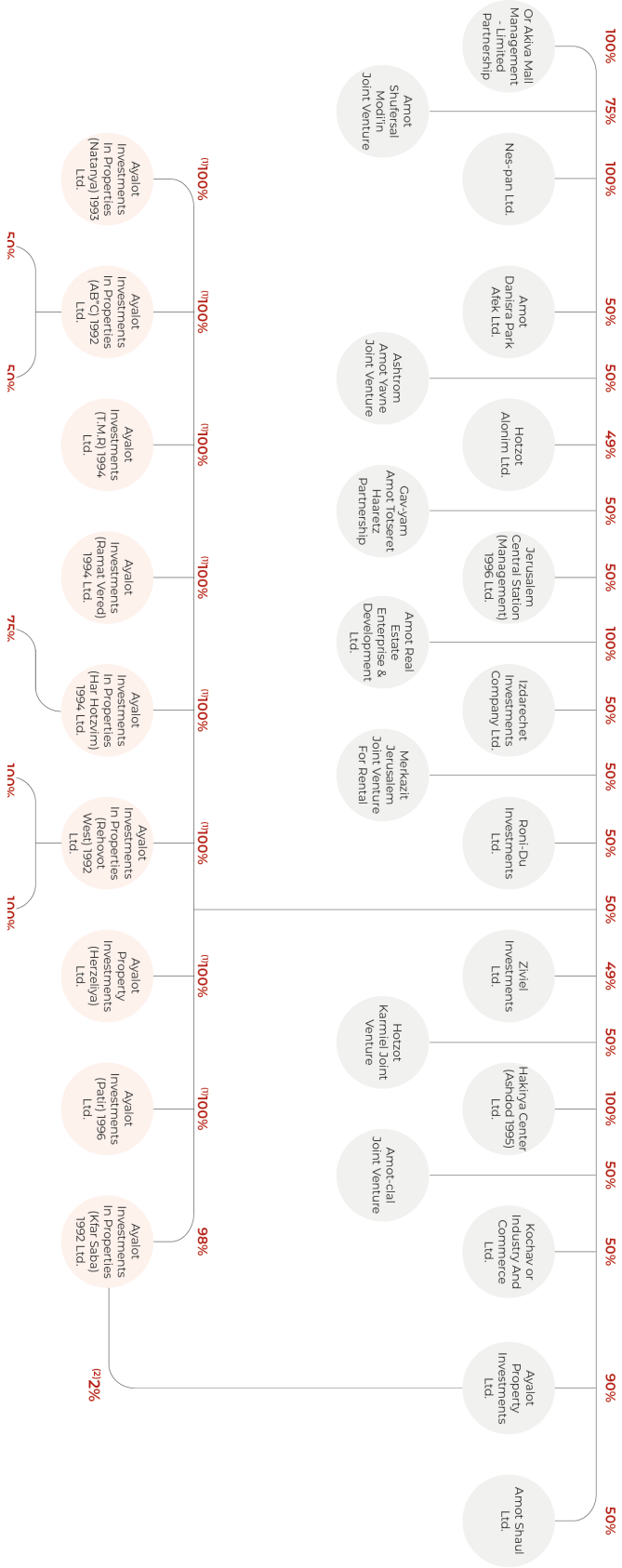
- The Company is engaged, both directly and indirectly through corporations under its control, in renting out, management and maintenance of income-generating real estate in Israel as well as in the development of real estate for renting out purposes.
- As of December 31 2019, the Group's owned or leased income-generating assets in Israel comprise 104 assets with a total area of 1.5 million square meters (Company's share), of which 942 thousand square meters of above-ground lease space and 567 thousand square meters of parking space. The Company also has 5 projects under advanced planning and construction stages with a total area of 140 thousand square meters (above-ground) and 3 projects under planning and development stages with a total area of 115 thousand above-ground square meters (Company's share).
- The total value of the Company's real estate as of December 31 2019 is NIS 13.5 billion. The fair value of the income-generating assets as of December 31 2019 is NIS 12.9 billion. The Group also holds investment property under construction which is being developed for renting out purposes with a fair value of NIS 0.6 billion. As of December 31 2019, the occupancy rate of the Company's assets is 97.7%.
- The Company owns real estate assets, which include office buildings, malls and retail centers, logistics centers and industrial parks, supermarkets and others. Company's properties are located in principal business centers and transport links. Most of the Group's properties are located in large cities and high-demand areas. The properties are rented out to many renters under contracts for different periods. The Company's assets are rented out to 1,700 renters.





GROUP'S STRUCTURE

Set forth below is a chart of the structure of the Company's holdings in investees excluding inactive companies:



(1) Amot holds 99.9% of the companies' shares through direct holdings. Amot Property Investments Ltd. holds 0.1% through direct holdings.
(2) Amot holds 2% of the Company's shares through direct holdings.
(3) Excluding inactive corporations.

TRANSACTIONS INVOLVING COMPANY'S SHARES

Investments in corporation's capital carried out during the reported periods:

Date	Details	Par value in thousands	Consideration in thousands of NIS	Share price in NIS
Number of shares as of 31.12.2016		308,591		
June 2017	Exercise of options by CEO	945	10,749	11.38 ⁽¹⁾
2017	Exercise of employee options	4,765	54,381	11.41 ⁽²⁾
December 2017	Public offering	10,587	212,912	20.11
June 2018	Public offering	17,381	330,857	19.03 ⁽³⁾
July 2018	Exercise of options by CEO	561	6,029	10.75 ⁽¹⁾
2018	Exercise of employee options	4,620	49,103	10.63 ⁽²⁾
January 2019	Exercise of options by CEO	383	3,936	10.28 ⁽¹⁾
April 2019	Public offering	7,300	149,665	20.50
September 2019	Exercise of options by CEO	584	8,519	14.59 ⁽¹⁾
2019	Exercise of options into shares (series 9)	21,727	426,869	19.65 ⁽²⁾
2019	Exercise of employee options	3,530	47,422	13.43 ⁽²⁾
Total par value issued in the reported periods		72,383	1,300,442	
Number of shares as of 31.12.2019		380,974		

(1) Exercise price in accordance with the Company CEO's compensation plan.

(2) Exercise price in accordance with the option plan.

(3) Includes app. NIS 15.5 million in respect of Series 9 options to be exercised through December 31 2019.

DIVIDEND DISTRIBUTION POLICY AND DISTRIBUTION OF DIVIDENDS

- In March 2018, the Company's Board of Directors stipulated that in 2018 the Company intends to distribute a minimum dividend of NIS 0.90 per share, payable in 4 quarterly installments; in the first and second quarters the Company paid a dividend of NIS 0.22 per share and in the third and fourth quarters, the Company paid a dividend of NIS 0.23 per share. Pursuant to the aforesaid policy, in the reported period the Company declared a dividend of 0.90 per share (NIS 302 million). In addition, in March 2018, the Company declared a further dividend for 2017 of NIS 0.36 per share (NIS 117 million).
- In March 2019, the Company's Board of Directors stipulated that in 2019 the Company intends to distribute a minimum dividend of NIS 0.94 per share, payable in 4 quarterly installments; in the first and second quarters the Company paid a dividend of NIS 0.23 per share and in the third and fourth quarters, the Company paid a dividend of NID 0.24 per share. Pursuant to the aforesaid policy, in the reported period the Company declared a dividend of 0.94 per share (NIS 338 million). In addition, in March 2019, the Company declared a further dividend of NIS 0.30 per share (NIS 105 million) in respect of 2018.
- As from its initial public offering, in May 2006, the Company distributed to its shareholders dividends in an aggregate amount of NIS 3.1 billion.
- The balance of Company's profits as of 31.12.19 is NIS 2,458,289 (before the distribution of the dividend declared by the Company on March 8, 2020).
- In March 2020, the Company's Board of Directors declared that in 2020 the Company intends to distribute a minimum dividend of NIS 0.96 per share to be paid in 4 quarterly installments; in the first and second quarters the Company will pay a dividend of NIS 0.24 per share and in the third and fourth quarter the Company will pay a dividend of NIS 0.24 per share subject to a specific resolution of the Board of Directors at the end of each quarter. Further to this policy, in March 2020 the Company declared the distribution of dividend of NIS 0.31 per share in respect of 2019. The total amount of dividend to be paid by the Company in March 2020 will amount to NIS 0.55 per share (NIS 210 million).

SET FORTH BELOW ARE DIVIDENDS PAID BY THE COMPANY OUT OF ITS DISTRIBUTABLE PROFITS DURING THE YEARS 2014-2019:

The year in respect of which the dividend was paid	Current dividend NIS per share	Total dividend per share (NIS)	Total dividend paid in respect of that year (NIS)
2014	0.66	0.66	177 million
2015	0.68	0.79	217 million
2016	0.77	1.13	333 million
2017	0.84	1.20	379 million
2018	0.90	1.20	407 million
2019	0.94	1.25	459 million



CHAPTER 2

OTHER INFORMATION

2



AMOT INVESTMENTS MEMBER OF ALONY HETZ GROUP



ECONOMIC ENVIRONMENT AND THE IMPACT OF EXTERNAL PARAMETERS ON THE COMPANY'S ACTIVITIES - ISRAEL¹

Implications of the coronavirus on the Group's business activities

Any reference in this section to the Company's estimates in connection with the future developments in Amot's economic environment, and in the external factors which affect its activity, constitutes forward looking information, as defined in section 32(A) of the Securities Law, which is not under the Company's control, and which is uncertain and is based on the information sources which were specified by the Company.

The coronavirus outbreak began in early 2020 after originating in the city of Wuhan, China, and later spread to other locations, both in the Far East and in many other countries around the world. The coronavirus outbreak in China, which gradually spread to other countries around the world, including Israel, is spreading a pall of uncertainty over several fields - including future economic activity around the world and in Israel, as well as effects on inflation and on financial markets. The base scenario guiding the assessment of most international economic institutions is that the spread of the virus will be stopped in the coming months, and the harm to the Chinese economy will be reflected mostly in the first half of 2020.

According to this scenario, a compensatory growth rate is expected in the second half, such that the overall impact on the global economy may be limited. According to the estimates of economists in the research departments of banks, the harm to the global economy is expected to reduce the global growth rate by around 0.3%, which is expected to remain at a level of around 3%. However, as stated above, the OECD reduced the global growth forecast for 2020 to a level of 2.4%. The forecasts will be less optimistic if the outbreak continues at a significant pace, and disrupts economic activity in China and/or elsewhere around the world for an ongoing period of several months. Furthermore, the monetary tools available to most of the central banks are limited in their ability to respond to negative surprises in economic activity. The decline in global demand for various goods is expected to lead to a decelerated inflation rate; however, on the supply side, the lack of goods and raw materials imported from China may lead to a certain rise in inflation. As of the drafting date of the report, capital markets around the world have responded sharply, and relatively steep declines have been recorded, including the price of the Company's shares.

According to the Bank of Israel's assessment, beyond the specific impact on various companies, a significant macro-economic impact is not expected in the Israeli economy, despite the fact that China is a major trade partner, in several industries. If the crisis continues and affects other countries, and particularly if severe preventive measures are required in Israel, a more significant decline is expected, the scope of which is difficult to estimate as of the drafting of the report. The strong fundamental economic data of the Israeli economy - including the low debt to GDP ratio and unemployment rate, the current account surplus and the high level of balances in foreign currency, as well as the stable financial system, increase the economy's resilience against the developments.

A return to a global recession, insofar as one occurs, may affect the Company's revenues. These effects could be reflected in a deceleration and/or decline in demand, harm to various lessees, which may result in decreased cash flows from operating activities. A decline in occupancy rates, with the possibility of price declines and/or declines in the value of revenue-generating properties, and harm to the supply chain of construction materials and equipment for projects in initiation stages, which could lead to delays in the completion and occupancy times of those projects, as well as increased construction costs.

The Company has a strong financial ability to deal with a crisis of this kind, should one arise, thanks to its strong and stable cash flows, over one hundred revenue-generating properties with various uses, and sector diversification among lessees (around 1,700 lessees) who are occupying the properties at high occupancy rates, a reasonable leverage ratio, significant available credit facilities, the long average lifetime of debt, and unpledged assets at a scope of approximately NIS 13 billion.

The foregoing constitutes forward looking information, as defined in section 32 of the Securities Law, and is not under the Company's control.



(1) Sources of information in this section:

- Bank of Israel – macro-economic forecast of the Research Division, January 2020.
- Bank of Israel – Monetary Policy Report, Second Half of 2019, January 2020.
- CBRE Office Market View Q4/2019 - February 2020.
- Review of the Offices Market Second Half 2019 – Inter Israel Real Estate Advisors – CUSHMAN & WAKEFIELD – January 2020.

(2) Press Release- Bank of Israel's reference to economic developments following the spread of the Coronavirus March 4, 2020

ECONOMIC ENVIRONMENT AND THE IMPACT OF EXTERNAL PARAMETERS ON THE COMPANY'S ACTIVITIES - ISRAEL-CONT.¹

In 2019, as in the previous two years, the Israeli economy appeared to be in a full employment environment, and GDP grew at a rate approximating the potential growth rate of around 3%. According to the January 2020 estimate of the Bank of Israel's research division, the Israeli economy is expected to record growth of around 3.1% in 2019. The strong growth rate in the economy took place despite the negative sentiment around the world. However, the forecast for 2020 is that the growth rate will moderate to around 2.9% in 2020. The labor market in Israel remains very tight. The unemployment rate continued falling to a rate of around 3.4% at the end of 2019, from around 4.2% at the end of 2018. Additionally, the rate of available positions stands at the high level of around 3.5%, and the increase in real and nominal salaries continued.

2019 was a year of reversal in the trend of monetary policy. In the first half it appeared that inflation would rise, signifying an uptrend of the interest rate outlook. However, in light of the surprising downward trend of inflation since mid-year, along with the economic developments which occurred around the world, the Bank of Israel began changing the interest rate outlook downwards, and in the last quarter of 2019, it began an expansionary policy of purchasing foreign currency at a significant scope of approximately USD 3.8 billion. The Bank of Israel interest rate remained at 0.25% in 2019, and in light of the changes in the global economic environment and in the inflationary environment, the assessment of the interest rate outlook committee was updated downwards, and even indicated a possible reduction of the interest rate.

The Consumer Price Index increased in 2019 by 0.6%. The Bank of Israel's estimate regarding the forecasted inflation rate for 2020 is approximately 1%. In 2019, the NIS continued gaining vs. the major currencies, and grew by around 8.4%, in terms of the nominal effective exchange rate. According to the assessment of the Bank of Israel, the growth of the NIS is the main factor delaying the continued rise of inflation towards the middle of the target range. As stated above, the Bank of Israel adopted a policy of intervention in the foreign currency market, and since October, the revaluation of the NIS vs. the USD, EUR and the effective exchange

SET FORTH BELOW ARE MACRO-ECONOMIC INDICATORS RELATING TO ISRAEL:

		Israel		
For the year ended on	Units	31.12.2019	31.12.2018	31.12.2017
Macro-economic parameters				
Gross Domestic Product (GDP)	Billions of dollars	354	337	318
GDP Per Capita (PPP)	Dollars	39,121	37,994	36,562
Growth rate of GDP	%	4.97%	5.96%	5.53%
Growth rate of PPP	%	2.97%	3.92%	3.51%
Inflation rate	%	0.6%	0.8%	0.4%
Yield on long-term domestic government bonds	%	1.47%	1.99%	1.91%
Rating of long-term government bonds		AA-/A1	AA-/A1	A+/A1
Unemployment rate	%	3.4%	4.2%	4%



In this table, unless specified otherwise, the figures are sourced from the IMF - World Economic Outlook Databases, October 2019. The figures for 2019 are estimated. Inflationary figures in Israel as of the last day of each year are sourced from the website of the Central Bureau of Statistics at cbs.gov.il. Figures regarding the nominal yield rate of long term government bonds in Israel refer to 10 year bonds. The figures are sourced from the website stats.oecd.org, based on data submitted by the Bank of Israel. Figures regarding the ratings of long term government bonds are sourced from publications issued by Moody's Standard & Poors. Unemployment rate figures are sourced from the website of the Central Bureau of Statistics (unemployment rate among the entire population aged 15 or older, after canceling out seasonality).





The office market in Israel in 2019 continued benefiting from the low interest rate and the growth of GDP, which contributed to continued growth in demand for office areas, mostly in high demand areas (Tel Aviv - Ramat Gan - Bnei Brak). In most of Israel's other regions, there were no significant changes in rent prices or occupancy rates. The average national occupancy rate increased slightly, from around 88% to around 89%.

The office market in continued presenting strength and growth. The reduction in the supply of new projects continues pushing upwards the prices of prime properties. Rent prices in Tel Aviv continued rising, and reached a peak average of NIS 103 per square meter. The occupancy rate of offices in Tel Aviv continues rising, and stands at around 95% as of the end of 2019.

High demand continues in the stock exchange area of Ramat Gan, and the occupancy rate remains high at around 93%, while rent increased by approximately 1%, to around NIS 83 per square meter.

In 2019, the construction and occupancy of additional projects in Sarona and the area of Yigal Alon Rd. continued, as did the planning of new projects in accordance with the Tel Aviv 5000 plan, mostly on major transportation routes in south Tel Aviv and the area of Menachem Begin Rd. In 2019, approximately 160 thousand square meters of area were added in Tel Aviv alone. In the next five years, a total of approximately 1.4 million square meters of office areas are expected to be added to the market in Tel Aviv - Ramat Gan - Bnei Brak, of which 40% will be areas with multiple owners. The absorption rate of offices in the market of Tel Aviv - Ramat Gan - Bnei Brak in recent years has amounted to an average of around 150 thousand per year.

In Herzliya Pituach, the uptrend in rent prices has stopped. This is due to the departure of several hi-tech companies, in favor of offices in Tel Aviv. However, the new offices which have been built in the area are at full occupancy. As of the end of 2019, the general occupancy rate amounted to approximately 92%, and the price per square meter amounts to around NIS 86.

Ra'anana, a city located in the center of HaSharon region, is gaining momentum as an employment environment characterized as a hi-tech sector. This region constitutes a cheap alternative relative to Herzliya, and an attractive source of educated employees from HaSharon region. Highway 531, which opened in 2018, crosses the HaSharon region from West to East, and connect between Ayalon highway, the coastal highway, Highway 4 and Highway 6, while constituting a significant element in the development of the entire region. Rent prices in the office market rose to around NIS 61 per square meter. The occupancy rate remains high, and stands at 90%.

Average rent prices in the Haifa office market rose slightly in 2019, from NIS 64 per square meter to NIS 65 per square meter, and the occupancy rate increased slightly, from 87% to 88%. In Jerusalem, average rent prices rose in 2019 from NIS 66 per square meter to NIS 67 per square meter, while the occupancy rates increased from 88% to 89%.

In commercial areas, population growth, along with the increase in household income, continues to support commerce; however, the growth of e-commerce (penetration rate of around 17%), including Amazon's declaration of commencing activity in Israel, and the growth in outbound tourism, in light of the "open skies" reform, continues to impede physical growth.

2019 was characterized by a decline in new shopping mall construction. Most centers under construction are neighborhood centers which provide basic services, and which are less exposed to economic cycles.

The change in the mix of commercial centers continues trending towards leisure and entertainment, at the expense of the fashion chains. Leisure areas include the restaurant areas, which are growing significantly, the return of cinemas, lifestyle complexes including gyms, spas, etc., and the significant increase in pop-up stores and concept stores.

The field of logistics continues growing, in light of the increased scope of online purchases, and the continued growth of the import sector in Israel, at the expense of local production. The demand for industrial and workshop areas, and for designated areas for modern storage in other regions outside of Tel Aviv, has led to the development of many logistics centers in the second circle, and not only in the periphery areas.

Near the major transport routes that cross Israel, including Highway 6, Highway 4 and Highway 2, the demand for areas used as logistics centers and distribution centers has increased. The prices of land for logistics purposes continued rising, in light of the increase in demand, mostly for large complexes. Occupancy rates remained high in the leading areas.



CLARIFICATION – CHANGES IN FINANCIAL REPORTING STANDARDS THAT IMPACT THE MANNER OF PRESENTATION OF FINANCIAL REPORTS

In view of the application of IFRS11 - "Joint Arrangements" - which was applied retroactively to annual reporting periods starting on January 1 2013, some of the jointly controlled companies that were accounted for and presented by the proportionate consolidation method prior to the application of the standard are presented at equity in the current reporting period. The change to presentation stemming from the application of IFRS11 originates from an indirect holding in 5 income-generating assets and assets under construction through direct holding of property companies' shares.

In order to increase transparency for analysts, investors, shareholders and bond holders, the Company presents the extended consolidated financial statements that may clarify and improve the quality of the Company's reporting (see Appendix to the Directors' Report); therefore, the Company bases the analysis of its activities on the extended consolidated financial statements while making adjustments to the consolidated financial statements which are audited by the Group's independent auditors.

Starting with Section 2.1 of this report, all data presented in the tables are based on extended consolidated financial statements data according to the Group's proportionate share in its assets, obligations and activity.

FINANCIAL INFORMATION REGARDING THE COMPANY'S ACTIVITY (BASED ON EXTENDED CONSOLIDATED FINANCIAL STATEMENTS)

Set forth below are principal financial statements data taken from the Company's extended consolidated financial statements (in thousands of NIS)

2.1.1 PRINCIPAL BALANCE SHEET DATA FROM THE BALANCE SHEET AS OF DECEMBER 31 OF EACH OF THE YEARS:

	2019	2018
Cash and cash equivalents	71,732	308,554
Balance of current assets	57,355	50,520
Investment property	12,847,643	10,244,564
Investment property under construction	620,954	870,838
Balance of non-current assets	142,127	133,900
Total assets	13,739,811	11,608,376
Short-term credit and current maturities	932,172	849,862
Bonds	4,739,360	4,299,179
Loans from banks and others	204,911	294,015
Deferred taxes	1,310,054	1,013,462
Balance of other liabilities	450,060	315,035
Total liabilities	7,636,557	6,771,553
Total equity	6,103,254	4,836,823
Total liabilities and equity	13,739,811	11,608,376

2.1.2 COMPANY'S PRINCIPAL OPERATING RESULTS DATA (IN THOUSANDS OF NIS)

	2019	2018	2017
Rent revenue	740,905	690,577	644,634
Management fees revenue	52,218	52,300	53,936
Total revenue from management fees and rent	793,123	742,877	698,570
Management, maintenance and operating costs	62,615	61,589	61,823
Unallocated costs	2,956	2,809	2,175
Total cost of renting out and operating the properties	65,571	64,398	63,998
Net operating income from renting out and operating of properties	727,552	678,479	634,572
Adjustment of fair value of investment property	890,768	269,965	170,026
General, administrative and other expenses	53,947	51,032	51,653
Operating income	1,564,373	897,412	752,945
Financing expenses – real interest	130,120	134,699	146,229
Financing expenses – linkage	16,497	40,586	9,500
One-off financing expenses due to refinancing	23,801	-	38,679
Income tax expenses	323,532	155,240	130,337
Net income for the year	1,070,423	566,887	428,200
NOI – Gain from renting out and operating of properties, net of depreciation	727,552	678,479	634,572
Same property NOI	649,636	635,804	620,743
NOI from new/sold assets and assets whose construction was completed	77,916	42,675	13,829
EBITDA – operating income net of revaluations and amortization	675,741	629,322	585,403

2.1.3 ADJUSTMENT TO FFO (FUNDS FROM OPERATIONS) (IN THOUSANDS OF NIS) IN ACCORDANCE WITH THE DISCLOSURE DIRECTIVE OF THE ISRAEL SECURITIES AUTHORITY:

FFO (Funds from Operation) – net income, net of gains and losses from sale of properties, changes in the fair value of properties recognized in comprehensive income, depreciation and amortization, deferred income expenses and income and other income or expenses that do not involve cash flows.

	FFO for the year ended		
	31.12.2019	31.12.2018	31.12.2017
Net income for the period	1,070,423	566,887	428,200
Adjustment of fair value of investment property and properties under construction	(890,768)	(269,965)	(170,026)
Deferred taxes, betterment tax and other	296,302	131,923	113,689
Financing expenses not involving cash flows	-	-	17,518
Amortization of options	6,101	5,988	6,467
Depreciation and sundry	3,388	1,875	3,505
Nominal FFO	485,446	436,708	399,353
Add (deduct) - linkage expenses (income) in respect of principal of debt and exchange differences	16,497	40,586	9,500
Real FFO	501,943	477,294	408,853
Weighted number of shares	362,016	336,320	312,635
Real FFO per share	1.387	1.420	1.308
Real FFO net of one-off financing expenses	520,270	477,294	430,014
Weighted number of shares	362,016	336,320	312,635
Real FFO per share	1.437	1.420	1.375

SET FORTH BELOW ARE DATA REGARDING THE COMPANY'S PROPERTIES IN ISRAEL, BY USE:

Set for below are the main parameters impacting the value of income-generating properties, the demand for such properties and their occupancy rates:

Property's location, amount of rent, quality and stability of principal renters; transport links (including public transport); number of parking spaces, quality of construction; amount of municipal taxes, services in the area, business environment (including the other available properties of this type in the area); proximity to target market (very significant for companies that receive customers in their premises), to anchor entities (such as courts or medical centers) and to workforce sources.

PRIME PROPERTIES

The Company has several income-generating real estate assets, which are located in prime areas and therefore have a competitive advantage over other assets. The main criteria for defining a property as a prime property are:

- The area is a designated employment area or benefits from excellent transport links or from proximity to main business or cultural centers, and as such it will always benefit from higher demand even when there is a slowdown in the market.
- The property is rented out in full to a renter, which is a leading entity in its area of activity with a long average duration.
- The property meets an increasing demand for a designated use.

The company assesses all of its properties, among other things, based on all of the above criteria. Nevertheless, in view of the large scope of its properties and wishing to present an optimal breakdown of its portfolio of properties, the company opted its properties by use. As to another breakdown of company's properties used as offices, see the company's directors' report.

SET FORTH BELOW ARE DATA REGARDING THE COMPANY'S PROPERTIES IN ISRAEL, BY USE:

(1) Set forth below are data regarding the Company's above-ground income-generating spaces in square meters:

	2019	% of total area	2018	% of total area
Offices	399,749	42%	362,365	43%
Retail centers	130,723	14%	118,854	14%
Logistics and industrial parks	348,786	37%	298,786	35%
Supermarkets	38,889	5%	38,889	5%
Other	23,553	2%	23,553	2%
Total	941,700	100%	842,447	100%

(*) The areas listed above include 35 thousand square meters of companies under joint control presented in the financial statements by the equity method.

(2) Set forth below are data about the fair value of the Company's income-generating properties in Israel in thousands of NIS:

	2019	% of total value	2018	% of total value
Offices	6,753,071	53%	5,385,665	53%
Retail centers	2,718,801	21%	2,225,138	22%
Logistics and industrial parks	2,346,582	18%	1,691,007	17%
Supermarkets	723,402	6%	639,283	6%
Other	238,637	2%	228,782	2%
Total	12,780,493	100%	10,169,875	100%

(*) In 2018 – excluding immaterial property located abroad at the value of NIS 11.5 million and in 2019 and 2018 excluding land for development and betterment amounting to NIS 67 and NIS 63 million, respectively.

(**) Out of the above, in 2019 and 2018 properties at the value of NIS 488 million and NIS 446 million, respectively, belong to companies under joint control presented in the financial statements by the equity method.

(3) Set forth below are data regarding the breakdown of NOI generated from the Company's income-generating properties in thousands of NIS:

	2019	% of NOI	2018	% of NOI	2017	% of NOI
Offices	391,451	54%	354,832	52%	335,555	53%
Retail centers	148,311	20%	150,059	22%	149,762	24%
Logistics and industrial parks	127,488	18%	113,781	17%	91,350	14%
Supermarkets	44,010	6%	42,987	6%	42,252	7%
Other	16,569	2%	16,163	3%	14,401	2%
Total	727,829	100%	677,822	100%	633,320	100%

(*) The data does not include unallocated expense of NIS 3 million in 2019 and NIS 2.8 million in 2018 and NIS 2 million in 2017, and also excludes NOI of NIS 1 million in respect of immaterial property located abroad.

(**) A total of app. NIS 31 million in 2019 and NIS 30 million in 2018 and 2017 out of the above NOI belong to companies under joint control presented in the financial statements by the equity method.

(4) Set forth below are data regarding the breakdown of the adjustments of fair value from the Company's income-generating properties in thousands of NIS:

	2019	% of adjustment	2018	% of adjustment	2017	% of adjustment
Offices	576,618	60%	154,826	87%	95,335	53%
Retail centers	73,213	8%	(13,318)	(8%)	35,398	20%
Logistics and industrial parks	222,905	23%	24,347	14%	44,432	25%
Supermarkets	79,925	8%	10,634	6%	2,390	1%
Other	8,202	1%	862	1%	2,341	1%
Transaction costs in respect of purchase of new properties	(59,375)		(27,525)		(23,433)	
Total	901,488	100%	149,826	100%	156,463	100%

(*) Out of the above, revaluation profits of NIS 40 million and NIS 7 million in 2019 and 2018, respectively, and revaluation loss of NIS 3.8 million in 2017 belong to companies under joint control presented in the financial statements by the equity method.

(**) The data does not include revaluation profits of NIS 3.6 million in 2018 and revaluation losses of NIS 0.3 million in 2017, respectively, in respect of immaterial property located abroad.

(5) Set forth below is a breakdown of the Company's monthly rent from its income-generating properties (in NIS per square meter):

	2019	2018
Offices	84	79
Retail centers	115	110
Logistics and industrial parks	34	33
Supermarkets	94	92
Other	58	57

- Calculated based on rent revenues only, excluding parking and management fees.
- Calculated based on total area of the properties, net of average unoccupied areas.
- Calculated based on normalized average rent from properties purchased during the year.

(6) Set forth below is an analysis of data regarding average occupancy rates in the Company's income-generating real estate assets (in percentages):

	2019	2018
Offices	96.1	95.9
Retail centers	97.4	96.2
Logistics and industrial parks	99.3	98.5
Supermarkets	100	100
Other	100	100
Total	97.7	97.2

- (*) The average occupancy rate as of the date of publication of the Group's financial statements is not materially different than that as of the date of the Group's financial statements.

(7) Set forth below are data regarding the number of the Company's income-generating properties:

	2018	2018
Offices	32	31
Retail centers	18	18
Logistics and industrial parks	16	15
Supermarkets	36	36
Other	2	2
Total	104	102

(*) Out of the total income-generating properties, 5 assets belong to companies under joint control presented in the financial statements by the equity method.

(8) Set forth below are data regarding the average return rates (based on value at year-end) from the Company's income-generating properties in percentages:

The return rates which are derived from actual NOI are skewed downwards due to unoccupied spaces that currently do not generate income, income that does not necessarily reflect the updated rental contracts and NOI in respect of properties that generated partial income during the reported period.

	2019	2018
Offices	6.2	6.8
Retail centers	6.3	6.9
Logistics and industrial parks	6.4	7.1
Supermarkets	6.1	6.7
Other	6.9	6.9
Total	6.3	6.9

The capitalization rate used in the capitalization of the Company's properties is a "net" capitalization rate – i.e., in order to compare the capitalization rate to that applied in transactions involving real estate assets with similar characteristics, one should add to this capitalization rate 0.25% to 0.5% in respect of transaction costs, in accordance with the type of transaction and amount of capitalization fees.

The specific capitalization rate for each property in each sector depends on several factors:

- The amount of rent compared to comparable properties around the property's location.
- The economic age of the property and the building type.
- The location of the property and its future potential.
- The renter's rating, the duration of the rental contract, the securities in respect of rent for the property, the level of competition in the renter's sector and the level of competition in the area.

2.2.1 INFORMATION REGARDING THE COMPANY'S PROJECTED REVENUES FROM RENT IN RESPECT OF SIGNED RENTAL AGREEMENTS OF GROUP'S PROPERTIES AS OF 31.12.19; BREAKDOWN IS PROVIDED BY THE END DATE OF THE AGREEMENTS:

Revenue recognition period	Assuming the renters will not exercise option periods		
	Revenues (rent) from fixed components	Number of contracts ending	Total areas of properties whose contract ends
	In million of NIS		In thousands of Sq. m
First quarter 2020	192	94	16
Second quarter 2020	187	93	22
Third quarter 2020	182	100	21
Fourth quarter 2020	175	206	48
2020	736	493	107
2021	575	456	189
2022	435	323	128
2023	298	137	132
2024 and thereafter	967	262	368
Total	3,011	1,671	924

The data presented in the above table are subject to the following assumptions:

- (a) Penalty in case of early termination, if any, was not taken into account.
- (b) The amounts include the Company's share in properties accounted for using the proportionate consolidation method.
- (c) The table does not include projected revenues in respect of signed contracts in projects under construction.

The information presented in the above tables is forward-looking information (see note above at the beginning of this report). The data relates to data existing and known to the Group on the date of publication of this report with regard to the expiry dates of the current rental agreements. The information may change due to reasons that are not under the control of the Group, such as termination of the rental agreements due to breach or due to financial difficulties of renters, which may cause breach or termination of the rental agreements.

2.2.2 INFORMATION ABOUT PRINCIPAL RENTERS OF THE GROUP:

The Group does not have a single renter the rent receivable therefrom constitutes at least 10% of total Group revenues from rent and management fees.

2.2.3 DATA REGARDING THE GROUP'S PRINCIPAL PROPERTIES

The Group has ownership/leasehold rights in several office buildings across the country (some of which are fully-owned by the Company and others are held in partnership with others). The buildings are mainly rented out to professionals, retail companies and high-tech companies. The following properties are among the Group's main properties:

Name of property	Location of property	Description of property
ToHal (Totseret Haaretz Complex)	Crossroad of Totseret Haaretz St, Yigal Allon St and Dereh Hashalom St.	A prestigious and unique tower built in accordance with the highest building standard in Israel. The tower has Platinum Certification - the highest LEED® certification.
Amot Atrium Tower	Ramat Gan's City complex, Jabotinsky St.	A prestigious and unique tower built in accordance with the highest building standard in Israel. The tower has Platinum Certification - the highest LEED® certification.
Amot Investments Tower, Europe House	Shaul HaMelech St, center of Tel Aviv, at the heart of the city's courts' complex	Due to their proximity to the courts' complex, the buildings constitute prime properties due to excess demand by professionals and government entities wishing to rent spaces within the complex.
Amot Mishpat Complex (Beit Amot Mishpat, Amot Hakirya and Dubnov 10)		
30 HaBarzel, Tel Aviv	Ramat HaHayal complex, Tel Aviv	A modern and prestigious office building located at HaBarzel St. in Ramat HaHayal Tel Aviv.
Amot Bituach Complex (Buildings A, B and C)	Menachem Begin Road, Tel Aviv	A complex composed of 3 office buildings, one of which is rented out in full to the Fattal Hotels chain. The complex benefits from excellent transport links being since it is located in Menachem Begin Road, Tel Aviv.
Amot Platinum Tower	Kiryat Aryeh Industrial Estate, Petah Tikva	An office tower located in a central road, highly visible from Road no. 4. The building benefits from demand by high-tech companies, investment houses and insurance and finance companies and from demand to rental properties in the area.
Century Tower	Ibn Gabirol Street in Tel Aviv	An office tower located in a central road, mostly leased to service providers and health funds (Group's share – 50%)



Management of the office building is carried out by external management companies or condominium committees.

The Group has rights in eighteen malls and retail centers:

Name of property	Location of property	Description of property
Kiryat Ono Mall	Center of town - Kiryat Ono	The mall is located in the heart of the town, combines a commercial center with two office buildings which offer modern and advanced systems. In November 2019, the Company purchased the partner's share in the asset and is currently holding 100% of the asset.
Arim Mall Kfar Saba	City center – Kfar Saba	The mall is partially open-air and partially enclosed. It is composed of two sections linked by overpasses. The mall is located at the city center and constitutes a part of its urban fabric.
B7 Retail Center	Beer Sheva	Shopping and entertainment center located at the retail area of the city.
Orot Mall, Or Akiva	Or Akiva	Regional mall, located on Road no. 4 at the entrance to Or Akiva.
Central Bus Station Mall, Jerusalem	Central bus station Jerusalem (Group's share - 50%)	A complex comprising the central bus station, retail center and an office building at the entrance to Jerusalem.



The malls and retail centers are managed by management companies under Group ownership or under joint ownership of the Group and its partners. The Group's share in the jointly controlled companies is identical to its share in the malls.

The Group has rights in eighteen malls and retail centers:

Name of property	Location of property	Description of property
Logistic center - Shoham	Hevel Modi'in Industrial Estate in Shoham	An asset which is fully leased to S.L.E - Salomon Levin & Elstein Ltd. (a subsidiary of Teva), which serves as an advanced logistics center for automatic storage.
Si'im Park Netanya	Poleg South Industrial Estate	The properties underwent comprehensive upgrading process and meet the increasing demand to combined uses, both for the high-tech and pharm industries and for purposes of logistics and warehousing.
Poleg Park Netanya		
Kargal Complex in Lod	Lod Industrial Estate	The property is rented out in full to Kargal, a leading company in its field of activity, under a long-term agreement.
Best Carton Complex	Caesarea Industrial Estate	The property is renter out in full to Best Carton, a leading company in its field of activity.
Rehovot Park	Rehovot Industrial Estate	Industrial park comprising a 3-wing building spread over 33 square meters, used by high-tech companies, logistic centers.
Frenkel C.D Complex	Caesarea Industrial Estate	This property is renter out in full to the packaging industry.
Logistic Centers Modi'in	Modi'in Industrial Estate	Three properties renter out to high-quality renters (one property is rented out in full as a logistic center to Shufersal Ltd.).
Logistic Center – Airport City	Industrial Estate - Airport City	This property is rented out in full to a leading renter and serves as a logistic center.



The parks are managed by management companies under Company ownership or under ownership of external management companies or by the renters.

The Company has rights in a real estate asset, which serves as a central bus station:

Name of asset	Location of asset	Description of asset
Central Bus Station Jerusalem	Jerusalem	Group's share – 50%

THE GROUP IS THE OWNER OF 36 PROPERTIES USED AS SUPERMARKETS

The Group owns 36 properties across the country which are used as supermarkets; those properties are rented out to the "Shufersal Ltd." Group, to "Mega Retail Ltd.", to "Coop Jerusalem" and to others. As of 31.12.2019, the occupancy rate is 100%.

The Company also operates in the development and acquisition of land for the purpose of development and construction of income-generating properties for renting out purposes (for more details on this matter, see page 68 and 69 of Directors' report on the state of the corporation's affairs).

2.2.4 MATERIAL PROPERTIES

Set forth below are details relating to the Group's principal assets, whose fair value in the Company's consolidated financial statements as of 31.12.2019 constitutes at least 5% of total corporation's assets as of that date or that total corporation revenues attributed to the asset constitute at least 5% of the consolidated revenues of the corporation in the reported year.

Name of property			Year	Square meters (Company's share)	Fair value as at year end (NIS thousands)	Rent income for the period (NIS thousands) ****	Actual NOI for the period (NIS thousands)	Average proceedings per Sqm (NIS) ***	Actual rate of return % *	Adjusted rate of return % **	Revaluation profits	Occupancy rate for the end of the period %	Actual average monthly rent income per sqm (NIS) +	Fair value evaluator	Evaluation technique	Liens on property	Fair value of additional building rights
ToHa1 (*)	Region	Tel Aviv	2019	28,500	776,060	29,786	28,145	-	3.62%	6.30%	155,946	96.5%	126	Rafael Conforti	Discounted cash flows - (DCF)	none	30,000
	Main use	Offices	2018														-
	Original cost	479,302	2017														-
Kiryat Ono mall	Region	Kiryat Ono	2019	41,505	1,070,000	35,280	34,916	2,013	3.26%	6.25%	30,297	97.3%	133	Oded Houshner and co'	Discounted cash flows - (DCF)	none	-
	Main use	Retail \ Offices	2018	20,753	497,081	31,792	31,017	2,032	6.24%	7.00%	211	98.2%	134				-
	Original cost	1,053,710	2017	20,753	491,360	30,297	29,776	2,025	6.06%	7.25%	2,841	98.0%	127				-

(*) During the report period an office building construction was completed

(*) Rent income \ Actual NOI per sqm \ fair value, deducting parking spaces rent and unoccupied spaces \ unoccupied spaces as of 31.12.2019.

(**) Adjusted rate of return - taking into account representative NOI therefore represents a reliable estimate of the discount rate used to assess the value of the assets.

(***) The figure relates to retail centres is to the best of the company's knowledge and is given on the basis of information received from the tenants and the company is unable to verify that this information is indeed true.

(****) Revaluation gains in 2019 for the Kiryat Ono mall do not include a reduction in transaction costs.

2.2.5 INVESTMENT PROPERTY UNDER CONSTRUCTION

Set out below are principal data about properties under planning and development by uses (in thousands of NIS):

Region and use	Parameters	For the year ended		
		31.12.2019	31.12.2018	31.12.2017
Offices (Holon, Bnei-brak, Rishon LeZiyon West)	Number of properties under construction at end of period	2	2	2
	Total upper areas under construction (planned) at end of period	100,068	56,500	56,500
	Total area of underground parking spaces	73,923	48,760	48,760
	Total costs invested in current period	138,095	202,461	89,696
	Amount of assets as per financial statements (including portions considered as income-generating)	270,280	591,304	276,185
	Construction budget in the subsequent period (estimate)	414,172	178,014	235,440
	Total construction budget (estimate)	1,475,000	825,000	795,000
	Percentage of built area for which rental contracts were signed as of 31.12	2.67%	94% (*)	-
	Percentage of built area for which rental contracts were signed as of the date of signing the financial statements	-	94% (*)	-
	Projected average annual revenue from projects to be completed in the subsequent period and for 50% or more of their area contracts were signed (in million of NIS)	-	47-50 (*)	-



(*) The figure refers to one property whose share of the company in the area is 28.5 thousand sqm, for which 94% of leases were signed, which the average annual revenue expected for it is app. 47-50 million NIS. As for the second property, the company's share of the land is 28 thousand sqm, the property is in the early stages of building parking basements and for which leases have not yet been signed.

(**) Mitham Ha'lechi- so far, the company has paid a down payment on account and the balance of payment will be paid in the coming quarter.

Region and use	Parameters	For the year ended		
		31.12.2019	31.12.2018	31.12.2017
Logistics Modi'in	Number of properties under construction as of end of period	1	1	1
	Total upper areas under construction (planned) as of end of period	(*) 39,000	(*) 25,500	34,000
	Total costs invested in current period	43,928	11,136	4,964
	Amount of assets as per financial statements	111,259	69,422	72,200
	Construction budget in the subsequent period (estimate)	189,000	73,912	13,100
	Total construction budget (estimate)	300,000	250,000	200,000
	Percentage of built area for which rental contracts were signed and/or in the final signing phases	(**) 100%	(**) 100%	-
	Projected average annual revenue from projects to be completed in the subsequent period and for 50% or more of their area contracts were signed (in million of NIS)	24	20	-

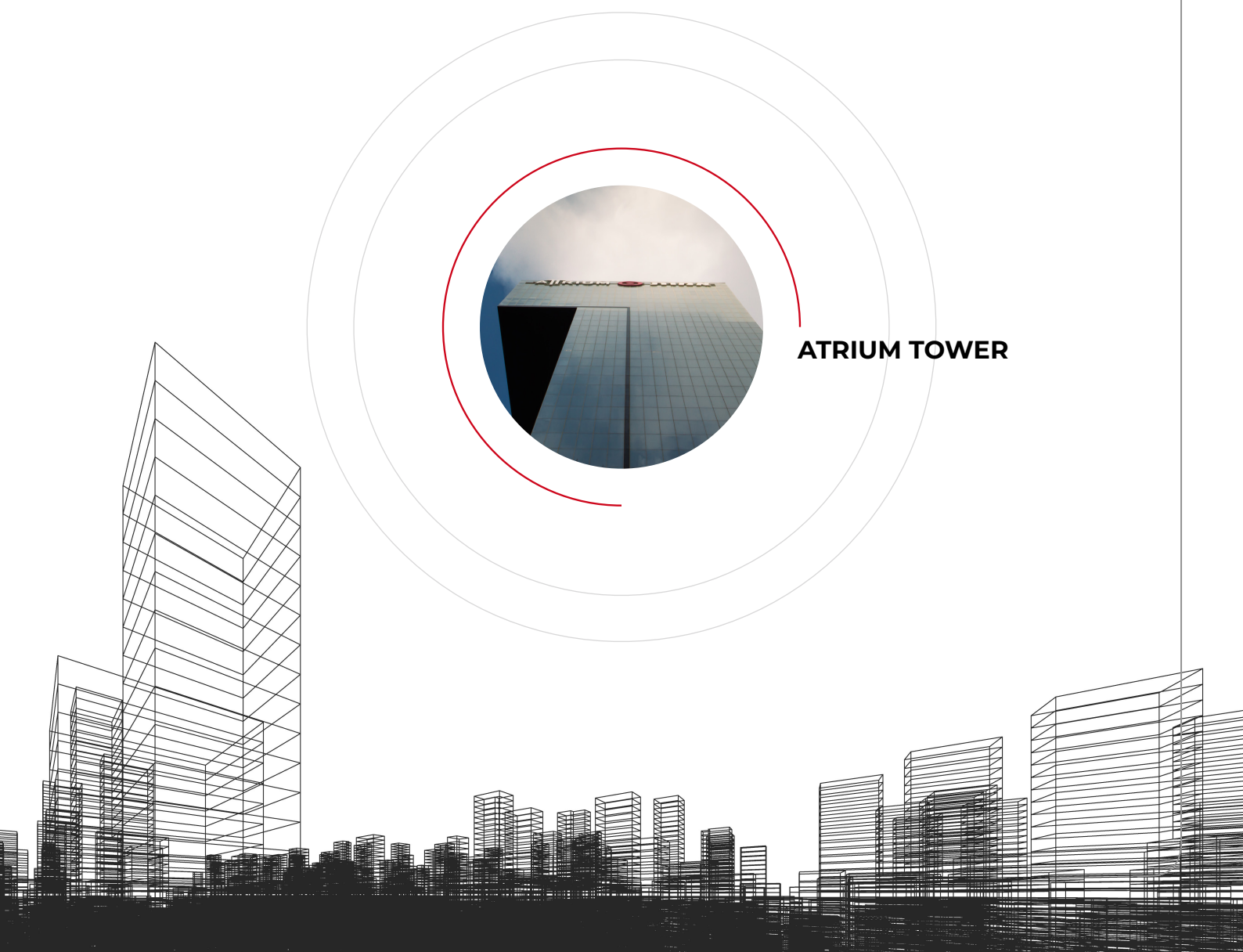
(*) As to engagement with Shufersal Ltd, see Note 7d of the consolidated financial statements.

(**) The rental agreement relates to the area of the logistic center only.

2.2.5.1 HIGHLY MATERIAL INCOME-GENERATING PROPERTY

	Data re regarding the property
Property's name	Amot Atrium
Property's location	2 Jabotinsky Street, City Complex, Ramat Gan
Property's area, breakdown by uses	Office (*) – 54,807 square meters, retail areas – 561 square meters, warehouses – 439 square meters
Property's holdings structure	100% direct holding in the property
Date of purchase of land	2007
Date of commencement of construction work	Paneling: 2009 Commencement of construction: 2011
Details of legal rights in the property	Private ownership
Status of recording of legal rights	Recorded with the land registry office
Method of presentation in financial statements	Full consolidation

(*) The area does not include the floor in which the Company's offices are located, presented under the fixed assets item.



Set forth below are primary data regarding the very material property (in thousands of NIS)

Parameters	For the year ended		
	31.12.2019	31.12.2018	31.12.2017
Fair value at end of year*	1,472,562	1,299,167	1,138,950
Carrying amount at end of year	1,472,562	1,299,167	1,138,950
Properties fair value adjustments	149,176	121,357	52,824
Occupancy rate (%) as of 31.12	99.5%	99.5%	98.5%
Rented area (in square meters) in practice as of 31.12	55,289	55,289	54,606
Total revenues on a straight line basis	81,365	80,378	68,694
Average rent per square meter	122	119	117
Average rent per square meter in contracts signed during the year	121	122	116
NOI on a straight line basis	82,533	81,379	70,989
Adjusted rate of return	6.1%	6.75%	7.25%
Number of renters at end of period	33	37	36
Accumulated cost at beginning of year	847,464	834,604	769,978
Current cost invested at beginning of year	24,324	12,860	64,626
Total accumulative construction costs at end of year	871,788	847,464	834,604

(*) The value does not include the value of the floor in which the Company's offices are located, presented under the fixed assets item. The value of the said floor in which Company's offices are located is NIS 37 million.

(*) Total construction costs for the company's offices floor are NIS 30 million and presented under fixed assets section.

Parameters	For the year ended		
	31.12.2019	31.12.2018	31.12.2017
Revenues:			
From rent	81,365	80,378	68,694
Costs (income):			
Management, maintenance and operating	(1,168)	(1,001)	(2,295)
NOI	82,533	81,379	70,989

Breakdown of projected revenues on a straight line basis (*) in respect of signed lease contracts (NIS in thousands):

	2020	2021	2022	2023	2024 and thereafter
Rent	79,700	62,500	34,383	20,467	20,468

(*) Ignoring the starting points that include compensation in the contract periods.

BREAKDOWN REGARDING THE PROPERTY'S APPRAISAL (NIS IN THOUSANDS):

The data presented below do not include the floor in which the Company's offices are located, which is presented under the fixed asset item in the financial statements.

Parameters	For the year ended		
	31.12.2019	31.12.2018	31.12.2017
The value determined	1,472,562	1,299,167	1,138,950
Identity of appraiser	Conforti Raviv, Real Estate Appraiser	Conforti Raviv, Real Estate Appraiser	Ronen Katz of Greenberg Olpiner & Co.
Is the appraiser independent?	Yes	Yes	Yes
Is there an indemnification agreement in place?	Yes. Only indemnification regarding the incorrectness of documents or information provided by the Company	Yes. Only indemnification regarding the incorrectness of documents or information provided by the Company	Yes. Only indemnification regarding the incorrectness of documents or information provided by the Company
The appraisal is valid as of	31.12.2019	31.12.2018	31.12.2017
Appraisal model	Discounted cash flows	Discounted cash flows	Discounted cash flows
Rentable area (square meters)	55,677	55,677	55,652
Occupancy rate (%)	99.5%	99.5%	98.5%
Average rent per square meter (NIS)	122	119	117
Representative NOI (NIS in thousands)	90,148	87,866	86,430
Discount rate	6.1%-7.0%	6.75%-7.25%	7.25%-7.75%
Sensitivity analysis			
Average rent per square meter			
NIS 128 per square meter (NIS 125/square meter in 2018 and NIS 123/square meter in 2017)	1,534,132	1,362,361	1,192,024
NIS 116 per square meter (NIS 113/square meter in 2018 and NIS 112/square meter in 2017)	1,400,820	1,235,973	1,085,631
Discount rate			
0.25% increase	1,414,762	1,252,850	1,099,640
0.25% decrease	1,535,289	1,349,040	1,181,050

2.2.5.2 INVESTMENT PROPERTY UNDER CONSTRUCTION

Set forth below is a summary of principal data regarding the land by uses (in thousands of NIS)

	2019		2018		2017	
	Amount presented in financial statements (in thousands of NIS)	Area/scope of building rights (in square meters)	Amount presented in financial statements (in thousands of NIS)	Area/scope of building rights (in square meters)	Amount presented in financial statements (in thousands of NIS)	Area/scope of building rights (in square meters)
Additional building rights						
Offices (*)	62,394	87,049 (*)	61,540	87,049 (*)	62,000	87,049 (*)
Industrial and logistics parks	67,835	60,800	16,000	29,000	8,000	25,000
Retail	7,601	4,700	6,599	4,700	6,200	4,700
Land						
Offices	137,750	28,285	163,648	31,507	155,112	28,701
Retail	9,900	8,650	9,900	8,650	82,100	41,688
Total	285,480		257,687		313,412	

(*) Including an advance on account of payments attributed to phase B of the ToHa2 project, subject to the completion of a local urban zoning plan for the additional construction rights of 140,000 sqm (company share 70,000 sqm). see page 69 of the Company's Board of Directors Report .

2.2.6 PURCHASE AND SALE OF RIGHTS IN INCOME-GENERATING PROPERTIES BY AREAS (IN MILLION OF NIS)

Area	Parameters	For the year ended		
		31.12.2019	31.12.2018	31.12.2017
Offices	Number of properties purchased in the period	(**)	-	2
	Cost of properties purchased in the period	134	-	344
	Projected NOI of properties purchased in the period	8.5	-	24.5
	Area of properties purchased in the period (thousands of square meters)	9	-	17
Offices	Number of properties sold in the period	-	-	1
	Consideration from disposal of properties sold during the period	-	-	16
	NOI of properties sold during the period	-	-	1
	Area of properties purchased in the period (thousands of square meters)	-	-	3
Logistics	Number of properties purchased in the period	1	3	-
	Cost of properties purchased in **the period	452	425	-
	Projected NOI of properties purchased in the period	22	25	-
	Area of properties purchased in the period (thousands of square meters)	50	57	-
Retail centres	Number of properties purchased in the period	(**)	-	-
	Cost of properties purchased in **the period	404	-	-
	Projected NOI of properties purchased in the period	25.5	-	-
	Area of properties purchased in the period (thousands of square meters)	12	-	-

(*) Including purchase of additional rights in existing properties.

(**) On November 28 2019, the Company completed the acquisition of the Kiryat Ono Mall. The asset is a complex comprising a mall, two office towers and an underground parking lot.

With regard to this matter, see Directors' report on the state of the corporation's affairs in the chapter dealing with "Transactions in Connection with Investment Property" and Note 7d of the financial statements.

2.2.7 CORPORATION-LEVEL ADJUSTMENTS

		Consolidated (in thousands of NIS) as of	
		31.12.2019	31.12.2018
Adjustment of fair value of investment property to values as per the statement of financial position – table 2			
Presentation in directors' report on the state of the corporation's affairs	Total investment property from income-generating properties in Israel	12,779,994	10,169,875
Adjustments	Land for development and betterment classified as investment property	67,150	63,299
	Immaterial income-generating property abroad	-	11,461
	Classification of income-generating properties owned by jointly controlled companies to investment on equity basis	(487,372)	(458,134)
Presentation in the statement of financial position	"Investment property" item in the statement of financial position	12,359,772	9,786,501
Adjustment of NOI from income-generating properties to values as per the statement of comprehensive income – table 3			
Presentation in directors' report on the state of the corporation's affairs	Total NOI from income-generating properties	727,829	677,822
Adjustments	Operating expenses that cannot be directly allocated to a specific asset	(2,956)	(2,809)
	NOI in respect of properties classified to assets under construction and still generate income	1,950	1,873
	Classification of NOI in respect of income-generating properties owned by jointly controlled companies presented by the equity method (before equity earnings)	(30,641)	(30,504)
Presentation in the statement of comprehensive income	The "Income from renting out and operating of properties" in the statement of comprehensive income	696,182	646,382
Fair value adjustment from income-generating properties to the values as shown at the statement of comprehensive income – table 4			
Presentation in directors' report on the state of the corporation's affairs	Total revaluation income from income-generating properties	901,488	149,826
Adjustments	Gain from revaluation of real estate under construction	(640)	120,176
	Revaluation of land for development and betterment classified as investment property and other	(13,451)	54
	Classification of revaluation losses (gains) in respect of income-generating properties owned by jointly controlled companies presented by the equity method (before equity earnings)	(40,138)	(7,081)
Presentation in the statement of financial position	The "Adjustment of fair value of investment property and gain from disposal thereof" item in the statement of comprehensive income	847,259	262,975

2.2.8 SUBSEQUENT EVENTS

None.

2.2.9 MANAGEMENT AND OPERATING OF PROPERTIES

The Group manages and operates some of its properties by itself, some through external management companies and some through management with partners in jointly-held properties. Some of the management companies operate on the basis of fixed costs, some operate on the basis of a fixed margin (up to cost + 15%) and in some of the management companies the margin varies according to the nature of the managed rental property. Operational management includes, among other things, building management, security, cleaning, preparing and monitoring operating budgets, preventive maintenance, monitoring faults, concentrating maintenance activity, insurance, municipal taxes and other subjects handled by the management companies in connection with various authorities. The activity includes sending billing notices to tenants, collection of payments, preparing balance sheets, managing accounting between the Company and its suppliers and tenants, tenders, legal issues, PR and advertising. The Company has agreements with several leading management companies that render the management services that are normally rendered to office buildings. Management of retail centers and park complexes is usually carried out by subsidiaries.

2.2.10 ASSETS WITH DEVELOPMENT POTENTIAL

The Company has several assets with development potential – for more information on this subject, see pages 66 and 67 of the directors' report on the state of the corporation's affairs.

