הוגש באמצעות
המרכז להנגשת מידע של
עמותת נגישות ישראל (ע"ר)

PERIODIC FINANCIAL STATEMENTS 2020

AMOT INVESTMENTS. PEOPLE FIRST.

MARCH 2021

Amot Investments of
the Alony Hetz Group

Natan Hetz, Chairman of the Board
Aviram Wertheim
Eyal Gabai
Amir Amar
Gad Pnini
Yehiel Gutman
Yael Andorn
Moti Barzilai
Nira Dror

BOARD OF DIRECTORS

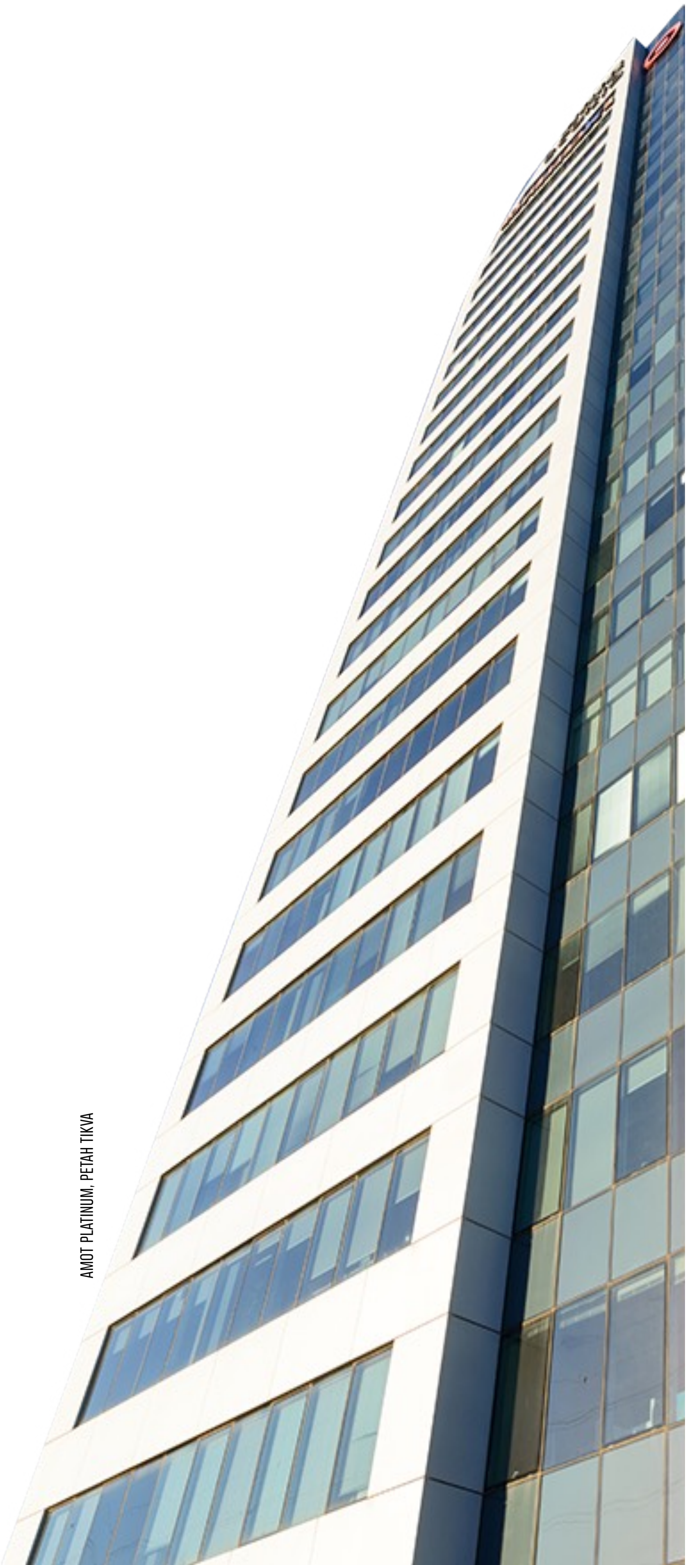
AMOT INVESTMENTS

Chief Executive Officer
Shimon Abudraham

Independent Auditors
Brightman Almagor Zohar & Co.

Registered Office
Amot Atrium Tower
2 Jabotinsky Street, Ramat Gan
5252007

TABLE OF CONTENTS



AMOT PLATINUM, PETAH TIKVA

01.
DESCRIPTION OF THE CORPORATION'S BUSINESS

Amot Investments Ltd. is a leading Israeli real estate company, focused on the management, leasing, maintenance, initiation and development of yielding properties in Israel.

"DON'T BE AFRAID TO GIVE UP THE GOOD TO GO FOR THE GREAT"
John Davison Rockefeller

01.

CHAPTER 1

THE COMPANY, ITS ACTIVITIES AND ASSETS

Description of General Development of the Group's Business

Amot's properties include office buildings, industrial parks, logistics centers, malls, shopping centers, supermarkets and central bus stations.

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 2020 (hereafter – the "Report Date"), which reviews the description of the Company and the development of its business during the year ended December 31 2020. The Company and its investees shall be named hereafter in this report - the "Group".

Regarding The Effects of the coronavirus on the Group's business activities - see chapter 2.

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 321A 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 public 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 NIS 956 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 57% 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 2020, 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 956 thousand square meters of above-ground lease space and 553 thousand square meters of parking space. The Company also has 4 projects under advanced planning and construction stages with a total area of 94 thousand square meters and 5 projects under planning and development stages with a total area of 185 thousand square meters.

The fair value of the income-generating assets as of December 31 2020 is NIS 12.7 billion. The Group also holds investment property under construction which is being developed for renting out purposes with a fair value of NIS 1.2 billion. As of December 31 2020, the total value of the Company's real estate assets is NIS 14 billion. As of December 31 2020, the occupancy rate of the Company's assets is 97.2%.

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; Ayalot Property Investments Ltd. holds 0.1% through direct holdings.

(2) Ayalot holds 2% of the Company's shares through direct holdings.

(3) Excluding inactive corporations.

50%
Amot Shaul Ltd.

100%
Nes-pan Ltd.

50%
Kochav or Industry And Commerce Ltd.

50%
Amot-clal Joint Venture

100%
Hakirya Center (Ashdod 1995) Ltd.

50%
Hotzot Karmiel Joint Venture

49%
Ziviel Investments Ltd.

50%
Roni-Du Investments Ltd.

50%
Merkazit Jerusalem Joint Venture For Rental

50%
Izdarechet Investments Company Ltd.

100%
Amot Real Estate Enterprise & Development Ltd.

50%
Jerusalem Central Station (Management) 1996 Ltd.

50%
Gav-yam Amot Totseret Haaretz Partnership

49%
Hotzot Alonim Ltd.

50%
Ashtrom Amot Yavne Joint Venture

50%
Amot Danisra Park Afek Ltd.

100%
Or Akiva Mall Management - Limited Partnership

75%
Amot Shufersal Modi'in Joint Venture

90%
Ayalot Property Investments Ltd.

2%[2]

98%
Ayalot Investments In Properties (Kfar Saba) 1992 Ltd.

100%[1]
Ayalot Investments (Patir) 1996 Ltd.

100%[1]
Ayalot Property Investments (Herzeliya) Ltd.

100%[1]
Ayalot Investments In Properties (Rehovot West) 1992 Ltd.

- 100% Kiryat Ono Mall Joint Venture
- 100% Kiryat Ono Mall Management Company Ltd.

100%[1]
Ayalot Investments In Properties (Har Hotzvim) 1994 Ltd.

- 75% Amot Aharoni Joint Venture

100%[1]
Ayalot Investments (Ramat Vered) 1994 Ltd.

100%[1]
Ayalot Investments In Properties (AB"C) 1992 Ltd.

- 50% Analog Hayarkon Partnership
- 50% Migdal Hame'a Car Park Ltd.

100%[1]
Ayalot Investments (T.M.R) 1994 Ltd.

100%[1]
Ayalot Investments In Properties (Natanya) 1993 Ltd.

1.3
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 31.12.2017		324,888		
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)
October 2020	Public offering	27,500	397,404	14.45
November 2020	Exercise of options by CEO	531	8,837	16.63(1)
2020	Exercise of employee options	610	8,963	14.68(2)
Total par value issued in the reported periods		**84,727**	**1,437,604**	
Number of shares as of 31.12.2020		**409,615**		

(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 2020.

1.4
DIVIDEND DISTRIBUTION POLICY AND DISTRIBUTION OF DIVIDENDS

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.

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. The total amount of dividend paid by the Company in 2020 will amount to NIS 0.98 per share (NIS 381 million).

Further to this policy, in March 2020 the Company declared the distribution of dividend of NIS 0.31 per share in respect of 2019 (NIS 118 million).

As from its initial public offering, in May 2006, the Company distributed to its shareholders dividends in an aggregate amount of NIS 3.6 billion.

The balance of Company's profits as of 31.12.20 is NIS 2,248,592 (before the distribution of the dividend declared by the Company on March 7, 2021).

In March 2021, the Company's Board of Directors declared that in 2021 the Company intends to distribute a minimum dividend of NIS 1 per share to be paid in 4 quarterly installments of NIS 0.25 per share subject to a specific resolution of the Board of Directors at the end of each quarter. Further to this policy, in March 2021 the Company declared the distribution of dividend of NIS 0.25 per share in respect of the first quarter of 2021 (NIS 102 million).

SET FORTH BELOW ARE DIVIDENDS PAID BY THE COMPANY OUT OF ITS DISTRIBUTABLE PROFITS DURING THE YEARS 2015-2020:

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)
2015	0.68	0.79	217 million
2016	0.77	1.13	333 million
2017	0.84	1.20	380 million
2018	0.90	1.20	407 million
2019	0.94	1.25	460 million
2020	0.98	0.98	381 million

" THE BIGGEST RISK
IS NOT TAKING ANY RISK "
Mark Zuckerberg

MITHAM H-1000, RISHON LEZION-ULLUSTRATION

02.

CHAPTER 2

OTHER INFORMATION

The company is currently developing several prime properties, which will fuel growth.

EFFECTS OF THE CORONAVIRUS ON THE GROUP'S BUSINESS ACTIVITIES

The novel coronavirus (COVID-19) has been spreading around the world since early 2020, and has been declared a pandemic by the World Health Organization.

As part of the national effort to deal with the pandemic, the Government of Israel enacted the State of Emergency Regulations, which led to the imposition of three lockdowns during 2020, including the imposition of severe restrictions on free movement and on congregating, while limiting access to public spaces.

The first and most severe lockdown was imposed on March 14th, 2020, and lasted for around one month and a half, during which time it was decided to close the entire economy, including the education system and culture, leisure, and entertainment spaces, and severe restrictions were also imposed on activity in the business, public and private sectors, as well as a prohibition on congregating in public. At a certain point, a total prohibition on entering public spaces was imposed, excluding the activities of security and emergency entities, and excluding essential business activities (such as supermarkets, pharmacies, clinics and banks). In early May 2020, the government adopted a deconfinement strategy, as part of the steps towards resuming routine activity during the pandemic, and the opening of various businesses was gradually permitted, subject to stringent conditions according to the "Purple Badge" system, which dictated restricted rules of conduct and activity in public spaces, with respect to all sectors of the economy (the "Purple Badge").

Two other lockdowns were imposed, in mid-September 2020 (Rosh Hashana eve) and in late December 2020, during which severe restrictions were again imposed on activity in the business, public and private sectors, including the closure of street stores and retail centers (except for essential business activities, as described above), and including closing the education system and culture, leisure and entertainment spaces. Congregating in public was also prohibited.

Even during the periods between the lockdowns, certain restrictions were intermittently imposed on movement and on congregating, in a manner which limited the scope and nature of activity in the business, public and private sectors.

These lockdowns caused street stores and retail centers to remain closed for many weeks, with deconfinement from the third lockdown only beginning in mid-February 2021, subject to the conditions of the Purple Badge system.

EFFECTS OF THE CORONAVIRUS ON THE GROUP'S BUSINESS ACTIVITIES

Towards the end of December 2020 an extensive vaccination campaign began, in which the government has been encouraging the country's residents to receive coronavirus vaccines. According to government publications, until the publication date of this report, extensive groups of the country's population over age 16 have been vaccinated, and the campaign is still ongoing. Studies and information which were recently published by the Ministry of Health and the health funds indicate that the efficacy of the vaccine is very high, both in terms of preventing infection and in terms of preventing severe cases of the illness, in all age groups.

As of the publication date of this report, only those who have been vaccinated or have recovered from the virus are allowed entry to culture, entertainment and leisure spaces, by presenting a "green badge", issued by the Ministry of Health.

Since the start of the pandemic, the Company has been striving to maintain comprehensive operational continuity for the purpose of managing its business continuity, subject to all government restriction and directives, while strictly protecting the health of all of its employees, and of all of the tenants in its properties.

As stated above, the directives which were published by the government, and the restrictions which were imposed by virtue thereof, have resulted in the transition of a significant part of the economy to a "work from home" arrangement, and for this reason, the number of employees coming to work at offices located in the Company's properties has declined, and as of the publication date of this report, these figures have not yet returned to their pre-pandemic levels, despite the fact that the Company continued throughout the entire period, and still continues, to properly operate the office buildings which it owns, in accordance with and subject to the "Purple Badge" restrictions. The restrictions also apply to the Company's shopping malls and retail centers (except in connection with essential businesses, such as supermarkets, pharmacies, clinics and banks).

Since the beginning of the pandemic, the Company has received many notices from the Company's customers in the office and retail segments requesting the deferral, reduction, distribution and cancellation of rent and management fee payments with respect to the periods during which the restrictions and/or lockdowns applied (or partially applied). It is hereby clarified that the Company believes that agreements must be honored, and that it has worked, and continues working, on enforcing the lease agreements to which it is party. In specific cases, the Company allowed the distribution of payments for office tenants. Throughout the entire reporting period, and as of the publication date of the report, the collection of rent and management fees from office tenants is continuing in an orderly manner.

EFFECTS OF THE CORONAVIRUS ON THE GROUP'S BUSINESS ACTIVITIES

With respect to its retail centers, the Company formulated a gradual concessions plan regarding rent and management fee payments during the lockdown periods and during the periods when only partial activity was allowed: with respect to the periods when the retail centers were closed, it did not collect rent and management fees; while with respect to the partial activity periods, the tenants paid rent as a percentage of turnover, in accordance with the provisions of the lease agreements with them, and certain concession were also given on management fees (subject to the reduction / adjustment of the concession amounts for each tenant which was entitled to state grants, in accordance with the government assistance plan), which amounted to a total of NIS 64 million in 2020, and was recognized by the Company immediately in 2020 (60 million NIS to tenants in retail centers,, 4 million NIS to hospitality tenants)

In light of the fact that the crisis is a dynamic and ongoing event, the Company is unable, for the time being, to estimate the entire macro-economic consequences on its business activities in 2021, which greatly depend on the materialization of different variables associated with responding to the virus, including the existence of an accessible stock of vaccines, and the extent to which the public gets vaccinated; Improvement of the vaccines' efficiency against mutations and/or new strains of the virus, and the development of effective drugs for treating the disease; The scope and duration of the restrictions on business activities, and the scope of their effects on economic activity; The level of government support for the economy; The state of the global economy, etc.

During the reporting period, and as part of the consequences of the virus, economic business activity decreased, and an economic recession / downturn began. However, a certain recovery has recently become apparent in the economic indices, beyond the forecasts of various economic entities.

In accordance with the Bank of Israel's updated publication of the macro-economic forecast dated January 4th, 2021, GDP is expected to shrink by 3.7% in 2020, and to grow in 2021 by 6.3% (according to the rapid vaccination scenario) to 3.5% (according to the slow vaccination scenario). Additionally, the Bank of Israel estimates that in 2021, according to both scenarios, economic activity will be higher than its previous forecasts, and that at the moment, the rapid scenario appears more likely. This is due to beginning the vaccination of the population before the end of 2020, and the rapid pace of vaccination, and in light of the re-assessment of rates of inactivity due to the restrictions which were imposed in 2020. With reference to the high unemployment rate, which is around 15%, as of the publication date of the report, the Bank of Israel estimates that it is expected to decrease to 7.7% by the last quarter of 2021 according to the rapid scenario, and to 11% according to the slow scenario.

EFFECTS OF THE CORONAVIRUS ON THE GROUP'S BUSINESS ACTIVITIES

As of the publication date of this report, according to the estimates of Company management, the mix of the Company's portfolio of revenue-generating properties, which is balanced between different uses: offices (51%), logistics and industry (20%), supermarkets (which operated without interruption throughout the entire period) (6%), essential commerce which remained open throughout the entire lockdown period, including grocery stores, pharmacies, etc. (4%), and non-essential commerce (17%), as well as their extensive geographical distribution, may help / are helping it respond well to the possible effects of the crisis on its operating results.

The Company estimates that its financial strength, leverage ratio and the condition of its revenue-generating properties will allow it to continue dealing effectively with the results of the crisis, including future effects, insofar as they occur. The Company has strong and stable cash flows, over one hundred revenue-generating properties, and properties in initiation and construction with a total value of approximately NIS 14 billion. All of the Company's properties are unpledged (except for 2% which are owned together with partners). The properties include various uses and sectoral diversification among tenants (around 1,700 tenants), which occupy the properties at high occupancy rates. The Company also has significant cash balances, significant available credit facilities, strong accessibility to bank credit and to the capital market, a long average lifetime of debt, which will allow it to finance its activities and service its liabilities.

An exacerbation of the crisis, to the point of a long-term recession in Israel, if one occurs, could affect the Company's revenues. These effects may result in a downturn and/or decline in demand, harm to various tenants which could lead to a decline in 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.

The Company will continue evaluating whether any changes to its business strategy are required, including on any matter associated with possible changes to the preferences and needs of tenants, and changes to the characteristics and areas of employment in the economy, in light of the possible effects of the pandemic on economic activity in Israel and around the world.

EFFECTS OF THE CORONAVIRUS ON THE GROUP'S BUSINESS ACTIVITIES

The Company's estimates regarding the possible implications of the Coronavirus Event, and of the Directives which are issued to the public in respect thereof, on the Company's activities, including and without derogating from the generality of the foregoing, on the materialization of the forecasts which were given by the Company in its reports, with respect to its operating results in 2021, constitute forward looking information, as defined in the Securities Law, 5728-1968, which is based, inter alia, on the Company's estimates as of the publication date of this report, regarding factors which are outside of its control. The Company's estimates are based on the information which is currently available to the Company, on publications on the subject, and on the directives which are issued by the relevant authorities, which are uncertain to materialize, in whole or in part, and which may materialize in a significantly different manner, due to factors which are outside of the Company's control, including, inter alia, the duration of the pandemic's spread in light of the learned efficiency of the vaccines and the continuous increase in the vaccinated proportion of the population, the assumption that, due to the foregoing, additional significant waves of infection are not expected which could lead to repeated lockdowns of economic activity, directives issued by the relevant authorities in Israel and around the world, and the intensity and duration of the economic downturn in Israel and around the world.

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

reference included in this section with respect 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 32A 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.

For details regarding the effect of the global coronavirus pandemic on the Group's activity, see page 13 of this report.

Economic activity in 2020 was affected by the coronavirus pandemic, mostly due to the lockdowns, which caused fluctuations in economic activity. During the summer months, economic activity recovered somewhat; however, the second lockdown in September and October caused a sharp decline in activity, although less intensely than the first lockdown.

GDP shrank by 2.4% in 2020 relative to 2019 due to the coronavirus pandemic, as compared with an increase of over 3.0% in each of the years 2016-2019. In an international comparison, the average rate of GDP decline in OECD countries in 2020 amounted to approximately 5.5%. The decline of GDP in Israel this year was mostly due to the decline in private consumption, in fixed capital investment and the decline in imports of goods and services, along with a (partially) offsetting effect of an increase in exports of goods and services and an increase in public consumption expenditure. The decline of GDP was apparent in most market sectors, except for the IT sector, which continued to grow. According to the Bank of Israel's forecasts, GDP is expected to grow by around 6.3% in 2021 and by around 5.8% in 2022 (according to the rapid vaccination scenario).

The employment rate in Israel was significantly affected by the coronavirus pandemic, and the figures fluctuates throughout the year, depending on the lockdowns and the opening of the economy. On average, during the months March to December 2020, the overall unemployment rate amounted to approximately 18.2% (approximately 761 thousand people), while in 2019 the economy was at near-full employment, with an overall unemployment rate of around 3.4%. According to the Bank of Israel's forecast, according to the rapid vaccination scenario, the unemployment rate is expected to gradually decrease to around 7.7% in 2021, and to around 5.4% in 2022.

The inflationary environment in 2020 decreased to a negative level, and amounted to (-0.7%). The average inflation forecast for the coming year remained below the lower target limit, at around 0.8%.

Sources of information in this section:

- Bank of Israel - Macro-economic forecast of the research division, January 2021.
- Bank of Israel - Monetary policy report for the second half of 2020, January 2021.
- Survey of the office market, H2 2020 - Inter Israel Real Estate Consultants - Cushman & Wakefield, January 2021.
- CBRE market survey Q4 2020, February 2020.
- Natam report, 45th edition, H1 2020.

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

The financial markets were severely affected by the development of the pandemic. In the first half of the year, the coronavirus pandemic caused sharp declines in financial markets in Israel and around the world. In response, many central banks, including the Bank of Israel, continued in the second half as well to implement various programs involving purchasing assets and lifting credit barriers in the sectors that needed it most, in order to maintain liquidity in the markets, and to support their proper operation. Corporate debenture margins continued declining, along with certain increases in stock indices, although the overall performance of stock markets in Israel this year was significantly lower than the global comparison. The stock indices remained relatively stable during most of the second half of the year, after which price increases were observed, inter alia, in light of news regarding coronavirus vaccinations.

In 2020 the credit market continued functioning, including stability in interest rates, supported by various measures of the Bank of Israel and the Ministry of Finance. In April 2020 the Bank of Israel reduced the interest rate to 0.1%, in keeping with the global trend.

Fiscal policy in Israel remained affected by the uncertainty, in the absence of a budget for both 2020 and 2021. The deficit reached around 11.2% of GDP at the end of 2020, (similar to the OECD average).

Around three quarters of the deficit was attributed to the consequences of the coronavirus pandemic; half due to increased expenses, and one quarter due to the decline in tax revenue due to the GDP's response to the crisis. Total government debt as a percentage of GDP increased to approximately 70% (as of the end of the third quarter), as compared with approximately 59.6% at the end of 2019. Despite the change for the worse in macro figures, the State of Israel's debt rating, as given by the rating companies, remained unchanged. Fitch rating: A+ (Stable); Moody's rating: (A1 (Positive); S&P rating: AA- (Stable).

Sources of information in this section:

- Bank of Israel - Macro-economic forecast of the research division, January 2021.
- Bank of Israel - Monetary policy report for the second half of 2020, January 2021.
- Survey of the office market, H2 2020 - Inter Israel Real Estate Consultants - Cushman & Wakefield, January 2021.
- CBRE market survey Q4 2020, February 2020.
- Natam report, 45th edition, H1 2020.

SET FORTH BELOW ARE MACRO-ECONOMIC INDICATORS RELATING TO ISRAEL

The effect of the pandemic on the office market in Israel was strongest in the Tel Aviv central business district, including Tel Aviv, the Ramat Gan Diamond Exchange district, and the Bnei Brak district. Rental activity and the pace of occupancy in most areas declined significantly relative to 2019. Rental prices decreased by approximately 10% on average, from NIS 107 per square meter to around NIS 98 per square meter, and the average occupancy rates in Tel Aviv central business district decreased from approximately 93% in 2019 to approximately 90% in 2020. The highest rate of empty areas was recorded in Bnei Brak, at around 23%.

One of the reasons for the decrease in occupancy rates in Tel Aviv central business district was the relatively high increase in supply due to the entry into the market of new office areas whose construction was completed this year. In 2020, areas were added covering a total of approximately 267 thousand square meters, of which around 50% occupied, and of which around 56% were multi-owner projects. The increase in office supply is expected to continue during the years 2021-2023, with approximately 274 thousand square meters of office space expected to be added in 2021 (of which approximately 26% multi-owner), while additional office areas in 2022 are expected to amount to approximately 162 thousand square meters (of which approximately 61% multi-owner), and additional office areas in 2023 are expected to amount to approximately 300 thousand square meters (of which approximately 24% multi-owner).

A distinction should be made between the effect of increased supply of office areas on rental prices in multi-owner buildings, and the effect on buildings with single owners. Competition is fierce over tenants in multi-owner buildings offering relatively smaller areas, of up to a few hundred square meters, in a manner which contributes to decreased rental prices in those buildings. However, in single tenant buildings, which can offer large areas of thousands of square meters, competition is significantly lower, with less pronounced effects on rental prices.

In other major employment regions in Central Israel, such as Petach Tikva, Ra'anana, Netanya, Hod HaSharon, Rosh Ha'ayin, and others, more moderate declines in rent were recorded, of approximately NIS 1-2 per square meter (an average decline of approximately 1.7%), except in Netanya, where a decrease in rent of approximately 7% was recorded. Areas were added in these regions in 2020 at a total scope of approximately 100 thousand square meters, with particularly low occupancy rates.

In the logistics segment, the high demand for storage areas which characterized 2019 continued in 2020 as well. Demand was affected by the consistent growth in e-commerce in recent years, which requires storage and distribution of increasingly larger scopes. The impact of the pandemic on this segment was positive, mostly due to the significant increase in online purchases, due to the lockdowns which were imposed during the year. Rent in logistics buildings has increased consistently in recent years, and appears to have stabilized, beginning in the second half of 2019. Rent prices in class A logistics properties stabilized at around NIS 45-55 per square meter in the Central region. Rates of return in revenue-generating logistics properties stabilized at around 5.5%-6% in prime areas, and at around 7%-7.5% in the periphery, in accordance with the type, quality and location of the properties. The expected population growth in Israel, in combination with the growth in e-commerce, are expected to contribute to continued demand for logistics areas.

The retail segment was the segment hardest hit by the pandemic, both due to the lockdowns which had direct adverse effects on operating activities, and due to the acceleration of the process of penetration of online purchasing, which is expected to continue having adverse effects on the retail real estate segment in the future. Capitalization rates in the retail segment increased due to the uncertainty regarding future cash flows. Rent in most areas of the country decreased at significant rates. In Tel Aviv, the rate of decrease in rent for retail properties amounted to approximately 15%; in Ramat Gan, a decrease of 9%, was recorded; and in Herzliya, Ra'anana and Petach Tikva, a decrease of approximately 6%-7% was recorded.

*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.

2.1
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

	2020	2019
Cash and cash equivalents	619,750	71,732
Investments in securities at fair value through p&l	50,160	-
Balance of current assets	61,016	57,355
Investment property	12,718,390	12,847,643
Investment property under construction	1222883	620,954
Balance of non-current assets	158,267	142,127
Total assets	**14,830,466**	**13,739,811**
Short-term credit and current maturities	661,575	932,172
Bonds	5,998,148	4,739,360
Loans from banks and others	90,097	204,911
Deferred taxes	1,356,761	1,310,054
Balance of other liabilities	407,838	450,060
Total liabilities	8,514,419	7,636,557
Total equity	6,316,047	6,103,254
Total liabilities and equity	**14,830,466**	**13,739,811**

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

	2020	2019	2018
Rent revenue	748,804	740,905	690,577
Management fees revenue	49,552	52,218	52,300
Total revenue from management fees and rent	**798,356**	**793,123**	**742,877**
Management, maintenance and operating costs	60,218	62,615	61,589
Unallocated costs	3,934	2,956	2,809
Total cost of renting out and operating the properties	**64,152**	**65,571**	**64,398**
Net operating income from renting out and operating of properties	**734,204**	**727,552**	**678,479**
Adjustment of fair value of investment property	(162,915)	890,768	269,965
General, administrative and other expenses	56,627	52,695	51,086
	2,081	1,252	(54)
Operating income	**512,581**	**1,564,373**	**897,412**
Financing expenses – real interest	125,065	130,120	134,699
Financing expenses (income) – linkage	(13,652)	16,497	40,586
One-off financing expenses due to refinancing	-	23,801	-
Income tax expenses	111,713	323,532	155,240
Net income for the year	**289,455**	**1,070,423**	**566,887**
NOI – Gain from renting out and operating of properties, net of depreciation	**734,204**	**727,552**	**678,479**
Same property NOI	615,365	666,839	657,122
NOI from new/sold assets and assets whose construction was completed	118,839	60,713	21,357
EBITDA – operating income net of revaluations and amortization	**677,806**	**675,741**	**629,322**

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 for the year ended		
	31.12.2020	31.12.2019	31.12.2018
Net income for the period	289,455	1,070,423	566,887
Adjustment of fair v alue of investment property and properties under construction	162,915	(890,768)	(296,965)
Deferred taxes, betterment tax and other	60,944	296,302	131,923
Amortization of warrants	7,288	6,101	5,988
Depreciation and sundry	4,668	3,388	1,875
Nominal FFO	525,270	485,446	436,708
Add (deduct) - linkage expenses (income) in respect of principal of debt and exchange differences	(13,652)	16,497	40,586
Real FFO	511,618	501,943	477,294
Weighted number of shares	389,183	362,016	336,320
Real FFO per share	1.315	1.387	1.420
Real FFO net of one-off financing expenses	**511,618**	**520,270**	**477,294**
Weighted number of shares	**389,183**	**362,016**	**336,320**
Real FFO per share	**1.315**	**1.437**	**1.420**

FFO

Funds From Operations

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.

2.2 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 to present its properties by use. As to another breakdown of Company's properties used as offices, see the Company's Directors' Report.

2.2
SET FORTH BELOW ARE DATA REGARDING THE COMPANY'S PROPERTIES IN ISRAEL, BY USE

01. SET FORTH BELOW ARE DATA REGARDING THE COMPANY'S ABOVE-GROUND INCOME-GENERATING SPACES IN SQUARE METERS

	2020	% of total area	2019	% of total area
Offices	382,398	40%	399,749	42%
Retail centers	131,918	14%	130,723	14%
Logistics and industrial parks	380,811	40%	348,786	37%
Supermarkets	37,694	4%	38,889	5%
Other	23,553	2%	23,553	2%
Total above ground area	956,374	100%	941,700	100%
Parking lot	553,000		567,000	
Total	1,509,374	100%	1,508,700	100%

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

(**) On December 31st, 2020, an office building in Givatayim was reclassified from investment property to property under construction, with an area of 17.5 thousand square meters.
On July 15th, 2020, the Modiin logistics center was reclassified from property under construction to investment property, with an area of 32 thousand square meters.

02. SET FORTH BELOW ARE DATA ABOUT THE FAIR VALUE OF THE COMPANY'S INCOME-GENERATING PROPERTIES IN ISRAEL IN THOUSANDS OF NIS

	2020	% of total area	2019	% of total area
Offices	6,507,342	53%	6,753,071	53%
Retail centers	2,612,321	22%	2,718,801	21%
Logistics and industrial parks	2,577,256	17%	2,346,582	18%
Supermarkets	718,377	6%	723,402	6%
Other	235,934	2%	238,637	2%
Total	12,651,230	100%	12,780,493	100%

(*) In 2020 and 2019 – excluding land for development and betterment amounting to NIS 67 million.

(**) Out of the above, during the years 2020 and 2019, properties with a value of NIS 467 million and NIS 488 million, respectively, belong to companies under joint control which are presented according to the equity method in the financial statements.

(***) On December 31st, 2020, an office building in Givatayim was reclassified from investment property to property under construction.
On July 15th, 2020, the Modiin logistics center was reclassified from property under construction to investment property, with an area of 32 thousand square meters.

2.2
SET FORTH BELOW ARE DATA REGARDING THE COMPANY'S PROPERTIES IN ISRAEL, BY USE

03. SET FORTH BELOW ARE DATA REGARDING THE COMPANY'S NOI IN THOUSANDS OF NIS

	2020	% of NOI	2019	% of NOI	2018	% of NOI
Offices	407,249	55%	391,451	53%	354,832	52%
Retail centers	113,480	15%	148,311	21%	150,059	22%
Logistics and industrial parks	156,594	21%	127,488	18%	113,781	17%
Supermarkets	45,970	6%	44,010	6%	42,987	6%
Other	12,754	2%	16,569	2%	16,163	3%
Total	736,047	100%	727,829	100%	677,822	100%

(*) The data does not include unallocated expense.

(**) A total of app. NIS 28 million in 2020 and 31 in 2019 and 2018, out of the above NOI belong to companies under joint control presented in the financial statements by the equity method.

04. SET FORTH BELOW ARE DATA REGARDING THE BREAKDOWN OF REVALUATION GAINS/LOSSES GENERATED FROM THE COMPANY'S INCOME-GENERATING PROPERTIES IN THOUSANDS OF NIS

	2020	2019	2018
Offices	(72,799)	95,335	82,062
Retail centers	(119,838)	35,398	(14,240)
Logistics and industrial parks	22,079	44,432	28,519
Supermarkets	1,596	2,390	27,838
Other	(2,368)	2,341	209
Transaction costs in respect of purchase of new properties	-	(23,433)	-
Total (***)	(171,330)	156,463	124,388

(*) Out of the above, revaluation loss in the amount of NIS 21 million in 2020, and revaluation gains in the amount of NIS 40 million and NIS 7 million in 2019 and 2018, respectively, belong to companies under joint control which are accounted for using the equity method in the financial statements.

(**) This figure does not include revaluation gains in the amount of NIS 3.6 million in 2018, with respect to an immaterial property abroad.

(***) Part of the fair value amortization during the reporting period was due to the impact of the decrease of the CPI, while the remainder was due to the impact of the coronavirus crisis, mostly on retail properties.

2.2
SET FORTH BELOW ARE DATA REGARDING THE COMPANY'S PROPERTIES IN ISRAEL, BY USE

05. SET FORTH BELOW IS A BREAKDOWN OF THE COMPANY'S MONTHLY RENT FROM ITS INCOME-GENERATING PROPERTIES (IN NIS PER SQUARE METER)

	2020 Excl. Covid19	2020	2019
Offices	83	83	82
Retail centers	117	79	115
Logistics and industrial parks	39	39	34
Supermarkets	99	99	94
Other	57	45	58

- 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.