THE TA/5000 PLAN

The TA/5000 plan, a valid comprehensive local outline plan applicable to the entire municipal area of the city of Tel Aviv-Jaffa is designed to outline a long-term urban planning policy. A comprehensive plan determines how the city is developed, divided into zones with different land zoning, maximum building volumes, building height limits, conservation areas and areas for increased development. The plan recommends future levels of development matching the expected growth in population and the increase in the employment market by 2025. A comprehensive plan cannot be used as the basis of a permit application. A comprehensive plan establishes guidelines for preparing a local outline plan (specific urban zoning plan with local authority), by virtue of which building permit applications may be submitted. A comprehensive plan does not confer rights and does not create a liability for betterment surcharges. In some of the Company's properties which are located within the plan area the Company promotes a local urban zoning plan compatible with TA/5000.

2.2.10 ASSETS LEASED OUT IN AN UNDISCOUNTED RATE

Some of the Company's properties are leased through capitalized leases from the Israel Land Authority, except for two properties, in which the lease agreement vis-à-vis the Israel Land Authority is not capitalized. These uncanceled agreements include a provision stipulating that a transfer of the Company's rights in accordance with an agreement, or a transfer of Company shares and/or an allocation of Company shares at a rate exceeding 10%, will require the consent of the Israel Land Authority, and the payment of consent fees.

The Company is working to capitalize the foregoing lease agreements as part of its multi-annual plan to renew and extend the lease agreements for its properties from time to time. An appropriate provision was made in the Company's financial statements with respect to the aforementioned capitalization costs.



CHAPTER 3

DESCRIPTION OF COMPANY'S BUSINESS BY AREAS OF ACTIVITY

3



AMOT INVESTMENTS MEMBER OF ALONY HETZ GROUP



3.1

GENERAL INFORMATION ABOUT THE AREA OF ACTIVITY**3.1.1 AREA OF ACTIVITY'S STRUCTURE AND CHANGES THEREIN**

See section 2 above.

3.1.2 LEGAL AND REGULATORY RESTRICTIONS AND SPECIAL CONSTRAINS APPLICABLE TO THE AREA OF ACTIVITY

The Group's activity in the field of real estate is subject to real estate laws and to laws dealing with planning and building, licensing, accessibility and environmental protection (see also Section 3.1.1 of the report).

3.1.3 CHANGES AND DEVELOPMENTS IN THE SCOPE OF ACTIVITY AND PROFITABILITY THEREOF

See section 2 above.

3.1.4 CHANGES AND DEVELOPMENTS IN THE SCOPE OF ACTIVITY AND PROFITABILITY THEREOF

The Company believes that the critical success factors in the field of income-generating real estate with a scope of activity similar to that of the Group are mainly as follows:

1. Knowledge and experience in marketing, management and operating of the properties.
2. Financial stability that enables receipt of financing under good terms and investment of the required equity.
3. Geographical distribution of investments, mainly in Israel.
4. Identifying profitable transactions and business opportunities in the market, and the ability to respond quickly to such opportunities.
5. Engagement with partners that have financial resources.
6. Financial stability of renters and the nature of collaterals.

The Company believes that the critical success factors in the assessment of investment opportunities are a combination of the following relevant criteria:

1. The location of the property, including access roads to the property, its visibility and its betterment potential (refurbishment and expansion of the property).
2. Economic, demographic, regulatory and other aspects, both on the local and on the regional level.
3. Competition by similar properties, including projected future competition.
4. Level of demand and supply of similar properties, terms of the rental agreement including the current rent compared with market terms and the potential to increase the rent.
5. Current structure of the property's expenses and the potential to increase its operating profit.

The Company believes that the critical success factors in real estate development are mainly as follows:

1. Cost of construction inputs.
2. Duration of construction work.
3. Financial stability of the contractors carrying out construction work.
4. Meeting legal requirements regarding various planning, building and environmental issues (nuisances, underground and above-ground pollution, toxic waste, etc.) and meeting the costs they involve.
5. Using special technologies/green building.
6. Identifying long-term renters for properties/building and renting out properties to a specific renter.
7. Identifying financially stable renters with high-quality collaterals.

3.1.5 ENTRANCE AND EXIT BARRIERS

In this area of activity there are no formal entry and exist barriers. However, as a general rule, this market is impacted from supply and demand during transition periods between excess supply or excess demand. In view of the special nature of this field of activity, market players should be financially stable and have access to funding sources. Furthermore, knowledge and experience in critical success factors of this area of activity are also required. Exiting this area of activity is not flexible and disposal of investments may take a long time since the ability to dispose of properties depends, among other things, on their location and physical condition and on the market conditions and the general economic and security environment.

3.1.5 STRUCTURE OF COMPETITION IN THE AREA OF ACTIVITY AND CHANGES THEREIN

See Section 3.3 below.

3.2

MARKETING AND DISTRIBUTION

As a rule, marketing of Company's properties in Israel is mostly carried out independently, focusing on the area in which the property is located and in accordance with circumstances. Marketing is carried out through a number of additional channels such as brokerage, on-site signs, advertising in the press and on the internet, referring to each property specifically, use of the Company's customers, both as a potential for expansion and for renting out additional sites.

In view of the variety of marketing methods and the national distribution of the properties, the Company is not dependent on any single marketing channel and the loss of any such channel will not have a material adverse effect on its activities and/or will not require significant additional investment in finding alternatives.

3.3

COMPETITION

The Israeli cash-generating real estate market is characterized by a high level of competition stemming from a large number of companies engaged in the acquisition, initiation, development, renting out and betterment of real estate assets.

The Group is exposed to competition from a large number of Israeli companies engaged in the acquisition, initiation and development of rental real estate for offices, industry and retail as well as companies engaged in renting out of real estate for offices and retail, and other real estate owners in areas in which the Group's properties are located. Companies competing with Amot cannot be pointed out specifically, since competition in the field of real estate is characterized by specific competition according to the type of the property, each property's location and its occupancy level. In addition, competition focuses on areas of identifying real estate for initiation, development, construction and rental purposes and on the rental of real estate to potential customers.

Amot estimates that compared to other companies active in the field of cash-generating real estate in Israel, the scope of its activity is broad and varied. The Company is unable to estimate its market share.

The Company believes that the main factors impacting the Group's competitive positioning are:

1. The Group has an asset portfolio in a variety of uses, comprising: offices (53%), retail (21%), industry and logistics (18%), 36 supermarkets (6%). The variety of uses limits the Company's exposure to fluctuations in the different markets.
2. Most of the Group's principal properties are located in the central region of Israel.
3. Most of the Group's properties are relatively large, allowing it to meet the needs of large renters, while adapting the property to their needs.
4. The Group has a good reputation in the market as a reliable company in terms of meeting timetables for handing over rental properties to tenants and in terms of adapting the units and/or buildings to their needs and specifications, at any level required by the tenant.
5. The Group's principal renters have a good reputation and are financially stable; normally, those renters rent properties for long periods.
6. The maintenance and management level of Group's office buildings is high and meets the tenants' needs, which include, among other things, repairs, renovations and cleaning of internal spaces.
7. Good reputation, financial stability and the ability to secure bank funding.
8. Its abilities in the fields of initiation and development give the Group an advantage in identifying properties for development and construction and in locating properties requiring improvement that have rental potential and allow it to meet market demand.
9. The real estate properties under construction are located in developing and high-demand areas that feature additional office and retail buildings.
10. Taken together, the above advantages help the Group to deal with the intense competition in the Israeli cash-generating real estate market.

3.4

FIXED ASSETS

The Group's fixed assets include the area of Company's offices, furniture, office equipment, computers, vehicles and leasehold improvements, whose depreciated costs as of 31.12.2019 was NIS 37 million.

3.5.1 ORGANIZATIONAL STRUCTURE AND WORKFORCE

As of the date of this report, the Company employs 53 employees in its Headquarters, compared with 49 employees as of last year, as follows:

Department	Number of employees
CEO's office	2
Finance	24
Legal	3
Marketing and operation	8
Engineering and initiation	16

In addition, the Company receives management services from Alony Hetz according to a management agreement (for details regarding this matter see Note 23c (1) of the financial statements).

As of the date of this report, the Company also employs, mainly through fully-owned subsidiaries (excluding properties held jointly), 39 employees at various sites outside its headquarters, as listed below:

Department	Number of employees
Property managers	5
Finance and administration	11
Maintenance	18
Marketing	5

All Company office holders are employed under personal employment agreements or under agreements for provision of services against a tax invoice. All of the Company's severance pay liabilities are covered by provisions to managerial insurance policies and by a severance pay provision.

According to the terms of the agreements, some of the aforementioned office holders are entitled to bonuses in accordance with the Company's policy as set by the Board of Directors from time to time. The Company is not materially dependent on any specific employee.

3.5.2 OPTIONS TO OFFICE HOLDERS

For details regarding this issue, see Section 21.2.3 in Chapter D: Additional Details regarding the Corporation.

3.5.3 PRIVATE OFFERING OF SHARES TO COMPANY'S CEO

For details regarding this issue, see Note 23c(2) of the financial statements.

3.6

ADAPTATION OF RENTAL PROPERTIES AND SUPPLIERS

From time to time, the Company carries out maintenance works, renovations and adaptations to renters, beyond the regular operation of the properties, which is carried out by the management companies themselves using their own budgets. The scope of the capital cost (CAPEX) to maintain the existing condition of properties amounted to a total of NIS 69 million in 2019 (including upgrading of public areas, adaptation for renters in properties occupied for the first time). These costs amounted to NIS 71 million in 2018 and NIS 69 million in 2017. In most cases, the Group does not purchase raw materials directly; rather, these materials are purchased by subcontractors carrying out maintenance, renovation and construction works. The construction manager and the operations manager are responsible for the procurement system and investments in buildings carried out by the subcontractors.

In the field of initiation and development, the Company is impacted by the cost of employing the contractors carrying out the projects it initiates and therefore it is also impacted by changes in raw material prices (such as steel, concrete and cement for construction), personnel costs and shortages in these elements. Therefore, the availability of foreign workers and concrete and cement prices set by monopoly holders may have a certain impact on Company's business. In addition, a shortage of raw materials and manpower may delay the construction of projects and lead to delays in handing over of properties to renters. The Company is not dependent on any specific supplier or service provider.

In addition to the aforesaid, see Section 2 regarding the description of the economic environment and the impact of external parameters on Company's activities.

3.7

WORKING CAPITAL

As a general rule, the Company does not extend credit to its renters; rather, it collects rent in advance in respect of one to three months. Most renters provide, prior to signing the contract, collaterals in respect of the rent and in respect of compliance with the lease contract and the management agreement. Those collaterals include: bank guarantees, debt notes, deposits, etc. Payments in arrears are dealt with by the marketing department with the support of the Company's legal counsels.

As per the extended financial statements as of December 31 2019, working capital deficit amounted to NIS 1,147 million. The Company has unutilized long-term credit facilities from banks and institutions, which can be withdrawn immediately. Those unutilized credit facilities amount to NIS 800 million. The Company also has unpledged assets amounting to NIS 13 billion. Therefore, the Company's Board of Directors determined that the Company's working capital deficiency does not indicate a liquidity problem.

3.8.1 GENERAL

The Group funds its activities from cash flows from operating activities, issuance of capital and bonds under prospectuses and shelf offering reports, exercise of options by employees and office holders, bank credit and commercial papers issued. In 2019, the Group raised a total of NIS 1,003 million from issuance of bonds, NIS 636 million from issuance of capital and warrants net of repayments of NIS 476 million.

SET FORTH BELOW IS A BREAKDOWN OF THE GROUP'S LOANS BALANCE AS OF 31.12.18:

	Balance as of 31.12.2019	Nominal interest as of 31.12.19	Effective interest 31.12.19
	In thousands of NIS	%	%
Banking sources			
Index-linked	277,336	4.04	No change
Unlinked to the index	302,150*	Prime - 0.13	No change
Linked to the dollar	25,375	Libor + 2.5	No change
Linked to the EURIBOR	5,261	Eurolibor + 3.5	No change
Total banking sources	604,861	2.84	No change
Index-linked non-banking sources	4,903,661	3.09	2.15
Non-banking sources – unlinked to the index – bonds bearing NIS interest	233,775	3.39	No change
	5,742,297		
Balance of bonds premium and other	134,146		
Total	5,876,443	2.96	2.22
Less – cash and cash equivalents	(71,732)		
Net financial debt	5,804,711		

(*) In February 2020, subsequent to balance sheet date, the Company repaid the short-term credit that were utilized amounting to NIS 265 million.

SET FORTH BELOW ARE EXPECTED REPAYMENTS BY YEARS (EXCLUDING SHORT TERM CREDIT AMOUNTING TO NIS 256 MILLION, THAT WERE REPAYED SUBSEQUENT TO BALANCE SHEET DATE):

Repayment year	Balance of repayable principal
2020	666,697
2021	577,082
2022	576,907
2023	592,612
2024 and thereafter	3,059,549
Total	5,476,847

(5) Overall average duration of the debt is 4.6 years.

3.8.2 CREDIT RATING

Rating entity	(Series A) bonds current rating*	(Series C) bonds current rating	(Series B) bonds current rating	(Series D) bonds current rating	(Series E) bonds current rating	Commercial papers current rating**
S&P Global Inc. (Ma'alot S&P)		Of 02.01.20 ilAA/Stable	Of 02.01.20 ilAA/Stable	Of 02.01.20 ilAA/Stable	Of 02.01.20 ilAA/Stable	Of 02.01.20 +ilAA-1
Midroog Ltd. - a subsidiary of Moodys		Of 22.07.19 Aa2/Stable	Of 22.07.19 Aa2/Stable	Of 22.07.19 Aa2/Stable	Of 22.07.19 Aa2/Stable	
	Rating development	Rating development	Rating development	Rating development	Rating development	Rating development
S&P Global Inc. (Ma'alot S&P)	Of 26.12.16 ilAA/Stable From 16.1.11 through 29.12.13 ilA+/Stable	Of 26.12.16 ilAA/Stable	Of 26.12.16 ilAA/Stable	Of 26.12.16 ilAA/Stable From issuance date 30.7.14 ilAA-/Stable	Of 26.12.16 ilAA/Stable From issuance date 28.3.16 ilAA-/Stable	From issuance date 12/14 +ilA-1
Midroog Ltd. - a subsidiary of Moodys	Of 29.7.18 Aa2/Stable From 22.12.11 through 12.7.17 Aa3/Stable	Of 29.7.18 Aa2/Stable From 22.12.11 through 12.7.17 Aa3/Stable	Of 29.7.18 Aa2/Stable From issuance date through 12.7.17 Aa3/Stable	Of 29.7.18 Aa2/Stable From issuance date through 12.7.17 Aa3/Stable	Of 29.7.18 Aa2/Stable From 27.7.16 through 12.7.17 Aa3/Stable	

(*) Series A bonds were fully paid for on July 2 2019.

(**) On August 21 2019, the company repaid, by its own initiative, all of the commercial paper that were issued by it.

3.8.3 CREDIT FACILITIES AND BANK FUNDING

For information about this issue, see Note 13d(1) of the financial statements.

3.8.4 PLEDGES

For information about this issue, see Note 16 B of the financial statements.

3.8.5 THE EXTERNAL APPRAISAL (DETAILS PURSUANT TO SECTION 2 OF THE THIRD ADDENDUM TO THE SECURITIES REGULATIONS (PERIODIC AND IMMEDIATE REPORTS), 1970

The real estate appraisal firm Engineer Yosef Zarnitzky was established by Engineer Yosef Zarnitzky, who has 45 years' experience in the field of real estate appraisal and valuations. The firm comprises 10 appraisers. The decision to enter into an agreement with Mr. Zarnitzky was made by Company's management over the course of the year.

The rate of properties appraised by Mr. Zarnitzky constitutes, as of December 31 2019, 56% of the value of the investment property in the Company's statement of financial position and therefore he meets the definition of a very material appraiser in accordance with Legal Staff Position 105-30 of the Securities Authority of July 22 2015.

Mr. Zarnitzky's fees were not dependent on the results of the appraisals or on Company's performance.

The appraiser was given an indemnification commitment which is limited to the data provided to him by the Company.

The Company opted to contract Mr. Zarnitzky due to his extensive experience in the field of cash-generating real estate in Israel, which render him with the skills he needs to determine the fair value of Company's assets.

Mr. Zarnitzky was certified as a real estate appraiser in January 1970. Since 15/09/1970 he has been the owner of a real estate appraisal and civil engineering firm. In 1983-1990 he served as the Head of the Real Estate Appraisers' Association. Since 2003 he has served as Chairman and founder of the Israeli Real Estate Appraisal Research and Implementation Academy.

3.8.6 REPORTABLE CREDIT

SET FORTH BELOW IS A BREAKDOWN OF MATERIAL CREDIT AGREEMENTS THE COMPANY IS A PARTY TO, INCLUDING FINANCIAL COVENANTS SET AS PART OF THOSE AGREEMENTS.

No.	Lending entity Project's name	Lender	Date of extending credit	Original loan amount/ facility (NIS in thousands)	Adjusted principal balance as of 31.12.19 (NIS in thousands)	Number of payments	Repayment date	Annual interest rate (Weighted interest rate)	Collaterals/ pledges to secure the credit	Covenant regarding change of control/structure/activity	Financial obligations and compliance therewith as of report date
1	The Company	Bank	21.6.11	500,000	242,614*	56 equal quarterly installments	June 2025	4.3% index-linked	-----	See covenant 1,2	Covenant s 1,2
									The Company has the right, at any given time, to pledge in favor of the bank real estate at a rate of 139% of the outstanding loan balance and in such a case the Company shall not be required to meet the financial covenants described above in connection with the loan		
2	The Company	Bank	29.12.10	400,000 credit facility	190,389	-	To be utilized by 28.12.20	Variable interest at the rate of wholesale interest + 1.4%	-----	See covenant s 1-3	Covenant s 3,4
3	The Company	Bank	3.11.10	200,000 credit facility	-	-	To be utilized by 31.12.23	Base interest + 1.75%	-----	See covenant s 1-3	Covenant s 3,4
4	The Company	Institutional entity in Israel	6.4.16	200,000 credit facility	-	-	To be utilized by 31.5.22	Bank of Israel interest + 2.15%	-----	See covenant s 1-3	Covenant s 1,3-5
5	The Company	For information regarding the Company's Series A, B, C, D, E and F, see Appendix E to the Directors' Report.									

(*) In February 2020, subsequent to balance sheet date, the Company early repaid a bank loan at the total amount of NIS 243 million (excluding early repayment fee).

COVENANTS REGARDING CHANGE OF CONTROL/ OWNERSHIP/ NATURE OF OPERATIONS:

1. Change in direct control over the Company is subject to the bank's approval.
2. Merger (except for merger with wholly-owned subsidiaries) and purchase of assets and/or liabilities which are not part of the Company's ordinary course of business, are subject to bank's approval;
3. Changing the principal business of the Company from the income-generating real estate business to another field of activity, subject to approval of the bank.

FINANCIAL COVENANTS:

1. Net financial debt to CAP ratio will not exceed 70%.
2. Unpledged assets will not amount to less than NIS 1 billion.
3. Tangible equity to total balance sheet ratio will not be less than 25%.
4. Net financial debt to NOI ratio shall not exceed 10.
5. Minimum equity will be NIS 1.2 billion.

DEFINITIONS: net financial debt – the Company's aggregate debt to institutional entities and to holders of all types of bonds, net of cash and cash equivalents and short-term investments in commercial papers.

CAP – accumulated amount of equity attributed to Company's shareholders including minority interest, net financial debt and deferred tax balances, net.

In addition, the credit agreements include generally accepted terms for immediate repayment of the credit, including: liquidation, receivership and execution, cross default; cessation of activity and suspension of trading of the Company's securities, etc.

ASSESSMENT OF COMPANY'S COMPLIANCE WITH FINANCIAL COVENANTS

	The Covenant	Condition	31.12.19	31.12.18
1	Net financial debt to CAP	Lower than 70%	44%	46.7%
2	Scope of unpledged real estate	The highest of NIS 1 billion or 125% of the outstanding bonds	NIS 13 billion	NIS 10.8 billion
3	Equity to balance sheet (net of cash and cash equivalents)	Higher than 25%	45%	42.8%
4	Net financial debt (net of real estate under construction) to NOI	Lower than 10	7.28	6.28

As of the Report Date the Company meets all the financial covenants.

3.8.7 REGULATORY CONSEQUENCES

None.

3.9**TAXATION****3.9.1 SUMMARY OF TAX LAWS APPLICABLE TO THE COMPANY**

In connection with this subject, see Note 15h of the financial statements.

3.9.2 TAX ASSESSMENT

As to tax assessments agreement for the years 2012-2015, see Note 15h of the financial statements.

3.9.2 MATERIAL ASSESSMENTS DISCUSSIONS

In connection with this subject, see Note 15h of the financial statements.

ENVIRONMENTAL RISKS AND MANAGEMENT THEREOF**3.10.1 A.**

The Group, as owner and/or lessee of real estate assets, may be liable in accordance with the law, including planning and construction laws, environmental laws and tort law, for violations of the law in the event that a violation took place on the premises of real estate assets it owns or leases.

B.

Environmental laws enacted in recent years, and the increasingly strict environmental enforcement, were designed to ensure that entities causing damage to the environment bear the full financial cost of the damage, so that the environmental damage becomes a tangible financial risk for polluting companies and the entities funding them. Alongside the increase in environmental legislation, enforcement in this field is also increasing, and the number of indictments filed against polluting companies has also increased. Increased enforcement may expose the Company to a number of risks, including legal risks – the risk of criminal action being taken against the Company, and the filing of personal indictments against the Company's executives due to non-compliance with environmental laws, among other things due to the increasing scope of knowledge available to the public – the risk of harming the Company's activity due to delays or refusal to issue or renew permits and/or other licenses and subjecting them to compliance with standards or other activity; reputational risk.

Recognizing the need to enhance the environmental risk management in Company's activity and as part of a distinct Company policy in this regard, Amot has decided to formulate an internal environmental enforcement plan through its legal counsels, who specialize in environmental law, with the support by environmental advisors. The plan is designed to ensure that Company's activity is carried out in accordance with environmental regulations and to reduce exposure to environmental risks.

3.10.2

Amot rents out spaces to mobile phone companies for the installation and operation of cellular antennas and/or micro-transmitters. Pursuant to the agreements signed between the Company and the mobile companies, the latter bear the liability for obtaining the permits required by law for the erection and operation of the antennas and/or micro-transmitters. The mobile phone companies also undertake to meet the safety provisions set in law, to bear any liability imposed on them by law and to indemnify the Company for any damage caused from those companies' activity in the rental property, except if such damage was caused due to an act or omission of the Company. Furthermore, the mobile phone companies undertake to take out insurance, among other things, in respect of their liability for harm and/or damage that may be caused to third parties due to those companies' activities in the rental property, with the insurance being expanded to indemnify the Company and the management companies.

As to Company's legal liability as the owner or lessee of real estate properties in which the antennas and/or micro-transmitters are installed, see Section 3.10.1 (a) above.

- 3.10.3** As of the date of this report the Group is not a party to any material legal or administrative proceeding relating to the environment, to which the Company or any of its senior office holders is a party. Furthermore, in the opinion of the Company, as of the date of this report there is no event or matter relating to the Group's activity that caused or is expected to cause damage to the environment and therefore had or is expected to have an impact or material impact on the Group.
- 3.10.4** The Group's environmental risk management policy is conducted pursuant to its general risk management policy, and focuses on activities that mitigate any possible adverse effects on the Group's activity. Risk management is mainly conducted by Company's management, while regularly monitoring regulatory developments pertaining to the Group's activity, including in the field of environmental risks. In view of the fact that most of the Group's properties are rented out to office and/or retail businesses, (not in the food and/or industrial fields), Company's management does not predict material exposure to the Group in terms of environmental issues in respect of these properties.
- 3.10.5** As of the date of this report, no amounts were ruled and no provisions were recognized in the financial statements and there were no other environmental costs applicable to the Company.

3.11.1 Applicability of different laws

The Company as such is subject to the provisions of the Companies Law, 1999, and to regulations promulgated thereunder. Since the Company is a "reporting corporation" it is also subject to the provisions of the Securities Law, 1968 and to regulations promulgated thereunder. The Group's activity in the field of real estate is also subject to the provisions of the land laws, laws relating to land taxation, municipal taxation, business licensing,

3.11.2 As part of the Company's activities it acquires or sells shares of corporations that own rights in real estate assets. Such transactions may require, under certain circumstances, obtaining an approval pursuant to the Economic Competition Law, 1988 (hereafter – the "Economic Competition Law"). Furthermore, occasionally Company's agreements with renters or business partners may require, under certain circumstances, obtaining

3.11.3 Law to Promote Competition and Reduce Centralization:

On December 11, 2013, the Law to Promote Competition and Reduce Centralization, 2013 (in this section: the "Centralization Law" or the "Law") was published in the Official Gazette, by virtue of which, in December 2014, the Committee for the Reduction of Centralization published for the first time a list of the centralized entities, a list of the significant real corporations, and a list of the significant financial entities. In the committee's last publication in the Official Gazette, dated October 28, 2018, the names of the Company and of its owned subsidiaries appear both on the list of centralized entities, and on the list of significant real corporations, by virtue of the fact that it is a subsidiary of Alony Hetz Properties and Investments Ltd. The main implications of the Group being classified as a centralized entity and as a significant real corporation applies to credit restrictions, where

Section 26 of the Centralization Law prescribes that the Minister of Finance, or any entity authorized by him for this purpose, and the Governor of the Bank of Israel, or any entity authorized by him for this purpose, will determine provisions regarding restrictions on the credit which may cumulatively be given to a corporation or to a business group by financial entities, in consideration of, inter alia, the liability of each corporation, or the total liability of the business group, as applicable. In this section, "business group" means a controlling shareholder and companies under its control, "financial entity" means an institutional entity, banking corporation, auxiliary corporation and clearing entity.

It is noted that, despite the fact that the Centralization Law prescribes that the first provisions regarding credit restrictions will be determined within one year after the publication date of the law, including to option to extend it by an additional year, i.e., until December 11, 2015, after the aforementioned extension, and before such provisions were established.

The significance of section 26 of the Law is that credit restrictions on the Company's controlling shareholders, if and insofar as any are imposed, will also apply the Group's member companies, with respect to the credit which is received from financial entities in Israel.

On November 27, 2019, the Company reported that the Company's controlling shareholder, Alony Hetz Properties and Investments Ltd. ("Alony Hetz") had published, on November 27, 2019, an immediate report in which it announced that M. Wertheim (Holdings) Ltd. ("M. Wertheim") and Mr. Nathan Hetz and his spouse, had notified Alony Hetz that beginning on November 26, 2019, they would cease being the controlling shareholders of Alony Hetz, due to the decrease M. Wertheim's holdings in the shares of Alony Hetz to a rate of 5%, and of the cancellation, effective immediately, of the shareholders agreement between M. Wertheim and Nathan Hetz. Subsequently, from that date onwards, M. Wertheim ceased being an interested party of the Company, and an indirect controlling shareholder of the Company, and Nathan and Clara Hetz ceased being indirect controlling shareholders of the Company, and as a result, from that date onwards, the Company ceased being a second tier company, as this term is defined in the Centralization Law.

For additional details, see the Company's immediate reports dated November 27, 2019 (reference number: 2019-01-115843) and November 28, 2019 (reference number: 2019-010116878), the details of which are included herein by way of reference.

3.12

MATERIAL AGREEMENTS

For information on this matter, see Note 7 of the financial statements.

3.13

LEGAL PROCEEDINGS

For information on this matter, see Note 16 of the financial statements. For purposes of this Section 3.13, a legal proceeding is considered to be material, regardless of whether it was filed by the Group or against the Group, if the amount claimed, excluding interest and expenses, exceeds 10% of the Company's current assets on a consolidated basis, i.e., app. NIS 12 million as of December 31 2019.

3.14

TARGETS AND BUSINESS STRATEGY

The Group's business strategy is to expand its activity in the field of income-generating real estate in Israel through purchases and/or development and building of assets and/or through merger with other corporations that operate in this sector.

In 2016, the Company carried out a comprehensive assessment of its business strategy for the next decade. As part of the conclusions of the said assessment, the Company works to expand the geographic distribution of its business and to diversify the different uses of properties it invests in. It was also decided to develop the field of logistics as another channel for driving growth and development in the Company.

For more information on this issue, see Section 2 above in connection with the description of the economic environment and the impact of external factors on the Company's activities.

The above information constitutes forward-looking information (see comment at the beginning of this report above). It should be clarified that the disposal of assets in Israel from time to time is carried out under market conditions and in accordance with a cost-benefit analysis and that these external factors are not controlled by the Group. Furthermore, the targets are set based on Group's assessment of the condition of the market in which it operates. Therefore, there is no certainty that the aforesaid will indeed materialize and actual results may differ from the above estimates.

3.15

PROJECTED DEVELOPMENT IN THE FORTHCOMING YEAR

The Group assesses and will continue to assess in the forthcoming year, the progress of its projects in accordance with the condition of the Israeli economy and in light of the projected marketing of spaces within the said projects.

In the forthcoming year, the Group expects it will continue developing its businesses, identify opportunities to purchase income-generating properties for rental as offices or retail spaces, which generate rent on a current basis, with a special emphasis on the field of logistics. The Group also expects to continue its initiation, development and construction activities in Israel in the field of income-generating assets, under the aforesaid limitations.

The above information constitutes forward-looking information (see comment at the beginning of this report above). The Company has no control on new business proposals and opportunities that the Company will be offered to take part in.

3.16 INFORMATION REGARDING MATERIAL EVENTS IN THE COMPANY SUBSEQUENT TO THE DATE OF THE FINANCIAL STATEMENTS AS OF 31.12.2019

See note 12 and 13C of the financial statements.

3.17 GEOGRAPHICAL SEGMENTS

None.

3.18 RISK FACTORS

The Group is exposed to risk factors stemming from the economic environment, the unique characteristics of its field of activities and risk factors which are unique to the Group.

3.18.1 MACRO-ECONOMIC RISK FACTORS:

A. Risks relating to the Israeli economy

Company's activity in the field of real estate in Israel is impacted from the growth rate of the Israeli economy and from the interest policy in Israel; therefore, Group's revenues are dependent, among other things, on those factors.

B. Interest risks

Changes in the interest rates prevailing in Israel may impact the value of the Group's assets, such that if the interest rates increase, the required return on these assets shall increase and the value of the asset might decrease, and vice versa. Changes in the variable interest rate in Israel may impact the operating results of the Company.

C. Changes in inflation rates

1. The Group has loans and bonds which are linked to the Israeli consumer price index and which were used to fund the purchase of the Group's income-generating real estate assets. The Group has a material exposure to changes in inflation rates in Israel.
2. Group's revenues from rent and management fees are linked to the consumer price index.

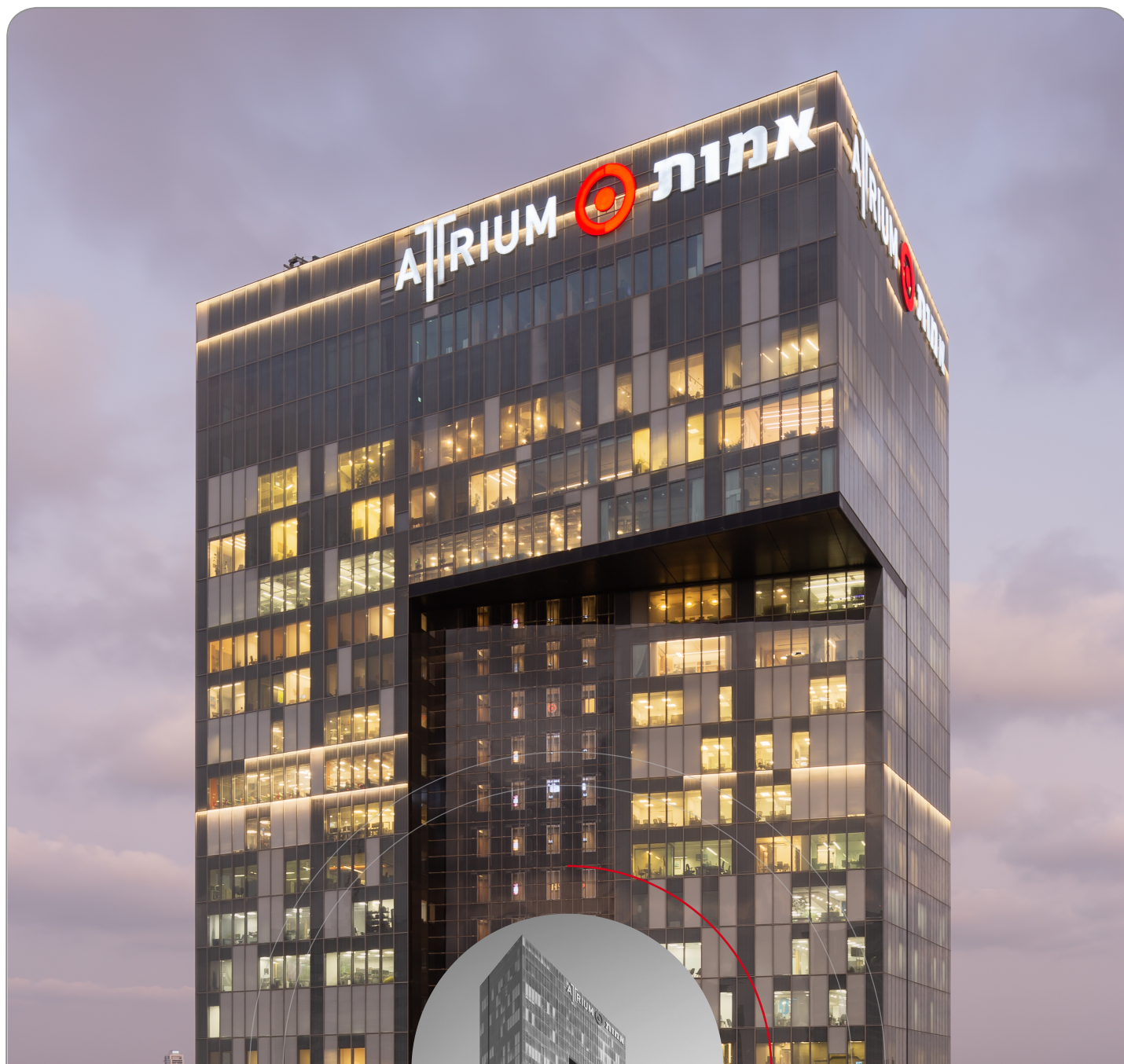
3.18.2 SECTORAL MARKET RISKS

The Group, which mainly operates in the Israeli income-generating real estate market, is exposed to various risks, including: changes in demand to rental properties (which depends, among other things, on the Government's land marketing policy), decrease in rental prices, increase in debt raising costs, the financial stability of principal renters and credit solvency and increase in construction inputs.

SET FORTH BELOW ARE THE RISK FACTORS DESCRIBED ABOVE AND THEIR IMPACT ON THE RESULTS OF THE COMPANY'S BUSINESS, AS ESTIMATED BY COMPANY'S MANAGEMENT:

Risk factors	The extent of the risk factor's impact on the Group's activity	
	Large	Medium
Macroeconomic risk factors		
Interest risks	X	
Changes in inflation rates	X	
Sectoral risk factors:		
Changes in demand to rental properties	X	
Changes in rental prices	X	
Increase in debt raising costs	X	
Financial stability of principal renters		X
Increase in construction inputs		X

For more information on this chapter, see Section 2 regarding the description of the economic environment and the impact of external parameters on Company's activities.



AMOT INVESTMENTS.
PEOPLE FIRST.

DIRECTORS' REPORT ON THE STATE OF THE **CORPORATION'S AFFAIRS**

AMOT INVESTMENTS OF
THE ALONY HETZ GROUP



2019 PERIODIC REPORT



AMOT IN NUMBERS BOARD OF DIRECTORS' REPORT

A SNAPSHOT OF

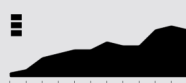
The data of the 2019 extended
consolidated financial statements
In million of NIS

NOI 728
million NIS

FFO 520
million NIS
Net of one-off financing expenses, net of tax

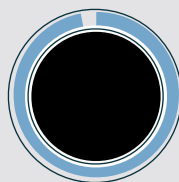
FFO 143.7
Per share Agorot
Net of one-off financing expenses, net of tax

Total investment property



13,469
million NIS

Unpledged assets



98%

million NIS in credit
facilities, NIS 552 million of
which are unutilized

800

Index-linked
weighted debt
interest

2.22%

AMOT INVESTMENTS.
PEOPLE FIRST.

2019 PERIODIC REPORT

AVERAGE DURATION – 4.6 YEARS



BOARD OF DIRECTORS' REPORT ON THE STATE OF THE CORPORATE AFFAIRS FOR THE PERIOD ENDED DECEMBER 31 2019

Amot Investments Ltd.'s Board of Directors is pleased to submit the financial statements of the Company and its consolidated companies (hereafter – the “Group”) for the year ended December 31 2019 (hereafter – the “Reported Period”).

DESCRIPTION OF THE GROUP AND ITS BUSINESS ENVIRONMENT

Amot Investments is a public company which is engaged, both directly and indirectly through corporations under its control, in renting out, management and maintenance of income-generating real estate in Israel as well as in the development of real estate for renting out purposes. The Company's share is included in the Tel Aviv 35 Index and in the Tel Aviv – Real Estate Index. The Company is a subsidiary of Alony Hetz Properties and Investments Ltd. (which holds 55% of the Company's share capital).

The stability in the income-generating real estate sector in Israel continued in the Reported Period. This was reflected both in the level of demand and in rent and occupancy levels. During the Reported Period there was a demand to office, industrial and logistics spaces in most of the Company's areas of activity, which was reflected in stability in price levels.

HEREINAFTER INFORMATION ABOUT IMPLICATIONS OF THE CORONAVIRUS ON THE GROUP'S BUSINESS ACTIVITIES

KEY POINTS FOR THE YEAR

NOI in 2019 amounted to NIS 728 million – a 7% increase compared with last year.	+7.2%
Same property NOI increased by 2.3% in the 4th quarter of 2019 compared with last year's parallel quarter.	+2.3%
FFO in 2019 amounted to NIS 520 million – an 9% increase compared with last year.	+9.0%
FFO per share in 2019 is 143.7 Agorot – an app. 1% increase compared with last year, with an 8% increase in the weighted number of shares.	+1.2%
Leverage rate is 42%, 3% decrease comparing with the leverage rate to 31.12.18	42%

Issuance of shares and exercise of Series 9 options

In April 2019, the Company issued – as part of a private offering – 7.3 million ordinary shares of NIS 1 par value each in consideration for a gross amount of NIS 150 million. During the reported period 21.7 million Series 9 warrants were exercised into ordinary shares in consideration for NIS 427 million (constituting a 8.3% increase in the number of shares and in 2019 a 3.3% increase in the weighted number of shares).

Issuance of Series F bonds

In 2019, the Company issued Series F bonds at a total amount of NIS 1 billion par value. The net consideration received by the Company amounts to NIS 1 billion. The bonds bear index-linked effective interest of 1.13% and their average period is 8 years.

Issuance of bonds in February 2020

In February 2020, the Company issued Series G bonds at a total amount of NIS 465 million par value in consideration for a net amount of NIS 460 million. The bonds bear Shekel effective interest of 2.55% and their average period is 9.3 years. Following the issuance, the Company entered into hedge transactions with Israeli financial institutions, where under Shekel interest was converted into index-linked principal and index-linked interest at the rate of 1.025%. The Company also issued Series F bonds at the total amount of NIS 343 million par value in consideration to a net amount of NIS 352 million. The bonds bear index-linked effective interest of 0.9% and their average period is 8 years.

Early Bank repayment

In February 2020, the Company early repaid a bank loan of NIS 268 million (including early repayment fee). As a result of the early repayment, in 2019 the Company recorded app. NIS 24 million in one-off financing expenses, which were paid in cash on repayment date.

Engagements in the reported period and subsequent to the statement of financial position date

ToHa1 (the Totzeret Ha'aretz Complex)

The Company and Bayside Land Corp Ltd. (hereinafter – the “Partnership”) hold joint rights (in equal shares) to land parcels with a total area of 17-dumans bordering Totzeret Ha'aretz, Yigal Alon and Hashalom streets in Tel Aviv (hereafter – the “Totzeret Ha'aretz Complex”). During the reported period, the Partnership completed the construction of the office building with a gross above-ground area of 57 thousand square meters for marketing and 950 parking spaces (Company's share – 50%). For information on other rights in the complex (ToHa2), see the chapter dealing with projects at the planning and development stages.

The construction of the tower was completed at the end of 2018. In January 2019 an occupation approval was received (Form 4). In view of the above, in the first quarter of 2019 the Company classified the office building from real estate under construction to investment property at the total amount of app. NIS 502 million. As of the report date, the entire area of office spaces of the tower has been marketed.

The Partnership predicts, based on the contracts signed and expected rental balances that the NOI to be generated by the tower when fully occupied will be NIS 95 million to NIS 100 million (Company's share – NIS 48 million - NIS 50 million). During the reported period, the Company recorded NOI in respect of the asset at the total amount of NIS 28 million (the Company's share).

Kiryat Ono Mall

On September 18 2019, the Company's Board of Director approved, in principle, the Company's engagement in a transaction with Property & Building Corp for the purchase of all of its rights in the Kiryat Ono Mall (which is held in equal shares by the Company and Property & Building Corp) in consideration for NIS 538 million (excluding transaction costs). The asset is a complex comprising a mall, two office towers and an underground parking lot in Kiryat Ono. Upon and subject to the completion of the transaction, the Company will hold all the rights in the asset. The overall occupancy rate of the asset is app. 98%; this rate has been stable over the years. In the Company's opinion, the projected NOI at full occupancy is app. NIS 68 million per year.

Teva - logistic center

On October 7 2019, the Company and Teva Pharmaceutical Industries (hereafter – “Teva”) entered into agreement whereby the Company purchased all rights in a logistic center located in the Modi’in Industrial Park, Shoham (hereafter – the “Logistic Center”) in consideration for NIS 451 million. The Logistic Center, which is built on land at an area of app. 77 dunams, includes a logistic center at an overall built area of app. 50,000 square meters; a portion of the built area is being used as an automatic storage facility with a height of 42 meters. In addition to the above, the sold asset also includes building rights pertaining to app. 41,000 square meters, which have not yet been utilized. An amount of NIS 51 million was classified under investment property under construction section.

In parallel to its entering into the aforementioned agreement, the Company signed a tenancy agreement with S.L.E - Salomon Levin & Elstein Ltd. (hereafter – “S.L.E”) (which is a subsidiary of Teva), whereunder, S.L.E rents the Logistic Center from the Company for a 10-year period in consideration for annual index-linked rent of app. NIS 22 million. S.L.E was given several options to extend the tenancy period by up to 24 years and 11 months, at lease fees that will be determined on the dates of exercise of each of the option periods in accordance with market prices prevailing at that time. During the course of the tenancy period, S.L.E will be charged with the management and maintenance of the Logistic Center at its own expense, pursuant to the provisions of the agreement. Teva guarantees all of S.L.E’s undertakings pursuant to the tenancy agreement.

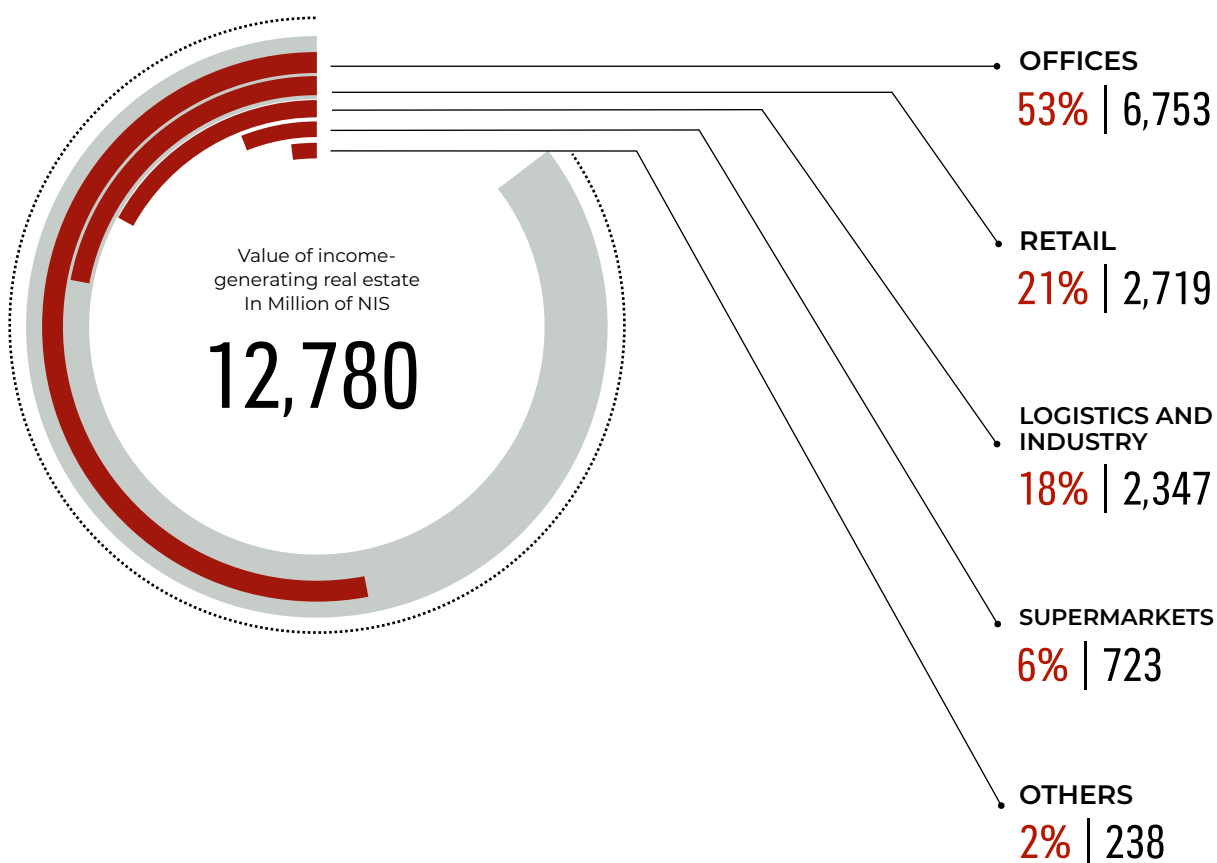
Management agreement with the parent company

In November 2018, the General Meeting of the Company’s shareholders approved the extension of the term of the agreement for receipt of management services from Alony Hetz Properties and Investments Ltd. by an additional 3-year period, from 1.1.2019 through 31.12.2021, in consideration for management fees of NIS 9 million per year (linked to the index in respect of June 2018). The management fees shall be paid in four quarterly installments.

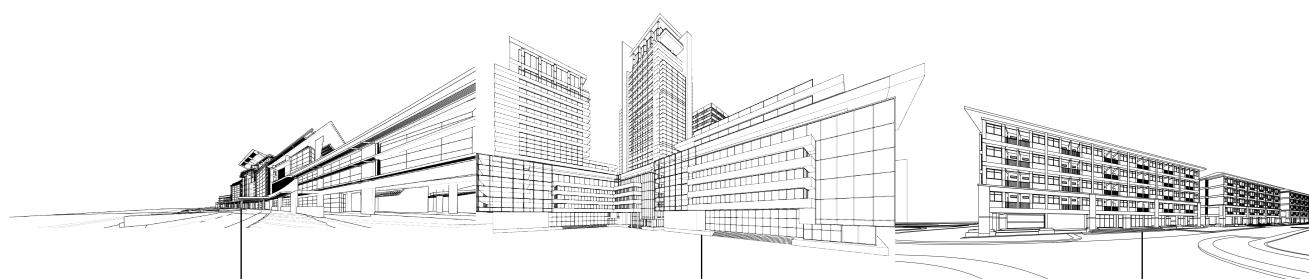
DETAILS REGARDING THE GROUP'S ACTIVITY

Group' owned and leased properties as of December 31 2019 include: 104 income-generating properties across Israel with a total area of 1.5 million square meters (Company's share), of which 942 thousand square meters are rental spaces and 567 thousand square meters are parking spaces. These properties are located across the country, with most of the Group's assets (90%) being located in large cities at the central region of Israel and in the demand areas. The properties are rented-out to app. 1,700 renters under contract for different periods. In addition, the Company has 4 properties under construction at a scope of 130,000 above-ground square meters and 3 properties in planning and development phases at the scope of 112,000 square meters. Set forth below is a breakdown of the uses of Company's income-generating properties.

The overall occupancy rate of the Company's assets as of 31.12.2019 is 97.7% (97.2% as of 31.12.18). The occupancy rate represents areas in respect of which there are signed contracts; some of these areas have not yet been occupied.



AMOT GROUP'S INCOME-GENERATING PROPERTIES



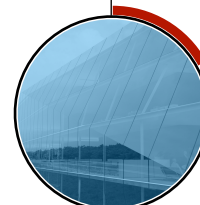
RETAIL CENTERS

18



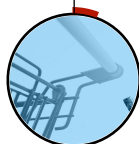
OFFICE BUILDINGS

32



INDUSTRIAL PARKS

16



SUPERMARKETS

36



BUSINESS STRATEGY

Company's management is of the opinion that real estate is a long-term business and makes decisions accordingly.

The Group's business strategy is to expand its activity in the field of income-generating real estate in Israel through purchase and/or initiation, development and construction of properties along with retaining financial stability through debt with long average duration, having in place unutilized credit facilities and unpledged assets. These give the Company flexibility in times of crisis as well as the ability to utilize significant opportunities.

In order to implement its business strategy, Company's management follows the following guidelines:

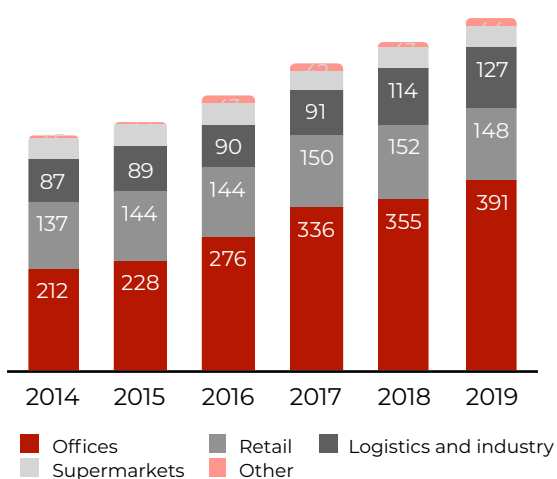
- Management of a properties portfolio comprising a variety of uses – offices, retail, logistics and industry, supermarkets.
- Development and building of properties at prime locations within the Tel Aviv metropolis.
- Company's properties are located in major business centers and near main transport links.
- The tenants' mix is strong and diversified.
- Managerial capabilities to improve the existing portfolio of properties.
- Construction and development of assets under initiation, which constitute the Company's growth engine (up to 15% of the value of the real estate).
- The Company uses green building methods to a high standard, which contribute to the tenants' quality of life and enhance the Company's corporate environmental responsibility.

In accordance with the Company's business strategy of expanding and developing its activities in the field of logistics as part of the Company's assets portfolio, in October 2019, subsequent to balance sheet date, the Company and Teva Pharmaceutical Industries (hereafter – "Teva") entered into agreement whereby the Company purchased all rights in a logistic center located in the Shoham in consideration for NIS 451 million. Furthermore, the company is advancing in the initiation, development and renting to Shufersal another logistical center which is estimated in NIS 300 thousand investment.

The Company also continues developing its activity in the field of offices, such that the total value of the offices as of 31.12.19 is app. NIS 6.8 billion compared with NIS 3.2 billion in 2014.

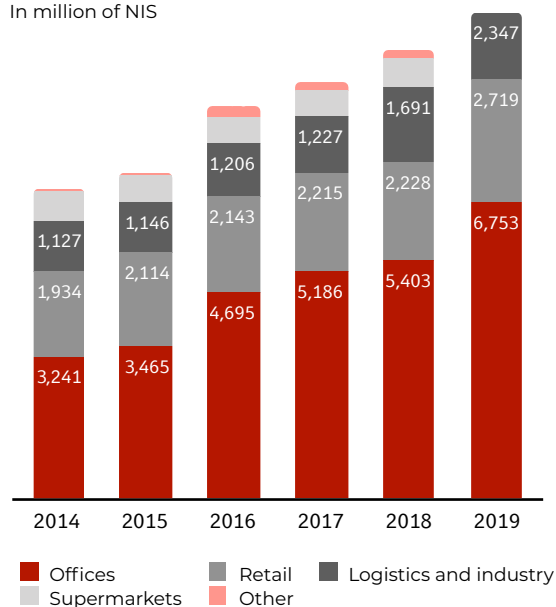
Breakdown of NOI by uses

In million of NIS



Breakdown of value of properties by uses

In million of NIS



A SNAPSHOT OF COMPANY'S DATA – EXTENDED CONSOLIDATED FINANCIAL STATEMENTS

	Average annual increase 2017/2019	% Change 2018/2019	2019	2018	2017
NOI	7%	7%	728	678	635
Net income	75%	89%	1,070	567	428
Real FFO	10%	9%	520 (*)	477	430 (*)
FFO per share (Agorot)	2%	1%	143.7 (*)	142	137.5 (*)
Weighted share amount (NIS million par)	8%	8%	362,016	336,320	312,635

(*) Net of one-off finance expenses involving cash flows due to refinancing.

(**) In 2019, FFO per share amounted to Agorot 143.7 compared with Agorot 142 last year – a 1% increase while the weighted number of shares increased by 8% and the leverage ratio decreased by 3% from 45% as of 31.12.18 to 42% on 31.12.19.

SET FORTH BELOW ARE PRINCIPAL DATA ABOUT THE COMPANY'S PROPERTIES, BY USES AND GEOGRAPHIC AREAS:

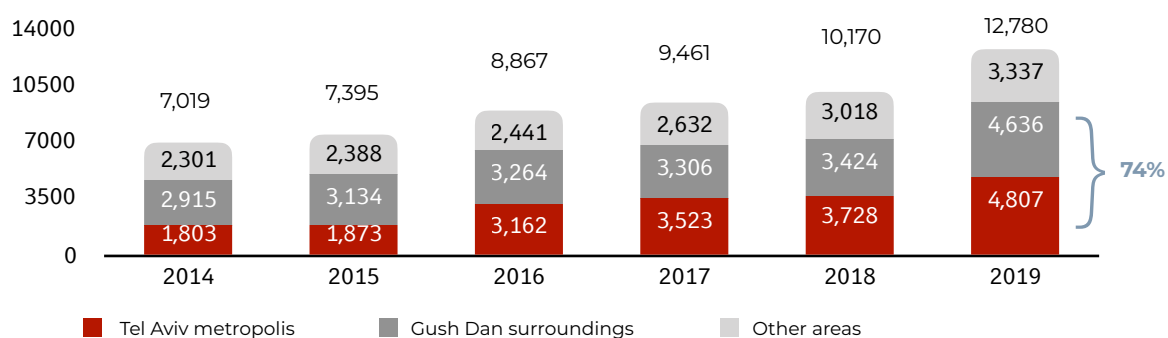
Uses	Above-ground area as of 31.12.19	NOI for the period 1-12.19	Fair value of income-generating real estate as of 31.12.19	Value of assets for betterment as of 31.12.19	Occupancy rate as of 31.12.19	Fair value of real estate under construction as of 31.12.19
	Square meters	NIS in thousands			percentage	NIS in thousands
Office	399,748	391,451	6,753,071		96.1%	424,359
Retail	130,723	148,311	2,718,801		97.4%	7,601
Logistics and industrial parks	348,786	127,488	2,346,582		99.3%	179,094
Supermarkets	38,889	44,010	723,402		100%	-
Other	23,553	16,569	238,637	67,150	100%	9,900
Total	941,700 (**)	727,552 (*)	12,780,493	67,150	97.7%	620,954

(*) Excluding immaterial income-generating property abroad.

(**) The area does not include app. 17,049 parking spaces (app. 50% roofed) with an overall area of app. 567,000 square meters.

(I) Including jointly controlled properties presented by the equity method in the financial statements.

SET FORTH BELOW ARE PRINCIPAL DATA ABOUT THE COMPANY'S PROPERTIES BY GEOGRAPHICAL AREAS (IN MILLION OF NIS):



SET FORTH BELOW IS ADDITIONAL INFORMATION ABOUT THE COMPANY'S PROPERTIES PORTFOLIO

As of the end of 2019, the Company's properties portfolio comprises 104 income-generating properties, 5 projects in advanced planning and construction stages and 3 projects under planning and development stages, at an overall value of NIS 13.5 billion. 53% of the value of the properties relates to offices, 21% retail, 18% logistics and industrial parks, 6% supermarkets and 2% others. These properties are located across the country, with most of the Group's properties (90%) being located in large cities at the central region of the country and in demand areas.

TEL AVIV METROPOLIS

The area constitutes Israel's business core and as such it benefits both from a population with high social-economic status, maximum accessibility, developed transport links and cultural and entertainment centers – all at the region with the highest rate of population density in Israel. We regard the cities comprising the Tel Aviv Metropolis (Tel Aviv, Ramat Gan, Givatayim) as cities with characteristics of first demand ring. The Company has many properties within this ring, including: The Atrium Tower at the Ramat Gan City Complex, Amot Investments Tower, Europe House, Amot Mishpat Complex, Amot Bituach Complex, Century Tower, 30 HaBarzel St, and Beit Ziviel in Ramat HaHayal, Beit Pelephone in Givatayim and other properties.

TABLE OF CITIES IN WHICH THE GROUP HAS PROPERTIES BY **DEMAND RINGS**

OTHER REGIONS

- Hadera
- Caesarea
- Or Akiva
- Rehovot
- Jerusalem
- Modi'in
- Shoham
- Ashdod
- Rosh Pina
- Zefat
- Kibbutz Alonim
- Maalot
- Nahariya
- Karmiel
- Akko
- Krayot
- Haifa
- Ashkelon
- Dimona
- Beer Sheva

GUSH DAN CITIES

- Netanya
- Herzliya
- Kfar Saba
- Ra'anana
- Rosh Ha'Ayin
- Petah Tikva
- Kiryat Ono
- Holon
- Rishon LeZion
- Bat Yam
- Lod

TEL AVIV METROPOLIS

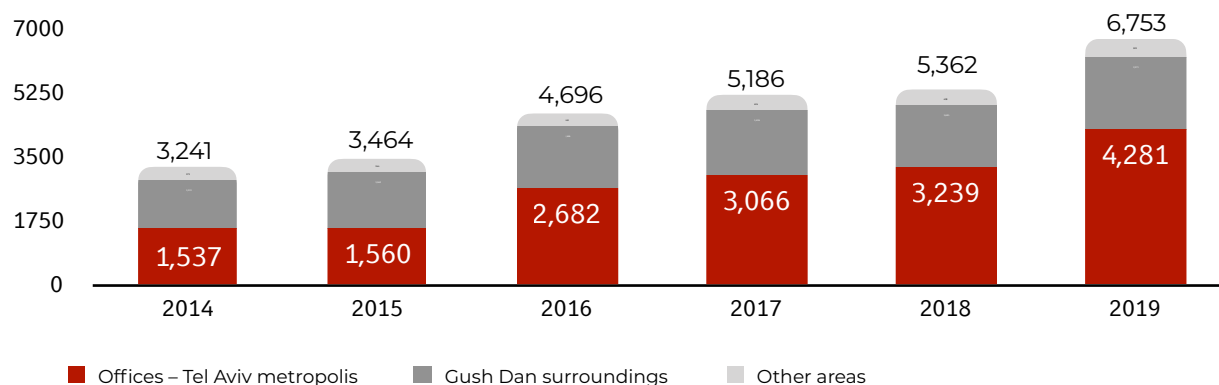
- Tel Aviv
- Ramat Gan
- Givatayim



THE TA/5000 PLAN

The TA/5000 plan, a valid comprehensive local outline plan applicable to the entire municipal area of the city of Tel Aviv-Jaffa is designed to outline a long-term city planning policy. A comprehensive plan determines how the city is developed, sets the division into areas with different land zoning, maximum construction volumes, building height limits, conservation areas and areas for increased development. The plan recommends future levels of development matching the expected growth in population and the increase in the employment market by 2025. A comprehensive plan cannot be used as the basis of a permit application. A comprehensive plan sets out guidelines for drawing up a local outline plan (specific urban zoning plan with a local authority), by virtue of which building permit applications may be submitted. A comprehensive plan does not confer rights and does not create a liability for betterment surcharges. In some of the Company's properties located within the plan's area the Company promotes a local urban zoning plan compatible with TA/5000.

Further to the above, Company's properties used for offices constitute app. 53% of the value of Company's properties. The value of Company's office properties in the Tel Aviv metropolis increased from NIS 3.2 billion in 2014 to NIS 4.3 billion in 2019. Company's office properties in the Tel Aviv metropolis are prime properties that benefit from increasing demand, excellent transport links and proximity to anchor entities (such as courts or medical centers). Therefore, the Company opted to present another breakdown of properties used as offices in the Tel Aviv metropolis.



SET FORTH BELOW ARE PRINCIPAL DATA ABOUT THE COMPANY'S OFFICE PROPERTIES, BY GEOGRAPHIC AREAS:

Geographic area	Above-ground area as of 31.12.19	NOI in 2019	Fair value of income-generating real estate as of 31.12.19	Rate out of total real estate	Average rent in 2019
	Square meters	NIS in thousands		Percentage	NIS per square meter
Tel Aviv metropolis	200,938	237,799	4,281,094	63%	103
Gush Dan surroundings	151,595	123,073	1,970,649	29%	66
Other areas	47,216	30,579	501,329	7%	58
Total	399,479	391,451	6,753,072	100%	84



PROJECTS UNDER CONSTRUCTION

The Company has 5 projects under construction, the Company's share in which is 140 thousand square meters above-ground area. The total amount of investment in the projects is NIS 1.6 billion (Company's share) and over the next 3 years a total of NIS 1.2 billion will be invested in those projects.

OFFICE PROJECT IN HOLON

In July 2016, the Company won a tender held by the Holon municipality to build an office and high-tech industry project in the Holon industrial estate, as part of a combination transaction with the municipality, according to which, in consideration for providing the land for the project, the municipality will receive 22.2% of the rights to the building, with the Company planning and building the project, and in return, the Company will lease from the municipality the Company's share in the project for a 99-year period from the date of completion of its construction, with an option to extend the lease period by 99 additional years.

The project is being built on a 11-dumam parcel of land, located in the southwestern part of the Holon industrial estate C, on the corners of Hamelacha St. and Jerusalem Blvd. A stop of the green line of the light train is planned in this junction (according to publications of NTA Metropolitan Mass Transit System Ltd., this stop will be linked in the future to the Metro M3 line). The project will include a 20-story office tower with a total above-ground space of 56 thousand square meters, above a 5-level underground parking lot, after building rights were added to the project enabling the construction of additional 20 thousand square meters (Company's share – 77.8%).

The tower will be built and operated as a cash-generating rental property, managed by a joint management company of the municipality and the Company. The project is currently at the stage of completing the building frame of the underground parking lot and commencement of work on the building frame of the above-ground building. The Company estimates that the project will be completed over the course of 2021. The Company estimates the scope of its investment in the project at NIS 515 million. Through the date of the statement of financial position, NIS 200 million were invested in the project.

LOGISTICAL PROJECT IN MODI'IN

In December 2016, the Company purchased a 34-duman plot in Modi'in from the Israel Land Authority, in consideration for NIS 70 million in respect of capitalized lease fees and development expenses. In May 2018, the Company and Shufersal Ltd. entered into an agreement according to which the Company would sell Shufersal 25% of the leasing rights to the land. The Company led a zoning plan change to increase the construction areas in the lot to a total of 53,000 square meters (the zoning plan is in force). The parties agreed to jointly build a 42,700 square meter logistics center and a 9,150 square meter office building. The logistics center is rented out to Shufersal for a 15-yr period, with an option to extend the rental period. The scope of the investment expected for the Partnership in building the project was estimated at NIS 400 million, (Company's share of the investment (75%) is estimated at NIS 300 million). Company's expected revenue is estimated at NIS 24 million per year. As of the report date, the project's logistics center is in advanced stages of building the frame and the foundation work relating to the underground floor of the office building. Through the date of the statement of financial position, NIS 148 million were invested in the asset (Company's share 75%).



Halehi complex – Bnei Brak

In July and November 2018, the Company and Allied Real Estate Ltd. (hereafter - "Allied") signed an agreement and an addendum to the agreement, respectively, according to which Allied would sell to the company half of the capitalized leasing rights (subject to Allied's signing a new capitalized lease agreement with the Israel Land Authority) to a 16.4-dunam plot on Halehi Street in Bnei Brak, in consideration for a total of NIS 100 million plus VAT. To date, the Company has paid an advance on account, and the remaining payment will be paid in the coming quarter. The plot is located in Bnei Brak's Northern industrial estate in close proximity to (to the south of) Hayarkon Park and Ramat HaHayal complex and in proximity to the Ayalon Mall. The parties will work together to plan, develop and build an office and commercial project on the plot, which will include 75,000 square meters of above-ground space for marketing (of which 62,000 square meters is offices and 13,000 square meters is commercial space). The total investment in the project (including the land component and underground parking lots) is estimated by the parties at app. NIS 1,100 million (Company's share 50%). The project is in the paneling, digging, groundwater lowering and foundations works stage.

1000 complex – West Rishon LeZion

In June 2018, the Company won a tender for the purchase of land in the 1000 complex in Rishon LeZion in consideration for NIS 30 million; the land has rights for the construction of an employment building with an area of 19,000 square meters. The project is in advanced planning and permit stages.

Construction of the ToHa2 parking lot (Totzeret Ha'aretz complex)

The Partnership is carrying out work for the erection of a parking lot in the Totzeret Ha'aretz complex stage B. The project is in the paneling work stage of the parking lot.

SET FORTH BELOW IS A SUMMARY OF DATA REGARDING PROJECTS UNDER CONSTRUCTION AS OF 31.12.2019

Property name	Location	Primary use	Holding rate	Area of land 100% (in dunams)	Square meter for marketing above-ground 100%	Estimated completion date	Project's book value as 31.12.19	Estimated construction cost including land and underground parking lots	Remaining balance to be completed as of 31.12.19	Projected NOI upon occupation of the project
							Company's share in million of NIS			
Amot Holon	Holon	Offices	77.8%	11	56,000	2021	200	515	315	42
Amot Modi'in	Modi'in	Logistics	75%	34	52,000	2020	111	300	189	24
Halehi complex	Bnei Brak North	Offices	50%	16	75,000	2024	17	550	533	49
1000 complex	Rishon LeZion - West	Offices	100%	3	19,000	2023	35	260	225	21
Total				64	202,000		363	1,625	1,262	136
ToHa 2 parking lot	Tel Aviv	Parking lot	50%				18	150	132	



AMOT HOLON



AMOT MODI'IN



HALEHI COMPLEX



COMPLEX 1000

The information included in this section above is forward-looking information. The information relates to data available and known to the Group as of the date of publication of this report in connection with environmental requirements, changes of urban zoning plans that are subject to approval of the planning and building authorities, obtaining the consent of owners of neighboring properties in respect of which there is no certainty that they can be obtained, and other data that are not controlled by the Group. Therefore, it is not certain that those projects will, indeed, come to fruition.



PROJECTS IN PLANNING AND DEVELOPMENT STAGES

The Company has 3 projects in medium-range planning and development stages (3-8 years) in respect of which no decision to go ahead with construction has been reached yet. Company's share in the projects is 115 thousand square meters and the total investment in the projects in the next few years is NIS 1.4 billion (Company's share). The cost of construction includes the land component and parking lot basements and does not include adaptations to renters and capitalization.

TOHA2 (TOTSERET HAARETZ COMPLEX)

In August 2018, the Tel Aviv Local Planning and Building Committee approved the depositing of a local urban zoning plan for additional building rights (as part of T/5000) for the construction of an additional office tower with a gross above-ground area of **140 thousand square meters** (Company's share – 50%). The plan includes an underground crossing from the complex to the M1 and M2 metro lines stop (according to publications of NTA Metropolitan Mass Transit System Ltd.) and to the Shalom train station. The plan is currently in the stage of hearing objections. The total investment for the construction of ToHa2 (including payments for the land component) is estimated at NIS 2 billion **(Company's share – NIS 1 billion)**.

PLATINUM STAGE B

The Company intends to utilize the remaining rights in the project for building of 17,000 square meters and to complete the purchase of additional building rights in order to build a twin tower to the Platinum Stage A tower.

PROJECT AT THE KFAR SABA-RA'ANANA NORTH JUNCTION

The Company has land with building rights for building employment buildings with an above-ground area of app. 70,000 square meters (Company's share – 50%). The Company and its partner intend to build 35,000 square meters of above-ground area (Company's share – 50%).

Property name	Location	Primary use	Square meters for marketing above-ground – 100%	Holding rate	Square meters for marketing above-ground – Company's share	Estimated construction costs including land (*) - Company's share in million of NIS
ToHa2	Tel Aviv	Office	140,000	50%	70,000	1,000
Platinum Stage B (**)	Petah Tikva	Office	27,000	100%	27,000	210
Amot Shaul	Kfar Saba	Office	35,000	50%	17,500	170
Total			202,000		114,500	1,390

(*) The cost of construction includes the land component and does not include adaptations to renters and capitalization.

(**) Subject to completion of purchase of additional building rights in order to build a twin tower to the Platinum A tower.



The information included in this section above is forward-looking information. The information relates to data available and known to the Group as of the date of publication of this report in connection with environmental requirements, changes of urban zoning plans that are subject to approval of the planning and building authorities, obtaining the consent of owners of neighboring properties in respect of which there is no certainty that they can be obtained, and other data that are not controlled by the Group. Therefore, it is not certain that those projects will, indeed, come to fruition.



MANAGEMENT OF DEBT STRUCTURE

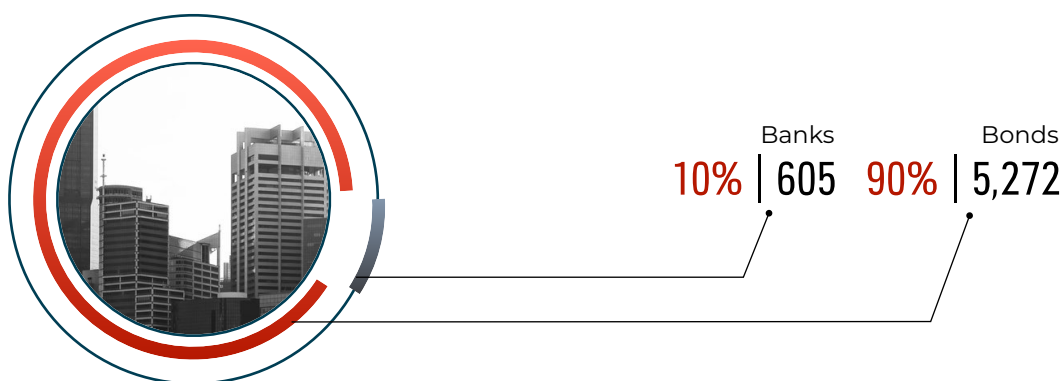
The Company's policy is to maintain an effective leverage rate that combines between the interests of creditors and those of the Company's shareholders. The Company's policy is to raise unsecured long duration debt. The Company's overall gross debt as of December 31 2019 amounts to NIS 5.9 billion. The average duration of the overall debt is 4.6 years and the weighted interest is 2.22% (linked to the CPI).

In August 2019, the company repaid, at its own initiative, the remaining balance of the commercial papers it issued amounting to NIS 344 million.

In February 2020, the Company issued Series G bonds at a total amount of NIS 465 million par value in consideration for a net amount of NIS 460 million. The bonds bear Shekel effective interest of 2.55% and their average period is 9.3 years. Following the issuance, the Company entered into hedge transactions with Israeli financial institutions, where under Shekel interest was converted into index-linked principal and index-linked interest at the rate of 1.025%. The Company also issued Series F bonds at the total amount of NIS 343 million par value in consideration to a net amount of NIS 352 million. The bonds bear index-linked effective interest of 0.9% and their average period is 8 years.

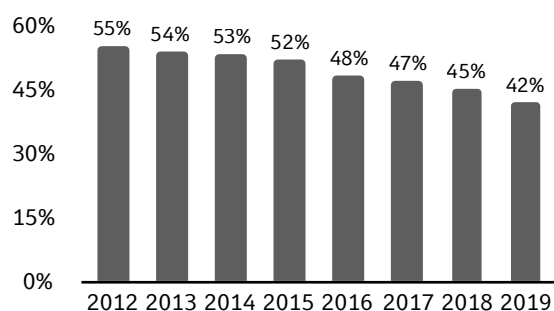
In February 2020, the Company early repaid a bank loan of NIS 268 million (including early repayment fee). As a result of the early repayment, in 2019 the Company recorded app. NIS 24 million in one-off financing expenses, which were paid in cash on repayment date.

Further to the above, the average period of the Company's debt increased to app. 4.9 years and the weighted effective interest of the entire debt decreased to app. 2%.

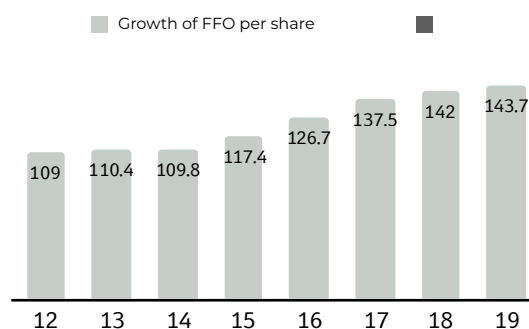


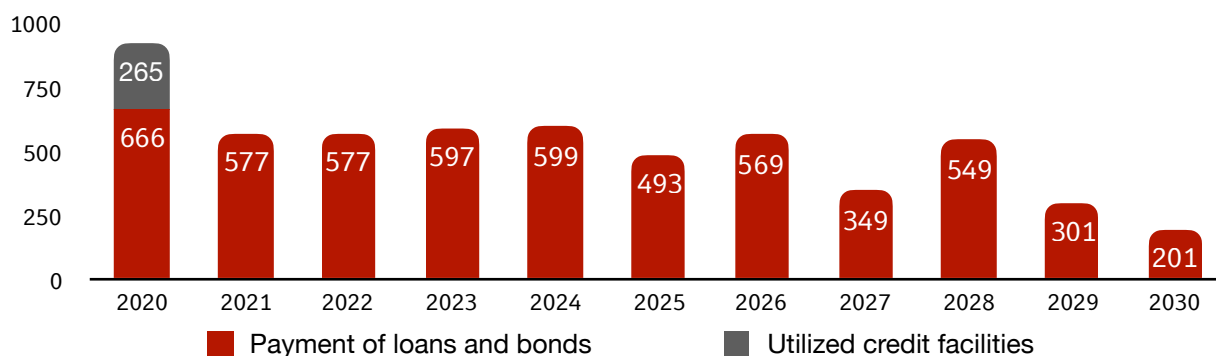
As of the report date, the Company has credit facilities totaling NIS 800 million, of which NIS 552 million in credit facilities are unutilized. In February 2020, the Company repaid the utilized credit facilities as described above. The Company also has unpledged assets at the scope of 98% of Company's assets, which give the Company flexibility in times of crisis as well as the ability to utilize significant opportunities.

DECREASE IN LEVERAGE RATE IN PERCENTAGES



FFO PER SHARE GROWTH, WITH DECREASE IN LEVERAGE RATE IN MILLION OF NIS



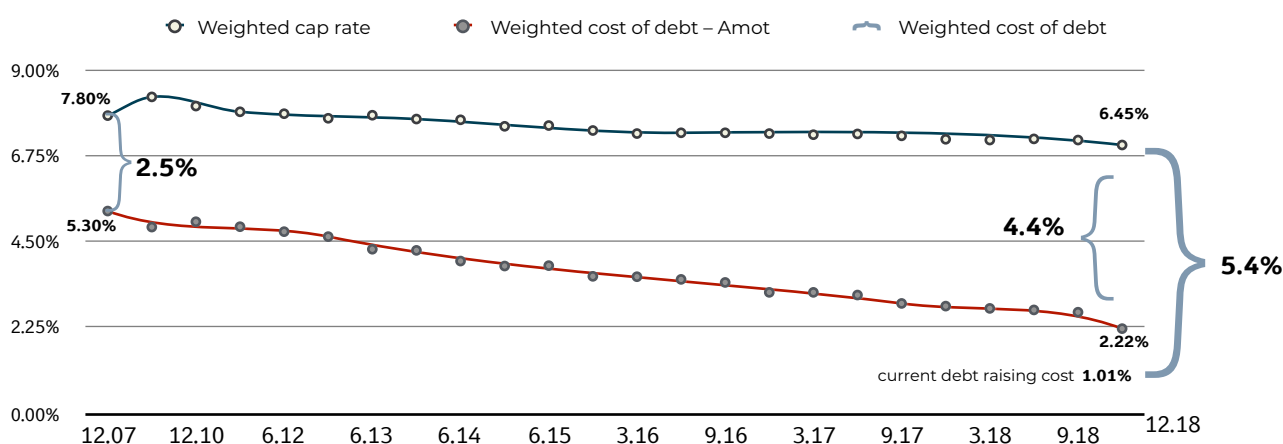
BREAKDOWN OF DEBT REPAYMENT BY YEARS (MILLION OF NIS)

The debt repayable in 2020 includes repayment of utilized credit facility at a weighted effective interest of 1.5%. In February 2019, as mentioned above, the utilized credit facilities were paid by the company.

BREAKDOWN OF DEBT REPAYMENT BY YEARS (MILLION OF NIS)

In million of NIS	2020	20201	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total principal repayments excluding commercial papers	666	577	577	597	599	493	569	349	549	301	201
Effective interest of repaid debt	3.1%	2.9%	2.9%	2.2%	2.2%	2.2%	1.9%	1.8%	1.6%	1.1%	1.1%

The debt repayable in 2020-2025 includes a bank loan at the total amount of NIS 244 million. In February 2020, the Company early repaid the said NIS 286 million loan (including a NIS 24 million early repayment fee).

MARGIN OF REAL GROSS RETURN ON INCOME-GENERATING ASSETS AND WEIGHTED INDEX-LINKED COST OF DEBT:

The current debt raising cost is based on Series F bonds of Amot with average duration of app. 7.6 years, at a market price as of March 8 2020.

NOI (NET OPERATING INCOME)

Set forth below is data regarding the Group's NOI in Israel (income from renting out and operation of properties, net of depreciation and amortization):

In the opinion of Company's management, NOI is one of the most important parameters in the valuation of income-generating real estate, since dividing this data by the generally acceptable cap rate in the geographic area in which the property is located constitutes one of the indications for determining the value of the property (in addition to other indications such as the market value of similar properties in that area, sale prices per built square meter, which are derived from transactions entered into recently, etc.).

In addition, NOI is used to measure the free and available cash flow for the service of financial debt undertaken for the purpose of funding the purchase of the property, after offsetting from the NOI the investments in improvements and maintaining the existing condition of the property (Capex). It is hereby emphasized that the NOI:

- A. Does not present cash flows from current operations in accordance with generally accepted accounting principles.
- B. Does not reflect cash held by the Group to finance all its cash flows, including its ability to distribute funds.
- C. Is not supposed to be considered as a replacement for net income for purposes of evaluating the Group's results of operations.

DEVELOPMENT OF NOI (IN THOUSANDS OF NIS)

In thousands of NIS	Fourth quarter 2019	Third quarter 2019	Second quarter 2019	First quarter 2019	Fourth quarter 2018
same properties in the period	174,451	173,818	171,769	172,456	170,457
properties purchased/sold/classified to real estate under construction	17,132	8,895	6,297	2,734	328
NOI - Total	191,583	182,713	178,066	175,190	170,785

The NOI in the fourth quarter of 2019 amounted to app. NIS 192 million compared with app. NIS 171 million in the corresponding quarter last year. This constitutes a **12% increase**. Same Property NOI in the current quarter amounted to app. NIS 174 million compared with app. NIS 170 million in the corresponding quarter last year - constituting a **2.3% increase**.

DEVELOPMENT OF SAME PROPERTY NOI (IN THOUSANDS OF NIS)

In thousands of NIS	2019	2018	Difference	Change in %
same properties in the period	682,855	672,935	9,920	1.5%
properties purchased/sold/classified to real estate under construction	44,697	5,544	39,153	
NOI - Total	727,552	678,479	49,073	7.2%

WEIGHTED RATE OF RETURN

Set forth below is a calculation of the weighted rate of return (cap rate) derived out of all of the Group's income-generating real estate as of December 31 2019:

	Million of NIS
Investment property as per extended consolidated financial statements as of December 31 2019	12,847
Less – value of land classified as investment property	(72)
Income-generating investment property as of December 31, 2018	12,775
Less – value attributed to unoccupied spaces	(275)
Projected investments	29
Investment property attributed to rented spaces as of December 31, 2019	12,529
NOI – fourth quarter 2018 in Israel	192
Annual NOI based on NOI of fourth quarter 2019	766
Projected NOI in respect of rent in accordance with assets which were purchased in the forth quarter and signed rental agreements and accrued linkage differences	42
Total projected normalized annual NOI (*)	808
Weighted rate of return derived from income-generating investment property (Cap Rate)	6.45%

(*) The above mentioned NOI does not reflect the Company's projection; for information about the Company's projection, see page 77.

(**) Assets which were purchased in the forth quarter 2019 were not adjusted to fair value as of 31.12.19, and presented in their fair value according to the purchase price.

FFO (FUNDS FROM OPERATIONS)

FFO is a metric commonly used in the USA, Canada and Europe to provide additional information on the results of the operations of income-generating real estate companies. This metric provides a proper basis for comparison between income-generating real estate companies and it is not required in accordance with accounting principles. FFO reflects net reported income, net of income (or losses) from sale of properties, plus depreciation and amortization (in respect of real estate) and net of deferred taxes and expenses not involving cash flows.

The Company believes that analysts, investors and shareholders may obtain information providing added value from the measurement of the Group's results of operations on an FFO basis. FFO data is used, among other things, by analysts in order to assess the rate of dividend distribution out of results of operations on an FFO basis of real estate companies.

It should be emphasized that the FFO:

- A. Does not present cash flows from current operations in accordance with generally accepted accounting principles.
- B. Does not reflect cash held by the Group and its ability to distribute it.
- C. Is not supposed to replace reported net income for purposes of evaluating the Group's results of operations.

SET FORTH BELOW IS A CALCULATION OF THE FFO (IN THOUSANDS OF NIS):

	Change	2019	2018	2017
Net income for the period		1,070,423	566,887	428,200
Fair value adjustment		(890,768)	(269,965)	(170,026)
Deferred taxes, betterment tax and other		296,302	131,923	113,689
Financing expenses not involving cash flows		-	-	17,518
Benefit reduction due to option warrants		6,101	5,988	6,467
Depreciation and other		3,388	1,875	3,505
Nominal FFO		486,936	436,708	399,353
Add – linkage differences on principal of debt and exchange differences		16,479	40,586	9,500
Real FFO	5%	501,943	477,294	408,853
Weighted number of shares	8%	362,016	336,320	312,635
Per share FFO (in Agorot)	(2%)	138.7	142.0	130.8
Real FFO net of one-off financing expenses	9%	520,270	477,294	430,014
Weighted number of shares	8%	362,016	336,320	312,635
FFO per share (in Agorot) net of one-off financing expenses	1%	143.7	142.0	137.5
Change in index in the period		0.3%	1.2%	0.3%

The increase in real FFO in the reported year, net of one-off financing expenses, compared with last year, amounts to app. NIS 43 million (app. 9%) is mainly attributed to an increase in EBITDA and a decrease in real financing costs net of increase in tax costs, which contributed to the decrease in real FFO.

FFO per share in the reported year, net of one-off financing expenses, amounted to NIS 1.43 compared with NIS 1.42 in 2018, which represents a 1% increase, with an 8% increase in the weighted number of shares and a 3% decrease in the leverage rate (the decrease in leverage rate is calculated compared with data as of 31.12.18).

THE EPRA INDEX (EUROPEAN PUBLIC REAL ESTATE ASSOCIATION)

The EPRA index is an index that includes European public companies engaged in income-generating real estate. On March 6 2020, the company received a notification saying that the company is expected to be included in the EPRA index as of 23 March 2020.

The Group decided to adopt the position paper published by EPRA, whose objective is to increase transparency, uniformity and comparability of financial information reported by the real estate companies included in the index. Set forth below is a report about two financial metrics that were calculated in accordance with this position paper.

It should be emphasized that the metrics set out below do not include the component relating to the projected profit from projects under construction, which has not yet been recorded in the financial statements.

These data do not constitute an appraisal of the Group's value; they are not audited by the Group's independent auditors and do not substitute the financial statement data.

The EPRA NAV metric – net asset value (in thousands of NIS)

The EPRA NAV metric reflects the net asset value of the Group under the assumption that the Group will continue operating in the future and will not dispose of its real estate assets. Therefore, certain adjustments are required, such as cancellation of deferred taxes stemming from revaluation of investment property. It should be noted that all assets under development are included according to their current value, that is to say, based on the fair value of the land, including investments in properties; no value is assigned to the future income that will be generated from these properties, once they are occupied and generate profit.

	2019	2018
Equity attributed to Company's shareholders in the financial statements	6,103,298	4,836,865
Plus – provision for tax in respect of revaluation of investment property to its fair value	1,310,054	1,013,462
EPRA NAV	7,413,352	5,850,327
EPRA NAV per share (Pennies)	1,946	1,684
Number of shares at end of period (in thousands of NIS par value)	380,974	347,450

The EPRA NNAV metric – net asset value (in thousands of NIS)

The EPRA NNAV metric reflects the net asset value of the Group under the assumption that the Group will dispose of its real estate assets immediately. Therefore, certain adjustments are required, such as presentation at fair value of liabilities that are not presented at fair value in the financial statements and recognition of deferred taxes stemming from revaluation of investment property.

It should be noted that all assets under development are included according to their current value, that is to say, based on the fair value of the land, including investments in properties; no value is assigned to the future income that will be generated from these properties, once they are occupied and generate profit.

	2019	2018
EPRA NAV	7,413,352	5,850,327
Adjustment of the value of financial liabilities to their fair value	(460,167)	(221,960)
Less – provision for tax in respect of revaluation of investment property to its fair value	(1,310,054)	(1,013,462)
EPRA NNAV	5,643,131	4,614,905
EPRA NNAV per share (Pennies)	1,481	1,328
Number of shares at end of period (in thousands of NIS par value)	380,974	347,450

PROJECTION FOR 2020

As part of the Group's 2020 work plan, we assessed all of the Company's properties, including properties purchased during the Reported Period, renters and rental agreements, the operating expenses of all properties, while striving to achieve optimal utilization of the resources available to us. The work plan was drawn up bearing in mind the macroeconomic data of 2019 and the projection that there will be no further deterioration in economic conditions during 2020. The plan sets challenging targets to Company's management and employees. Set forth below is the Company's projection as to its principal operating results in 2020, based on the following work assumptions:

- Annual change in consumer price index - 1%.
- No material changes will take place in the business environment in which the Group operates in Israel.
- **The projection doesn't take into consideration the implication of the coronavirus on the Group's business activities.**
- The rental agreements are signed and Company's management expectations as to renewal of current rental agreements in 2020.

	Forecast 2020	Actual 2019 (**)	Updated forecast 2019
NOI (in million of NIS)	790-805	728	715-721
Real FFO (in million of NIS)	575-590	520	511-517
FFO per share (in Agorot) (*)	150-154	143.7	142-144

(*) As a consequence of the issuance of 7.3 million ordinary shares and the exercise of 21.7 million Series 9 options into shares through the end of the reporting period, the number of shares increased by 8.3%. As a result of the increase in the number of shares as aforesaid, the FFO per share was diluted at a rate of app. 3.3% in 2019 (Agorot 4.9 per share); the leverage rate decreased to app. 42%.

(**) Data presented is neutralized of one-off finance expenses, net of tax, as a result of early repayment initiated by the company, see page 69 on this report under the management of debt structure chapter.

The information regarding the projection for 2020 constitutes forward-looking information, as defined in Section 32a of the Securities Law, 1968. Forward-looking information is a projection, assessment, estimate or other information relating to a future event or matter the materialization of which is uncertain and not controlled solely by the Group.

RESULTS OF OPERATIONS AS PER CONSOLIDATED FINANCIAL STATEMENTS IFRS 11:

Set forth below is a table summarizing the business results (in million of NIS):

	For the period		Comments and explanations
	1-12.19	1-12.18	
Revenue from rent and management of properties	759	708	The increase stems mainly from purchase of new properties and from occupation of a property, the construction of which was completed
Cost of renting out properties	63	61	
Adjustment of fair value of investment property	847	263	
General and administrative expenses	45	45	
Financing expenses, net of one-off financing expenses relating to refinancing	142	165	The increase stems from linkage differences due to CPI increase compared with previous year and net of NIS 11 million decrease in real interest.
Income tax expenses	309	150	
Net income	1,070	569	

Set forth below is a table summarizing the financial position, liquidity and financing sources (in million of NIS):

	As of 31.12.19	As of 31.12.18	Comments and explanations
Total investment property	12,360	9,787	The increase is mainly attributed to newly purchased assets in the forth quarter 2019, the classification of the ToHa1 property to income-generating real estate and the adjustment of the assets to its fair value.
Working capital	(1,060)	(665)	As of the report date, the Company has credit facilities totaling NIS 800 million, of which NIS 552 million in credit facilities are unutilized.
Net financial debt, including interest payable	5,809	5,032	
Equity attributed to shareholders	6,103	4,837	

CASH AND CREDIT FACILITIES

CASH FLOWS

The positive cash flows arising to the Company from operating activities in the Reported Period amount to **NIS 461 million** compared with NIS 414 million last year.

APPROVED CREDIT FACILITIES:

As of the date of publication of the report, the Company has three approved credit facilities totaling **NIS 800 million**, which can be withdrawn immediately.

1. A credit facility extended by a bank at the total amount of NIS 400 million and valid until December 28 2020.
2. A credit facility extended by an Israeli institutional entity at the total amount of NIS 200 million until May 2022.
3. A credit facility extended by another bank at the total amount of NIS 200 million and valid until December 31 2023.

As of the date of this report, the Company's unutilized credit facilities amount to NIS 552 million.

IN ORDER TO UTILIZE THE ABOVE MENTIONED CREDIT FACILITY, THE GROUP MUST MEET THE FOLLOWING CONDITIONS:

1. At any given time, the Company's tangible equity will not be less than 25% of the Company's total balance sheet, net of cash and cash equivalents, short term investments (short-term marketable securities) and securities in connection with discontinued operation, on a consolidated basis.
2. At any given time, the ratio between the Company's net financial debt (net of investment property under construction) and its NOI will not exceed 10.
3. Alony Hetz is the controlling shareholder of the Company.

For further details, see Chapter 3.8.6 regarding reportable credit in the description of the corporation's business for 2019.

AS OF THE DATE OF THE REPORT THE COMPANY MEETS ALL FINANCIAL COVENANTS.

WORKING CAPITAL DEFICIENCY

As of December 31 2019, the working capital deficiency amounted to NIS 1,060 million in the consolidated financial statements. In February 2020, the Company issued bonds at a total amount of NIS 800 million. The bonds average duration is 9 years and the effective interest rate is app. 1%. Also, in February 2020, the Company repaid utilized credit facilities amounting to NIS 265 million and early repaid a bank loan amounting to NIS 268 million (including an early repayment fee). The Company also has unutilized long-term credit facilities from banks and institutions, which can be withdrawn immediately. Those unutilized credit facilities amount to NIS 552 million. Furthermore, all of the Company's assets are not pledged. Therefore, the Company's Board of Directors is of the opinion that the Company's working capital deficiency, which stems from the Company's policy to hold unutilized credit facilities instead of cash and deposits, does not indicate a liquidity problem.

LINKAGE BASES

The Company has financial liabilities amounting to app. NIS 6.1 billion, of which NIS 5.4 billion are linked to the CPI. The Company's income-generating real estate amounting to app. NIS 13 billion is mostly rented out under CPI-linked rental agreements and the Company views this linkage as a long-term inflation hedge.

EQUITY

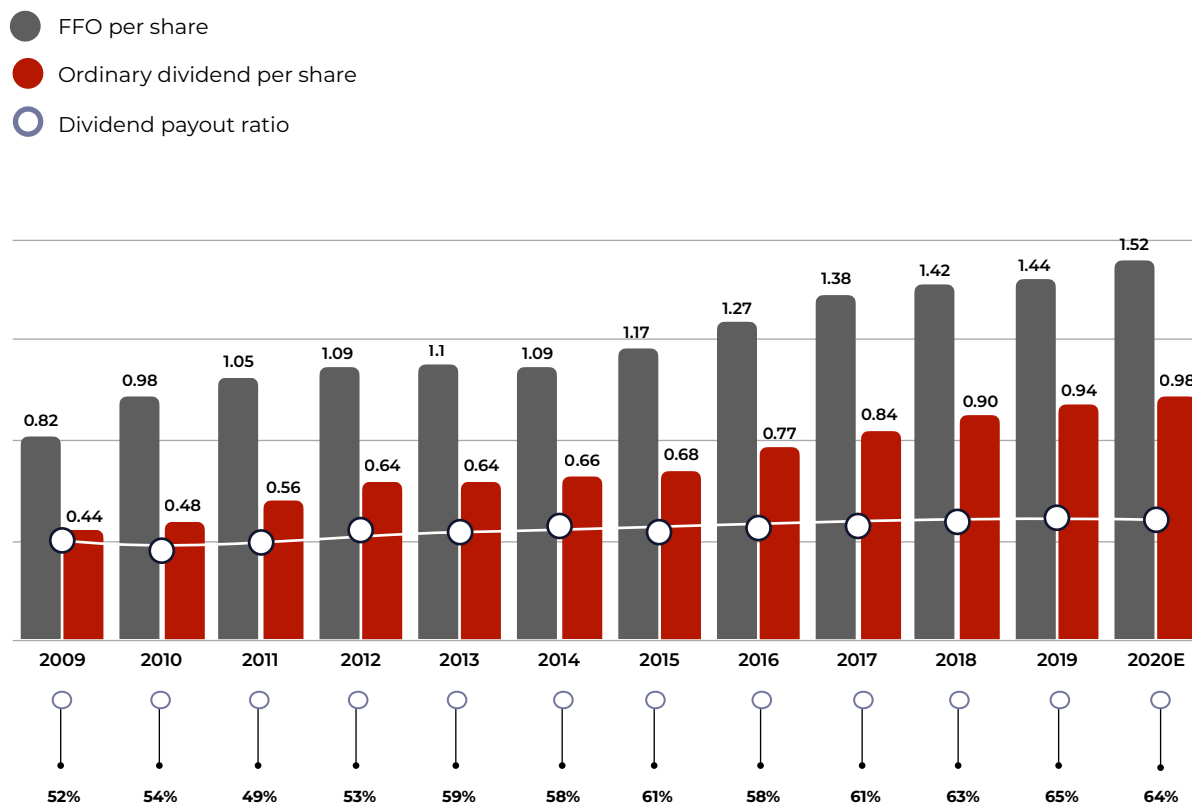
As of 31.12.19, Company's equity amounted to NIS 6.10 billion (per share equity of NIS 16.02).

As of 31.12.18, Company's equity amounted to NIS 4.84 billion (per share equity of NIS 13.93).

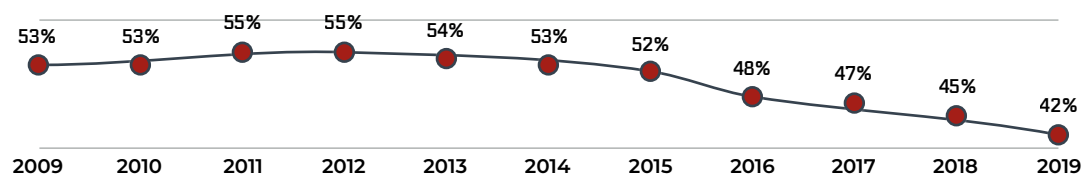
DIVIDEND PER SHARE DISTRIBUTION RATE OF THE FFO PER SHARE OVER THE YEARS

The Company has a stable and predetermined dividend policy. The following graph indicates the increase in FFO per share and in dividends per share, which was achieved through a decline in the Company's leverage ratio.

The data presented in the graph do not include additional dividend distributions per share.



LEVERAGE RATIO OVER THE YEARS

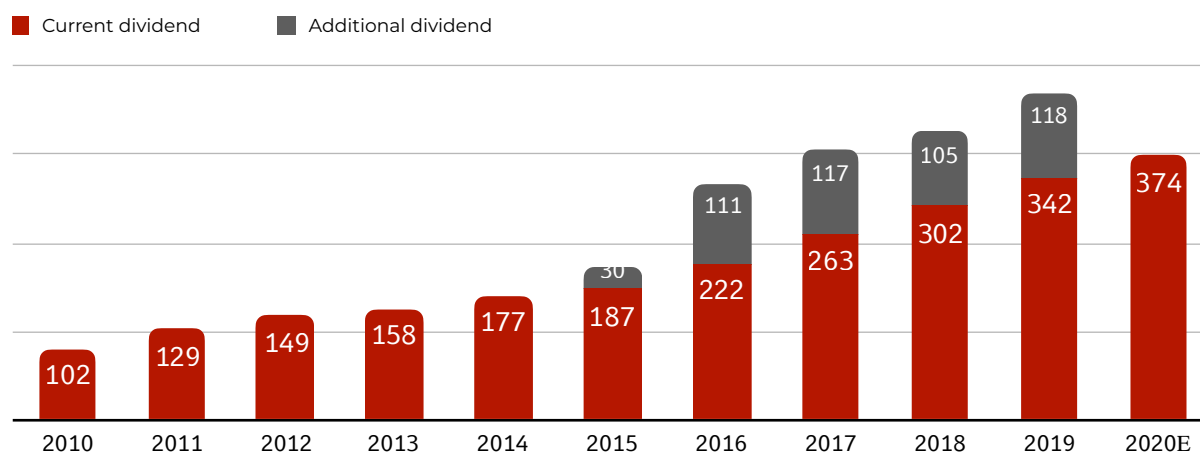


DIVIDEND DISTRIBUTION POLICY

IN MARCH 2019, THE COMPANY'S BOARD OF DIRECTORS DECIDED THAT IN 2019 THE COMPANY INTENDS TO DISTRIBUTE A MINIMUM DIVIDEND OF NIS 0.94 PER SHARE, THAT WILL BE PAID IN 4 QUARTERLY INSTALLMENTS; IN THE FIRST AND SECOND QUARTERS THE COMPANY PAID A DIVIDEND OF NIS 0.23 PER SHARE AND IN THE THIRD AND FOURTH QUARTER THE COMPANY PAID A DIVIDEND OF NIS 0.24 PER SHARE.

In accordance with the above mentioned policy, the Company declared in the Reported Period the distribution of a dividend of NIS 0.94 per share (NIS 342 million). Furthermore, in March 2019, the Company declared another dividend in respect of 2018 amounting to NIS 0.30 per share (NIS 105 million).

In March 2020, the Company's Board of Directors determined that in 2020 the Company intends to distribute a minimum dividend of NIS 0.96 per share that will be paid in 4 quarterly installments. In the first and second quarters the Company will pay a dividend of NIS 0.24 per share and in the third and fourth quarter the Company will pay a dividend of NIS 0.24 per share. Furthermore, in March 2019 the Company declared another dividend in respect of 2019 amounting to NIS 0.31 per share (NIS 118 million).



LOOKING FORWARD

The Company intends to continue working in accordance with the long-term strategy it has implemented so far, enhancing the Company's portfolio of properties by purchasing new properties and developing and buildings additional properties, maintaining, at the same time, a balanced combination of capital allocation and debt allocation in order to provide the Company with the sources it requires to meet its needs while constantly striving for excellence.

The Company's Board of Directors wishes to thank holders of Company's securities for their confidence in the Company.

As always, we would like to thank our shareholders for their support, the service providers for their tireless efforts, our tenants who chose Amot as the permanent premises of their businesses and our devoted employees who work day and night to promote the Company's businesses.

Nathan Hetz
Chairman of the Board of Directors

AVI MOUSLER
CEO

DATE:

March 8 2020



**AMOT INVESTMENTS.
PEOPLE FIRST.**

APPENDIXES

APPENDIX A – Extended Consolidated Financial Statements

APPENDIX B – Corporate Governance Aspects

APPENDIX C – Disclosure Provisions in Connection with the Corporation's Financial Reporting

APPENDIX D – Special Disclosure to Bond Holders

APPENDIX E – Linkage Bases Report

APPENDIX F – Separate Financial Information

AMOT INVESTMENTS OF
THE ALONY HETZ GROUP





APPENDIX A

EXTENDED CONSOLIDATED FINANCIAL STATEMENTS



AMOT INVESTMENTS MEMBER OF ALONY HETZ GROUP



APPENDIX A – FINANCIAL DATA REGARDING EXTENDED CONSOLIDATED FINANCIAL STATEMENTS

1. The Group's **extended consolidated financial statements** are the Group's financial statements presented in accordance with IFRS, except for the application of IFRS 11 "Joint Arrangements" that was applied with retroactive effect to annual reporting periods starting on January 1, 2013. This means that investments in investees that are presented by the equity method and which were accounted for based on the proportionate consolidation method prior to the application of the standard (due to a contractual joint control arrangement), are neutralized and recovered by consolidating the investees using the proportionate consolidation method.

1.1 Extended consolidated statements of financial position

As of December 31,		
	2019	2018
	NIS in thousands	NIS in thousands
Current assets		
Cash and cash equivalents	71,732	308,554
Trade receivable	21,439	20,695
Current tax assets, net	830	1,201
Other receivables	35,086	28,624
	129,087	359,074
Non-current assets		
Investment property	12,847,643	10,244,564
Investment property under construction	620,954	870,838
	13,468,597	11,115,402
Long-term receivables	104,655	96,061
Fixed assets, net	37,472	37,839
Total non-current assets	13,610,724	11,249,302
Total assets	13,739,811	11,608,376
Current liabilities		
Credit from banks and current maturities	932,172	849,862
Trade payable	20,050	22,740
Current tax liabilities, net	36,729	23,381
Other payables	171,522	144,656
Payables in respect of investment property	115,610	37,739
Total current liabilities	1,276,083	1,078,377
Non-current liabilities		
Bonds	4,739,360	4,299,179
Loans from banks and others	204,911	294,015
Provisions	16,483	17,821
Other	89,666	68,699
Deferred taxes, net	1,310,054	1,013,462
Total non-current liabilities	6,360,474	5,693,176
Equity		
Equity attributed to Company's shareholders	6,103,298	4,836,865
Non-controlling interest	-44	(42)
Total equity	6,103,254	4,836,823
Total liabilities and equity	13,739,811	11,608,376

1.2 Extended consolidated statements of profit or loss

For the year ended December 31

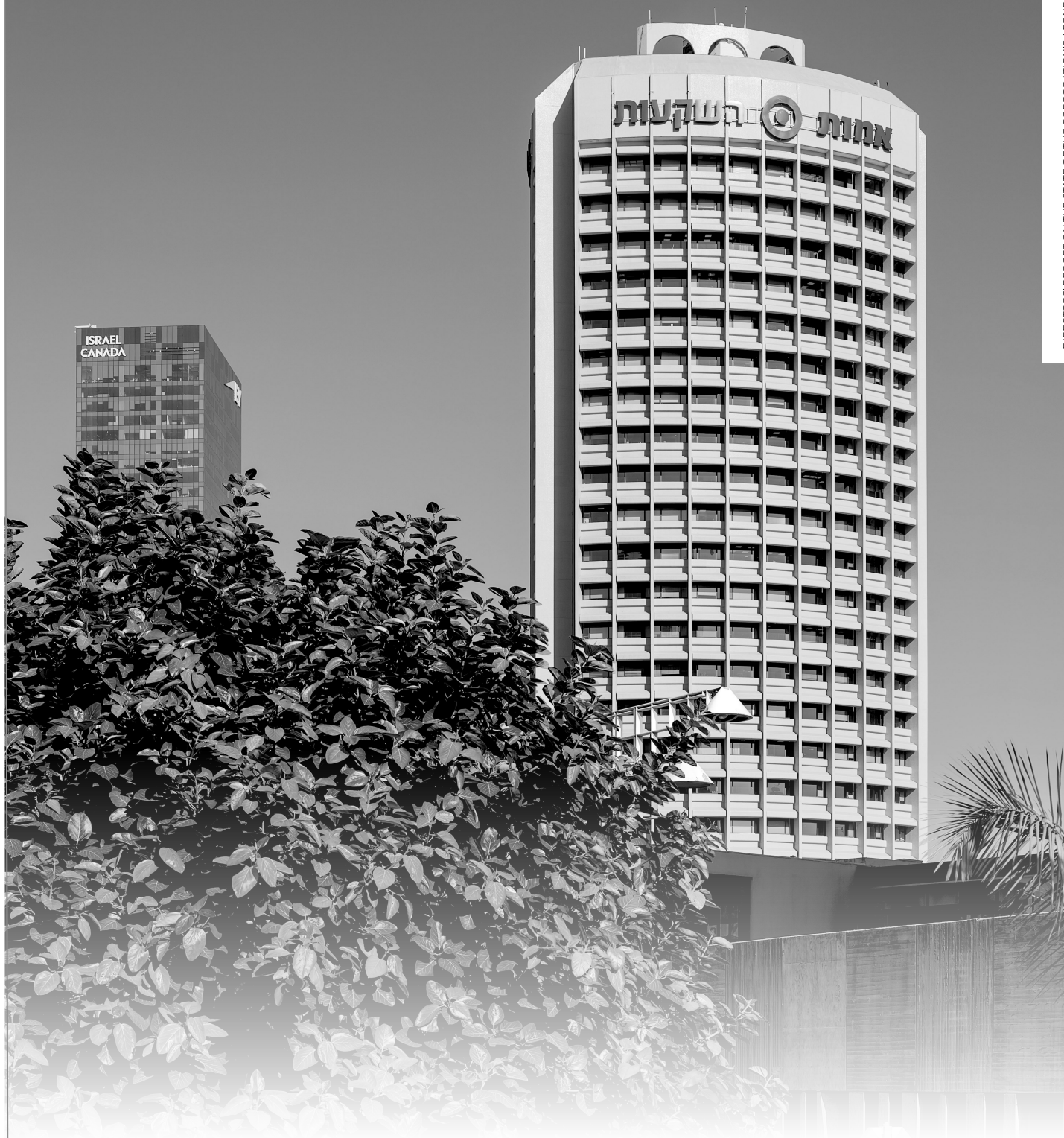
	2019	2018	2017
	NIS in thousands	NIS in thousands	NIS in thousands
Revenue from rent and management of investment property	793,123	742,877	698,570
Cost of renting out and operating the properties	65,571	64,398	63,998
Gain from renting out and operating the properties	727,552	678,479	634,572
Adjustment of fair value of investment property, net	890,768	269,965	170,026
	1,618,320	948,444	804,598
General and administrative expenses	50,680	49,076	48,863
Donations	2,015	2,010	2,010
Other expenses (income), net	1,252	(54)	780
Profit from ordinary activities	1,564,373	897,412	752,945
One-off financing expenses in respect of refinancing	(23,801)	-	(38,679)
Financing expenses, net	(146,617)	(175,285)	(155,729)
Income before taxes on income	1,393,955	722,127	558,537
Taxes on income	(323,532)	(155,240)	(130,337)
Net income for the period	1,070,423	566,887	428,200
Attributed to:			
Parent company shareholders	1,070,425	566,891	428,203
Non-controlling interest	(2)	(4)	(3)
	1,070,423	566,887	428,200

Set forth below are the Group's liabilities (extended consolidated) repayable after December 31 2019:

	Bonds	Bank loans	Other	Bank loans – consolidated companies	Total
Current maturities	527,790	305,426	4,394	94,537	932,147
Second year	528,458	41,722	4,643	2,259	577,082
Third year	528,458	43,545	4,906	-	576,907
Fourth year	551,164	45,448	-	-	596,612
Fifth year and thereafter	2,987,626	71,923	-	-	3,059,549
Total repayments	5,123,494	508,064	13,943	96,796	5,742,297
Balance of bond premium and other					134,146
Total extended consolidated financial debt					5,876,443

(*) In February 2020, the Company early repaid a bank loan of NIS 268 million (including early repayment fee). As a result of the early repayment, in 2019 the Company recorded app. NIS 24 million in one-off financing expenses, which were paid in cash on repayment date.

(**) In February 2020, subsequent to balance sheet date, the Company repaid the short-term credit that were utilized amounting to NIS 265 million.



APPENDIX B

CORPORATE GOVERNANCE ASPECTS



AMOT INVESTMENTS MEMBER OF ALONY HETZ GROUP



APPENDIX B – CORPORATE GOVERNANCE ASPECTS

A. THE COMPANY'S BOARD OF DIRECTORS: DIRECTORS POSSESSING ACCOUNTING AND FINANCIAL EXPERTISE AND INDEPENDENT DIRECTORS

As of the publication of this report, the Company's Board of Directors consists of 9 (nine) directors, 7 (seven) of whom have accounting and financial expertise. 5 (five) members of the Board of Directors are independent directors as this term is defined in the Companies Law, 1999 (hereafter – the "Companies Law"). Pursuant to the provisions of Section 92A(12) of the Companies Law, the Company's Board of Directors determined that the minimum number of directors possessing accounting and financial expertise which is appropriate to the Company is two. This number was determined bearing in mind the nature of the financial and accounting issues arising during the course of preparing the Company's financial statements, the type of the Company, its size, the scope and complexity of its activities, its areas of activity, the composition of the Company's Board of Directors, which includes people with business, managerial and accounting experience, which enables them to deal with the task of running the Company and with the close accounting support provided by its independent auditors. After assessing the education, experience and qualifications of the directors, the following seven directors serve in the Board of Directors as of the report date, who were approved by the Company's Board of Directors as possessing accounting and financial expertise: Messrs. Nathan Hetz, Aviram Wertheim, Moti Barzilai, Eyal Gabai, Gad Pnini, Nira Dror and Yael Andorn Karni). For details regarding the education and experience of those directors, see Regulation 26 in the Additional Details Chapter regarding the Corporation, Chapter D of the 2019 Periodic Report.

As of the date of publication of this report, the Company's Board of Directors includes five serving directors that qualify as independent directors (including the two outside directors that serve in the Company's Board of

Name of internal auditor	Avner Eliav, CPA	Ofer Alkalay, CPA
Qualifications of internal auditor	Certified Public Accountant since 1976. Former partner in a specialized auditing firm, since 1988. In recent years, served as a partner in Alkalay Monarov Eliav & Co. accountancy firm.	Certified Public Accountant, Economist and Jurist B.A. in Economics and Accounting, LL.B. and LL.M. in Law, Certified Internal Auditor (CIA) of the International Institute of Internal Auditors. Partner in Alkalay Monarov & Co. accountancy firm - specializing in business consulting, control and risk management.
Date tenure commenced / concluded	Commenced tenure in July 2008; concluded tenure in November 2019, upon his retirement.	Commenced tenure in November 2019.
Fulfillment of conditions prescribed in the Internal Audit Law and the Companies Law	Fulfills the conditions prescribed in sections 3(a) and 8 of the Internal Audit Law, 1992 (hereinafter: the "Internal Audit Law"). The internal auditor meets the conditions prescribed in section 146(B) of the Companies Law, and the conditions of section 8 of the Internal Audit Law.	To the best of the Company's knowledge, and as it was informed by the internal auditor, the internal auditor fulfills the provisions and conditions prescribed in sections 3(a) and 8 of the Internal Audit Law, 1992, and the conditions specified in section 146(b) of the Companies Law, as well as the international professional standards of the IIA.
Exclusivity of activity	During his tenure, the internal auditor did not perform any other role in the corporation beyond his position as the internal auditor, and test evaluations conducted as part of the ISOX process. To the best of the Company's knowledge, the internal auditor does not fulfill any position outside of the corporation that creates or may create any conflict of interests with his position as the corporation's internal auditor.	He is not an employee of the corporation, does not perform any other role in the corporation beyond his position as the internal auditor and the performance of test evaluations as part of the ISOX process. To the best of the Company's knowledge, and as it was informed by the internal auditor, he does not fulfill any position outside of the corporation which creates or may create any conflict of interest with his position as the corporation's internal auditor. In performing the internal audit work, the internal auditor is assisted by a professional staff of employees from his firm.
Holding of the corporation's securities	The internal auditor, according to his announcement, did not hold securities of the corporation or of any entity affiliated with the corporation, as this term is defined in the Fourth Addendum to the Securities Regulations (Periodic and Immediate Reports), 1970.	According to his announcement, he does not hold securities of the corporation or of any entity affiliated with the corporation, as this term is defined in the Fourth Addendum to the Securities Regulations (Periodic and Immediate Reports), 1970.

- (2) For that purpose, "Independent Director" means – a director that qualifies as an outside director according to the criteria set in Section 240(B) to (F) to the Companies Law and the Audit Committee approved him/her as such, and who has not been serving as a director in the Company for more than nine consecutive years. For that purpose, any interruption of service which does not exceed 2 years shall not be deemed to have interrupted the continuity of service.