06. SET FORTH BELOW IS AN ANALYSIS OF DATA REGARDING AVERAGE OCCUPANCY RATES IN THE COMPANY'S INCOME-GENERATING REAL ESTATE ASSETS (IN PERCENTAGES)

	2020	2019
Offices	94.3	96.1
Retail centers	96.8	97.4
Logistics and industrial parks	99.7	99.3
Supermarkets	100	100
Other	100	100
Total	97.2	97.7

(*) 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.

2.2
SET FORTH BELOW ARE DATA REGARDING THE COMPANY'S PROPERTIES IN ISRAEL, BY USE

07. SET FORTH BELOW ARE DATA REGARDING THE NUMBER OF THE COMPANY'S INCOME-GENERATING PROPERTIES

	2020	2019
Offices	31	32
Retail centers	19	18
Logistics and industrial parks	17	16
Supermarkets	35	36
Other	2	2
Total	104	104

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

08. 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

	2020 Excl. Covid19	2020	2019
Offices	6.1	6.1	6.2
Retail centers	6.6	4.4	6.3
Logistics and industrial parks	6.4	6.4	6.4
Supermarkets	6.2	6.2	6.1
Other	7	5.4	6.9
Total	6.3	5.8	6.3

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.

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 31.12.20; BREAKDOWN IS PROVIDED BY THE END DATE OF THE AGREEMENTS

Revenue recognition period	**Assuming the renters will not exercise option periods**		
	Revenues (rent) fixed components	Number of contracts ending	Total areas of properties whose contract ends
	In millions of NIS		In thousands of Sq. m
First quarter 2021	175	135	23
Second quarter 2021	170	105	31
Third quarter 2021	163	123	43
Fourth quarter 2021	**156**	**76**	**15**
2021	664	439	112
2022	558	374	130
2023	382	406	200
2024	281	185	116
2025 and thereafter	886	285	376
Total	2,771	1,689	934

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.

(d) Excl. Covid19 effects in 2021.

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. Management of the office building is carried out by external management companies or condominium committees. The following properties are among the Group's main properties:

<table>
<tr><th>Name of property</th><th>Location of property</th><th>Description of property</th></tr>
<tr><td>ToHa1 (Totseret Haaretz Complex)</td><td>Crossroad of Totseret Haaretz St, Yigal Allon St and Dereh Hashalom St.</td><td>A prestigious and unique tower built in accordance with the highest building standard in Israel. The tower has Platinum Certification - the highest LEED® certification.</td></tr>
<tr><td>Amot Atrium Tower</td><td>Ramat Gan's City complex, Jabotinsky St.</td><td>A prestigious and unique tower built in accordance with the highest building standard in Israel. The tower has Platinum Certification - the highest LEED® certification.</td></tr>
<tr><td>Amot Investments Tower, Europe House</td><td rowspan="2">Shaul HaMelech St, center of Tel Aviv, at the heart of the city's courts' complex</td><td rowspan="2">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.</td></tr>
<tr><td>Amot Mishpat Complex (Beit Amot Mishpat, Amot Hakirya and Dubnov 10)</td></tr>
<tr><td>30 HaBarzel, Tel Aviv</td><td>Ramat HaHayal complex, Tel Aviv</td><td>A modern and prestigious office building located at HaBarzel St. in Ramat HaHayal Tel Aviv.</td></tr>
<tr><td>Amot Bituach Complex (Buildings A, B and C)</td><td>Menachem Begin Road, Tel Aviv</td><td>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.</td></tr>
</table>

2.2.3
DATA REGARDING THE GROUP'S PRINCIPAL PROPERTIES

The group owns and / or co-owns with others in a number of industrial and logistics parks. The parks are managed by management companies under Company ownership or under ownership of external management companies or by the renters.

Name of property	Location of property	Description of property
Si'im Park Netanya 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.
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	Properties renter out to high-quality renters for example 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.

2.2.3
DATA REGARDING THE GROUP'S PRINCIPAL PROPERTIES

The Group has rights in nineteen malls and retail centers:
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.

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

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

THE GROUP IS THE OWNER OF 35 PROPERTIES USED AS SUPERMARKETS

The Group owns 35 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 31.12.2020, 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 78 and 83 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 31.12.2020 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.

	ToHa1 (50%-Company's share)	Kiryat Ono mall
Region	Tel Aviv	Kiryat Ono
Main use	Offices	Retail \ Offices
Original cost	479,302	1,053,710
Square meters (Company's share)	28,500	41,505
Parking lot	8,000	70,000
Fair value evaluator	Rafael Conforti	Oded Houshner and co'
Evaluati on technique	Discount ed cash flows - (DCF)	Discount ed cash flows - (DCF)
Liens on property	none	none
Fair value of additi onal buildi ng rights	30,000	-

	2020	2019	2018	2020	2019	2018
Fair value as at year end (NIS thousands) (1)	770,775	776,060	-	1,040,000	1,070,000	497,081
Rent income for the period (NIS thousands)	45,005	29,786	-	44,086	35,280	31,792
Actual NOI for the period (NIS thousands) (2)	45,032	28,145	-	41,984	34,916	31,017
Average proceedi ngs per Sqm (NIS) (3)	-	-	-	1,858	2,013	2,032
Actual rate of return %	5.84%	3.62%	-	4.04%	3.26%	6.24%
Adjusted rate of return % (4)	6.30%	6.30%	-	6.25%	6.25%	7.00%
Revaluation profits (5)	(9,285)	155,946	-	(33,853)	30,297	211
Occupa ncy rate for the end of the period %	96.5%	96.5%	-	96.5%	97.3%	98.2%
Actual average monthly rent income per sqm (NIS) (6)	126	126	-	110	133	134

(1) The Toha1 tower began generating revenue in 2019.
(2) The figure pertains to retail centers, to the best of the Company's knowledge, and was given based on information which was received from tenants, and the Company is unable to verify that the information is indeed correct.
(3)
Adjusted rate of return - Includes taking into account representative NOI, and therefore constitutes a reliable estimate of the discount rate which was
(4) used to estimate the property's value.
(5) Revaluation gains in 2019 with respect to the Kiryat Ono shopping mall, not including amortization for transaction costs.
(6) Actual rent / NOI per square meter / per value, after neutralizing revenue with respect to parking spaces, and after neutralizing vacant areas / value of vacant areas, as of December 31st, 2020

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		
		31.12.2020	31.12.2019	31.12.2018
Offices (Holon, Bnei-brak, Rishon LeZiyon West,ToHa2 parking lot)	Number of properties under construction at end of period	4	4	2
	Total upper areas under construction (planned) at end of period	94,550	100,068	56,500
	Total area of underground parking lot	70,803	73,923	48,760
	Total costs invested in current period	386,631	138,095	202,461
	Amount of assets as per financial statements (including portions considered as income-generating)	613,967	270,280	591,304
	Construction budget in the subsequent period (estimate)	201,912	414,172	178,014
	Total construction budget (estimate)	1,403,000	1,475,000	825,000
	Percentage of built area for which rental contracts were signed as of 31.12	4%	2.67%	94% (2)
	Percentage of built area for which rental contracts were signed as of the date of signing the financial statements	-	-	94% (2)
	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 millions of NIS)	-	-	47-50 (2)
Logistics Modi'in (1)	Number of properties under construction as of end of period	-	1	1
	Total upper areas under construction (planned) as of end of period	-	39,000	25,500
	Total costs invested in current period	-	43,928	11,136
	Amount of assets as per financial statements	-	111,259	69,422
	Construction budget in the subsequent period (estimate)	-	189,000	73,912
	Total construction budget (estimate)	-	300,000	250,000
	Percentage of built area for which rental contracts were signed and/or in the final signing phases	-	100%(3)	100%(3)
	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 millions of NIS)	-	24	20

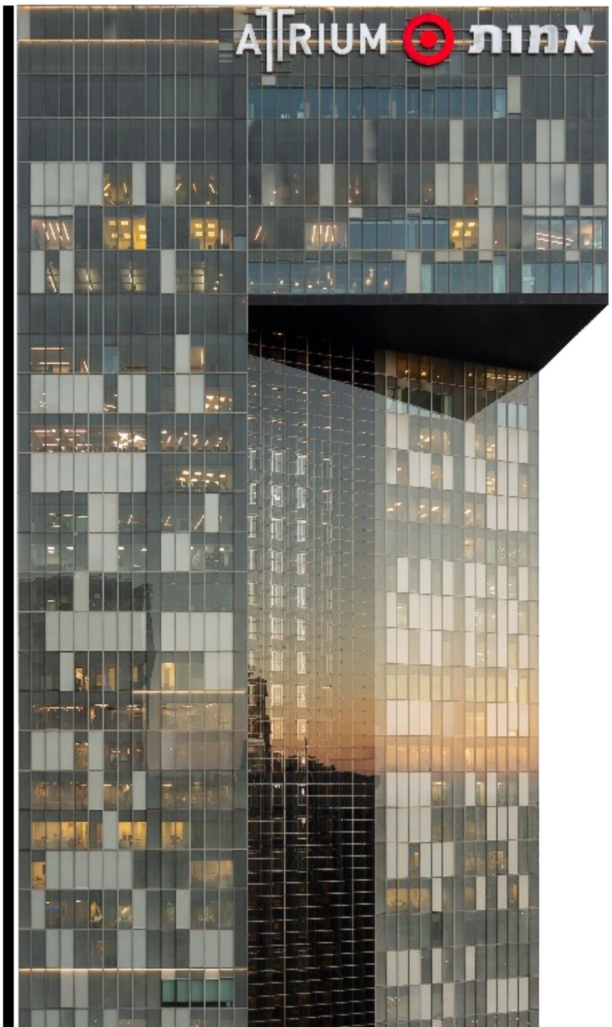
(1) The logistics center began generating revenue in mid-July 2020, and the Company classified the logistics center part from property under construction to investment property, in the amount of NIS 187 million (the Company's share). For details regarding the engagement with Shufersal Ltd., see Note 7.D. to the consolidated financial statements.
Not including an office building in Givatayim with an area of 17.5 thousand square meters, which was reclassified to property under construction in December 2020.

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

(3) The figure refers to one property whose share of the company in the area is 28.5 thousand sqm,

ATRIUM TOWER

2.2.5.1
VERY MATERIAL INCOME-GENERATING PROPERTY



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
(NIS IN THOUSANDS)

Parameters	For the year ended 31.12.2020	31.12.2019	31.12.2018
Fair value at end of year*	1,442,933	1,472,562	1,299,167
Revaluation profits or losses	(29,642)	149,176	121,357
Occupancy rate (%) as of 31.12	95.0%	99.5%	99.5%
Rented area (in square meters) in practice as of 31.12	52,552	55,289	55,289
Parking places	495	495	495
Total revenues after averaging	79,344	81,365	80,278
Average rent per square meter	120	122	119
Average rent per square meter in contracts signed during the year	121	121	122
NOI after averaging	79,519	82,533	81,379
Adjusted rate of return	6.1%	6.1%	6.75%
Number of renters at end of period	33	33	37
Accumulated cost at beginning of year	871,788	847,464	834,604
Current cost invested at beginning of year	12,739	24,324	12,860
Total accumulative construction costs at end of year	884,527	871,788	847,464

(*) 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 31.12.2020	31.12.2019	31.12.2018
Revenues:			
From rent	79,344	81,365	80,378
Costs (income):			
Management, maintenance and operating	(175)	(1,168)	(1,001)
NOI	79,519	82,533	81,379

BREAKDOWN OF PROJECTED REVENUES AFTER AVERAGING IN RESPECT OF SIGNED LEASE CONTRACTS
(NIS IN THOUSANDS)

	2021	2022	2023	2024	2025 ואילך
Rent	77,461	58,587	31,652	21,450	18,597

SET FORTH BELOW ARE PRIMARY DATA REGARDING THE VERY MATERIAL PROPERTY
(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		
	31.12.2020	31.12.2019	31.12.2018
The value determined	1,442,933	1,472,562	1,299,167
Identity of appraiser	Conforti Raviv, Real Estate Appraiser	Ronen Katz of Greenberg Olpiner & Co.	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	31.12.2020	31.12.2019	31.12.2018
Appraisal model	Discounted cash flows	Discounted cash flows	Discounted cash flows
Rentable area (square meters)	55,677	55,677	55,677
Parking lot	22,600	22,600	22,600
Occupancy rate (%)	95.0%	99.5%	99.5%
Average rent per square meter (NIS)	120	122	119
Representative NOI (NIS in thousands)	88,967	90,148	87,866
Discount rate	6.1%-7.0%	6.1%-7.0%	6.75%-7.25%
Sensitivity analysis			
Average rent per square meter			
NIS 126 per square meter (NIS 128/ square meter in 2019 and NIS 125/ square meter in 2018)	1,513,539	1,534,132	1,362,361
NIS 114 per square meter (NIS 116/ square meter in 2019 and NIS 113/ square meter in 2018)	1,372,327	1,400,820	1,235,973
Discount rate			
0.25% increase	1,386,106	1,414,762	1,252,850
0.25% decrease	1,504,603	1,535,289	1,349,040

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)

	2020		2019		2018	
	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 (*)	62394	87,049	62,394	87,049	61,549	87,049
Industrial and logistics parks	67,401	60,800	67,835	60,800	16,000	29,000
Retail	9,739	4,700	7,601	4,700	6,599	4,700
Land						
Offices	281,339	33,535	137,750	28,285	163,648	31,507
Retail	9,900	8,650	9,900	8,650	9,900	8,650
Total	**430,773**		**285,480**		**257,687**	

(*) On December 31st, 2020, an office building in Givatayim was reclassified from investment property to property under construction, with an area of 17.5 thousand square meters.

AMOT ATRIUM

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

Area	Parameters	For the year ended		
		31.12.2020	31.12.2019	31.12.2018
Offices	Number of properties purchased in the period	-	(2)	-
	Cost of properties purchased in the period	-	134	-
	Projected NOI of properties purchased in the period	-	8.5	-
	Area of properties purchased in the period (thousands of square meters)	-	9	-
Offices	Number of properties sold in the period	-	-	-
	Consideration from disposal of properties sold during the period	-	-	-
	NOI of properties sold during the period	-	-	-
	Area of properties purchased in the period (thousands of square meters)	-	-	-
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 centers	Number of properties purchased in the period	-	(2)	-
	**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	-

(1) Excluding transaction costs.

(2) On November 28th, 2019, the transaction involving the acquisition of all interests in Kiryat Ono shopping mall was completed. The property is a complex which includes a shopping mall, two office towers and an underground parking lot.

2.2.7
CORPORATION-LEVEL ADJUSTMENTS

		Consolidated (in thousands of NIS) as of 31.12.2020	31.12.2019
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	12,651,230	12,780,493
Adjustments	Land for development and betterment classified as investment property	67,160	67,150
	Classification of income-generating properties owned by jointly controlled companies to investment on equity basis	(466,221)	(487,871)
Presentation in the statement of financial position	"Investment property" item in the statement of financial position	12,252,169	12,359,772
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	736,047	727,829
Adjustments	Operating expenses that cannot be directly allocated to a specific asset	(3,934)	(2,956)
	NOI in respect of properties classified to assets under construction and still generate income	2,255	1,950
	Classification of NOI in respect of income-generating properties owned by jointly controlled companies presented by the equity method (before equity earnings)	(27,733)	(30,641)
Presentation in the statement of comprehensive income	The "Income from renting out and operating of properties" in the statement of comprehensive income	706,635	696,182
Adjustment of revaluation gains from income-generating properties to values as per 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	(171,330)	901,488
Adjustments	Gain from revaluation of real estate under construction	5,765	(640)
	Revaluation of land for development and betterment classified as investment property and other	-	(13,451)
	Classification of revaluation losses (gains) in respect of income-generating properties owned by jointly controlled companies presented by the equity method (before equity earnings)	21,925	(40,138)
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	(143,640)	847,259

2.2.8
EVENTS AFTER THE BALANCE SHEET DATE

See Note 14 to the consolidated financial statements in connection with the issuance of debentures (Series H).

See Note 9 to the consolidated financial statements in connection with the asset's purchase.

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 68 and 69 of the directors' report on the state of the corporation's affairs.

The TA/5000 plan

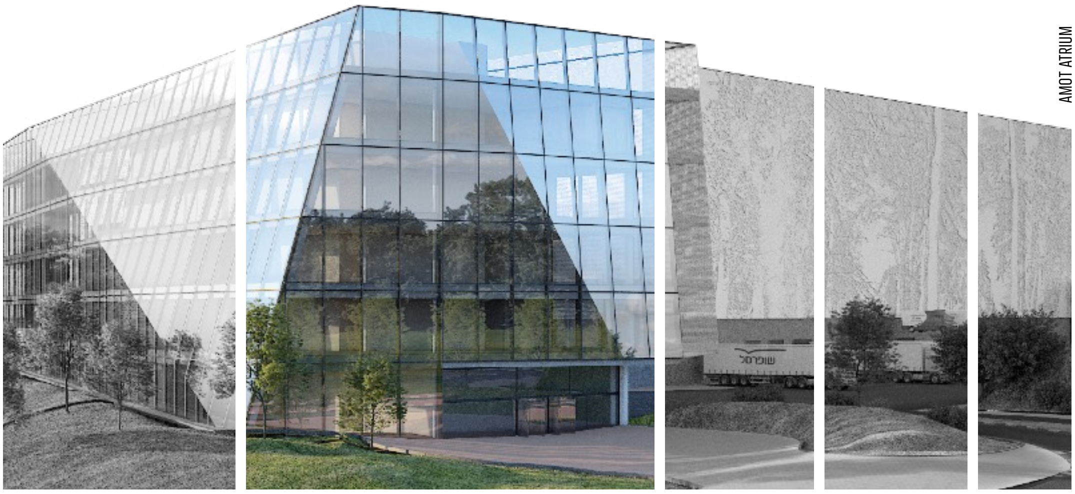
The TA/5000 plan, a valid comprehensive local outline plan applicable to the entire municipal area of the city of Tel Aviv-Jaffa is designed to outline a long-term urban planning policy. A comprehensive plan determines how the city is developed, divided into zones with different land zoning, maximum 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.

2.2.11
LEASED ASSETS IN A NON-CAPITALIZED LEASE

The Company leases some of its properties from the Israel Land Administration (hereafter – "ILA"). Regarding two of the properties, the lease agreement with the ILA is not capitalized. These non-capitalized agreements include a provision whereby the transfer of Company's rights in accordance with the agreement or the transfer of Company shares and/or the allocation of Company's shares at a rate exceeding 10%, requires the consent of the ILA and payment of consent fees.

" ACTION IS THE
FOUNDATIONAL KEY TO ALL SUCCESS "

Pablo Picasso



03.

CHAPTER 3

COMPANY'S BUSINESS

Description of Company's Business by Areas of Activity

The Company currently owns 104 yielding properties with a total area of 1.4 million sqm.

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
GENERAL INFORMATION ABOUT THE AREA OF ACTIVITY

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
GENERAL INFORMATION ABOUT THE AREA OF ACTIVITY

3.1.5
AREA OF ACTIVITY'S STRUCTURE AND CHANGES THEREIN

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.

3.1.6
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 commerce as well as companies engaged in renting out of real estate for offices and commerce, 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 (51%), commerce (21%), industry and logistics (20%), 35 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 31.12.2020 was NIS 37 million.

3.5
HUMAN CAPITAL

3.5.1
ORGANIZATIONAL STRUCTURE AND WORKFORCE

As of the date of this report, the Company employs 54 employees in its HQ, last year 53 employs, as follows:

Department	Number of employees
CEO's office	2
Finance	24
Legal	3
Marketing and operation	9
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 25c (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), 31 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 25c(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 43 million in 2020 (including upgrading of public areas, adaptation for renters in properties occupied). These costs amounted to NIS 69 million in 2019 and NIS 71 million in 2018. 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 2020, working capital deficit amounted to NIS 243 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 1,020 million. The Company also has unpledged assets amounting to NIS 13.7 billion. Therefore, the Company's Board of Directors determined that the Company's working capital deficiency does not indicate a liquidity problem.

3.8
FUNDING

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 and bank credit. In 2020, the Group raised a total of NIS 415 million from issuance of capital NIS 1,901 million from issuance of bonds, and repayments of NIS 1,006 million.

3.8.1
SET FORTH BELOW IS A BREAKDOWN OF THE GROUP'S LOANS BALANCE AS OF 31.12.20

	Balance as of 31.12.20	Nominal interest as of 31.12.20	Effective interest 31.12.20
	In thousands of NIS	%	%
Banking sources			
Index-linked	96,172	2.00	No change
Unlinked to the index	98,413	Prime + 0.7	No change
Linked to the dollar	20,568	Libor + 2.25	No change
Total banking sources	215,153	2.18	No change
Index-linked non-banking sources	6,204,897	1.94	1.89
Non-banking sources – unlinked to the index – bonds bearing NIS interest	249,334	3.33	2.69
	6,669,384		
Balance of bonds premium and other	80,436		
Total	**6,749,820**	**1.59**	**1.93**
Less – cash and cash equivalents	(619,750)		
Net financial debt	**6,130,070**		

SET FORTH BELOW ARE EXPECTED REPAYMENTS BY YEARS

Repayment year	Balance of repayable principal
2021	655,129
2022	536,093
2023	554,598
2024	554,598
2025 and thereafter	4,368,966
Total	**6,669,384**

3.8.2
CREDIT RATING

Rating entity	(Series B) bonds current rating	(Series D) bonds current rating	(Series E) bonds current rating	(Series F) bonds current rating	(Series G) bonds current rating
Maalot S&P	Of 28.12.20 ilAA/Stable	Of 28.12.20 ilAA/Stable	Of 28.12.20 ilAA/Stable	Of 28.12.20 ilAA/Stable	Of 28.12.20 ilAA/Stable
Midroog	Of 30.12.20 Aa2/Stable	Of 30.12.20 Aa2/Stable	Of 30.12.20 Aa2/Stable	Of 30.12.20 Aa2/Stable	Of 30.12.20 Aa2/Stable
	Rating development	**Rating development**	**Rating development**	**Rating development**	**Rating development**
Ma'alot S&P	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 16.9.19 ilAA/Stable	From issuance date 15.1.20 ilAA/Stable
Midroog	Of 30.12.20 Aa2/Stable From issuance date through 12.7.17 Aa3/Stable	Of 30.12.20 Aa2/Stable From issuance date through 12.7.17 Aa3/Stable	Of 30.12.20 Aa2/Stable From 27.7.16 through 12.7.17 Aa3/Stable	From issuance date 16/9/19 Aa2/Stable	From issuance date 15/1/20 Aa2/Stable

3.8.3
CREDIT FACILITIES AND BANK FUNDING

For information about this issue, see Note 15d(1) of the financial statements.

3.8.4
PLEDGES

For information about this issue, see Note 18 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.

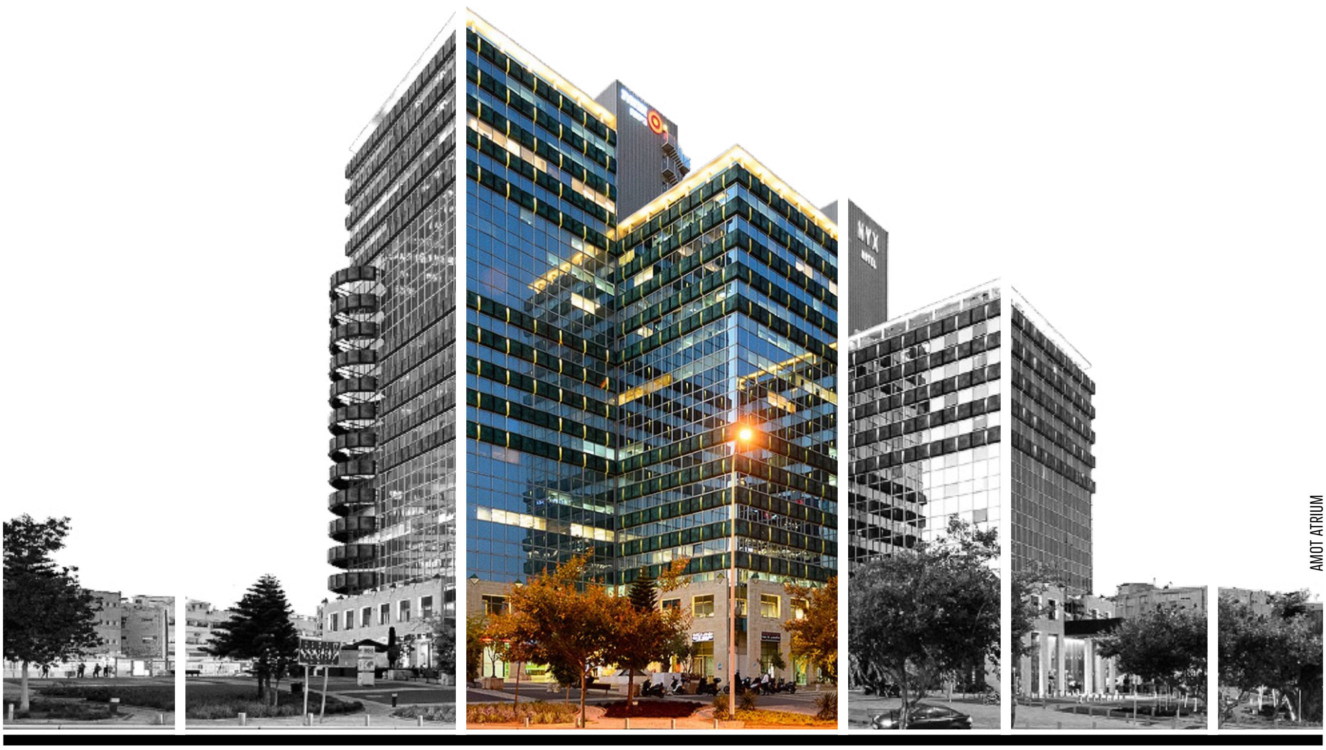
The rate of properties appraised by Mr. Zarnitzky constitutes, as of December 31 2020, 60% of the value of the investment property in the Company's statement of financial position and therefore he meets the definition of a very material appraiser in accordance with Legal Staff Position 105-30 of the 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.



AMOT ATRIUM

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)	Repayment date	Annual interest rate (Weighted interest rate)	Covenant regarding change of control/ structure/ activity	Financial obligations and compliance therewith as of report date
1.	The Company	Bank	29.12.10	400,000 credit facility	To be utilized by 28.12.21	Variable interest at the rate of wholesale interest + 1.4%	See covenants 1-3	Covenants 3,4
2.	The Company	Bank	3.11.10	200,000 credit facility	To be utilized by 31.12.23	Base interest + 1.75%	See covenants 1-3	Covenants 3,4
3.	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 covenants 1-3	Covenants 1,3-5
4.	The Company	Institutional entities	8.9.20	180,000 credit facility	To be utilized by 7.3.23	Bank of Israel interest + 1.90%	See covenants 1-3	Covenants 1,3,4,6
5	The Company	Bank	29.12.20	100,000 credit facility	To be utilized by 28.12.21	Base interest + 2.00%	See covenants 1-3	Covenants 3,4
6.	The Company	**For information regarding the Company's Series B, C, D, E, F, G see Appendix E to the Directors' Report.**						

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.
6. Minimum equity will be NIS 2.2 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	31/12/2020	31/12/2019
1	Net financial debt to CAP	Lower than 70%	44%	44%
2	Scope of unpledged real estate	The highest of NIS 1 billion or 125% of the outstanding bonds	NIS 13.7 billion	NIS 13.7 billion
3	Equity to balance sheet (net of cash and cash equivalents)	Higher than 25%	44%	45%
4	Net financial debt (net of real estate under construction) to NOI	Lower than 10	7.00	7.28

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 17h of the financial statements.

3.9.2
TAX ASSESSMENT

As to tax assessments agreement for the years 2012-2015, see Note 17h of the financial statements. As to tax assessments agreement for the years 2015-2018, see Note 17h of the financial statements.

3.9.3
MATERIAL ASSESSMENTS DISCUSSIONS

None.

3.10
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
ENVIRONMENTAL RISKS AND MANAGEMENT THEREOF

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
ENVIRONMENTAL RISKS AND MANAGEMENT THEREOF

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, planning and building laws, environmental laws, accessibility to people with disabilities, enforcement of labor laws, including in connection with employment of service contractors in the fields of security and cleaning, privacy protection laws, work safety laws, etc.

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 Coopetition Law"). Furthermore, occasionally Company's agreements with renters or business partners may require, under certain circumstances, obtaining an approval pursuant to the Economic Competition Law.

3.11.3

the Promotion of Competition and Reduction of Concentration Law
On December 11 2013, the Promotion of Competition and Reduction of Concentration Law, 2013 was published (in this section the "Concentration Law" or the "Law"), by virtue of which in December 2014 the Concentration Reduction Committee published for the first time a list of concentrated groups in Israel, a list of the significant non-financial corporations and a list of significant financial entities. In the Committee's latest publication on record of 23.2.2020, the Company and its subsidiaries were listed both in the list of concentration groups and in the list of significant non-financial corporation, since the Company is a subsidiary of Alony Hetz Properties and Investments Ltd.

Since November 26th, 2019 the Company's controlling shareholder, Alony Hetz, has been a company without a control core, and therefore, from that date onwards, the Company ceased being a "second tier company", as this term is defined in the Centralization Law.

3.12
MATERIAL AGREEMENTS

For information on this matter, see Note 9 of the financial statements.

3.13
LEGAL PROCEEDINGS

For information on this matter, see Note 18 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 73 million as of December 31 2020.

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 31.12.2020

For information on this matter, see Note 9 and 14 of the financial statements.

3.17
GEOGRAPHICAL SEGMENTS

None.

3.12
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.

D. **Cybersecurity risks:**

The Company has various databases. The Company estimates that the damage that it could potentially incur due to a cyber attack is not significant. Nevertheless, the Company hires the assistance of information security consultants, purchases cybersecurity systems to protect against threats, loss of information, the risk of information theft and destruction by malicious parties, and works to back up the data and to allow rapid recovery in case of an attack.

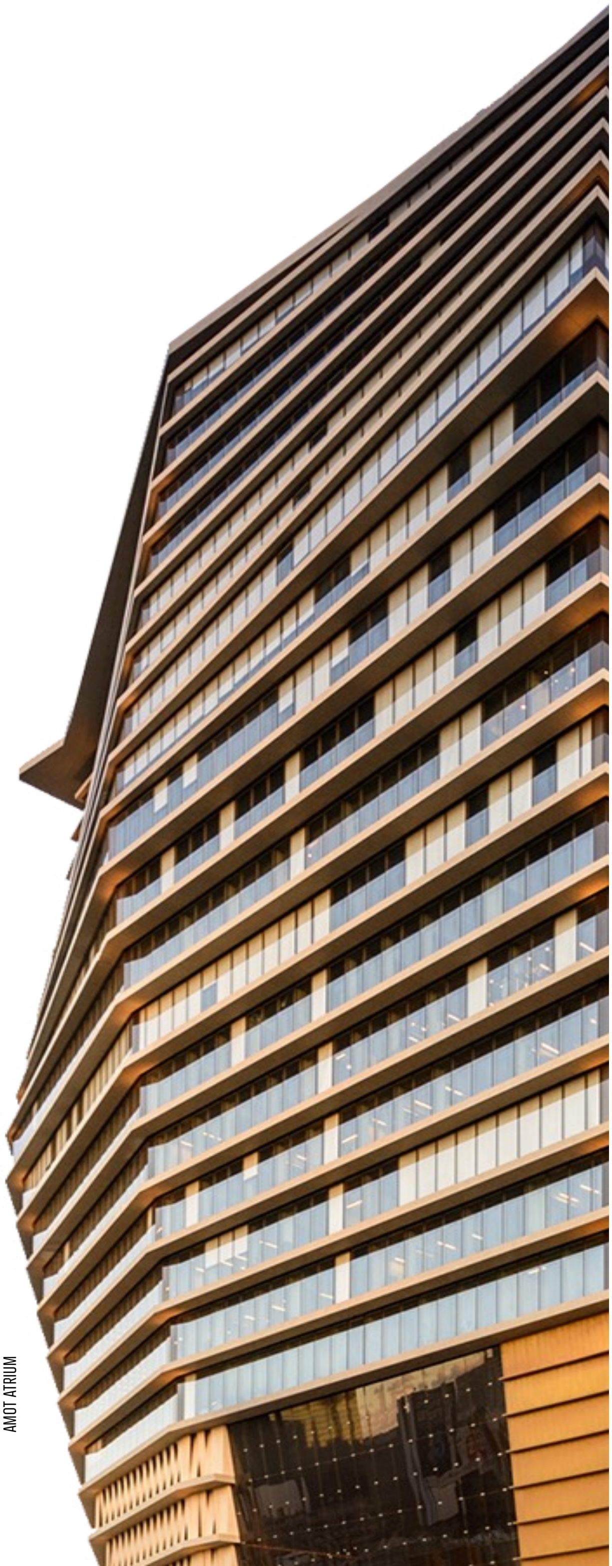
AMOT ATRIUM

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

	The extent of the risk factor's impact on the Group's activity	
Risk factors	**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



AMOT ATRIUM

02.
THE STATE OF THE CORPORATION'S AFFAIRS

Amot Investments Ltd. is a leading Israeli real estate company, focused on the management, leasing, maintenance, initiation and development of yielding properties in Israel.

AMOT IN FIGURES

A SNAPSHOT OF 2020

EXTENDED CONSOLIDATED FINANCIAL STATEMENTS IN MILLIONS OF NIS

FFO
512 MILLION NIS

NOI
734 MILLION NIS

TOTAL INVESTMENT PROPERTY IN MILLIONS OF NIS
13,941

1,223 of which related to real estate under construction

1.93%
INDEX-LINKED WEIGHTED DEBT INTEREST

98%
TOTAL INVESTMENT PROPERTY

AVERAGE DURATION
4.9 YEARS

MILLION NIS IN CREDIT FACILITIES, 1,020 OF WHICH IS UNUTILIZED
1,080

DIRECTORS' REPORT ON THE STATE OF THE CORPORATION'S AFFAIRS
FOR THE PERIOD ENDED DECEMBER 31 2020

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 2020 (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 57% of the Company's share capital).

EFFECTS OF THE CORONAVIRUS ON THE GROUP'S BUSINESS ACTIVITIES

The novel coronavirus (COVID-19) has been spreading around the world since early 2020, and has been declared a pandemic by the World Health Organization.