Name of internal auditor	Avner Eliav, CPA	Ofer Alkalay, CPA
Personal interest	During his tenure, he was not an interested party of the corporation or an officer in the corporation, and is not a relative of any of the above, nor did he serve as the auditor, or any other party on their behalf, and did not provide any services outside of the corporation, except for internal audit services and test evaluations conducted as part of the ISOX process.	He is not an interested party of the corporation, is not an officer in the corporation, and is not a relative of any of the above, nor does he serve as the auditor, or any other party on their behalf, and is not a service provider external to the corporation, except for internal audit services and test evaluations conducted as part of the ISOX process.
Business / significant ties to the corporation	During his tenure, the internal auditor did not have any business ties or other material ties to the corporation, or to any entity affiliated with the corporation, as this term is defined in the Fourth Addendum to the Securities Regulations (Periodic and Immediate Reports), 1970. Excluding the accompaniment of the process of drafting policies for all of the Company's work processes.	The internal auditor does not have any business ties or other material ties to the corporation, or to any entity affiliated with the corporation, as this term is defined in the Fourth Addendum to the Securities Regulations (Periodic and Immediate Reports), 1970. Excluding the accompaniment of the process of drafting policies for all of the Company's work processes.
Appointment of the internal auditor	His appointment was approved by the Company's Audit Committee and Board of Directors on July 6, 2008, based on the internal auditor's extensive and rich experience in the field of internal auditing, including in public companies and government entities.	His appointment was approved by the Company's Audit Committee in its meeting on September 26, 2019, and by the Company's Board of Directors in its meeting on November 3, 2019, based on his extensive and rich experience and his expertise in the field of internal auditing, including in public companies and government entities, and in light of the interface between him and the retiring internal auditor, Mr. Avner Eliav, following the integration of the activities of Avner Eliav, C.P.A., into the accountancy firm Alkalay Monarov.
External auditor	Provided internal audit services, as an external entity, through the accountancy firm "Alkalay Monarov Eliav & Co."	The auditor provides internal audit services, as an external entity, through the accountancy firm "Alkalay Monarov - Business Consulting, Control and Risk Management".
Professional standards	In accordance with his announcement, he conducted the audit in accordance with the professional standards specified in section 4(b) of the Internal Audit Law, 1996.	In accordance with his announcement, he conducts the audit work in accordance with the professional standards specified in section 4(b) of the Internal Audit Law, 1996.
Scope of employment	The internal auditor was employed in the internal audit department in 2019 at a scope of approximately 600 hours.	

The audit plan

The audit plan is an annual plan, derived from a multi-annual audit plan. The multi-annual and annual planning of the audit tasks, the determination of the priorities and the frequency of the audit are impacted from the following factors:

The exposure to risks of operations and actions, which is determined, among other things, based on a risk survey conducted by the internal auditor in 2017, the probability of existence of administrative and executive faults, findings of previous audits, cases in which audits are required by the executive bodies, subjects required by law, in accordance with internal or external procedural directives and the need to maintain the required level of audit's frequency.

The internal audit work plans are approved by the Company's Audit Committee at the beginning of each year for the current year. In 2018 and through the date of publication of the reports the internal auditor submitted five reports in writing to the Company and the Audit Committee:

Name and subject of the report	Date of discussion in the Audit Committee
Evaluation regarding routine conduct in the property - Kiryat Ono shopping mall;	January 24, 2019
Audit report regarding collections;	June 26, 2019
Audit report regarding the Totzeret Ha'aretz construction project - Part A;	September 26, 2019
Audit report regarding Orot shopping mall;	December 22, 2019

Material holdings in corporations

The internal audit plan also covers the audit of the activity of corporations that constitute material holdings of the corporation.

Professional standards

According to the internal auditor, he conducts the internal audit in accordance with generally accepted professional standards, as set out in Section 4(b) of the Internal Audit Law, 1996.

External auditor

The auditor provides internal audit services as an external service provider through the firm Alkalay Monarov & Co.

Corporation officer to whom the internal auditor reports

The Company's CEO.

Scope, nature and continuity of the internal auditor activity and work plan

To the best of the Company Board of Directors' knowledge, the nature and continuity of the internal auditor's activity and work plan are reasonable under the circumstances and can achieve the goals of the corporation's internal audit.

Free access to the internal auditor

The internal auditor is given free access to the corporation as stated in Section 9 of the Internal Audit Law, 1992, including uninterrupted and direct access to the corporation's data systems, including financial data.

Internal auditor's reports

The internal auditor submits the audit reports on a current basis over the course of the reported year; those reports are submitted to the Chairman of the Board of Directors, the CEO and the Chairman and members of the Audit Committee. The Audit Committee discusses the said reports on a regular basis.

Compensation

The internal auditor's fees in respect of internal audit was set at a NIS value equivalent to NIS 220 (linked to the CPI) per one hour's work plus VAT. The compensation for the audit work is based on the internal auditor's working hours budget.

In 2019, the internal auditor was paid a total of app. NIS 138 thousand for internal audit work. There are no concerns that the compensation described above, which is derived from the internal auditor's actual working hours budget, may influence the exercise of the auditor's professional judgment.

C. THE BOARD OF DIRECTORS

In the Reported Period, the Board of Directors held ten meetings and the Financial Statements Review Committee held four meetings.

D. INTERNAL ENFORCEMENT PLAN

On May 17 2012 the Company adopted an internal enforcement plan in the field of securities, in accordance with the criteria for an effective enforcement plan, which were published by the Securities Authority on August 15 2011, and whose aim is to verify and enforce the compliance of the Company, its office holders and employees with legal requirements in the field of securities. The plan sets out procedures, whose aim is, among other things, to regulate principal issues such as the manner of publication of immediate reports, identifying, approving and reporting transactions that give rise to concerns regarding personal interest of office holders or controlling shareholders, prohibition of using inside information, prevention of fraud and manipulation, maintaining supervision, reporting and control mechanisms and establishing operation and conduct rules alongside work processes, whose aim is to create controls over major processes within the issues they regulate, methods of dealing with the issues and drawing lessons.

The Company's Board of Directors appointed the Company's Legal Counsel and Secretary - Adv. Osnat Hochman-Gerhard – as the officer in charge of internal control in the field of securities. Her role includes, among other things, ensuring the implementation of the plan among Company's employees, ensuring the efficient and effective application of the plan, including by way of holding training sessions and monitoring and updating the plan from time to time.

E. INDEPENDENT AUDITOR'S FEES

It should be noted that Ziv Haft Consulting and Management Ltd., which provides professional services as the independent auditor of subsidiaries of the Company, leases a real estate asset owned by the Company and uses it as its head office. The parties have in place a long-term and long-standing rental agreement, which is renewed from time to time. This engagement between the parties was entered into in accordance with all the provisions and conditions set out in the resolution published by the Securities Authority – "Resolution on Pre-Ruling Application regarding the Auditor's Independence" (see Securities Authority's Resolution no. 105-7), and it complies therewith.

Set forth below are the fees of the independent auditor of the Company and material consolidated companies of the Group (in thousands of NIS):

Company's name	Auditor's name	2019(a)		2018(a)	
		Audit services	Other services	Audit services	Other services
Amot Investments Ltd.	Brightman Almagor .Zohar & Co	600	281	570	337
	Working hours	3,024	521	3,000	440
Ayalot Companies Group	Ziv Haft CPAs	297	-	289	-
	Working hours	1,700	-	1,749	-
	Total working hours	4,724	521	4,749	440

(a) Excluding others totaling NIS 30 thousand

F. CHARITABLE DONATIONS

The Company views donating and supporting the community in Israel as an important component that should be integrated into its activities. In 2019, the Company donated NIS 2 million to different charities and organizations that aim to work for the community, promote educational causes and support disadvantaged populations.



APPENDIX C

DISCLOSURE PROVISIONS IN CONNECTION WITH
THE CORPORATION'S FINANCIAL REPORTING



AMOT INVESTMENTS MEMBER OF ALONY HETZ GROUP



APPENDIX C – DISCLOSURE PROVISIONS IN CONNECTION WITH THE CORPORATION'S FINANCIAL REPORTING

CRITICAL ACCOUNTING ESTIMATES

When drawing up its financial statements, Company's management is required to use estimates or assessments as to transactions or matters, the final impact of which on the financial statements cannot be accurately determined at the time of preparation thereof. The main basis for determining the value of such estimates are the assumptions which Company's management decides to adopt, taking into account the circumstances which are the subject matter of the estimate and the best information available to the Company when preparing the financial statements. By nature, since those estimates and assessments are a result of the Company's exercising judgment in an environment of uncertainty (sometimes highly significant uncertainty), any changes in the underlying assumptions as a result of changes that are not necessarily under management's control, may trigger changes in the value of the estimate and as a consequence impact the financial position of the Company and its results of operations. Therefore, despite the fact that those estimates or assessments are used to the best of management's judgment, the final impact of transactions or matters that require estimates can only be clarified when those transactions or matters are concluded. In some cases, the final results of the estimate may be very significantly different from the amount set to that estimate when it was used.

Set forth below are accounting estimates made by the Company in the preparation of the consolidated financial statements, which may have a very significant impact on the Company's financial position and results of operations:

CHANGES IN THE FAIR VALUE OF INCOME-GENERATING REAL ESTATE

The Group determines the fair value of income-generating real estate assets in accordance with the provisions of IAS 40 and IFRS 13. When determining the fair value in the annual financial statements, Company's management relies on appraisals of independent and external appraisers. In its semi-annual financial statements, the Company relies on external appraisers' review of all of Company's assets. Quarterly changes (in the first and third quarters) are mainly appraised by an internal appraiser and by Company's management and during those quarters, the income-generating real estate assets are revalued only if there is a material change in the fair value of any of the Company's assets, or when there are indications for general changes in trends in the income-generating real estate sector.

When determining the fair value, the Company used, among other things, the discount rates used to discount the future cash flows, the rental period, the financial stability of the lessees, the scope of unoccupied spaces in the property, the terms of the rental agreements, the time it will take to rent out the buildings once they are vacated, the scope of vacant properties and the vacancy period thereof, the adjustment of the rent in over-rented properties or in under-rented properties, implications of investments required to develop and/or retain the existing condition of the properties and deduction of uncovered operating costs in cases where the properties are run by management companies with a deficit.

Changes in assumptions used by the above-mentioned external experts, in combination with changes in management's estimates, which are based on its past experience, may trigger changes in the amount of fair value carried to the statement of profit or loss, thereby impacting the Company's financial position and results of operations. Pursuant to IFRS 13 and to Accounting Enforcement Resolution 18-1 of the Securities Authority of January 30 2018, the Company carried transaction costs incurred upon acquiring new properties to the statement of profit or loss.

LEGAL PROCEEDINGS

As described in Note 16a of the 2019 annual financial statements, as of the date of approval of this report 14 legal claims are pending against the Company and other related parties, with an overall amount of app. NIS 40 million; the Group's share in those legal claims as a defendant is app. NIS 33 million; the Group recorded a provision totalling app. NIS 16.5 million in respect of those claims. In the opinion of legal and professional advisors, those provisions are appropriate under the circumstances of each of the claims.

In order to estimate the amount of these provisions, the office holder in charge of the Company's legal dealings receives a legal opinion regarding most of the proceedings from external legal advisors; those opinions are assessed by the relevant Company officer and by Company's management.

By nature, the opinions issued by the external legal advisors and the action taken by the Company in reply to this opinion are impacted by the stage of the legal proceedings, past experience in similar cases and the experience of those involved in the legal claim. At the core of any legal proceeding there is uncertainty which is normally resolved towards the end of the legal proceeding and sometimes only after a final ruling is issued by a court. Therefore, the final financial consequences of a legal proceeding may be materially different from the estimates set in respect thereof.



APPENDIX D

SPECIAL DISCLOSURE TO BOND HOLDERS:
BONDS HELD BY THE PUBLIC



AMOT INVESTMENTS MEMBER OF ALONY HETZ GROUP



APPENDIX D - SPECIAL DISCLOSURE TO BOND HOLDERS: BONDS HELD BY THE PUBLIC

D1: SET FORTH BELOW ARE DATA AS OF 31.12.2018 REGARDING BONDS ISSUED BY THE COMPANY:

(In thousands)	Bonds	Bonds	Bonds	Bonds	Bonds	Total
	(Series B)	(Series B)	(Series D)	(Series E)	(Series F)	
Issuance date	31.12.2009	2.7.2012	31.7.2014	31.3.2016	30.6.2019	
Par value at issuance date	168,000	343,950	241,941	276,047	423,287	
Par value as of 31.12.19	99,052	1,223,591	1,649,616	1,085,213	1,002,884	5,060,356
Linked par value as of 31.12.19	107,934	1,255,458	1,656,097	1,085,213	1,002,884	5,107,586
Value in financial statements as of 31.12.19	109,304	1,287,674	1,753,728	1,102,570	1,003,668	5,256,944
Value on the stock exchange as of 31.12.19	113,414	1,386,696	1,977,890	1,179,301	1,035,779	5,693,080
Interest accrued as of 31.12.19	10,578	29,860	26,361	36,379	2,870	106,048
Rate of fixed interest for the year	4.90%	4.80%	3.20%	3.39%	1.14%	

D2: SET FORTH BELOW ARE DATA AS OF 31.12.2019 REGARDING BONDS ISSUED BY THE COMPANY:

- To view an up-to-date rating report by Midroog Ltd., see the Company's immediate report of 23.7.2019 reference no. 2019-01-063585.
- To view an up-to-date rating report by Maalot the Israel Securities Rating Co Ltd., see the Company's immediate report of 3.1.2019 reference no. 2019-01-001372.

The Series B bonds include conditions for immediate repayment thereof upon the occurrence of certain events, including, among other things, the following events:		
The covenant	The ratio as of date of financial statements	Status of compliance as of date of report
Change of control;	Alony Hetz - controlling shareholder of the Company	Compliant
Net financial debt (net of value of investment property under construction) to annual normalized NOI ratio exceeds 14 during two consecutive quarters; (net financial debt: The Company's aggregate debt to banks, other financial institutions and bond holders, net of cash and cash equivalents, monetary reserves, marketable collaterals as recorded in the Company's consolidated balance sheet).	7.00	Compliant
The rating of the Series B bonds is BBB- (BBB minus) for two consecutive quarters;	Aa2/Stable	Compliant
Equity plus net deferred taxes liability shall not be less than 22.5% of total balance sheet, net of cash and cash equivalents and net of marketable collaterals for two consecutive quarters;	54%	Compliant
The value of the Company's unpledged assets shall not be less than the higher of NIS 1 billion or 125% of the outstanding balance of Series B bonds during two consecutive quarters.	The value of Company's unpledged assets is app. NIS 13 billion – higher than the outstanding balance of Series B bonds	Compliant
Unremoved demand for immediate repayment of material loan or a bond listed on the Tel Aviv Stock Exchange.	There is no such demand	Compliant
Instructions pertaining to dividend distribution limit under certain circumstances;	There are no such circumstances	Complaint



The Series D bonds include conditions for immediate repayment thereof upon the occurrence of certain events, including, among other things, the following events:		
The covenant	The ratio as of date of financial statements	Status of compliance as of date of report
The Company's equity is higher than NIS 1.2 billion;	6.1	Compliant
Net financial debt (net of value of investment property under construction) to annual normalized NOI ratio exceeds 14 during two consecutive quarters; (net financial debt: The Company's aggregate debt to banks, other financial institutions and bond holders, net of cash and cash equivalents, monetary reserves, marketable collaterals as recorded in the Company's consolidated balance sheet).	7.00	Compliant
The rating of the Series B bonds is BBB- (BBB minus) for two consecutive quarters;	Aa2/Stable	Compliant
Equity plus net deferred tax liability shall not be less than 22.5% of total balance sheet net of cash and cash equivalents and net of marketable collaterals during two consecutive quarters;	54%	Compliant
The value of the Company's unpledged assets shall not be less than the higher of NIS 1 billion or 125% of the outstanding balance of Series D bonds during two consecutive quarters.	The value of Company's unpledged assets is app. NIS 13 billion – higher than the outstanding balance of Series D bonds	Compliant
Unremoved demand for immediate repayment of material loan or a bond listed on the Tel Aviv Stock Exchange.	There is no such demand	Compliant
Instructions pertaining to dividend distribution limit under certain circumstances;	There are no such circumstances	Compliant

The Series E bonds includes conditions for immediate repayment thereof upon the occurrence of certain events, including, among other things, the following events:		
The covenant	The ratio as of date of financial statements	Status of compliance as of date of report
The Company's equity is higher than NIS 1.2 billion;	6.1	Compliant
Net financial debt (net of value of investment property under construction) to annual normalized NOI ratio exceeds 14 during two consecutive quarters; (net financial debt: The Company's aggregate debt to banks, other financial institutions and bond holders, net of cash and cash equivalents, monetary reserves, marketable collaterals as recorded in the Company's consolidated balance sheet).	7.00	Compliant
The rating of the Series E bonds is BBB- (BBB minus) for two consecutive quarters;	Aa2/Stable	Compliant
Equity plus net deferred tax liability shall not be less than 22.5% of total balance sheet net of cash and cash equivalents and net of marketable collaterals during two consecutive quarters;	54%	Compliant
The value of the Company's unpledged assets shall not be less than the higher of NIS 1 billion or 125% of the outstanding balance of Series E bonds during two consecutive quarters.	The value of Company's unpledged assets is app. NIS 13 billion – higher than the outstanding balance of Series E bonds	Compliant
Unremoved demand for immediate repayment of material loan or a bond listed on the Tel Aviv Stock Exchange.	There is no such demand	Compliant
Instructions pertaining to dividend distribution limit under certain circumstances;	There are no such circumstances	Compliant

The Series F bonds includes conditions for immediate repayment thereof upon the occurrence of certain events, including, among other things, the following events:		
The covenant	The ratio as of date of financial statements	Status of compliance as of date of report
The Company's equity is higher than NIS 2 billion;	6.1	Compliant
Net financial debt (net of value of investment property under construction) to annual normalized NOI ratio exceeds 14 during two consecutive quarters; (net financial debt: The Company's aggregate debt to banks, other financial institutions and bond holders, net of cash and cash equivalents, monetary reserves, marketable collaterals as recorded in the Company's consolidated balance sheet).	7.00	Compliant
The rating of the Series E bonds is BBB- (BBB minus) for two consecutive quarters;	Aa2/Stable	Compliant
Equity plus net deferred tax liability shall not be less than 22.5% of total balance sheet net of cash and cash equivalents and net of marketable collaterals during two consecutive quarters;	54%	Compliant
The value of the Company's unpledged assets shall not be less than the higher of NIS 1 billion or 125% of the outstanding balance of Series E bonds during two consecutive quarters.	The value of Company's unpledged assets is app. NIS 13 billion – higher than the outstanding balance of Series E bonds	Compliant
Unremoved demand for immediate repayment of material loan or a bond listed on the Tel Aviv Stock Exchange.	There is no such demand	Compliant
Instructions pertaining to dividend distribution limit under certain circumstances;	There are no such circumstances	Compliant



APPENDIX E

LINKAGE BASES REPORT



AMOT INVESTMENTS MEMBER OF ALONY HETZ GROUP



APPENDIX E – LINKAGE BASES REPORT AS PER IFRS 11 CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31 2019 (IN THOUSANDS OF NIS):

	Linked to the CPI	Unlinked	Non-financial assets (liabilities)	Total
	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands
Current assets				
Cash and cash equivalents	-	57,360	-	57,360
Trade receivable	-	19,846	-	19,846
Current tax assets, net	-	-	151	151
Other receivables	5,294	21,443	13,807	40,544
	5,294	98,649	13,958	117,901
Investments in companies accounted for by the equity method	124,993	2,810	350,643	478,446
Long-term receivables	-	630	29,982	30,612
Total financial assets	130,287	102,090	394,583	626,959
Investment property	-	-	12,910,126	12,910,126
Fixed assets, net	-	-	37,458	37,458
Total non-financial assets	-	-	12,947,584	12,947,584
Total assets	130,287	102,090	13,342,167	13,574,543
Current liabilities				
Credit from banks and current maturities	572,149	265,491	-	837,640
Trade payable	-	18,904	-	18,904
Current tax liabilities	-	-	36,714	36,714
Other payables	86,930	62,067	20,326	169,323
Payables in respect of investment property	-	115,610	-	115,610
Total current liabilities	659,079	462,072	57,040	1,178,191
Non-current liabilities				
Bonds	4,501,700	237,660	-	4,739,360
Loans from banks and others	202,647	-	-	202,647
	4,704,347	237,660	-	4,942,007
Total financial liabilities	5,363,426	699,732	57,040	6,120,198
Deferred taxes	-	-	1,252,148	1,252,148
Provisions	-	-	16,483	16,483
Other	12,918	39,622	29,920	82,460
Total non-financial liabilities	12,918	39,622	1,298,551	1,351,091
Total liabilities	5,376,344	739,354	1,355,591	7,471,289
Excess of financial liabilities over financial assets	(5,233,139)	(597,643)	377,543	(5,493,239)



APPENDIX F

SEPARATE FINANCIAL INFORMATION

The separate financial information is attached after the Company's consolidated financial statements



AMOT INVESTMENTS MEMBER OF ALONY HETZ GROUP





AMOT INVESTMENTS.
PEOPLE FIRST.

CONSOLIDATED FINANCIAL STATEMENTS

AMOT INVESTMENTS OF
THE ALONY HETZ GROUP



2019 PERIODIC REPORT



AMOT INVESTMENTS LTD.

Consolidated Financial Statements

For the Year 2019

AMOT INVESTMENTS LTD.

Consolidated Financial Statements

As at December 31, 2019

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Auditors' Report to the Shareholders of Amot Investments Ltd.

Regarding the Audit of Components of Internal Control over Financial Reporting

Pursuant to Section 9B(c) of the Securities Regulations (Periodic and Immediate Reports) 1970

We have audited the components of internal control over financial reporting of **Amot Investments Ltd.** and its subsidiaries (hereinafter jointly - "the Company") as at December 31, 2019. These control components were determined as explained in the following paragraph. The Company's Board of Directors and Management are responsible for maintaining effective internal control over financial reporting and for their assessment of the effectiveness of the components of the internal control over financial reporting included in the accompanying periodic report for the said date. Our responsibility is to express an opinion on the Company's components of internal control over financial reporting, based on our audit.

The components of internal control over financial reporting that were audited by us were determined in conformity with Auditing Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel, "Audit of Components of Internal Control over Financial Reporting" ("Auditing Standard 911"). These components consist of: (1) Controls on the organizational level, including controls over the preparation and closing of the financial reporting and general controls over the information systems; (2) controls over investment property; and (3) controls over rental and management fees from investment property; (all of these components will hereinafter jointly be called "the audited control components").

We conducted our audit in accordance with Auditing Standard 911. That Standard requires that we plan and perform the audit to identify the audited control components and obtain reasonable assurance whether these control components have been effectively maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, identifying the audited control components, assessing the risk that a material weakness exists regarding the audited control components and testing and evaluating the design and operating effectiveness of those audited control components based on the assessed risk. Our audit of these control components also included performing such other procedures that we considered necessary in the circumstances. Our audit only addressed the audited control components, as opposed to internal control over all the material processes in connection with financial reporting and therefore, our opinion addresses solely the audited control components. Moreover, our audit did not address any reciprocal effects between the audited control components and unaudited ones and accordingly, our opinion does not take into account any such possible effects. We believe that our audit provides a reasonable basis for our opinion within the context described above.

Because of its inherent limitations, internal control over financial reporting as a whole and specifically the components therein, may not prevent or disclose a misleading presentation. Furthermore, drawing conclusions regarding the future on the basis of any present effectiveness is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company has effectively maintained, in all material aspects, the audited control components as at December 31, 2019.

We also audited, in accordance with generally accepted auditing standards in Israel, the Company's consolidated financial statements as at December 31, 2019 and 2019 and for each of the three years in the period ended December 31, 2019, and our report, dated March 8, 2020, included an unqualified report on those financial statements based on our audit and the reports of the other auditors.

Brightman Almagor Zohar & Co.

Certified Public Accountants

Member of Deloitte Touche Tohmatsu Limited.

Tel Aviv, March 8, 2020



Auditors' Report to the Shareholders of

Amot Investments Ltd.

We have audited the accompanying consolidated statements of financial position of **Amot Investments Ltd.** (hereinafter – the Company) as at December 31, 2019 and 2018 and the consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years for the period ended December 31, 2019. These financial statements are the responsibility of the Company's Board of Directors and Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of subsidiary companies and joint ventures whose assets included in the consolidation comprise approximately 32% and approximately 31% of total consolidated assets as at December 31, 2019 and 2018, respectively, and whose revenues included in the consolidation comprise approximately 36%, approximately 39% and approximately 43% of the total consolidated revenues for the years ended December 31, 2019, 2018 and 2017, respectively. Furthermore we did not audit the financial statements of some of the companies that included under the equity method the investment in which as at December 31, 2019 and 2018 amounted to NIS 290,564 thousand and NIS 244,440 thousand respectively, and the share of whose profits (losses) for the years ended December 31, 2019, 2018 and 2017 amounted to NIS 35,064 thousand, NIS 19,600 thousand and NIS 19'906 thousand, respectively. The financial statements of these companies were audited by other auditors, whose reports were furnished to us, and our opinion, to the extent that it relates to the amounts included for those subsidiaries, is based on the reports of the other auditors.

Our audit was made in accordance with generally accepted auditing standards, including those prescribed under the Auditors' Regulations (Auditor's Mode of Performance), 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's Board of Directors and Management as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and on the reports of the other auditors, the said financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as at December 31, 2019 and 2018 and the results of their operations, their changes in equity and their cash flows for each of the three years for the period ended December 31, 2019, in conformity with International Financial Reporting Standards (IFRS), and the provisions of the Securities Regulations (Annual Financial Statements) – 2010.

We also audited, in accordance with Auditing Standard (ISRAEL) 911 of the Institute of Certified Public Accountants in Israel "Audit of Components of Internal Control over Financial Reporting", as amended, components of internal control over financial reporting of the Company as at December 31, 2019, and our report dated March 8, 2020, included an unqualified report on the effective existence of those components.

Brightman Almagor Zohar & Co.
Certified Public Accountants
Member of Deloitte Touche Tohmatsu Limited

Tel Aviv, March 8, 2020

Amot Investments Ltd.

Consolidated Statements of Financial Position

		As at December 31	
		2019	2018
	Note	NIS thousands	
<u>Current assets</u>			
Cash and cash equivalents	4	57,360	297,703
Trade receivables	5	19,846	18,740
Current tax assets, net	15	151	84
Other receivables	6	40,545	32,795
Total current assets		117,902	349,322
<u>Non-current assets</u>			
Investment property	7	12,359,772	9,786,501
Investment property	7	550,354	803,438
		12,910,126	10,589,939
Investment in companies treated at equity	8	478,446	442,528
Long-term receivables		30,612	19,315
Fixed assets, net		37,458	37,768
Total non-current assets		13,456,641	11,089,550
Total assets		13,574,543	11,438,872
<u>Current liabilities</u>			
Credit from banking corporations and other providers of credit and current maturities	9	837,640	789,210
Trade payables	10	18,904	21,353
Current tax liabilities, net	15	36,714	23,390
Other payables	11	169,332	142,185
Payables for investment property	11	115,310	37,739
Total current liabilities		1,178,190	1,013,877
<u>Non-current liabilities</u>			
Bonds	12	4,739,360	4,299,179
Loans from banking corporations	13	202,647	241,907
Provisions	16	16,483	17,821
Others	14	82,460	61,650
Deferred tax liabilities	15	1,252,148	967,615
Total non-current liabilities		6,293,098	5,588,172
<u>Equity</u>			
	17		
Equity attributed to shareholders in the Company		6,103,298	4,836,865
Non-controlling interests		(44)	(42)
Total equity		6,103,854	4,836,823
Total liabilities and equity		13,574,543	11,438,872

The notes that are attached to the financial statements form an integral part thereof.

March 8, 2020

Date of the approval of the separate financial statements	Nathan Hetz	Avi Mosler	Yehudit Zinger
	Chairman of the	Chief Executive Officer	Chief Financial Officer
	Board of Directors		

Amot Investments Ltd.

Consolidated Statements of Profit or Loss

		For the year ended December 31		
		2019	2018	2017
		NIS thousands		
	Note			
Revenues from rental fees and investment property management	18	759,064	707,672	662,555
Costs of the rental and operation of properties	19	62,882	61,290	60,718
Profit from the rental and operation of properties		696,182	646,382	601,837
Adjustment of the fair value of investment property, net		847,259	262,975	173,704
		1,543,441	909,357	775,541
Administrative and general expenses	20	45,150	44,531	43,720
Donations		2,015	2,010	2,010
Other expenses (income), net		962	(48)	788
Operating income		1,495,314	862,864	729,023
Financing income	21	6,314	6,618	4,182
Financing expenses	21	(148,827)	(171,591)	(155,532)
Non-recurring financing expenses – early repayment commission	21	(23,801)	-	(38,679)
Financing expenses, net		(166,821)	(164,973)	(190,029)
The Company's share of the profits (losses) of investee companies, net of tax	8	50,030	18,656	15,674
Income before taxes on income		1,379,030	716,547	554,668
Tax expenses on income	15	(308,607)	(149,660)	(126,468)
Net income for the year		1,070,423	566,857	428,200
Attributed to:				
Shareholders in the parent company		1,070,425	566,891	428,203
Non-controlling interests		(2)	(4)	(3)
		1,070,423	566,887	428,200
Earnings per share attributed to the shareholders in the Company (in NIS):				
Basic				
Total		2.96	1.69	1.37
At full dilution				
Total		2.95	1.68	1.36
Weighted average share capital used in the calculation of the earnings per share (in thousands of shares)				
Basic		362,016	336,320	312,635
At full dilution		363,219	337,282	315,019

The notes that are attached to the financial statements form an integral part thereof.

Amot Investments Ltd.
Consolidated Statements of Comprehensive Income

	For the year ended December 31		
	2019	2018	2017
	NIS thousands		
Net income for the year	1,070,423	566,887	428,200
Amounts that will be reclassified to profit and loss in the future, net of tax			
Adjustments deriving from the translation of the financial statements of foreign operations	(37)	(18)	102
Total comprehensive income for the year	1,070,386	566,869	428,302
Attributed to:			
Shareholders in the parent company	1,070,388	566,873	428,305
Non-controlling interests	(2)	(4)	(3)
	1,070,386	566,869	428,302

The notes that are attached to the financial statements form an integral part thereof.

Amot Investments Ltd.
Consolidated Statements of Changes in Equity

	Share capital	Share premium	Receipts on account of warrants	Capital reserve on share- based payments and others	Retained earnings	Adjustments deriving from the translation differences on foreign operations	Total attributed shareholders in the Company	Non- controlling interests	Total shareholders' equity
Balance as at January 1, 2019	387,962	2,590,924	15,466	8,144	1,834,332	37	4,836,865	(42)	4,836,823
Net income for the year	-	-	-	-	1,070,425	-	1,070,425	(2)	1,070,423
Total other comprehensive income	-	-	-	-	-	(37)	(37)	-	(37)
Total comprehensive income for the year	-	-	-	-	1,070,425	(37)	1,070,388	(2)	1,070,386
Issuance of share capital warrants	29,027	562,974	(15,466)	-	-	-	576,535	-	576,535
Exercise of warrants for employees	4,498	62,481	-	(7,102)	-	-	59,877	-	59,877
Reflection of benefit on warrants for employees	-	-	-	5,767	-	-	5,767	-	5,767
Reflection of benefit on share-based payments to directors	-	-	-	334	-	-	334	-	334
Dividend declared	-	-	-	-	(446,468)	-	(446,468)	-	(446,468)
Balance as at December 31, 2019	<u>421,487</u>	<u>3,219,379</u>	<u>-</u>	<u>7,143</u>	<u>2,458,289</u>	<u>-</u>	<u>6,103,298</u>	<u>(44)</u>	<u>6,103,254</u>

The notes that are attached to the financial statements for an integral part thereof.

Amot Investments Ltd.
Consolidated Statements of Changes in Equity

	Share capital	Share premium	Receipts on account of warrants	Capital reserve on share- based payments and others	Retained earnings	Adjustments deriving from the translation differences on foreign operations	Total attributed shareholders in the Company	Non- controlling interests	Total shareholders' equity
Balance as at January 1, 2018	365,401	2,237,642	-	7,476	1,686,909	55	4,297,483	(38)	4,297,445
Net income for the year	-	-	-	-	566,891	-	566,891	(4)	566,887
Total other comprehensive income	-	-	-	-	-	(18)	(18)	-	(18)
Total comprehensive income for the year	-	-	-	-	566,891	(18)	566,873	(4)	566,869
Issuance of share capital warrants	17,381	298,010	15,466	-	-	-	330,857	-	330,857
Exercise of warrants for employees	5,180	55,272	-	(5,320)	-	-	55,132	-	55,132
Reflection of benefit on warrants for employees	-	-	-	5,655	-	-	5,655	-	5,655
Reflection of benefit on share-based payments to directors	-	-	-	333	-	-	333	-	333
Dividend declared	-	-	-	-	(419,468)	-	(419,468)	-	(419,468)
Balance as at December 31, 2018	<u>387,962</u>	<u>2,590,924</u>	<u>15,466</u>	<u>8,144</u>	<u>1,834,332</u>	<u>37</u>	<u>4,836,865</u>	<u>(42)</u>	<u>4,836,823</u>

The notes that are attached to the financial statements for an integral part thereof.

Amot Investments Ltd.
Consolidated Statements of Changes in Equity

	Share capital	Share premium	Capital reserve on share-based payments and others	Retained earnings	Adjustments deriving from the translation differences on foreign operations	Total attributed shareholders in the Company	Non- controlling interests	Total shareholders' equity
Balance as at January 1, 2017	349,103	1,971,034	6,646	1,632,517	(47)	3,959,253	(35)	3,959,218
Net income for the year	-	-	-	428,203	-	428,203	(3)	428,200
Total other comprehensive income	-	-	-	-	102	102	-	102
Total comprehensive income for the year	-	-	-	428,203	102	428,305	(3)	428,302
Issuance of share capital and the exercise of warrants	10,587	201,552	-	-	-	212,139	-	212,139
Exercise of warrants for employees	5,711	65,056	(5,637)	-	-	65,130	-	65,130
Reflection of benefit on warrants for employees	-	-	6,169	-	-	6,169	-	6,169
Reflection of benefit on share-based payments to directors	-	-	298	-	-	298	-	298
Dividend declared	-	-	-	(373,811)	-	(373,811)	-	(373,811)
Balance as at December 31, 2017	<u>365,401</u>	<u>2,237,642</u>	<u>7,476</u>	<u>1,686,909</u>	<u>55</u>	<u>4,297,483</u>	<u>(38)</u>	<u>4,297,445</u>

The notes that are attached to the financial statements for an integral part thereof.

Amot Investments Ltd.
Consolidated Statements of Cash Flows

For the year ended December 31

	2019	2018	2017
	NIS thousands		
<u>Cash flows from operating activities</u>			
Net income for the year	1,070,423	566,887	428,200
Adjustments required to present cash flows from operating activities (Appendix A)	(609,109)	(152,749)	(38,379)
Net cash generated by operating activities	461,314	414,138	389,821
<u>Cash flows from investment activities</u>			
Investments in investment property (including investment property under construction)	(1,375,472)	(794,122)	(481,224)
Consideration from the disposal of investment property (see Note 7D)	-	107,420	16,425
Investment in investee companies	-	-	(20,993)
Repayment of loans from companies treated at equity	5,952	5,481	8,586
Proceeds from the realization of a company treated according to the equity method	6,701		
Others, net	(2,439)	(782)	(2,360)
Net cash absorbed by investment activities	(1,365,258)	(682,003)	(479,566)
<u>Cash flows from financing activities</u>			
Repayment of long-term loans from banking corporations	(38,349)	(37,391)	(911,774)
Dividend paid	(446,468)	(419,468)	(373,811)
Issuance of shares and exercise of warrants into shares less issuance expenses	576,535	330,857	212,139
Issuance of bonds, net	1,003,480	652,585	1,380,619
Exercise of warrants for employees, directors and officers	59,146	55,132	65,130
Repayment of long-term bonds	(408,588)	(264,962)	(262,691)
Short-term credit from banking corporations, net	(82,155)	(65,334)	1,932
Net cash generated by financing activities	(240,343)	251,419	111,544
Increase (decrease) in cash and cash equivalents	(240,343)	(16,446)	21,799
Balance of cash and cash equivalents at the beginning of the year	297,703	314,149	292,350
Balance of cash and cash equivalents at the end of the year	57,360	297,703	314,149

The notes that are attached to the financial statements for an integral part thereof.

Amot Investment Ltd.

Appendices to the Consolidated Statements of Cash Flows

		<u>For the year ended December 31</u>		
		<u>2019</u>	<u>2018</u>	<u>2017</u>
		<u>NIS thousands</u>		
A.	<u>Adjustments required to present cash flows from operating activities</u>			
	Expenses (revenues) not involving cash flows			
	Adjustment of the fair value of investment property, net	(847,259)	(262,975)	(173,704)
	Company's share of the profits (losses) of companies treated at equity	(50,030)	(18,656)	(15,674)
	Revaluation of loans from companies treated at equity	(873)	(1,455)	(986)
	Dividends received from companies treated at equity	2,500	4,250	18,000
	Revaluation (erosion) of bonds	(29,086)	(9,181)	(22,895)
	Adjustment differentials on long-term liabilities and cash	869	3,601	24,501
	Reflection of benefit on share-based payments	6,101	5,988	6,467
	Deferred taxes, net	284,533	107,970	112,560
	Payment of taxes on the disposal of assets – attributed to investment activities – see Note 7D)	-	15,358	-
	Others, net	<u>4,144</u>	<u>1,321</u>	<u>3,492</u>
		<u>(629,101)</u>	<u>(153,779)</u>	<u>(48,239)</u>
	Changes in assets and liabilities			
	Decrease (increase) in trade receivables	(1,106)	904	(270)
	Decrease (increase) in other receivables	(3,496)	(1,969)	(5,578)
	Decrease (increase) in long-term receivables	(10,667)	4,279	(9,541)
	Increase (decrease) in trade payables	(4,549)	(686)	5,790
	Increase (decrease) in liabilities in respect of the termination of employee-employer relationships	(22)	(35)	419
	Increase (decrease) in other payables	<u>39,831</u>	<u>(1,463)</u>	<u>19,040</u>
		<u>19,992</u>	<u>1,030</u>	<u>9,860</u>
		<u>(609,109)</u>	<u>(152,749)</u>	<u>(38,379)</u>

Amot Investments Ltd.
Consolidated Statements of Cash Flows

		<u>For the year ended December 31</u>		
		<u>2019</u>	<u>2018</u>	<u>2017</u>
		<u>NIS thousands</u>		
B.	Activities not involving cash flows			
	Investments in investment property against other payables	<u>99,473</u>	<u>15,072</u>	<u>9,093</u>
	Allocation of shares to an officer against payables	<u>731</u>	<u>-</u>	<u>-</u>
C.	Additional information			
	Interest paid	<u>183,663</u>	<u>189,858</u>	<u>192,157</u>
	Interest received	<u>5,640</u>	<u>3,875</u>	<u>3,920</u>
	Taxes paid (*)	<u>14,596</u>	<u>54,893</u>	<u>6,496</u>
	Taxes received	<u>3,448</u>	<u>-</u>	<u>-</u>
	Dividend received	<u>2,500</u>	<u>4,250</u>	<u>18,000</u>

* The taxes that were paid in 2018 include betterment tax in respect of the sale of properties and taxes that were paid in respect of an assessments agreement (see Note 15E and 15H1).

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 1: General

A. The Company's business:

The Group is engaged, directly and indirectly, through corporations under its control, in the rental, management and maintenance of income-generating properties in Israel, and also in the initiation and development of land for rental purposes for self-use. The Group owns property, directly and indirectly, which includes offices, commercial centers, department stores, central bus stations, industrial parks and industrial and logistical buildings.

The Company is held by Alony-Hetz Properties and Investments Ltd. at a rate of 55%. The Company's securities are listed for trading on the Tel Aviv Stock Exchange.

B. Definitions:

The Company	Amot Investments Ltd.
The parent company	- Alony-Hetz Properties and Investments Ltd., a public company, whose securities are listed for trading on the Tel-Aviv Stock Exchange
The Group	- The Company and its consolidated companies, as defined below. A list of the group companies is presented in an appendix to the financial statements.
Consolidated companies	- Companies in which the Company has control (as defined in IFRS 10), directly or indirectly, whose financial statements are fully consolidated, with the Company's financial statements.
Joint arrangements	- Companies that are held by a number of parties, between which a contractual arrangement exists for the exercise of joint control.
Investee companies	- Consolidated companies and proportionately consolidated companies. See Notes 8 and 28 for a list of the consolidated companies and proportionately consolidated companies.
Company or corporation	- For the purposes of the above definitions – including a partnership.
Related parties	- As defined in IAS 24
Interested party	- As defined in the Securities Law – 1968, and the regulations promulgated thereunder.
Controlling interest	- As defined in the Securities Regulations (Annual Financial Statements) – 2010.
Index	- The Consumer Prices Index, as published by the Central Bureau of Statistics.
Dollar	- The US Dollar

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 2: Principal accounting policies

The financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS):

The following are the principal accounting policies pursuant to the IFRS Standards, which have been implemented in the preparations of the consolidated financial statements:

A. Declaration regarding the implementation of International Financial Reporting Standards (IFRS):

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter – "The IFRS Standards") and the clarifications thereto, which have been published by the International Accounting Standards Board (IASB). The principle accounting policies, which are detailed below, have been implemented consistently for all reporting periods that are presented in these financial statements. For new financial reporting standards and interpretations that have been published see note 3.

The basis for the presentation of the financial statements:

The Company's financial statements have been prepared on the cost basis, except for investment property, derivatives that are measured at their fair value, share based payment liabilities and certain financial instruments, deferred tax assets, deferred tax liabilities and provisions, which are measured in accordance with estimates and assumptions.

Statement of cash flows:

The statements of cash flows from operating activities is presented pursuant to the indirect method: interest that has been paid and received by the Group is classified under operating activities in the statement of cash flows, as compared with credit costs that are capitalized to a qualifying asset, the investment in the establishment of which is classified under investment activities, cash flows deriving from taxes on income and indirect taxes are classified under operating activities, unless they can be identified specifically with investment activity or financing activity, a dividend that has been recorded under financing activities and dividends that have been received from investee and other companies have been recorded under operating activities.

The implementation of the Securities Regulations:

The Financial Statements have been prepared in accordance with provisions of the Securities Regulations (Annual Financial Statements), 2010 (hereinafter - "The Financial Statement Regulations").

B. Period of the operating cycle:

The period of the Group's operating cycle does not exceed 12 months.

C. Principle considerations, estimates and assumptions in the preparation of the financial statements:

Estimates and assumptions

When preparing the financial statements, the management is required to make use of estimates, assessments and assumptions, which affect the implementation of the accounting policy and the reported amounts of assets, liabilities, revenues and expenses. The estimates and the assumptions on which they are based are reviewed routinely. Changes in the accounting estimates are reflected in the period in which the change is made in the estimate.

The following are the main assumptions that have been made in the financial statements in connection with uncertainties as of the date of the statement of financial position and the critical estimates that have been calculated by the Group and where a significant change in the estimates and the assumptions might change the values of assets and liabilities in these financial statements or in the coming reporting year:

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 2: Principal accounting policies (Continued)

C. Principle considerations, estimates and assumptions in the preparation of the financial statements (Continued):

Estimates and assumptions (Continued)

- **Investment property**

The Group's investment property is presented in accordance with its fair value, with changes in the fair value being reflected in profit or loss as income or expenses.

For the purpose of the determination of the fair value of the investment property, the Company's management bases itself on appraisals that are performed by independent external appraisers of real estate, having the know-how, the experience and the expertise that are required. The Company's management is in the habit of determining the fair value pursuant to generally accepted evaluation methods for real estate assets, primarily discounted cash flows and a comparison to selling prices of similar properties and the Group's properties in the near vicinity. Where the discounted cash flows method is employed, the interest rate used to discount the net cash flows that are expected from the assets has a significant impact on the fair value.

In the determination of the fair value, inter alia and insofar as is relevant, the location and the physical condition of the property, the quality and stability of the tenants, the rental periods, the rental prices for similar properties, the adjustments that are required to the existing rental prices and the actual and forecast occupancy levels for the property and operating costs are taken into account in the determination of the fair value. A change in the value of any of these components, or in all of them, may have a significant impact on the fair value of the property, as estimated by the Company's management.

Pursuant to International Financial Reporting Standard 13 (IFRS 13), the Company has reflected transaction costs that have been incurred when acquiring new assets in the statement of profit or loss.

The Group strives to determine as objective a fair price as is possible, however, the process of estimating the fair value of investment property also includes subjective elements, which are sourced, inter alia, in the Company's management's past experience and in its understanding of what is expected to occur in the investment property market at the time at which the estimate of the fair value is determined. The fair value of investment property under construction is assessed by estimating the fair value of the investment property after the completion of its construction and deducting the present value of the estimated construction costs that are expected to be incurred for the purpose of its completion and less an entrepreneurial margin, where relevant, whilst taking a yield rate that has been adjusted for the risks that are relevant and which typify the investment property under construction into account.

In this light, and in light of what is stated in the previous paragraph, the determination of the fair value of the Group's investment property requires the exercise of judgment. Changes in the assumptions that are used in the determination of the fair value may have a significant impact on the Group's financial position and its operating results. See additional information in Section K.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 2: Principal accounting policies (Continued)

C. Principle considerations, estimates and assumptions in the preparation of the financial statements (Continued):

Estimates and assumptions (Continued)

- **Investment property under construction**

The Group strives to determine as objective a fair price as is possible, however, the process of estimating the fair value of investment property under construction also includes subjective elements, which are sourced, inter alia, in the Company's management's past experience and in its understanding of what is expected to occur in the investment property market at the time at which the estimate of the fair value is determined. In this light, the determination of the fair value of the Group's investment property under construction requires the exercise of judgment. Changes in the assumptions that are used in the determination of the fair value may have a significant impact on the Group's financial position and its operating results.

- **Classification of joint arrangements as joint operations or as joint transactions:**

The Company maintains joint control of several entities. To determine the type of the joint arrangement, the Company examined its rights and liabilities arising from the arrangement, taking heed of the arrangement's structure and legal form, the terms concluded between the Company and the third party maintaining joint control of the entities with it and the array of agreements between the Company and the entities (see Note 8).

D. Foreign currency:

(1) The functional currency and the presentation currency

The financial statements of each of the Group companies have been prepared in the currency of the major economic environment in which it operates (hereinafter - "The functional currency"). For the purpose of the consolidation of the financial statements, the results and the financial position of each of the Group companies are presented in New Israeli Shekels (NIS), which is the Company's functional currency. The Group's consolidated financial statements are presented in NIS.

(2) The manner of the recording of exchange differences

Exchange rate differentials are recognized in profit and loss in the period in which they arise.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 2: Principal accounting policies (Continued)

E. Consolidated financial statements:

General:

The Group's consolidated financial statements include the financial statements of the Company and of entities that are controlled by the Company, directly or indirectly. An investor company controls an investee company where it has an exposure or where it has rights, to the variable yields deriving from its holding in the investee entity, and where it has the ability to influence those yields by means of the exercise of power over the investee. This principle applies to all of the investees, including structured entities.

The operating results of consolidated companies that have been acquired or sold during the course of the reporting period are recorded in the Company's consolidated statements of profit and loss as from the time at which control is achieved or up to the time that control is discontinued, as the case may be.

All inter-company transactions, balances, revenues and expenses are eliminated for the purpose of consolidation.

Acquisitions of subsidiary companies other than business acquisitions

At the time of the acquisition of consolidated companies and operations that do not constitute a business, the consideration for the transaction is allocated between the identified assets and liabilities alone of the acquiree company proportionately to their fair values at the time of the acquisition and without attributing any amount whatsoever to goodwill or deferred taxes, with attribution to non-controlling interests, if any, according to their share of the fair value of the said identified assets at the time of the acquisition.

F. Joint arrangements

A "joint arrangement" is a contractual agreement, in accordance with which the Group and other parties carry out economic activity that is subject to joint control. Joint control exists where the contractual arrangement includes a requirement that decisions relating to the business's financial and operational strategy are to be made by unanimous decisions by the parties that jointly control the business.

There are two types of joint arrangements. The type of the arrangement is dependent upon the rights and the commitments of the parties to the arrangement.

"A joint venture" is a joint arrangement in which the parties have rights to the net assets that are attributed to the arrangement. In joint arrangements, which constitute a joint venture, the Group recognizes the joint venture as an investment and treats it under the equity method of accounting. See Section G below regarding the equity method of accounting.

"A joint operation" is a joint arrangement where the parties to the arrangement have rights in the assets and commitments in respect of the liabilities, which are attributed to the arrangement.

In Joint arrangements that constitute a joint operation, the Group recognizes its proportionate share of the assets of the joint activity and its liabilities, including assets that are held and commitments, which have been incurred jointly in the Group's statement of financial position. The statement of income includes the Group's relative share of the revenues and the expenses of the joint operation, including revenues that have been produced and expenses that have been incurred jointly. Transactions between companies in the Group and joint operations that are held by the Company are only recognized at the level of the other parties' share in the joint operations.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 2: Principal accounting policies (Continued)

G. Investments in joint ventures

The results, the assets and the liabilities of joint ventures are recorded in these financial statements using the equity method of accounting. In accordance with the equity method of accounting, investments in joint ventures are recorded in the consolidated statement of financial position at cost, as adjusted for changes that have occurred after the acquisition of the Group's share of the net assets, including capital reserves.

Gains or losses arising from transactions that are executed between the Company and a joint venture belonging to the Group are eliminated in accordance with the Group's share of the rights in the relevant affiliated company or joint venture.

H. Cash and cash equivalents

Cash and cash equivalents include deposits that can be withdrawn immediately as well as fixed-term deposits the use of which is unrestricted and whose repayment time, at the time of the investment in them, does not exceed three months.

I. Provision for doubtful debts

The provision for doubtful debts is determined specifically for debts the collection of which is doubtful in the Company's management's assessment. The debts of customers, in which impairment has occurred in their value, are de-recognized at the time at which it is determined that these debts are not collectable. The Company has not made an additional collection assessment since in its opinion, this would not have an impact on the financial statements and is immaterial.

J. Non-derivative financial assets

(1) General

Financial assets are recognized in the statement of financial position, where the Group becomes a party to the contractual terms of the instrument. Investments in financial assets are recognized initially in accordance with their fair value, with the addition of transaction costs, except for financial assets that are classified at fair value through profit or loss, which are recognized initially in accordance with their fair value. Transaction costs for financial assets at fair value through profit or loss are reflected immediately as an expense in profit or loss. After the initial recognition, financial assets will be measured at amortized cost or at fair value in accordance with their classification.

Debt instruments are measured at amortized cost where the two following conditions are met:

- The Group's business model is to hold the assets with the objective of collecting the contractual cash flows, and
- The contractual terms of the asset determine the exact dates on which the contractual cash flows, which constitute payments of principal and interest alone, will be received.

Financial assets measured at amortized cost and the effective interest method:

The amortized cost of a financial asset is the amount at which the financial asset was measured on first being recognized, deducting payments of principal, plus or deducting the accumulated depreciation, using the effective interest method, of any difference between the initial amount and the repayment amount, adjusted for any provision to loss.

The effective interest method is a method used to calculate the amortized cost of a debt instrument and to allocate and recognize the interest income at a profit or at a loss over the relevant period.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 2 – Principal accounting policies (Continued)

J. Non-derivative financial assets (Continued)

(1) General (Continued)

Trade and other short-term receivables and some of the loans to companies that are treated at equity meet the conditions for measurement at amortized cost under the effective interest method. Some of the loans to companies that are treated at equity, where the conditions are not met, are measured at fair value through profit or loss.

K. Investment property

Investment property is real estate (land or a building or both of these), which is held by the Group for the purpose of the production of rental income or for an increase in capital value, or both of these together, and not for the purpose of use for administrative purposes, or for sale in the regular course of business (hereinafter – Investment property). Rights in real estate that are held by the Group under operating leases (primarily leases of land from the Israel Lands Administration), which would otherwise meet the abovementioned definition of investment property, are also classified and treated as investment property.

Investment property is initially measured at the cost of its acquisition, which includes direct transaction costs, such as purchase tax and fees for professional consultants for legal and economic services.

In addition, pursuant to International Financial Reporting Standard (IFRS) 13, the Company reflects the transaction costs that have been incurred at the time of the acquisition of new properties in the statement of profit or loss.

In periods following the time of the initial recognition, the investment property is measured at fair value. Gains or losses deriving from changes in the fair value of investment property are recorded in the statement of profit or loss in the period in which they arise.

For the purpose of determining the fair value of investment property, the Company's management bases itself on appraisals, which are performed by independent external appraisers having the know-how, experience and expertise that are required. See also Section C above regarding the manner of the determination of the fair value of investment property.

The costs of the disposal of investment property are reflected in the statement of profit or loss at the time at which the property is sold. The difference between the consideration that is received from the disposal of investment property and the fair value as recorded in the latest financial statements (including interim financial statements), is reflected in the statement of profit or loss at the time of the closing of the disposal transaction and is presented as a gain or a loss on the disposal of investment property as part of the adjustment of the fair value of investment property. Direct costs for the disposal of the asset are offset against this gain or loss, as aforesaid.

L. Investment property under construction

Investment property under construction, which is designated for future use as investment property is also measured at fair value as aforesaid.

M. Credit costs

Credit costs, which can be attributed to the construction of investment property, the preparation of which for their intended use requires a significant period of time, are capitalized to the cost of those assets until the time at which those assets are mainly ready for their intended use as investment property.

The credit costs have been calculated as the product of the multiplication of the Company's average interest rate by the cost of the asset, which has actually been invested, after eliminating financing.

All of the other credit costs are recognized in profit or loss as incurred.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 2 – Principal accounting policies (Continued)

N. Non-current assets held for sale:

Non-current assets are classified as held for sale if their carrying value in the accounting records will be recovered primarily by means of their sale and not by means of their continued use. Non-current assets are classified as held for sale where the sale is highly probable, and the asset is available for sale immediately in its current state. The Group classifies non-current assets and/or disposal groups as held for sale where the management is committed to executing the sale and the sale is expected to qualify for recognition as a sale that has been completed within one year from the time of the classification of the non-current assets and/or disposal group as held for sale.

As from the period in which an asset is defined as designated for disposal it is presented under "assets held for sale" in the statement of financial position.

O. Financial liabilities and capital instruments that have been issued by the Group:

Financial liabilities are classified as financial liabilities at fair value against profit and loss or as other financial liabilities.

(1) Other financial liabilities

Other financial liabilities in the Group include primarily short-term credit, trade payables, other payables and others.

Other financial liabilities are recognized initially at fair value after the deduction of transactions costs. In periods subsequent to the initial measurement, other financial liabilities are measured on an amortized cost basis, insofar as the results of such measurement are significant, with the financing being reflected, generally, under the effective interest method in the statement of profit or loss.

(2) Financial liabilities that are linked to the Consumer Prices Index

The Group has financial liabilities that are linked to the Consumer Prices Index (hereinafter: "The index"), which are not measured at fair value through profit or loss, which include primarily bonds and loans from banking corporations and others. The Group determined the effective interest rate for these liabilities with the addition of linkage differentials in accordance with the actual changes in the index up to the end of the reporting period.

(3) The de-recognition of financial liabilities

A financial liability is de-recognized where, and only where it is cleared – in other words, where the commitment that was defined in a contract is settled, cancelled or expires.

P. The recognition of revenues:

Revenues are measured at the fair value of the consideration that has been received and/or the consideration that the Group is entitled to receive in respect of revenues from the provision of services in the regular course of business. The revenues are presented after deducting discounts.

(1) Revenues from rental and management fees

Revenues from rental and management fees from investment property are reflected in the statement of profit or loss as they accrue over the rental period. In the rental contracts in which the rental fees rise at a fixed rate over the length of the rental period, the impact of the fixed increase in the rental fees is reflected equally over the length of the entire rental period in the statement of profit or loss, so long as it is significant.

The revenues are reflected in the financial statements so long as their collection is assessed to be expected at the time of their recognition and where the amount of the revenues can be measured reliably.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 2 – Principal accounting policies (Continued)

P. The recognition of revenues (Continued):

(2) The recognition of revenues on a gross basis or on a net basis

Transactions in which the Group operates as an agent or as a broker, where the substance of its promise to the customer is to organize that the goods or the services will be provided by another party, the Group's revenues from the transactions are presented on a net basis. The revenues for transactions in which the Group is the main supplier, are presented on a gross basis.

(3) Interest income

Income from interest is accumulated on a timing basis, taking into account the principal that is repayable, using the effective interest method.

Costs of contract

Costs incurred by the fulfillment of a contract with a client which do not fall under the application of another standard, are recognized as an asset when they: directly refer to a contract specifically identifiable by the Group; costs of contract not recognized as an asset are recognized as an expense when incurred.

Q. Provisions:

Provisions are recognized where the Group has a legal or implied commitment, as the result of a past event, in respect of which it is expected that economic resources, which can be measured reliably will be expended in order to clear the commitment.

The amount that is recognized as a provision reflects management's best estimate of the amount that will be required to settle the commitment at the time of the statement of financial position, taking the risks and uncertainties that are inherent in the commitment into account. Where the provision is measured using forecasts of the cash flows for the purpose of settling the commitment, the carrying value of the provision is the present value of the forecast cash flows. Changes in respect of the value of time will be reflected in profit and loss.

Where any amount or part thereof, which is needed in order to settle the commitment in the present is expected to be reimbursed by a third party, the Group only recognizes an asset, in respect of the reimbursement, up to the level of the provision that has been recognized, when it is virtually certain that the indemnification will be received, and where it can also be measured reliably.

R. Share-based payments:

Share based payments for employees and for others, who provide similar services, which are cleared using capital instruments of the Group, are measured at the fair value at the time of the grant, using a generally accepted pricing method.

See Note 17 F regarding the measurement of the fair value of share-based payments.

The cost of transactions that are cleared with capital instruments is recognized in profit and loss together with a parallel increase in equity over the period in which the performance and/or service terms are met and ending at the time at which the relevant employees are entitled to the remuneration (hereinafter – the vesting period). The cumulative expense that is recognized for transactions that are cleared with capital instruments at every reporting date until the time of the vesting, reflects the degree of the passage of the vesting period and the Group's best estimate of the number of capital instruments that will vest at the end of the day. The expense or the income in the statement of profit or loss reflects the change in the cumulative expense up to the end of the reporting period.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 2 – Principal accounting policies (Continued)

S. Receipts on account of warrants:

Receipts on account of the issuance of warrants for the purchase of shares in the Company, which afford their holders the right to purchase a fixed number of regular shares in consideration for a fixed amount of cash, are presented under equity. For this purpose, the exercise price of a warrant that is linked to the index is not deemed to be a fixed amount of cash.

T. Leases:

The Group as a lessee

The Group assesses whether a contract is a lease (or includes a lease) on the date of entering into the contract. The Group recognizes a right of use asset on the one hand and a lease liability on the other hand for all the lease contracts wherein it is the lessee, other than short-term leases (for a period of up to 12 months) and leases of low-value assets. In such leases, the Group recognizes the lease payments as an operational expense on a straight-line basis over the term of the lease.

The term of the lease is the irrevocable term regarding which the lessee has the right to use the leased property, along with:

Periods covered by an option to extend the lease if it is reasonably certain that the lessee will implement this option, and

Periods covered by an option to revoke the lease if it is reasonably certain that the lessee will not implement this option.

The lease liability is first measured according to the current value of the lease payments not paid on the starting date, capitalized using the interest rate grossed up in the lease.

The lease payments included in the measuring of the lease liability are comprised on the following payments:

- Fixed payments (including materially fixed payments), deducting any lease incentives;
- Variable lease payments dependent on the index or rate, which are first measured by using the existing index or existing rate on the starting date;

The lease liability is presented under a separate section of other financial liabilities in the statement of financial position. A lease liability is then measured by increasing the value in the books to reflect interest on the lease liability in the effective interest method and by decreasing the value in the books to reflect the lease payments made.

The Group remeasures the lease liability (against adjustment to the right of use asset) when:

- A lease amendment was made and is not treated as a separate lease. In this case, the lease liability is remeasured by the recapitalization of the updated lease payments using an updated capitalization rate.

A right of use asset which meets the definition of investment property is presented in the statement of financial position under the investment property section.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 2 – Principal accounting policies (Continued)

T. Leases (Continued):

The Group as a lessor

The Group enters into operational lease agreements as a lessor of investment properties.

Revenues from rent for operational leasing are recognized on the straight-line basis over the term of the lease.

U. Taxes on income:

(1) General

Taxes on income (tax benefits) include the total of the current taxes and also the total change in the deferred tax balances, except for deferred taxes that derive from transactions that are reflected directly under equity.

(2) Current taxes

Current tax expenses are calculated based on the income of the Company and the investee companies that is chargeable to tax during the course of the reporting period.

The chargeable income is different from the income before taxes on income, because of the inclusion or exclusion of revenues and expenses that are chargeable to taxation or which can be deducted in different reporting periods, or which are chargeable to taxation or which are deductible in different reporting periods, or which are not chargeable to tax or which cannot be deducted. Assets and liabilities in respect of current taxes have been calculated on the basis of the tax rates and the tax laws that have been enacted or whose enactment has been effectively completed up to the date of the statement of financial position.

(3) Deferred taxes

The Group companies record deferred taxes in respect of timing differences between the value of assets and liabilities for tax purposes and their values in the financial statements. The deferred tax balances (asset or liability) are calculated in accordance with the tax rates that are expected at the time that they are realized, based on the tax rates and the tax laws that have been enacted or whose enactment has been effectively completed up to the date of the statement of financial position. Deferred tax liabilities are generally recognized in respect of all of the timing differences between the values of assets and liabilities for tax purposes and their values in the financial statements. Deferred tax assets are recognized in respect of all of the timing differences that can be deducted up to the amount at which it is expected that there will be chargeable income against which it will be possible to exploit the timing difference that is deductible.

The taxes that would apply in the event of the disposal of the investments in investee companies are not taken into account in the calculation of the deferred taxes, since the Group intends to hold the investments and to develop them. Furthermore, deferred taxes are not taken into account in respect of the distribution of taxes in those companies, since the dividends are not chargeable to taxation and/or where there is a decision in force not to distribute dividends that would be chargeable to taxation in the foreseeable future.

Deferred tax assets and liabilities are presented after having been offset where the entity has a legally enforceable right to set off current tax assets against current tax liabilities, and where they relate to taxes on income that is levied by the same tax authority and the Group intends to clear the current tax assets and liabilities on a net basis.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 2 – Principal accounting policies (Continued)

V. Derivative financial instruments and hedge accounting

The Group makes use of derivative financial instruments in order to manage the exposures to changes in the Consumer Prices Index. Additional details on the derivatives that the Group uses are provided in Note 12.

Derivative financial instruments are recognized initially at the time of the commitment and at the end of every subsequent reporting period in accordance with their fair values. Changes in the fair value. Generally, changes in the fair value of derivative financial instruments are reflected in profit or loss. The timing of the recognition in profit or loss of changes in the fair value of derivative financial instruments, which are designated for hedging purposes, where this hedging is effective, and meets all of the conditions for the determination of a hedging relationship is dependent on the nature and type of the hedging, as detailed in the following sections.

The classification of derivative financial instruments, which are used for hedging, in the statement of financial position, is determined in accordance with the contractual time period of the derivative financial instrument. If the balance of the contractual time period of the instrument exceed 12 months, the derivative will be presented as a non-current item in the statement of financial position, and if the balance of the time period does not exceed 12 months, the derivative will be classified as a current item.

Hedge accounting:

The Group designates derivative financial instruments for hedging. The hedging items are designated as fair value hedging.

The hedging relationships are documented by the Group at the time of the commitment under the hedging transaction. Within the framework of the documentation, the hedging instrument, the hedged item, the hedged risk, the hedging strategy that is implemented are documented and the degree to which the strategy correlates with the Group's overall policy in every type of hedging. In addition, from the beginning of the hedging relationship and throughout its period, the Group documents the degree to which the hedging instrument is effective in offsetting the exposure to changes in fair value in respect of risk that is hedged on the hedged item.

The classification of hedging instruments in the statement of financial position is determined in accordance with the balance of the period of the hedging relationship at the end of the reporting period. If the balance of the period of the hedging relationship exceeds 12 months at the end of the reporting period, the hedging instrument is classified as a non-current asset or liability in the statement of financial position. If the balance of the period of the hedging relationship does not exceed 12 months at the end of the reporting period, the hedging instrument is classified as a current asset or liability in the statement of financial position.

The Group's hedging activity includes the following hedging relationships:

Hedging of fair value:

The Group implements fair value hedge accounting in respect of the exposure to changes in the fair value that may derive from changes in the forward rate of the Consumer Prices Index in respect of payments and principal on bonds (Series E) as well as after the date of the statement of financial position, bonds (Series G) (see Note 12F).

The changes in the values of financial instruments, which are designated for hedging fair value risk are recognized immediately in profit or loss in parallel to changes in the fair value of the hedged items, which are attributed to the hedged risk. Fair value hedge accounting is discontinued where the hedging instrument expires, is sold or exercised or where the hedging relationship no longer meets the hedging threshold. For this purpose, the replacement of a counter party to a hedging

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 2 – Principal accounting policies (Continued)

V. Derivative financial instruments and hedge accounting (Continued)

instrument as a result of legal or regulatory requirement, in a manner in which there are no additional changes to the terms of the hedging instrument beyond the changes that are necessary as a result of the replacement of the counter party, does not constitute expiry or exercise. Adjustments to the carrying value of the hedging item in the accounting records are reflected in profit or loss as from the time of the discontinuation of the hedging and thereafter.

The Group continues to implement the IAS39 hedge accounting model as its accounting policy.

W. Earnings per share:

The Company calculates the amounts of the basic earnings per share in respect of the profit or loss that is attributed to the shareholders in the Company by dividing the profit or loss that is attributed to the holders of the regular shares in the Company by the weighted average of the number of regular shares in circulation during the course of the reporting period. For the purposes of the calculation of the diluted earnings per share, the Company adjusts the profit or loss that is attributed to the holders of the regular shares and the weighted average of the number of shares in circulation in respect of the impact of all of the potential dilutionary shares.

X. Exchange rates and the linkage basis:

Balances that are denoted in foreign currency or which are linked thereto, are recorded in the financial statements in accordance with the representative exchange rates as published by the Bank of Israel and which were in force as at end of the reporting period.

Balances that are linked to the Consumer Prices Index are presented in accordance with the last known index at the end of the reporting period (the index for the month preceding the month in which the reporting date falls) or in accordance with the index for the last month of the reporting period (the index for the month in which the reporting date falls), in accordance with the terms of the transaction.

The following are data on the exchange rate of the Dollar and on the index:

		The index in Israel	
		The known index	The index for the month
	Representative exchange rate of the dollar	in points	in points
As at the date of the financial statements:			
As at December 31, 2019	3.456	133.561	133.561
As at December 31, 2018	3.748	133.157	132.764
Rates of change:			
	%	%	%
For the year ended December 31, 2019	(7.79)	0.30	0.60
For the year ended December 31, 2018	8.10	1.20	0.80
For the year ended December 31, 2017	(9.83)	0.30	0.40

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 3 – New financial reporting standards and interpretations that have been published and revisions to standards

A. New standards, new interpretations and amendments to standards, which affect the current period:

**Revision to IAS 28 "Investments in Included Companies and in Joint Transactions":
(Regarding Long-Term Rights in Included Companies or in Joint Transactions)"**

The revision clarifies that long-term rights in an included company or joint transaction, which are part of the net investment but are not measured in the balance value method (for example, long-term loans for which a date of repayment has not been set and whose repayment is not expected in the foreseeable future), will be subject to the provisions of IFRS 9, including the depreciation model.

The revision is implemented retroactively for annual reporting periods beginning on January 1, 2019 or thereafter, pursuant to specific transitory provisions. The implementation of the revision to the standard had no effects on the Group's financial statements.

▪ **Revision to IFRIC 23 "Uncertain Tax Positions"**

The interpretation clarifies the provisions for the recognition and measurement of taxes on income when there is uncertainty regarding the tax authorities' position. The interpretation provides that the entity must determine whether the uncertain tax positions should be estimated separately or as part of a group of uncertain tax positions. Furthermore, the entity must estimate whether it is reasonable for the tax authorities to accept the treatment undertaken by the Company, or which the Company is expected to undertake, in connection with the uncertain tax positions, assuming that the tax authorities will examine the entity's reports and will have all the relevant information (100% exposure risk).

If so, the entity is required to determine the accounting treatment of the uncertain tax positions in a manner consistent with the tax position taken by it or which it is expected to take. If not, the entity is required to reflect the effect of the uncertainty using the expected value method or the most likely amount method, according to the method which best foresees the result of the uncertainty.

The revision is implemented retroactively for annual reporting periods starting of January 1, 2019 or thereafter. The implementation of the revision had no effects on the Group's financial statements.

▪ **IFRS 16 "Leases"**

The new standard which came into force as from January 1, 2019 (the 'Date of First Implementation') revokes IAS 17 "Leases" and the interpretations related thereto, and prescribes the rules for the recognition, measurement, presentation and disclosure of leases with respect to both parties to the transaction, namely the client ('Lessee') and the supplier ('Lessor'). The standard does not modify the accounting treatment existing today in the Lessor's books. The new standard revokes the distinction which existed in the past regarding a Lessee, between financing leases and operational leases, and prescribes a uniform accounting model with respect to all kinds of leases.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

A. New standards, new interpretations and revisions to standards which have not yet come into force: (continued)

▪ **IFRS 16 "Leases" (continued)**

According to the new model, for each leased property, the Lessee is required, on the one hand, to recognize the property for the right of use, and on the other hand in a financial liability for the current value of the lease fees. Such provisions on recognition of a property and liability will not apply regarding properties leased for a period of up to only 12 months, as well as with respect to leases of low-value properties (such as personal computers). See Note 2Q regarding the accounting policy implemented as from January 1, 2019. The implementation of the standard had no material effects on the Group's financial statements.

▪ **Revision to IFRS 3 "Business Combinations" (regarding the definition of a "Business")**

The revision provides that in order to be deemed a "Business", the purchased assets and activities must include, at the very least, an input and a material process which together significantly contribute to the ability to create output. The revision omits the need of examining whether participants in the market can replace missing inputs or processes and continue creating outputs, and also omits from the definition of "Business" and "Outputs" reduced costs or other economic benefits and focuses on products and services supplied to the clients.

Furthermore, the revision adds a criterion of 'fair value concentration' whereby the entity in question is not a business if materially, the entire fair value of the gross assets purchased is concentrated in a single identified asset or in a group of similar identified assets.

The revision will be implemented regarding business combinations and asset purchases whose date of purchase is from January 1, 2020. Early implementation is possible.

Note 4: Cash and cash equivalents

Composition:

	<u>Interest rate</u>	<u>As at December 31</u>	
		<u>2019</u>	<u>2018</u>
		<u>NIS thousands</u>	
	<u>2019</u>		
	%		
In Israeli currency:			
Cash in hand and balances in banks		18,121	15,352
Short-term deposits in banking corporations (unlinked)	0.30-0.22	39,239	282,351
		<u>57,360</u>	<u>297,703</u>

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 5: Trade receivables

A. Composition:

	As at December 31	
	2019	2018
	NIS thousands	
Open debts	17,651	14,096
Checks for collection	3,824	3,841
Revenues receivables	4,821	5,884
	<u>26,296</u>	<u>23,821</u>
Less provision for doubtful debts	<u>(6,450)</u>	<u>(5,081)</u>
	<u>19,846</u>	<u>18,740</u>

B. Movements in the provision for doubtful debts:

	As at December 31	
	2019	2018
	NIS thousands	
Balance at the beginning of the year	5,081	5,073
Amounts of doubtful debts written off	(1,261)	(1,216)
Amounts provided in the year	<u>2,630</u>	<u>1,224</u>
Balance at the end of the year	<u>6,450</u>	<u>5,081</u>

In the determination of the probability of the repayment of the customers' debts, the Group examines changes in the quality of the customer's credit from the time of the extension of the credit and up to the reporting date. The concentration of the credit risks is limited, in light of the large size of the customers base, where the transaction with each of the customers being immaterial. The Company has not performed an additional collective examination since in its opinion this does not have any impact on the financial statements and is immaterial.

The management of credit risk by the Group

Credit risk relates to the risk that the counter-party will not meet its contractual commitments and will cause a financial loss to the Group. The Group does not have a significant exposure to credit risk relating to a particular customer or group of customers with similar characteristic. The Group defines customers as having similar characteristics if they are related entities. The concentration of credit risk is limited because of the fact that the customer base is large and unrelated. No change has occurred in the estimation technique or in the significant assumptions made in the current reporting period. The Group writes off customers' debts where information exists indicating that the customer is in serious financial difficulty and there is no real chance of collecting the debt, for example where the customer is in liquidation or bankruptcy proceedings.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 6: Other receivables

Composition:

	As at December 31	
	2019	2018
	NIS thousands	
Government institutions	8,502	3,994
Partners in joint ventures	2,288	1,742
Prepaid expenses	2,056	2,141
Revenues receivable	4,406	6,177
Joint arrangements	6,676	5,389
Advances to suppliers	3,249	1,187
Current maturities of long-term loans	5,294	5,278
Others	8,073	6,887
	<u>40,544</u>	<u>32,795</u>

Note 7: Investment property; investment property under construction

A. Composition and movement:

	Investment property	Investment property under construction	Total
	NIS thousands		
Balance as at January 1, 2018	9,112,142	493,173	9,605,315
Additions deriving from acquisitions	450,877	51,270	502,147
Transfer from investment property under construction to investment property	10,127	(10,127)	-
Investments and other	102,250	229,299	331,549
Capitalized credit costs	-	10,731	10,731
Disposal of assets	(31,500)	(91,278)	(122,778)
Gain on the adjustment of fair value, net (*)	142,605	120,370	262,975
Balance as at December 31, 2018	<u>9,786,501</u>	<u>803,438</u>	<u>10,589,939</u>
Additions deriving from acquisitions	996,506	79,813	1,076,319
Transfer from investment property under construction to investment property	502,390	(502,390)	-
Investments	226,476	161,665	388,141
Capitalized credit costs	-	8,468	8,468
Gain on the adjustment of fair value, net (*)	847,899	(640)	847,259
Balance as at December 31, 2019	<u>12,359,772</u>	<u>550,354</u>	<u>12,910,126</u>

* The difference in the gain on adjustment to fair value compared to the statement of profit or loss derives mainly from the updating of the leasing liability.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 7: Investment property; investment property under construction (Continued)

- B.** See Note 18 for information regarding revenues from rental fees that are sourced in investment property.

See Note 19B for information regarding direct expenses for the operation of the investment property, both that which produces rental income and also that which does not produce such income.

- C. Discount rate:**

The main discount rate that has been used in the calculation of the fair value is between 6.1% and 7.25% (previous year between 6.75% and 7.75%).

- D. Transactions in the reporting year and thereafter in connection with investment property and property under construction:**

In the reporting period, the Group has made commitments under transactions in connection with investment property for overall consideration of approximately NIS 1 billion (exclusive of transaction costs in an amount of approximately NIS 60 million), of which the more significant commitments are described below:

Purchase of an additional half of the rights of Kiryat Ono Mall

On September 18, 2019, the Company's board of directors approved, in principle, the Company's engagement in a transaction with Properties & Building for the purchase of all its rights in Kiryat Ono Mall (which as of that time was held by the Company and Properties & Building in equal parts). On November 28, 2019, the transaction was completed for consideration in the amount of NIS 538 million (excluding transaction costs). The property is a complex including a mall, two office towers and an underground parking lot in Kiryat Ono. Upon the completion of the transaction, the Company holds the full rights in the property. The overall occupancy rate in the property is approximately 98% and is fixed and stable over the years. The Company estimates that the foreseen NOI at full occupancy is approximately NIS 68 million per annum.

Purchase of Teva logistics center

On October 7, 2019, the Company signed an agreement with Teva Pharmaceutical Industries Ltd. ("Teva"), whereby the Company purchased the full rights to a logistics center in Hevel Modi'in Industrial Complex in Shoham (the "LC") for a total amount of approximately NIS 451 million (excluding transaction costs). On November 3, 2019, the transaction was completed after the Antitrust Commissioner's approval of the transaction was obtained.

The LC, built on land in an area of approximately 77 dunams, includes a logistics center of a total built area of approximately 50,000 sqm, with part of the built area serving as an advanced logistics center for automatic storage at a height of 42 meters. In addition to the aforesaid, the merchandise also includes building rights at a scope of approximately 41,000 sqm which have not yet been utilized.

Concurrently, the Company signed a lease agreement with S.L.E. – Salomon Levin Elstein Ltd. (which is a subsidiary of Teva) ("S.L.E."), whereby S.L.E. rents the LC from the Company for a period of 10 years, for annual, index-linked rent in the amount of approximately NIS 22 million. S.L.E. was given several options to extend the term of the tenancy up to a total period of 24 years and 11 months, for rent which will be determined on the date of utilization of each of the option periods according to the market prices as they will be at that time. For the entire duration of the term of the tenancy, S.L.E. will manage and maintain the LC under its own responsibility and at its own expense pursuant to the provisions of the agreement. Teva guarantees all S.L.E.'s warranties under the tenancy agreement.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 7: Investment property; investment property under construction (Continued)

D. Transactions in the reporting year and thereafter in connection with investment property and property under construction: (continued)

ToHa 1 (Totzeret Ha'Aretz Complex)

During the period of the statement, construction was completed of the office building, which includes 57 thousand sqm gross aboveground for marketing and 950 parking spots (the Company's share being 50%). In January of 2019, a certificate of occupancy (Form 4) was obtained, and the tower is in advanced stages of occupancy. In light of the aforesaid, the Company has classified the aforesaid office building, in the first quarter of the year, in its financial statements, from property under construction to investment property, in the amount of NIS 502 million. As of the date of the statement, all the office areas in the tower have been marketed. During the period of the report, the Company recorded an NOI for the property in the amount of NIS 28 million (the Company's share).

Projects under construction

The Company has 5 projects in construction stages in which the Company's share is 140 thousand sqm aboveground. The expected total scope of investment in the projects is approximately NIS 1.8 billion (the Company's share) and the balance of the expected investment therein during the next 5 years is NIS 1.4 billion (the Company's share).

Holon office project

In July of 2016, the Company won a tender conducted by the Municipality of Holon for the establishment of a project for offices and knowledge-based industry in the Holon Industrial Complex, as part of a combination transaction with the municipality, in which, in return for the provision of the land for the project, the municipality will receive 22.2% of the rights in the structure, and the Company will plan and construct the project and in return the municipality will rent to the Company the Company's share in the project for a period of 99 years from the date of completion of its construction, with an option to extend the term of the lease by an additional 99 years.

The project is constructed on a division of land in an area of 11 dunams, located in the southwestern part of Industrial Complex C in Holon, at the corner of HaMelacha Street and Jerusalem Avenue. At that junction, a "green line" light rail station is planned (according to publications by NTA, in the future this station will be connected to the M3 Metro Line station). The project will include a 20-floor office tower in a total aboveground area of 56 thousand sqm and a 5-floor underground parking lot, this being after the addition of building rights to the project at a scope of 20 thousand sqm (the Company's share being 77.8%). The tower will be constructed and operated as a yield-bearing rental property which will be managed by a management company joint to the Company and the municipality. The project is at the stage of completion of the construction of the foundation for parking basements and works on the foundation of the aboveground structure. The Company estimates that the project's construction will be completed in the course of the year 2021. The scope of the Company's investment in the project's construction is estimated by it in an amount of NIS 515 million. By the date of the statement of financial position, NIS 200 million have been invested in the property.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 7: Investment property; investment property under construction (Continued)

D. Transactions in the reporting year and thereafter in connection with investment property and property under construction: (continued)

Logistics project in Modi'in

In December of 2016, the Company purchased from the Israel Land Authority a lot in an area of 34 dunams in Modi'in, for an amount of NIS 70 million in capitalized lease fees and development expenses. In May of 2018, the Company engaged Shufersal Ltd. in an agreement whereby the Company will sell to Shufersal 25% of the lease rights in the property. The company led an urban building plan for the increase of the construction areas in the lot to a scope of 53,000 sqm, the plan was approved. It was agreed that the parties will jointly construct a logistics center in an area of 53,000 sqm and an office building at a scope of 6,000 sqm. The logistics center is rented to Shufersal for a period of 15 years with an option to extend the term. The expected scope of the partnership's investment in the project's construction is estimated at NIS 400 million (the Company's share of the investment (75%) is estimated at NIS 300 million). The Company's expected income is estimated in an amount of NIS 24 million per annum. As of the date of the statement, the project is in advanced stages of the LC's foundation and works for the establishment of the office building's basement. By the date of the statement of financial position, NIS 148 million have been invested in the property (the Company's share is 75%)..

HaLehi Complex, Bnei Brak

In July and November of 2018, the Company signed an agreement and a schedule to the agreement, respectively, with Allied Real Estate Ltd. ("Allied"), whereby Allied will deliver, by means of sale, half of the capitalized rights of lease (subject to Allied's signing of a new capitalized lease agreement with the Israel Land Authority) in a lot in an area of approximately 16.4 dunams on HaLehi Street in Bnei Brak for an amount of NIS 100 million with additional VAT. The lot is located in Bnei Brak's north business complex, adjacent (on the south) to HaYarkon Park and Ramat HaHayal Complex and near Ayalon Mall. The parties are jointly acting to plan, construct and build an office and commerce project on the lot, which will include 75,000 sqm aboveground for marketing (of which 62,000 sqm are offices and approximately 13,000 sqm are commercial areas). The investment in the project's construction (including the ground component and parking basements) is estimated by the parties in an amount of approximately NIS 1,100 million (the Company's share being 50%). The project is at the stage of performing plating, excavation, groundwater lowering and subsoil foundation works.

The 1000 Complex, Rishon LeZion West

In June of 2018, the Company won a tender for the purchase of land in the 1000 Complex in Rishon LeZion West for NIS 30 million. The land includes rights for the construction of a structure for employment, in an area of 19,000 sqm. The project is in advanced stages of planning and permits.

Construction of a parking lot, ToHa 2 (Totzeret Ha'Aretz Complex)

The partners are carrying out works for the construction of a parking lot in Totzeret Ha'Aretz Compound Stage B. The project is in the stage of plating the parking lot.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 7: Investment property; investment property under construction (Continued)

D. Transactions in the reporting year and thereafter in connection with investment property and property under construction: (continued)

Projects in the stages of planning and initiation

The Company has 3 projects in planning and initiation stages for the intermediate-range (3-8 years), the decision to construct which has not yet been made. The Company's share therein is 115 thousand sqm aboveground, and the expected total scope of investment in the projects for the coming years is NIS 1.4 billion (the Company's share).

ToHa 2 (Totzeret Ha'Aretz Complex)

In August of 2018, the Local Committee for Planning and Construction in Tel Aviv approved for submission a local Urban Building Plan for additional building rights (as part of TA/5000) for the construction of an additional office tower, in a gross area of 140 thousand sqm aboveground (with the Company's share being 50%). As part of the plan, an underground connection was planned from the complex to the M1 and M2 lines metro station (according to NTA's publications) and to the heavy rail at HaShalom Station. The plan is in the process of handling objections. The scope of the investment for the construction of ToHa2 (including payments for the land component) is estimated in the amount of NIS 2 billion (with the Company's share being NIS 1 billion).

Platinum Stage B

The Company intends to utilize the balance of the rights in the project at a scope of 17,000 sqm and to complete additional building rights in order to build a twin tower for Platinum Stage A.

Land at Kfar Saba – Ra'anana North Junction

The Company has land including building rights to construct buildings for employment at a scope of approximately 70,000 sqm (with the Company's share being 50%). The Company and its partner intend to embark on construction at a scope of 35,000 sqm aboveground (with the Company's share being 50%).

The disposal of assets

In October 2018, the Company disposed of plots of land, which are not generating income, on a monetary scale of approximately NIS 103 million. In addition, the Company has sold 25% of the leasing rights in land in Modi'in to Shufersal, see Section D above. The betterment tax that has been sold in respect of such disposals is approximately NIS 15 million.

E. Additional information:

See Note 16B for information regarding liens.

F. Sensitivity analysis:

The following is a sensitivity analysis for the value of investment property on the discount rate (Cap Rate) on an amended NOI basis (including companies in joint arrangements):

Based on an NOI of approximately NIS 728 million (amended NOI) the impact of any change of 0.25% in the discount rate (Cap Rate) will lead to a change in the fair value of approximately NIS 421 million (less deferred taxes at a rate of 23% - approximately NIS 324 million).

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 8: Investment in investee companies and an asset available for sale, which is held for distribution to shareholders

(1) Details of the Group's investee companies

	Country of incorp- oration	Holding rate in capital rights in the consolidated company		Extent of the investment in the investee company (*)	
		As at December 31			
		2019	2018	2019	2018
		%	%	NIS thousands	
Fully consolidated					
Ayalot Investments in Properties Ltd.	Israel	90%	90%	(395)	(375)
Ayalot Investments in Properties (Kfar Saba) 1992 Ltd.	Israel	100%	100%	121,041	122,442
Ayalot Investments (T.M.R.) 1994 Ltd.	Israel	100%	100%	117,752	75,146
Ayalot Investments in Properties (Netanya) 1993 Ltd.	Israel	100%	100%	398,837	325,696
Ayalot Investments in Properties (Herzliya) Ltd.	Israel	100%	100%	81,426	66,198
Ayalot Investments in Properties (AB"G) 1992 Ltd.	Israel	100%	100%	87,093	66,248
Ayalot Investments (Patir) 1996 Ltd.	Israel	100%	100%	88,948	69,115
Ayalot Investments in Properties (Rehovot West) 1992 Ltd.	Israel	100%	100%	235,295	226,404
Ayalot Investments (Ramat Vered) 1994 Ltd.	Israel	100%	100%	303,866	229,333
Ayalot Investments in Properties (Har Hotzvim) 1994 Ltd.	Israel	100%	100%	89,934	51,436
Hakirya Center (Ashdod 1995) Ltd.	Israel	100%	100%	(602)	265
Nes-Pan Ltd.	Israel	100%	100%	428,099	360,367
Joint Operations					
The Central Station in Jerusalem (Management) 1996 Ltd.	Israel	50%	50%	(3,795)	(3,796)
Joint Ventures (*)					
Izdrechet Investments Company Ltd.	Israel	50%	50%	28,099	25,106
Hotzot Alonym Ltd. (**)	Israel	49%	49%	32,941	38,087
Amot Shaul Ltd. (***)	Israel	50%	50%	36,963	35,582
Amot Danisra Park Afek Ltd. (**)	Israel	50%	50%	58,898	42,412
Ziviel Investments Ltd. (**)	Israel	49%	49%	99,678	80,746
Roni Dan Investments Ltd.	Israel	50%	50%	60,636	49,372
MTH7 Ltd.	Hungary	-	65%	-	5,854
Kochav Or Industry and Commerce Ltd.	Israel	50%	50%	33	685

(*) The extent of the investment in investee companies and joint ventures, which are held directly is calculated as a net amount, based on the consolidated financial statements, which is attributed to the shareholders in the parent company, of the total of the assets less the total of the liabilities, which represent financial information in respect of the investee companies in the Company's consolidated financial statements.

(**) The Company holds 49% of the regular shares in Hotzot Alonym Ltd. and in Ziviel Ltd. and half of the voting rights. However, the Company has the right to appoint/ dismiss half of the members of the Board of Directors. As a result of this, the Group has joint control over the financial and operating policies of those companies and has recorded them under the equity method in its consolidated financial statements.

(***) Some of the shares are held in trust for the Company.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 8: Investment in investee companies and an asset available for sale, which is held for distribution to shareholders (Continued)

(2) Details of loans that have been extended by the Company to investee companies and bonds that have been issued to the Company

<u>Details of the company to which the loan has been extended</u>	<u>Linkage terms</u>	<u>Interest rate</u> %	<u>Balance of the loan</u> <u>As at December 31</u>	
			<u>2018</u>	<u>2017</u>
			<u>NIS thousands</u>	
Ayalot Investments in Properties (Herzliya) Ltd.	Unlinked (see 1)	-	75,000	125,000
Ayalot Investments in Properties (AB"G) Ltd.	Linked to the Consumer Prices Index (see 3)	2.5	64,000	73,170
Ayalot Investments in Properties (Kfar Saba) Ltd.	Unlinked (see 1)	-	93,600	156,000
Ayalot Investments in Properties (Rehovot West) Ltd.	Unlinked (see 1)	-	500,000	-
Ayalot Investments in Properties (Rehovot West) Ltd.	Linked to the Consumer Prices Index (see 3)	2.5	345,000	334,256
Ayalot Investments in Properties (Netanya) Ltd.	Linked to the Consumer Prices Index (see 3)	2.5	28,000	48,660
Ayalot Investments in Properties (Har Hotzvim) Ltd.	Linked to the Consumer Prices Index (see 3)	2.5	244,000	264,223
Ayalot Investments in Properties (Har Hotzvim) Ltd.	Unlinked (see 1)	-	135,500	135,500
Ayalot Investments (T.M.R.) 1994 Ltd.	Unlinked (see 1)	-	100,000	100,000
Ayalot Investments (Ramat Vered) 1994 Ltd.	Linked to the Consumer Prices Index (see 3)	2.5	90,000	131,813
Ayalot Investments (Ramat Vered) 1994 Ltd.	Unlinked (see 1)	-	239,000	239,000
Ayalot Investments (Patir) 1996 Ltd. Nes-Pan Ltd.	Unlinked (see 1)	-	24,000	60,000
	Linked to the Consumer Prices Index (see 3)	2.5	250,000	296,208
<u>Joint Ventures</u>				
Hotzot Alonym Ltd.	Linked to the Consumer Prices Index	4	9,484	8,837
Amot Shaul Ltd.	Unlinked	4	41,499	40,559
Amot Danisra Park Afek Ltd.	Unlinked (see 2)	-	2,347	2,340
Amot Danisra Park Afek Ltd. (**)	Linked to the Consumer Prices Index	2.62	113,162	118,226
			<u>2,354,592</u>	<u>2,133,792</u>

(1) Capital note.

(2) Prime + 1.5%

(3) Starting from January 1, 2019, the principal of the debt bears index-linked, annual interest at a rate of 2.5% (in lieu of 5% in 2018). In any event, the interest rate, including linkage differentials, will not fall below the interest rate prescribed regarding Section 3J of the Income Tax Ordinance.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 8: Investment in investee companies and an asset available for sale, which is held for distribution to shareholders (Continued)

B. Investment in investee companies (Continued)

(3) Details of loans that have been extended by the Company to investee companies and bonds that have been issued to the Company

	As at December 31	
	2019	2018
	NIS thousands	
Ziviel Ltd.	67,350	71,704

(4) Dividends received from joint transactions

In 2019, dividends in the amount of NIS 2,500 thousand were obtained from joint transactions.

Note 9: Credit from banking corporations and other providers of credit

A. Composition:

	<u>Interest rate</u>	<u>As at December 31</u>	
	<u>As at</u>		
	<u>December 31</u>	<u>2019</u>	<u>2018</u>
	<u>2019</u>	<u>NIS thousands</u>	
	<u>%</u>		
Credit from banking corporations and other providers of credit			
Cash in hand and balances in banks		-	2,744
Short-term credit (see C)	p-0.1 / p-0.5	265,491	
Short-term deposits in banking corporations (unlinked) (see B)	P – 1.11	-	343,562
		<u>265,491</u>	<u>346,306</u>
Current maturities			
Loans from banking corporations (see D)	4.3	39,966	38,186
Index-linked bonds	3.2 – 6.5	<u>532,183</u>	<u>404,718</u>
		<u>571,149</u>	<u>442,904</u>
		<u>837,640</u>	<u>789,210</u>

B. Commercial Papers

On August 21, 2019, the Company repaid, at its own initiative, all the commercial papers issued by it for an amount of NIS 344 million.

C. In February of 2020, after the date of the statement of financial position, the Company repaid the short-term credit.

D. In February of 2020, the company early repaid a bank loan of NIS 243 million (excluding early repayment fee). See note 13C.

E. Liens – See Note 16B.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 10: Trade payables

Composition:

	As at December 31	
	2019	2018
	NIS thousands	
Open debts	12,061	13,685
Checks and notes payable	6,843	7,668
	<u>18,904</u>	<u>21,353</u>

Note 11: Other payables, payables for investment property

A. Other payables:

	As at December 31	
	2019	2018
	NIS thousands	
Interest payable for long-term liabilities	110,731	87,996
Liabilities to partners	1,242	1,294
Revenues in advance	18,341	15,213
Institutions	1,985	1,613
Employees and institutions for salaries	12,665	11,495
Liabilities payable	21,167	19,702
Others	3,192	4,872
	<u>169,323</u>	<u>142,185</u>

B. Payables for investment property:

	As at December 31	
	2019	2018
	NIS thousands	
Liabilities payable to sellers of investment property	10,554	10,554
Liabilities to authorities and payables for investment property transactions	105,056	27,185
	<u>115,610</u>	<u>37,739</u>

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 12: Bonds

A. Composition:

	Interest rate	As at December 31	
	As at	2019	2018
	December 31	NIS thousands	
	2018		
	%		
Bonds (Series A) – B below	4.95	-	153,912
Less – current maturities		-	153,912
		-	-
Bonds (Series C) – C below	4.9	109,304	219,277
Less – current maturities		109,304	107,607
		-	111,670
Bonds (Series B) – D below	4.8	1,287,675	1,444,969
Less – current maturities		418,486	139,053
		869,189	1,305,916
Bonds (Series D) – E below	3.2	1,753,728	1,764,345
Less – current maturities		-	-
		1,753,728	1,764,345
Bonds (Series E) – F below	3.39	1,103,227	1,103,349
Less – current maturities		-	-
		1,103,227	1,103,349
Bonds (Series F) – G below	1.14	1,003,668	-
Less – current maturities		-	-
		1,003,668	-
Bonds to others – H below	5.5 – 6.5	13,942	18,045
Less – current maturities		4,394	4,146
		9,548	13,899
		4,739,360	4,299,179

B. Bonds (Series A):

As from May 2006 and up to November 2009, the Company issued NIS 1,290 million par value of bonds (Series A). The bonds are repayable in 10 equal annual payments in July in each of the years 2010 to 2019 and bear interest at a rate of 4.95% a year and are linked (principal and interest) to the Consumer Prices Index for the month of April 2006. The bonds are secured by a symbolic lien on a deposit of NIS 1. The weighted effective interest rate on the bonds is 4.92%. In July of 2019, full and final repayment of the series was made.

C. Bonds (Series C):

As from November 2009 and up to June 2015, the Company issued NIS 762 million par value of bonds (Series C), which are index-linked (the index for November 2009) and which bear interest at a rate of 4.9% a year. The bonds are repayable in 8 equal annual payments at the end of the month of December in each of the years 2013 to 2020. The interest on the bonds is paid at the end of the month of December in each of the years 2010 to 2020 (inclusive). The weighted effective interest rate on the bonds is 3.55%.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 12: Bonds (Continued)

D. Bonds (Series B):

As from July 2012 and up to October 2016, the Company issued NIS 1,360 million par value of bonds (Series B), which are index-linked (the index for June 2012) and which bear interest at a rate of 4.8% a year. The bonds are repayable in 4 annual payments, where the first repayment, at a rate of 10% is repayable on July 2, 2019 with a further three payments each of which is at a rate of 30% payable from July 2, 2020 to July 2, 2022. The interest payments are payable on July 2, in each of the years 2013 to 2022 (inclusive). The weighted effective interest rate on the bonds is 2.97%.

The bonds include conditions for making them repayable immediately upon the occurrence of certain events, which include, inter alia, the following events:

- A change in control;
- A net financial debt (less the value of investment property under construction) to amended annual NOI ratio exceeding 14 throughout two consecutive quarters; (net financial debt: the Company's cumulative debt to banking corporations, to other financial institutions and holders of all types of bonds less cash and cash equivalents, deposits, monetary funds, marketable securities, all of which in accordance with their values in the Company's consolidated expanded statement of financial position);
- The rating for the bonds (Series B) – is BBB- (BBB Minus) for two consecutive quarters;
- The shareholders equity, with the addition of deferred tax liabilities, net, will be less than 22.5% of the total of the statement of financial position less cash and cash equivalents and less marketable securities throughout two consecutive quarters;
- The value of the uncharged assets may not be less than the higher of an amount of NIS 1 billion or an amount equal to 125% of the balance of the bonds (Series B) throughout two consecutive quarters;
- A demand for immediate repayment, which has not been removed, for a significant loan or bond that is traded on the Tel-Aviv Stock Exchange.
- Provisions for restricting the distribution of a dividend if certain conditions are met.

In addition, the bonds include additional, generally accepted conditions for making the loans repayable immediately, in relation to the following events: (1) a structural change and merger; (2) liquidation, receivership and proceedings for the realization of assets and debt collection proceedings; (3) a cessation in trading; (4) cross default and etcetera.

As at the reporting date, the Company is in compliance with all of the financial covenants.

E. Bonds (Series D):

As from July 2014 and up to December 2018, the Company issued NIS 1,650 million par value of bonds (Series D), which are index-linked (the index for July 2014) and which bear interest at a rate of 3.2% a year, which are repayable in six (6) unequal annual payments, which are payables on July 2 in each of the years 2023 – 2038, as follows: (a) two payments at a rate of 20% of the par value of the bonds, each, which are payable on July 2 in each of the years 2023 and 2024, inclusive; (b) four payments at a rate of 15% of the par value of the bonds, each, which are payable on July 2 in each of the years 2025 - 2028, inclusive. The interest payments are payable on July 2, in each of the years 2015 to 2028 (inclusive). The effective interest rate on the bonds is 2.09%.

The bonds include a commitment not to create floating liens on the Company's property (a negative pledge) in support of any third party whatsoever as collateral for any debt or liability whatsoever, except subject to the creation of such a floating lien ranking pari passu in support of

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 12: Bonds (Continued)

E. Bonds (Series D) (Continued) :

the holders of the bonds. This commitment will not apply if certain conditions are met, as detailed in the trust deed for the bonds. Furthermore, the bonds include conditions for making them repayable immediately upon the occurrence of certain events, which include, inter alia, the following events:

- The Company's shareholders equity, in accordance with its consolidated financial statements is less than an amount equivalent to NIS 1 billion throughout two consecutive quarters;
- A net financial debt (less the value of investment property under construction) to amended annual NOI ratio exceeding 14 throughout two consecutive quarters; (net financial debt: the Company's cumulative debt to banking corporations, to other financial institutions and holders of all types of bonds less cash and cash equivalents, deposits, monetary funds, marketable securities, all of which in accordance with their values in the Company's consolidated statement of financial position);
- The rating for the bonds (Series D) – is BBB- (BBB Minus) for two consecutive quarters;
- The shareholders equity, with the addition of deferred tax liabilities, net, will be less than 22.5% of the total of the statement of financial position less cash and cash equivalents and less marketable securities, on a consolidated basis throughout two consecutive quarters;
- The value of the uncharged assets may not be less than the higher of an amount of NIS 1 billion or an amount equal to 125% of the balance of the liability value of the bonds (Series D) throughout two consecutive quarters;
- A demand for immediate repayment, which has not been removed, for a significant loan (a loan that constitutes the higher of 7.5% or more of the Company's gross financial liabilities or a linked amount of NIS 180 million) or a bond that is traded on the Tel-Aviv Stock Exchange;
- The bonds (Series D) contain provisions for restricting the distribution of a dividend if certain conditions are met;
- In addition, the bonds include additional, generally accepted conditions for making the loans repayable immediately, in relation to the following events: (1) a structural change and merger; (2) liquidation, receivership and proceedings for the realization of assets and debt collection proceedings; (3) a change in control; (4) a cessation in trading; (5) cross default and etcetera.

As at the reporting date, the Company is in compliance with all of the financial covenants.

E. Bonds (Series E):

As from March 2016 and up to December 2018, the Company issued NIS 1,085 million par value of bonds (Series E). The bonds (Series E) are repayable in six (6) annual payments: two payments at a rate of 10% of the principal, each, on January 4 in each of the years 2021 and 2022, inclusive and four payments at a rate of 20% of the principal, each, on January 4 in each of the years in each of the years 2023 – 2026 (inclusive).

The interest on the bonds (Series E) is at a rate of 3.39% a year, which is payable in annual payments on January 4 in each of the years in each of the years 2017 – 2026 (inclusive).

The principal of and the interest on the bonds (Series E) are not linked to any index or currency whatsoever. The bonds (Series E) include conditions for making them repayable immediately upon the occurrence of certain events, which are similar in their substance to the conditions for being made repayable immediately that are determined for the Company's bonds that are traded and are in circulation of Series B and D, which include, inter alia, events that are connected to the transfer of control in special circumstances; compliance with financial covenants including the maintenance of shareholders' equity, which will not be less than an amount equal to NIS 1.2 million (instead of NIS 1 million as determined for the bonds (Series B and D) throughout two consecutive quarters.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 12: Bonds (Continued)

F. Bonds (Series E) (Continued):

As at the reporting date, the Company is in compliance with all of the financial covenants.

Further to the issuance of the bonds (Series E), the Company has executed hedging transactions opposite financial institutions in Israel, which converted the Shekel interest at a rate of 3.39% a year into principal that is index linked and bears interest at a rate of between 2.125% and 2.49% a year, for an overall principal amount of NIS 875 million.

G. Bonds (Series F):

Starting from June through December of 2019, the Company issued to the public, by means of a shelf offering report dated June 26, 2019 and September 19, 2019, Series F bonds at a scope of NIS 1,003 million nominal value. The total net consideration received by the Company for the issuance amounts to a sum of approximately NIS 1,005 million. Series F bonds gross up index-linked effective interest at a rate of 1.13% and an average duration of approximately 8 years.

In February of 2020, after the date of the statement of financial position, the Company issued to the public, by means of a shelf offering report dated February 5, 2019, an expansion of Series F bonds at a scope of 343 million nominal value. The total net consideration received by the Company for the issuance amounts to a sum of NIS 352 million. The expansion of the Series F bonds grosses up index-linked effective interest at a rate of 0.9%.

The Series F bonds are index-linked (for May 2019) and bear nominal annual interest at a rate of 1.14% per annum. The bonds are payable in 5 annual payments, two payments at a rate of 10% each which will be made on October 3, 2025 and on October 3, 2026, two payments at a rate of 30% each which will be made on October 3, 2027 and on October 3, 2028. A fifth and final payment at a rate of 20% which will be made on October 3, 2029. The interest payments will be made on October 3 of each of the years 2019 through 2029 (inclusive).

The bonds include terms for their provision for immediate repayment upon the occurrence of certain events, which include, *inter alia*, the following:

- A change of control on certain conditions;
- The Company's equity will not, on the date of the relevant financial statements and for two consecutive quarters, fall below the amount of NIS 2 billion.
- Net financial debt ratio (deducting real estate value for investment in construction) for standardized annual NOI will exceed 14 for two consecutive quarters; (net financial debt: the Company's aggregate debt to banking corporations, other financial institutions and holders of bonds of all kinds, deducting cash and cash equivalents, deposits, money market funds, tradeable collaterals, all according to their value in the Company's consolidated statement of financial position).
- The ranking of the bonds (Series F) will be lower than a BBB - (BBB Minus) ranking for two consecutive quarters;
- Equity with additional undertaking for net deferred taxes will fall below 22.5% of the sum of the Company's balance deducting cash and cash equivalents and deducting tradeable collaterals for two consecutive quarters;

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 12: Bonds (Continued)

G. Bonds (Series F): (continued)

- The value of the non-charged assets will not, for two consecutive quarters, fall below a sum of NIS 1 billion, or a sum of 125% of the balance of the bonds (Series F), whichever is higher.
- A demand for immediate repayment, not removed, of a material loan or bonds traded on the Tel Aviv Stock Exchange.
- Instructions regarding a limitation on the distribution of a dividend upon certain conditions being met.

In addition, the bonds include additional customary terms for their provision for immediate repayment, including with respect to the following events: (1) Restructuring and merger; (2) Liquidation, receivership and proceedings for the realization of assets and execution; (3) Trade halt; (4) Cross default and so forth.

As of the date of the statement, the Company meets all the financial criteria.

H. Bonds (Series G):

In February of 2020, after the date of the statement of financial position, the Company issued to the public, by means of a shelf offering report dated February 5, 2020, Series G bonds at a scope of NIS 465 million nominal value. The total net consideration received by the Company for the issuance amounts to a sum of approximately NIS 460 million. Series G bonds gross up shekel effective interest at a rate of 2.55% and an average duration of approximately 9 years.

The principal of the bonds (Series G) will be payable in four annual payments at a rate of 25% of the principal, each, on January 5 of each of the years 2029 through 2032 (inclusive).

The interest for the bonds (Series G) is at a rate of 2.44% per annum, will be paid in annual payments on January 5 of each of the years 2021 through 2032 (inclusive).

The principal and interest of the bonds (Series G) are not linked to the index or to any currency.

The bonds include terms for their provision for immediate repayment upon the occurrence of certain events, including, *inter alia*, the following:

- A change of control on certain conditions;
- The Company's equity will not, on the date of the relevant financial statements and for two consecutive quarters, fall below the amount of NIS 2.2 billion.
- The net financial debt ratio (deducting the value of real estate for investment in construction) for annual standardized NOI will exceed 14 for two consecutive quarters (net financial debt: the Company's aggregate debt to banking corporations, other financial institutions and the holders of bonds of all kinds deducting cash and cash equivalents, deposits, money market funds, tradeable collaterals, all according to their value in the Company's consolidated statement of financial position).
- The ranking of the bonds (Series G) will be lower than a BBB - (BBB Minus) ranking for two consecutive quarters.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 12: Bonds (Continued)

G. Bonds (Series G): (continued)

- Equity with an additional undertaking of net deferred taxes will fall below 22.5 of the sum of the Company's balance deducting cash and cash equivalents and deducting tradeable collaterals for two consecutive quarters;
- The value of the non-charged assets will not, for two consecutive quarters, fall below a sum of NIS 1 billion, or a sum of 125% of the balance of the bonds (Series G), whichever is higher.
- A demand for immediate repayment, not removed, of a material loan or bonds traded on the Tel Aviv Stock Exchange.
- Instructions regarding the limitation on the distribution of a dividend upon certain conditions being met.

In addition, the bonds include additional customary terms for their provision for immediate repayment, including with respect to the following events: (1) Restructuring and merger; (2) Liquidation, receivership and proceedings for the realization of assets and execution; (3) Trade halt; (4) Cross default and so forth.

As of the date of the statement, the Company meets all the financial criteria.

Further to the issuance of the bonds (Series G), the Company made hedging transactions vis-à-vis financial institutions in Israel which converted annual shekel interest at a rate of 2.44% to index-linked principal and linked interest at a rate of 1.025%, at a total scope of principal of NIS 450 million.

- H.** Index-linked bonds to others, bearing interest at a rate of 5.5% - 6.5% per annum, and payable in semiannual payments up to 2022.
- I.** The balance (including current maturities) as at December 31, 2019 is repayable in the years after the date of the statement of financial position, as follows:

	<u>NIS thousands</u>
In the first year – 2020	532,183
In the second year – 2021	533,101
In the third year – 2022	533,362
In the fourth year – 2023	551,164
In the fifth year – 2024	551,164
In the six year and thereafter	2,570,569
	<u>5,271,543</u>

- J. Liens** – see Note 16B.

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Notes to the Consolidated Financial Statements

Note 13: Loans from banking corporations

A. Composition:

	Interest rate	As at December 31	
	As at December 31	2019	2018
	%	NIS thousands	
In Shekels – index linked	4.3	242,613	280,093
		242,613	280,093
Less – current maturities		39,966	38,186
		<u>202,647</u>	<u>241,907</u>

- B. The balance as at December 31, 2019 is repayable in the years after the date of the statement of financial position, as follows:

	<u>NIS thousands</u>
In the first year – 2020	39,966
In the second year – 2021	41,722
In the third year – 2022	43,545
In the fourth year – 2023	45,448
In the fifth year – 2024	47,434
In the six year and thereafter	24,498
	<u>242,613</u>

C. Early repayment of bank loans at the Company's initiative

In February of 2020, after the date of the statement of financial position, the Company, at its own initiative, executed the early repayment of a loan from a financial institution in an amount of approximately NIS 243 million (not including the early repayment commissions). In 2019, following the early repayment, the Company recorded non-recurring financing expenses of approximately NIS 24 million, which were paid in cash on the repayment date.

D. Long-term and short-term credit facilities

- (1) **Credit lines** - The Group has three credit facilities from commercial banks and an institutional body in Israel in an overall amount of NIS 800 million.

- a. A credit facility from a bank in an amount of NIS 400 million, effective until December 28, 2020.
- b. A credit facility from a bank in the amount of NIS 200 million, effective up to December 31, 2023

In order to utilize this credit facility, the Company must comply with the following conditions:

- The ratio of the shareholders' equity to the total of the statement of financial position (less cash and cash equivalents and less securities in connection with discontinued operations) on an expanded, consolidated basis may not be less than 25% at any time whatsoever.
- The ratio between the Company's net financial debt (after deducting investment property under construction) and the NOI may not exceed a ratio of 10 at any time.
- Alony Hetz is to be the controlling interest in the Company.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 13: Loans from banking corporations (Continued)

D. Long-term and short-term credit facilities (Continued)

(1) Credit lines (Continued)

- c. A credit facility in an overall amount of NIS 200 million from a financial body in Israel, the effectiveness has been extended until May 31, 2022. The credit facility is not supported by any collateral whatsoever and it can be drawn down at any time, in accordance with the Company's compliance with various financial ratios and covenants.

Within the framework of the agreement, the Company undertook, inter alia, to maintain financial ratios, of which the main ones are:

- The ratio of the shareholders' equity to the total of the statement of financial position (may not be less than 25% throughout 4 consecutive quarters or than 20% in one quarter;
- The ratio between the Company's net financial debt and the CAP may not exceed 70%;
- The ratio between the Company's net financial debt, after deducting investment property under construction to the Company's amended annual NOI may not exceed 10 throughout two consecutive periods;
- The rating may not be less than A- (A minus) at the time of any draw-down.

In addition, the Company has undertaken to maintain additional financial covenants, of which the main ones are: a change in control in the Company in certain conditions; minimal shareholders' equity in the Company - NIS 1.2 billion; various cash flows and operational financial ratios; "cross default"; a liability by the Company not to create any general floating charge on any of its assets in support of a third party (except for a floating lien that is ancillary to a fixed lien).

The agreement includes generally accepted grounds for making the credit repayable immediately, such as significant legal proceedings (liquidation, receivership, merger and etcetera).

As at December 31, 2019, the Company has unexploited credit facilities of NIS 552 million. In addition, the Company is in compliance with all of the financial covenants.

E. Liens – see Note 16B.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 14: Other long-term liabilities

Composition:

	As at December 31	
	2019	2018
	NIS thousands	
Liabilities in respect of the termination of employee-employer relationships	2,455	2,916
Less –deposits in severance pay reserves	155	594
	<u>2,300</u>	<u>2,322</u>
Revenues in advance and deposits from tenants in buildings	26,374	22,824
Leasing fees payable	39,622	22,431
Derivative financial instruments, which are designated as hedging items (see Note 12)	12,918	13,994
Other long-term liabilities	1,246	79
	<u>82,460</u>	<u>61,650</u>

Note 15: Taxes on income

- A. The following is the composition of the deferred tax balances that are presented in the statement of financial position as at December 31, 2019 and 2018 and the movements therein in the years ended on those dates:**

	Balance as at January 1, 2019	Recognized in profit or loss	Balance as at December 31, 2019
Investment property	1,013,902	267,315	1,281,217
Tax losses carried forward	(43,260)	15,547	(27,713)
Social benefits and doubtful debts	(3,027)	1,671	(1,356)
	<u>967,615</u>	<u>284,533</u>	<u>1,252,148</u>

	Movements in the year 2018		
	Balance as at January 1, 2018	Recognized in profit or loss	Balance as at December 31, 2018
		Reclassified	
	NIS thousands		
Investment property	919,728	92,549	1,013,902
Tax losses carried forward	(58,786)	15,526	(43,260)
Social benefits and doubtful debts	(2,922)	(105)	(3,027)
	<u>858,020</u>	<u>107,970</u>	<u>967,615</u>

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 15: Taxes on income (continued)

B. The deferred taxes are presented as follows:

	As at December 31	
	2019	2018
	NIS thousands	
Non-current liabilities	<u>1,252,148</u>	<u>967,615</u>

C. Deferred taxes – additional information

	As at December 31	
	2019	2018
	NIS thousands	
Losses for tax purposes for which deferred taxes have not been recognized (1)	<u>4,285</u>	<u>3,405</u>

- (1) The tax benefits as at December 31, 2019 and 2018 for which tax benefits receivable, net have not been recorded, as a result of the Group's management's assessment that their realization is not expected in the foreseeable future. These tax benefits derive from the tax losses of consolidated companies.

D. Timing differences in terms of tax in respect of investments in investee companies for which no deferred taxes have been recognized

	As at December 31	
	2019	2018
	NIS thousands	
Consolidated companies	418,605	335,888
Entities under joint control	<u>55,567</u>	<u>46,504</u>
	<u>474,172</u>	<u>382,392</u>

The Group has not recognized deferred tax liabilities in respect of consolidated companies and companies that are treated at equity, since the Group intends to hold and to develop the investments and since dividends from consolidated companies are not chargeable with taxation.