As part of the national effort to deal with the pandemic, the Government of Israel enacted the State of Emergency Regulations, which led to the imposition of three lockdowns during 2020, including the imposition of severe restrictions on free movement and on congregating, while limiting access to public spaces.

The first and most severe lockdown was imposed on March 14th, 2020, and lasted for around one month and a half, during which time it was decided to close the entire economy, including the education system and culture, leisure, and entertainment spaces, and severe restrictions were also imposed on activity in the business, public and private sectors, as well as a prohibition on congregating in public. At a certain point, a total prohibition on entering public spaces was imposed, excluding the activities of security and emergency entities, and excluding essential business activities (such as supermarkets, pharmacies, clinics and banks). In early May 2020, the government adopted a deconfinement strategy, as part of the steps towards resuming routine activity during the pandemic, and the opening of various businesses was gradually permitted, subject to stringent conditions according to the "Purple Badge" system, which dictated restricted rules of conduct and activity in public spaces, with respect to all sectors of the economy (the "Purple Badge").

Two other lockdowns were imposed, in mid-September 2020 (Rosh Hashana eve) and in late December 2020, during which severe restrictions were again imposed on activity in the business, public and private sectors, including the closure of street stores and retail centers (except for essential business activities, as described above), and including closing the education system and culture, leisure and entertainment spaces. Congregating in public was also prohibited.

Even during the periods between the lockdowns, certain restrictions were intermittently imposed on movement and on congregating, in a manner which limited the scope and nature of activity in the business, public and private sectors.

These lockdowns caused street stores and retail centers to remain closed for many weeks, with deconfinement from the third lockdown only beginning in mid-February 2021, subject to the conditions of the Purple Badge system.

EFFECTS OF THE CORONAVIRUS ON THE GROUP'S BUSINESS ACTIVITIES (CONTINUED)

Towards the end of December 2020 an extensive vaccination campaign began, in which the government has been encouraging the country's residents to receive coronavirus vaccines. According to government publications, until the publication date of this report, extensive groups of the country's population over age 16 have been vaccinated, and the campaign is still ongoing. Studies and information which were recently published by the Ministry of Health and the health funds indicate that the efficacy of the vaccine is very high, both in terms of preventing infection and in terms of preventing severe cases of the illness, in all age groups.

As of the publication date of this report, only those who have been vaccinated or have recovered from the virus are allowed entry to culture, entertainment and leisure spaces, by presenting a "green badge", issued by the Ministry of Health.

Since the start of the pandemic, the Company has been striving to maintain comprehensive operational continuity for the purpose of managing its business continuity, subject to all government restriction and directives, while strictly protecting the health of all of its employees, and of all of the tenants in its properties.

As stated above, the directives which were published by the government, and the restrictions which were imposed by virtue thereof, have resulted in the transition of a significant part of the economy to a "work from home" arrangement, and for this reason, the number of employees coming to work at offices located in the Company's properties has declined, and as of the publication date of this report, these figures have not yet returned to their pre-pandemic levels, despite the fact that the Company continued throughout the entire period, and still continues, to properly operate the office buildings which it owns, in accordance with and subject to the "Purple Badge" restrictions. The restrictions also apply to the Company's shopping malls and retail centers (except in connection with essential businesses, such as supermarkets, pharmacies, clinics and banks).

Since the beginning of the pandemic, the Company has received many notices from the Company's customers in the office and retail segments requesting the deferral, reduction, distribution and cancellation of rent and management fee payments with respect to the periods during which the restrictions and/or lockdowns applied (or partially applied). It is hereby clarified that the Company believes that agreements must be honored, and that it has worked, and continues working, on enforcing the lease agreements to which it is party. In specific cases, the Company allowed the distribution of payments for office tenants. Throughout the entire reporting period, and as of the publication date of the report, the collection of rent and management fees from office tenants is continuing in an orderly manner.

With respect to its retail centers, the Company formulated a gradual concessions plan regarding rent and management fee payments during the lockdown periods and during the periods when only partial activity was allowed: with respect to the periods when the retail centers were closed, it did not collect rent and management fees; while with respect to the partial activity periods, the tenants paid rent as a percentage of turnover, in accordance with the provisions of the lease agreements with them, and certain concession were also given on management fees (subject to the reduction / adjustment of the concession amounts for each tenant which was entitled to state grants, in accordance with the government assistance plan), which amounted to a total of NIS 64 million in 2020, and was recognized by the Company immediately in 2020 (60 million NIS to tenants in retail centers,, 4 million NIS to hospitality tenants)

In light of the fact that the crisis is a dynamic and ongoing event, the Company is unable, for the time being, to estimate the entire macro-economic consequences on its business activities in 2021, which greatly depend on the materialization of different variables associated with responding to the virus, including the existence of an accessible stock of vaccines, and the extent to which the public gets vaccinated; Improvement of the vaccines' efficiency against mutations and/or new strains of the virus, and the development of effective drugs for treating the disease; The scope and duration of the restrictions on business activities, and the scope of their effects on economic activity; The level of government support for the economy; The state of the global economy, etc.

During the reporting period, and as part of the consequences of the virus, economic business activity decreased, and an economic recession / downturn began. However, a certain recovery has recently become apparent in the economic indices, beyond the forecasts of various economic entities.

In accordance with the Bank of Israel's updated publication of the macro-economic forecast dated January 4th, 2021, GDP is expected to shrink by 3.7% in 2020, and to grow in 2021 by 6.3% (according to the rapid vaccination scenario) to 3.5% (according to the slow vaccination scenario). Additionally, the Bank of Israel estimates that in 2021, according to both scenarios, economic activity will be higher than its previous forecasts, and that at the moment, the rapid scenario appears more likely. This is due to beginning the vaccination of the population before the end of 2020, and the rapid pace of vaccination, and in light of the re-assessment of rates of inactivity due to the restrictions which were imposed in 2020. With reference to the high unemployment rate, which is around 15%, as of the publication date of the report, the Bank of Israel estimates that it is expected to decrease to 7.7% by the last quarter of 2021 according to the rapid scenario, and to 11% according to the slow scenario.

EFFECTS OF THE CORONAVIRUS ON THE GROUP'S BUSINESS ACTIVITIES (CONTINUED)

As of the publication date of this report, according to the estimates of Company management, the mix of the Company's portfolio of revenue-generating properties, which is balanced between different uses: offices (51%), logistics and industry (20%), supermarkets (which operated without interruption throughout the entire period) (6%), essential commerce which remained open throughout the entire lockdown period, including grocery stores, pharmacies, etc. (7%), and non-essential commerce (14%), as well as their extensive geographical distribution, may help / are helping it respond well to the possible effects of the crisis on its operating results.

The Company estimates that its financial strength, leverage ratio and the condition of its revenue-generating properties will allow it to continue dealing effectively with the results of the crisis, including future effects, insofar as they occur. The Company has strong and stable cash flows, over one hundred revenue-generating properties, and properties in initiation and construction with a total value of approximately NIS 14 billion. All of the Company's properties are unpledged (except for 2% which are owned together with partners). The properties include various uses and sectoral diversification among tenants (around 1,700 tenants), which occupy the properties at high occupancy rates. The Company also has significant cash balances, significant available credit facilities, strong accessibility to bank credit and to the capital market, a long average lifetime of debt, which will allow it to finance its activities and service its liabilities.

An exacerbation of the crisis, to the point of a long-term recession in Israel, if one occurs, could affect the Company's revenues. These effects may result in a downturn and/or decline in demand, harm to various tenants which could lead to a decline in 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.

The Company will continue evaluating whether any changes to its business strategy are required, including on any matter associated with possible changes to the preferences and needs of tenants, and changes to the characteristics and areas of employment in the economy, in light of the possible effects of the pandemic on economic activity in Israel and around the world.

The Company's estimates regarding the possible implications of the Coronavirus Event, and of the Directives which are issued to the public in respect thereof, on the Company's activities, including and without derogating from the generality of the foregoing, on the materialization of the forecasts which were given by the Company in its reports, with respect to its operating results in 2021, constitute forward looking information, as defined in the Securities Law, 5728-1968, which is based, inter alia, on the Company's estimates as of the publication date of this report, regarding factors which are outside of its control. The Company's estimates are based on the information which is currently available to the Company, on publications on the subject, and on the directives which are issued by the relevant authorities, which are uncertain to materialize, in whole or in part, and which may materialize in a significantly different manner, due to factors which are outside of the Company's control, including, inter alia, the duration of the pandemic's spread in light of the learned efficiency of the vaccines and the continuous increase in the vaccinated proportion of the population, the assumption that, due to the foregoing, additional significant waves of infection are not expected which could lead to repeated lockdowns of economic activity, directives issued by the relevant authorities in Israel and around the world, and the intensity and duration of the economic downturn in Israel and around the world.

FOLLOWING THE CORONAVIRUS EVENT, SET FORTH BELOW IS INFORMATION REGARDING CURRENT COLLECTION FOR THE MONTHS 10-12.2020:

Uses	Collection percentages
Supermarkets	100%
Offices	98%
Logistics and industry	98%
retail	72%
Average	**93%**

EFFECTS OF THE CORONAVIRUS ON THE GROUP'S BUSINESS ACTIVITIES (CONTINUED)

As of the publication date of this report, according to the estimates of Company management, the mix of the Company's portfolio of revenue-generating properties, which is balanced between different uses: offices (51%), logistics and industry (20%), supermarkets (which operated without interruption throughout the entire period) (6%), essential commerce which remained open throughout the entire lockdown period, including grocery stores, pharmacies, etc. (4%), and non-essential commerce (17%), as well as their extensive geographical distribution, may help / are helping it respond well to the possible effects of the crisis on its operating results.

The Company estimates that its financial strength, leverage ratio and the condition of its revenue-generating properties will allow it to continue dealing effectively with the results of the crisis, including future effects, insofar as they occur. The Company has strong and stable cash flows, over one hundred revenue-generating properties, and properties in initiation and construction with a total value of approximately NIS 14 billion. All of the Company's properties are unpledged (except for 2% which are owned together with partners). The properties include various uses and sectoral diversification among tenants (around 1,700 tenants), which occupy the properties at high occupancy rates. The Company also has significant cash balances, significant available credit facilities, strong accessibility to bank credit and to the capital market, a long average lifetime of debt, which will allow it to finance its activities and service its liabilities.

An exacerbation of the crisis, to the point of a long-term recession in Israel, if one occurs, could affect the Company's revenues. These effects may result in a downturn and/or decline in demand, harm to various tenants which could lead to a decline in 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.

The Company will continue evaluating whether any changes to its business strategy are required, including on any matter associated with possible changes to the preferences and needs of tenants, and changes to the characteristics and areas of employment in the economy, in light of the possible effects of the pandemic on economic activity in Israel and around the world.

The Company's estimates regarding the possible implications of the Coronavirus Event, and of the Directives which are issued to the public in respect thereof, on the Company's activities, including and without derogating from the generality of the foregoing, on the materialization of the forecasts which were given by the Company in its reports, with respect to its operating results in 2021, constitute forward looking information, as defined in the Securities Law, 5728-1968, which is based, inter alia, on the Company's estimates as of the publication date of this report, regarding factors which are outside of its control. The Company's estimates are based on the information which is currently available to the Company, on publications on the subject, and on the directives which are issued by the relevant authorities, which are uncertain to materialize, in whole or in part, and which may materialize in a significantly different manner, due to factors which are outside of the Company's control, including, inter alia, the duration of the pandemic's spread in light of the learned efficiency of the vaccines and the continuous increase in the vaccinated proportion of the population, the assumption that, due to the foregoing, additional significant waves of infection are not expected which could lead to repeated lockdowns of economic activity, directives issued by the relevant authorities in Israel and around the world, and the intensity and duration of the economic downturn in Israel and around the world.

FOLLOWING THE CORONAVIRUS EVENT, SET FORTH BELOW IS INFORMATION REGARDING CURRENT COLLECTION FOR THE MONTHS 10-12.2020:

Uses	Collection percentages
Supermarkets	100%
Offices	98%
Logistics and industry	98%
retail	72%
Average	**93%**

INFORMATION REGARDING NEW AREAS THAT HAVE BEEN LEASED IN THE COURSE OF THE REPORTING PERIOD

During the course of the **4th quarter of 2020**, 98 new contracts have been signed, including the exercise of an option on an **area of approximately 40 thousand square meters**, which will generate annual rental fees of approximately NIS 41 million.

Usage	New areas leased				Change in new rent per sqm relative to prior rent per sqm
	Number of contracts	Floor space above ground Square meters	Average rent per sqm prior NIS	Average rent per sqm new NIS	%
Offices	48	18,591	92	99	8%
Retail	39	7,855	127	120	-6%
Logistics and industrial parks	10	9,716	41	42	2%
Supermarkets	1	3,891	60	63	5%
Total	**98**	**40,053**			

During the year **2020**, 383 new contracts have been signed, including the exercise of an option on an **area of approximately 131 thousand square meters**, which will generate annual rental fees of approximately NIS 123 million.

Usage	New areas leased				Change in new rent per sqm relative to prior rent per sqm
	Number of contracts	Floor space above ground Square meters	Average rent per sqm prior NIS	Average rent per sqm new NIS	%
Offices	193	70,977	85	87	2%
Retail	149	26,634	98	100	2%
Logistics and industrial parks	40	29,048	38	41	8%
Supermarkets	1	3,891	60	63	5%
Total	**383**	**130,550**			

(*) The above table includes rental contracts that have been signed/renewed/options that have been exercised during the reporting period.

(**) The company signs on contracts with various levels of finishing.

(***) Does not include Modin logistic centre.

INFORMATION REGARDING EVENTS DURING THE REPORTING PERIOD (CONT.)

a. Personnel changes in Amot management

On July 5th, 2020, Mr. Avshalom Mosler announced his desire to conclude his tenure as the Company's CEO, after approximately 15 years of service.
In accordance with the agreement which was reached with Mr. Mosler, his tenure as the Company's CEO concluded on August 31, 2020.

On August 9th, 2020, the Company's Board of Directors unanimously approved the appointment of Mr. Shimon Abudraham as the Company's CEO, beginning on September 1st, 2020. Mr. Abudraham has been employed in the Company for over 12 years, since January 2008 as the Company's VP Engineering, and since January 2016 as CEO of the subsidiary Amot Real Estate Initiation and Development Ltd. (which coordinated the Company's initiation, development and construction activities). On December 15th, 2020, the Company's general meeting approved (after the approval and recommendation of the compensation committee and the Board of Directors were received) Mr. Abudraham's terms of tenure for the period beginning on January 1st, 2021. In accordance with Mr. Abudraham's recommendation, Ms. Yehudit Zinger was appointed as an Executive VP of the Company, in addition to her position as the Company's CFO for over 14 years.

b. Issuance of bonds and prepayment of loan from financial institution

In 2020, the Company issued bonds (Series G and Series F) at a scope of NIS 1.86 billion par value, for a total net consideration of NIS 1.8 billion (including an issuance from the exercise of options (Series 10) into bonds). The bonds bear a weighted CPI-linked effective interest rate of 1.6%, and have an average lifetime of 8 years.

In February 2020, the Company prepaid, at its own initiative, a loan from a banking institution in the financial scope of NIS 268 million (including a prepayment penalty). In respect of the prepayment, the Company recorded one-time finance expenses in 2019 in the amount of approximately NIS 24 million, which were paid in cash on the prepayment date.

In February 2021, after the balance sheet date, the Company issued bonds (Series H) at a scope of NIS 450 million par value, for a total net consideration of NIS 446 million. The bonds bear a CPI-linked effective interest rate of 1%, and have an average lifetime of 9 years.

c. Issuance of share capital

In October 2020, the Company issued to the public 27.5 million shares, constituting approximately 7.2% of the total share capital prior to the issuance. The gross total consideration which was received with respect to the issuance amounted to NIS 400 million.

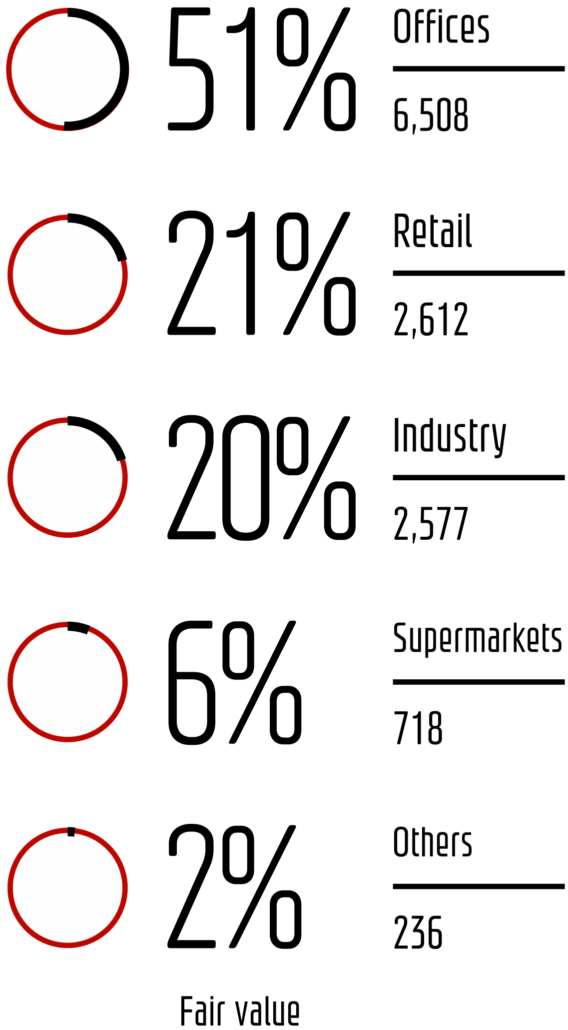
d. Purchase of half of the rights in a logistic complex

On March 3, 2021, subsequent to the balance sheet date, the company signed an agreement to purchase half of the rights in a logistics center near Kibbutz Hefetz Haim for 71 million NIS. The property is fully leased for a period of 10 years and is expected to yield NOI in the amount of NIS 8.1 million per year (50% company's share).

GROUP'S ACTIVITY

Group' owned and leased properties as of December 31 2020 include: 104 cash-generating properties across Israel with a total area of 1.5 million square meters (Company's share), of which 956,000 square meters are rental spaces and 553,000 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 94,000 above-ground square meters and 5 properties in planning and development phases at the scope of 185,000 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 31.12.2020 is 97.2% (97.7% as of 31.12.19). 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

Fair value

51%
31 Office buildings

21%
19 Retail centers

20%
17 Industrial parks and logistics

6%
35 Supermarkets

SUSTAINABILITY, SOCIETY AND THE ENVIRONMENT – ESG

The Company is aware of its responsibility for the environmental impacts that derive from its operations. The necessity of handling environmental impact correctly also generates a business advantage, the reduction of risks and the creation of a trust based relationship with the community, leads to the integration of environmental considerations in the Company's array of business and managerial decisions. In addition, the Company takes action to reduce the possible negative impacts of its operations, which derive regulatory development, including in the field of environment risks.

As part of the issues that are mentioned above, the Company invests considerable resources in social and environmental issues, which relate to its fields of activity, whilst promoting sustainability, social and environmental aspects, which contribute to the Group and to its employees, to the Group's customers, to the public at large and to the environment in which we live.

The Company, as part of the Aloni-Hetz Group, has been rated with a Ma'aleh rating since 2006. As of the reporting date, the Group is rated at the level of a Platinum rating.

The sustainability and social and environmental aspects that the Company promotes are in a number of fields:

The environment

The Company's activity is focused on income-generating realty in Israel. The Company holds 105 real estate properties, which it manages, holds and leases to approximately 1,700 customers who operate in a range of fields.

The Company's growth rests on an increase in the portfolio by means of self-initiation and development and by means of the acquisition of existing real estate.

The Company acts to initiate, develop, plan and construct projects in accordance with international standards and/or Israeli standards, which ensure the safeguarding of the environment and the health of our customers.

The Israeli Green Building Standard (SI 5281) – The Standard contains a number of categories for examination, including: energy, water, materials, waste, health, transportation and etcetera, as well as a number of indices for defining green building. Accordingly, the Standard is divided into a number of common types of building, including residential, offices, educational institutions, commerce and public buildings. We would mention, in this connection, that the "Amot Platinum" office building in Petach Tikva is the office building that has been awarded the highest score in Israel in this category.

The LEED Standard (Leadership in Energy and Environmental Design) (hereinafter: "LEED") – which was formulated by the American Council for Green Building, contains five central categories, as follows: sustainable sites; the efficient use of water; energy and the atmosphere; materials and resources; and the environment inside a building. All of the Company's projects that are being initiated and which are under construction are planned in accordance with compliance with the LEED standards in the most qualitative categories: LEED Platinum or LEED Gold. It should be mentioned that the "Amot Atrium" tower, which has been built by the Group in Ramat Gan, was the first building in Israel that was awarded the LEED Platinum Standard, after which the "Toha1" project, in which the Company is a partner, was awarded the same Standard. The "Amot Campus" project in Holon is also in the accreditation process for the LEED Platinum standard and the Company expects that the process will be completed when the construction is completed.

Together with compliance with environmental standards and a higher rating that is the norm in the sector, the Group promotes and is involved in the penetration of advanced construction technology, such as the following technologies, into Israel:

"Double Skin Façade" type walls – this is a technology for the external cladding of buildings using a double glass wall with an overall thickness of more than 25 cm (which provides thermal and acoustic insulation) and an automatic shading system which tracks the sun's position and enables the maximal entry of natural light into a building without direct radiation (the system is controlled by an automatic controller). Walls with DSF technology have been installed by the Company in the "Amot Atrium" project (which was the first in Israel to install the technology in a project that is intended for rental), in the "ToHa1" project and in the "Amot Campus" project in Holon and at the present time the system is being manufactured for an office building that is located in Modi'in.

SUSTAINABILITY, SOCIETY AND THE ENVIRONMENT – ESG

Recycling of water from air-conditioning condensers – in the projects that are constructed by the Company, the condenser water is recycled and after treatment, they are used for irrigation systems and for filling rinsing containers.

The recycling of irrigation water and the collection of roof run-off water for irrigation – the Company promotes the execution of gardening systems, which are disconnected from the ground. These systems save irrigation water and prevent the seeping of fertilizers into the groundwater. Some of the disconnected platform systems are surplus water storage systems. The storage have increased capacity is support of the collection of part of the roof run off water.

The use of recycled materials – the Company is stringent about making use of materials with recycled content, which is in accordance with the stringent requirements of the LEED Standard.

In addition, the Company is stringent about investing routinely is sustainable assets, with considerable emphasis being placed on safeguarding the environment, in a range of ways: The replacement of air-conditioning systems with systems that are more energy efficient and friendlier to the environment (cooling gases); the replacement of lighting with LED lights, which are more efficient; the instillation of car charging points in a considerable part of the Company's properties and making them accessible to the public at large; various types of recycling (including batteries and electronic waste); the establishment of photo-voltaic systems for generating clean electricity; the instillation of advances systems for clean air treatment and more,

Closeness to public transport

The Company initiates the establishment of local employment projects with a high level of pedestrian access to mass transportation systems (existing/ planned) with the objective of reducing the use of polluting private transport, as well as encouraging the use of public transport vehicle, which do not pollute the environment, by creating special areas for parking bicycles and scooters and the arrangement of charging areas and showers.

healthy mind in a healthy body

The Company establishes gyms and encourages physical activity in all of the large office complexes that it establishes. The entry to the facilities is permitted for the Company's customers alone (non-commercial operation).

The community and welfare

The Group acts perpetually in investing in ancillary facilities in the various projects for the welfare of its customers, such as: open gardens with shading (by building high and making land resources available to the public), green gardens, some of which are even open to the public at large, conference halls and cafés even in locations in which the potential rental income is not economical (subsidizing the operator as part of the service to the customers).

The Group's policy on donations accords with the central values in accordance with which it operates. The Group views donations and assistance to the community as an important component, which should be integrated in its array of activities, and it is in the habit of donating approximately NIS 2 million a year to associations and organizations that help people with disabilities, conduct activity for the community, promote educational and health issues and support needy sections of the population.

Renewable energy.

With the objective of encouraging the renewable energy field, the Group integrates the generation of clean electrical energy into various projects, using various technologies, including the generation of electricity in photovoltaic facilities, which are located on the roofs of the projects and the use of recycled water. For example, in the "Amot Campus Holon" project, the company expects and energy saving of approximately 30% compared to the stringent reference case in the Standard, by means of installing a photo-voltaic system with a capacity of 45 kwp, the use of recycled water, the reduction of the use of freshwater in the building and the installation of means of encouraging the use of public transport. Additional projects, which integrate renewable energy, are the "Amot Atrium" project and the "ToHa1" project, within the framework of which an energy saving of approximately 37% compared to the stringent reference case in the Standard, the saving of water for irrigation and sanitation and the recycling of existing waste. In the "ToHa2" project, the Company plans to integrate the generation of electricity from panels that form part of the facades of the building.

SUSTAINABILITY, SOCIETY AND THE ENVIRONMENT – ESG

Social responsibility and core values

The Group has nailed values of transparency and proper corporate governance, diversity from among the various segments of the population and safeguarding its employees' rights, to its mast, as its core values.

The Company attaches considerable importance to its employees identifying with its objectives and accordingly, all of the Company's employees enjoy capital remuneration with the Company allocating non-marketable option warrants, without consideration, each year, which are exercisable into shares in the Company, under preferential terms and with a long-term vision.

Throughout the Corona crisis, as part of its social responsibility, the Company has seen fit to maintain the size of its workforce and has avoided placing employees on unpaid leave and or dismissing them.

The Group intends to continue to act out of a proportional commitment to the principles of sustainability and social and environmental responsibility, in order to improve society and the environment as a whole, by means of continuing to manage the environmental and social impacts of its business activity, which includes continuing to invest resources in the adoption of programs for embedding environmental and social responsibility, embedding measurement and control processes in relation to its performance in the environmental, social and corporate governance fields, in the creation of cooperations on environmental matters and so on, all of which is done from a perspective that correct and proportionate handling of environmental and social impacts will also afford the Company a business advantage, reduce risks and create a trust based relationship with the community.

AMOT GROUP'S INCOME-GENERATING PROPERTIES

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 equity higher than 50% and 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 accordance with the Company's business strategy the company continues to expand her activities in the field of logistics.

The Company also continues developing its activity in the field of offices, such that the total value of the offices as of 31.12.20 is app. NIS 6.5 billion compared with NIS 3.5 billion in 2015.

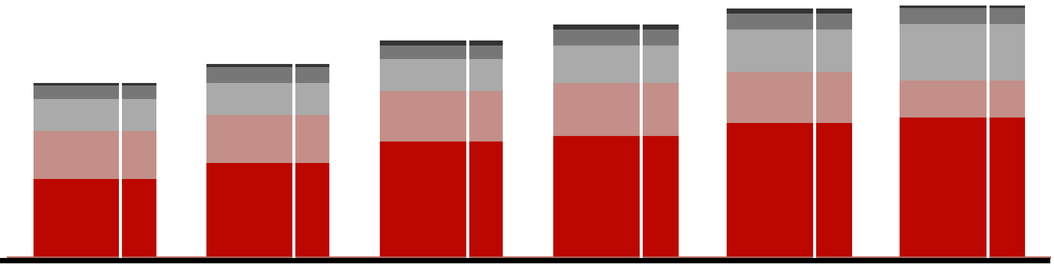
In order to implement its business strategy, Company's management follows the following guidelines:

- 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.

AMOT ATRIUM

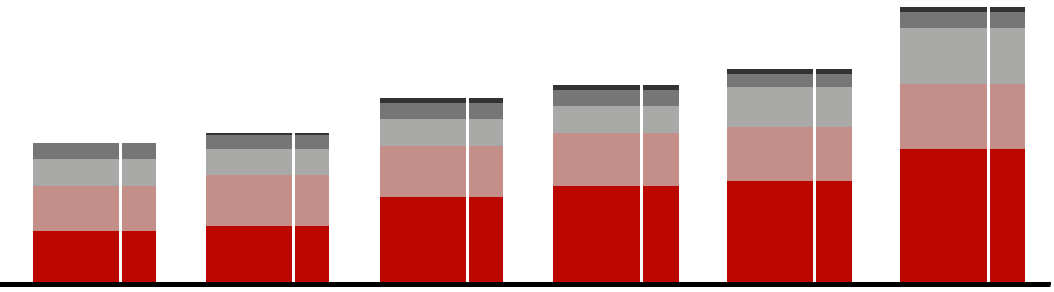
AMOT GROUP'S INCOME-GENERATING PROPERTIES

BREAKDOWN OF NOI
BY USES
IN MILLIONS OF NIS



	2020	2019	2018	2017	2016	2015
Offices	407	391	355	336	276	228
Commerce	113	148	152	150	144	144
Logistics and industry	157	127	114	91	90	89
Supermarkets	46	44	43	42	43	44
Other	13	16	15	14	14	6
Total	736	726	679	633	567	511

BREAKDOWN OF
VALUE OF PROPERTIES
BY USES
IN MILLIONS OF NIS



	2020	2019	2018	2017	2016	2015
Offices	6,508	6,753	5,403	5,186	4,695	3,465
Commerce	2,612	2,719	2,228	2,215	2,143	2,114
Logistics and industry	2,577	2,347	1,691	1,227	1,206	1,146
Supermarkets	718	723	639	628	625	597
Other	236	238	208	204	198	73
Total income-generating properties	12,651	12,780	10,169	9,460	8,867	7,395
Total investment properties under construction	1,223	621	871	584	413	1,361
Total investment properties	13,874	13,401	11,040	10,044	9,280	8,756

(*) Excl. unallocated expenses.

(**) Excl. lands for betterment.

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

	% Change 2019/2020	2020	2019	2018
NOI	1%	734	728	678
Net income		289	1,070	567
Real FFO	(2%)	512	520 (*)	477
FFO per share (NIS)	(8%)	131.5	143.7 (*)	142
Weighted shares quantity	8%	389,183	362,016	336,320
Change in index		(0.6%)	0.3%	1.2%

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

NOI - Increase relative to the corresponding period last year, due to revenue from newly purchased properties, adding revenue with respect to areas whose construction has been completed and which have begun generating revenue, less the impact of total concessions, which amounted to a total of NIS 64 million in 2020, and was recognized by the Company immediately in 2020 (60 million NIS to tenants in retail centers,, 4 million NIS to hospitality tenants).

Net profit - The decrease in net profit in the reporting period was mostly due to fair value amortization in the amount of NIS 163 million in 2020, as compared with an increase in fair value in the amount of NIS 891 million in 2019. Part of the fair value amortization during the reporting period was due to the impact of the decrease of the CPI, and another partwas due to the impact of the coronavirus crisis, mostly on retail properties.

Real FFO and FFO per share - The decline relative to 2019 was mostly due to the effect of the index on current tax expenses, after deducting the increase in NOI and the savings on real interest. FFO per share during the reporting period decreased by 8% due to the 7% growth in the weighted number of Company shares.

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

Uses	Above-ground area as of 31.12.20	NOI for the period 1-12.20	Fair value of income-generating real estate as of 31.12.20	Value of assets for betterment as of 31.12.20	Occupancy rate as of 31.12.20	Fair value of real estate under construction as of 31.12.20
	Sqm	NIS in thousands	NIS in thousands	NIS in thousands	%	NIS in thousands
Office	382,398	407,186	6,507,342		94.3%	1,134,439
Retail centers	131,918	113,543	2,612,321		96.8%	9,739
Logistics and industrial parks	380,811	156,594	2,577,256		99.7%	68,805
Supermarkets	37,694	45,970	718,377		100%	-
Other	23,553	12,754	235,934	67,160	100%	9,900
Total Above-ground	956,374 (2)	734,204 (2)	12,651,230 (1)	67,160	97.2%	1,222,883
Total parking spaces	553,000					
Total spaces	1,509,374					

(*) In December 2020, a property in Givatayim was reclassified from revenue-generating property to property under construction. The property has an area of 17.5 thousand square meters.

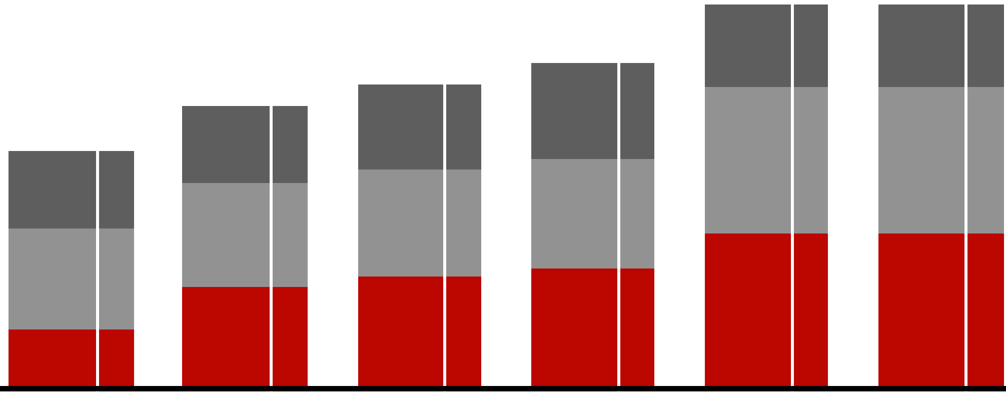
(**) In July 2020, the property of the Amot Shufersal logistics center in Modiin was reclassified from property under construction to revenue-generating property, with an area of 32 thousand square meters (the Company's share).

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

(2) The area does not include app. 17,049 parking spaces (app. 65% roofed) with an overall area of app. 567,000 square meters.

(3) Including unallocated expenses.

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



	2020	2019	2018	2017	2016	2015
Tel Aviv metropolis	4,543	4,807	3,728	3,523	3,162	1,873
Gush Dan surroundings	4,588	4,636	3,424	3,306	3,264	3,134
Other areas	3,520	3,337	3,018	2,632	2,441	2,388
	12,651	12,780	10,170	9,461	8,867	7,395

(*) In December 2020, a property in Givatayim was reclassified from revenue-generating property to property under construction. The property has an area of 17.5 thousand square meters.

ADDITIONAL INFORMATION ABOUT THE COMPANY'S PROPERTIES PORTFOLIO

As of the end of 2020, the Company's properties portfolio comprises 104 income-generating properties, 4 projects in advanced planning and construction stages and 5 projects under planning and development stages, at an overall value of NIS 14 billion. 51% of the value of the properties relates to offices, 21% commerce, 20% 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: ToHa Tower in Tel Aviv, 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.