Note 15: Taxes on income (Continued)

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

E. Taxes on income – expenses (benefits) that have been recognized in profit or loss:

Comprise:

	For the year ended December 31		
	2019	2018	2017
	NIS thousands		
Current taxes			
Current tax expenses	24,837	21,692	13,533
Betterment tax expenses on the sale of properties	(499)	15,358	-
Prior year taxes, net	(264)	4,640	375
Total current taxes	24,074	41,690	13,908
 Total deferred taxes	 288,533	 107,970	 112,560
 Total tax expenses recognized in profit or loss	 308,607	 149,660	 126,468

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 15: Taxes on income (Continued)

F. The effective tax:

	For the year ended		
	December 31		
	2019	2018	2017
	NIS thousands		
Income before taxes on income	1,379,030	716,547	554,668
Less profits of investee companies	(50,030)	(18,656)	(15,674)
	1,329,000	697,891	538,994
Statutory tax rate	23.0%	23.0%	24.0%
Tax expenses at the statutory tax rate	305,670	160,515	129,359
Increase (decrease) in taxes on income deriving from the following factors:			
Differences connected to investment property	1,598	(12,392)	(4,300)
Disallowed expenses (tax exempt income), net	1,300	1,502	1,251
Other differences	39	35	158
Total taxes on income as presented in profit or loss	308,607	149,660	126,468
The effective tax rate	23%	21%	23%

G. Current tax balances:

	As at December 31	
	2019	2018
	NIS thousands	
Current tax assets	151	84
Current tax liabilities	36,714	23,390

H. Additional information:

1. In February 2018, the Company signed on a final assessments agreement with the Income Tax Authority for the years 2012 – 2015, following which the Company paid taxes of approximately NIS 25 million (for which the Company had made full provisions). As part of the agreement, losses available to be carried forward of approximately NIS 175 million, for utilization over the years 2018 – 2024, were recognized for the Company. The open issue of losses brought forward for tax purposes in an amount of NIS 35 million, for which a ruling had been handed down in the District Court had been handed down, was also arranged within the framework of the assessments agreement.
2. The Company and a consolidated company have been issued final tax assessments up to and including the 2015 tax year, 11 consolidated companies and 7 companies that are treated at equity have been issued with final assessments up to and including the 2014 tax year and one company that is treated at equity has been issued with tax assessments that are deemed to be final up to and including the 2016 tax year.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 15: Taxes on income (Continued)

H. Additional information (Continued):

3. On December 29, 2016, the Economic Efficiency Law (Amendments to Legislation for the Achievement of the Budget Targets for the years 2017 and 2018) – 2016, was published, within the context of which the following tax changes were legislated:

The tax rate for companies was to be reduced from 25% to 24% in 2017 on income that was produced or which arose as from January 1, 2017 and it would then be reduced to 23% in the 2018 tax year and thereafter, on income that has been produced or which has arisen as from January 1, 2018.

Note 16: Provisions, commitments, contingent liabilities and liens

The following is the composition of the balance of the provisions and the movement therein as of December 31, 2019 and 2018 and for the years ended on such dates:

	As at December 31	
	2019	2018
	NIS thousands	
Balance of the provisions at the end of the year	<u>16,483</u>	<u>17,821</u>

A. Legal and tax proceedings:

As of the date of the report and the date of certification of the financial statements, the Group and other parties have pending against them 14 lawsuits, tax proceedings and demands for municipal rates, fee and levy charges in connection with investment property in a total monetary amount of approximately NIS 40 million, and the Group's part as a defendant therefor amounts to a sum of approximately NIS 32 million.

For the lawsuits being conducted against the Group and for exposures to tax levies, provisions in a total amount of NIS 18 million were recorded in the financial statements as of December 31, 2019 and 2018. In the opinion of the Group's management, which relies on an opinion by legal and professional consultants, such provisions are appropriate under the circumstances of each matter.

The following is a description of the material lawsuits from among the abovesaid lawsuits, the amounts set forth for which are in nominal values as of the date of their filing, unless otherwise specified:

- (1) In 1965, the Company purchased from Jerusalem Central Bus Station Ltd. (of the Nitsba Group) 50% of the title to the land on which Jerusalem's New Central Station was built (hereinafter: the "Project's Land"). In November of 2000, the District Court in Jerusalem ordered that the estate of a decedent (hereinafter: the "Estate") be registered as the owner of approximately 3.097% of the Project's Land jointly in partnership with the Company and Nitsba as a result of a parcel which was in dispute between Nitsba and third parties (hereinafter: the "Disputed Parcel").

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 16: Provisions, commitments, contingent liabilities and liens (Continued)

A. Legal and tax proceedings (Continued):

In June of 2006, the Magistrates' Court in Jerusalem issued a declarative judgment in a lawsuit filed against the Company and Nitsba by the Estate, which held that the Estate was entitled to receive proper wage in connection with the exclusive use made by the Company and its partner of the property, at a rate of approximately 3.097% of the pawn revenue they obtained from the property starting from October 24, 2000, with additional linkage differentials and interest from the date of receiving each payment.

In 2008, the companies filed a financial action against the Estate for the payment of a sum of approximately NIS 9.3 million, which constitutes the rebate of the *pro rata* share of 3.097% of the investments made in the construction of the Central Station by the companies and deducting the amounts which the Estate was due as current profits, as aforesaid.

According to the estimation of the Company's management, the amount which the Estate is entitled to receive, if any, is not material. Nitsba undertook to the Company in an irrevocable undertaking, both in letters of indemnification and by virtue of the purchase agreement, to indemnify it for any damage caused to it, *inter alia*, for the aforesaid action and for any action which will be filed against the Company by third parties and which arise from the Disputed Parcel, as well as for failure to register half of the Disputed Parcel under the name of the Company at the Land Registry Office. In addition, the Company is entitled, toward its partner, to reliefs under law and under the purchase agreement. In light of all the above, the Company's management estimates, based on the opinion of its counsels, that the chances of the action against the Company are slim, and the Company is not expected to have exposure for the aforesaid.

- (2) In June of 2015, a financial action was filed against the Company by El-Har Engineering and Construction Ltd., which was the performing contractor of the "Amot Atrium Tower" project constructed by the Company in Ramat Gan (hereinafter: the "Contractor" and the "Project", respectively). In the action, the Contractor sued the Company for an amount of approximately NIS 70 million for disputes which arose between the parties in connection with the Project's construction. The action was filed as part of an engineering arbitration proceeding, pursuant to an arbitration clause in the agreement between the parties.

The Company filed a statement of defense, wherein it rejected most of the Contractor's allegations. Concurrently, the Company also filed a countersuit in a total amount of approximately NIS 162 million for compensation for damages caused to it due to the breach of the agreement by the Contractor, which manifested, *inter alia*, in the Contractor's failure to function as chief contractor of the Project, as well as for damages caused to it as a result of the prolongation of the Project's duration, including loss of revenues and financing expenses.

Recently, the parties reached agreements between them, which became a settlement agreement signed by the parties on December 15, 2019, whereunder, to fully and finally discharge all the mutual claims in connection with the Project and without either party admitting to the allegations of the other, the Company paid the Contractor an amount of NIS 18 million. The Contractor, on his part, will continue to be liable, pursuant to the provisions of the contracting agreement between the parties and under law, in all that pertains to the quality of the works, to overhaul repairs and to liability with respect to the works performed by it on the Project. On December 17, 2019, the settlement agreement was granted force of an arbitrator's award.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

B. liens:

- (1) To secure long-term bonds issued to others, the balance of which amounts, as of December 31, 2019, to a sum of NIS 14 million, land held by the Company was charged, the value of which amounts, as of December 31, 2019, to a sum of NIS 10 million.
- (2) To secure bonds in an amount of NIS 14 million issued to others, the Company created a pledge over half of the revenues for 2 properties regarding which the bonds had been issued.
- (3) Some of the charging agreements entered into by the Company (as well as the loan agreements) contain customary terms for the provision of credit for immediate repayment, including, *inter alia*: restructuring and merger; liquidation, receivership and proceedings for the realization of properties and execution; change of control; cross default; downranking; halt of operation and halt of trade of the Company's securities.

C. Guarantees:

As at December 31, 2019 and 2018, there were contingent liabilities for guarantees, as follows:

	As at December 31	
	2019	2018
	NIS thousands	
Guarantees provided by the Group (1)	<u>27,777</u>	<u>20,628</u>
(1) Primarily, guarantees that have been provided to local authorities in connection with investments in properties and in connections with guarantees for tenders. See Note 8.B.(3) for details regarding guarantees that have been provided to companies treated at equity.		

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 17: Share capital

A. Composition and developments in the share capital

	Registered	Issued and paid-up
	Number of shares	
Balance as at January 1, 2019	500,000,000	347,449,992
Exercise of options for employees (see F below)	-	4,497,815
Private Issuance of shares (see D below)	-	7,300,000
Issuance of shares to the public (see D below)	-	21,726,507
Balance as at December 31, 2019	<u>500,000,000</u>	<u>380,974,314</u>
Balance as at January 1, 2018	500,000,000	324,888,480
Exercise of options for employees officers and directors (see F below)	-	5,180,212
Issuance of shares to the public (see C below)	-	17,381,300
Balance as at December 31, 2018	<u>500,000,000</u>	<u>347,449,992</u>
Balance as at December 31, 2017	<u>500,000,000</u>	<u>324,888,480</u>

B. Rights ancillary to the shares:

The ordinary shares, of NIS 1 nominal value, grant their holders the right to receive invitations to the Company's general meetings, to participate and vote thereat, and the right to participate in the distribution of the Company's profits. Each ordinary share entitles its holder, who is present at a meeting and participates in a vote, to one vote for each ordinary share held by them. In the event of the Company's liquidation, the Company's assets distributable among its shareholders will be used, in proportion to the rate of the amount paid up, or deemed to be paid up, by the shareholder regarding each share out of the amount they are required to pay.

C. 2019 shelf prospectus:

In May of 2019, the Company published a shelf prospectus for the issuance of securities. The issuance of securities pursuant to the prospectus is conditional upon, *inter alia*, the state of the capital market, and are subject to the publication of a shelf offering report.

D. The issuance of shares and options for shares:

Private issuance of share capital

In April of 2019, the Company issued, by private offering, 7,300,000 ordinary shares, of NIS 1 nominal value each, for a gross amount of approximately NIS 150 million.

Realization of Series 9 options for shares

In June of 2018, the Company issued 17,381,300 ordinary shares and 21,726,625 warrants (Series 9) for a gross amount of NIS 332 million. The warrants were realizable as one ordinary share up to December 31, 2019 against payment of a realization price in the amount of NIS 21 (unlinked, divided-adjusted) per each warrant.

In the course of 2019, Series 9 options were realized at a scope of 21.7 million warrants, for a total amount of NIS 427 million.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

E. Dividend and declared dividend distribution policy:

In January of 2007, the Company's board of directors adopted a dividend policy whereby, during the first quarter of each calendar year, the Company will give notice of the minimal dividend distribution amount for that year. The dividend will be distributed at the end of each quarter (the *pro rata* share) subject to the decision of the Company's board of directors, as long as the dividend's distribution does not impair the Company's cash flow and in taking heed of the Company's future plans for investments, as they will be from time to time and subject to any law. In its aforesaid decision, the Company's board determined that it may at any time, taking into account business considerations and subject to the provisions of any law, modify said dividend policy, and change the amounts to be distributed as a dividend or decide not to distribute them at all.

Pursuant to this decision, the Company gives notice every year of the minimal dividend to be paid that year.

Pursuant to the decisions adopted by the Company's board of directors regarding the years 2016-2018, the Company paid to its shareholders in 2016 a current dividend in the amount of 77 agorot per share (approximately NIS 222 million), and for 2016 the Company paid, in the course of 2017, a special dividend in the amount of 36 agorot per share (approximately NIS 111 million), in 2017 a current dividend in the amount of 84 agorot per share (approximately NIS 262 million), and for 2017 the Company also paid, in the course of 2018, a special dividend in the amount of 36 agorot per share (approximately NIS 117 million), in 2017 a current dividend in the amount of 90 agorot per share (approximately NIS 303 million) and for 2018 the Company paid, in the course of 2019, a special dividend in the amount of 30 agorot per share (approximately NIS 105 million), in 2019 a current dividend in the amount of 94 agorot per share (approximately NIS 341 million).

In March of 2020, the Company's board of directors determined that in 2020, the Company intends to distribute a minimal annual dividend in the amount of 96 agorot per share, to be paid in 4 quarterly payments, and that in the first and second quarters a dividend in the amount of 24 agorot per share will be paid and in the third and fourth quarters a dividend in the amount of 25 agorot per share will be paid, subject to a specific decision of the board of directors at the end of each quarter.

Further to this policy, the Company declared, in March of 2020, the distribution of a dividend for the first quarter of 2020 in the amount of 24 agorot per share. The total dividend to be paid by the Company as stated above, in March of 2020, is approximately NIS 92 million.

In addition, in March of 2020, the Company's board of directors decided to distribute an additional dividend for the year 2019 in the amount of 31 agorot per share, which will be paid in March of 2020 (approximately NIS 118 million).

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 17: Share capital (Continued)

F. Options for officers plan:

1. On August 28, 2013, the Company's general meeting approved the remuneration policy for the Company's officers, which includes, *inter alia*, the possibility of granting warrants to officers in the Company including directors (in accordance with an amendment that was approved in a general meeting on August 18, 2015). On September 28, 2016 and on August 27, 2018, the Company's general meeting approved additional amendments to the remuneration policy, which also relate, *inter alia*, to the capital remuneration components (hereinafter: the "Remuneration Policy"). On January 20, 2020, the Company's general meeting approved the Remuneration Policy effective for three years beginning on September 28, 2019. Pursuant to the remuneration policy, on November 13, 2013, (following the approval of the Remuneration Committee), the Company's Board of Directors approved the adoption of a framework plan ("Framework Plan") for a private offering of up to 20,000,000 warrants not listed for trading and which are exercisable into shares in the Company, which may be executed from time to time, for employees and officers of the Company and/or of related companies. On March 9, 2016, the Company's Board of Directors approved the increasing of the pool of options included in the Framework Plan by an additional 20,000,000 warrants, not listed for trading.

The Board of Directors/ Remuneration Committee will have the exclusive authority and absolute discretion to decide from time to time in relation to the granting of warrants that have not yet been granted, including regarding the quantity of warrants to be offered to offerees pursuant to the framework plan and regarding the offerees to be included in the issuance. The warrants will be allocated on a capital track for income tax purposes.

2. On August 18, 2015, (after the approval of the Remuneration Committee and the Board of Directors), the Company's general meeting approved the granting of capital remuneration for directors who are not interested parties and/or officers of the parent company, by way of an annual grant of options with a value of 50% of the annual remuneration that is paid to each of the directors (not including remuneration for participation in meetings of the Board of Directors and its committees). Accordingly, at that time options were granted for the year 2015 to four directors, in an overall amount of 238,980 warrants. 59,745 warrants were forfeited following the resignation of a director. As at December 31, 2018, approximately all of such warrants issued to directors have been exercised.
3. On March 9, 2016, (after the approval of the Remuneration Committee regarding offerees who are officers), the Company's Board of Directors approved the allocation of an annual tranche from the framework plan amounting to 6,253,550 warrants, to 58 offerees, of whom 12 are officers of the Company (including the Company's CEO and 6 directors). Approximately 129 warrants have been forfeited as a result of the departure of employees. As of December 31, 2018, approximately 4,616 thousand such warrants granted to employees and officers, as aforesaid, have been exercised and as at February 1, 2019, all of the abovementioned warrants have been exercised.
4. On March 14, 2017, (after the approval of the Remuneration Committee regarding offerees who are officers), the Company's Board of Directors approved the allocation of an annual tranche from the framework plan of up to 3,647,234 warrants, to 57 offerees, of whom 12 are officers in the Company (including the Company's CEO and 6 directors). Approximately 123 thousand warrants were forfeited as a result of the departure of employees. As of December 31, 2019, approximately 3,327 thousand such warrants granted to employees and officers were realized, and as of February 6, 2019, approximately 71.4 thousand such warrants were still to be realized.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 17: Share capital (Continued)

F. Options for officers plan:

5. On March 11, 2018, (after the approval of the Remuneration Committee regarding offerees who are office holders), the Company's Board of Directors approved the allocation of an annual tranche from the framework plan amounting to 3,014,218 warrants, to 56 offerees, of whom 12 are officers of the Company (including the Company's CEO and 6 directors).
6. On March 10, 2019, (after the approval of the Remuneration Committee regarding offerees who are officers), the Company's Board of Directors approved the allocation of an annual tranche from the framework plan of up to 2,653,383 warrants, to 61 offerees, of whom 12 are officers in the Company (including the Company's CEO and 6 directors).
7. On March 10, 2020, (after the approval of the Remuneration Committee regarding offerees who are officers) the Company's Board of Directors decided to approve the allocation of an annual tranche from the framework plan of up to 2,464,160 warrants, to 70 offerees, of whom 12 are officers of the Company (including the Company's CEO and 6 directors).

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 17: Share capital (Continued)

F. Options for officers plan (Continued):

8. The parameters that have been used in the calculation of the benefit that is inherent in the warrants:

The cost of the overall benefit grossed up in each of the warrants that were in effect as at December 31, 2019, based on the fair value at the time of their granting, is estimated at an overall amount of approximately NIS 19 million, of which an amount of approximately NIS 12 million has been amortized as at December 31, 2019. This amount is being amortized in the statement of profit or loss over the length of the vesting period.

The fair value of the warrants that have been granted, as aforesaid, has been estimated by implementing the Black & Scholes method. The parameters that have been used in the implementation of the model are as follows:

	March 2017 (*)	March 2018 (*)	March 2019 (*)	March 2020 (*)
Share –price (in NIS)	17.36	19.39	20.80	24.99
Exercise Price (in NIS)	15.59	18.91	21.63	26.13
Weighted expected fluctuations (**)	17.01%	16.90%	17.04%	17.79%
Lifetime of the warrants in years (***)	2.75	2.75	2.75	2.88
Risk free interest rate	0.58%	0.42%	0.78%	0.22%
Overall benefit (NIS thousands)	5,432	4,792	4,719	5,355
In 2019	1,876	1,742	1,592	-
In 2018	1,674	1,408	-	-
In 2017	1,881	-	-	-

(*) See Note 23C(2) regarding the grant to the Company's Chief Executive Officer and the amounts of the amortization of options.

(**) The expected fluctuations have been determined based on historical fluctuations in the Company's share price.

(***) The average lifetime of the warrants has been determined in accordance with the management's forecast regarding the period in which the recipients of the warrants will hold them, the warrants that have been granted to them, and taking into account their role in the Company and the Company's past experience regarding the departure of employees.

9. This note includes the warrants for directors in the Company and the amounts of the options' amortization. For more information, see Note 23C(3) below.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 18: Revenues from rental fees and investment property management

A. Composition

	For the year ended December 31		
	2019	2018	2017
	NIS thousands		
Rental fees (see B below)	707,900	656,775	610,204
Property management	51,164	50,897	52,351
	<u>759,064</u>	<u>707,672</u>	<u>662,555</u>

B. Revenues from minimal future rental fees

The cumulative amount of the minimal future rental fees, based on signed rental agreement as at December 31, 2019, which are non-cancellable, are as follows:

	For the year ended December 31	
	2019	2018
	NIS thousands	
In the first year – 2020	707,096	587,378
In the second year – 2021	561,303	475,427
In the third year – 2022	426,123	349,589
In the fourth year – 2023	292,792	255,958
In the fifth year – 2024	212,825	159,871
In the six year and thereafter	748,353	534,771
	<u>2,948,492</u>	<u>2,362,993</u>

Note 19: Costs of the rental and operation of properties

A. Composition

	For the year ended December 31		
	2018	2018	2017
	NIS thousands		
Property maintenance and management expenses	46,965	45,630	44,615
Salaries and social benefits	8,745	8,783	9,101
Taxes and levies	5,570	5,098	4,992
Professional services	847	936	964
Others	755	843	1,046
	<u>62,882</u>	<u>61,290</u>	<u>60,718</u>

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 19: Costs of the rental and operation of properties

B. Additional information regarding operating expenses for investment property

	For the year ended December 31		
	2019	2018	2017
	NIS thousands		
Total direct operating expenses for investment property are comprised as follows:			
Investment property that has generated revenues from rental fees	57,134	54,376	53,474
Investment property that has not generated revenues from rental fees	5,748	6,914	7,245
	<u>62,882</u>	<u>61,290</u>	<u>60,718</u>

Note 20: Administrative and general expenses

Composition

	For the year ended December 31		
	2019	2018	2017
	NIS thousands		
Management fees to the parent company (see Note 23C(1))	9,059	8,064	8,008
Salaries and social benefits	20,127	19,141	20,506
Benefits relating to warrants	6,101	5,987	6,471
Directors fees	962	888	935
Professional services	5,967	5,287	5,400
Bad and doubtful debts	1,265	726	(210)
Marketing expenses	1,080	919	566
Depreciation and amortization	2,073	1,868	1,655
Other	(1,484)	1,651	389
	<u>45,150</u>	<u>44,531</u>	<u>43,720</u>

Note 21: Financing expenses and income

A. Financing expenses

	For the year ended December 31		
	2019	2018	2017
	NIS thousands		
Interest in short-term credit	6,562	6,753	6,133
Interest on long-term loans from banks	11,477	12,976	34,008
Early repayment commission (see C below)	23,801	-	38,679
Interest on bonds	119,796	123,039	109,004
Total interest expenses	<u>161,635</u>	<u>142,768</u>	<u>187,824</u>
Linkage differentials on long-term loans from banks	3,302	4,514	2,031
Linkage differentials on bonds	16,159	35,040	8,758
Total linkage differentials	<u>19,461</u>	<u>39,554</u>	<u>10,789</u>
	<u>181,096</u>	<u>182,322</u>	<u>198,613</u>
Less – financing expenses capitalized to investment property under construction	<u>(8,468)</u>	<u>(10,731)</u>	<u>(4,402)</u>
	<u>172,628</u>	<u>171,591</u>	<u>194,211</u>

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

B. Financing income

	For the year ended December 31		
	2019	2018	2017
	NIS thousands		
Interest on deposits in banks	909	548	61
Interest on loans to companies treated at equity and others	5,405	6,070	4,121
	<u>6,314</u>	<u>6,618</u>	<u>4,182</u>

Note 21: Financing expenses and income (Continued)

C. Early repayment of bank loans at the Company's initiative

In February of 2020, after the date of the statement of financial position, the Company, at its own initiative, made an early repayment of a loan from a banking institution in an financial scope of approximately NIS 243 million (excluding early repayment commissions). Subsequent to the early repayment, the Company recorded, in 2019, non-recurring financing expenses of approximately NIS 24 million, paid in cash on the date of repayment.

In September of 2017, the Company, at its own initiative, made an early repayment of loans to financial institutions at a financial scope of approximately NIS 840 million (excluding early repayment commissions). During the reported period following the early repayment, the Company recorded approximately NIS 39 million in non-recurring financing expenses, approximately half of which was paid in cash.

Note 22: Earnings per share

Composition

	For the year ended December 31		
	2019	2018	2017
	NIS thousands		
Profit used for the purpose of the calculation of the basic and diluted earnings per share from continuing operations	<u>1,070,425</u>	<u>566,891</u>	<u>428,203</u>
	Thousand shares		
Weighted average number of regular shares used for the purpose of the calculation of the basic earnings per share from continuing operations	362,016	336,320	312,635
Adjustments for warrants	<u>1,203</u>	<u>962</u>	<u>2,384</u>
Weighted average number of regular shares used for the purpose of the calculation of the diluted earnings per share from continuing operations	<u>363,219</u>	<u>337,282</u>	<u>315,019</u>
Weighted average number of securities that have not been included in the calculation of the diluted earnings per share because their impact is anti-dilutionary			
Warrants for employees and officers and warrants (Series 9)	<u>-</u>	<u>2,969</u>	<u>-</u>

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 23: Transactions and balances with interested parties and related parties

A. Transactions

	For the year ended December 31		
	2019	2018	2017
	NIS thousands		
Management fees to the parent company (See C below)	9,059	8,064	8,008
Directors fees (7 recipients)	962	888	935
Directors and officers' insurance expenses (see C4 below)	149	86	66
Fair value of share-based payments	334	354	298
Number of directors	6	6	6
Presented under other receivables	12,150	10,667	9,891

B. Benefits for the Company's key management personnel: (See A above regarding directors' fees.

	For the year ended December 31		
	2019	2018	2017
	NIS thousands		
Short-term benefits (1 recipient)	4,856	4,719	4,605
Fair value of share-based payment (1 recipient)	1,085	1,051	954
	5,941	5,770	5,559

C. Commitments with related parties:

(1) Management agreement with the parent company

New management agreement

In its meeting of November 1, 2018, the Company's general meeting approved (after having obtained the approval of the Audit Committee and the board of directors in their meetings of August 1, 2018 and August 7, 2018, respectively) the extension of the effect of the management agreement with the parent company for an additional period of 3 years, beginning on January 1, 2019 and up to December 31, 2021, while setting the annual management fees on a fixed amount of NIS 9 (nine) million per annum (linked to the index for June of 2018), to be paid in four quarterly payments. The other terms of the management agreement remained unchanged.

It should be noted that in the years 2017 and 2018, the Company recorded , in its financial statements, management fees for the parent company in an amount of NIS 8 million in each of the years. In 2019, the Company recorded, in its financial statements, management fees for the parent company in an amount of NIS 9 million.

See Sections C(5) and C(6) below in respect of additional commitments with the parent company.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 23: Transactions and balances with interested parties and related parties (Continued)

(2) Commitment with the CEO

On September 28, 2016 the Company's general meeting approved (after having obtained the approval of the Remuneration Committee and the board of directors), *inter alia*, an amendment to the Company's remunerations policy regarding the remuneration components and the implementation thereof with respect to the Company's CE, and the CEO's terms of office and employment were also updated, particularly regarding the CEO's monthly salary, the components of the annual bonus (a variable component for the intermediate/short range) and the capital compensation component.

On January 20, 2020, the Company's general meeting approved (after having obtained the approval of the Remuneration Committee and the board of directors) a remuneration policy for officers of the Company, based on the remuneration policy which had been customary at the Company prior to the decision of the general meeting, in force for the next three years, beginning on September 28, 2019. The remuneration policy as approved on January 20, 2020 will hereinafter in this section be referred to as the "Remuneration Policy". All the data mentioned in this section are linked to the consumer prices index for June 2016.

The following is a specification of the CEO's terms of office and employment that apply to the relationship between the Company and the CEO as from the time of their approval by the general meeting (i.e. as from September 28, 2016), for the period of the commitment with the CEO.

a. Annual grant (a variable intermediate/ short term components), which is calculated in accordance with the meeting of four separate cumulative performance indices:

- (1) Yield rate on equity** – for a yield on equity that is less than 6%, the CEO will not be entitled to a bonus. For a yield on equity of between 6% and 14% the CEO will be entitled to a bonus in a range of between NIS 200,000 and NIS 600,000. The amount of the bonus to which the CEO is entitled for this index may not exceed NIS 600,000 in any case.
- (2) FFO yield rate per share** – For an FFO yield that less than 7.5%, the CEO will not be entitled to a bonus. For an FFO yield of between 7.5% and 12.5% the CEO will be entitled to a bonus in a range of between NIS 100,000 and NIS 900,000. The amount of the bonus to which the CEO is entitled for this index may not exceed NIS 900,000 in any case.
- (3) The meeting of the forecast FFO budget** – for a result in this index that is less than 90%, the CEO will not be entitled to a grant for a result in this index of between 90% and 110% the CEO will be entitled to a bonus in a range of between NIS 100,000 and NIS 800,000. The amount of the bonus to which the CEO is entitled for this index may not exceed NIS 800,000 in any case.
- (4) TSR** – the testing of Company's share's performance over a period of three years compares with the reference group of similar companies (Peer Group). The group of comparative companies includes companies in the real estate field, which operate in Israel and which possess similar operating characteristics to the Company, where the Company's Board of Directors can make a change in the composition of the list of comparative companies and the weighting attributed to each of the comparative companies in the index, if an exogenous change occurs in the list of the Companies.

For a result in this index of between 0% and 15%, the CEO will be entitled to a bonus in a range of between NIS 0 and NIS 300,000. The amount of the bonus to which the CEO is entitled for this index may not exceed NIS 300,000 in any case.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 23: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties (Continued):

(2) Commitment with the CEO (Continued)

- ^ The calculation of the amounts of the bonus for each of the abovementioned significant component indices separately is performed linearly.
- ^ If the Company presents an annual net accounting loss (after eliminating non-recurring events as a result of regulatory and other changes, which in the Board of Directors' assessment are not connected to the Company's performance (such as a change in the tax rate for companies as a result of legislation and etcetera) but the result of the four indices that are described above will give entitlement to a bonus, and a deduction of 50% of the bonus that has been calculated pursuant to the indices will be made.
- ^ The full amount of the annual bonus will be paid in cash.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 23: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties (Continued):

(2) Commitment with the CEO (Continued)

- b. **A bonus at the Board of Directors' discretion** - the Company's Board of Directors, at its discretion, will be entitled to increase the amount of the annual bonus and to determine that an insignificant part of the CEO's remuneration, in an amount not exceeding three monthly salaries a year (gross), is to be awarded in accordance with non-measurable criteria (subject to the ceiling for the annual bonus for the CEO in an amount of NIS 2.6 million, which is linked to the Consumer Prices Index for June 2016). The Board of Directors is to exercise its discretion in accordance with the criteria in the remuneration policy and in accordance with other criteria that the Board of Directors has determined on this issue.
- c. **Capital remuneration (variable long-term component)** - An annual grant of warrants, within the framework of a capital gains track pursuant to Section 102 of the Income Tax Ordinance, with a value of 48% of the CEO's annual salary cost (i.e. warrants with a fair value of NIS 1.1 million a year). The exercise price of the warrants will be determined in accordance with the terms of the remuneration policy, as they may be from time to time. Alternatively, the Company will be entitled to award capital remuneration to the CEO by means of similar mechanisms for the allocation of securities under the terms that are detailed in this section.
- d. **Salary and social benefits (fixed component)** - A gross monthly salary of NIS 140,000 linked to the Consumer Prices Index for the month of June 2016, in addition to which he will be entitled to social benefits, as are customary, as well as a company care, including full maintenance expenses, a cellular telephone, the refund of expenses in the fulfilment of his duties (as is customary in the Company), indemnification, exemption and office holder's insurance in accordance with the indemnification, exemption and insurance terms that are customary in the Company.
- e. **Termination** - The termination of employment is to be executed by the mutual giving of notification, 4 months in advance, except under special circumstances.

Implementation of the capital remuneration

On March 14, 2017, the Company's Board of Directors decided, following the approval and recommendation of the Remuneration Committee, to approve a granting to the CEO of 583,859 warrants of the Company's exercisable into ordinary shares at a realization price of NIS 18.05 (unlinked, subject to adjustments). The warrants were allocated on the following terms.

The total cost of the bonus as grossed up in the warrants allocated, based on the fair value according to the Black and Scholes model, on the date of their issue pursuant to the instructions of International Financial Reporting Standard Number 2, "Share-Based Payment", amounted to a total sum of NIS 1.076 million. All the warrants were realized by the CEO in the course of 2019.

On March 11, 2018, the Company's board of directors decided, after having obtained the approval and recommendation of the Remuneration Committee, to approve a granting to the CEO of 531,401 warrants of the Company, exercisable into ordinary shares at a realization price of NIS 20.17 (unlinked, subject to adjustments). The options were allocated on the following terms.

The total cost of the bonus as grossed up in the warrants allocated, based on the fair value according to the Black and Scholes model, on the date of their issue pursuant to the instructions of International Financial Reporting Standard Number 2, "Share-Based Payment", amounted to a total sum of NIS 1.1 million.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

On March 10, 2019, the Company's board of directors decided, after having obtained the approval and recommendation of the Remuneration Committee, to approve a granting to the CEO of 488,889 warrants of the Company, exercisable into ordinary shares at a realization price of NIS 21.63 (unlinked, subject to adjustments). The options were allocated on the following terms.

The total cost of the bonus as grossed up in the warrants allocated, based on the fair value according to the Black and Scholes model, on the date of their issue pursuant to the instructions of International Financial Reporting Standard Number 2, "Share-Based Payment", amounted to a total sum of NIS 1.1 million.

On March 8, 2020, the Company's board of directors decided, after having obtained the approval and recommendation of the Remuneration Committee, to approve a granting to the CEO of 404,412 warrants of the Company, exercisable into ordinary shares at a realization price of NIS 26.13 (unlinked, subject to adjustments). The options will be allocated on the following terms.

The total cost of the bonus as grossed up in the warrants allocated, based on the fair value according to the Black and Scholes model, on the date of their issue pursuant to the instructions of International Financial Reporting Standard Number 2, "Share-Based Payment", amounted to a total sum of NIS 1.1 million.

Additional provisions in the terms of employment:

1. The CEO will rebate to the Company such amounts as have been paid to him, if they were paid based on data which has been found to have been wrong, was corrected and was redisplayed in the Company's financial statements;
2. The Board of Directors is given the discretion to amortize the above remuneration according to its full and absolute discretion if it is found that the circumstances justify such amortization, and may set a limit for the realization value of the above capital remuneration;
3. With respect to the total remuneration to the CEO, it was determined that the ratio between the variable components granted in a certain year and the fixed component will not exceed 1.7.

Annual bonus for 2019

On March 8, 2020, the Company's board of directors decided, following the approval and recommendation of the Remuneration Committee, to approve the payment of a bonus to the CEO for the year 2019 in a total amount of NIS 2,500 thousand, of which an amount of NIS 2,015 constitutes the implementation of the formulae provided in the CEO's terms of employment and set forth in Section C2(A) of this chapter above, and the balance of the bonus in an amount of NIS 485 thousand is a bonus at the discretion of the Remuneration Committee and the board of directors, who exercised their discretion according to the power granted to them by the Remuneration Policy.

The full amount of the bonus will be paid in cash.

The CEO's salary

The monthly cost of the CEO's salary as of December of 2019 was set at a gross amount of approximately NIS 196 thousand.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 23: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties (Continued):

3) Remuneration for directors

In accordance with the remuneration policy for officers in the Company (as approved by the general meeting on January 20, 2020 after having obtained the approval of the Remuneration Committee and the Board of Directors, (hereinafter: "The Remuneration Policy"), the directors in the Company are entitled to remuneration as follows:

a. Annual remuneration and remuneration for participation in meetings of the Board of Directors and its committees ("Remuneration for participation")

All of the directors in the Company, including the external directors but other than directors who are controlling interests and/or who are employed in or hold office as officers in the parent company (hereinafter: the "Entitled Directors"), will be entitled to annual remuneration and to remuneration for participation in meetings, which will be determined in accordance with decisions by the Remuneration Committee and the Board of Directors from time to time, based on the principles of the remuneration committee set forth below:

- The annual remuneration and remuneration for participation rates will be in amounts that are between the fixed amount and the maximum amount, pursuant to the Company's grade as detailed in the second and third additions to the Companies Regulations (Principles regarding remuneration and expenses for an external director)- 2000 (hereinafter: "The remuneration regulations"), as they may be from time to time, and it will be determined by the relevant persons in the Company in accordance with the law.
- Remuneration for participation for participating in meetings of the Board of Directors and/or committees of the Board of Directors by means of telecommunications and for participation of decisions of the Board of Directors and/or committees of the Board of Directors without actually convening, will be at a partial rate of the fixed amount, as determined in remuneration regulations.

b. Capital remuneration

The Entitled Directors, as defined above, are entitled to capital remuneration by means of an annual grant of non-marketable options), with a value of 50% of the annual remuneration that is paid to directors (excluding remuneration for participation for participation in meetings of the Board of Directors and its committees). The granting of the options will be executed in the month of March in each calendar year, at the time of the approval of the Company' periodic report, for entitled directors holding office at that time. The options will vest at the end of a period of two years from the time of their grant and will be exercisable as from the time of their vesting and for a period of one year (up to the end of a period of three years from the time of their grant). The exercise price of the options will be determined at the time of their grant, and will be the higher of:

- The weighted average of the closing price of the Company's share on the Stock Exchange in the 30 trading days ending on the day before the Board of Directors' decision to grant the warrants; or
- 4% above the share price at the end of the trading day on the Stock Exchange preceding the day of the Board of Directors' decision to grant the warrants.

The exercise price will not be linked to any index or currency whatsoever. The exercise price and/or the quantity of exercise shares will be adjusted in the case of the distribution of a dividend, the distribution of bonus shares, a rights issue or in the case of structural or equity changes in the Company, pursuant to the provisions of the Company's options facility plan in accordance with the formula at the time of the grant.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 23: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties (Continued):

3) Remuneration for directors (Continued):

b. Capital remuneration (Continued):

The warrants will be granted according to the Company's options framework plan which will be in force on the date of the actual granting, as part of the capital gain track of Section 102.

The relation between the variable remuneration as provided in Section C(3)B and the fixed component as provided in the above Section C(3)A will not exceed 0.5. The granting of the options to the external directors will be made on terms identical to the terms of the options to be granted to the other directors in the Company and pursuant to the provisions of the Remuneration Regulations.

The Remuneration Policy further provides that a beneficiary director who has completed his term of office at the Company other than on circumstances of breach of trust, injury to the Company's interests or action in a conflict of interests, is entitled to all the warrants allocated to him, even if his entitlement to their realization has not yet formulated on the date of the engagement's termination. In such a case, the warrants not matured by the date of the termination of office will mature upon the termination of office and will not expire, and the director may realize them up to one year from the date of termination of his term of office, and the shares which will arise from the realization of the warrants will not be blocked.

Implementation of the Remuneration Policy:

Annual remuneration and remuneration for participation

Pursuant to the authority granted to them by the remunerations policy, the Company's Remuneration Committee and Board of Directors have decided that the Entitled Directors, as such term is defined in the above Section C.3.a, will be entitled to annual remuneration at the level of the maximum fixed amount that is set in the remuneration regulations and to remuneration for participation in the meetings of the Board of Directors and its committees in the amount of the fixed sum specified in the Remuneration Regulations, all in accordance with the Company's grade as set forth in the second and third additions to the remuneration regulations.

The Company's grade pursuant to the Remuneration Regulations, in accordance with its equity in accordance with its financial statements as of December 31, 2018 is Grade E.

The Company's grade pursuant to the Remuneration Regulations, in accordance with its equity pursuant to its financial statements as of December 31, 2019, is Grade E.

As of the time of the publication of this report, the maximum annual remuneration, taking account of the Company's rating is NIS 110,345 and the remuneration for participation in a meeting is approximately NIS 3,350 (these amounts are updated from time to time in accordance with the indexed updating mechanism that exists in the remuneration regulations). The amount of the payments received by the Entitled Directors in 2019 amounted to a sum of approximately NIS 962 thousand (see Note 23A).

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 23: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties (Continued):

3) Remuneration for directors (Continued)

Capital remuneration

In accordance with the principles in the remuneration policy, as set forth in Section C.3.b above, and in accordance with the authority granted to the authorized bodies in the Company in accordance with the remuneration policy for the approval of the granting of capital remuneration for entitled directors by way of an annual grant of options, the entitled directors have been granted warrants in the years –2017-2020 in accordance with the terms of the options facility plan for officers and employees in the Company, which the Company adopted in November 2013, as amended from time to time in accordance with updated that have been made to the Company's remuneration policy (hereinafter: the "Facility Plan") as set forth below:

Timing of the decision	The offeree directors (entitled directors holding office at the time of the granting decision)	Number of recipients	Total number of warrants granted (reflecting a value of 50% of the annual remuneration paid to each of these directors (excluding remuneration for participation))	Exercise price for the option warrants in NIS (unlinked and subject to adjustments)	Overall cost of the benefit inherent in the warrants that have been granted based on the fair value under the Black & Scholes model at the time of their grant in accordance with the directives in International Financial Reporting Standard 2 "share based payment" in NIS
Decision by the Board of Directors on March 14, 2017	Amir Amar, Yehiel Guttman, Eyal Gabai, Nira Dror, Gad Pnini and Benny Gantz	6	188,550	18.05	334,038
Decision by the Board of Directors on March 11, 2018	Amir Amar, Yehiel Guttman, Eyal Gabai, Nira Dror, Gad Pnini and Benny Gantz	6	173,076	20.17	334,037
Decision by the Board of Directors on March 10, 2019	Amir Amar, Yehiel Guttman, Eyal Gabai, Nira Dror, Gad Pnini and Yael Andorn	6	151,374	21.63	330,000
Decision by the Board of Directors on March 8, 2020	Amir Amar, Yehiel Guttman, Eyal Gabai, Nira Dror, Gad Pnini and Yael Andorn	6	128,979	26.13	335,346

The warrants have been granted under the terms set forth above and subject to the terms of the Facility Plan. For more information regarding the Entitled Directors, see Regulation 26 in Chapter 4 of the Annual Report regarding additional information on the corporation.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 23: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties (Continued):

4) Exemption, indemnification and insurance

Directors' and officers' insurance

Alony Hetz Group had an arrangement for the insurance of directors and officers for a period of six years beginning on July 1, 2013. The insurance arrangement is an umbrella arrangement, which also includes the directors and officers of the Company and of Energix Renewable Energies Ltd. ("Energix") (which is also a company controlled by Alony-Hetz). The arrangement was for a period of 6 years, commencing on July 1, 2013 and effectively ending on June 30, 2018, having been shortened by one year following the adoption of a new arrangement for the provision of insurance coverage to directors and officers for the period starting from July 1, 2018 (the "New Insurance Arrangement"), as will be set forth below.

Joining the aforesaid arrangement, and participating in the premium for the purchase of the insurance policy, was approved by the Company's general meeting in its decision of March 21, 2013. The Company's board of directors (after having received the approval of the Remuneration Committee) also approved the extension of the existing arrangement's effect with respect to directors/officers who are controlling interests or their relatives, this being for the period of July 1, 2016 – June 30, 2019; this being under Section 1B(5) of the Companies Regulations (Reliefs in Transactions with Interested Parties), 5760-2000 (hereinafter: the "Reliefs Regulations").

Joining the New Insurance Arrangement

In its meeting of May 2, 2018, the Company's general meeting approved (with respect to officers and directors who are not controlling interests or their relatives) (after having received the approval of the Company's Board of Directors in its meeting of March 11, 2018 and the approvals of the Remuneration Committee of March 5, 2018 and the Audit Committee in its meeting of February 27, 2018) the Company's joining of a New Insurance Arrangement for the insurance of directors and officers adopted in the Alony Hetz Group (the "New Insurance Arrangement") according to the principles set forth below, and in addition, approved for the Company's management, according to its discretion, to purchase an additional insurance tier in a separate and independent policy in a coverage amount of up to an additional 25 (twenty-five) million dollars per claim in aggregate, this being without derogating from the coverage provided in the New Insurance Arrangement. The meeting also approved the insurance coverage to be granted by virtue of such insurances to directors and officers holding office in the Company and as may hold office from time to time. The New Insurance Arrangement was also approved, as required under law, by all the Group's members, including by the parent company, Alony Hetz.

The new Insurance Arrangement is for a period of six years, beginning on July 1, 2018 and up to June 30, 2024, and like its predecessor, is an umbrella arrangement, by means of an umbrella policy for the insurance of officers which is to be purchased by Alony Hetz every year, and which provides insurance coverage to the directors and officers holding office in the Company, in Alony Hetz and in Energix (and in any additional public subsidiary company of Alony Hetz, if any exists during the period of the arrangement) pursuant and subject to the following principles:

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 23: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties (Continued):

4) Exemption, indemnification and insurance

- A. The amount of all annual insurance fees to be paid by all the Group's members for any insurance year as part of the umbrella policy will not exceed 112,500 dollars (the "Annual Premium"). If the insurance period is shorter than one year, the insurance fees will be determined in proportion to the aforesaid amount. If in the coming years the insurance premium's cost increases, the premium to be paid with respect to the insurance year will not exceed more than 50% per each year over the annual premium amount, provided that an increase in the premium of over 25% per annum will be conditional upon the occurrence of significant changes in the directors' and officers' insurance market. Exceeding these respective limits will require the general meeting's approval.
- B. The purchase of the policies as stated above will be made for several insurance periods, which will not exceed, in aggregate, six years beginning on July 1, 2018.
- C. The limit of liability for officers' liability insurance will be up to 75 (seventy-five) million dollars per claim and in aggregate, with additional coverage of legal expenses.
- D. The board of directors of any company is given the option of deciding, according to its discretion, to purchase an additional insurance tier for the Company's officers, in a separate and independent policy, at a limit of liability of up to an additional 25 (twenty-five) million dollars per claim and in aggregate, severally or jointly with any of the Group's members, with additional premium.
- E. The policies will insure the liability of the Company's officers, officers of the Company's subsidiary companies, officers of the Company serving as directors on the Company's behalf in subsidiaries and in companies in which the Company has a holding other than full ownership or control.
- F. The policies purchased will insure, as much as possible, for occurrences that may be insured under the Securities Authority Enforcement Proceedings Streamlining Law (Legislation Amendments), 5771-2011, under the Economic Competition Law, 5758-1988 (hereinafter: the "Competition Law") and/or any other law regarding the insurance of officers, including, and without derogating from the generality of the aforesaid, pursuant to the provisions of Section 56H of the Securities Law and/or the provisions of Section 50P of the Competition Law.
- G. The premium for each policy will be paid by distribution between the Company and Alony Hetz and Energix (and to any additional public subsidiary company of Alony Hetz, if any exists during the period of the arrangement) according to the equity ratio attributed to the majority shareholders of the companies according to the last (consolidated) annual financial statements published prior to the renewal in each and every policy.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 23: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties (Continued):

4) Exemption, indemnification and insurance

The Company's Board of Directors, at its meeting on March 11, 2018 (after the receipt of the approval of the Remuneration Committee), gave its approval that the application of the abovementioned decisions regarding the Company joining the new insurance arrangement and regarding the granting of the insurance cover under the insurances that may be purchased within its framework also for directors and officers who are controlling interests or their relatives as well, complies with the conditions in Section 1B(a)(5) of the Reliefs Regulations and in relation to the Company's CEO complies with the conditions in Section 1A(1) of the Reliefs Regulations. Accordingly, so long as the facility transactions complies with the conditions in the Reliefs Regulations, the approval of a general meeting is not required for the purpose of applying the facility transaction to directors and officers who are controlling interests or their relative, and also to the Company's CEO, as they may hold office from time to time.

The decisions by the Remuneration Committee and the Board of Directors relied on the fact that the policies that will be purchased will apply under the same terms and without any distinction, both to officers who are not controlling interests or their relatives and also to officers who are controlling interests or their relatives, who hold office at the time and who may hold office from time to time, such that the terms of the commitment with the insurance companies in relation to all of the officers are identical.

The Remuneration Committee and the Board of Directors further determined that the commitment transaction with the insurance companies is at market terms and is not likely to have a significant impact on the Company's profitability, its assets or its liabilities and they also empowered the Company's active management to examine and to determine the compliance of the terms of the umbrella insurance policy as may be purchased each year (and the additional insurance policy if such is bought), with the conditions in Regulations 1A1 (in relation to the CEO) and 1B(a)(5) (in relation to the controlling interests and their relatives) of the Reliefs Regulations.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 23: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties (Continued):

4) Exemption, indemnification and insurance (Continued)

Indemnification and exemption

On November 22, 2011, the general meeting approved the giving of new letters of indemnification to officers who hold office in the Company and to officers who may be appointed from time to time, including officers who hold office in subsidiary companies and in companies that are held but which are not wholly owned or controlled by the Company and including Mr. Nathan Hetz, the Chairman of the Board of Directors and the controlling interests of the Company and officers of the Company who may hold office in the Company in the future, who are and/or are relatives of controlling interests in the Company and/or who may be controlling interests in the Company from time to time, which are adapted to the changes that have occurred in the legislation and especially to the amendments in the Securities Law – 1968 and the provisions of the Administrative Enforcement Law. These letters of indemnification replaced the existing letters of indemnification except in relation to officers who have finished their period of office and who no longer hold office at the time of the granting of the letters of indemnification.

In accordance with the arrangement regarding the exemption for existing directors and office holders in the Company, the Company exempts the officer from any liability towards it for any damage that will be caused to it and/or that has been caused to it, directly or indirectly, as a result of a breach of the duty of care of the officer towards it and/or vis-à-vis its consolidated companies in their actions in good faith and as an officer in the Company and/or as an officer in its investee companies.

On November 22, 2011, the general meeting decided not to approve the extension of the existing arrangement regarding an exemption with respect to directors and officers in the Company who are controlling interests or their relatives, regarding to the period commencing on November 15, 2011.

On February 16, 2015, the Company's general meeting approved the continued application of the letters of indemnification for a period of three years, ending on November 14 2017, on directors and officers in the Company who are the controlling interests and their relatives holding office today and who may hold office from time to time. In its meeting of that day, the general meeting did not approve the granting of letters of exemption to directors and officers of the Company who are controlling interests or their relatives holding office today and as they may be from time to time.

On May 2, 2018, the general meeting (after the receipt of the approval of the Board of Directors at its meeting on March 11, 2018 and the approval of the Remunerations Committee at its meeting on March 5, 2018), approved the adoption of a new letter of indemnification, which will replace the existing letter of indemnification and will be the letter of indemnification customary at the Company as from May 2, 2018 and will be extended by it to the Company's officers holding office and the officers who may be appointed from time to time, including officers holding office in subsidiary companies and in companies in which the Company has holdings and which are not wholly controlled or owned by the Company and including Mr. Nathan Hetz, the Chairman of the Board of Directors and the controlling interest in the Company as well as officers who may hold office in the Company in the future, who are and/or whose relatives are controlling interests of the Company and/or who may be controlling interests of the Company from time to time.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 23: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties (Continued):

4) Exemption, indemnification and insurance (Continued)

Indemnification and exemption (Continued)

The new letter of indemnification will be deemed to be in force as from the commencement of the officers' term of office at the Company. The general meeting further approved, in its abovesaid decision, the replacement of the letters of indemnification issued by the Company up to today to the officers serving in the Company on the date of the general meeting's approval of this decision, including directors and officers who are controlling interests or their relatives, and regarding the latter, the new letter of indemnification will apply for the period from November 14, 2017 through November 30, 2020.

that had been granted by the Company until that day to officers who hold office in the Company at the time of the approval of this decision by the general meeting, including directors and officers who are controlling interests or their relatives, in relation to the latter of whom the new letter of indemnification will apply for the period from 14.11.2017 to 30.11.2020.

The new letters of indemnification have been adapted to the changes which have occurred in legislation, and especially to amendments to the Economic Competition Law, 5748-1988, and also include expansions of the list of events which constitute grounds for indemnification. The new letters of indemnification will replace the existing letters of indemnification, other than with respect to officers who have completed their term of office and were no longer in office on the date on which the new letters of indemnification were granted. According to the new letter of indemnification (like in the existing letter of indemnification), the maximal indemnification amount will not exceed 25% of the Company's equity as it will be according to the last (consolidated) financial statements published by the Company before the day of the payment under the letter of indemnification, all in addition to the amounts received, if any, from the insurance company.

The general meeting further approved, in its abovesaid meeting of May 2, 2018 (after having received the approval of the board in its meeting of March 11, 2018 and the approval of the Remuneration Committee in its meeting of March 5, 2018) as follows:

- A. To amend Section 143 of the Company's articles of incorporation, on the subject of exemption to officers, in such a manner that starting from the day of the general meeting's approval of the decision (namely, starting from May 2, 2018), the letters of exemption to be granted by the Company will not apply to decisions and/or transactions in which the controlling interest or any officer of the Company (including an officer other than the one to whom the letter of exemption was granted) has a personal interest, provided that the letters of exemption granted by the Company prior to the day of the meeting's approval and which are still in force will continue to apply fully, with no change, with respect to all the events covered thereby which occurred up to the day of the meeting's approval.

Note 23: Transactions and balances with interested parties and related parties (Continued)

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

C. Commitments with related parties (Continued):

4) Exemption, indemnification and insurance (Continued)

Indemnification and exemption (Continued)

B. To approve the granting of letters of exemption to directors and officers of the Company, including directors and officers of the Company who are controlling interests of the Company or their relatives and including the Company's CEO, who are in office today and as will be in office therein from time to time, and the letters of exemption to be granted by the Company will not apply to decisions and/or transactions in which the controlling interest or any officer of the Company (including an officer other than the one to whom the letter of exemption was granted) has a personal interest, provided that the letters of exemption granted by the Company prior to the day of the meeting's approval and which are still in force will continue to apply fully, with no change, with respect to all the events covered thereby which occurred up to the day of the meeting's approval and that the exemption granted by the Company to directors and officers who are controlling interests or their relatives (namely, to the chairman of the board of directors, Mr. Nathan Hetz), will continue to apply fully, with no change, with respect to all the grounds covered thereby which occurred up to November 22, 2011.

5) Immaterial transactions:

The Company's board of directors has determined that the transactions deemed to be immaterial for the purposes of Regulations 22(A) and 37A(6) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 and for the purposes of Regulation 41(A)(6) of the Securities Regulations (Annual Financial Statements), 5770-2010 are transactions in which all the following conditions are met:

1. The transaction is made in the ordinary course of the Company's business.
2. The transaction is a transaction on market terms; the engagement is on terms customary in the relevant market.
3. The transaction's expected contribution to profit and loss on annual terms (before the impact of taxation) or its annual financial scope in the event that the transaction is not recorded through a profit and loss statement does not exceed the amount of 0.125% of the Company's equity according to its consolidated audited financial statements published for December 31 of the preceding year as of the date on which the transaction is reported or for 0.5% of the Company's average profit or loss on absolute values in the last three calendar years which preceded the date on which the transaction is reported, according to the Company's consolidated audited financial statements; whichever of the two is lower, whether in one transaction or a series of transactions on the same matter during the same year.

In this regard, in the event that the Company does not have all the rights and obligations in the transaction, the transaction will be examined according to the Company's *pro rata* share in the transaction.

4. The transaction was approved by the Company's board of directors, and the interested party notified the board of directors of its interest in that transaction and avoided participating in the hearing and vote regarding that transaction.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 23: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties (Continued):

5) Immaterial transactions (Continued):

During the year 2019, and until the date of the statement's publication, the Company engaged in the following transactions, which are deemed to be immaterial transactions:

- 1. Letting of roofs to Energix** – In the period of the statement, the Groups is party to tenancy agreements whereby the Group lets, to a registered limited partnership fully owned by Energix (the "Limited Partnership"), roofs owned by the Company so that photovoltaic systems for the production of electricity may be installed thereon (the "Roofs Tenancy Agreements"). Pursuant to the terms of the Roofs Tenancy Agreements, the rent paid by Energix to the Company is at a rate of 10% of the receipts actually received by Energix from the Electric Corporation / the vital service provider for the production of electricity in the relevant system.
- 2. Joining the parent company's CRIME insurance** – The Company is insured in a CRIME insurance policy purchased from time to time by the parent company, said policy being joint to Alony Hetz, the Company and Energix. The premium for the CRIME insurance policies was paid by the three companies, with each company bearing 33.3% of the premium's cost. The Company's board of directors certified, following certification by the Audit Committee, the Company's joining of a new CRIME insurance policy purchased by Alony Hetz, for an additional year starting from July 1, 2019 and until June 30, 2020, joint with Alony Hetz and Energix. In addition, the board of directors certified the manner of division of bearing the premium between the three companies in such a manner that each of the companies will bear 33.3% of the premium's cost; this being in light of the fact that in the event of the purchase of a separate policy by each of the Group's companies, each of the companies is expected to bear a premium in an amount no lower than the amount of the total premium paid today. The Company will look into the option of joining a new CRIME insurance policy this year as well, which, if purchased, will be purchased by Alony Hetz; seeing as the existing policy will expire on June 30, 2020.
- 3.** Regarding the Company's engagement in agreements with Alony Hetz and Energix in regard to the mechanism of participation in the premium of the director and officer insurance policy's premium, see the above in Section C(4).
- 4. Engagement with Value Base Underwriting and Issuance Management Ltd.** (a company which, to the best of the Company's knowledge, has among the holders of its parent company, *inter alia*, Nathan Hetz and his wife (approximately 19.95%) and M. Wertheim (Holdings) Ltd. (approximately 19.95%), who were, until November 26, 2019, the controlling interests of the Company's parent company, Alony Hetz Properties and Investments Ltd.) for the purpose of consultation and issuance management – as part of debt raisings and capital raising from the public by virtue of shelf offering reports published by the Company on June 26, 2019 and on September 19, 2019 and after the date of the statement of financial position, on February 5, 2020, respectively, the Company engaged Value Base Underwriting and Issuance Management Ltd. to provide consultation and issuance management services and for the distribution thereof, on identical terms regarding the consultation and management commission to the additional issue managers (Excellence Nessuah Underwriting (1993) Ltd. and Leader Issuances (1993) Ltd. and on terms identical to the rest of the distributors, regarding the distribution commission.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 23: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties (Continued):

5) Immaterial transactions (Continued):

- 5. Engagements with United Mizrahi Bank Ltd. (including through Netzivim Assets and Equipment Ltd.)** (a company owned by the Wertheim family, which was one of the controlling interests of Alony Hetz and as a result a controlling interest of the Company until November 26, 2019, when it stopped being a controlling interest of Alony Hetz) –

5.1. During the period of the statement, the Company was a party to a tenancy agreement under which a property in Holon, in an area of approximately 260 sqm, was rented to United Mizrahi Bank Ltd. for a term of tenancy of 15 years, for the purpose of managing a bank branch. The engagement is on market terms and in the ordinary course of the Company's business.

5.2. During the period of the statement, the Company was a party to a tenancy agreement under which a commercial unit in an area of approximately 490 sqm at Orot Mall in Or Akiva was rented to United Mizrahi Bank Ltd. for a term of tenancy of 23 years (where, at the end of 8 years, the bank has a right to terminate the term of the tenancy in a prior notice of one year) for the purpose of managing a bank branch. The engagement is on market terms and in the ordinary course of the Company's business.