CITIES IN WHICH THE GROUP HAS PROPERTIES BY DEMAND RINGS

The company deals directly and indirectly through corporations under its control in the management, rental, maintenance, initiation and development of income-producing properties in Israel. The company owns 104 properties, with a total area of 1.5 million square meters, approximately 956 thousand square meters of rental space and approximately 553 thousand square meters of parking space. The properties include office and high-tech buildings, shopping malls, shopping centers, supermarkets, industrial parks, centers Logistics and major bus stations. In total, the company owns assets with a total value of approximately NIS 14 billion. The properties are rented to 1,700 tenants, with an occupancy rate of about 97%. Most of the company's assets are located in the centers of major cities in the center of the Israel and in areas of demand.

TEL AVIV METROPOLIS

Tel Aviv
Ramat Gan
Givatayim

GUSH DAN CITIES

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

OTHER REGIONS

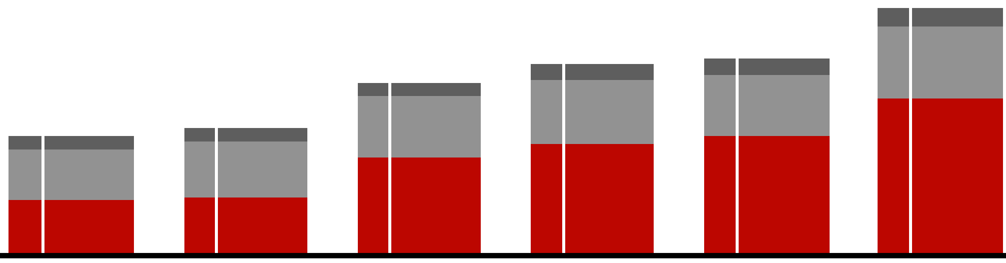
Hadera
Caesarea
Or Akiva
Rehovot
Jerusalem
Modi'in
Ashdod
Rosh Pina
Zefat
Kibbutz Alonym
Maalot
Nahariya
Karmiel
Akko
Krayot
Haifa
Ashkelon
Dimona
Beer Sheva

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. 51% of the value of Company's properties, The value of Company's office properties increased from NIS 3.5 billion in 2015 to NIS 6.5 billion in 2020. The value of Company's office properties in the Tel Aviv metropolis increased from NIS 1.6 billion in 2015 to NIS 4.0 billion in 2020. 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.

ROPERTIES USED AS OFFICES IN THE TEL AVIV METROPOLIS.



	2020	2019	2018	2017	2016	2015
Offices – Tel Aviv metropolis	4,027	4,281	3,239	3,066	2,682	1,560
Gush Dan cities	1,969	1,971	1,685	1,696	1,666	1,560
Other areas	512	501	438	424	348	344
	6,508	**6,753**	**5,362**	**5,186**	**4,696**	**3,464**

(*) In December 2020, a property in Givatayim was reclassified from revenue-generating property to property under construction. The property has an area of 17.5 thousand square meters.

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

Geographic area	Above-ground area as of 31.12.20	NOI in 2020	Fair value of income-generating real estate as of 31.12.20	Rate out of total real estate	Average monthly renta 1-12.20
	Square meters	NIS in thousands		Percentage	NIS per square meter
Tel Aviv metropolis	183,587	246,926	4,026,868	62%	104
Gush Dan cities	151,595	128,612	1,968,557	30%	65
Other areas	47,216	31,648	511,917	8%	61
Total	**382,398**	**407,186**	**6,507,342**	**100%**	**83**

PROJECTS IN PLANNING AND DEVELOPMENT STAGES

The Company has 4 projects in the stages of construction or pre-construction, in which the Company's share is approximately 94 thousand square meters of aboveground areas. The total expected scope of the investment in these projects is around NIS 1.4 billion (the Company's share), and the balance of the investment therein is NIS 0.8 billion (the Company's share).

DATA REGARDING PROJECTS UNDER DEVELOPMENT AND PLANNING AS OF 31.12.20

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 31.12.20	Estimated construction cost including land and underground parking lots	Remaining balance to be completed as of 31.12.20	Projected NOI upon occupation of the project
							Company's share in million of NIS			
Amot Holon	Holon	Offices	77.8%	11	60,000	2021	396	570	174	47
Amot Modi'in(*)	Modi'in	Logistics	75%	-	9,000	2022	26	66	40	5
Halehi complex	Bnei Brak North	Offices	50%	16	82,000	2024	155	617	462	49
Total				27	151,000		577	1,253	676	101
ToHa 2 parking lot	Tel Aviv	Parking lot	50%				37	150	113	

(*) During the 3rd quarter of 2020 the company classified Amot Modi'in logistics center from property under construction to investment property, in the amount of NIS 187 million (the Company's share).

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.

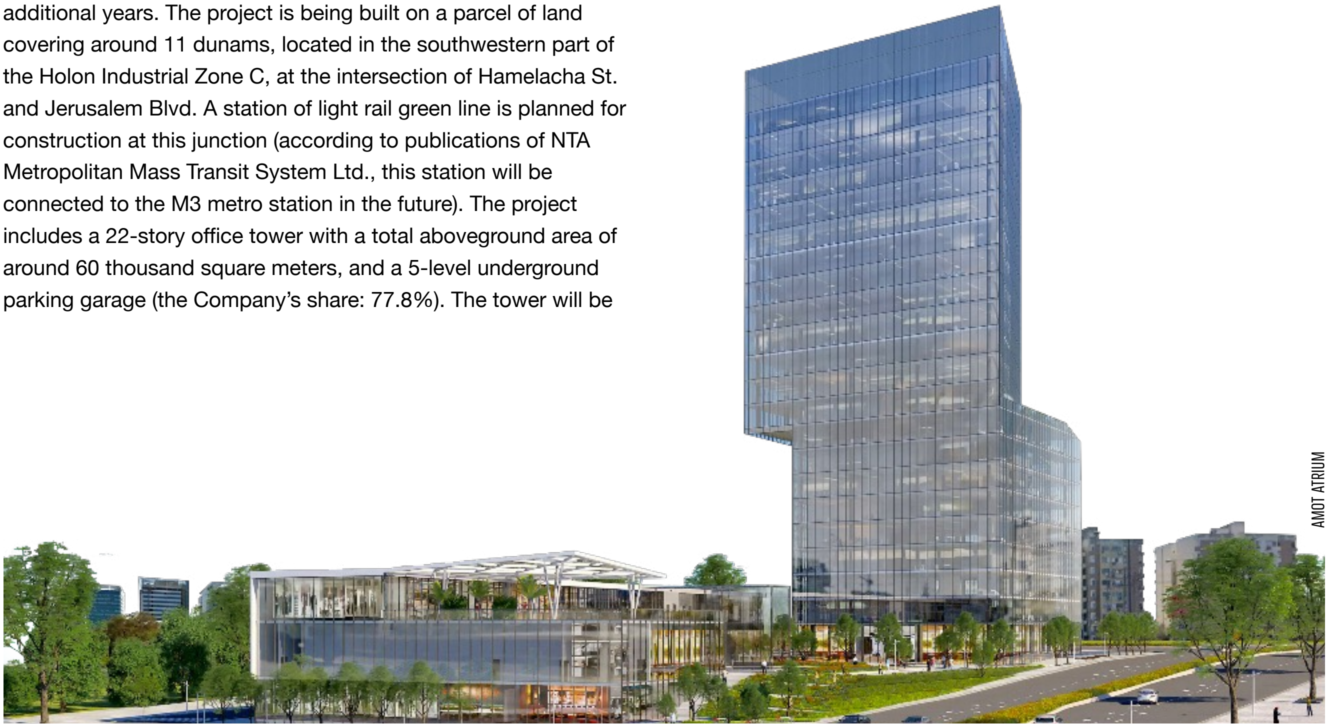
PROJECTS UNDER CONSTRUCTION

The Company has 4 projects in the stages of construction or pre-construction, in which the Company's share is approximately 94 thousand square meters of aboveground areas. The total expected scope of the investment in these projects is around NIS 1.4 billion (the Company's share), and the balance of the investment therein is NIS 0.8 billion (the Company's share).

HOLON

OFFICE PROJECT

In July 2016, the Company won a tender which was conducted by Holon municipality, for the construction of an office and high-tech industry project in Holon Industrial Zone, as part of a combination transaction with the municipality. In accordance with the transaction, in return for providing the real estate for the project, the municipality will receive 22.2% of the rights to the structure, and the Company will plan and build the project, and in return, the city will lease the Company's share of the project to the Company for a 99-year period after the completion of its construction, with an option to extend the lease period by 99 additional years. The project is being built on a parcel of land covering around 11 dunams, located in the southwestern part of the Holon Industrial Zone C, at the intersection of Hamelacha St. and Jerusalem Blvd. A station of light rail green line is planned for construction at this junction (according to publications of NTA Metropolitan Mass Transit System Ltd., this station will be connected to the M3 metro station in the future). The project includes a 22-story office tower with a total aboveground area of around 60 thousand square meters, and a 5-level underground parking garage (the Company's share: 77.8%). The tower will be built and operated as a cash-generating leasing property, managed by a joint management company of the Company and the municipality. As of the reporting date, the project is in the stage of final completion of the aboveground structure and of the parking basements, and the project is expected to be completed in 2021 (not including adjustment works for tenants). The Company estimates its investment in the project at a total of approximately NIS 570 million. Until the date of the statement of financial position, a total of approximately NIS 396 million has been invested in the property.



AMOT ATRIUM

PROJECTS UNDER CONSTRUCTION

The Company has 4 projects in the stages of construction or pre-construction, in which the Company's share is approximately 94 thousand square meters of aboveground areas. The total expected scope of the investment in these projects is around NIS 1.4 billion (the Company's share), and the balance of the investment therein is NIS 0.8 billion (the Company's share).

MODI'IN

LOGISTICAL PROJECT

In December 2016, the Company acquired from the Israel Land Authority a lot with an area of approximately 34 dunams, located in Modiin industrial zone, for a total consideration of approximately NIS 70 million, with respect to capitalized lease fees and development expenses. In May 2018, the Company entered into an agreement with Shufersal Ltd. (hereinafter: "Shufersal"), according to which the Company will sell to Shufersal 25% of the land leasing rights. The Company led a zoning plan change to increase the construction area in the lot to a total of approximately 53 thousand square meters (the zoning plan is in effect). As part of the engagement between the parties, it was agreed that they will build together a logistics center with an area of approximately 42.7 thousand square meters, and an office building with an area of approximately 9 thousand square meters. The entire logistics center will be rented to Shufersal over a period of 15 years, with an option to extend the period.

Furthermore, in accordance with the agreement between the parties, the logistics center began producing income beginning in mid-July 2020, and was reclassified from real estate under construction to revenue-generating real estate. The partnership's total investment in the construction of the project is estimated at approximately NIS 420 million (the Company's share in the investment is 75%, and is estimated at approximately NIS 315 million). The Company's expected income is estimated in the amount of approximately NIS 26 million per year. As of the reporting date, the project is in the finishing works stage at the logistics center, with an emphasis on works of the automation contractor, and is approaching the beginning of finishing works in the office building. Until the date of the statement of financial position, approximately NIS 282 million has been invested in the property (the Company's share - 75%).

AMOT ATRIUM

PROJECTS UNDER CONSTRUCTION

The Company has 4 projects in the stages of construction or pre-construction, in which the Company's share is approximately 94 thousand square meters of aboveground areas. The total expected scope of the investment in these projects is around NIS 1.4 billion (the Company's share), and the balance of the investment therein is NIS 0.8 billion (the Company's share).

HALEHI COMPLEX

BNEI BRAK

In July and November 2018, the Company signed an agreement and an addendum to the agreement, respectively, with Allied Real Estate Ltd. (hereinafter: "Allied"), according to which Allied will sell to the Company half of the capitalized lease rights (subject to Allied signing a new capitalized lease agreement with the Israel Land Authority) to a lot with an area of approximately 16.4 dunams, on HaLehi St. in Bnei Brak, for a total consideration of approximately NIS 100 million. The lot is located in North Bnei Brak Business Complex, next to Park HaYarkon and Ramat HaHayal complex, and close to Ayalon shopping mall. The parties are working together on the planning, development and construction of an office and retail project on the lot, which will include approximately 82 thousand square meters of aboveground area, including 40 office stories, above 3 retail stories. The investment in the construction of the project (including the land component and the parking basements) is estimated by the parties at a total of approximately NIS 1,200 million (the Company's share - 50%). The project is in advanced execution stages of excavation, reinforcement and foundation works.

AMOT ATRIUM

PROJECTS IN PLANNING AND DEVELOPMENT STAGES

The Company has 4 projects in the stages of construction or pre-construction, in which the Company's share is approximately 94 thousand square meters of aboveground areas. The total expected scope of the investment in these projects is around NIS 1.4 billion (the Company's share), and the balance of the investment therein is NIS 0.8 billion (the Company's share).

TOHA2 PARKING LOT

The partnership is currently executing preparatory works for the construction of the parking lot in Stage B of the Totzeret Ha'aretz complex. As of the reporting date, the project is in the stage of completing the reinforcement works for the parking lot.

AMOT ATRIUM

PROJECTS IN PLANNING AND DEVELOPMENT STAGES

The Company has 5 projects in medium-term planning and initiation stages (3-8 years), regarding which a decision to build has not yet been received. The Company's share in these projects amounts to approximately 185 thousand square meters of aboveground areas, and the expected total investment in the projects in the coming years is approximately NIS 2.2 billion (the Company's share, subject to the completion of the process of obtaining additional rights to the K complex in Jerusalem). The construction cost includes the land component and parking basements, and does not include adjustments for tenants and capitalization.

DATA REGARDING PROJECTS IN PLANNING AND DEVELOPMENT STAGES
AS OF 31.12.20

Property name	Location	Primary use	Square meter for marketing above-ground 100%	Holding rate	Square meter for marketing above-ground Company's share	Estimated construction cost including land
Toha2	Tel Aviv	Offices	140,000	50%	70,000	1,000
K Complex in Jerusalem	Jerusalem	Offices	103,000	50%	51,500	550
1000 Complex in Rishon Letzion	Rishon Letzion	Offices	19,000	100%	19,000	260
Platinum Stage B 2	Petah Tikva	Offices	27,000	100%	27,000	220
Land at kfar Saba, Raanana junction	kfar Saba	Offices	35,000	50%	17,500	170
Total			324,000		185,000	2,200

(1) The construction cost includes the land component and parking basements and does not include accommodations for tenants and capitalization of costs.
(2) To complete additional building rights in order to build a tower compatible with Platinum stage A

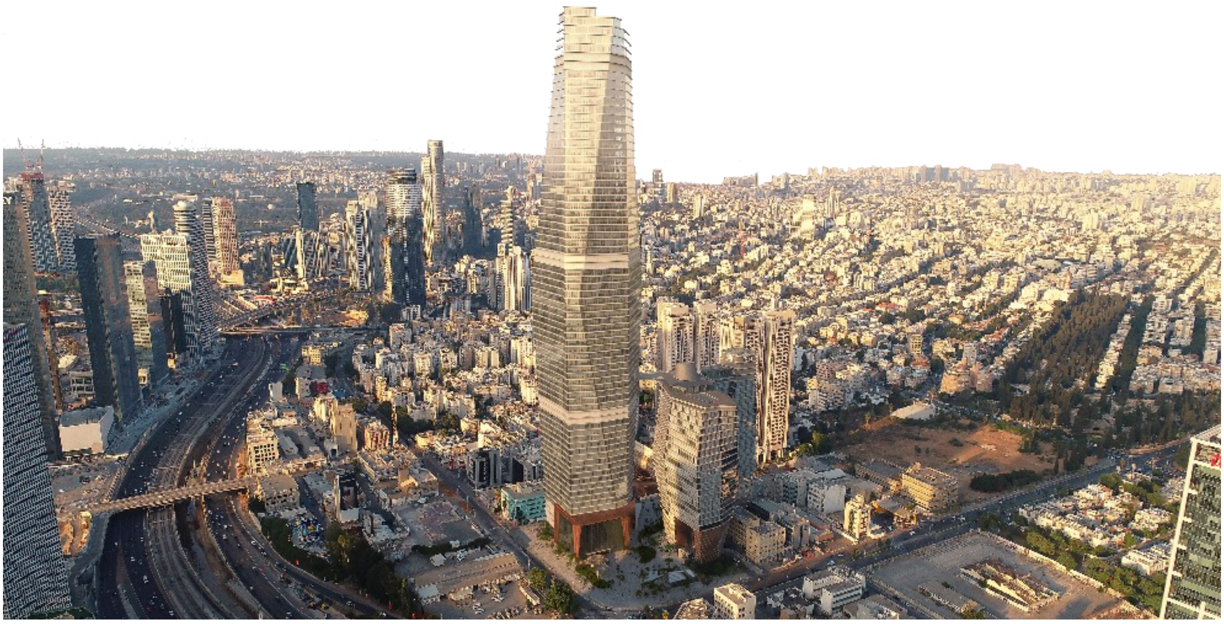
PROJECTS IN PLANNING AND DEVELOPMENT STAGES

The Company has 5 projects in medium-term planning and initiation stages (3-8 years), regarding which a decision to build has not yet been received. The Company's share in these projects amounts to approximately 185 thousand square meters of aboveground areas, and the expected total investment in the projects in the coming years is approximately NIS 2.2 billion (the Company's share, subject to the completion of the process of obtaining additional rights to the K complex in Jerusalem). The construction cost includes the land component and parking basements, and does not include adjustments for tenants and capitalization.

TOHA2

TOTSERET HAARETZ COMPLEX

Joint project of the Company and of Gav Yam Ltd. (with each party having a 50% share). In August 2018, the local planning and construction committee of Tel Aviv approved the deposit of a local zoning plan for the addition of construction rights (within the framework of plan TA/5000), for the construction of an additional office tower in the complex, with a gross aboveground area of approximately 140 thousand square meters (the Company's share - 50%). The plan included a planned underground connection from the complex to the metro station for lines M1 and M2 (in accordance with publications issued by NTA Metropolitan Mass Transit System Ltd.), and to the Hashalom station of the heavy rail system. The total investment for the construction of the ToHa2 project (including payments for the land component) is estimated at a total of approximately NIS 2,000 million (the Company's share - 50%).



AMOT ATRIUM

PROJECTS IN PLANNING AND DEVELOPMENT STAGES

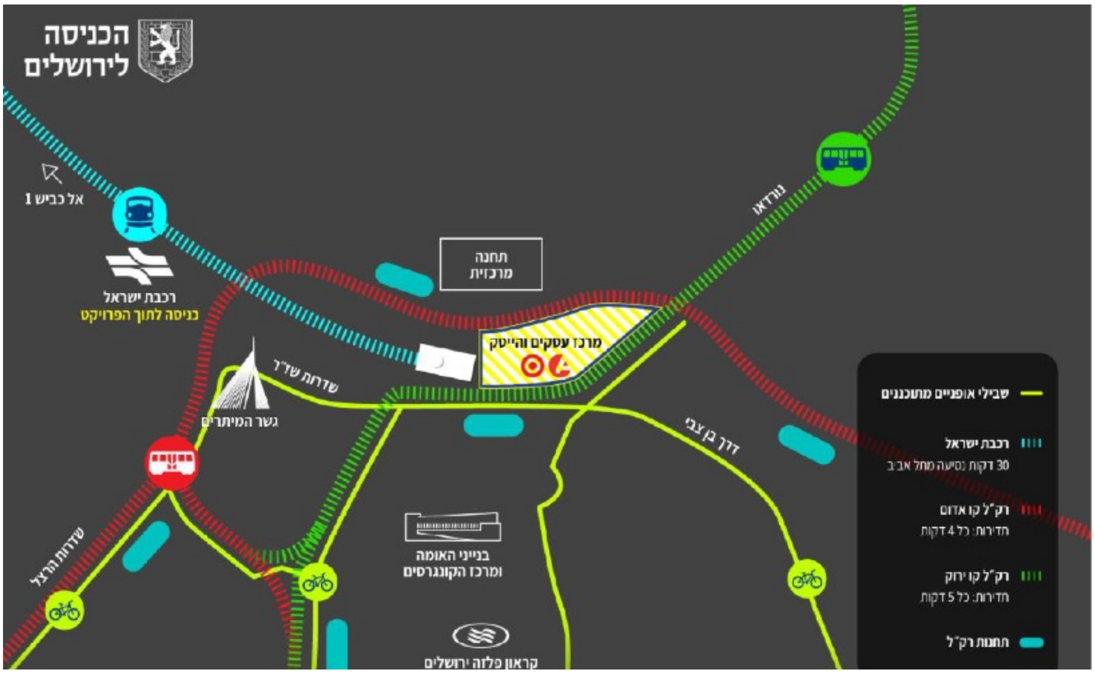
The Company has 5 projects in medium-term planning and initiation stages (3-8 years), regarding which a decision to build has not yet been received. The Company's share in these projects amounts to approximately 185 thousand square meters of aboveground areas, and the expected total investment in the projects in the coming years is approximately NIS 2.2 billion (the Company's share, subject to the completion of the process of obtaining additional rights to the K complex in Jerusalem). The construction cost includes the land component and parking basements, and does not include adjustments for tenants and capitalization.

K COMPLEX

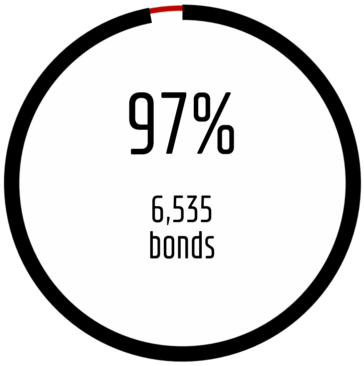
JERUSALEM

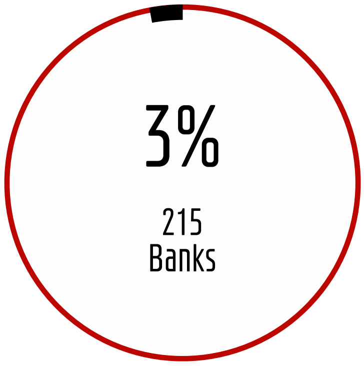
On June 14th, 2020, the Company, together with Allied Real Estate Ltd., won a tender for the lease of a lot with an area of approximately 4.5 dunams (constituting the K complex) in the "Sha'ar Ha'ir" complex, which is expected for construction at the entrance to Jerusalem.

The lease period is 98 years, with an option to extend the period by additional 98 years. The lot is intended for the construction of a street-adjacent office and retail complex, with options for hotels and special rental housing, at a scope of approximately 79 thousand square meters of aboveground areas according to the current zoning plan, and approximately 103 thousand square meters according to the zoning plan that was deposited, as well as the right to attach 200 built parking spaces in an underground public parking lot adjacent to the complex (the Company's share - 50%). The parties are working together on planning, developing and building the project on the lot, and on managing it as a revenue-generating property, with each party holding a 50% share in the project. The investment in the construction of the project, including the land component, is estimated by the parties at a total of approximately NIS 1,100 million (the Company's share - approximately NIS 550 million). The project is currently in the planning stages, and excavation works are planned to begin in 2021.



MANAGEMENT OF DEBT STRUCTURE





The Company's policy is to maintain an effective leverage ratio by raising debt with long lifetimes, and without giving pledges. The Company's gross total debt as of December 31st, 2020 amounted to NIS 6.7 billion. The average lifetime of the debt is 4.9 years, and the weighted interest rate is 1.93%, CPI-linked.

In February 2020, the Company prepaid, at its own initiative, a loan from a banking institution in the financial scope of NIS 268 million (including a prepayment penalty). In respect of the prepayment, the Company recorded one-time finance expenses in 2019 in the amount of approximately NIS 24 million, which were paid in cash on the prepayment date.

In 2020, the Company issued bonds (Series F) at a scope of NIS 1 billion par value, for a total net consideration of NIS 1 billion. The bonds bear CPI-linked effective interest at a rate of 1.8%, and have an average lifetime of 8 years.

In 2020, the Company issued bonds (Series G) at a scope of NIS 800 million par value, for a total net consideration of NIS 788 million. The bonds bear an effective NIS interest rate of 2.6%. Further to the issuance, the Company entered into hedging transaction vis-à-vis financial institutions in Israel, which converted NIS interest to CPI-linked principal and CPI-linked interest at a rate of 1.025%-1.365%. The debentures bear a CPI-linked effective interest rate of 1.28%, and have an average lifetime of 9 years.

In February 2021, after the balance sheet date, the Company issued bonds (Series H) at a scope of NIS 450 million par value, for a total net consideration of NIS 446 million. The bonds bear a CPI-linked effective interest rate of 1%, and have an average lifetime of 9 years.

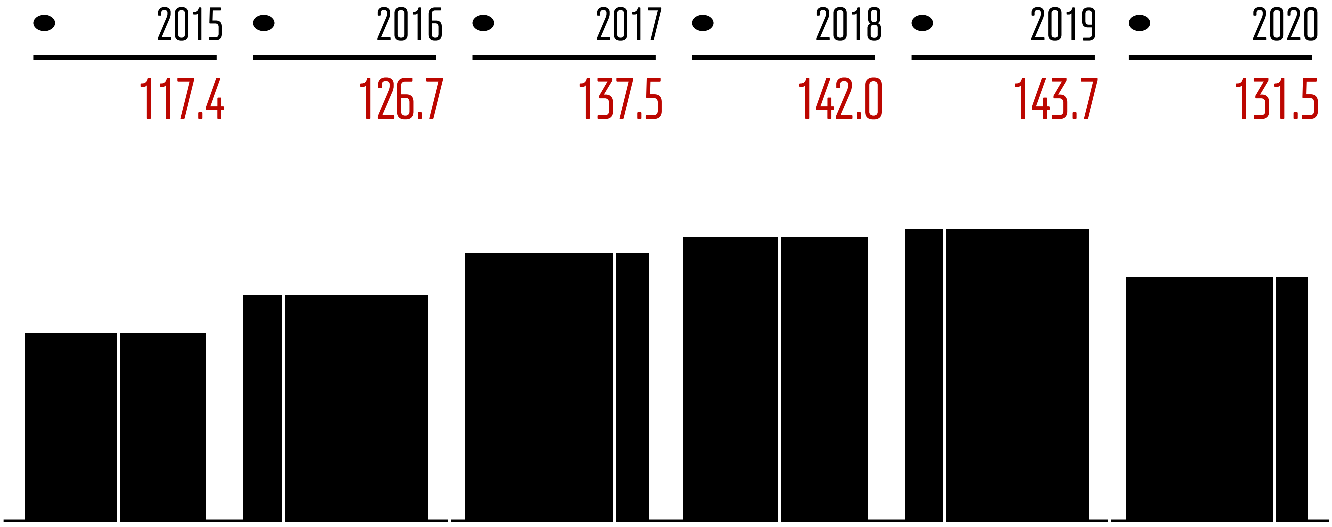
In October 2020, the Company issued to the public 27.5 million shares, constituting approximately 7.2% of the total share capital prior to the issuance. The gross total consideration which was received with respect to the issuance amounted to NIS 400 million.

The Company has a CPI hedge in the amount of approximately NIS 36 million, with respect to the linkage of the Company's debentures to the CPI, whose base index is higher than the CPI as of the reporting date.

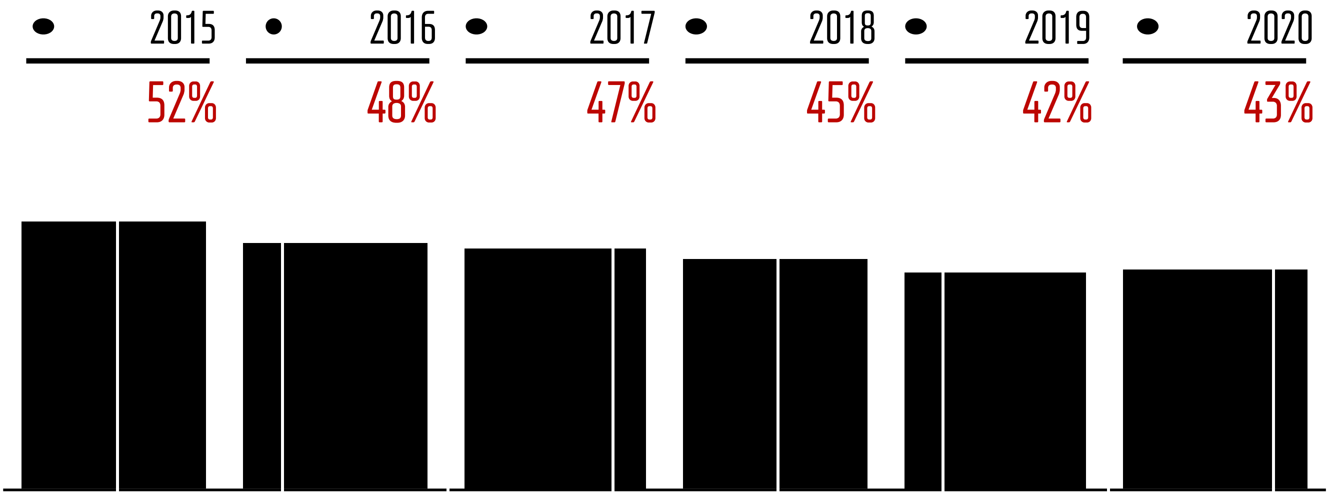
As of the publication date of the report, the Company has cash balances at a scope of approximately NIS 1,000 million, and unused credit facilities in the amount of NIS 1,020 million.

All of the Company's assets (98%) are unpledged, giving the Company flexibility in times of crisis, and the ability to leverage significant opportunities.

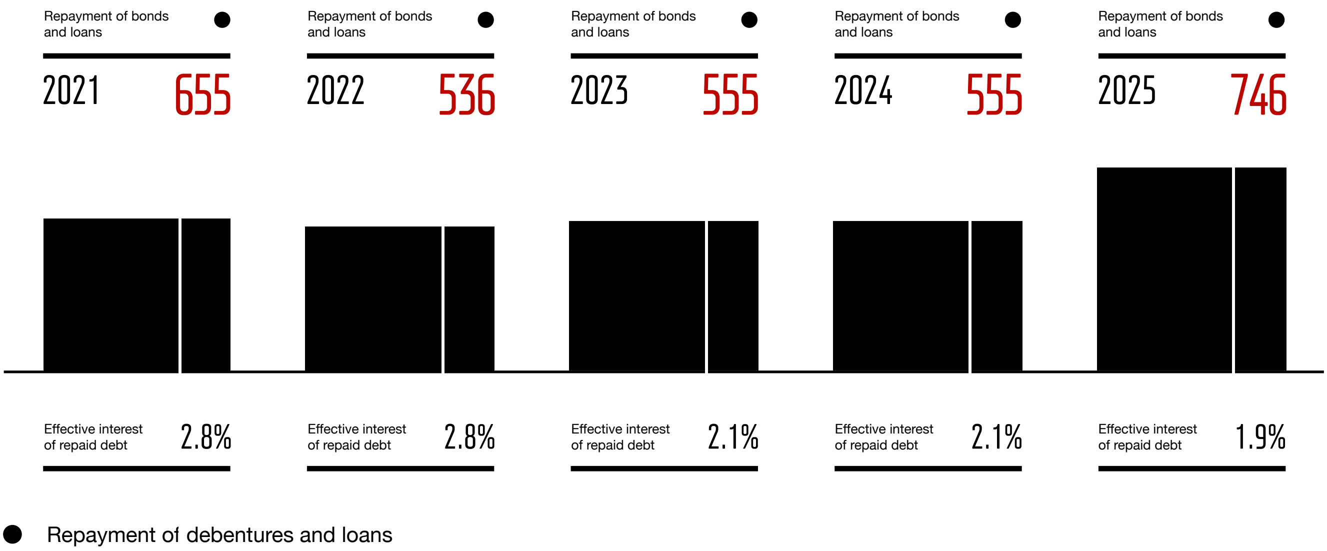
FFO PER SHARE GROWTH, WITH DECREASE IN LEVERAGE RATE IN MILLIONS OF NIS



DECREASE IN LEVERAGE RATE IN PERCENTAGES

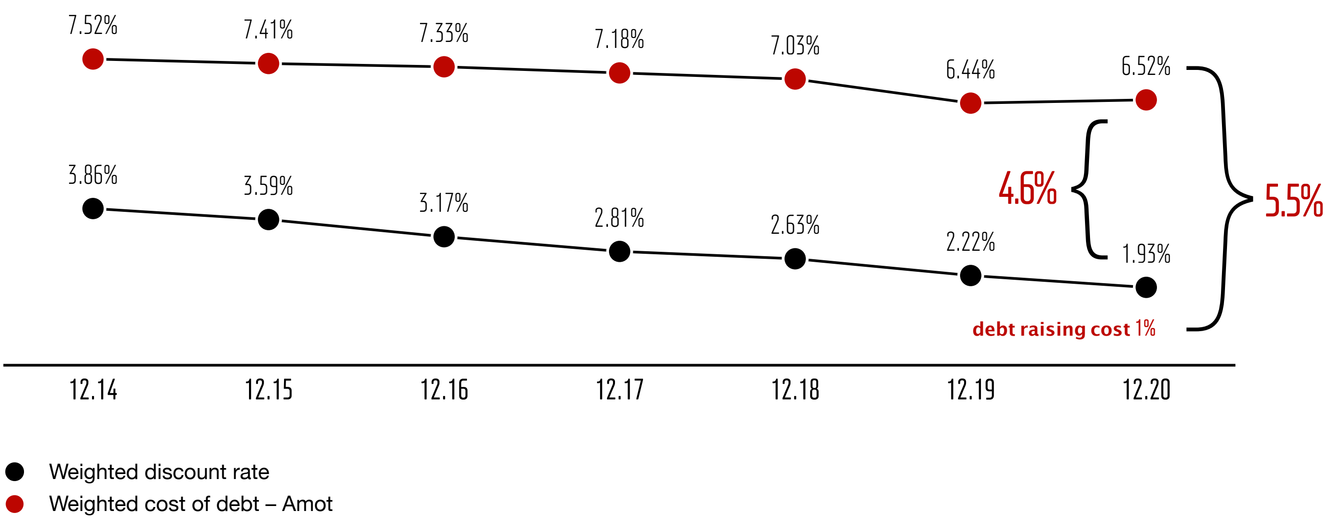


REPAYMENT OF BONDS AND LOANS OVER THE YEARS



As of the report's publication date, the Company had cash and cash equivalents balances of app. NIS 1,000 million and unutilized credit facilities totalling NIS 1,020 million.

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



The cost of raising debt is based on Amot bonds (series H), 9-years maturity, according to the market price for March 7, 2021

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 2020	Third quarter 2020	Second quarter 2020	First quarter 2020	Fourth quarter 2020
Same Property NOI	158,752	172,791	155,507	183,019	181,373
Assets purchased/sold/ classified to real estate under construction	15,299	18,759	12,286	17,791	10,210
NOI - Total	174,051	191,550	167,793	200,810	191,583

NOI in the fourth quarter of 2020 amounted to approximately NIS 174 million, as compared with approximately NIS 192 million in the corresponding quarter last year, representing a decrease of 9%. The decrease was due to a provision due to the lockdown to tenants of retail centers, in the amount of approximately NIS 25 million. The decrease was offset by the addition of revenue from new properties, and from properties whose construction concluded and which began to generate revenue. For additional details, see the chapter "Effects of the coronavirus on the Group's business activities" on page 63 of this report.

Same property NOI in the current quarter amounted to approximately NIS 159 million, as compared with approximately NIS 181 million in the corresponding quarter last year, representing a decrease of 12%. The decrease was mostly due to a provision due to the lockdown to tenants of retail centers, in the amount of approximately NIS 20 million.

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 2020:	Millions of NIS
Investment property as per extended consolidated financial statements as of December 31 2020	12,718
Less – value of land classified as investment property	(75)
Income-generating investment property as of December 31, 2020	12,643
Less – value attributed to unoccupied spaces	(360)
Projected investments	90
Investment property attributed to rented spaces as of December 31, 2020	**12,373**
NOI – fourth quarter 2020	174
Annual NOI in respect of a graduated reliefs plan for tenants in retail property (**)	25
NOI – fourth quarter 2020 after eliminating the effect of the corona virus on the retail properties.	**199**
Annual NOI based on the NOI for the fourth quarter of 2020, after eliminating the effect of the corona virus on the retail properties.	**796**
The expected NOI in respect of cash flows from rental fees in accordance with signed rental contracts and accumulated linkage differentials	10
Total expected annual NOI standardised (*)	**806**
Weighted rate of return derived from income-generating investment property (Cap Rate)	**6.52%**

(*) The above mentioned NOI does not reflect the Company's projection; for information about the Company's projection, see page 97.

(**) See the chapter on "The Coronavirus crisis and its impact on the Group's business activity" on Page 63 of this report for additional information.

SENSITIVITY ANALYSIS FOR INVESTMENT PROPERTY

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

Based on an NOI of 806 million (amended NOI), the impact of any change of 0.25% in the discount rate (Cap Rate) on the adjustment of the fair value is **NIS 481 million** (approximately NIS 370 million after deducting deferred taxes at a rate of 23%).

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 %	2020	2019	2018
Net income for the period		289,455	1,070,423	566,887
Fair value adjustment		162,915	(890,768)	(269,965)
Deferred taxes, betterment tax and other		60,944	296,302	131,923
Benefit reduction due to option warrants		7,288	6,101	5,988
Depreciation and other		4,668	3,388	1,875
Nominal FFO	8%	**525,270**	**485,446**	**436,708**
linkage differences on principal of debt and exchange differences		(13,652)	16,497	40,586
Real FFO	2%	**511,618**	**501,943**	**477,294**
Weighted number of shares	8%	389,183	362,016	336,320
Per share FFO (in Agorot)	(5%)	**131.5**	**138.7**	**142.0**
Real FFO exc. of one-off financing expenses[1]	(2%)	**511,618**	**520,270**	**477,294**
Weighted number of shares	8%	389,183	362,016	336,320
FFO per share (in Agorot) exc. of one-off financing expenses	(9%)	**131.5**	**143.7**	**142.0**
Change in index in the period[2]		(0.6%)	0.3%	1.2%

1. The data are presented net of non-recurring financial expenses, net of tax arising from early repayment initiated by the Company, see page 92 to this report under the financing chapter.
2. The changes in the consumer price index impact the current tax expenses. When the consumer price index increases/ decreases, the financing expenses increase/decrease due to index-linked debt that triggers a decrease/increase in provision for current taxes.

The change in real FFO in the reported year, compared with last year is mainly attributed to an increase in tax costs (due to index changes), increase in NOI and decrease in real interest.

FFO per share in the reported year amounted to NIS 1.315 compared with NIS 1.437 in 2019, which represents a 8% decrease due to an increase of 8% in the weighted number of shares.

EPRA

European Public Real Estate Association

The EPRA index is an index that includes European public companies engaged in income-generating real estate. the company is 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.

EPRA NRV INDICATOR (IN THOUSANDS OF NIS):

The EPRA NRV indicator reflects the net realizable value of the Company's net assets over the long term, assuming continued future activity and non-realization of real estate properties, therefore requiring certain adjustments, such as cancellation of deferred taxes due to the revaluation of investment property.

	2020	2019
Equity attributed to Company's shareholders in the financial statements	6,316,093	6,103,298
Plus – deferred tax in respect of revaluation of investment property to its fair value	1,356,761	1,310,054
EPRA NRV	7,672,854	7,413,352
EPRA NRV per share (Agorot)	1,873	1,946
Number of shares at end of period (in thousands of NIS par value)	409,615	380,974

EPRA NTA INDICATOR (IN THOUSANDS OF NIS):

The EPRA NTA indicator reflects the net value of the Company's tangible assets. The assumption underlying the indicator is that entities buy and sell assets, and therefore only part of the deferred taxes due to the revaluation of investment property are neutralized.

	2020	2019
Shareholders equity according to the company Financial statements	6,316,093	6,103,298
Plus – 50% of the deferred tax in respect of revaluation of investment property to its fair value	678,381	655,027
EPRA NTA	6,994,474	6,758,325
EPRA NTA per share (Agorot)	1,708	1,774
Number of shares at end of period (in thousands of NIS par value)	409,615	380,974

EPRA NDV INDICATOR (IN THOUSANDS OF NIS):

The EPRA NDV indicator reflects the net settlement value of the Company's assets in case of the sale of assets and the repayment of liabilities. The calculation of the indicator includes taking into account all deferred taxes with respect to the appreciation of the assets which will apply upon the sale of the assets, and a fair value adjustment of financial liabilities is performed. It is noted that this indicator should not be interpreted as constituting the value of the Company's assets upon liquidation, since in many cases fair value does not represent asset value in case of liquidation.

	2020	2019
Shareholders equity according to the company Financial statements	6,316,093	6,103,298
Adjustment of the value of financial liabilities to fair value	(285,040)	(460,167)
EPRA NDV	6,031,053	5,643,131
EPRA NDV per share (Agorot)	1,472	1,481
Number of shares at end of period (in thousands of NIS par value)	409,615	380,974

FORECAST
2021

As part of the Group's 2021 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 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 rental agreements are signed and Company's management expectations as to renewal of current rental agreements in 2021.
- No possible harm was taken into account as a result of the imposition of additional closures during the coming year. The company's forecast was based on its assessment that the economy will return to functioning gradually by the end of 2021.

	Forecast 2021	Actual 2020	Updated forecast 2020
NOI (in millions of NIS)	735-765	734	740-760
Real FFO (in millions of NIS)	535-555	512	530-550
FFO per share (in NIS)	130-135	131.5	138-143
Increase in the number of Weighted shares compared to 2019/2020 (*)	6%	8%	5%

(*) Due to the lockdown imposed in mid-September until the end of February, and due to the capital raising carried out by the Company at the beginning of October 2020 (which led to a 7.2% increase in the Company's share capital), the Company's deviated a few percent from the lower bracket of the updated forecast.

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.

OPERATING RESULTS ACCORDING TO IFRS 11

THE BUSINESS RESULTS (IN MILLIONS OF NIS)

	For the period		Comments and explanations
	1-12.20	1-12.19	
Revenue from rent and management of properties	769	759	An increase of approximately NIS 10 million due to the acquisition of new properties and properties whose construction was completed. This increase was offset by a decrease with respect to the gradual concessions program which was given for retail properties, For additional details, see the chapter "Effects of the coronavirus on the Group's business activities" on page 63 of this report.
Cost of renting out properties	62	63	
Adjustment of fair value of investment property	(144)	847	The decrease was mostly due to the effect of the decrease of the CPI during the period, and the decline in value due to the effect of the coronavirus crisis on the Company's properties
General and administrative expenses	49	45	
Financing expenses, net of one-off financing expenses relating to refinancing	108	142	The decrease was due to the change in linkage and exchange differentials, and savings on real interest
Income tax expenses	111	309	
Net income	289	1,070	

THE BUSINESS RESULTS (IN MILLIONS OF NIS)

	As of 31.12.20	As of 31.12.19	Comments and explanations
Total investment property	12,252	12,360	The decrease was mostly due to the classification of the former Pelephone building to property under construction, after offsetting the Modiin logistics center to revenue-generating property
Working capital	(222)	(1,060)	The Company has unused credit facilities in the amount of NIS 1,020 million
Net financial debt	6,028	5,520	The increase was mostly due to the issuance of debentures, net of the decrease due to the redemption of debentures and the repayment of short-term credit
Equity attributed to shareholders	6,316	6,103	The increase was due to comprehensive income for the period, the capital issuance, and after offsetting dividend distributions

CASH AND CREDIT FACILITIES

CASH FLOWS

The positive cash flows arising to the Company from operating activities in the Reported Period amount to **NIS 496 million** compared with NIS 461 million last year.

APPROVED CREDIT FACILITIES:

As of the date of publication of the report, the Company has three approved credit facilities totaling NIS 1,080 million:

1. A credit facility extended by a bank at the total amount of NIS 400 million and valid until December 28 2021.
2. A credit facility extended by a bank at the total amount of NIS 200 million and valid until December 31 2023.
3. A credit facility extended by a bank at the total amount of NIS 100 million and valid until December 31 2021.
4. A credit facility extended by an Israeli institutional entity at the total amount of NIS 200 million and valid until May 31 2022.
5. A credit facility extended by an Israeli institutional entity at the total amount of NIS 180 million and valid until March 7 2022.

As of the date of this report, the Company has unutilized credit facilities of app. NIS 1,020 million.

IN ORDER TO UTILIZE THE ABOVEMENTIONED 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 2020.

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

WORKING CAPITAL DEFICIENCY

The working capital deficit amounts to NIS 222 million in the consolidated financial statements as of December 31, 2020. In February 2021, after the balance sheet date, the Company issued bonds (Series H) at a scope of NIS 450 million par value, for a total net consideration of NIS 446 million. The bonds bear a CPI-linked effective interest rate of 1%, and have an average lifetime of 9 years. The Company has also unutilized credit facilities from banks and institutions, in an amount of NIS 1,020 million and all of its assets are unpledged. In light of this, in the Company's Board of Directors' opinion, the existence of a working capital deficit, which derives from the Company's policy to hold unexploited long-term credit facilities instead of cash and deposits, does not indicate a liquidity problem.

LINKAGE BASES

The Company has financial liabilities amounting to app. NIS 6.8 billion, of which NIS 6.4 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 31.12.20, Company's equity amounted to NIS 6.32 billion (per share equity of NIS 15.42). (*)
As of 31.12.19, Company's equity amounted to NIS 6.10 billion (per share equity of NIS 16.02).

(*) For an explanation about the decrease compared with 12.2019, see page 98.

DIVIDEND DISTRIBUTION POLICY

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

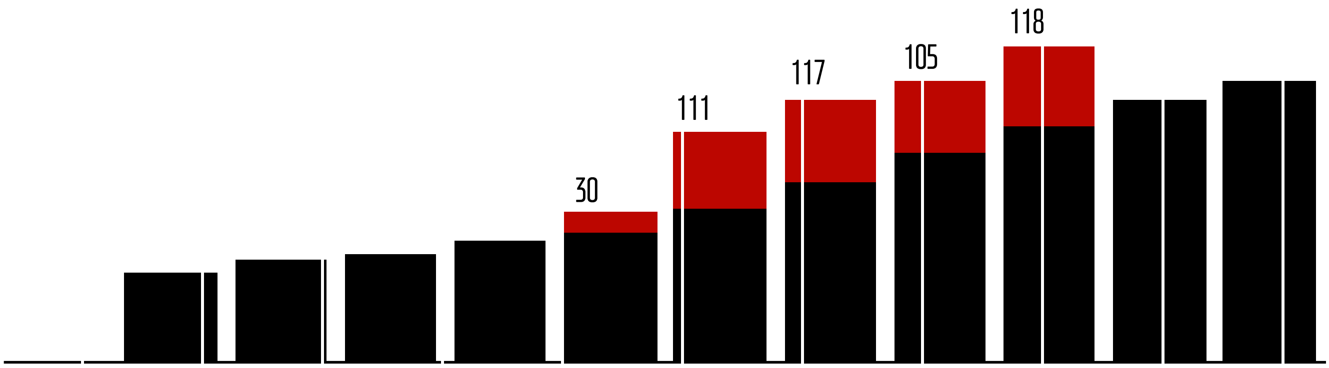
In March 2020, the Company's Board of Directors also determined that in 2020 the Company intends to distribute minimum annual dividends in the amount of 98 agorot per share, to be paid in 4 quarterly payments, whereby a total of 24 agorot per share will be paid per quarter in the first and second quarters, and a total of 25 agorot per share will be paid per quarter in the third and fourth quarters.

Further to this policy, in March and May 2020, the Company announced a dividend distribution for the first and second quarters of 2020, in the amount of 24 agorot per share, per quarter, and in August and November it announced a dividend distribution for the third and fourth quarters of 2020, in the amount of 25 agorot per share, per quarter. Additionally, in March 2020, the Company's Board of Directors resolved to perform another distribution with respect to 2019, in the amount of 31 agorot per share (NIS 118 million). The total sum of the dividend which was paid during the reporting period amounted to approximately NIS 499 million.

In March 2021, the Company's Board of Directors determined that the Company intends, in 2021, to distribute minimum annual dividends in the amount of 100 agorot per share, to be paid in 4 quarterly payments in the amount of 25 agorot per share, subject to a specific resolution of the Board of Directors at the end of each quarter. In accordance with this policy, in March 2021, the Company announced a dividend distribution for the first quarter of 2021, in the amount of 25 agorot per share (NIS 102 million).

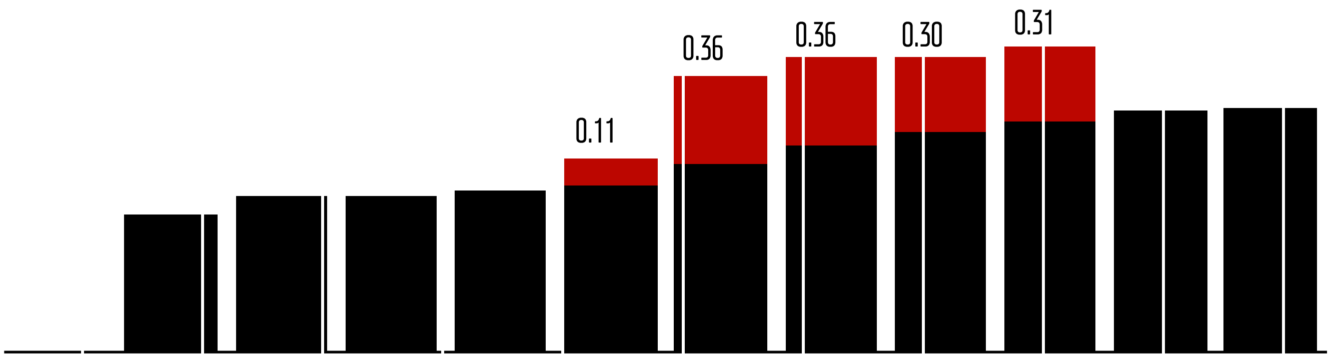
DIVIDEND DISTRIBUTION POLICY

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021**E**
129	149	158	177	217	333	380	407	460	381	410



Current dividend
Additional dividend

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021**E**
0.56	0.64	0.64	0.66	0.79	1.13	1.20	1.20	1.25	0.98	1.00



Current dividend per share
Additional dividend per share

LOOKING FORWARD

The Company has for years been operating according to a long-term strategy whose principles mostly include strengthening its portfolio of properties by purchasing new properties, and by building and initiating additional properties, while implementing a balanced combination between allocating capital and allocating debt, in order to provide the Company with adequate sources to meet its needs, while continuously striving for excellence.

The Company is continuing to evaluate whether any changes to its business strategy are required, including on all matters associated with the preferences and needs of tenants, and changes to the characteristics and fields of employment in the economy, and to evaluate whether any changes are required in connection with the rate of progress on projects in stages of initiation and construction, as well as its marketing strategies and processes, in light of the possible implications of the continued spread of the pandemic on general economic activity in Israel and abroad, and in accordance with the situation assessments regarding the extent of the predicted impact on the Company's customers.

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

Nathan Hetz	Shimon Abudrahamceo
Chairman of the Board of Directors	CEO

DATE:
March 7, 2021

APPENDIXES

" RELATIONSHIPS ARE BUILT
ON TRUST. TRUST DRIVES REVENUE. "
Andrew Davis

AMOT ATRIUM

01.

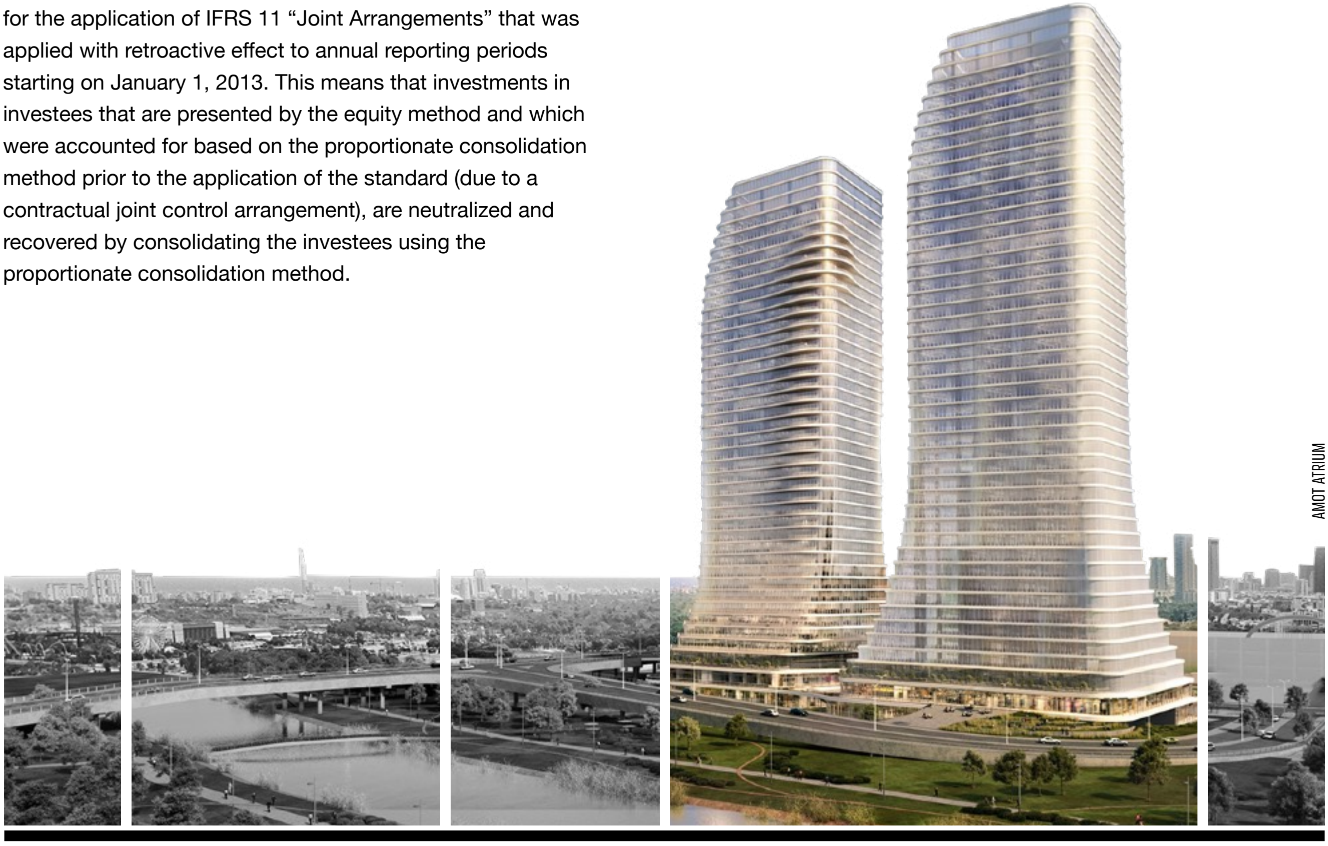
APPENDIX A

EXTENDED CONSOLIDATED FINANCIAL STATEMENTS

The Company's ebentures are rated investment grade AA/Stable by S&P Maalot and Aa3/Stable by Moody's Midroog.

FINANCIAL DATA REGARDING EXTENDED CONSOLIDATED FINANCIAL STATEMENTS

The Group's **extended 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.



AMOT ATRIUM

1.1
EXTENDED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of December 31,	
	2020	2019
	NIS in thousands	
Current assets		
Cash and cash equivalents	619,750	71,732
Investments in securities measured at fair value through profit and loss	50,160	-
Trade receivable	34,551	21,439
Current tax assets, net	379	830
Other receivables	26,086	35,086
	730,926	**129,087**
Non-current assets		
Investment property	12,718,390	12,847,643
Investment property under construction	1,222,883	620,954
	13,941,273	**13,468,597**
Long-term receivables	121,569	104,655
Fixed assets, net	36,698	37,472
Total non-current assets	**14,099,540**	**13,610,724**
Total assets	**14,830,466**	**13,739,811**
Current liabilities		
Credit from banks and current maturities	661,575	932,172
Trade payable	16,816	20,050
Current tax liabilities, net	89,749	36,729
Other payables	148,139	171,522
Payables in respect of investment property	57,805	115,610
Total current liabilities	**974,084**	**1,276,083**
Non-current liabilities		
Bonds	5,998,148	4,739,360
Loans from banks and others	90,097	204,911
Provisions	16,483	16,483
Other	78,846	89,666
Deferred taxes, net	1,356,761	1,310,054
Total non-current liabilities	**7,540,335**	**6,360,474**
Equity		
Equity attributed to Company's shareholders	6,316,093	6,103,298
Non-controlling interest	(46)	(44)
Total equity	**6,316,047**	**6,103,254**
Total liabilities and equity	**14,830,466**	**13,739,811**

1.2
EXTENDED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

	For the year ended December 31		
	2020	2019	2018
	NIS in thousands		
Revenue from rent and management of investment property	798,356	793,123	742,877
Cost or renting out and operating the properties	64,152	65,571	64,398
Gain from renting out and operating the properties	**734,204**	**727,552**	**678,479**
Adjustment of fair value of investment property, net	(162,915)	890,768	269,965
	571,289	**1,618,320**	**948,444**
General and administrative expenses	56,627	52,695	51,086
Other expenses (income), net	2,081	1,252	-54
Profit from ordinary activities	**512,581**	**1,564,373**	**897,412**
One-off financing expenses in respect of refinancing	-	(23,801)	-
Financing expenses, net	(111,713)	(146,617)	-175,285
Income before taxes on income	**401,168**	**1,393,955**	**722,127**
Taxes on income	(111,713)	(323,532)	-155,240
Net income for the period	**289,455**	**1,070,423**	**566,887**
Attributed to:			
Parent company shareholders	289,457	1,070,425	566,891
Non-controlling interest	**(2)**	**(2)**	**(4)**
	289,455	**1,070,423**	**566,887**

EXTENDED ADDITIONAL INFORMATION

THE GROUP'S LIABILITIES (EXTENDED CONSOLIDATED) REPAYABLE AFTER DECEMBER 31 2020: STATEMENTS OF PROFIT OR LOSS

	Bonds	Bank loans	Other	Bank loans – consolidated companies	Total
Current maturities	525,450	95,085	4,610	29,984	655,129
Second year	525,450	-	4,881	5,762	536,093
Third year	548,836	-	-	5,762	554,598
Fourth year	548,836	-	-	5,762	554,598
Fifth year and thereafter	4,296,165	-	-	72,801	4,368,966
Total repayments	**6,444,737**	**95,085**	**9,491**	**120,071**	**6,669,384**
Balance of bond premium and other					**80,436**
Total extended consolidated financial debt					**6,749,820**

"PROGRESS IS IMPOSSIBLE WITHOUT CHANGE"
George Bernard Shaw

AMOT ATRIUM

02.

APPENDIX B

CORPORATE GOVERNANCE ASPECTS

Alony Hetz owns 56% of the Company and is a long-term committed shareholder.

CORPORATE GOVERNANCE ASPECTS

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 Directors).

2.1
THE COMPANY'S BOARD OF DIRECTORS

Name of internal auditor	Ofer Alkalay, CPA
Qualifications of internal auditor	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 November 2019.
Fulfillment of conditions prescribed in the Internal Audit Law and the Companies 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	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	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.
Personal interest	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	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 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	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 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 an internal audit in 2020 amounting to approximately 620 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 2020 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
Audit report regarding the management of engagements with tenants	June 30, 2020
Audit report regarding the Atrium parking lot	September 24, 2020
Audit report regarding interested party transactions	December 24, 2020
Audit report regarding the implementation of the internal audit unit's recommendations	December 24, 2020
Audit report regarding the Company's internal audit infrastructure	December 24, 2020

PROFESSIONAL STANDARDS

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

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.

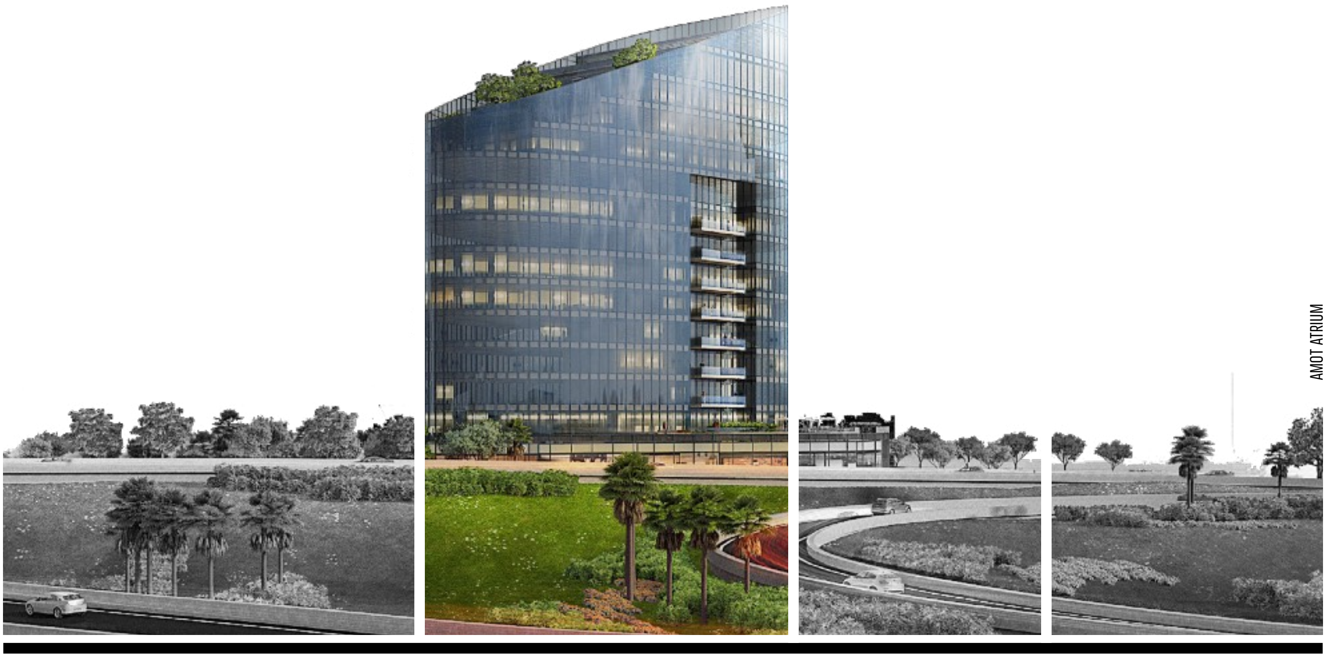
INTERNAL AUDITOR'S REPORTS

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 2020, the internal auditor was paid a total of app. NIS 136 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.



AMOT ATRIUM

2.2
EXTENDED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

2.3
DISCLOSURE REGARDING THE CORPORATION'S INTERNAL AUDITOR

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.

2.4
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	2020(1)		2019(1)	
		Audit services	**Other services**	**Audit services**	**Other services**
Amot Investments .Ltd	Brightman Almagor .Zohar & Co	646	181	600	117
	Working hours	2,885	384	3,024	196
Ayalot Companies Group	Ziv Haft CPAs	331	-	297	-
	Working hours	1,780	-	1,700	-
	Total working hours	4,665	384	4,724	196

2.5
CHARITABLE DONATIONS

The Company views donating and supporting the community in Israel as an important component that should be integrated into its activities. In 202-, 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.

AMOT ATRIUM

" BELIEVE YOU CAN
AND YOU'RE HALFWAY THERE "

Theodore Roosevelt

03.

APPENDIX C

DISCLOSURE PROVISIONS IN CONNECTION WITH THE CORPORATION'S FINANCIAL REPORTING

Amot emphasizes the educated use of depleted natural resources and energy saving in property systems, which leads to the reduction of greenhouse gas emissions.

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.

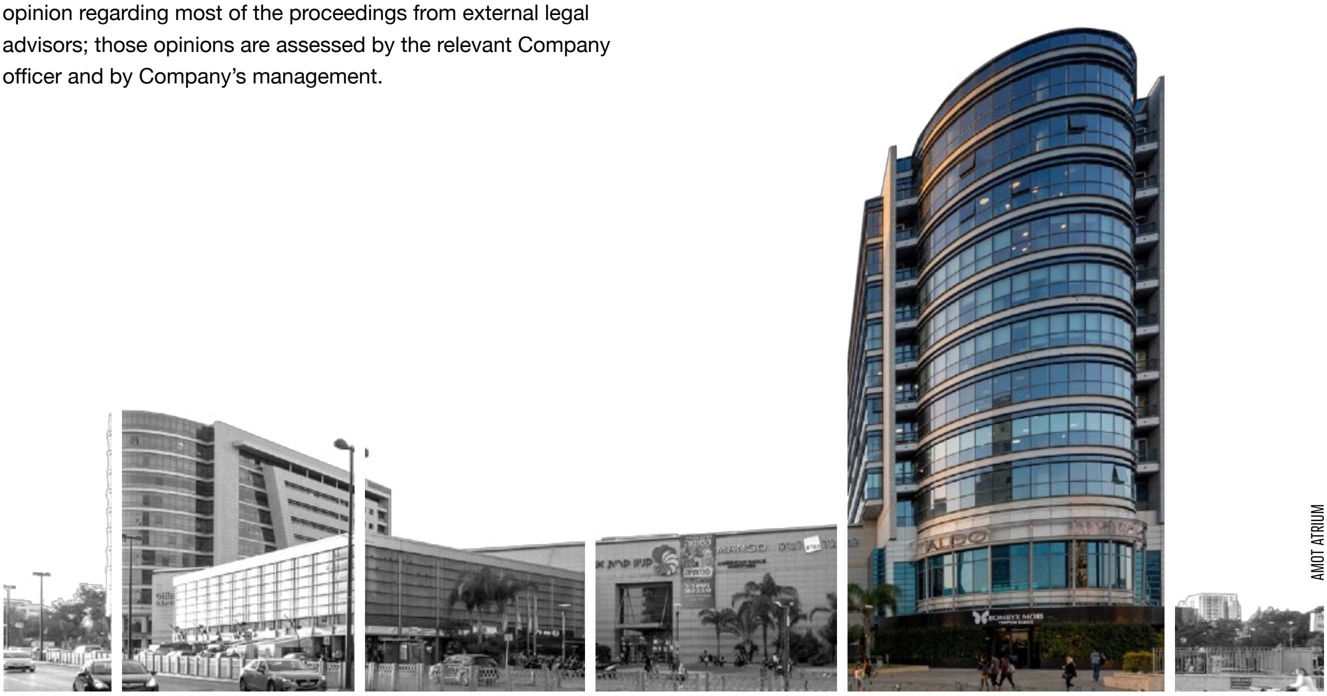
DISCLOSURE PROVISIONS IN CONNECTION WITH THE CORPORATION'S FINANCIAL REPORTING

LEGAL PROCEEDINGS

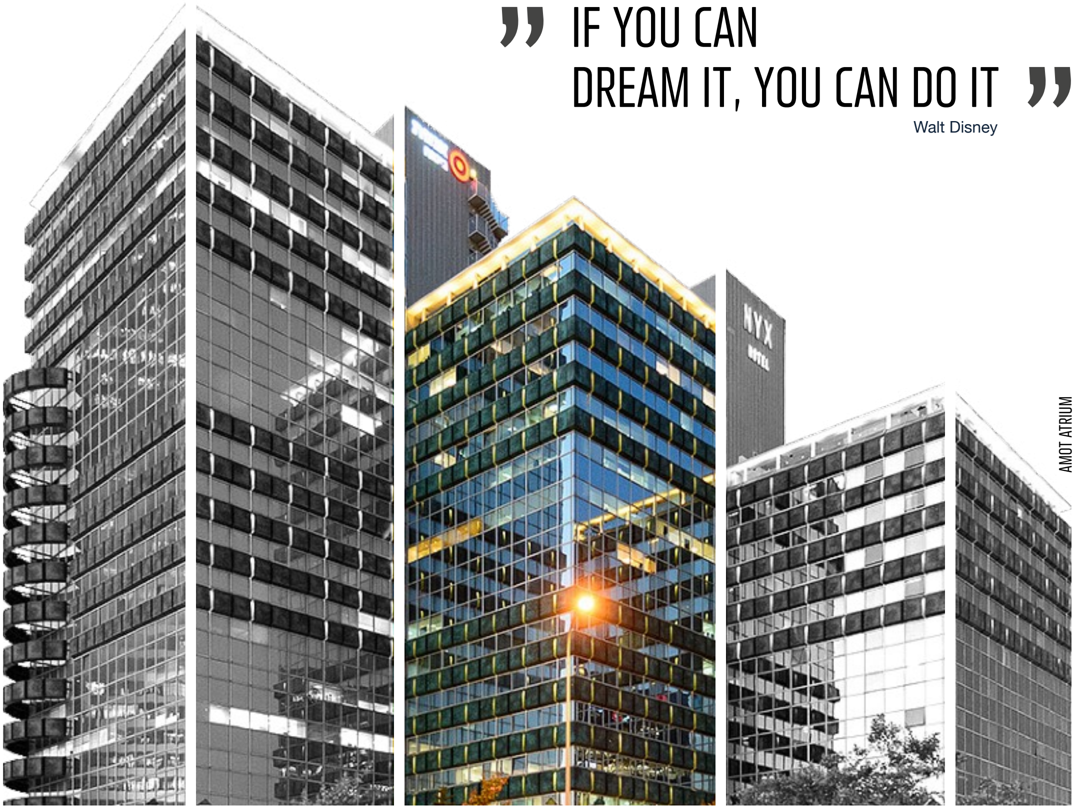
As described in Note 18a of the 2020 annual financial statements, as of the date of approval of this report 23 legal claims are pending against the Company and other related parties, with an overall amount of app. NIS 61 million; the Group's share in those legal claims as a defendant is app. NIS 56 million; the Group recorded a provision totalling app. NIS 20 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.