5.3. During the period of the statement, the Company was a party to a tenancy agreement under which a property in Ramat Gan, in an area of approximately 330 sqm, was rented to United Mizrahi Bank Ltd. for a term of tenancy up to 2029, for the purpose of managing a bank branch. The engagement is on market terms and in the ordinary course of the Company's business.

5.4. During the period of the statement, the Company was a party to tenancy agreements with United Mizrahi Bank Ltd. under which areas were rented to the bank for the purpose of placing cash withdrawal machines at three commercial centers of the Company. The engagements are on market terms and in the ordinary course of the Company's business.

The company's annual revenues for the aforesaid tenancy agreements amount to approximately NIS 2,235 thousand.

- 6.** During the period of the statement, the Company was a party to a tenancy agreement under which storage and logistics areas in the LC in Modi'in, at a scope of approximately 4,758 sqm, were rented to I.B.B.L. Spirit Ltd. (a company controlled by the Wertheim family, which was one of the controlling interests of Alony Hetz and as a result a controlling interest of the Company up to November 26, 2019, when it stopped being a controlling interest of Alony Hetz), for a term of tenancy until 2023 (with the tenant being granted two options to extend the term of the tenancy, each of 5 years). The engagement is on market terms and in the ordinary course of the Company's business. The company's annual revenues for the aforesaid tenancy agreements amount to approximately NIS 2,149 thousand.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 23: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties (Continued):

6) Other transactions (transactions other than within the framework of Section 270(4) of the Companies Law and transactions other than immaterial transactions)

In the period of the statement, the Company was a party to tenancy agreement under which the Company was letting, on market terms and in the ordinary course of business, to the parent company (Alony Hetz Properties and Investments Ltd.) and to Energix (a company owned by the parent company), (in separate tenancy agreements) offices in an area of approximately 772 sqm and approximately 576 sqm respectively, on the 40th floor of "Amot Atrium" Tower in Ramat Gan (the "Building"), as well as parking spots in the Building's parking lot. The tenancy is on the tenancy terms customary at the Company with respect to tenants in the Building, for a period of 5 years with an option granted to Alony Hetz and to Energix to extend the period by an additional 5 years.

The board of directors' approval of the engagement was granted on August 13, 2015, after the Audit Committee classified such engagement in the tenancy agreements as an "Irregular Transaction" as defined in the Companies Law, 5759-1999. The engagement was also approved under law by the competent organs of Alony Hetz and Energix.

The Company's annual revenues for the aforesaid tenancy agreements amount to approximately NIS 1,556 thousand from the parent company and approximately NIS 988 thousand from Energix. Update the amounts for 2019.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 24: Fair value

A. Details of assets and liabilities that are measured at fair value in the statement of financial position

For the purpose of measuring the fair value of assets and liabilities, the Company classifies them in accordance with a hierarchy that contains the following three levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or identical liabilities to which the entity has access at the time of the measurement.

Level 2: Data, apart from quoted prices that are included in Level 1, which are observable for the asset or the liability, directly or indirectly.

Level 3: Data that are not observable for the asset or the liability

The classification of the assets that are measured at fair value is done based on the lowest level of which significant use is made for the purpose of measuring the fair value of the asset as a whole.

The following are details of the Company's assets, which are measured at their fair values in the Company's statements of financial position as at December 31, 2019 and 2018, in accordance with their measurement levels.

	Level 3		
	Investment property	Assets for enhancement	Property under construction
	NIS thousands		
As at December 31, 2019			
Fair value of items that are measured at fair value on a timing basis			
Offices	6,420,446	-	353,772
Commercial centers	2,628,641	-	7,601
Supermarkets	690,583	-	-
Industrial parks	2,346,582	-	179,094
Others	206,370	67,150	9,887
Total investment property in Israel	12,292,622	67,150	550,354

	Level 3		
	Investment property	Assets for enhancement	Property under construction
	NIS thousands		
As at December 31, 2018			
Fair value of items that are measured at fair value on a timing basis			
Offices	5,068,782	-	701,517
Commercial centers	2,144,733	-	16,499
Supermarkets	610,336	-	-
Industrial parks	1,691,007	-	85,422
Others	208,344	63,299	-
Total investment property in Israel	9,723,202	63,299	803,438

Fair value of items that are measured at fair value on a timing basis	Level 2	
	2019	2018
	NIS thousands	
Derivative financial instruments, which are designated as hedging items (see Note 12F)	(12,918)	(13,994)

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 24: Fair value (Continued)

B. Assets that are measured at fair value at level 3 in the statement of financial position

1. Movement in assets that are measured at fair value

	Investment property in Israel						Property under construct ion	
	Offices	Commercial centers	Super-markets	Industrial parks	Others	Assets for enhancement		Total
	NIS thousands							
Balance as at December 31, 2017	4,874,091	2,120,080	599,071	1,226,953	204,235	87,712	493,173	9,605,315
Additions deriving from acquisitions and advances on account of purchases	5,000	-	-	445,877	-	-	51,270	502,147
Transfer from investment property under construction to investment property	-	-	-	10,127	-	-	(10,127)	-
Disposals	-	-	-	-	-	(31,500)	(91,278)	(122,778)
Investments and other	41,899	37,682	1,022	11,228	3,271	674	240,030	335,806
Gain on adjustment to fair value, net (*)	147,792	(13,029)	10,243	(3,178)	838	6,413	120,370	269,449
Balance as at December 31, 2018	5,068,782	2,144,733	610,336	1,691,007	208,344	63,299	803,438	10,589,939
Additions deriving from acquisitions and advances on account of purchases	144,907	425,374	-	426,225	-	-	79,813	1,076,319
Transfer from investment property under construction to investment property	502,390	-	-	-	-	-	(502,390)	-
Investments and other	175,090	9,862	5,474	43,129	(7,108)	30	170,133	396,609
Gain on adjustment to fair value, net (*)	529,277	48,672	74,773	186,222	5,134	3,821	(640)	847,259
Balance as at December 31, 2019	6,420,446	2,628,641	690,583	2,346,582	206,370	67,150	550,354	12,910,126

(*) The difference from the gain on the adjustment of fair value compared to the Statement of Income derives from the updating of leasing liabilities.

2. Details of gains recognized in profit or loss

Adjustment of the fair value of investment property

	Level 2	
	2019	2018
	NIS thousands	
Unrealized gains on investment property	<u>847,259</u>	<u>262,975</u>

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 24: Fair value (Continued)

B. Assets that are measured at fair value at level 3 in the statement of financial position
(Continued)

3. Description of the evaluation techniques for investment property measured at fair value.

Investment property in Israel					
Investments in investment property in Israel	Fair value as at December 31, 2018 (NIS thousands)	Evaluation technique	Description of unobserved data	Weighted average	Area (Sq. m.)
Offices	6,420,446	Discounted cash flows – (DCF)	Rentals per Sq. m. Discount rate Occupancy rate	78 6.1%-7.25% 96.2%	376,217
Retail centers	2,628,641	Discounted cash flows – (DCF)	Rentals per Sq. m. Discount rate Occupancy rate	100 6.25%-7% 97.7%	124,791
Supermarkets	690,583	Discounted cash flows – (DCF)	Rentals per Sq. m. Discount rate Occupancy rate	97 6.25%-6.75% 100%	36,233
Industrial parks	2,346,582	Discounted cash flows – (DCF)	Rentals per Sq. m. Discount rate Occupancy rate	29 6.25%-7.75% 99.3%	348,786
Others	206,370	Discounted cash flows – (DCF)	Rentals per Sq. m. Discount rate Occupancy rate	58 6.25%-7% 100%	20,988
Assets for enhancement	63,299	Comparison			
Real estate and construction	803,438	Comparison, costs discounted cash flows – (DCF)			

4. Sensitivity analysis of investment property measured at fair value

See Note 7F.

5. Description of the evaluation processes employed in the determination of the fair value

The body in the Company who is responsible for the fair measurement process for items that are classified at level 3 is the Company's senior management. The Company's management report to the Financial Statements Committee on the fair value findings in respect of investment property and they examine the fairness of the data and the evaluation methodology that have been used in the determination of the fair value. The Company's evaluations are tested once a quarter and if necessary, adjustments are made in order to estimate the fair value as accurately as possible in the Company's opinion. The fair value is measured based on evaluation techniques, such as: the market approach – an approach that uses prices and relevant information that has been created by comparable transactions in the market to which adjustments are made, such as: the comparison method. The revenues method- a method that converts future amounts (for example – future cash flows) into present values (discounted) such as: The discounted cash flows method (DCF).

Inter alia, the discount rates that are used to discount the future cash flows, the length of the rental period, the stability of the tenants, the extent of the available areas in the property, the length of the rental periods and the period of time that will be required to lease vacant areas in the properties, implications deriving from the investments that will be required for development, the completion of the project and/or maintaining existing properties and the deduction of uncovered operating costs and other factors are taken into account in the determination of the fair value.

Regarding investment property under construction, its fair value is assessed by estimating the fair value of the investment property after the completion of its construction and less the present value of the estimate of the construction costs that are expected to be incurred for the purpose of its completion and less an entrepreneurial profit, where relevant, whilst taking a yield rate that has been adjusted for relevant risks that are relevant to and typify the investment property into account.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 25: Fair value of financial instruments

The Group's financial instruments include primarily cash and cash equivalents, trade and other receivables, shares held as a financial asset available for sale, short-term credit from banking corporations, trade payables, other payables, payables for investment property and long-term financial liabilities.

A. Fair value of financial instruments

The fair value of financial instruments that are traded on an active market (such as bonds (Series A – F) – Level 1.

A derivative financial instrument that is designated as a hedging item is classified at level 3.

- (1) Financial instruments that are recorded under current assets** – (cash and cash equivalents, trade receivables, other receivables and long-term receivables) – the balances in the statements of financial position as at December 31, 2019 and 2018, approximate to their fair values.
- (2) Financial instruments that are recorded under current liabilities** – (credit from banking corporations, trade payables, other payables and payables for investment property) – the balances in the statements of financial position as at December 31, 2019 and 2018, approximate to their fair values.
- (3) Financial instruments that are recorded under non-current liabilities** – the fair value of the marketable liabilities has been determined in accordance with the closing rates as at December 31, 2019 and 2018, as quoted on the Tel-Aviv Stock Exchange, as multiplied by the quantity of the marketable financial instruments (bonds (Series A-F) that had been issued at those times.

The balance in the statements of financial position as at December 31, 2019 and 2018 has been determined in accordance with the present value of the future cash flows, discounted at an interest rate that reflects the management's assessment of the level of risk that is inherent in the financial instrument.

The fair value of non-marketable liabilities bearing fixed rate interest has been determined in accordance with the present value of the future cash flows, discounted at an interest rate that reflects the management's assessment of the level of risk that is inherent in the financial instrument.

As of December 31, 2019, the fair value of a long-term fixed-rate loan was measured in accordance with the early repayment date of February 2020 (see Note 13c). In the management's assessment, the weighted discount rate reflects the level of risk that is inherent in the Group's Shekel denoted liabilities that are linked to the Consumer Prices Index and bearing fixed rate interest as at December 31, 2018, which is estimated at approximately 2% a year in 2018. The sensitivity analysis that has been performed, based on the known interest rates as at December 31, 2018, shows that any change of 1% in the said interest rates, such that they would stand at 3% in 2018, would decrease the fair value of the financial instruments that are recorded under non-current liabilities, whose fair value is measured under the discounted cash flows method by approximately NIS 11 million in 2018.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 25: Fair value of financial instruments (Continued)

- B.** The following table details the carrying value in the accounting records and the fair value of groups of financial instruments, which are presented other than at fair value in the financial statements:

	Carrying value in the accounting records	Fair value	Carrying value in the accounting records	Fair value
	As at December 31, 2019		As at December 31, 2018	
	NIS thousands			
Financial liabilities				
Long-term loans bearing fixed rate interest (including current maturities)	242,613	266,414	280,093	299,530
Bonds (including current maturities)	5,284,461	5,720,827	4,717,891	4,920,414
	<u>5,527,074</u>	<u>5,987,241</u>	<u>4,997,984</u>	<u>5,219,944</u>

C. Analysis of financial instruments by linkage basis and types of currency

	As at December 31, 2019		
Euro	NIS index- linked	NIS – unlinked	Total
	NIS thousands		
Current assets:			
Cash and cash equivalents	-	57,360	57,360
Trade and other receivables and long-term receivables	-	41,919	47,213
Non-current assets			
Loans to companies treated at equity	-	2,810	127,803
	<u>-</u>	<u>102,089</u>	<u>232,376</u>
Current liabilities:			
Other liabilities at amortized cost	-	438,271	1,121,151
Non-current liabilities			
Other liabilities at fair value	-	-	12,918
Other liabilities at amortized cost	-	260,067	4,964,414
	<u>-</u>	<u>698,338</u>	<u>6,098,483</u>

	As at December 31, 2018		
Euro	NIS index- linked	NIS – unlinked	Total
	NIS thousands		
Current assets:			
Cash and cash equivalents	-	297,703	297,703
Trade and other receivables and long-term receivables	-	44,793	44,793
Non-current assets			
	<u>-</u>	<u>345,881</u>	<u>475,284</u>
Current liabilities:			
Other liabilities at amortized cost	-	442,761	973,661
Non-current liabilities			
Other liabilities at fair value	-	-	13,994
Other liabilities at amortized cost	-	251,297	4,556,036
	<u>-</u>	<u>694,058</u>	<u>5,543,691</u>

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 26: The objectives of and policy for the management of financial risks

The management of equity risk

The Group manages its equity in order to ensure that the Companies in the Group will be able to continue to operate as a going concern, while maximizing the yield for the shareholders, with an emphasis on the optimization of the Company's debt and shareholders' equity.

The Company's equity structure includes debt instruments (primarily bonds and loans), financial instruments (primarily cash and cash equivalents) and the shareholders' equity attributed to the majority shareholders in the Company. The Company's CEO monitors the Company's equity structure routinely and at least once every half a year. This monitoring includes, inter alia, the examination of the cost of capital and the examination of the risks that are connected to each of the components of the equity. Based on recommendations by the Company's Board of Directors, the Group manages its equity structure by way of payments of a dividend, the issuance of equity, the recruitment of debt and repayments of debt. The Company's equity management policy, as described above, is consistent with the policy that was implemented in the previous year.

See Note 13D regarding the Company's credit facilities.

The main points of the accounting policy

The main points of the accounting policy and the methods that have been adopted in connection with financial assets and liabilities and the components of the shareholders' equity, including criteria for the recognition thereof, the measurement basis and the basis for reflection in the statement of profit or loss, are presented in Note 2.

Balances of financial instruments by category

	As at December 31	
	2019	2018
	NIS thousands	
Financial assets		
Cash and cash equivalents	57,360	297,703
Trade receivables, deposits, other long-term receivables	47,213	44,793
Loans to companies presented at equity	127,803	132,788
	<u>232,376</u>	<u>475,284</u>
Financial liabilities		
Financial liabilities at amortized cost	6,085,565	5,529,697
Financial liabilities at fair value through profit or loss	12,918	13,994
	<u>6,098,483</u>	<u>5,543,691</u>

The management of financial risks

The Group's operations expose it risks that are connected to various financial instruments, such as market risk (including currency risk, fair value risk in respect of the interest rate and price risk), credit risk, liquidity risk, cash flow risk in respect of the interest rate and risk in respect of changes in the Consumer Prices Index. The Group's risks management program focuses on activity the objective of which is to reduce the possible adverse impacts on the Group's financial performance to a minimum.

The management of the risks is performed primarily by the Company's CEO, who, together with the Chairman of the Board of Directors, routinely monitors developments in the various markets. Where there are exceptional developments in the markets, the Company's management convenes in order to examine the need for the making of appropriate decisions in response to the various events. The Company' Board of Directors repots on the developments in this field once a quarter.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 26: The objectives of and policy for the management of financial risks (Continued)

The following is information regarding risks that are connected to the financial instruments:

A. Credit risk:

The Group does not have a significant concentration of credit risk. Cash and cash equivalents are held in short-term deposits, which in the Company's management's opinion, have a high level of financial stability.

The Group has policy that insures that the revenues from rental and management fees from properties are received after commitments with customers who have an appropriate payments history, whilst furnishing appropriate collateral for the future payments. In some cases, rental fees are received in advance.

B. Interest rate risk:

- **Cash flows risk** – Loans that bear interest at a variable rate expose the Group to cash flow risk in respect of a change in the interest rates, which are not accompanied by a parallel change in the fair value of the financial instruments. As at December 31, 2019 and 2018, the Company's main long-term liabilities are at a fixed rate of interest. See Note 25A(3) for the impact of the sensitivity analysis for the interest rate on the fair value of the financial liabilities
- **Fair value hedging** – Further to the issuance of the bonds (Series E), the Company has executed hedging transactions opposite financial institutions in Israel, which converted Shekel interest at a rate of 3.39% into index-linked principal and interest linkage at a rate of between 2.125% - 2.49%, for overall principal of NIS 875 million. The hedged bonds are presented as index-linked bonds.

The following table details the interest rate swap transactions that have been designated as hedging instruments, which are extant at the end of the reporting period:

Contract: Pay variable interest Receive fixed interest	Average interest rate – fixed pursuant to a contract	Amount of the principal that is denoted		Carrying value in the accounting records of the hedging instruments assets/ (liabilities)	
		As at December 31		As at December 31	
		2019	2018	2019	2018
	%	NIS thousands		NIS thousands	
Hedging transactions	2.125% - 2.49%	875,000	875,000	(12,918)	(13,994)

C. Liquidity risk:

The responsibility for the management of liquidity risks rests with the Company's management, which maintains a program for managing short-term, intermediate-term and long-term financing and liquidity risks in accordance with the Company's needs. The Company manages the liquidity risk by maintaining suitable cash surpluses, preparing financial forecasts which kept up to date by comparing the future yields from the financial assets and liabilities.

As at the reporting date and at the time of the approval of the financial statements, the Company has credit facilities from banking corporations and financial institutions amounting to approximately NIS 800 million. As of December 31, 2019, NIS 552 million in unutilized facilities.

As stated in Note 17E, the Company has a policy of distribution dividends on a quarterly basis. Before the Company's Board of Directors decides on the distribution of a quarterly dividend, the Company examines its ability to settle its liabilities.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 26: The objectives of and policy for the management of financial risks (Continued)

C. Liquidity risk (Continued):

The following table presents the flow of financial liabilities for December 31, 2019 and 2018, which are exposed to fair value risk and/or cash flow risk in respect of interest rate, in accordance with the earlier of the timings for the contractual payments or the timings for the re-setting of the price of the interest:

As at December 31, 2019:

	Interest rate (*) %	Year 1	Year 2	Year 3	Year 4	Year 5	More than 5 years
		NIS thousands					
Marketable securities	1.54	266,470	-	-	-	-	-
Shekel denoted index-linked loans bearing fixed rate interest	4.30	49,769	49,769	49,769	49,769	49,769	24,885
Shekel denoted index-linked bonds bearing fixed rate interest	3.09	<u>679,244</u>	<u>665,861</u>	<u>643,003</u>	<u>637,742</u>	<u>621,606</u>	<u>2,582,841</u>
		<u>995,483</u>	<u>715,630</u>	<u>692,772</u>	<u>687,511</u>	<u>671,374</u>	<u>2,607,726</u>

(*) The weighted interest rate as at the date of the statement of financial position.

As at December 31, 2018:

	Interest rate (*) %	Year 1	Year 2	Year 3	Year 4	Year 5	More than 5 years
		NIS thousands					
Marketable securities	0.64	345,761	-	-	-	-	-
Shekel denoted index-linked loans bearing fixed rate interest	4.30	49,618	49,618	49,618	49,618	49,618	74,427
Shekel denoted index-linked bonds bearing fixed rate interest	3.68	<u>568,181</u>	<u>675,739</u>	<u>652,543</u>	<u>629,754</u>	<u>624,575</u>	<u>1,923,125</u>
		<u>963,560</u>	<u>725,357</u>	<u>702,161</u>	<u>679,372</u>	<u>674,193</u>	<u>1,997,552</u>

(*) The weighted interest rate as at the date of the statement of financial position.

Amot Investments Ltd.
Notes to the Consolidated Financial Statements

Note 27: Changes in liabilities deriving from financing activity

	Balance as at January 1, 2019	Cash flows from financing activities	Change in fair value	Other changes	Balance as at December 31, 2019
	NIS thousands				
Credit from banking corporations and other providers of credit	346,306	(80,815)	-	-	265,491
Bonds	4,703,897	594,893	(29,086)	1,840	5,271,544
Loans from banking corporations	280,093	(38,349)	869	-	242,613
Liabilities for finance leasing	22,431	(1,340)	1,681	16,850	39,622
	<u>5,352,727</u>	<u>474,389</u>	<u>(26,536)</u>	<u>18,690</u>	<u>5,819,270</u>

	Balance as at January 1, 2018	Cash flows from financing activities	Change in fair value	Other changes	Balance as at December 31, 2018
	NIS thousands				
Credit from banking corporations and other providers of credit	411,640	(65,334)	-	-	346,306
Bonds	4,349,216	387,623	(21,351)	(11,591)	4,703,897
Loans from banking corporations	315,201	(37,391)	-	2,283	280,093
Liabilities for finance leasing	15,042	-	1,006	6,383	22,431
	<u>5,091,099</u>	<u>284,898</u>	<u>(20,345)</u>	<u>(2,925)</u>	<u>5,352,727</u>

List of Investee Companies

As at December 31, 2018

<u>Holding rate</u>	<u>Voting and appointment of directors</u>
<u>%</u>	<u>%</u>

Consolidated companies

Ayalot Investments in Properties (Herzliya) Ltd.	100	100
Ayalot Investments in Properties (AB"G) 1992 Ltd.	100	100
Ayalot Investments in Properties (Kfar Saba) 1992 Ltd.	100	100
Ayalot Investments in Properties (Rehovot West) 1992 Ltd.	100	100
Ayalot Investments in Properties (Netanya) 1993 Ltd.	100	100
Ayalot Investments in Properties (Har Hotzvim) 1994 Ltd.	100	100
Ayalot Investments (T.M.R.) 1994 Ltd.	100	100
Ayalot Investments (Ramat Vered) 1994 Ltd.	100	100
Ayalot Investments (Patir) 1996 Ltd.	100	100
Ayalot Investments in Properties Ltd.	90	90
Nes-Pan Ltd.	100	100
Hakirya Center (Ashdod 1995) Ltd.	100	100

Joint Operations

The Central Station in Jerusalem (Management) 1996 Ltd.	50	50
Amot – Clal Joint Venture	50	50
Ha'Nasi Mall Or Akiva Management (Limited Partnership)	100	100
Ashtrom Properties Ltd – Amot Investments Ltd. (Joint Venture	50	50
Ayalot HaYarkon Joint Venture	50	50
Merkazit Jerusalem Joint Venture for Rental	50	50
Kiryat Ono Mall Management Company Joint Venture Ltd.	50	50
Kiryat Ono Mall Joint Venture	50	50
Amot Investments and Gabriels Hotzot Karmiel	50	50
Merkazim 2001	50	50

Joint Ventures

Izdarechet Investments Company Ltd.	50	50
Hotzot Alonim Ltd.	49	50
Amot Danisra Park Afek Ltd.	50	50
Roni Dan Investments Ltd.	50	50
Ziviel Investments Ltd.	49	50
Amot Shaul Ltd.(*)	50	50
Kochav Or Industry and Commerce Ltd.	50	50

(*) Some of the shares are held in trust for the Company.



AMOT INVESTMENTS.
PEOPLE FIRST.

SEPARATE FINANCIAL STATEMENTS

AMOT INVESTMENTS OF
THE ALONY HETZ GROUP



2019 PERIODIC REPORT



Amot Investments Ltd.

Separate Financial Statements

For the Year 2019

Amot Investments Ltd.

Separate Financial Statements as at December 31, 2019

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For the attention of

The shareholders of Amot Investments Ltd.

7, Jabotinsky Street

Ramat Gan

Ladies and Gentlemen

Re: Special report by the auditors on separate financial information pursuant to Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 5730 - 1970

We have audited the separate financial information, which is presented pursuant to Regulation 9C of the Securities Regulations (Periodic and Immediate Reports) 5730 – 1970 of Amot Investments Ltd. (hereinafter – the Company) as at December 31, 2019 and 2018 and for each of the three years, the last of which ended on December 31, 2019. The separate financial information is the responsibility of the Company's Board of Directors and Management. Our responsibility is to express an opinion on the separate financial information based on our audit.

We did not audit the separate financial information of investee companies the investment in which amounted to NIS 1,770,812 thousand and NIS 1,611,691 thousand as at December 31, 2019 and 2018, respectively, and the profit from these investee companies amounted to NIS 316,865 thousand, NIS 147,293 thousand and NIS 182,188 thousand for the years ended December 31, 2019, 2018 and 2017, respectively. The financial statements of these companies were audited by other auditors, whose reports have been furnished to us, and our opinion, to the extent that it relates to the amounts recorded for those companies, is based on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards, including those prescribed under the Auditors' Regulations (Auditor's Mode of Performance), 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the separate financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's Board of Directors and Management as well as evaluating the fairness of the presentation of the separate financial information. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and on the reports of the other auditors, the separate financial information has been prepared, in all material respects, in conformity the provisions of Regulation 9C of the Securities Regulations (Periodic and Immediate Reports) 5730 – 1970.

Brightman Almagor Zohar & Co.

Certified Public Accountants

Member of Deloitte Touche Tohmatsu Limited

Tel Aviv, March 8, 2020

Amot Investment Ltd.

Financial Position Data

		As at December 31	
		2019	2018
		NIS thousand	
<u>Current assets</u>			
Cash and cash equivalents	2	34,201	276,158
Trade receivables		11,807	10,672
Other receivables		60,696	35,168
Total current assets		106,704	321,998
<u>Non—current assets</u>			
Investment property		7,719,930	5,997,592
Investment property under construction		542,354	795,438
		8,262,284	6,793,030
Loans, bonds and capital notes to investee companies		2,339,680	2,117,546
Investment in investee companies	4	2,283,290	1,882,769
Long-term receivables		27,090	15,266
Fixed assets		36,388	36,691
Total non-current assets		12,948,732	10,845,302
Total assets		13,055,436	11,167,300
<u>Current liabilities</u>			
Credit from banking corporations and other providers of credit	3	837,599	789,210
Trade payables		11,938	14,058
Current tax liabilities, net		21,907	17,715
Other payables		153,368	239,148
Payables for investment property		82,448	36,554
Total current liabilities		1,107,260	1,096,685
<u>Non-current liabilities</u>			
Bonds	3	4,739,360	4,299,179
Loans from banking corporations and others	3	202,647	241,907
Provisions		16,483	17,821
Investments in investee companies		4,792	3,483
Others	5	64,695	47,937
Deferred taxes		816,901	623,423
Total non-current liabilities		5,844,878	5,233,750
<u>Equity</u>		6,103,298	4,836,865
Total liabilities and equity		13,055,436	11,167,300

March 8, 2020

**Date of the approval of
the separate financial
statements**

**Nathan Hetz
Chairman of the
Board of Directors**

**Avi Mosler
Chief Executive
Officer**

**Yehudit Zinger
Chief Financial
Officer**

Amot Investment Ltd.**Profit or Loss Data**

	<u>Additional information</u>	For the year ended December 31		
		2019	2018	2017
		NIS thousands		
Revenues from rental fees and the management of investment property		451,085	407,420	372,649
Costs of the rental and operation of properties		23,875	22,828	21,204
Profit from the rental and operation of properties		427,210	384,592	351,445
Adjustment of the fair value of investment property, net		613,537	258,580	134,621
		1,040,747	643,172	486,066
Administrative and general expenses		33,069	32,710	31,944
Donations		2,000	2,000	2,000
Other income, net		(1,458)	(1,746)	(274)
Operating income		1,007,136	610,208	452,396
Financing income		39,266	83,264	78,999
Non-recurring financing expenses – early repayment commission		(23,801)	-	(38,679)
Financing expenses		(155,609)	(181,009)	(170,144)
Operating income after financing		866,992	512,463	322,572
The Company's share of the profits of investee companies, net of tax	4	403,097	163,450	183,744
Income before taxes on income	5	1,270,089	675,913	506,316
Tax expenses on income		199,664	109,022	78,113
Net income for the year		1,070,425	566,891	428,203

Amot Investment Ltd.
Comprehensive Income Data

	For the year ended December 31		
	2019	2018	2017
	NIS thousands		
Net income for the year	1,070,425	566,891	428,203
Amounts that will be reclassified to profit and loss in the future, net of tax			
Adjustments deriving from the translation of the financial statements of foreign operations	(37)	(18)	102
Total comprehensive income	1,070,388	566,873	428,305

Amot Investment Ltd.**Cash Flows Data**

	For the year ended December 31		
	2019	2018	2017
	NIS thousands		
<u>Cash flows from operating activities</u>			
Net income for the year	1,070,425	566,891	428,203
Adjustments required to present cash flows from operating activities (Appendix A)	(839,720)	(341,061)	(209,559)
Net cash generated by operating activities	230,705	225,830	218,644
<u>Cash flows from investment activities</u>			
Investments in investment property and investment property under construction	(788,274)	(758,558)	(268,944)
Collection (extension) of loans to investee companies, net	(345,550)	160,607	(34,108)
Consideration from the disposal of investment property, net of tax	-	107,420	16,425
Investment in investee companies	-	-	(21,550)
Others, net	(2,398)	(647)	(2,286)
Net cash absorbed by investment activities	(1,136,222)	(491,178)	(310,463)
<u>Cash flows from financing activities</u>			
Dividend paid	(446,468)	(419,468)	(373,811)
Issuance of shares and exercise of option warrants into shares less issuance expenses	576,535	330,857	212,139
Issuance of bonds, net	1,003,480	652,585	1,380,619
Exercise of option warrants for employees, directors and officers	59,146	55,132	65,130
Repayment of long-term loans from banking corporations	(38,349)	(36,418)	(908,029)
Repayment of long-term bonds	(408,588)	(264,962)	(262,691)
Short-term credit from banking corporations, net and others	(82,196)	(65,334)	2,080
Net cash generated by financing activities	663,560	252,392	115,437
Increase (decrease) in cash and cash equivalents	(241,957)	(12,956)	23,618
Balance of cash and cash equivalents at the beginning of the year	276,158	289,114	265,496
Balance of cash and cash equivalents at the end of the year	34,201	276,158	289,114

Amot Investment Ltd.**Cash Flows Data**

		For the year ended December 31		
		2019	2018	2017
		NIS thousands		
A.	<u>Adjustments required to present cash flows from operating activities</u>			
	Expenses (revenues) not involving cash flows			
	Adjustment of the fair value of investment property, net	(613,537)	(258,580)	(134,621)
	Company's share of the profits of investee companies	(403,097)	(163,450)	(183,744)
	Dividend from investee companies	2,500	4,250	20,602
	Erosion of bonds and loans from subsidiary companies	(34,344)	(27,682)	(25,016)
	Adjustment differentials on long-term liabilities	869	3,603	24,593
	Reflection of benefit on share-based payment transactions	6,101	5,988	6,467
	Deferred taxes, net	193,478	73,879	68,308
	Taxes paid on the disposal of assets held for sale	-	15,358	-
	Others, net	473	2,136	3,256
		<u>(847,556)</u>	<u>(344,498)</u>	<u>(220,155)</u>
	Changes in assets and liabilities			
	Increase in trade receivables	(1,135)	(80)	394
	Decrease (increase) in other receivables	(1,075)	(3,696)	(5,869)
	Increase in long-term receivables	(11,194)	4,485	(5,824)
	Increase (decrease) in trade payables	(4,220)	531	4,185
	Increase in liabilities in respect of the termination of employee-employer relationships	463	(36)	493
	Increase (decrease) in other payables	24,997	2,233	17,217
		<u>7,836</u>	<u>3,437</u>	<u>10,596</u>
		<u>(839,720)</u>	<u>(341,061)</u>	<u>(209,559)</u>
B.	Activities not involving cash flows			
	Investments in investment property against other payables	61,759	15,072	7,162
	Exercise of employees' options against receivables	731	-	-
C.	Additional information			
	Interest paid	183,663	189,843	191,957
	Interest received	34,435	67,165	57,565
	Taxes paid (*)	5,807	46,851	747
	Taxes received	3,448	-	-
	Dividend received	2,500	4,250	20,602

- (*) The taxes that were paid in 2018 include betterment tax in respect of the sale of properties and taxes that were paid in respect of an assessments agreements (see Note 15E and 15H1 to the Company's consolidated financial statements).

Amot Investment Ltd.

Additional information regarding the financial statements

1. General:

(1) General:

The Company's separate financial statements have been prepared pursuant to the provisions of Regulation 9C and the Tenth Addition to the Securities Regulations (Periodic and Immediate Reports), 5730 – 1970.

(2) Definitions

The Company - Amot Investments Ltd.

Investee Company - As defined in Note 1B to the Company's consolidated financial statements as at December 31, 2019.

(3) Accounting policies

The Company's separate financial information has been prepared in accordance with the accounting policies that are detailed in Note 2 to the Company's consolidated financial statements, except for the amounts of the liabilities, the assets, the revenues, the expenses and the cash flows in respect of investee companies, as detailed below:

- A. The assets and the liabilities are presented in accordance with their values in the consolidated financial statements, which are attributed to the Company itself as parent company, except for investments in investee companies.
- B. Investments in investee companies are presented as the net amount of the total of the assets less the total of the liabilities that represent financial information regarding the investee companies in the Company's consolidated financial statements,
- C. The amounts of the revenues and the expenses reflect the revenues and the expenses that are included in the consolidated financial statements, which are attributed to the Company itself as parent company, with a break down between profit or loss and other comprehensive income, except for the amounts of the revenues and expenses in respect of investee companies.
- D. The Company's share of the results of investee companies is presented as the net amount of the total of the assets less the total of the liabilities that represent the operating results in respect of investee companies in the Company's consolidated financial statements.
- E. The amounts of the cash flows reflect the amounts that are included in the consolidated statements, which are attributed to the Company itself as parent company, except for the amounts of the cash flows in respect of investee companies.
- F. Loans that have been extended and/or received from investee companies are presented at the amount that is attributed to the Company itself as a parent company.

1. General:

- G. Balances, revenues and expenses in respect of transactions with investee companies, which have been eliminated within the framework of the consolidated financial statements are measured and presented under the relevant items in the financial position and profit or loss data, in the manner in which those transactions would have been presented, where they to have been executed opposite third parties. Gain (losses), net are presented as a deduction from (as an addition to) the Company's share of the profits (losses) of investee companies and investments in investee companies.

2. Cash and cash equivalents:

	Interest rate	As at December 31	
	2019	2019	2018
	%	NIS thousands	
In Israeli currency			
Cash and balances in banks		10,690	8,454
Short-term deposits in banking corporations (unlinked)	0.22	23,511	267,704
		34,201	276,158

3. Financial assets and liabilities:

(1) Analysis of the groups of financial assets and liabilities by indexation basis and type of currency:

	As at December 31			
	2019		2018	
	In NIS – Index- linked	In NIS – Unlinked	In NIS – Index- linked	In NIS – Unlinked
Current assets:				
Cash and cash equivalents	-	34,201	-	276,158
Trade and other receivables	5,294	55,086	5,278	35,259
Non-current assets:				
Long-term receivables	-	630	-	558
Bonds, capital notes and loans extended	<u>1,170,233</u>	<u>1,169,447</u>	<u>1,281,245</u>	<u>836,301</u>
	<u>1,175,527</u>	<u>1,259,364</u>	<u>1,286,523</u>	<u>1,148,276</u>
Current liabilities:				
Other liabilities at amortized cost	659,038	411,877	530,900	535,984
Non-current liabilities:				
Other liabilities at amortized cost	4,705,096	256,397	4,304,739	236,347
Other liabilities at fair value	<u>12,918</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>5,377,052</u>	<u>668,274</u>	<u>4,835,639</u>	<u>772,331</u>

Amot Investment Ltd.

Additional information regarding the financial statements

3. Financial assets and liabilities (Continued):

(2) The management of liquidity risks

The responsibility for the management of the liquidity risk is placed upon the Company's management, which maintains a management program for the financing risks and the short-term, medium-term and long-term liquidity risks, in accordance with the Company's needs. The Company manages the liquidity risk by maintaining appropriate cash surpluses, the preparation of financial forecasts that are perpetually updated and by comparing the future yields on the financial assets and liabilities. As at the reporting date and at the time of the approval of the financial statements, the Company has credit facilities from banking corporations and financial institutions amounting to approximately NIS 800 million. As of December 31, 2019, NIS 552 million in unutilized facilities.

A. Financial liabilities that do not constitute derivative financial instruments

The following tables details the Company's remaining contractual repayment times for financial liabilities, which do not constitute derivative financial instruments. The tables have been prepared based on the undiscounted cash flows of the financial liabilities based on the earliest times at which the Company may be required to repay them, the tables include cash flows for both interest and for principal.

	Effective average interest rate	Year 1	Year 2	Year 3	Year 4	Year 5	More than 5 Years
	%	NIS thousands					
<u>2019</u>							
Shekel loans at variable interest	1.54	266,470	-	-	-	-	-
Shekel loans at fixed interest – index-linked	4.30	49,769	49,769	49,769	49,769	49,768	24,885
Shekel bonds at fixed interest – index-linked	3.09	<u>679,244</u>	<u>665,861</u>	<u>643,003</u>	<u>637,742</u>	<u>621,606</u>	<u>2,582,841</u>
		<u>995,483</u>	<u>715,630</u>	<u>692,772</u>	<u>687,511</u>	<u>671,374</u>	<u>2,607,726</u>
<u>2018</u>							
Shekel loans at variable interest	0.64	345,761	-	-	-	-	-
Shekel loans at fixed interest – index-linked	4.30	49,618	49,618	49,618	49,618	49,618	74,427
Shekel bonds at fixed interest – index-linked	3.68	<u>568,181</u>	<u>675,739</u>	<u>652,543</u>	<u>629,754</u>	<u>624,575</u>	<u>1,923,125</u>
		<u>963,560</u>	<u>725,357</u>	<u>702,161</u>	<u>679,372</u>	<u>674,193</u>	<u>1,997,552</u>

Amot Investment Ltd.

Additional information regarding the financial statements

4. Details regarding investments in other companies:

See Note 8 to the consolidated financial statements for information regarding investments in investee companies

5. Taxes on income:

(1) Deferred tax balances

The composition of the deferred tax assets (liabilities) is detailed below:

	2019			2018		
	Balance as of January 1, 2019	Recognized in other comprehensive income	Balance as of December 31, 2019	Balance as of January 1, 2018	Recognized in other comprehensive income	Balance as of December 31, 2018
	NIS thousands			NIS thousands		
Investment property	655,141	182,607	837,748	592,596	62,545	655,141
On tax losses carried forward	(28,691)	9,200	(19,491)	(40,130)	11,439	(28,691)
Provisions for employee's rights	(3,027)	1,671	(1,356)	(2,922)	(105)	(3,027)
	<u>623,423</u>	<u>193,478</u>	<u>816,901</u>	<u>549,544</u>	<u>73,879</u>	<u>623,423</u>

The deferred taxes are presented in the statement of financial position, as follows:

	As at December 31	
	2019	2018
	NIS thousands	
Non-current liabilities	<u>816,901</u>	<u>623,423</u>

Amot Investment Ltd.

Additional information regarding the financial statements

5. Taxes on income (Continued):

(2) Taxes on income – expenses (benefits) that have been recognized in profit or loss:

Composition of the item:

	For the year ended December 31		
	2019	2018	2017
	NIS thousands		
Current taxes	7,727	13,796	7,729
Betterment tax expenses (income) on the sale of properties	(499)	15,358	-
Deferred taxes on timing differences created and the reversal thereof	193,478	73,879	68,308
Taxes in respect of prior years	(1,042)	5,989	2,076
	<u>199,664</u>	<u>109,022</u>	<u>78,113</u>

	As at December 31	
	2019	2018
	NIS thousands	
Current tax liabilities	<u>21,907</u>	<u>17,715</u>

(3) Additional information

- In February 2018, the Company signed on a final assessments agreement with the Income Tax Authority for the years 2012 – 2015, following which the Company paid taxes in an amount of approximately NIS 25 million (in respect of which the Company had recorded full provisions). As part of the agreements, losses carried forward were recognized for the Company in an amount of approximately NIS 175 million, which are utilizable over the years 2018 – 2024. The open issue of losses available to be carried forward for tax purposes in an amount of NIS 35 million, in respect of which the District Court had handed down a ruling against the Company was also arranged within the context of the assessments agreement.
- The Company has been issued final tax assessments up to and including the 2015 tax year.
- On December 29, 2016, the Economic Efficiency Law (Amendments to Legislation for the Achievement of the Budgetary Targets for the years 2017 and 2018), 5777 – 2016 was published in the Official Gazette, within the framework of which a change in taxation was determined as follows:

The tax rate for companies was to be reduced from 25% to 24% in 2017 on income produced or arising as from January 1, 2017 and would then be reduced to 23% in 2018 and thereafter, on income produced or arising as from January 1, 2018.

Amot Investment Ltd.

Additional information regarding the financial statements

6. Additional information:

(1) Bonds issued to the Company by subsidiaries

In December 2011, the Company reached a new financing arrangement with its subsidiary companies in connection with the bonds. As part of the arrangement, all of the loans and the bonds were repaid in January 2012 and new bonds that are renewable every year were issued. The bonds are CPI-linked and they bear interest at a rate of 2.5% in accordance with the addendum to the agreement of 2019 (instead of CPI-linked annual interest of 5% in 2018).

In 2014, capital notes were issued to the Company by the subsidiary companies in connection with the balance of the bonds that were made available in January 2012. The terms of the capital notes replace the terms of the bonds agreement of December 31, 2013 between the parties. The capital notes are non-interest bearing, they are not linked to the CPI and are not repayable before January 2020. Pursuant to the addendum to the agreement of 2019, some of the capital notes were repaid.

In November 2019, a subsidiary issued to the Company a capital note at the total amount of NIS 500 million. The capital note is not linked to the Consumer Prices Index, does not bear interest and will not be repaid before November 2024.

(2) Management fees

In January 2011, the Company made a commitment under a management agreement with its subsidiary companies. The level of the management fees was set after a thorough examination of the nature of the subsidiary companies' assets, the inputs of time that are invested by Amot's head office in providing services to the subsidiary companies and other parameters. In January 2014, further to the agreement for the provision of services, the management fees that are charged by the Company were updated. In February 2015, the Company signed on an agreement with the Income Tax Authority regarding the issue of the management fees.

(3) Early repayment of banking loans, short-term credit and marketable securities at the Company's initiative

On August 21 2019, the Company repaid, at its own initiative, the marketable securities it issued in consideration for NIS 344 million. As to the Company's credit facilities, see Note 13d of the Company's consolidated financial statements.

In February 2020, subsequent to the date of the statement of financial position, the Company executed, at its own initiative, early repayment of a bank loan at the total amount of app. NIS 243 million (excluding early repayment fees). Due to the early repayment, the Company recorded in 2019 app. NIS 24 million in non-recurring financing expenses, which were paid in cash upon repayment.

Amot Investment Ltd.

Additional information regarding the financial statements

6. Additional information (Continued):

In September 2017, the Company at its own initiative executed the early repayment of loans to banking institutions amounting to approximately NIS 840 million (exclusive of the early repayment commission). In the reporting period, following the early repayment, the Company recorded non-recurring financing expenses of approximately NIS 39 million, half of which was paid in cash.

(4) Issuance of bonds during 2019 and subsequent to the date of the statement of financial position

As to issuance of the Company's bonds, see Note 12 to the Company's consolidated financial statements.



For the attention of
The shareholders of Amot Investments Ltd.
7, Jabotinsky Street
Ramat Gan

Ladies and Gentlemen

Re: **Letter of consent in connection with a shelf prospectus of Amot Investments Ltd. dated May 2019**

We hereby inform you that we agree to the inclusion (including by way a referral), of our reports, which are detailed below, in the above-captioned shelf offer report.

- (1) The auditors' report dated March 8, 2020 on the Company's consolidated financial statements as at December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019.
- (2) The auditors' report dated March 8, 2020 on the audit of the components of internal control over the Company's financial reporting as at December 31, 2019.
- (3) The auditors' special report dated March 8, 2020 on the Company's separate financial information as at December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019, pursuant to Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 5730 – 1970.

Yours sincerely,
Brightman Almagor Zohar & Co.
Certified Public Accountants
Member of Deloitte Touche Tohmatsu Limited



AMOT INVESTMENTS.
PEOPLE FIRST.

ADDITIONAL DETAILS REGARDING THE **CORPORATION**

AMOT INVESTMENTS OF
THE ALONY HETZ GROUP



2019 PERIODIC REPORT



Chapter D: Additional Details Regarding the Corporation for 2018

Name of company: Amot Investments Ltd.

Company's no. with Registrar of Companies: 52-002668-3

Address: 2 Jabotinsky Street, Ramat Gan (Amot Atrium Tower)

Telephone no: 03-5760500

Fax no. 03-5760501

Email: amot@amot.co.il

Balance sheet date: December 31, 2019

Date of financial statements: March 8, 2020

Period of financial statements: Year ended December 31, 2019

Unless otherwise stated, all data included in this report are presented in reported NIS as defined in Note 2 of the financial statements.

Regulation 9d – report regarding liabilities by repayment dates

See Form T-126, which was published concurrently with the financial statements.

Regulation 10A- Condensed quarterly statements of income or loss for 2019

Attached as part of the Board of Directors' Report regarding the state of the Corporation's affairs.

Regulation 10C- - Use of consideration for securities which were offered in the prospectus

The consideration received by the Company for the issue of shares pursuant to a non-material private offer report dated March 31, 2019, for the first issue of debentures (Series 6) on June 30, 2019, pursuant to a Shelf Offer Report dated June 26, 2019, for the issuance of debentures (Series F) on September 22, 2019, by way of expansion of a series according to a shelf offer report of September 19, 2019, following the conversion of options (Series 9) tradable shares into 2019 and following the conversion of non-negotiable stock options in 2019, the Company is used to finance its business operations or According to the decisions of the Company's Board of Directors as may be from time to time.

Regulation 11 – list of investments in subsidiaries and related companies as of balance sheet date¹

a.

Company name	Par value per share	Type and number of shares	Cost as of 31.12.19	Carrying amount as of 31.12.19	Ownership and control as of balance sheet date	Right to appoint directors
	NIS	Par value	NIS in thousands			
Ayalot Property Investments Ltd.	1	51,000 Ordinary A	1	(395)	100% ²	100%
	1	39,200 Ordinary B				
Ayalot Property Investments (Herzliya) Ltd.	1	1,000,000 Ordinary	1	81,426	100% ³	100%
Ayalot Investments in Properties (AB" C) 1992 Ltd.	1	1,000,000 Ordinary	1	87,093	100% ³	100%
Ayalot Investments in Properties (Kfar Saba) 1992 Ltd.	1	100,000 Ordinary	1	121,041	100% ⁴	100%
Ayalot Investments in Properties (Rehovot West) 1992 Ltd.	1	1,000,000 Ordinary	1	235,295	100% ³	100%
Ayalot Investments in Properties (Netanya) 1993 Ltd.	1	1,000,000 Ordinary	1	398,837	100% ³	100%
Ayalot Investments in Properties (Har Hotzvim) 1994 Ltd.	0.1	1,000,000 Ordinary	1	89,934	100% ³	100%
Ayalot Investments (T.M.R) 1994 Ltd.	1	1,000,000 Ordinary	1	117,752	100% ³	100%
Ayalot Investments (Ramat Vered) 1994 Ltd.	0.1	1,000,000 Ordinary	1	303,666	100% ³	100%
Ayalot Investments (Patir) 1996 Ltd.	1	1,000,000 Ordinary	1	86,948	100% ³	100%
Nes-Pan Ltd.	1	200 Ordinary	1	428,099	100%	100%
Izdarechet Investment Company Ltd.	1	4 Management	-	28,099	50%	50%
	1	7,281 Ordinary				
Hakirya Center (Ashdod 1995) Ltd.	1	2,000 Ordinary	200	(602)	100%	100%
	1	1 Ordinary				
Jerusalem Central Station (Management) 1966 Ltd.	1	1 Management	-	(3,796)	50%	50%
	1	1 Ordinary				
Hotzot Alonim Ltd.	1	4 Management	-	32,941	50% ⁶	50%
		490 Ordinary				
Amot Danisra Park Afek Ltd.	1	1,000 Ordinary	1,000	58,898	50%	50%
Amot Shaul Ltd.	1	100 Ordinary	100	35,452	50% ⁷	50%
Roni-Dan Investments Ltd.	1	50 Ordinary		60,636	50%	50%
Ziviel Investments Ltd.	1	1,470 Ordinary		99,678	49%	49%
Kiryat Ono Mall Management Company Ltd. ⁸	1	100 Ordinary		-	50%	50%
Kochav Or Industry and Trade Ltd.	0.0001	6 Founder		531	50%	50%
	0.0001	7,500 Ordinary				
Migdal HaMe'a Car Park Ltd.	1	50 Ordinary		-	50%	50%

b. Loans extended (received) by the Company to subsidiaries and related companies⁹

Name of Company to which a loan was extended	Linkage terms	Interest	Loan balance as of 31.12.19
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¹ Excluding inactive corporations.

² The Company holds 90% of ownership rights and 100% of control rights.

³ The Company holds 99.9% of the rights and Ayalot Property Investments Ltd. holds 0.1% of the rights.

⁴ The Company holds 98% of the rights and Ayalot Property Investments holds 2% of the rights.

⁵ The company sold all of its holdings (65%) in the Hungarian company on June 27, 2019

⁶ The Company holds 49% of the ownership rights and 50% of the control rights.

⁷ 28 shares are held for the Company in trust by an attorney.

⁸ On November 28, 2019 the Group completed the purchase of additional 100 ordinary Company shares, and as of the date of publication of the periodic report the Group holds the entire issued and paid share capital of the Company, i.e., 200 ordinary shares of NIS 1 par value.

⁹ Excluding inactive corporations.

		%	NIS in thousands
Hotzot Alonim Ltd.	Linked to the CPI	4	9,484
Ayalot Property Investments (Herzliya) Ltd.	Unlinked	-	75,000
Ayalot Investments in Properties (AB”C) 1992 Ltd.	Linked to the CPI	2.5	64,000
Ayalot Investments in Properties (Kfar Saba) 1992 Ltd.	Unlinked	-	93,600
Ayalot Investments in Properties (Rehovot West) 1992 Ltd.	Unlinked	-	500,000
Ayalot Investments in Properties (Rehovot West) 1992 Ltd.	Linked to the CPI	2.5	345,000
Ayalot Investments in Properties (Netanya) 1993 Ltd.	Linked to the CPI	2.5	28,000
Ayalot Investments in Properties (Har Hotzvim) 1994 Ltd.	Linked to the CPI	2.5	244,000
Ayalot Investments in Properties (Har Hotzvim) 1994 Ltd.	Unlinked	-	135,500
Ayalot Investments (T.M.R) 1994 Ltd.	Unlinked	-	100,000
Ayalot Investments (Ramat Vered) 1994 Ltd.	Linked to the CPI	2.5	90,000
Ayalot Investments (Ramat Vered) 1994 Ltd.	Unlinked	-	239,000
Ayalot Investments (Patir) 1996 Ltd.	Unlinked	-	24,000
Amot Shaul Ltd.	Unlinked	4	41,499
Amot Danisra Park Afek Ltd.	Linked to the CPI	2.62	113,162
Amot Danisra Park Afek Ltd.	Unlinked	0	2,347
Nes-Pan Ltd.	Linked to the CPI	2.5	250,000
Kochav Or Industry and Trade Ltd.	Unlinked	2.56	2,810

Regulation 12 – changes in investments in subsidiaries and related companies in the reported period

- On June 27, 2019 the Company sold all of its holdings (65%) in MTH7 Ltd. – Hungary.
- On November 28, 2019, the Group completed the purchase of additional 100 ordinary shares of NIS 1 par value of Kiryat Ono Mall Management Company Ltd. (“the company”), and as of the date of publication of the periodic report, the Group holds the entire issued and paid share capital of the company, i.e., 200 ordinary shares of NIS 1 par value.

Regulation 13 – revenues of subsidiaries and related companies and the corporation’s revenues therefrom as of balance sheet date (in thousands of NIS)¹¹

Name of Company	Pre-tax profit (loss)	Post-tax profit (loss)	Dividend	Management fees and participation in expenses	Interest (expenses) income
Hotzot Alonim Ltd.	(6,727)	(5,149)	-	1,332	408
Ayalot Investments in Properties Ltd.	(22)	(22)	-	-	12
Ayalot Property Investments (Herzliya) Ltd.	20,006	15,227	-	214	(1,268)
Ayalot Investments in Properties (AB”C) 1992 Ltd.	27,128	20,844	-	475	(145)
Ayalot Investments in Properties (Kfar Saba) 1992 Ltd.	(1,619)	(1,401)	-	1,174	(1,179)
Ayalot Investments in Properties (Rehovot West) 1992 Ltd.	12,581	8,891	-	2,719	(1,335)
Ayalot Investments in Properties (Netanya) 1993 Ltd.	95,199	73,141	-	1,481	(315)
Ayalot Investments in Properties (Har Hotzvim) 1994 Ltd.	49,814	38,497	-	384	(419)
Ayalot Investments (T.M.R) 1994 Ltd.	55,527	42,606	-	94	(165)
Ayalot Investments (Ramat Vered) 1994 Ltd.	97,145	74,533	-	821	(647)
Ayalot Investments (Patir) 1996 Ltd.	25,836	19,831	-	368	(876)
Izdarechet Investment Company Ltd.	5,511	4,244	1,250	280	-
Hakirya Center (Ashdod 1995) Ltd.	(873)	(867)	-	496	-
Amot Danisra Park Afek Ltd.	23,055	17,736	1,250	904	3,393
Amot Shaul Ltd.	127	98	-	-	512
Jerusalem Central Station (Management) 1966 Ltd.	-	-	-	-	150
Ziviel Investments Ltd.	24,753	18,934	-	1,049	1,043
Roni-Dan Investments Ltd.	14,595	11,264	-	1,181	-
Nes-Pan Ltd.	83,259	63,730	-	2,270	(677)
Cochav Or Industry and Trade Ltd.	(76)	(76)	-	-	75

¹¹ Excluding inactive corporations.

Regulation 20 – Trade on the stock exchange – dates and reasons for suspension of trading

During the course of 2019, the following securities of the Company were listed on the Tel Aviv Stock Exchange:

- 4,497,815 ordinary shares of NIS 1 par value each, as part of exercise of non-marketable warrants by employees and the Company's CEO.
- 21,726,507 ordinary shares of NIS 1 par value as part of exercise of warrants (Series 9).
- 7,300,000 ordinary shares of NIS 1 par value as part of immaterial private offering to an institutional entity of April 3 2019.
- NIS 1,345,884,000 par value of Series F Bonds that were issued for the first time and as part of series expansions on June 30 2019, September 22 2019 and February 9 2020, respectively (for further details, see Section to the Directors' Report attached to this report).
- 2,653,383 03/19 non-marketable warrants to directors, the CEO, office holders and employees, issued on April 30 2019
- During the reported period, there was no suspension of trading.

Regulation 21 – compensation to senior office holders

21.1 Set forth below are details regarding the compensation which was paid to each of the five highest-paid office holders in the Company or in a corporation controlled by the Company in connection with their service in the Company or in a corporation controlled by the Company, in respect of 2019 (in NIS):

Details of person to whom compensation is paid				Compensation for services (in NIS)				
Name	Position	Scope of position	Holdings in Company's equity ¹²	Pay	Management fees	Bonus	Total	Benefit in respect of share-based payment ¹³
Avshalom Mousler	CEO	Full time	0.79%	2,356,276	-	2,500,000	4,856,276	1,084,841
Shimon Abudraham	CEO subsidiary ¹⁴	-	0.16%	-	1,380,000	850,000	2,230,000	617,269
Judith Zynger	CFO	Full time	0.04%	1,364,726	-	850,000	2,214,726	586,282
Avi Halfon	VP Marketing	-	-	-	1,080,000	500,000	1,580,000	450,636
Hatzav Bar-Sela	VP Business Development	Full time	0.04%	1,025,723	-	550,000	1,575,723	402,061

21.2 Additional details about the employment terms of senior office holders¹⁵

21.2.1 Company's CEO

(a) Mr. Avshalom Mousler, was appointed Company's CEO on 10.04.2006 (hereafter in this chapter: the "CEO").

For details regarding the CEO's terms of employment see Note 23c(2) of the financial statements. As of 31.12.2019, according to the CEO's updated employment terms, the cost of his payroll (employer's cost), after grossing-up of tax, amounts to app. NIS 196 thousand per month. As to private offerings of 583,859, 531,401 and 488,889 non-marketable warrants to the CEO in respect of 2017, 2018 and 2019, respectively, pursuant to the options outline plan adopted by the Company in November 2013 (as amended from time to time) (hereafter – the "Outline Plan"), see Note 23c(2) of the financial statements.