AMOT ATRIUM



" IF YOU CAN
DREAM IT, YOU CAN DO IT "
Walt Disney

04.

APPENDIX D

SPECIAL DISCLOSURE TO BOND HOLDERS: BONDS HELD BY THE PUBLIC

Amot was founded in 1964 as a private company.
It was later listed on the Tel-Aviv Stock Exchange
in 2006 after being acquired by Alony Hetz.

SPECIAL DISCLOSURE TO BOND HOLDERS: BONDS HELD BY THE PUBLIC

4.1
SET FORTH BELOW ARE DATA AS OF 31.12.2020 REGARDING BONDS ISSUED BY THE COMPANY

(In thousands)	Bonds (Series B)	Bonds (Series D)	Bonds (Series E)	Bonds (Series F)	Bonds (Series G)	Total
Issuance date	2.7.2012	31.7.14	31.3.16	30.6.19	6.2.20	
Par value at issuance date	343,950	241,941	276,047	423,287	465,000	
Par value as of 31.12.20	815,728	1,649,616	976,692	2,068,983	799,555	**6,310,574**
Linked par value as of 31.12.20	831,988	1,649,616	976,692	2,068,983	799,555	**6,326,834**
Value in financial statements as of 31.12.20	846,334	1,730,681	1,098,310	2,024,339	788,562	**6,488,226**
Value on the stock exchange as of 31.12.20	889,143	1,913,555	1,052,874	2,136,225	811,548	**6,803,345**
Interest accrued as of 31.12.20	19,789	26,258	27,322	5,761	4,927	**84,057**
Rate of fixed interest for the year	4.80%	3.20%	3.39%	1.14%	2.44%	

SPECIAL DISCLOSURE TO BOND HOLDERS: BONDS HELD BY THE PUBLIC

4.2
SET FORTH BELOW ARE DATA AS OF 31.12.2020 REGARDING BONDS ISSUED BY THE COMPANY

- To view an up-to-date rating report by Midroog Ltd., see the Company's immediate report of 30.12.2020 reference no. 2020-01-135409. To view an up-to-date rating report by Midroog Ltd. regarding bond (series H), see the Company's immediate report of 1.2.2021 reference no. 2021-01-013686.
- To view an up-to-date rating report by Maalot the Israel Securities Rating Co Ltd., see the Company's immediate report of 28.12.2020 reference no. 2020-01-133993. To view an up-to-date rating report by Maalot the Israel Securities Rating Co Ltd. regarding bond (series H), see the Company's immediate report of 1.2.2021 reference no. 2020-01-011410.

SERIES B

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).	7.0	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 13.7 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

SPECIAL DISCLOSURE TO BOND HOLDERS: BONDS HELD BY THE PUBLIC

4.2
SET FORTH BELOW ARE DATA AS OF 31.12.2020 REGARDING BONDS ISSUED BY THE COMPANY

SERIES D

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;	6.3	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).	7.0	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 13.7 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	Complaint

SPECIAL DISCLOSURE TO BOND HOLDERS: BONDS HELD BY THE PUBLIC

4.2
SET FORTH BELOW ARE DATA AS OF 31.12.2020 REGARDING BONDS ISSUED BY THE COMPANY

SERIES E

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;	6.3	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).	7.0	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 13.7 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	Complaint

SPECIAL DISCLOSURE TO BOND HOLDERS: BONDS HELD BY THE PUBLIC

4.2
SET FORTH BELOW ARE DATA AS OF 31.12.2020 REGARDING BONDS ISSUED BY THE COMPANY

SERIES F

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;	6.3	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).	7.0	Compliant
The rating of the Series F 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 F bonds during two consecutive quarters.	The value of Company's unpledged assets is app. NIS 13.7 billion – higher than the outstanding balance of Series F 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

SPECIAL DISCLOSURE TO BOND HOLDERS: BONDS HELD BY THE PUBLIC

4.2
SET FORTH BELOW ARE DATA AS OF 31.12.2020 REGARDING BONDS ISSUED BY THE COMPANY

SERIES G

The Series G 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 2.2 billion;	6.3	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).	7.0	Compliant
The rating of the Series G 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 G bonds during two consecutive quarters.	The value of Company's unpledged assets is app. NIS 13.7 billion – higher than the outstanding balance of Series G 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

" I WILL EITHER
FIND A WAY OR MAKE ONE "
Philip Sidney

AMOT ATRIUM

05.

APPENDIX E

LINKAGE BASES REPORT

LINKAGE BASES REPORT AS PER IFRS 11 CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31 2020 (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	-	601,764	-	601,764
Investments in securities measured at fair value through profit and loss	-	50,160	-	50,160
Trade receivable	-	31,970	-	31,970
Current tax assets, net	-	-	52	52
Other receivables	5,262	17,245	11,345	33,852
	5,262	**701,139**	**11,397**	**717,798**
Investments in companies accounted for by the equity method	119,319	-	318,082	437,401
Long-term receivables	18,663	3,085	28,257	50,005
Total financial assets	**143,244**	**704,224**	**357,736**	**1,205,204**
Investment property	-	-	13,401,813	13,401,813
Fixed assets, net	-	-	36,725	36,725
Total non-financial assets	**-**	**-**	**13,438,538**	**13,438,538**
Total assets	**148,506**	**1,405,363**	**13,807,671**	**15,361,540**
Current liabilities				
Credit from banks and current maturities	530,069	101,534	-	631,603
Trade payable	-	15,952	-	15,952
Current tax liabilities	-	-	88,894	88,894
Other payables	84,057	38,486	23,236	145,779
Payables in respect of investment property	-	57,805	-	57,805
Total current liabilities	**614,126**	**213,777**	**112,130**	**940,033**
Non-current liabilities				
Bonds	5,745,098	253,050	-	5,998,148
	5,745,098	**253,050**	**-**	**5,998,148**
Total financial liabilities	**6,359,224**	**466,827**	**112,130**	**6,938,181**
Deferred taxes	-	-	1300299	1,300,299
Provisions	-	-	16483	16,483
Other	-	43249	29483	72,732
Total non-financial liabilities	**-**	**43,249**	**1,346,265**	**1,389,514**
Total liabilities	**6,359,224**	**510,076**	**1,458,395**	**8,327,695**
Excess of financial liabilities over financial assets	**(6,215,980)**	**237,397**	**245,606**	**(5,732,977)**

"THE SECRET OF SUCCESS IS CONSTANCY TO PURPOSE"

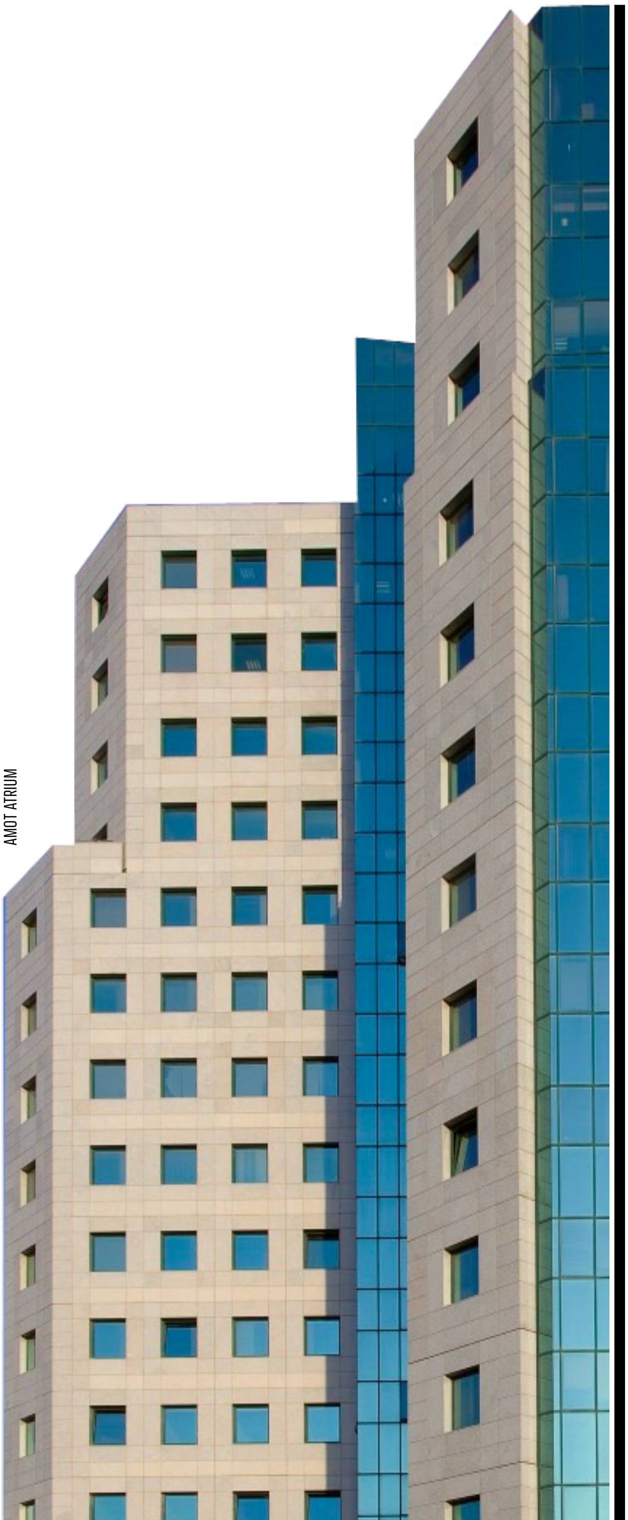
Benjamin Disraeli

06.

APPENDIX F

SEPARATE FINANCIAL INFORMATION

The Separate Financial Information Is Attached After the Company's Consolidated Financial Statements



AMOT ATRIUM

03.

CONSOLIDATED FINANCIAL STATEMENTS

Amot Investments Ltd. is a leading Israeli real estate company, focused on the management, leasing, maintenance, initiation and development of yielding properties in Israel.

AMOT INVESTMENTS LTD.

Consolidated Financial Statements

For the Year 2020

AMOT INVESTMENTS LTD.

Consolidated Financial Statements

As at December 31, 2020

CONTENTS

This financial statements are a translation from Hebrew of the original financial statements; in any case of difference between the two versions, the Hebrew version shall govern

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, 2020. 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, 2020.

We also audited, in accordance with generally accepted auditing standards in Israel, the Company's consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and our report, dated March 7, 2021, 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 7, 2021

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This financial statements are a translation from Hebrew of the original financial statements; in any case of difference between the two versions, the Hebrew version shall govern

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, 2020 and 2019 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, 2020. 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 27% and approximately 32% of total consolidated assets as at December 31, 2020 and 2019, respectively, and whose revenues included in the consolidation comprise approximately 33%, approximately 36% and approximately 39% of the total consolidated revenues for the years ended December 31, 2020, 2019 and 2018, 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, 2020 and 2019 amounted to NIS 204,801 thousand and NIS 290,564 thousand respectively, and the share of whose profits (losses) for the years ended December 31, 2020, 2019 and 2018 amounted to NIS 4,126 thousand, NIS 35,064 thousand and NIS 19,600 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, 2020 and 2019 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, 2020, 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, 2020, and our report dated March 7, 2021, 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 7, 2021

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Amot Investments Ltd.

Consolidated Statements of Financial Position

	Note	As at December 31 2020	2019
		NIS thousands	
Current assets			
Cash and cash equivalents	4	601,764	57,360
Investments in securities measured at fair value through profit and loss	5	50,160	-
Trade receivables	6	31,970	19,846
Current tax assets, net	17	52	151
Other receivables	7	33,852	40,544
Total current assets		717,798	117,901
Non-current assets			
Investment property	9	12,252,169	12,359,772
Investment property	9	1,149,644	550,354
		13,401,813	12,910,126
Investment in companies treated at equity	10	437,401	478,446
Long-term receivables	8	50,005	30,612
Fixed assets, net		36,725	37,458
Total non-current assets		13,925,944	13,456,642
Total assets		14,643,742	13,574,543
Current liabilities			
Credit from banking corporations and other providers of credit and current maturities	11	631,603	837,640
Trade payables	12	15,952	18,904
Current tax liabilities, net	17	88,894	36,714
Other payables	13	145,779	169,323
Payables for investment property	13	57,805	115,610
Total current liabilities		940,033	1,178,191
Non-current liabilities			
Bonds	14	5,998,148	4,739,360
Loans from banking corporations	15	-	202,647
Provisions	18	16,483	16,483
Others	16	72,732	82,460
Deferred tax liabilities	17	1,300,299	1,252,148
Total non-current liabilities		7,387,662	6,293,098
Equity	19		
Equity attributed to shareholders in the Company		6,316,093	6,103,298
Non-controlling interests		(46)	(44)
Total equity		6,316,047	6,103,254
Total liabilities and equity		14,643,742	13,574,543

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

March 7, 2021			
Approval Date of the Financial Statements	**Nathan Hetz** **Chairman of the Board**	**Shimon Abudraham** **Chief Executive Officer**	**Yehudit Zinger** **Deputy CEO and CFO**

Amot Investments Ltd.

Consolidated Statements of Profit or Loss

	Note	For the year ended December 31 2020	2019	2018
		NIS thousands		
Revenues from rental fees and investment property management	20	768,533	759,064	707,672
Costs of the rental and operation of properties	21	61,898	62,882	61,290
Profit from the rental and operation of properties		706,635	696,182	646,382
Adjustment of the fair value of investment property, net		(143,640)	847,259	262,975
		562,995	1,543,441	909,357
Administrative and general expenses	22	49,562	45,150	44,531
Donations		2,019	2,015	2,010
Other expenses (income), net		1,768	962	(48)
Operating income		509,646	1,495,314	862,864
Financing income	23	4,751	6,314	6,618
Financing expenses	23	(112,698)	(148,827)	(171,591)
Non-recurring financing expenses – early repayment commission	23	-	(23,801)	-
Financing expenses, net		(107,947)	(166,314)	(164,973)
The Company's share of the profits (losses) of investee companies, net of tax	10	(992)	50,030	18,656
Income before taxes on income		400,707	1,379,030	716,547
Tax expenses on income	17	(111,252)	(308,607)	(149,660)
Net income for the year		289,455	1,070,423	566,857
Attributed to:				
Shareholders in the parent company		289,457	1,070,425	566,891
Non-controlling interests		(2)	(2)	(4)
		289,455	1,070,423	566,887
Earnings per share attributed to the shareholders in the Company (in NIS):				
Basic				
Total		0.74	2.96	1.69
At full dilution				
Total		0.74	2.95	1.68
Weighted average share capital used in the calculation of the earnings per share (in thousands of shares				
Basic		389,183	362,016	336,320
At full dilution		389,494	363,219	337,282

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		
	2020	2019	2018
	NIS thousands		
Net income for the year	289,455	1,070,423	566,887
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)
Total comprehensive income for the year	289,455	1,070,386	566,869
Attributed to:			
Shareholders in the parent company	289,457	1,070,388	566,873
Non-controlling interests	(2)	(2)	(4)
	289,455	1,070,386	566,869

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	Capital reserve on share-based payments and others	Retained earnings	Total attributed shareholders in the Company	Non-controlling interests	Total shareholders' equity
Balance as at January 1, 2020	421,487	3,216,379	7,143	2,458,289	6,103,298	(44)	6,103,254
Net income for the year	-	-	-	289,457	289,457	(2)	289,455
Total comprehensive income for the year	-	-	-	289,457	289,457	(2)	289,455
Issuance of share capital warrants	27,500	369,904	-	-	397,404	-	397,404
Exercise of warrants for employees	1,141	18,859	(2,200)	-	17,800	-	17,800
Reflection of benefit on warrants for employees	-	-	6,959	-	6,959	-	6,959
Reflection of benefit on share-based payments to directors	-	-	329	-	329	-	329
Dividend declared	-	-	-	(499,154)	(499,154)	-	(499,154)
Balance as at December 31, 2020	450,128	3,605,142	12,231	2,248,592	6,316,093	(46)	6,316,047

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, 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	421,487	3,216,379	-	7,143	2,458,289	-	6,103,298	(44)	6,103,254

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	387,962	2,590,924	15,466	8,144	1,834,332	37	4,836,865	(42)	4,836,823

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		
	2020	**2019**	**2018**
	NIS thousands		
Cash flows from operating activities			
Net income for the year	289,455	1,070,423	566,887
Adjustments required to present cash flows from operating activities (Appendix A)	206,407	(609,109)	(152,749)
Net cash generated by operating activities	495,862	461,314	414,138
Cash flows from investment activities			
Investments in investment property (including investment property under construction)	(692,149)	(1,375,472)	(794,122)
Consideration from the disposal of investment property	-	-	107,420
Repayment of loans from companies treated at equity	5,232	5,952	5,481
Proceeds from te realization of a company treated according to the equity method	-	6,701	-
Investments in securities measured at fair value through profit and loss	(49,908)	-	-
Others, net	(1,559)	(2,439)	(782)
Net cash absorbed by investment activities	(738,384)	(1,365,258)	(682,003)
Cash flows from financing activities			
Repayment of long-term loans from banking corporations	(242,613)	(38,349)	(37,391)
Dividend paid	(499,154)	(446,468)	(419,468)
Issuance of shares and exercise of warrants into shares less issuance expenses	397,404	576,535	330,857
Issuance of bonds, net	1,804,876	1,003,480	652,585
Exercise of warrants for employees, directors and officers	17,800	59,146	55,132
Repayment of long-term bonds	(527,233)	(408,588)	(264,962)
Short-term credit from banking corporations, net	(164,154)	(82,155)	(65,334)
Net cash generated by financing activities	786,926	(663,601)	251,419
Increase (decrease) in cash and cash equivalents	544,404	(240,343)	(16,446)
Balance of cash and cash equivalents at the beginning of the year	57,360	297,703	314,149
Balance of cash and cash equivalents at the end of the year	601,764	57,360	297,703

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

	For the year ended December 31		
	2020	**2019**	**2018**
	NIS thousands		
A. Adjustments required to present cash flows from operating activities			
Expenses (revenues) not involving cash flows			
Adjustment of the fair value of investment property, net	143,640	(847,259)	(262,975)
Company's share of the profits (losses) of companies treated at equity	992	(50,030)	(18,656)
Revaluation of loans from companies treated at equity	381	(873)	(1,455)
Dividends received from companies treated at equity	34,850	2,500	4,250
Revaluation (erosion) of bonds	(52,553)	(29,086)	(9,181)
Adjustment differentials on long-term liabilities and cash	(1,023)	869	3,601
Reflection of benefit on share-based payments	7,288	6,101	5,988
Deferred taxes, net	48,151	284,533	107,970
Payment of taxes on the disposal of assets – attributed to investment activities	-	-	15,358
Others, net	6,131	4,144	1,321
	187,857	(629,101)	(153,779)
Changes in assets and liabilities			
Decrease (increase) in trade receivables	(12,124)	(1,106)	904
Decrease (increase) in other receivables	2,244	(3,495)	(1,969)
Decrease (increase) in long-term receivables	1,569	(10,667)	4,279
Increase (decrease) in trade payables	201	(4,549)	(686)
decrease in liabilities in respect of the termination of employee-employer relationships	(514)	(22)	(35)
Increase (decrease) in other payables	27,174	39,831	(1,463)
	18,550	19,992	1,030
	206,407	(609,109)	(152,749)

	For the year ended December 31		
	2020	2019	2018
	NIS thousands		
B. Activities not involving cash flows			
Investments in investment property against other payables	9,334	99,473	15,072
Allocation of shares to an officer against payables	-	731	-
C. Additional information			
Interest paid	198,306	183,663	189,858
Interest received	16,401	5,640	3,875
Taxes paid (*)	11,217	14,596	54,893
Taxes received	57	3,448	-
Dividend received	34,850	2,500	4,250

* 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 17E and 17H2).

Note 1: General

A. **The Company's business**:

The Group is engaged, directly and indirectly, though 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 57%. 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 10 and 30 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

Note 1: **General** (Continued)

C. **Effects of the Coronavirus Crisis on the Group's Business Activities:**

The novel coronavirus (COVID-19) began spreading around the world in early 2020, and has been declared a pandemic by the World Health Organization.

As part of the national effort to respond to the pandemic, the Government of Israel enacted the State of Emergency Regulations, which led to the imposition of three lockdowns on the Israeli public during 2020, including the imposition of severe restrictions on free movement and on congregating, while limiting access to public spaces.

The first and most severe lockdown was imposed on March 14th, 2020, and lasted for around one month and a half, during which time it was decided to close the entire economy, including the education system and culture, leisure, and entertainment spaces, and severe restrictions were also imposed on activity in the business, public and private sectors, as well as a prohibition on congregating in public. At a certain point, a total prohibition on entering public spaces was imposed, excluding the activities of security and emergency entities, and excluding essential business activities (such as supermarkets, pharmacies, clinics and banks). In early May 2020, the government adopted a deconfinement strategy, as part of the steps towards resuming routine activity during the pandemic, and the opening of various businesses was gradually permitted, subject to stringent conditions according to the "Purple Badge" system, which dictated restricted rules of conduct and activity in public spaces, with respect to all sectors of the economy (the "Purple Badge").

Two other lockdowns were imposed, in mid-September 2020 (Rosh Hashana eve) and in late December 2020, during which severe restrictions were again imposed on activity in the business, public and private sectors, including the closure of street stores and commercial centers (except for essential business activities, as described above), and including closing the education system and culture, leisure and entertainment spaces. Congregating in public was also prohibited. Even during the periods between the lockdowns, certain restrictions were intermittently imposed on movement and on congregating, in a manner which limited the scope and nature of activity in the business, public and private sectors.

These lockdowns caused street stores and commercial centers to remain closed for many weeks, with deconfinement from the third lockdown only beginning in mid-February 2021, subject to the conditions of the Purple Badge system.

Towards the end of December 2020 an extensive vaccination campaign began, in which the government has been encouraging the country's residents to receive coronavirus vaccines. According to government publications, until the publication date of this report, extensive groups of the country's population over age 16 have been vaccinated, and the campaign is still ongoing. Studies and information which were recently published by the Ministry of Health and the health funds indicate that the efficacy of the vaccine is very high, both in terms of preventing infection and in terms of preventing severe cases of the illness, in all age groups. As of the publication date of this report, only those who have been vaccinated or have recovered from the virus are allowed entry to culture, entertainment and leisure spaces, by presenting a "green badge", issued by the Ministry of Health.

Note 1: **General** (Continued)

C. **Effects of the Coronavirus Crisis on the Group's Business Activities** (Continued)**:**

Since the beginning of the pandemic, the Company has received many notices from the Company's customers in the office and commercial segments requesting the deferral, reduction, distribution and cancellation of rent and management fee payments with respect to the periods during which the restrictions and/or lockdowns applied (or partially applied). It is hereby clarified that the Company believes that agreements must be honored, and that it has worked, and continues working, on enforcing the lease agreements to which it is party. In specific cases, the Company allowed the distribution of payments for office tenants. Throughout the entire reporting period, and as of the publication date of the report, the collection of rent and management fees from office tenants is continuing in an orderly manner.

With respect to its commercial centers, the Company formulated a gradual concessions plan regarding rent and management fee payments during the lockdown periods and during the periods when only partial activity was allowed: with respect to the period when the commercial centers were closed, it did not collect rent and management fees; while with respect to the partial activity periods, the tenants paid rent as a percentage of turnover, in accordance with the provisions of the lease agreements with them, and certain concession were also given on management fees (subject to the reduction / adjustment of the concession amounts for each tenant which was entitled to state grants, in accordance with the government assistance plan). The total scope of the foregoing concessions to tenants in commercial centers during the reporting period amounted to a total of NIS 64 million.

As of the publication date of this report, according to the estimates of Company management, the mix of the Company's portfolio of revenue-generating properties, which is balanced between different uses: offices (52%), logistics and industry (20%), supermarkets (which operated without interruption throughout the entire period) (6%), essential commerce which remained open throughout the entire lockdown period, including grocery stores, pharmacies, etc. (4%), and non-essential commerce (17%), as well as their extensive geographical distribution, may help / are helping it respond well to the possible effects of the crisis on its operating results.

The Company estimates that its financial strength, leverage ratio and the condition of its revenue-generating properties will allow it to continue dealing effectively with the results of the crisis, including future effects, insofar as they occur. The Company has strong and stable cash flows, over one hundred revenue-generating properties, and properties in initiation and construction with a total value of approximately NIS 14 billion. All of the Company's properties are unpledged (except for 2% which are owned together with partners). The properties include various uses and sectoral diversification among tenants (around 1,700 tenants), which occupy the properties at high occupancy rates. The Company also has significant cash balances, significant available credit facilities and strong accessibility to bank credit and to the capital market, a long average lifetime of debt, which will allow it to finance its activities and service its liabilities. In her reports, the Company adjusted the value of its assets according to the decrease of the CPI in 2020, and the working assumptions also included taking into account a short-term adjustment to the expected revenue from rent and management fees in the Company's properties.

Note 1: **General** (Continued)

C. **Effects of the Coronavirus Crisis on the Group's Business Activities** (Continued)**:**

Concession regarding lease payments with respect to operating lease arrangements whose contractual payment dates were past due

- The Company accounts for concessions which were given to tenants in operating lease arrangements with respect to lease payments whose contractual payment dates were past due, which constitute lease amendments, as derecognition of financial assets, in accordance with IFRS 9 and Israel Securities Authority Staff Accounting Bulletin number 19-3. Accordingly, and after taking into account expected credit losses, if any, the Company derecognizes the balance of operating lease receivables in the statement of income on the date when the contractual rights to the cash flows expired. With respect to the derecognition of the balance of receivables, the Company recorded a decrease in income in the amount of approximately NIS 47 million.

Operating lease arrangements combining fixed lease fees and variable lease fees

- In operating lease arrangements combining fixed lease fees and variable lease fees, the Company recognizes the fixed lease payments in a straight line throughout the lease period. In lease arrangements of this kind, in which concessions were given to tenants in respect of the coronavirus (COVID-19) crisis, involving a reduction of the fixed component to a lower amount for a set period, while leaving the variable component unchanged, the Company considered the updated lower limit of the fixed component as a different systematic method which better represents the framework by which the benefit from the use of the underlying asset decreases, instead of distributing the reduction of the fixed component over the remaining lease period in a straight line. Accordingly, in each period, the Company recognizes the difference between the total sum of actual lease payments, and the amount which is obtained on a straight-line basis, as positive or negative variable lease payments. This accounting policy was in accordance with the IFRS 16 and Staff Accounting Bulletin 19-3 of the Israel Securities Authority. With respect to the reduction of the fixed component to the lower limit, the Company recorded a decrease of income in the amount of approximately NIS 17 million.

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 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:

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 in loss as income or expenses.

For the purpose of the determination of the air 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 determined 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.

- **Investment property under construction**

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.

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** (Continued)

  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 10).

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.

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.

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 changed 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 credit losses

The provision for doubtful debts is determines 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.

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.

Financial assets measured at fair value through profit or loss:

The Company's financial assets which are measured at fair value through the statement of income include marketable securities which are held for trading purposes, and which are presented under current assets. Financial assets at fair value through the statement of income are presented according to their fair value as of the date of the statement of financial position. Profit or loss due to changes in fair value are carried to the statement of income in the period when the change occurred. Interest and dividend income arising from these assets are classified under the same item in the statement of income. For details regarding the method used to determine fair value, see section 26.

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).

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.

Note 2 – Principal accounting policies (Continued)

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

N. Non-current assets held for sale:

Non-current assets are classified as held for sale of 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 classified 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, bonds, loans from financial institutions 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.

Note 2 – **Principal accounting policies** (Continued)

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 gees 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.

(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.

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 19 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

Note 2 – Principal accounting policies (Continued)

R. Share-based payments (Continued)**:**

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.

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 liabilites 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.

Note 2 – **Principal accounting policies** (Continued)

T. Leases (Continued)**:**

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.
- The Group remeasures lease liabilities using the original interest rate (against an adjustment of the right-of-use asset) when changes have occurred in future lease payments due to changes in the index which is used to determine those payments.

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.

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. Initial direct costs which materialized when obtaining an operating lease are added to the carrying amount of the underlying asset, and recognized as an expense in a straight line throughout the lease period.

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

Note 2 – Principal accounting policies (Continued)

U. Taxes on income (Continued)**:**

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.

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 14.

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:

Note 2 – Principal accounting policies (Continued)

V. Derivative financial instruments and hedge accounting (Continued)**:**

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) and bonds (Series G) (see Note 14F).

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 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 of 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 of the 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.

Note 2 – Principal accounting policies (Continued)

X. Exchange rates and the linkage basis (Continued)**:**

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

	Representative exchange rate of the dollar	The index in Israel: The known index in points	The index in Israel: The index for the month in points
As at the date of the financial statements:			
As at December 31, 2020	3.215	132.766	132.634
As at December 31, 2019	3.456	133.561	133.561
Rates of change:	%	%	%
For the year ended December 31, 2020	(6.97)	(0.60)	(0.69)
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

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

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

- **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 implemented regarding business combinations and asset purchases whose date of purchase is from January 1, 2020. The revision implementation had no significant effect on the company financial statements.

Note 4: Cash and cash equivalents

Composition:

	Interest rate As at December 31 2020	As at December 31 2020	As at December 31 2019
	%	NIS thousands	
In Israeli currency:			
Cash in hand and balances in banks		131,541	18,121
Short-term deposits in banking corporations (unlinked)	0.08-0.21	470,223	39,239
		601,764	57,360

Note 5: Investments in securities measured at fair value through profit and loss

In October 2020, the Company invested in the bonds of an Israeli bank. The investment in the bonds was measured at fair value through profit and loss.

Note 6: Trade receivables

A. Composition:

	As at December 31 2020	As at December 31 2019
	NIS thousands	
Open debts	26,525	17,651
Checks for collection	8,298	3,824
Revenues receivables	5,522	4,821
	40,345	26,296
Less provision for doubtful debts	(8,375)	(6,450)
	31,970	19,846

B. Movements in the provision for doubtful debts:

	As at December 31 2020	As at December 31 2019
	NIS thousands	
Balance at the beginning of the year	6,450	5,081
Amounts of doubtful debts written off	(30)	(1,261)
Amounts provided in the year	1,955	2,630
Balance at the end of the year	8,375	6,450

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.

Note 6: Trade receivables (Continued)

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.

Note 7: Other receivables

Composition:

	As at December 31	
	2020	2019
	NIS thousands	
Government institutions	8,200	8,502
Partners in joint ventures	297	2,288
Prepaid expenses	1,605	2,056
Revenues receivable	1,865	4,406
Joint arrangements	8,055	6,676
Advances to suppliers	1,280	3,249
Current maturities of long-term loans	5,262	5,294
Others	7,288	8,073
	33,852	40,544

Note 8: Long-term receivables

Composition:

	As at December 31	
	2020	2019
	NIS thousands	
Long term revenues receivable	28,413	29,982
Derivative financial instruments, which are designated As hedging items (see note 14)	18,663	-
Others	2,929	630
	50,005	30,612

Note 9: Investment property; investment property under construction

A. Composition and movement:

	Investment property	Investment property under construction	Total
	NIS thousands		
Balance as at January 1, 2019	9,786,501	803,438	10,589,939
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 and other	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	12,359,772	550,354	12,910,126
Additions deriving from acquisitions	2,273	232,352	234,625
Transfer from investment property under construction to investment property	187,537	(187,537)	-
Transfer from investment property to Investment Property under construction	(207,099)	207,099	-
Investments	59,091	332,474	391,565
Capitalized credit costs	-	9,137	9,137
Gain on the adjustment of fair value, net	(149,405)	5,765	(143,640)
Balance as at December 31, 2020	12,252,169	1,149,644	13,401,813

A. See Note 20 for information regarding revenues from rental fees that are sourced in investment property.

See Note 21B 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%, similar to previous year.

Note 9: Investment property; investment property under construction (Continued)

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

Purchase of logistic complex

On March 3, 2021, subsequent to the balance sheet date, the company signed an agreement to purchase half of the rights in a logistics center near Kibbutz Hefetz Haim for NIS 71 million. The property is fully leased for a period of 10 years and is expected to yield NOI in the amount of NIS 8.1 million per year (50% company's share).

Projects under construction:

The Company has 4 projects in the stages of construction or pre-construction, in which the Company’s share is approximately 94 thousand square meters of aboveground areas. The total expected scope of the investment in these projects is around NIS 1.2 billion (the Company’s share), and the balance of the investment therein over the next 5 years is NIS 0.8 billion (the Company’s share).

Amot Holon

In July 2016, the Company won a tender which was conducted by Holon municipality, for the construction of an office and high-tech industry project in Holon Industrial Zone, as part of a combination transaction with the municipality. In accordance with the transaction, in return for providing the real estate for the project, the municipality will receive 22.2% of the rights to the structure, and the Company will plan and build the project, and in return, the city will lease the Company’s share of the project to the Company for a 99-year period after the completion of its construction, with an option to extend the lease period by 99 additional years. The project is being built on a parcel of land covering around 11 dunams, located in the southwestern part of the Holon Industrial Zone C, at the intersection of Hamelacha St. and Jerusalem Blvd. A station of light rail green line is planned for construction at this junction (according to publications of NTA Metropolitan Mass Transit System Ltd., this station will be connected to the M3 metro station in the future). The project includes a 22-story office tower with a total aboveground area of around 60 thousand square meters, and a 5-level underground parking garage (the Company’s share: 77.8%). The tower will be built and operated as a cash-generating leasing property, managed by a joint management company of the Company and the municipality. As of the reporting date, the project is in the stage of final completion of the aboveground structure and of the parking basements, and the project is expected to be completed in 2021 (not including adjustment works for tenants). The Company estimates its investment in the project at a total of approximately NIS 570 million. Until the date of the statement of financial position, a total of approximately NIS 396 million has been invested in the property.

Amot Modiin

In December 2016, the Company acquired from the Israel Land Authority a lot with an area of approximately 34 dunams, located in Modiin industrial zone, for a total consideration of approximately NIS 70 million, with respect to capitalized lease fees and development expenses. In May 2018, the Company entered into an agreement with Shufersal Ltd. (hereinafter: “Shufersal”), according to which the Company will sell to Shufersal 25% of the land leasing rights. The Company led a zoning plan change to increase the construction area in the lot to a total of approximately 53 thousand square meters (the zoning plan is in effect). As part of the engagement between the parties, it was agreed that they will build together a logistics center with an area of approximately 42.7 thousand square meters, and an office building with an area of approximately 9 thousand square meters. The entire logistics center will be rented to Shufersal over a period of 15 years, with an option to extend the period. Furthermore, in accordance with the agreement

Note 9: 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)

Between the parties, the logistics center began producing income beginning in mid-July 2020, and was reclassified from real estate under construction to revenue-generating real estate. The partnership's total investment in the construction of the project is estimated at approximately NIS 420 million (the Company's share in the investment is 75%, and is estimated at approximately NIS 315 million). The Company's expected income is estimated in the amount of approximately NIS 26 million per year. As of the reporting date, the project is in the finishing works stage at the Logistics center, with an emphasis on works of the automation contractor, and is approaching the beginning of finishing works in the office building. Until the date of the statement of financial position, approximately NIS 282 million has been invested in the property (the Company's share - 75%).

HaLechi Complex

In July and November 2018, the Company signed an agreement and an addendum to the agreement, respectively, with Allied Real Estate Ltd. (hereinafter: "Allied"), according to which Allied will sell to the Company half of the capitalized lease rights (subject to Allied signing a new capitalized lease agreement with the Israel Land Authority) to a lot with an area of approximately 16.4 dunams, on HaLehi St. in Bnei Brak, for a total consideration of approximately NIS 100 million. The lot is located in North Bnei Brak Business Complex, next to Park HaYarkon and Ramat HaHayal complex, and close to Ayalon shopping mall. The parties are working together on the planning, development and construction of an office and commercial project on the lot, which will include approximately 82 thousand square meters of aboveground area, including 40 office stories, above 3 commercial stories. The investment in the construction of the project (including the land component and the parking basements) is estimated by the parties at a total of approximately NIS 1,200 million (the Company's share - 50%). The project is in advanced execution stages of excavation, reinforcement and foundation works.

ToHa2 Parking Lot

The partnership is currently executing preparatory works for the construction of the parking lot in Stage B of the Totzeret Ha'aretz complex. As of the reporting date, the project is in the stage of completing the reinforcement works for the parking lot.

Projects in planning and initiation stages

The Company has 5 projects in medium-term planning and initiation stages (3-8 years), regarding which a decision to build has not yet been received. The Company's share in these projects amounts to approximately 185 thousand square meters of aboveground areas, and the expected total investment in the projects in the coming years is approximately NIS 2.2 billion (the Company's share, subject to the completion of the process of obtaining additional rights to the K complex in Jerusalem). The construction cost includes the land component and parking basements, and does not include adjustments for tenants and capitalization.

ToHa 2 (Totzeret Ha'aretz)

Joint project of the Company and of Gav Yam Ltd. (with each party having a 50% share). In August 2018, the local planning and construction committee of Tel Aviv approved the deposit of a local zoning plan for the addition of construction rights (within the framework of plan TA/5000), for the construction of an additional office tower in the complex, with a gross aboveground area of approximately 140 thousand square meters (the Company's share - 50%). The plan included a

Note 9: 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)

planned underground connection from the complex to the metro station for lines M1 and M2 (in accordance with publications issued by NTA Metropolitan Mass Transit System Ltd.), and to the Hashalom station of the heavy rail system. The total investment for the construction of the ToHa2 project (including payments for the land component) is estimated at a total of approximately NIS 2,000 million (the Company's share - 50%).

K Complex in Jerusalem

On June 14th, 2020, the Company, together with Allied Real Estate Ltd., won a tender for the lease of a lot with an area of approximately 4.5 dunams (constituting the K complex) in the "Sha'ar Ha'ir" complex, which is expected for construction at the entrance to Jerusalem.

The lease period is 98 years, with an option to extend the period by additional 98 years. The lot is intended for the construction of a street-adjacent office and commercial complex, with options for hotels and special rental housing, at a scope of approximately 79 thousand square meters of aboveground areas according to the current zoning plan, and approximately 103 thousand square meters according to the zoning plan that was deposited, as well as the right to attach 200 built parking spaces in an underground public parking lot adjacent to the complex (the Company's share - 50%). The parties are working together on planning, developing and building the project on the lot, and on managing it as a revenue-generating property, with each party holding a 50% share in the project. The investment in the construction of the project, including the land component, is estimated by the parties at a total of approximately NIS 1,100 million (the Company's share - approximately NIS 550 million). The project is currently in the planning stages, and excavation works are planned to begin in 2021.

1000 Complex in Rishon Letzion

In June 2018, the Company won a tender for the purchase of land in the 1000 Complex in West Rishon Letzion, in consideration of a total of approximately NIS 30 million. The land is subject to building rights for the construction of an office building with an area of approximately 19 thousand square meters. As of the reporting date, the project is in the planning and licensing stages.

Platinum Stage B

The Company intends to realize the balance of building rights in a project at a scope of approximately 17 thousand square meters, and to complete additional building rights in order to build a twin tower alongside Platinum Stage A.

Amot Shaul

The Company has land with building rights for the construction of office buildings at a scope of approximately 70 thousand square meters of aboveground area (the Company's share - 50%). The partner company in the project is Sana Trask Inc.

E. Additional information:

See Note 18B 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 806 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 456 million (less deferred taxes at a rate of 23% - approximately NIS 351 million).

Note 10: 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			
		2020	2019	2020	2019
		%	%	NIS thousands	
Fully consolidated					
Ayalot Investments in Properties Ltd.	Israel	90%	90%	(414)	(395)
Ayalot Investments in Properties (Kfar Saba) 1992 Ltd.	Israel	100%	100%	109,257	121,041
Ayalot Investments (T.M.R.) 1994 Ltd.	Israel	100%	100%	130,687	117,752
Ayalot Investments in Properties (Netanya) 1993 Ltd.	Israel	100%	100%	436,051	398,837
Ayalot Investments in Properties (Herzliya) Ltd.	Israel	100%	100%	90,258	81,426
Ayalot Investments in Properties (AB"G) 1992 Ltd.	Israel	100%	100%	90,734	87,093
Ayalot Investments (Patir) 1996 Ltd.	Israel	100%	100%	91,311	88,948
Ayalot Investments in Properties (Rehovot West) 1992 Ltd.	Israel	100%	100%	232,964	235,295
Ayalot Investments (Ramat Vered) 1994 Ltd.	Israel	100%	100%	332,913	303,866
Ayalot Investments in Properties (Har Hotzvim) 1994 Ltd.	Israel	100%	100%	112,596	89,934
Hakirya Center (Ashdod 1995) Ltd.	Israel	100%	100%	(1,132)	(602)
Nes-Pan Ltd.	Israel	100%	100%	449,712	428,099
Joint Operations					
The Central Station in Jerusalem (Management) 1996 Ltd.	Israel	50%	50%	(3,795)	(3,795)
Kochav Or Industry and Commerce Ltd.	Israel	50%	50%	2	33
Joint Ventures (*)					
Izdrechet Investments Company Ltd.	Israel	50%	50%	28,190	28,099
Hotzot Alonym Ltd. (**)	Israel	49%	49%	24,279	32,941
Amot Shaul Ltd. (***)	Israel	50%	50%	36,787	36,963
Amot Danisra Park Afek Ltd. (**)	Israel	50%	50%	60,694	58,898
Ziviel Investments Ltd. (**)	Israel	49%	49%	66,723	99,678
Roni Dan Investments Ltd.	Israel	50%	50%	64,359	60,636

(*) 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.

Note 10: 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

Details of the company to which the loan has been extended	Linkage terms	Interest rate %	Balance of the loan As at December 31 2020	2019
			NIS thousands	
Ayalot Investments in Properties (Herzliya) Ltd.	Unlinked (see 1)	-	75,000	75,000
Ayalot Investments in Properties (AB"G) Ltd.	Linked to the Consumer Prices Index (see 3)	3.22	56,000	64,000
Ayalot Investments in Properties (Kfar Saba) Ltd.	Unlinked (see 1)	-	93,600	93,600
Ayalot Investments in Properties (Rehovot West) Ltd.	Unlinked (see 1)	-	500,000	500,000
Ayalot Investments in Properties (Rehovot West) Ltd.	Linked to the Consumer Prices Index (see 3)	3.22	359,500	345,000
Ayalot Investments in Properties (Netanya) Ltd.	Linked to the Consumer Prices Index (see 3)	3.22	1,500	28,000
Ayalot Investments in Properties (Har Hotzvim) Ltd.	Linked to the Consumer Prices Index (see 3)	3.22	222,000	244,000
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)	3.22	50,100	90,000
Ayalot Investments (Ramat Vered) 1994 Ltd.	Unlinked (see 1)	-	239,000	239,000
Ayalot Investments (Patir) 1996 Ltd.	Unlinked (see 1)	-	24,000	24,000
Nes-Pan Ltd.	Linked to the Consumer Prices Index (see 3)	3.22	222,200	250,000
Joint Ventures				
Hotzot Alonym Ltd.	Linked to the Consumer Prices Index (see 4)	2.62	9,863	9,484
Amot Shaul Ltd.	Unlinked	4	23,904	22,982
Amot Shaul Ltd.	Linked to the Consumer Prices Index	-	18,407	18,517
Amot Danisra Park Afek Ltd.	Unlinked (see 2)	-	2,332	2,347
Amot Danisra Park Afek Ltd. (**)	Linked to the Consumer Prices Index	2.62	107,124	113,162
			2,240,029	2,354,592

(1) Capital note.

(2) Prime + 1.5%

(3) Starting from January 1, 2020, the principal of the debt bears index-linked, annual interest at a rate of 3.22% (in lieu of 2.5% in 2019). 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.

(4) Starting from January 1, 2020, the principal of the debt bears index-linked, annual interest at a rate of 2.62% (in lieu of 4% in 2019). 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.

Note 10: **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	
	2020	2019
	NIS thousands	
Ziviel Ltd.	95,848	67,350

(4) **Dividends received from joint transactions**

In 2020, dividends in the amount of NIS 34,850 thousand were obtained from joint transactions.

Note 11: **Credit from banking corporations and other providers of credit**

A. **Composition:**

	Interest rate As at December 31 2020	As at December 31	
		2020	2019
	%	NIS thousands	
Credit from banking corporations and other providers of credit			
Interest accrued on the issuance of bonds		6,453	-
Short-term credit (see B)	P + 0.7	95,084	265,491
		101,537	265,491
Current maturities			
Loans from banking corporations (see C)		-	39,966
Index-linked bonds	1.14 – 6.5	530,066	532,183
		530,066	571,149
		631,603	837,640

B. In February of 2020, the Company repaid the short-term credit in the amount of NIS 265 million.

In March 2020, the Company received a short-term loan from a banking institution in a financial scope of NIS 95 million. The loan bears interest of 2.3% (P+0.7%), and comes due in March 2021.

C. In February of 2020, the company early repaid a bank loan of NIS 243 million (excluding early repayment fee). See note 15C.

D. **Liens** – See Note 18B.

Note 12: Trade payables

Composition:

	As at December 31	
	2020	2019
	NIS thousands	
Open debts	11,943	12,061
Checks and notes payable	4,009	6,843
	15,952	18,904

Note 13: Other payables, payables for investment property

A. Other payables:

	As at December 31	
	2020	2019
	NIS thousands	
Interest payable for long-term liabilities	84,057	110,731
Liabilities to partners	1,265	1,242
Revenues in advance	19,348	18,341
Institutions	3,888	1,985
Employees and institutions for salaries	11,811	12,665
Liabilities payable	21,589	21,167
Others	3,821	3,192
	145,779	169,323

B. Payables for investment property:

	As at December 31	
	2020	2019
	NIS thousands	
Liabilities payable to sellers of investment property	10,554	10,554
Liabilities to authorities and payables for investment property transactions	47,251	105,056
	57,805	115,610

Note 14: Bonds

A. Composition:

	Interest rate As at December 31 2020 %	As at December 31 2020 NIS thousands	2019 NIS thousands
Bonds (Series C) – C below	4.9	-	109,304
Less – current maturities		-	109,304
		-	-
Bonds (Series B) – D below	4.8	846,334	1,287,675
Less – current maturities		415,995	418,486
		430,339	869,189
Bonds (Series D) – E below	3.2	1,730,681	1,753,728
Less – current maturities		-	-
		1,730,681	1,753,728
Bonds (Series E) – F below	3.39	1,113,358	1,103,227
Less – current maturities		109,457	-
		1,003,901	1,103,227
Bonds (Series F) – G below	1.14	2,024,339	1,003,668
Less – current maturities		-	-
		2,024,339	1,003,668
Bonds (Series G) – H below	2.44	804,011	-
Less – current maturities		-	-
		804,011	-
Bonds to others – I below	5.5 – 6.5	9,491	13,942
Less – current maturities		4,614	4,394
		4,877	9,548
		5,998,148	4,739,360

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%.

Note 14: 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 leans 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

Note 14: **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. he 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.

Note 14: **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.

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

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, and 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;

Note 14: **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):

From February to December 2020, the Company issued to the public, by way of an issuance and by way of exercising bond options (see information below regarding the issuance of options (Series 10), bonds (Series G) at a scope of NIS 800 million par value. The total net consideration which was received by the Company with respect to the issuance amounted to a total of approximately NIS 788 million. The bonds (Series G) bear an effective NIS interest rate of 2.60%.

Further to the issuance of the bonds (Series G), the Company performed hedging transaction vis-à-vis financial institutions in Israel, which converted an annual NIS interest rate of 2.44% to CPI-linked principal and linked interest at a rate of 1.025%-1.365%, with total principal of NIS 784 million.

Additionally, approximately 2.7 million options (Series 10) were issued, each exercisable into NIS 100 par value of bonds (Series G). The immediate consideration which was received by the Company and attributed to the options amounted to approximately NIS 17 million. Additionally, the gross additional consideration which the Company received upon the exercise of all of the options (Series 10) which were issued, as stated above, for the bonds (Series G), amounted to a total of NIS 251.6 million (exercise price of NIS 94 per option). The options were exercisable on each trading day, from their listing date until December 24th, 2020. As of the date of the statement of financial position, all of the options were exercised.

The options were measured at fair value against profit and loss. During the period, finance expenses were recorded in the amount of NIS 3.3 million.

Note 14: **Bonds** (Continued)

H. Bonds (Series G): (continued)

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.
- 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.

Note 14: **Bonds** (Continued)

I. Bonds (Series H):

In February 2021, after the balance sheet date, the Company issued to the public bonds (Series H) at a scope of NIS 450 million par value. The total net consideration which was received by the Company with respect to the issuance amounted to a total of approximately NIS 446 million. The bonds (Series H) reflect a CPI-linked effective interest rate of approximately 1%.

The bonds (Series H) are CPI-linked (with respect to January 2021), and bear stated annual interest at a rate of 0.92% per year. The bonds (Series H) are payable (principal) in 4 equal annual payments, on January 5th of each of the years 2029 to 2032 (inclusive), in a manner whereby each of the payments will constitute 25% of the total par value principal of the bonds (Series H). The interest payments will be paid on January 5th of each of the years 2022 to 2032 (inclusive).

The bonds include conditions for demanding immediate repayment upon the occurrence of certain events, including, inter alia, the following events:

- A change in control in certain conditions;
- The Company's equity falls below a total of NIS 2.2 billion, on the dates of the relevant Financial statements, and during two consecutive quarters.
- The ratio of net financial debt (after deducting the value of investment property under construction) to standardized annual NOI exceeds 14 during two consecutive quarters; (Net financial debt: the Company's aggregate debt to banking corporations, other financial institutions and the holders of all types of bonds, net of cash and cash equivalents, deposits, money market funds and marketable securities, according to their values in the Company's consolidated statement of financial position).
- Rating of less than BBB- for the bonds (Series H) during two consecutive quarters;
- Equity plus net deferred tax liabilities falls below 22.5% of the Company's total balance sheet, after deducting cash and cash equivalents and after deducting marketable securities, during two consecutive quarters;
- The value of the unpledged assets, during a period of two consecutive quarters, falls below a total of NIS 1 billion, or below 125% of the balance of the bonds (Series H), whichever is higher.
- A demand (which has not been withdrawn) for the immediate repayment of a material loan or bond which is listed for trading on the Tel Aviv Stock Exchange.
- Provisions regarding restrictions on dividend distributions, upon the fulfillment of certain conditions;

The bonds also include other standard conditions for demanding their immediate repayment, including due to the following events: (1) structural change or merger; (2) liquidation, receivership, and asset sale and enforcement proceedings; (3) suspension of trading; (4) cross default, etc.

J. 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.

Note 14: **Bonds** (Continued)

K. 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:

	NIS thousands
In the first year – 2021	530,066
In the second year – 2022	530,331
In the third year – 2023	548,836
In the fourth year – 2024	548,836
In the fifth year – 2025	673,254
In the six year and thereafter	3,696,891
	6,528,214

L. **Liens** – see Note 18B.

Note 15: **Loans from banking corporations**

A. **Composition:**

	As at December 31	
	2020	2019
	NIS thousands	
In Shekels – index linked	-	242,613
	-	242,613
Less – current maturities	-	39,966
	-	202,647

B. **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.

C. **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 1,080 million.

a. A credit facility from a bank in an amount of NIS 400 million, effective until December 28, 2021.

b. A credit facility from a bank in the amount of NIS 200 million, effective up to December 31, 2023

c. A credit facility from a bank in the amount of NIS 100 million, effective up to December 29, 2021

Note 15: Loans from banking corporations (Continued)

C. **Long-term and short-term credit facilities** (Continued)

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.

d. A credit facility from an institutional entity in Israel at a total scope of NIS 200 million, valid until May 31st, 2022. The credit facility is not backed by any collateral, and is withdrawable at any time, in accordance with the Company’s fulfilment of various financial covenants and ratios.

e. A credit facility from an institutional entity in Israel at a total scope of NIS 180 million, valid until March 2023. The credit facility is not backed by any collateral, and is withdrawable at any time, in accordance with the Company’s fulfilment of various financial covenants and ratios.

Within the framework of the agreements, 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, 2020, the Company has unexploited credit facilities of NIS 1,020 million. In addition, the Company is in compliance with all of the financial covenants.

D. **Liens** – see Note 18B.

Note 16: Other long-term liabilities

Composition:

	As at December 31	
	2020	2019
	NIS thousands	
Liabilities in respect of the termination of employee-employer relationships	2,420	2,455
Less –deposits in severance pay reserves	634	155
	1,786	2,300
Revenues in advance and deposits from tenants in buildings	26,619	26,374
Leasing fees payable	43,249	39,622
Derivative financial instruments, which are designated as hedging items (see Note 12)	-	12,918
Other long-term liabilities	1,078	1,246
	72,732	82,460

Note 17: 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, 2020 and 2019 and the movements therein in the years ended on those dates:

	Balance as at January 1, 2020	Recognized in profit or loss	Balance as at December 31, 2020
Investment property	1,281,217	52,327	1,333,544
Tax losses carried forward	(27,713)	(3,762)	(31,457)
Social benefits and doubtful debts	(1,356)	(414)	(1,770)
	1,252,148	48,151	1,300,299

	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)
	967,615	284,533	1,252,148

Note 17: Taxes on income (continued)

B. The deferred taxes are presented as follows:

	As at December 31	
	2020	2019
	NIS thousands	
Non-current liabilities	1,300,299	1,252,148

C. Deferred taxes – additional information

	As at December 31	
	2020	2019
	NIS thousands	
Losses for tax purposes for which deferred taxed have not been recognized (1)	4,734	4,285

(1) The tax benefits as at December 31, 2020 and 2019 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	
	2020	2019
	NIS thousands	
Consolidated companies	446,140	418,605
Entities under joint control	51,189	55,567
	497,328	474,172

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 17: Taxes on income (Continued)

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

Comprise:

	For the year ended December 31		
	2020	**2019**	**2018**
	NIS thousands		
Current taxes			
Current tax expenses	48,866	24,837	21,692
Betterment tax expenses on the sale of properties	-	(499)	15,358
Prior year taxes, net	14,235	(264)	4,640
Total current taxes	63,101	24,074	41,690
Total deferred taxes	48,151	288,533	107,970
Total tax expenses recognized in profit or loss	111,252	308,607	149,660

Note 17: Taxes on income (Continued)

F. The effective tax:

	For the year ended December 31		
	2020	**2019**	**2018**
	NIS thousands		
Income before taxes on income	400,707	1,379,030	716,547
Less profits of investee companies	992	(50,030)	(18,656)
	401,699	1,329,000	697,891
Statutory tax rate	23.0%	23.0%	23.0%
Tax expenses at the statutory tax rate	92,391	305,670	160,515
Increase (decrease) in taxes on income deriving from the following factors:			
Differences connected to investment property	14,075	1,598	(12,392)
Disallowed expenses (tax exempt income), net	2,587	1,300	1,502
Other differences	2,199	39	35
Total taxes on income as presented in profit or loss	111,252	308,607	149,660
The effective tax rate	28%	23%	21%

G. Current tax balances:

	As at December 31	
	2020	**2019**
	NIS thousands	
Current tax assets	52	151
Current tax liabilities	88,894	36,714

H. Additional information:

1. In December 2020, 10 consolidated companies signed final tax assessment agreements vis-à-vis the Income Tax Authority, with respect to the years 2015-2018, after which the Company paid tax in the amount of approximately NIS 10 million (for which the Company had full provisions). Under the agreement, carry forward losses were recognized for the Company in the amount of approximately NIS 68 million, usable over the years 2021 to 2029. Additionally, in February 2020, the Company signed a partial assessments agreement with respect to 2019, for which the Company had full provisions.

2. In February 2018, the Company signed final tax assessment agreements vis-à-vis the Income Tax Authority, with respect to the years 2012-2015, after which the Company paid tax in the amount of approximately NIS 25 million (for which the Company had full provisions). Under the agreement, carry forward losses were recognized for the Company in the amount of approximately NIS 175 million, usable over the years 2018 to 2024. The tax assessment agreement also included resolution of the open issue with respect to carry forward tax losses at a scope of NIS 35 million, regarding which a ruling was given by the district court against the Company.

Note 17: Taxes on income (Continued)

H. Additional information (Continued)**:**

3. Final tax assessments have been issued for the Company up to and including tax year 2015; final tax assessments have been issued for 10 consolidated companies up to and including tax year 2018; final tax assessments have been issued for a consolidated company and an equity-accounted company up to and including tax year 2016; and final tax assessments have been issued for 2 consolidated companies and 6 equity-accounted companies up to and including tax year 2015.
4. Since January 1st, 2018, the corporate tax rate applicable to the Company has been 23%.

Note 18: 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, 2020 and 2019 and for the years ended on such dates:

	As at December 31	
	2020	2019
	NIS thousands	
Balance of the provisions at the end of the year	16,483	16,483

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 23 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 61 million, and the Group's part as a defendant therefor amounts to a sum of approximately NIS 56 million.

For the lawsuits being conducted against the Group and for exposures to tax levies, provisions in a total amount of around NIS 18 million were recorded in the financial statements as of December 31, 2020 and 2019. 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 above said 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).

Note 18: 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.

B. liens:

(1) To secure long-term bonds issued to others, the balance of which amounts, as of December 31, 2020, to a sum of NIS 10 million, land held by the Company was charged, the value of which amounts, as of December 31, 2020, to a sum of NIS 10 million.

(2) To secure bonds in an amount of NIS 10 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; down ranking; halt of operation and halt of trade of the Company's securities.

C. Guarantees:

As at December 31, 2020 and 2019, there were contingent liabilities for guarantees, as follows:

	As at December 31	
	2020	2019
	NIS thousands	
Guarantees provided by the Group (1)	26,606	27,777

(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 10 (3) for details regarding guarantees that have been provided to companies treated at equity.

Note 19: Share capital

A. Composition and developments in the share capital

	Registered	Issued and paid-up
	Number of shares	
Balance as at January 1, 2020	500,000,000	380,974,314
Exercise of options for employees (see F below)	-	1,141,102
Increase of registered capital (*)	500,000,000	7,300,000
Issuance of shares to the public (see D below)	-	27,500,000
Balance as at December 31, 2020	1,000,000,000	380,974,314
Balance as at January 1, 2019	500,000,000	347,449,992
Exercise of options for employees officers and directors (see F below)	-	4,497,815
Issuance of shares to the public (see D below)	-	7,300,000
Exercise of options into shares (see D below)	-	21,726,507
Balance as at December 31, 2019	500,000,000	380,974,314
Balance as at December 31, 2018	500,000,000	347,449,992

* Increase of registered capital according to the decision of the general committee meeting at December 15, 2020

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.

Note 19: **Share capital** (Continued)

D. The issuance of shares and options for shares:

Issuance of share capital

In October 2020, the Company issued to the public 27.5 million ordinary shares with a par value of NIS 1 each, constituting approximately 7.2% of the total share capital prior to the issuance. The gross total consideration which was received with respect to the issuance amounted to NIS 400 million.

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.

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 2018-2020, the Company paid to its shareholders in 2018 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) and for 2019 the Company paid, in the course of 2020, a special dividend in the amount of 31 agorot per share (approximately NIS 118 million), in 2020 a current dividend in the amount of 98 agorot per share (approximately NIS 381 million).

Note 19: **Share capital** (Continued)

E. Dividend and declared dividend distribution policy:

In March of 2021, the Company's board of directors determined that in 2021, the Company intends to distribute a minimal annual dividend in the amount of 100 agorot per share, to be paid in 4 equal quarterly payments.

Further to this policy, the Company declared, in March of 2021, the distribution of a dividend for the first quarter of 2021 in the amount of 25 agorot per share. The total dividend to be paid by the Company as stated above, in March of 2021, is approximately NIS 102 million.

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.

Note 19: **Share capital** (Continued)

F. Options for officers plan: (Continued)

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.

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).

   As of December 31, 2020, approximately 1,479,420 such warrants granted to employees and officers were realized.

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 8, 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).

8. On March 7, 2021, (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 2,859,265 warrants, to 75 offerees, of whom 12 are officers of the Company (including the Company's CEO and 6 directors).

Note 19: Share capital (Continued)

F. Options for officers plan (Continued)**:**

9. **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, 2020, 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, 2020. 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 2018 (*)	March 2019 (*)	March 2020 (*)	March 2021 (*)
Share –price (in NIS)	19.39	20.80	24.99	17.48
Exercise Price (in NIS)	18.91	21.63	26.13	18.18
Weighted expected fluctuations (**)	16.90%	17.04%	17.79%	28.95%
Lifetime of the warrants in years (***)	2.75	2.75	2.88	2.88
Risk free interest rate	0.42%	0.78%	0.22%	0.24%
Overall benefit (NIS thousands)	4,792	4,719	5,355	5,098
In 2020	1,642	1,722	1,514	-
In 2019	1,742	1,592	-	-
In 2018	1,408	-	-	-

(*) See Note 25C(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.

10. This note includes the warrants for directors in the Company and the amounts of the options' amortization. For more information, see Note 25C(3) below.

Note 20: Revenues from rental fees and investment property management

A. Composition

	For the year ended December 31		
	2020	2019	2018
	NIS thousands		
Rental fees (see B below)	719,821	707,900	656,775
Property management	48,712	51,164	50,897
	768,533	759,064	707,672

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, 2020, which are non-cancellable, are as follows:

	For the year ended December 31	
	2020	2019
	NIS thousands	
In the first year – 2021	643,708	707,096
In the second year – 2022	541,204	561,303
In the third year – 2023	369,827	426,123
In the fourth year – 2024	274,706	292,792
In the fifth year – 2025	201,879	212,825
In the six year and thereafter	676,675	748,353
	2,707,999	2,948,492

Note 21: Costs of the rental and operation of properties

A. Composition

	For the year ended December 31		
	2020	2019	2018
	NIS thousands		
Property maintenance and management expenses	46,034	46,965	45,630
Salaries and social benefits	10,083	8,745	8,783
Taxes and levies	4,113	5,570	5,098
Professional services	739	847	936
Others	929	755	843
	61,898	62,882	61,290

Note 21: Costs of the rental and operation of properties (Continued)

B. Additional information regarding operating expenses for investment property

	For the year ended December 31		
	2020	2019	2018
	NIS thousands		
Total direct operating expenses for investment property are comprised as follows:			
Investment property that has generated revenues from rental fees	55,489	57,134	54,376
Investment property that has not generated revenues from rental fees	6,409	5,748	6,914
	61,898	62,882	61,290

Note 22: Administrative and general expenses

Composition

	For the year ended December 31		
	2020	2019	2018
	NIS thousands		
Management fees to the parent company (see Note 25C(1))	9,000	9,059	8,064
Salaries and social benefits	19,520	20,127	19,141
Benefits relating to warrants	7,288	6,101	5,987
Directors fees	940	962	888
Professional services	6,595	5,967	5,287
Bad and doubtful debts	1,925	1,265	726
Marketing expenses	1,618	1,080	919
Depreciation and amortization	2,276	2,073	1,868
Other	400	(1,484)	1,651
	49,562	45,150	44,531

Note 23: Financing expenses and income

A. Financing expenses

	For the year ended December 31		
	2020	2019	2018
	NIS thousands		
Interest in short-term credit	8,808	6,562	6,753
Interest on long-term loans from banks	1,060	11,477	12,976
Early repayment commission (see C below)	-	23,801	-
Interest on bonds	126,001	119,796	123,039
Total interest expenses	135,867	161,635	142,768
Linkage differentials on long-term loans from banks	6,703	3,302	4,514
Linkage differentials on bonds	(20,735)	16,159	35,040
Total linkage differentials	(14,032)	19,461	39,554
	121,835	181,096	182,322
Less – financing expenses capitalized to investment property under construction	(9,137)	(8,468)	(10,731)
	112,698	172,628	171,591

Note 23: Financing expenses and income (Continued)

B. Financing income

	For the year ended December 31		
	2020	2019	2018
	NIS thousands		
Interest on deposits in banks	690	909	548
Interest on loans to companies treated at equity and others	4,061	5,405	6,070
	4,751	6,314	6,618

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.

Note 24: Earnings per share

Composition

	For the year ended December 31		
	2020	2019	2018
	NIS thousands		
Profit used for the purpose of the calculation of the basic and diluted earnings per share from continuing operations	289,457	1,070,425	566,891
	Thousand shares		
Weighted average number of regular shares used for the purpose of the calculation of the basic earnings per share from continuing operations	389,183	362,016	336,320
Adjustments for warrants	311	1,203	962
Weighted average number of regular shares used for the purpose of the calculation of the diluted earnings per share from continuing operations	389,494	363,219	337,282
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)	5,118	-	2,969

Note 25: Transactions and balances with interested parties and related parties

A. Transactions

	For the year ended December 31		
	2020	2019	2018
	NIS thousands		
Management fees to the parent company (See C below)	9,000	9,059	8,064
Directors fees (7 recipients)	940	962	888
Directors and officers' insurance expenses (see C4 below)	262	149	86
Fair value of share-based payments	329	334	354
Number of directors	9	6	6
Presented under other receivables	13,317	12,150	10,667

Regarding further Transactions see note 25C below.

B. Benefits for the Company's key management personnel: (See A above regarding directors' fees.

	For the year ended December 31		
	2020	2019	2018
	NIS thousands		
Short-term benefits (1 recipient)	4,057	4,856	4,719
Fair value of share-based payment (1 recipient)	2,408	1,085	1,051
	6,465	5,941	5,770

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 year 2018, the Company recorded, in its financial statements, management fees for the parent company in an amount of NIS 8 million. In the years 2019 and 2020 the Company recorded, in its financial statements, management fees for the parent company in an amount of NIS 9 million in each of the years.

See Sections C (5) and C (6) below in respect of additional commitments with the parent Company.

Note 25: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties: (Continued)

(2) Commitment with the CEO (Continued)

(A) Conclusion of Mr. Avshalom Mosler's tenure as the Company's CEO

On July 5th, 2020, Mr. Avshalom Mosler announced his desire to conclude his tenure as the Company's CEO, after approximately 15 years of service. Mr. Mosler's tenure as the Company's CEO concluded on August 31st, 2020, and his employment in the Company concluded on December 31st, 2020.

On January 20th, 2020, the Company's general meeting approved the Company's officer compensation policy, which is based on the compensation policy which was in force in the Company prior to the general meeting's decision, effective for three years, beginning on September 28th, 2019.

The compensation policy, as approved on January 20th, 2020, shall be referred to hereinafter in this section C(2)(a) as: the "Compensation Policy". All amounts specified in this section below are linked to the consumer price index for June 2016.

Mr. Mosler's terms of tenure and employment, beginning from the date of their approval by the general meeting (i.e., beginning on September 28th, 2016) until the conclusion date of his employment, included the following components:

A. **Annual bonus (medium / short term variable component) calculated according to the fulfillment of four separate performance metrics, cumulatively:**

Performance metrics	Range	Ranges of the bonus amount (Thousands of NIS) **	Cap (Thousands of NIS)
Return on equity	6% - 14%	200 - 600	600
FFO yield per share	7.5% - 12.5%	100 - 900	900
Fulfillment of projected FFO budget	90% - 110%	100 - 800	800
TSR*	0 – 15%	0 - 300	300

* **TSR -** Evaluation of the performance of the Company's stock over a period of three years, relative to a reference group of similar companies (peer group). The group of comparison companies includes real estate companies which are active in Israel, with similar activity characteristics as the Company, and the Company's board of directors can make changes to the list of comparison companies, and to the weight of each of the comparison companies in the benchmark, insofar as any exogenous changes occur in the list of companies.