(b) As to the resolution passed by the Company's Board of Directors on 8.3.2020 (after the recommendation of the Compensation Committee of that day), to allocate to the CEO an annual batch of 404,412 non-marketable warrants in respect of 2020 in accordance with the terms of the Outline Plan, see Note 23c(2) of the financial statements.

21.2.2 Other senior office holders

On January 20 2020, the General Meeting of the Company's shareholders (after receiving the approval of the Compensation Committee and the Board of Directors) approved a compensation policy for the Company's office holders for a 3-year period in effect as from September 28 2019 (hereafter – the "Compensation Policy"). For further details about the updated Compensation Policy, see the immediate

¹² The rate of holding in Company's equity as of 31.12.2018 (excluding outstanding options).

¹³ Amount charged in respect of options awarded to employees, see Section 1.2.3 below. Presented in accordance with accounting principles.

¹⁴ As from 1.1.2016, Mr. Abudraham has been serving as the CEO of a fully-owned subsidiary of the Company: Amot Real Estate Enterprise & Development Ltd.

¹⁵ The information provided below in this chapter in connection with each of the office holders is currently subject to the provisions of Amendment No. 20 of the Companies Law and to the compensation policy adopted by the Company.

report for the convening of the Company's General Meeting, as defined above (reference no. 2019-01-120805); (the information included in the said report is included here by way of reference).

For details about the Company's equity-based compensation, see Note 17f of the financial statements and Section 21.2.3 below.

(a) Mr. Shimon Abudraham, the CEO of the subsidiary Amot Real Estate Enterprise & Development Ltd. – pursuant to an agreement for the provision of management services, which was signed between the Company and a company owned by the CEO of Amot Real Estate Enterprise & Development Ltd. (hereafter – “Amot Enterprise”) and which was approved by the Company's Board of Directors, the CEO of Amot Enterprise is entitled to management fees at the amount specified in the above table, plus VAT as required by law; he is also entitled to bonuses in accordance with Company's policy as determined by the Company's Board of Directors from time to time and to options or incentives paid in Company's shares or in any other way decided upon by the Company's Board of Directors, all as part of the Compensation Policy. The employment terms of the subsidiary's CEO were approved by the The Board of Directors of the Company on 8.3.2020 After receiving the approval of the Compensation Committee, with effect from 1.4.2020, raising the monthly management fees to which the CEO of Amot is entitled to a total of NIS 115,000 to a total of NIS 130,000. The Board of Directors of the Company at its meeting of 8.3.2020 decided (after approval of the Compensation Committee), to assign to the CEO of Amot to initiate an annual marketable non-negotiable option for 2020, the economic value of the Black and Scholes model is NIS 680 thousand. For further details on non-negotiable warrants issued to the CEO, see also section 21.2.3 below.

(b) Ms. Judith Zynger, Company's CFO –The salary component listed in the table above includes the following components: social security contributions including training fund; vehicle (not including guild), mobile phone (including guild) and accompanying as usual. As determined by the Company's Board of Directors from time to time as part of the remuneration policy. The terms of the CFO's employment were recently approved by the Company's Board of Directors on 8.3.2020 after receiving the Compensation Committee's approval, effective from 1.4.2020, while updating the monthly salary cost of NIS 114 thousand to a total of NIS 126 thousand. The Company's Board of Directors at its meeting of 8.3.2020 decided (after approval of the Compensation Committee), to allocate to the CFO an annual portion of non-negotiable warrants for 2020 whose economic value according to the Black & Scholes model is NIS 640 thousand. For further details on non-negotiable warrants issued to the CFO, see section 21.2.3 below.

(c) Mr. Avi Halfon, VP Marketing – pursuant to the management services agreement that was signed between the Company and a company owned by Company's VP Marketing, as approved by the Company's Board of Director after obtaining the approval of the Compensation Committee, VP Marketing is entitled to management fees at the amount listed in the above table with the addition of VAT as required by law. Pursuant to the agreement, the VP Marketing may terminate the agreement at any given time by giving a 150-day advance notice, and the Company may terminate the agreement by giving a 90-day advance notice. Pursuant to the agreement, VP Marketing is entitled to bonuses in accordance with the Company's policy as determined by the Company's Board of Directors from time to time; VP Marketing is also entitled to options or incentives to be paid in Company's shares or in any other way determined by the Company's Board of Directors, all pursuant to the Compensation Policy. The employment terms of the VP Marketing as listed in the above table were approved by the Company's Board of Directors on 14.3.2017 after they had been approved by the Compensation Committee, effective as of 1.1.2017.

On 8.3.2020, the Company's Board of Directors resolved (after the approval of the Compensation Committee) to allocate to the Company's VP Marketing an annual batch of non-marketable warrants in respect of 2019, whose economic value pursuant to the Black & Scholes model is NIS 450 thousand. For further details on non-marketable warrants issued to Company's VP Marketing, see Section 21.2.3 below.

(d) Hatsav Bar-Sela -VP Business Development – the terms of employment of the Company's VP Business Development, as listed in the above table, were approved by the Company's Board of Directors on 14.3.2017 after they had been approved by the Compensation Committee, effective as of 1.1.2017. The payroll component listed in the above table is comprised of the following components: provisions for social benefits, including study fund, vehicle (excluding grossing-up), mobile phone (including grossing-up) and related expenses as is generally acceptable. The Company's VP Business Development is entitled to bonuses in accordance with the Company's policy as determined by the Company's Board of Directors from time to time as part of the Compensation Policy. On 8.3.2020, the Company's Board of Directors resolved (after the approval of the Compensation Committee) to allocate to the Company's VP Business Development an annual batch of non-marketable warrants in respect of 2019, whose economic value pursuant to the Black & Scholes model is NIS 450 thousand. For further details on non-marketable warrants issued to Company's VP Business Development, see Section 21.2.3 below.

21.2.3 Employee option plans

Plan's name	Beneficiaries as per the plan	Date of Board of Directors' resolution to award the warrants	Total number of non-marketable warrants allocated pursuant to the plan	Total number of expired/exercised warrants as of 31.12.18	Exercise price per share as of 31.12.19	Exercise date
2016 plan warrants 03-04/16	Company's CEO, 6 directors, 5 office holders, employees and position holders under the equity track through a trustee pursuant to Section 102 of the Income Tax Ordinance	9.3.16	6,235,550 exercisable into ordinary Company shares (subject to adjustments)	All warrants (excluding 129,000 warrants that expired due to retirement of employees) were fully exercised in 2018 and through 31.1.2019.		
2017 Plan warrants 03/17	57 offerees, of which 6 Directors, Company's CEO, 5 office holders, employees and position holders, under the equity track through a trustee pursuant to Section 102 of the Income Tax Ordinance	14.3.17	3,647,234 exercisable into ordinary Company shares (subject to adjustments) ¹⁶	3,452,755 warrants were exercised in 2019 and through 6.2.2020. 123,053 warrants expired for employee retirement. Left to exercise: 71,426 warrants.	NIS 14.35	100% 14.3.19-13.3.20
2018 Plan warrants 03/18	59 offerees, of which 6 Directors, Company's CEO, 5 office holders, employees and position holders, under the equity track through a trustee pursuant to Section 102 of the Income Tax Ordinance	11.3.18	3,014,218 exercisable into ordinary Company shares (subject to adjustments) ¹⁸	-	NIS 17.67	100% 12.3.20-30.4.21
2019 Plan warrants 03/19	65 offerees, of which 6 Directors, Company's CEO, 5 office holders, employees and position holders, under the equity track through a trustee pursuant to Section 102 of the Income Tax Ordinance	10.3.19	2,653,383 exercisable into ordinary Company shares (subject to adjustments) ¹⁹	-	NIS 20.39	100% 11.3.21-30.4.22
2020 Plan Warrants 03/20	70 offerees, of which 6 Directors, Company's CEO, 5 office holders, employees and position holders, under the equity track through a trustee pursuant to Section 102 of the Income Tax Ordinance	8.3.20	2,464,160 exercisable into ordinary Company shares (subject to adjustments)	-	NIS 26.13	100% 9.3.22-30.4.23

¹⁶ For further details about the plans, including the issue of recording the payroll expenses at a total amount equal to the fair value of the warrants over the warrants' vesting period, see Notes 17f and 23c(2) of the financial statements.

¹⁶ Not linked to the CPI but adjusted to reflect dividend distributions declared as from March 2017.

¹⁷ Not linked to the CPI but adjusted to reflect dividend distributions declared as from March 2018.

¹⁸ Not linked to the CPI but adjusted to reflect dividend distributions declared as from March 2019.

¹⁹ Not linked to the CPI but adjusted to reflect dividend distributions declared as from March 2020.

As mentioned above, on November 13 2013, the Company's Board of Directors adopted an options outline plan for Company's employees, service providers and office holders in accordance with the principles of the Company's Compensation Policy. The Outline Plan was amended from time to time in accordance with the changes that were made to the Company's Compensation Policy and which were approved as required by law by the Company's competent organs. Pursuant to the Outline Plan, non-marketable warrants, each of which is exercisable into one ordinary Company share, were allocated to Company's employees and office holders, subject to adjustments, as described in the above table. The Outline Plan includes various provisions that would apply in the event of termination of the engagement between the employee/ office holder/ service provider and the Company and the ability to exercise the remaining balance of the warrants that vested and/or exercised through that date.

As part of the abovementioned 2016 plan, senior office holders were allocated with warrants as follows:

CFO - 570,000 warrants whose economic value pursuant to the Black & Scholes model is NIS 570 thousand; to the CEO of the subsidiary Amot Real Estate Enterprise & Development Ltd., 600,000 warrants whose economic value pursuant to the Black & Scholes model is NIS 600 thousand; to the VP Marketing 470,000 warrants whose economic value pursuant to the Black & Scholes model is NIS 470 thousand; to the VP Business Development 403,600 warrants whose economic value pursuant to the Black & Scholes model is NIS 403.6 thousand.

As part of the abovementioned 2017 plan, senior office holders were allocated with warrants as follows:

CFO – 324,039 warrants whose economic value pursuant to the Black & Scholes model is NIS 574 thousand; to the CEO of the subsidiary Amot Real Estate Enterprise & Development Ltd., 338,677 warrants whose economic value pursuant to the Black & Scholes model is NIS 600 thousand; to the VP Marketing 263,435 warrants whose economic value pursuant to the Black & Scholes model is NIS 467 thousand; to the VP Business Development 226,415 warrants whose economic value pursuant to the Black & Scholes model is NIS 401 thousand.

As part of the abovementioned 2018 plan, senior office holders were allocated warrants as follows:

CFO – 300,518 warrants whose economic value pursuant to the Black & Scholes model is NIS 580 thousand; to the CEO of the subsidiary Amot Real Estate Enterprise & Development Ltd., 310,881 warrants whose economic value pursuant to the Black & Scholes model is NIS 600 thousand; to the VP Marketing 233,161 warrants whose economic value pursuant to the Black & Scholes model is NIS 450 thousand; to the VP Business Development 207,254 warrants whose economic value pursuant to the Black & Scholes model is NIS 400 thousand.

As part of the abovementioned 2019 plan, senior office holders were allocated with warrants as follows:

CFO – 275,229 warrants whose economic value pursuant to the Black & Scholes model is NIS 600 thousand; to the CEO of the subsidiary Amot Real Estate Enterprise & Development Ltd., 298,165 warrants whose economic value pursuant to the Black & Scholes model is NIS 650 thousand; to the VP Marketing 206,422 warrants whose economic value pursuant to the Black & Scholes model is NIS 450 thousand; to the VP Business Development 183,486 warrants whose economic value pursuant to the Black & Scholes model is NIS 400 thousand.

As part of the 2020 plan, senior office holders were allocated with warrants as follows:

CFO – 246,154 warrants whose economic value pursuant to the Black & Scholes model is NIS 640 thousand; to the CEO of the subsidiary Amot Real Estate Enterprise & Development Ltd., 261,538 warrants whose economic value pursuant to the Black & Scholes model is NIS 680 thousand; to the VP Marketing 173,077 warrants whose economic value pursuant to the Black & Scholes model is NIS 450 thousand; to the VP Business Development 173,077 warrants whose economic value pursuant to the Black & Scholes model is NIS 450 thousand.

21.2.4 Breakdown of compensation paid to Company's interested parties who are not listed in Section 1 above by the Company or by a corporation under its control

a. Directors' compensation

For details regarding directors' compensation, see Note 23c(3) of the financial statements.

b. Exemption and indemnification letters

For information regarding the exemption and indemnification letters given to Company's directors and office holders, see Note 23c(4) of the financial statements.

c. Professional liability insurance to office holders

For details regarding the professional liability insurance taken out in respect of office holders, including in respect of directors, see Note 23c(4) of the financial statements.

Regulation 21A – corporation's controlling shareholder

The Company's controlling shareholder is Alony Hetz Properties and Investments Ltd. (hereafter – "Alony Hetz"). As of the date of publication of this report, Alony Hetz holds app. 57.97% of the Company's issued and paid share capital and voting rights (on a fully diluted basis – 55.59%). Alony Hetz is a public company listed on the Tel Aviv Stock Exchange.

On November 27 2019, the Company reported that on November 27 2019 Alony Hetz published an immediate report, whereby t M. Wertheim Holdings Ltd. (hereafter – "M. Wertheim") and Mr. Nathan Hetz and his wife have informed Alony Hetz that as from November 26 2019 they ceased to be Alony Hetz's controlling shareholders due to a decrease in M. Wertheim's holdings in Alony Hetz's shares to a rate of 5% and the cancellation, with immediate effect, of the shareholders' agreement between M. Wertheim and Nathan Hetz. Consequently, as from that date, M Wertheim ceased to be an interested party in the Company and an indirect controlling shareholder thereof, and Nathan and Clara Hetz ceased to be indirect controlling shareholders in the Company and Alony Hetz is a company without a controlling core. For further details, see the Company's immediate reports published by the Company on November 27 2019 (reference number: 2019-01-115843) and on November 18 2019 (reference no.: 2019-01-116878), whose details are incorporated by way of reference.

Regulation 22 – transactions with controlling shareholders or transactions in which controlling shareholders have a personal interest

For details, to the best of the Company's knowledge, regarding any transaction with the Company's controlling shareholders or in which the Company's controlling shareholders have a personal interest (hereafter – a "Transaction with Controlling Shareholder"), entered into by the Company, companies under its control and its related companies during the period from 1.1.2018 through the date of publication of this report, or which is still in effect as of the date of publication of this report:

(a) Transactions listed in Section n270(4) of the Companies Law

(1) Exemption and indemnification letters to directors and office holders who are controlling shareholders or relatives thereof – for details regarding this transaction, see Note 23c(4) of the financial statements.

(2) Management agreement with Alony Hetz Properties and Investments Ltd. – for details regarding this transaction, see Note 23c(1) of the financial statements.

(3) Professional liability insurance taken out for directors and office holders - for details regarding this transaction, see Note 23c(4) of the financial statements.

(b) Negligible transactions

(1) For details about the negligible transactions procedure, and about negligible transactions which were carried out by the Company and/or to which the Company was a party in 2018, see Note 23c(5) of the financial statements.

(c) Other transactions (transactions that are not listed in Section 270(4) of the Companies Law and transactions which are not negligible transactions).

For details regarding other transactions carried out by the Company and/or to which the Company was a party in 2018, see Note 23c(6) of the financial statements.

Regulation 24 – shares and other securities held by interested parties in the corporation

For a list of the Company's interested parties and Company office holders which, to the best of the Company's knowledge hold shares and other securities of the Company as of December 31 2018, see immediate report published by the Company on January 9 2019 (reference no. 2019-01-003487). The information included in the said immediate report is presented here by way of reference.

Regulation 24A – authorized and issued capital and convertible securities as of March 10, 2019

	Number of shares/ convertible securities
Authorized capital	500,000,000
Issued capital	381,418,673
Issued capital owned by the Company	-
Issued capital owned by a subsidiary	-
Bonds (Series A)	-
Bonds (Series B)	1,223,591,400
Bonds (Series C)	99,051,865
Bonds (Series D)	1,649,616,000
Bonds (Series E)	1,085,212,900
Bonds (Series F)	1,345,884,000
Bonds (Series G)	465,000,000
Dormant shares	-
Non-marketable options to CEO	1,020,290
Non-marketable options to office holders (including directors), employees and service providers	5,739,027

Regulation 24B – the corporation's shareholders register

Ordinary Amot shares (security no. 1097278)

Name of holder	Private Company no.	Address	Number
Nominee Company of Bank Hapoalim Ltd.	510356603	62 Yehuda Halevy, Tel Aviv	381,418,673

To view the register of the Company's securities as of the date of publication of this report, see immediate report published by the Company on 30.1.2019 (reference no. 2019-01-008908).

Regulation 25A – the corporation's registered address and telephone number

See in the introduction to this chapter.

Regulation 26 – the corporation’s directors

	Nathan Hetz- Chairman of the Board	Aviram Wertheim	Moti Barzilai	Gad Pnini	Nira Dror	Amir Amar	Eyal Gabai	Yechiel Gutman	Yael Andorn Karni
I.D. no.	51673192	055585277	022939276	050892983	052726551	022536171	057207706	000791863	027897958
Date/year of birth	7.10.1952	25.10.1958	13.9.1967	25.10.1951	25.11.1954	1966	1967	1944	3.10.1970
Address	12 Litvinsky, Ramat Gan.	8 Hatarbut St. Ramat Hasharon	20 Nahal HaBesor, Hod HaSharon	9 Nahal Sorek, Ramat HaSharon	7 Devorah Hanevi’a, Ramat HaSharon	45 HaRimon St., Ramat Hasharon	13 Irusim St. Reut	12 Shay Agnon St. Jerusalem	6, Ha’alia St. Ramat HaSharon
Citizenship	Israeli	Israeli	Israeli	Israeli	Israeli	Israeli	Israeli	Israeli	Israeli
Membership in Board of Directors’ Committees	No	No	No	Chairman of the Audit Committee, Chairman of the Financial Statements Review Committee, member of the Compensation Committee	Chairwoman of the Compensation Committee, member of the Audit Committee and the Financial Statements Review Committee.	No	Member in the Compensation Committee and the Financial Statements Review Committee	Member in the Audit Committee and the Financial Statements Review Committee	No
Independent director/outside director	No	No	No	Outside director	Outside director	No	Independent director	Independent director	Independent director
Regarded by the Company as possessing accounting and financial expertise for purposes of complying with the minimum number of directors with such expertise set by the Board of Directors?	The Company is of the opinion that Mr. Hetz possesses accounting and financial expertise. This issue was discussed, assessed and approved by the Board of Directors.	The Company is of the opinion that Mr. Wertheim possesses accounting and financial expertise. This issue was discussed, assessed and approved by the Board of Directors.	The Company is of the opinion that Mr. Barzilai possesses accounting and financial expertise. This issue was discussed, assessed and approved by the Board of Directors.	The Company is of the opinion that Mr. Pnini possesses accounting and financial expertise. This issue was discussed, assessed and approved by the Board of Directors.	The Company is of the opinion that Ms. Dror possesses accounting and financial expertise. This issue was discussed, assessed and approved by the Board of Directors.	No	The Company is of the opinion that Mr. Gabai possesses accounting and financial expertise. This issue was discussed, assessed and approved by the Board of Directors	No	The Company is of the opinion that Ms. Andorn Karni possesses accounting and financial expertise. This issue was discussed, assessed and approved by the Board of Directors.
Employee of the corporation, a subsidiary or a related company thereof or of an interested party?	Director and CEO of Alony Hetz Properties and Investments Ltd. – the Company’s controlling shareholder.	Active (paid) Chairman of the Board of Alony Hetz Properties and Investments Ltd. – the Company’s controlling shareholder.	VP Business Development in Alony Hetz Properties and Investments Ltd. – the Company’s controlling shareholder.	No	No	Renders professional services to Mr. David Wertheim and companies under his control. Mr. Wertheim is the controlling shareholder of Wertheim Holdings Ltd. one of the controlling shareholders of Alony Hetz Properties and Investments Ltd. (the controlling shareholder of the Company).	No	No	No
Date of commencement of tenure	11.08.05	11.08.05	16.5.06	1.9.15	1.9.15	31.8.06	30.8.12	9.5.13	10.3.19

	Nathan Hetz- Chairman of the Board of Directors	Aviram Wertheim	Moti Barzilai	Gad Pnini	Nira Dror	Benny Gantz	Amir Amar	Eyal Gabai	Yechiel Gutman	Yael Andorn Karni
Education	BA in Economics and Business Administration, Bar Ilan University, BA in Accounting, Tel Aviv University, Certified Public Accountant.	Degree in Business Administration and Accounting – College of Management, Academic Studies, Certified Public Accountant.	BA in Economics and Accounting, MBA Business Administration - Tel Aviv University, Certified Public Accountant.	Tel Aviv University - a BA in Accounting and Economics. Master's degree in Information Systems Auditing, a Master's degree from the University of New York City in Finance Sciences and a Master's degree in Law from Bar-Ilan University, and a PhD in Business Administration from Bar-Ilan University. Certified Public Accountant.	BA in Economics and Business Administration MBA in Business Administration- Tel Aviv University.	Graduate of the Command and Staff College and the National Security College; BA in History from the Tel Aviv University; MA in Political Science from the Haifa University; Master's Degree in management of national resources from the NDU university in the United States;	LLB – Tel Aviv University.	LLB (Cum Laude); BA in Economics (Cum Laude) and a Master's degree in Business Administration (MBA – major - financing, Cum Laude) - the Hebrew University	LLB and BA in Sociology and General History - the Hebrew University	BA (Cum Laude) in Economics and Sociology; MBA in Business Administration (majors - Financing and Accounting) – the Hebrew University;
Occupation over the last five years:	Director and CEO of Alony Hetz Properties and Investments Ltd. as from 1.1.1993; Chairman of the Company's Board of Directors as from August 2005; Chairman of the Board of Directors of Energix Renewable Energy Ltd.; Chairman of the Board of Directors of Carr. and Director in consolidated companies of Alony Hetz and Energix Renewable Energy Ltd.	Chairman of the Board of Directors of Alony Hetz Properties and Investments Ltd. as from November 1996; served as Chairman of the Board of Directors of A. Dori Construction Ltd., as a director in B. Gaon Holdings Ltd. and as a director in Carr Properties Corporation (Washington D.C. UAS).	VP Business Development Alony Hetz Properties and Investments Ltd.	Managing Partner of Pnini & Pnini CPAs; CEO of Imut Systems Auditing Ltd. private (family) company specializing in special audit and real estate; active player in the business-economic sector, where he provides various services to private and public companies, government ministries and municipalities. He is a lecturer in a variety of fields at different academic institutions and a member of public, municipal and governmental committees.	CEO and Chairman of Nira Dror Ltd. Serves as a director in several companies.	Strategic advisory and management services through B.G. Prime Ltd. Through March 2015, Chief of the General Staff, IDF.	As from 1.1.2009 owner and partner at Amar Reiter Jeanne Shochatovitch & Co. Through 1.12.2009 – partner in Ron Gazit, Rotenberg & Co., in charge of the real estate, planning and building department.	Since 1.9.2016 has been serving as Chairman of Meuhedet Health Fund. Since 2012 serves as Chairman of the Teachers and Kindergarten Teachers' Study Fund Ltd. and the Teachers Study Fund for High School Teachers Ltd. Member of the Managing Committee of Beit Hatfutsot; Mr. Gabai is engaged in consultation and entrepreneurship; Previously he served as the Chairman of Megureit Israel Ltd., as a member of the Board of Directors of I.D.B. Development, a court-appointed expert in the I.D.B. Development and Holdings debt settlement and a settlement trustee for the I.D.B. Holdings' creditors settlement; From May 2009 to September 2011, Mr. Gabai served as Director-General of the Prime Minister's Office.	Lawyer, owners of a law firm; member of the Exemptions and Mergers Committee at the Antitrust Authority;	Representing and advising global companies and international investment funds on leading investments in Israel; serves as an outside director and member of the Balance Sheet Committee and Audit Committee of Camtek Ltd., El Al Israeli Airlines Ltd. and Castro Model Ltd. Served as the CEO of the Israeli Ministry of Finance during app. two and a half years 2013-2015; independent director in Elron Electronic Industries until 12/18; director in Megureit Israel Ltd. until 11/17. Previously served as CEO of Amitim – Senior Pension Funds 2005-2011.

	Nathan Hetz- Chairman of the Board of Directors	Aviram Wertheim	Moti Barzilai	Gad Pnini	Nira Dror	Benny Gantz	Amir Amar	Eyal Gabai	Yechiel Gutman	Yael Andorn Karni
Corporations in which he/she serves as a director:	Chairman of the Board of Directors of the Company, Director in Alony Hetz Properties and Investments Ltd. and in all of its subsidiaries; Chairman of the Board of Directors of Energix Renewable Energy Ltd. and a director in its subsidiaries; Chairman of the Board of Directors of Carr Properties Corporations (Washington D.C. USA) and director in its subsidiaries; director in PSP Swiss Property AG (listed on the Zurich Stock Exchange (Switzerland)); director in Brockton Everlast Inc., (London, UK) and in joint companies of Alony Hetz Properties and Investments and Oxford Properties (Boston USA)l as well as director in private companies owned by him and by his family members.	Chairman of the Board of Directors of Alony Hetz Properties and Investments Ltd., director in Energix Renewable Energies Ltd, (listed on the Tel Aviv Stock Exchange); director in PSP Swiss Property AG (listed on the Zurich Stock Exchange (Switzerland)), as well as director in subsidiaries of Alony Hetz and Energix and in other private companies, some of which are owned by him and his family members.	Director in Carr Properties Corporations (Washington D.C. USA), in joint companies of Alony Hetz Properties and Investments and Oxford Properties (Boston USA); director in Brockton Everlast Inc. and member of the steering committee of Brockton Capital Funds (London, UK) and director in consolidated companies of Alony Hetz Properties and Investments Ltd.	Imut Systems Auditing Ltd. (owner and CEO)	Nira Dror Ltd. (owner and CEO); Shlomo Holdings Ltd.; S. Shlomo Insurance Company Ltd.; Sharonim -Water and Sewage Infrastructures Ramat Hasharon, Isrotel Ltd.; member in the Managing Committee of Tel-Hai International Piano Master Classes and “Jordan River Village”.	B.G. Prime Ltd. (owner and CEO), outside director in Elron Electronics Industries Ltd. (listed on the Tel Aviv Stock Exchange); until recently served as the Chairman of the Board of Director of the Fifth Dimension Holdings Ltd.	None	Chairman of Meuhedet Health Fund; Chairman of the Teachers and Kindergarten Teachers’ Study Fund Ltd. and the Teachers Study Fund for High School Teachers Ltd., Member of the Managing Committee of Beit Hatfutsot;	Outside director in Hamlet (Israel-Canada) Ltd. and Chairman of the Film Review Board.	Serves as an outside director and Chairwoman of the Balance Sheet Committee and Audit Committee of Camtek Ltd.; member of the Audit Committee of El Al Israeli Airlines Ltd.; outside director and member of the Balance Sheet Committee and the Audit Committee of Castro Model Ltd.; member of the Board of Directors of the Aharon Institute of Economic Policy.
Relative of another interested party of the corporation?	No	No	No	No	No	No	No	No	No	

Regulation 26A – Senior office holders of the corporation

	Avi Mousler	Avner Eliav	Judith Zynger	Shimon Abudraham	Avi Halfon	Hatzav Bar-Sela	Osnat Hochman-Gerhard	Ohad Weis	Bat-el Lachmi-Cohen
I.D. no.	054152343	008852840	013150586	023538945	56774953	053349005	022911408	017165309	036551927
DOB	22.4.57	1938	11.3.65	22.3.68	1961	11.9.58	12.1.67	16.1.78	19.1.1985
Tenure started on	April 2006		January 2006	January 2008	June 2007	September 2010	December 2005	July 2010	September 2017
Position in corporation	CEO, in charge of management of Company's market risks	Internal Auditor	CFO	CEO of subsidiary ²¹ (VP Engineering of the Company until 31.12.215).	VP Marketing	VP Business Development	Legal Counsel and Corporate Secretary	Chief Comptroller	Comptroller
Position in subsidiary or in interested party	Director in a subsidiary of the Company.	None	Director in consolidated companies of the Company	CEO of a subsidiary of the Company	Director in consolidated companies of the Company	Director in consolidated companies of the Company	None	Director in consolidated companies of the Company	None
Interested party in the corporation or relative of senior office holder in the corporation or of an interested party	No	No	No	No	No	No	No	No	No
Education	BA in Economics and Accounting, Certified Public Accountant.	Certified Public Accountant	BA in Economic and Accounting and MBA in Business Administration – Hebrew University; Certified Public Accountant	B.Sc. Civil Engineering and Masters in Real Estate Studies (MRE) – the Technion	BA in Economics	B.Sc. Industrial Management Engineering and MBA in Business Administration	Lawyer, LLB – Tel Aviv University, MBA in Business Administration - Heriot-Watt University.	BA in Economics and Accounting – Bar Ilan University	BA in Accounting, Management and Economics – Tel Aviv University
Occupation over the last five years	Company's CEO	Partner in Alkalay Monarov & Co. auditing firm, which specializes in internal audit	Company's CFO	Until 31.12.2015 Company's VP Engineering	Company's VP Marketing	Company's VP Business Development	Legal Counsel and Corporate Secretary	Until September 2017 – Company's comptroller	As from 2014 - Company's Deputy Comptroller; until April 2014 Audit Manager at Deloitte Brightman, Almagor, Zohar, CPAs.

²¹ As from 1.1.2016, Mr. Shimon Abudraham has been serving as the CEO of a fully-owned subsidiary of the Company: Amot Real Estate Enterprise & Development Ltd. For further details about the subsidiary's activity, see Section 1.2 of Chapter A of the Periodic Report: Description of the Corporation's Business.

Regulation 26B – Independent authorized signatories

As of December 31 2019 and the date of approval of this report, the Company has no independent authorized signatories.

Regulation 27 – Corporation's independent auditor

Deloitte Brightman Almagor Zohar & Co., 1 Azrieli Center, Tel Aviv

Regulation 28 – Changes in memorandum or articles of association

In 2019 the Company made no changes to its articles of association:

Regulation 29 – Board of Director's recommendations and decisions

(a) Board of Directors decisions not requiring approval by the General Meeting of the Company's shareholders and Board of Directors' recommendations to the General Meeting of the Company's shareholders:

1. On March 10 2019, the Company's Board of Directors decided as follows:
 - 1.1 To approve the distribution of a further dividend in respect of 2019, amounting to NIS 0.30 per share, to be paid in March 2019.
 - 1.2 To approve the Company's dividend policy for 2019 – the distribution of dividend in respect of 2019 amounting to NIS 0.94 per share, to be paid in 4 quarterly installments; two of the installments will amount to of NIS 0.23 per share each (in Q1 and Q2 2019), and two of the installments will amount to NIS 0.24 per share each (Q3 and Q4 2019).
2. In accordance with its decision as per Section 1 above, in March, May, August and November 2019, the Company's Board of Directors declared a quarterly dividend of NIS 0.23 per share (in Q1 and Q2 2019) and NIS 0.24 per share (in Q3 and Q4 2019) – in total NIS 0.94 per share.
3. As to Company's transactions with interested parties therein,, see Subsection (c)1 below and Note 23c(1) of the financial statements.
4. On April 31 2019, the Company's Board of Directors decided to approve a private allocation of 7,300,000 ordinary shares of NIS 1 par value as part of an immaterial private offering of shares to an institutional entity, in consideration for a net amount of app. NIS 150 million. See immediate report regarding private offering of March 31 2019 (reference no.: - 2019-01-029070).
5. On March 8 2020, the Company's Board of Directors decided as follows:
 - 5.1 To approve the distribution of a further dividend in respect of 2019 amounting to NIS 0.31 per share, to be paid in March 2020.
 - 6.2 To approve the Company's dividend policy for 2020 – the distribution of dividend amounting to NIS 0.98 per share, to be paid in 4 quarterly installments: two installments of NIS 0.24 per share (Q1 and Q2) and two installments of NIS 0.25 per share (Q3 and Q4).

See immediate report on this matter of March 8 2020.

(b) During 2019, the General Meeting of the Company's shareholders did not pass a resolution that was not in accordance with the directors' recommendation pursuant to Regulation 29A of the Securities Regulations (Periodic and Immediate Reports), 1970.

(c)1. On January 20 2020, a special General Meeting of the Company's shareholders approved the compensation policy for Company's office holders, attached as Appendix B to the immediate report for the convening of the meeting; the compensation policy covers a 3-year period commencing on September 28 2019.

For more information regarding this matter, see Note 23c(3) to the financial statements and the immediate report for the convening of the general meeting of December 12 2019 (reference no. 2019-01-120805), which is incorporated by way of reference.

Regulation 29A – Company’s decisions

(1) As to Company’s resolutions regarding exemption and indemnification letters to Company’s directors and office holders, see Note 23c(4) of the financial statements.

(2) As to Company’s resolutions regarding professional liability insurance to directors and office holders, see Note 23c(4) to the financial statements.

Nathan Hetz
Chairman of the Board of Directors

Avi Mousler
CEO

Date: March 8, 2020.



**AMOT INVESTMENTS.
PEOPLE FIRST.**

APPENDIXES

AMOT INVESTMENTS OF
THE ALONY HETZ GROUP



2019 PERIODIC REPORT



Corporate Governance Questionnaire

Board of Directors independence			Yes	No
1.		In each reporting year, there were at least two outside directors in the corporation. The question may be answered “yes” if the period during which the corporation had less than two outside directors did not exceed 90 days, pursuant to Section 363A.(b)(10) to the Companies Law. However, any answer (yes or no) must include the length of the period (number of days) during which there were less than two external directors during the reporting period (including if the tenure was approved retrospectively, for each of the different outside directors): Director A: Gad Pnini – served for one continuous year. Director B: Nira Dror – served for one continuous year. The number of outside directors serving in the corporation as of the date of publication of this questionnaire: 2.	√	
2		Proportion¹ of independent directors² serving at the corporation as of the questionnaire’s publication date: 55%. Proportion of independent directors set the corporation³’s Articles of Association⁴: _____ X N/A (no provisions were set in the Articles of Association).	----	----
3		In the reported year, the outside directors (and the independent directors) were found to be in compliance with the provisions of Section 240(b) and (f) to the Companies Law regarding lack of interest on the part of the outside directors (and independent directors) during the reported year; furthermore, the conditions for serving as outside director (or independent director) have been met).	√	
4		None of the directors who served in the corporation during the reported year are not subordinate⁵ to the CEO, either directly or indirectly (with the exception of a director who serves as a representative of the employees, if such representation exists in the corporation). If your answer is “No” (meaning that the director is subordinate to the CEO as aforesaid) – specify the proportion of directors who do not comply with the said restriction: _____.	√	

			Yes	No
5.		None of the directors who have reported having a personal interest in the approval of a transaction on the meeting’s agenda were not present at the discussion or participated in the vote as aforesaid (except for a discussion and/or vote under the circumstances outlined in Section 278(b) to the Companies Law: If your answer is “No” – Was this for the purpose of presenting a specific issue by that director in accordance with the provisions of Section 278(A): ☐ Yes ☐ No (please check the appropriate box). It should be noted that the proportion of meetings in which such directors were present in a discussion and/or participated in a vote, except for circumstances outlined as aforesaid in Subsection A, was: _____.	√	

¹In this questionnaire, “**proportion**” – a certain number out of the total. For example, 3/8.

² Including “independent directors” as defined in the Companies Law.

³ For the purpose of this question – “Articles of Association” including pursuant to a specific provision of a law applicable to the corporation (for example, in case of a banking corporation – directives issued by the Banking Supervision Department).

⁴ Bonds companies are exempt from answering this section.

⁵ For the purpose of this question -serving as a director in an investee under the Corporation’s control shall not be deemed “subordination”; on the other hand, if a director in the Corporation also serves as an office holder (excluding as director) and/or is an employee of an investee under the Corporation’s control, they shall be deemed “subordinate” for the purpose of this question.

6.		The controlling shareholder (including a relative and/or representative thereof) who is not a director or other senior office holder in the corporation was not present in the meetings of the Board of Directors held during the reported year. If your answer is “No” (i.e., the controlling shareholder and/or relative and/or representative thereof who is not a member of the Board of Directors and/or a senior office holder of the corporation was present in the Board of Directors’ meetings as aforesaid) – please note the following data as to the attendance of every additional person in Board of Directors’ meetings as aforesaid: Name: ____. Role in the corporation (if any): ____. Information on the relation to the controlling shareholder (if the person present was not the controlling shareholder himself): ____. Was this for the purpose of presenting a specific issue: ☐ Yes ☐ No (please check the appropriate box). The proportion of Board of Directors⁶ meetings in which he participated during the reporting year for the purpose of presenting a specific issue: ____; otherwise present: ____ ☐ N/A (the corporation has no controlling shareholder).	√	
Board of Directors independence				
			Yes	No
Directors’ eligibility and qualifications				
7.		The Corporation's Articles of Association do not include a provision restricting the option of immediately terminating the tenure of all directors of the corporation who are not outside directors (for this purpose, a simple majority does not constitute a restriction)⁷. If your answer is “no” (i.e., if there is a restriction as aforesaid), please note -	√	
	a.	The period prescribed for a director’s tenure by the Articles of Association: ____.	----	----
	b.	The majority required to terminate the tenure of directors as per the Articles of Association: ____.	----	----
	c.	The legal quorum of the General Meeting required as per the Articles of Association to terminate the directors’ tenure: ____.	----	----
	d.	The majority required to change such provisions in the Articles of Association ____.	----	----
8.		The corporation has ensured the preparation of a program for training new directors on the corporation's business and the laws that apply to the corporation and the directors, and also ensured the preparation of a follow-up program for training serving directors that is adapted, inter alia, to each board member's function in the corporation. If your answer is “Yes” -please note if the program was implemented during the reporting year: ☒ Yes ☐ No (please check the appropriate box).	√	
9	a.	The corporation has a minimum number of directors in the Board of Directors who are required to possess accounting and financial expertise. If your answer is “Yes” - please note the minimum number set: 2.	√	
	b.	Number of directors who served in the corporation during the reported year – who have accounting and financial expertise⁸: 6. Who have professional qualifications⁹: 3. In case of changes in the number of said directors during the reported year, please provide the lowest number (except within a period of 60 days from the date on which the changed occurred) of directors of any type who served during the reported year.	----	

⁶ Specify separately for each of the controlling shareholders, relative and/or representative thereof.

⁷ Bonds companies are exempt from answering this section.

⁸ Following the Board of Directors’ assessment, in accordance with the Companies (Conditions and Tests for a Director with Accounting and Financial Expertise and Director with Professional Qualifications) Regulations, 2005.

⁹ Please see footnote 8.

				Yes	No
10.	a.	Throughout the reported year, the Board of Directors included members of both genders. If your answer is "No" -please note the period (number of days) in which the aforesaid was not met: _____. The question may be answered "Yes" if the period during which the corporation did not have members of both genders serving as directors did not exceed 60 days. However, any answer (Yes or No) must include the number of days during which the corporation did not have members of both genders serving as directors: _____.		√	
	b.	Number of directors of each gender serving on the Board of Directors as of the date of the publication of this questionnaire: Male: 7, Female: 2.		----	----
Board of Directors' meetings (and convening of the General Meeting)					
11	a.	Number of Board of Directors' meetings held during each quarter in the reported year: total during 2019 – 10 meetings. First quarter (2019): 2. Second quarter: 3. Third quarter: 2. Fourth quarter: 3		----	----
	b.	Next to each of the names of the directors who served in the corporation during the reported year, please note the ¹⁰ proportion of Board of Directors' meetings in which he participated (in this Subsection - including meetings of Board of Directors' committees in which he is a member, and as noted below), which took place during the reported year (during his tenure): (Please add lines according to the number of directors).		----	----

								Yes	No
		Director's name	Proportion of the director's participation in Boar of Directors' meetings	Proportion of the director's participation in Audit Committee's meetings ¹¹	Proportion of the director's participation in Financial Statements Review Committee's meetings ¹²	Proportion of the director's participation in Compensation Committee's meetings ¹³	Proportion of the director's participation in other Board of Directors' committees in which they are members (note committee's name)		
		Nathan Hetz	100%	----	----	----	----	----	----

¹⁰ See footnote 2.

¹¹ For a director who is a member of this committee.

¹² For a director who is a member of this committee.

¹³ For a director who is a member of this committee.

		Aviram Wertheim	100%	----	----	----	----	----	----
		Moti Barzilai	100%	----	----	----	----	----	----
		Amir Amar	70%	----	----	----	----	----	----
		Yechiel Gutman	100%	100%	100%	----	----	----	----
		Eyal Gabai	90%	----	100%	100%	----	----	----
		Gad Pnini	100%	100%	100%	100%	----	----	----
		Nira Dror	100%	100%	100%	100%	----	----	----
		Yael Andorn	90%	----	66.6% ¹⁴	----	----	----	----
12.		During the reporting year, the Board of Directors held at least one discussion about the management of the corporation's business by the chief executive officer and the office holders reporting thereto in their absence, and they were given to opportunity to express their position.						√	

			Yes	No
Segregation of duties between the roles of the CEO and the Chairman of the Board of Directors				
13.		During the entire reported year, the corporation had was a serving Chairman of the Board of Directors. The question may be answered "Yes" if the period during which there was no serving Chairman of the Board of Directors in place in the corporation did not exceed 60 days, as prescribed by Section 363A.(2) to the Companies Law. However, any answer (Yes or No) must include the number of days in which the corporation did not have a serving Chairman of the Board of Directors in place as aforesaid: ____.	√	
14.		During the reported year, the corporation has a serving CEO in place. The question may be answered "Yes" if the period during which the corporation had no serving CEO in place did not exceed 90 days, as prescribed by Section 363A.(6) to the Companies Law. However, any answer (Yes or No) must include the number of days in which the corporation did not have a serving CEO in place as aforesaid: ____.	√	
15.		In a corporation where the Chairman of the Board of Directors also serves as the corporation's CEO and/or exercises his powers, the service in the two roles has been approved in accordance with the provisions of Section 121(c) to the Companies Law ¹⁵ . X N/A (where the Chairman of the Board does not serve also as the CEO of the corporation as aforesaid).		
16.		The CEO is <u>not</u> a relative of the Chairman of the Board of Directors. If your answer is "No" (i.e., the CEO is a relative of the Chairman of the Board of Directors) -	√	
	a.	Please explain the nature of the family relationship between the parties: ____.	-----	-----
	b.	The appointment was approved in accordance with Section 121(c) of the Companies Law ¹⁶ : ☐ Yes ☐ No (Please check the appropriate box)	-----	-----
17.		A controlling shareholder or his relative does not serve as a CEO or senior office holder in the corporation, excluding as a director. ☐ N/A (the corporation has no controlling shareholder)	√	

¹⁴ Ms. Yael Andorn Karni was appointed as member of the Financial Statements Review Committee on April 4 2019.

¹⁵ In a bonds company -approval in accordance with Section 121(d) to the Companies Law.

¹⁶ In a bonds company -approval in accordance with Section 121(d) to the Companies Law.

			Yes	No
The Audit Committee				
18.		The following <u>did not serve</u> in the Audit Committee in the reported year –	----	----
	a.	The controlling shareholder or their relative. ☐ N/A (the corporation has no controlling shareholder).	√	
	b.	The Chairman of the Board of Directors.	√	
	c.	A director employed by the corporation or by the controlling shareholder in the corporation or by a corporation under its control.	√	
	d.	A director who provides services to the controlling shareholder in the corporation or a corporation under its control, on a regular basis.	√	
	e.	A director whose main source of income is the controlling shareholder. ☐ N/A (the corporation has no controlling shareholder).	√	
19.		A person who may not serve as a member of the Audit Committee, including the controlling shareholder or his relative, did not participate, during the reporting year, in meetings of the Audit Committee, other than in accordance with the provisions of Section 115(e) to the Companies Law.	√	
20.		A legal quorum for discussing and passing decisions in all meetings of the Audit Committee which took place during the reported year was a majority of the committee members, with most of the participants being independent directors and at least one -an outside director. If your answer is “No” -please note the proportion of meetings in which the above requirement was not met: _____.	√	
21.		During the reported year, the Audit Committee held at least one meeting in which the internal auditor and independent auditor were present but in which officers of the corporation who are not members of the Audit Committee did not participate, on the subject of deficiencies in the corporation’s business management.	√	
22.		In all meetings of the Audit Committee in which there was a participant who may not serve as a member of the Committee, his participation was approved by the chairman of the Committee and/or he was invited by the Committee (as for the Chief Legal Counsel and the corporation’s Secretary other than a controlling shareholder or his relative).	√	
23.		During the reported year, there were arrangements that were put in place by the Audit Committee, regarding the manner of handling complaints filed by employees in relation to deficiencies in the management of the corporation’s business and the protection provided to employees filing complaints as aforesaid.	√	
24.		The Audit Committee (and/or the Financial Statement Review Committee) is satisfied that the scope of the independent auditor’s work and their fees in respect of the financial statements during the reported year were adequate for the purpose of carrying out the audit and review work in an appropriate manner.	√	

			Yes	No
The roles of the Financial Statements Review Committee (hereafter – the “Committee”) in its work prior to approval of the financial statements				
25.	a.	Please note the length of the period (in days) which the Board of Directors prescribed as a reasonable time for submitting the Committee’s recommendations in preparation for the discussion by the Board of Directors of the approval of the financial statements: Two days for quarterly financial statements and three days for annual financial statements.	-----	-----
	b.	The number of days which elapsed, in effect, from the date of submitting the recommendations to the Board of Directors to the date of the Board of Directors’ discussing the approval of the financial statements: First quarter financial statements (2018): 3. Second quarter financial statements: 4. Third quarter financial statements: 2. Annual financial statements: 4.	-----	-----
	c.	The number of days which elapsed from the date of submitting the financial statements’ draft to the directors to the date of discussing the financial statements’ approval by the Board of Directors: First quarter financial statements (2018): 3. Second quarter financial statements: 4. Third quarter financial statements: 2. Annual financial statements: 4.		
26.	The corporation’s independent auditor participated in all of the meetings of the Committee and Board of Directors in which the corporation’ financial statements relating to the periods included in the reported year were discussed. If your answer is “No”, please note the proportion of the meetings in which he participated: ____.		√	
27.	During the entire reported year and until the publication of the annual financial statements, the Committee met all of the conditions set out below:			
	a.	It had no less than three members (on the date of discussion by the Committee and approval of the financial statements as aforesaid).	√	
	b.	All of the conditions set out in Section 115(b) and (c) to the Companies Law (regarding tenure of the Audit Committee members).	√	
	c.	The Chairman of the Committee is an outside director.	√	
	d.	All of its members are directors and most of them are independent directors.	√	
	e.	All of its members have the capacity to read and understand financial statements and at least one of the independent directors possesses accounting and financial expertise.	√	
	f.	The members of the Committee gave a statement prior to their appointment.	√	

			Yes	No
	g.	The legal quorum for discussing and reaching decisions by the Committee was a majority of its members, provided that most of the participants were independent directors, including at least one outside director.	√	
	If your answer to one or more of the subsections of this question is “No”, please note in respect of which type of financial statements (annual or quarterly) the said condition was not met and which condition was not met: _____.		----	-----
The Compensation Committee				
28.		During the reported year, the Committee included at least three members, of which the outside directors constituted a majority (on the date of discussion by the Committee). ☐ N/A (no discussion was held).	√	
29.		During the reported year, the terms of service and employment of all members of the Compensation Committee were in accordance with the	√	

		provisions of the Companies (Rules on Compensation and Expenses for an Outside Director) Regulations, 2000		
30		During the reported year, the following did not serve as a member of the Compensation Committee -	----	----
	a.	The controlling shareholder or his relative. ☐ N/A (the corporation does not have a controlling shareholder)	√	
	b.	The Chairman of the Board of Directors.	√	
	c.	A director employed by the corporation or by the controlling shareholder in the corporation or by a corporation under its control.	√	
	d.	A director who provides services to the controlling shareholder in the corporation or a corporation under its control on a regular basis.	√	
	e.	A director whose main source of income is the controlling shareholder. ☐ N/A (the corporation has no controlling shareholder).	√	
31.		During the reported year, the controlling shareholder or his relative did not participate in meetings of the Compensation Committee, unless the Chairman of the Committee determined that one of them was required to participate in order to present a certain topic.	√	
32.	The Compensation Committee and Board of Directors did not exercise their power under Sections 267A(C), 272(C)(3) and 272(C1)(1)(c) to approve a transaction or compensation policy, despite objection by the General Meeting. If your answer is “No”, please specify – The type of transaction approved as aforesaid: _____. The number of times in which their power was used during the reported year: _____			

		Yes	No
Internal Auditor			
33.	The corporation's Internal Auditor reports to the corporation's Chairman of the Board of Directors or CEO.	√	
34.	The Chairman of the Board of Directors or Audit Committee have approved the work plan during the reported year. The audit issues covered by the Internal Auditor during the reported year: (1) Reviewing the terms of the professional liability insurance policy taken out by the Company; (2) examining the work processes of the marketing department – by reviewing the occupancy sample of the Platinum and Atrium towers; (3) examining vulnerability to unauthorized access to computer systems; (4) checking control procedures applied to payments to suppliers; (5) Testing current activities in a property – Kiryat Ono Mall;	√	
35.	The scope of the internal auditor's position in the corporation during the reported year (in hours): 500.	----	-----
	During the reported year, the Internal Auditor's findings were discussed by the Audit Committee or Board of Directors.	√	
36.	The Internal Auditor is not an interested party in the corporation, a relative thereof, an independent auditor or anyone on his behalf and therefore has no material business relations with the corporation, its controlling shareholder, his relative or corporations under their control.	√	
Transactions with interested parties			
37.	The controlling shareholder or his relative (including a company under his control) is not employed by the corporation or provides it with management services (a). If your answer is "No" (i.e., the controlling shareholder or his relative is employed by the corporation or provides it with management services, please specify -- the number of relatives (including the controlling shareholder) employed by the corporation (including companies under their control and/or through management companies): 0. - Were the employment agreements and/or management services as aforesaid approved by the organs prescribed by law: ☒ Yes ☐ No ☐ N/A (the corporation has no controlling shareholder) ____.		X (a)
38.	To the best of the corporation's knowledge, the controlling shareholder has no additional businesses in the corporation's line of business (one or more lines of business). If your answer is "No" - please note whether there is an arrangement in place to segregate the activities of the corporation from those of its controlling shareholder: ☐ Yes X No (b) (Please check the appropriate box). ☐ N/A (the corporation has no controlling shareholder).		

(a) For purposes of Section 37, it should be noted that the Company and Alony Hetz Properties and Investments Ltd., the Company's controlling shareholder, entered into agreement for the provision of management services, whose term has been extended lately until 31.12.2021. For further information on this matter see also Note 23c(1) of the financial statements.

(b) For purposes of Section 38, it should be noted that the Company's controlling shareholder, Alony Hetz Properties and Investments Ltd., has holding in companies operating in the Company's line of business; but those companies only operate abroad, whereas the Company operates in Israel.

Chairman of the Board of Directors: Nathan Hetz

Chairman of the Audit Committee: Gad Pnini

Chairman of the Financial Statements Review Committee: Gad Pnini

Signing date: 8.3.2020

Annual report regarding the effectiveness of internal auditing over financial reporting and disclosure according to Regulation 9B(a)

Management, under the supervision of the Board of Directors of Amot Investments Ltd. (hereafter - the "Company") is responsible for setting and maintaining appropriate internal controls over financial reporting and the disclosure in the Company.

For that purpose, the members of the management are as follows:

1. Avi Mousler, CEO.
2. Judith Zinger, CFO.
3. Ohad Weis, Chief Controller.

Internal audit over financial reporting and disclosure includes the controls and procedures in place in the Company, which were designed by the CEO and the most senior financial officer or under their supervision, or by those who carry out these functions, under the supervision of the Company's Board of Directors and which are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of the law, and to ensure that the information which the Company is required to disclose in the financial statements it publishes pursuant to the provisions the law is collected, processed, summarized and reported on the dates and in the format prescribed by law.

The internal controls include, among other things, controls and procedures that were designed to ensure that the information which the Company is required to disclose was accumulated and submitted to Company's management, including the CEO and the most senior financial officer or those who carry out these functions, in order to facilitate decision making at the appropriate time, in accordance with the disclosure requirements.

Because of its inherent limitations, internal control over financial reporting and disclosure is not designed to provide absolute assurance that misstatements or omissions of information in the financial statements will be prevented or detected.

Management, under the supervision of the Board of Directors, has carried out a review and assessment of the internal controls over financial reporting and disclosure in the Company and their effectiveness. Based on this assessment, Company's Board of Directors and management have reached the conclusion that the internal controls over financial reporting and disclosure in the Company as of December 31, 2019 is **effective**.

Executive declarations

(a) Declaration of the Chief Executive Officer Pursuant to Regulation 9b(d)(1):

Executive Declaration

Declaration of the Chief Executive Officer

I, Avi Mousler, hereby declare that:

1. I reviewed the periodic report of Amot Investments Ltd. (hereafter – “Amot”) for the year 2019 (hereafter – the “Reports”).
2. To the best of my knowledge, the Reports do not include any misrepresentation of a material fact nor do they omit any representation of a material fact required so that the representations included therein, in view of the circumstances in which such representations have been included, shall not be misleading with regard to the period covered by the Reports;
3. To the best of my knowledge, the financial statements and other financial information included in the Reports, reflect fairly, in all material respects, the financial position, results of operations and cash flows of Amot as of the dates and periods covered by the Reports;
4. Based on my most up-to-date review of the internal controls over financial reporting and disclosure, I have disclosed to Amot’s independent auditor, Board of Directors and Audit Committee:
 - a. All significant deficiencies and material weaknesses in the setting or application of internal controls over financial reporting and disclosure that might reasonably adversely impact Amot’s ability to collect, process, summarize or report financial information such that doubt may be cast on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and -
 - b. Any fraud, whether material or immaterial, in which the CEO, or anyone directly reporting to him, or any other employees are involved who have a significant function in the internal controls over financial reporting and disclosure thereof;
5. I, alone or in collaboration with others in Amot:
 - a. Set controls and procedures, or verified that controls and procedures are put in place under my supervision, whose purpose is to ensure that material information relating to Amot, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in Amot and its consolidated companies, specifically during the course of the preparation of the Reports; and –
 - b. I put in place controls and procedures or verified that controls and procedures are put in place under my supervision, which are designed to reasonably ensure the reliability of the financial reporting and preparation of financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;
 - c. I assessed the effectiveness of the internal controls over financial reporting and disclosure, and presented in this report the Board of Directors and management’s conclusions as to the effectiveness of such internal controls as of the date of the Reports.

The aforesaid does not derogate from my responsibility or from the responsibility of any other person, pursuant to any law.

March 8, 2020

Signature
Avi Mousler, CEO

(b) Declaration of the Most Senior Financial Officer Pursuant to Regulation 9b(d)(2):

Executive Declaration

Declaration of the Most Senior Financial Officer

I, Judith Zinger, hereby declare that:

1. I reviewed the periodic report of Amot Investments Ltd. (hereafter – “Amot”) for the year 2019 (hereafter – the “Reports”).

2. To the best of my knowledge, the Reports do not include any misrepresentation of a material fact nor do they omit any representation of a material fact required so that the representations included therein, in view of the circumstances in which such representations have been included, shall not be misleading with regard to the period covered by the Reports;

3. To the best of my knowledge, the financial statements and other financial information included in the Reports, reflect fairly, in all material respects, the financial position, results of operations and cash flows of Amot as of the dates and periods covered by the Reports;

4. Based on my most up-to-date review of the internal controls over financial reporting and disclosure, I have disclosed to Amot’s independent auditor, Board of Directors and Audit Committee:

a. All significant deficiencies and material weaknesses in the setting or application of internal controls over financial reporting and disclosure that might reasonably adversely impact Amot’s ability to collect, process, summarize or report financial information such that doubt may be cast on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and -

b. Any fraud, whether material or immaterial, in which the CEO, or anyone directly reporting to him, or any other employees are involved who have a significant function in the internal controls over financial reporting and disclosure thereof;

5. I, alone or in collaboration with others in Amot:

a. Set controls and procedures, or verified that controls and procedures are put in place under my supervision, whose purpose is to ensure that material information relating to Amot, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in Amot and its consolidated companies, specifically during the course of the preparation of the Reports; and –

b. I put in place controls and procedures or verified that controls and procedures are put in place under my supervision, which are designed to reasonably ensure the reliability of the financial reporting and preparation of financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles.

c. I assessed the effectiveness of the internal controls over financial reporting and the disclosure to the extent that they apply to the financial statements and to the other financial information included in the Reports as of the date thereof; my conclusions as to my assessment as aforesaid were brought before the Board of Directors and management and are integrated into this report.

The aforesaid does not derogate from my responsibility or from the responsibility of any other person, pursuant to any law.

March 8, 2020

Signature
Judith Zinger, CFO

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