** The calculation method within the ranges is linear.

^ The CEO's total annual bonus cap amounts to a total of NIS 2.6 million (linked to the consumer price index for June 2016).

^ If the Company presents net annual accounting loss (after neutralizing non-recurring events due to regulatory and other changes, which the board of directors considers unrelated to the Company's performance (such as changes to the corporate tax rate due to legislation, etc.)), but the result of the calculation of the foregoing four metrics signifies entitlement to the bonus, a 50% deduction will be applied to the annual bonus which is calculated according to the metrics.

^ The entire annual bonus amount is paid in cash.

Note 25: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties: (Continued)

(2) Commitment with the CEO (Continued)

B. **Discretionary bonus of the board of directors -** The Company's board of directors, in its discretion, will be entitled to increase the annual bonus amount, and to determine that an immaterial part of the CEO's compensation, in an amount not exceeding three monthly salaries per year, will be granted according to non-measurable criteria (subject to the CEO's annual bonus cap, which amounts to a total of NIS 2.6 million, linked to the consumer price index for June 2016). The board of directors will exercise discretion in accordance with the criteria specified in the compensation policy, and in accordance with any other criterion which the board of directors has determined for this purpose.

C. **Equity compensation (long term variable component) -** An annual grant of options, as part of the capital gains track in accordance with section 102 of the Income Tax Ordinance, according to a value of 48% of the CEO's annual employment cost (in other words, options with a fair value of NIS 1.1 million per year). The exercise price of the options will be determined in accordance with the terms of the compensation policy, as they stand from time to time.

Alternatively, the Company will be entitled to grant to the CEO equity compensation through similar mechanisms for the allocation of securities, in accordance with the conditions specified in this section.

D. Salary and fringe benefits (fixed component) - Gross monthly salary in the amount of NIS 140,000, linked to the consumer price index for June 2016, as well as entitlement to fringe social benefits according to the standard practice, as well as an exclusive vehicle, including full maintenance expenses; Cellphone; Reimbursement of expenses spent as part of the position (in accordance with the Company's standard practice); Indemnity, release and officers' liability insurance, in accordance with the Company's standard practice regarding indemnification, release and insurance.

E. Resignation - Employment may be concluded by either party by giving notice 4 months in advance, except for special circumstances.

Provision of equity compensation:

On March 11th, 2018, the Company's board of directors resolved, after receiving approval and recommendation from the compensation committee, to approve a grant to Mr. Mosler of 531,401 Company options, exercisable into Class B ordinary shares, at an exercise price of NIS 20.17 (unlinked, subject to adjustments). The options were allocated in accordance with the conditions described above.

On March 10th, 2019, the Company's board of directors resolved, after receiving approval and recommendation from the compensation committee, to approve a grant to Mr. Mosler of 488,889 Company options, exercisable into Class B ordinary shares, at an exercise price of NIS 21.63 (unlinked, subject to adjustments). The options were allocated in accordance with the conditions described above.

Note 25: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties: (Continued)

(2) Commitment with the CEO (Continued)

On March 8th, 2020, the Company's board of directors resolved, after receiving approval and recommendation from the compensation committee, to approve a grant to Mr. Mosler of 404,412 Company options, exercisable into Class B ordinary shares, at an exercise price of NIS 26.13 (unlinked, subject to adjustments). The options were allocated in accordance with the conditions described above.

The total benefit cost represented in the options which were allocated in each of the foregoing years, at fair value according to the Black-Scholes model on the grant date, in accordance with the guidelines specified in IFRS 2, Share-Based Payment, amounted to a total of NIS 1.1 million with respect to each year.

In its meeting on November 8th, 2020, the Company's board of directors resolved (after approval was received from the compensation committee) to take action in accordance with the authority which was vested in it under the options framework plan, and to accelerate the vesting of the options which had been allocated to Mr. Mosler as equity compensation in the years 2019 and 2020, and which had not yet vested by the date of his retirement, which will be exercisable by him until the end of the exercise period.

Annual bonus for 2020

On March 7th, 2021, the Company's board of directors resolved, after receiving approval and recommendation from the compensation committee, to approve the payment of a bonus to Mr. Mosler with respect to 2020, in the total amount of NIS ___ thousand, of which a total of NIS ____ thousand constitutes implementation of the formulas specified in the CEO's terms of employment, as specified in section C2(A) of this chapter above, and the remaining part of the bonus, in the amount of NIS ____ thousand, constituted a discretionary bonus of the compensation committee and board of directors, which exercised their discretion in accordance with the authority vested in them pursuant to the compensation policy. The entire bonus amount will be paid in cash. The Company's financial statements include a full provision with respect to the bonus.

Severance package

On November 8th, 2020, the Company's board of directors resolved, after receiving the approval and recommendation of the compensation committee, to approve the payment of a severance package to Mr. Mosler in the amount of NIS 840 thousand (equivalent to six gross monthly salaries). Approval for the payment of the severance package was given pursuant to section 272(d) of the Companies Law, after the compensation committee and board of directors exercised their discretion.

Note 25: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties: (Continued)

(2) Commitment with the CEO (Continued)

(B) Terms of tenure of Mr. Shimon Abudraham, the Company's new CEO

On August 9th, 2020, the Company's board of directors unanimously approved the appointment of Mr. Shimon Abudraham as the Company's CEO, beginning on September 1st, 2020.

Mr. Abudraham has been employed in the Company for over 12 years, since January 2008 as the Company's VP Engineering, and since January 2016 as CEO of the subsidiary Amot Real Estate Initiation and Development Ltd. (which coordinated the Company's initiation, development and construction activities) (hereinafter: "Amot Development").

In its meeting on November 8th, 2020, the board of directors approved, after receiving the approval and recommendation of the compensation committee, with respect to the period from September 1st, 2020 to December 31st, 2020 (in other words, until the date of the meeting's approval of Mr. Abudraham's terms of tenure and employment), that he will be entitled to the terms of tenure and employment to which he was entitled as the CEO of Amot Development, by virtue of the authority of the compensation committee and the board of directors pursuant to section 1B4 of the Companies Regulations (Expedients Regarding Interested Party Transactions), 5760-2000, after they evaluated and confirmed that they correspond to the compensation policy, and are not better than the employment terms of the outgoing CEO.

On December 15th, 2020, the Company's general meeting approved (after the approval and recommendation of the compensation committee and the board of directors were received, in their meetings on September 24th, 2020 and November 8th, 2020, respectively), an update to the Company's compensation policy, and also approved Mr. Abudraham's terms of tenure and employment as the Company's CEO, beginning on January 1st, 2021, and for a period of 3 years, i.e., until December 31st, 2023, as specified below.

The compensation policy, as approved by the general meeting on December 15th, 2020, shall be referred to hereinafter as in this section C(2)(b) as: the "Compensation Policy". All amounts specified in this section below are linked to the consumer price index for December 2020.

The CEO's terms of tenure and employment include the following components:

A. **Base salary and fringe benefits -** The CEO's base monthly employment cost amounts to NIS 150 thousand, linked to the CPI for December 2020.

"Employment cost" - The actual employment cost borne by the Company, including benefits and mandatory payments in accordance with the Company's standard practice, and including an exclusive vehicle, with full maintenance expenses; Cellphone; Reimbursement of expenses paid as part of the position; Study fund, and more.

B. **Annual bonus (medium / short term variable component), calculated cumulatively according to the achievement of four separate performance metrics:**

The CEO is entitled to receive an annual bonus which will be determined cumulatively according to the achievement of four performance metrics (the amounts are linked to the CPI for December 2020):

Note 25: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties: (Continued)

(2) Commitment with the CEO (Continued)

Performance metrics	**Range**	**Range of the bonus amount (Thousands of NIS)****	**Cap (Thousands of NIS)**
Return on equity	6% - 14%	100 - 600	600
FFO per share	7.5% - 12.5%	100 - 600	600
Fulfillment of projected FFO budget	90% - 110%	100 - 600	600
TSR	0 – 15%	0 - 300	300

* TSR - Evaluation of the performance of the Company's stock over a period of three years, relative to a reference group of similar companies (peer group). The group of comparison companies includes real estate companies which are active in Israel, with similar activity characteristics as the Company, and the Company's board of directors can make changes to the list of comparison companies, and to the weight of each of the comparison companies in the benchmark, insofar as any exogenous changes occur in the list of companies.

** The calculation method within the ranges is linear).

^ The CEO's total measurable annual bonus cap will amount to a total of NIS 2,000,000 (linked to the consumer price index for December 2020).

^ If the Company presents net annual accounting loss (after neutralizing non-recurring events due to regulatory and other changes, which the board of directors considers unrelated to the Company's performance such as changes to the corporate tax rate due to legislation, etc.), but the result of the calculation of the quantitative component metrics signifies entitlement to the bonus, a 50% deduction will be applied to the annual bonus which has been calculated as above.

^ The measurable annual bonus may be paid in cash or as non-cash equity compensation (with immediate vesting of the options which will be granted to the CEO, due to the fact that the bonus was non-cash), as chosen by the CEO.

C. **Discretionary annual bonus of the board of directors -** Insofar as the measurable annual bonus is less than NIS 1.3 million, the Company's board of directors will be entitled, in its discretion, to increase the total annual bonus by an amount no greater than three months' employment cost, which will be granted in accordance with non-measurable criteria (and subject to the CEO's annual bonus cap), which amounts to a total of NIS 2 million, linked to the consumer price index for December 2020).

Note 25: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties: (Continued)

(2) Commitment with the CEO (Continued)

D. **Equity compensation (long term variable component) -** The CEO is entitled to an annual grant of options, as part of the Company's options plan, as it stands from time to time, in the capital gains track in accordance with section 102 of the Income Tax Ordinance (New Version), 5721-1961, at a value of 50% of the Company's annual employment cost (i.e., options with a fair value of NIS 900 thousand per year). The exercise price of the options will be determined in accordance with the terms of the compensation policy, as they stand from time to time. Alternatively, the Company will be entitled to grant to the CEO equity compensation through similar mechanisms for the allocation of securities, such as phantom units, PSU's, etc. The exercise price will not be linked to any index or currency. The exercise price and/or the number of exercise shares will be adjusted in case of a dividend distribution, distribution of bonus shares, issuance by way of rights or in case of changes to the Company's structure or capital, in accordance with the provisions of the Company's options framework plan, as it stands from time to time.

In case of conclusion of employment, the CEO will be entitled to exercise the options which were granted to him in accordance with the provisions of the options plan by virtue of which the options were allocated to him. However, the Company's board of directors will be entitled to, without requiring additional approval from the meeting, to take action in accordance with the authority which is vested in it in the options plan to accelerate the vesting of the options which had been allocated and had not yet vested by his employment conclusion date, which will be exercisable until the end of the exercise period. Notwithstanding the foregoing, insofar as the CEO has served, as of the employment conclusion date, for a period no longer than 4 (four) years, the number of options which the board of directors will be entitled to accelerate, as stated above, will not exceed the proportional part of the CEO's employment period out of the total vesting period of each tranche of options which were granted to him, times the number of options in the relevant tranche.

E. **Release, indemnity and insurance -** The CEO will be entitled to letters of release and indemnity, in accordance with the Company's standard practice. The CEO will also be entitled to be included under the standard insurance arrangements for Company officers.

F. **Repayment -** Insofar as it has been found that payments were paid to the CEO based on data which turned out to be incorrect, and which was restated in the Company's financial statements, he will be obligated to repay to the Company, within a reasonable period of time, the difference between the amount which he received and the amount which he would have received according to the corrected financial data as restated in the Company's financial statements.

G. **Conclusion of employment -** Each of the parties will be entitled to conclude the working relationship at any time, by giving notice 4 months in advance, except in special circumstances.

Note 25: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties: (Continued)

(2) Commitment with the CEO (Continued)

H. Additional provisions in the employment terms:

^ The board of directors will be entitled to deduct from the foregoing compensation, in its full and exclusive discretion, if it has found that the circumstances justify such a deduction, and it will be entitled to determine a cap for the exercise value of equity compensation, as stated above;

^ With reference to the CEO's entire compensation, it was determined that the ratio between the variable components which are granted in a certain year, and the fixed component, will not exceed 1.7.

Annual bonus for 2020

On March 7th, 2021, the Company's board of directors resolved, after receiving the compensation committee's approval and recommendation, to approve the payment of a bonus to the Company with respect to 2020, in the total amount of NIS 450 thousand, while implementing the formulas set forth in the employment terms, which he was entitled to receive by virtue of his position as the CEO of Amot Development, Prior to his appointment as CEO.

The entire bonus amount will be paid in cash. The Company's financial statements include a full provision with respect to the bonus.

Implementation of equity compensation

On March 7th, 2021, the Company's board of directors resolved, after receiving approval and recommendation from the compensation committee, to approve a grant to the CEO of 284,810 Company options, exercisable into Class B ordinary shares at an exercise price of NIS 18.18 (unlinked, subject to adjustments). The options will be allocated in accordance with the conditions described above.

The total benefit cost represented in the options which will be allocated, as stated above, at fair value according to the Black-Scholes model on the grant date in accordance with the guidelines specified in IFRS 2, Share-Based Payment, amounted to a total of NIS 900 thousand.

Note 25: 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 December 15, 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 options will be granted in accordance with the Company's options framework plan which is in force on the effective grant date, through the capital gains track pursuant to section 102 of the Income Tax Ordinance (New Version), 5721-1961.

- 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 options will be determined in accordance with the terms of the compensation policy, as they stand from time to time. 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

Note 25: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties: (Continued)

(2) Remuneration for directors (Continued)

formula at the time of the grant. 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, 2019 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, 2020, 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 111,782 and the remuneration for participation in a meeting is approximately NIS 3,363 (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 2020 amounted to a sum of approximately NIS 940 thousand (see Note 25A).

Note 25: 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 –2018-2021 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 annul 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 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
Decision by the Board of Directors on March 7, 2021	Amir Amar, Yehiel Guttman, Eyal Gabai, Nira Dror, Gad Pnini and Yael Andorn	6	108,738	18.18	335,885

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.

Note 25: 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 on May 2nd, 2018 (hereinafter: the “May 2018 Meeting”), the Company’s general meeting approved (with respect to officers and directors who are not controlling shareholders or their relatives) (after approval was received from the Company’s board of directors, compensation committee and audit committee), the Company’s purchase of a new insurance arrangement for directors and officers insurance, which was adopted in Alony Hetz Group, and which constitutes an umbrella arrangement that includes the directors and officers of the Company, of Alony Hetz Properties and Investments Ltd. (“Alony Hetz”) and of Energix Renewable Energies Ltd. (“Energix”) (also a company controlled by Alony Hetz) (hereinafter: the “New Insurance Arrangement”), in accordance with the principles specified below. The meeting also approved the insurance coverage which will be granted by virtue of the foregoing insurance policies to directors and officers who currently hold office in the Company, and who will hold office from time to time. The new insurance arrangement was also duly approved in accordance with the law by all of the Group’s member companies, including.

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)(Hereinafter: the “Collective Policy” or the “Umbrella Policy”) pursuant and subject to the following principles:

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 (Hereinafter: the “Additional Policy").

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.

Note 25: 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 he 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.

In light of the significant changes which have occurred in the global officers and directors insurance market over the last two years, as reflected in a significant increase of insurance premiums, in increased policy deductibles, in reduced scopes of coverage in the policies, and in the reduction of the number of international insurers operating in the field, which affects the ability of those companies to maintain the scope of insurance coverage for officers and directors, the Company's general meeting resolved, in its meeting on December 15th, 2020 (after approval and recommendation were received from the Company's board of directors, in its meeting on August 9th, 2020, and after the compensation committee's approval was received in its meeting on August 2nd, 2020), to approve as follows:

A. To approve the Company's payment of its share in the acquisition of umbrella insurance for directors and officers in Alony Hetz Group (including with Alony Hetz and Energix), for the period beginning on July 15, 2020 and ending on July 14th, 2021, out of the total sum of USD 298,798 (hereinafter: the "New Premium").

Note 25: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties (Continued):

4) Exemption, indemnification and insurance (Continued)

B. To approve, provided that the premiums for the directors and officers insurance policies which will be purchased in the coming years by Alony Hetz Group within the framework of the Group's umbrella insurance policy (both the collective policy and the additional policy, as defined above) will be determined in negotiations between the Group and the insurance companies and reinsurers (which are not related parties), and that its cost is immaterial for the Company at that time, that the maximum premium amounts which were determined in the resolution of the May 2018 meeting will not apply to those insurance policies.

In consideration of the fact that all of the Group's member companies benefit equally from insurance coverage, since the engagement in the framework transaction leads to savings for each of the Group's member companies, and in consideration of the changes in the companies' market value, and the resulting exposures, and in accordance with the recommendation of the group's insurance advisor, and following negotiations between the management boards of the Group's member companies, the Company's audit committee and board of directors approved (in their meetings on August 2nd and 9th, 2020, respectively) that the payment of the new premium, and of any premium which will be paid in the future for the purpose of purchasing a policy by virtue of the framework transaction in accordance with the new insurance arrangement, will be divided equally between the Group's three member companies (and between any additional public subsidiaries of Alony Hetz, if any exist during the period of the framework transaction), and that an additional competitive process during the period of the framework transaction had become unnecessary.

It was further decided that in case, upon the renewal of the policy at the end of the insurance period, the premiums have increased due to the filing of a claim or a notice to the insurer regarding one of the Group's member companies, then the division of the premium payment liability between the Company and the foregoing companies will be adjusted, in a manner whereby the Company's share in the amount of the submitted claim or notice will be increased accordingly.

In consideration of the fact that the insurance for the Company's CEO was obtained under the policy for the other directors and officers, under the same conditions, the compensation committee and the board of directors resolved, in the foregoing meetings, to apply the current framework arrangement, as amended, also to the Company's CEO, by virtue of Regulation 1A1 of the Expedient Regulations. It is noted that the general meetings of Energix and Alony Hetz convened and passed similar resolutions.

Note 25: 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 if 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.

Note 25: 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 25: 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)

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.

Note 25: **Transactions and balances with interested parties and related parties** (Continued)

C. Commitments with related parties (Continued):

5) Immaterial transactions (Continued):

During the year 2020, 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 under a crime insurance policy which is purchased from time to time by the parent company, whereby the policy is shared by Alony Hetz, the Company and Energix. The premium with respect to the crime insurance policies is paid by the three companies, with each company bearing 33.3% of the premium cost. The Company's board of directors approved, after receiving approval from the audit committee, the Company's addition to the new crime insurance policy which was purchased by Alony Hetz, for an additional year from July 1st, 2020 to June 30th, 2021, shared by Alony Hetz and Energix. The board of directors also approved the method for distribution of premiums between the three companies, in a manner whereby each of the companies will bear 33.3% of the premium cost, in light of the fact that, in case of the acquisition of a separate policy by each of the Group's member companies, each of the companies is expected to pay premiums in an amount which will be no less than the total premium amount which is currently paid. The Company's board of directors also approved that in case of the occurrence of an insurance event in one of the Group's member companies, which resulted in a reduction of the insurance coverage for the other member companies in the Group, the company which caused the reduction in insurance coverage for the other the Group's member companies will independently bear the cost of acquiring additional insurance coverage to match the original scope of insurance coverage. The Company will evaluate the possibility of again participating this year in a new crime insurance policy which may be purchased by Alony Hetz, if purchased, since the current policy is set to expire on June 30th, 2021.

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

Note 25: Transactions and balances with interested parties and related parties (Continued)

C. Commitments with related parties (Continued):

5) Immaterial transactions (Continued):

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.

5. **Engagements with with Value Base Underwriting and Securities Distribution Ltd.** (a company whose parent company is held, inter alia, and to the best of the Company's knowledge, by the Company's Chairman of the Board, Mr. Nathan Hetz, and his spouse (approximately 19.95%)), for the purpose of receiving consulting, management and distribution services in an issuance - within the framework of debt raisings and public capital raisings by virtue of shelf offering reports which the Company published on February 5th, 2020, March 26th, 2020, April 23rd, 2020, July 20th, 2020 and September 29, 2020, and after the date of the statement of financial position on February 16th, 2021, respectively, the Company entered into an agreement with Value Base Underwriting and Securities Distribution Ltd. regarding the provision of consulting, management and distribution services regarding the issuance, under identical conditions with respect to the consulting and management fee for the additional managers of the issuance (Excellence Nessuah Underwriting (1993) Ltd., Leader Issuances (1993) Ltd., Barak Capital Underwriting Ltd., and Rosario Underwriting Services (A.S.) Ltd., and under identical conditions as the other distributors, with respect to the distribution fee.

6. **Engagements with with Amar Reiter Jeanne Shochatovitch & Co. Law Office** (led by Adv. Amir Amar, who serves as a director in the Company), for the purpose of providing legal services to the Company - the engagement follows a merger between the foregoing firm and Igal Doron & Co. Law Office, which had provided legal services to the Company until the merger date, and is under market conditions and in the Company's ordinary course of business.

Note 25: 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)

During the reporting period, the Company was party to lease agreements under which the Company leased, under market conditions 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 lease agreements), offices with an area of approximately 772 square meters (to Alony Hetz) and approximately 1,056 square meters (to Energix, after increasing the area leased to it during the reporting period), on the 40th floor of Amot Atrium Tower in Ramat Gan (the “Building”), as well as parking spaces in the building’s parking lot. The lease is under the Company’s standard lease conditions for tenants in the building, for a period of 5 years, with an option available to Alony Hetz and to Energix to extend the period by an additional 5 years. The board of directors’ approval for the foregoing engagement was given on August 13th, 2015 and May 10th, 2020, after the audit committee classified the engagement in the foregoing lease agreements as a non-extraordinary transaction, as this term is defined in the Companies Law, 5759-1999. The engagement was also duly approved by the competent organs of Alony Hetz and Energix.
The Company’s annual revenue with respect to the foregoing lease agreements amounts to approximately NIS 1,533 thousand from the parent company and approximately 1,532 from Energix.

Note 26: 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, 2020 and 2019, in accordance with their measurement levels.

	Level 3		
	Investment property	Assets for enhancement	Property under construction
As at December 31, 2020		NIS thousands	
Fair value of items that are measured at Fair value on a timing basis			
Offices	6,181,730	-	1,061,200
Commercial centers	2,535,251	-	9,739
Supermarkets	685,466	-	-
Industrial parks	2,577,256	-	68,805
Others	205,306	67,160	9,900
Total investment property in Israel	12,185,009	67,160	1,149,644

	Level 3		
	Investment property	Assets for enhancement	Property under construction
As at December 31, 2019		NIS thousands	
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

Note 26: Fair value (Continued)

Fair value of items that are measured at fair value on a timing basis	Level 2	
	2020	2019
	NIS thousands	
Derivative financial instruments, which are designated as hedging items (see Note 12F)	18,663	(12,918)

Fair value of items that are measured at fair value on a timing basis	Level 1	
	2020	2019
	NIS thousands	
Investments in securities measured at fair value through profit and loss (see Note 5)	50,160	-

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							
	Offices	Commercial centers	Super-markets	Industrial parks	Others	Assets for enhancement	Property under construction	Total
	NIS thousands							
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
Additions deriving from acquisitions and advances on account of purchases	2,273	-	-	-	-	-	232,352	234,625
Transfer from investment property under construction to investment property	-	-	-	187,537	-	-	(187,537)	-
Transfer from investment property to investment property under construction	(207,099)	-	-	-	-	-	207,099	-
Classification	-	6,754	(6,754)	-	-	-	-	-
Investments and other	31,489	6,402	133	21,057	(2)	10	341,612	400,702
Gain on adjustment to fair value, net	(65,379)	(106,546)	1,503	22,079	(1,062)	-	5,765	(143,640)
Balance as at December 31, 2020	6,181,730	2,535,251	685,466	2,577,256	205,306	67,160	1,149,644	13,401,813

Note 26: Fair value (Continued)

2. Details of gains recognized in profit or loss

Adjustment of the fair value of investment property

	Level 2	
	2020	**2019**
	NIS thousands	
Unrealized gains on investment property	(143,640)	847,259

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, 2020 (NIS thousands)**	**Evaluation technique**	**Description of unobserved data**	**Weighted average**	**Area (Sq. m.)**
Offices	6,181,730	Discounted cash flows – (DCF)	Rentals per Sq. m. Discount rate Occupancy rate	84 6.1%-7.25% 94.9%	358,867
Retail centres	2,535,251	Discounted cash flows – (DCF)	Rentals per Sq. m. Discount rate Occupancy rate	118 6.25%-7% 97.2%	125,986
Supermarkets	685,466	Discounted cash flows – (DCF)	Rentals per Sq. m. Discount rate Occupancy rate	101 6.25%-6.75% 100%	35,038
Industrial parks	2,577,256	Discounted cash flows – (DCF)	Rentals per Sq. m. Discount rate Occupancy rate	39 6.5%-7.75% 99.7%	380,811
Others	205,306	Discounted cash flows – (DCF)	Rentals per Sq. m. Discount rate Occupancy rate	60 6.25%-7% 100%	20,988
Assets for enhancement	67,160	Comparison			
Real estate and construction	1,149,644	Comparison, costs discounted cash flows – (DCF)			

4. Sensitivity analysis of investment property measured at fair value

See Note 9F.

Note 26: **Fair value** (Continued).

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.

Note 27: 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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019, as quoted on the Tel-Aviv Stock Exchange, as multiplied by the quantity of the marketable financial instruments (bonds (Series A-G) that had been issued at those times.

The balance in the statements of financial position as at December 31, 2020 and 2019 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, 2020, the fair value of a long-term fixed-rate loan was measured in accordance with the early repayment date of February 2020 (see Note 15c).

Note 27: **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, 2020		As at December 31, 2019	
	NIS thousands			
Financial liabilities				
Long-term loans bearing fixed rate interest (including current maturities)	-	-	242,613	266,414
Bonds (including current maturities)	6,509,551	6,794,591	5,284,461	5,720,827
	6,509,551	6,794,591	5,527,074	5,987,241

C. **Analysis of financial instruments by linkage basis and types of currency**

	As at December 31, 2020		
	NIS index-linked	NIS – unlinked	Total
	NIS thousands		
Current assets:			
Cash and cash equivalents	-	601,764	601,764
Investments in securities measured at fair value through profit and loss	-	50,160	50,160
Trade and other receivables and long-term receivables	23,925	52,299	76,225
Non-current assets			
Other Assets	18,663	-	18,663
Loans to companies treated at equity	119,319	-	119,319
	161,907	704,223	866,131
Current liabilities:			
Other liabilities at amortized cost	614,126	257,026	871,152
Non-current liabilities			
Other liabilities at amortized cost	5,745,098	253,050	5,998,148
	6,359,224	510,076	6,869,300

	As at December 31, 2019		
	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	5,294	41,919	47,213
Non-current assets			
Loans to companies treated at equity	124,993	2,810	127,803
	130,287	102,089	232,376
Current liabilities:			
Other liabilities at amortized cost	682,880	438,271	1,121,151
Non-current liabilities			
Other liabilities at fair value	12,918	-	12,918
Other liabilities at amortized cost	4,704,347	260,067	4,964,414
	5,400,145	698,338	6,098,483

Note 28: 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 15C 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	
	2020	**2019**
	NIS thousands	
Financial assets		
Cash and cash equivalents	601,764	57,360
Investments in securities measured at fair value through profit and loss	50,160	-
Trade receivables, deposits, other long-term receivables	76,225	47,213
Financial Assets at fair value through profit or loss	18,663	-
Loans to companies presented at equity	119,319	127,803
	866,131	232,376
Financial liabilities		
Financial liabilities at amortized cost	6,869,300	6,085,565
Financial liabilities at fair value through profit or loss	-	12,918
	6,869,300	6,098,483

Note 28: The objectives of and policy for the management of financial risks (Continued)

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. 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, 2020 and 2019, the Company's main long-term liabilities are at a fixed rate of interest. See Note 27A(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.

  Further to the issuance of the bonds (Series G), the Company executed hedging transactions opposite financial institutions in Israel, which converted an annual NIS interest rate of 2.44% to CPI-linked principal and linked interest at a rate of 1.025% - 1.365%, with total principal of NIS 784 million. The hedged bonds are presented as CPI-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		As at December 31	
	2020	2019	2020	2019	2020	2019
	%		NIS thousands		NIS thousands	
Hedging transactions	1..025% - 2.49%		1,659,000	875,000	18,663	(12,918)

Note 28: The objectives of and policy for the management of financial risks (Continued)

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 1,080 million. As of December 31, 2020, NIS 1,020 million in unutilized facilities.

As stated in Note 19E, 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.

The following table presents the flow of financial liabilities as of December 31st, 2020 and 2019, which are exposed to fair value risk and/or cash flow risk in respect of interest rates, in accordance with the contractual repayment dates or interest rate re-establishment dates, whichever is earlier. The table includes cash flows in respect of both interest and principal:

As at December 31, 2020:

	Interest rate (*)	Year 1	Year 2	Year 3	Year 4	Year 5	More than 5 years
	%	NIS thousands					
Shekel denoted index-linked bonds bearing fixed rate interest	1.61	679,930	664,833	660,409	644,337	752,292	4,025,698
		679,930	664,833	660,409	644,337	752,292	4,025,698

(*) The weighted interest rate as at the date of the statement of financial position.

As at December 31, 2019:

	Interest rate (*)	Year 1	Year 2	Year 3	Year 4	Year 5	More than 5 years
	%	NIS thousands					
`							
Shekel denoted loans bearing Variable rate interest	1.54	266,470	-	-	-	-	-
Shekel denoted index-linked loans bearing fixed rate interest	4.30	49,769	49,769	49,769	49,769	49,768	24,885
Shekel denoted index-linked bonds bearing fixed rate interest	3.09	679,244	665,861	643,003	637,742	621,606	2,582,841
		995,483	715,630	692,772	687,511	671,374	2,607,726

(*) The weighted interest rate as at the date of the statement of financial position.

Note 29: Changes in liabilities deriving from financing activity

	Balance as at January 1, 2020	Cash flows from financing activities	Other change	Change in fair value	Balance as at December 31, 2020
	NIS thousands				
Credit from banking corporations and other providers of credit	265,491	(163,954)	-	-	101,537
Bonds	5,271,544	1,277,643	(52,553)	31,580	6,528,214
Loans from banking corporations	242,613	(242,613)	-	-	-
Liabilities for finance leasing	39,622	(200)	3,827	-	43,249
	5,819,270	870,876	(48,726)	31,580	6,673,000

	Balance as at January 1, 2019	Cash flows from financing activities	Other change	Change in fair value	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)	18,531	-	39,622
	5,352,727	474,389	(9,686)	1,840	5,819,270

Note 30: List of Investee Companies

	As at December 31, 2020	
	Holding rate	Voting and appointment of directors
	%	%
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
Kiryat Ono Mall Management Company Joint Venture Ltd.	100	100
Ha'Nasi Mall Or Akiva Management (Limited Partnership)	100	100
Joint Operations		
The Central Station in Jerusalem (Management) 1996 Ltd.	50	50
Amot – Clal Joint Venture	50	50
Ashtrom Properties Ltd – Amot Investments Ltd. (Joint Venture)	50	50
Ayalot HaYarkon Joint Venture	50	50
Merkazit Jerusalem Joint Venture for Rental	50	50
Amot Investments and Gabriels Hotzot Karmiel	50	50
Merkazim 2001	50	50
Ellied Amot Jerusalem entrance gate Joint Venture	50	50
Ellied Amot Halechi Bnei Brak Joint Venture	50	50

Note 30: **List of Investee Companies (Continued)**

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.

04.

SEPARATE FINANCIAL INFORMATION

Amot Investments Ltd. is a leading Israeli real estate company, focused on the management, leasing, maintenance, initiation and development of yielding properties in Israel.

Amot Investments Ltd.

Separate Financial Statements

For the Year 2020

Amot Investments Ltd.

Separate Financial Statements as at December 31, 2020

Contents

This financial statements are a translation from Hebrew of the original financial statements; in any case of difference between the two versions, the Hebrew version shall govern

For the attention of

The shareholders of Amot Investments Ltd.

Jabotinsky Street 2,

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) Hatashal – 1970 of Amot Investments Ltd**.** (Hereinafter – the Company) as at December 31, 2020 and 2019 and for each of the three years, the last of which ended on December 31, 2020. 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 1,627,391 thousand and NIS 1,770,812 thousand as at December 31, 2020 and 2019, respectively, and the profit from these investee companies amounted to NIS 106,457 thousand, NIS 316,865 thousand and NIS 147,293 thousand for the years ended December 31, 2020, 2019 and 2018, 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) Hatashal – 1970.

Brightman Almagor Zohar & Co.

Certified Public Accountants

Member of Deloitte Touche Tohmatsu Limited

Tel Aviv, March 7, 2021

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Amot Investment Ltd.

Financial Position Data

	Additional information	As at December 31 2020	2019
		NIS thousand	
Current assets			
Cash and cash equivalents	2	572,004	34,201
Investments in securities measured at fair value Through profit and loss		50,160	-
Trade receivables		18,568	11,807
Other receivables		51,554	60,696
Total current assets		692,286	106,704
Non—current assets			
Investment property		7,826,189	7,719,930
Investment property under construction		933,141	542,354
		8,759,330	8,262,284
Loans, bonds and capital notes to investee companies		2,257,023	2,339,680
Investment in investee companies	4	2,375,007	2,283,290
Long-term receivables		46,979	27,090
Fixed assets		35,750	36,388
Total non-current assets		13,474,089	12,948,732
Total assets		14,166,375	13,055,436
Current liabilities			
Credit from banking corporations and other providers of credit	3	631,600	837,599
Trade payables		7,155	11,938
Current tax liabilities, net		46,848	21,907
Other payables		180,394	153,368
Payables for investment property		57,305	82,448
Total current liabilities		923,302	1,107,260
Non-current liabilities			
Bonds	3	5,998,148	4,739,360
Loans from banking corporations and others	3	-	202,647
Provisions		16,483	16,483
Investments in investee companies		5,140	4,792
Others	5	55,266	64,695
Deferred taxes		851,943	816,901
Total non-current liabilities		6,926,980	5,844,878
Equity		6,316,093	6,103,298
Total liabilities and equity		14,166,375	13,055,436

March 7, 2021			
Approval Date of the Financial Statements	**Nathan Hetz Chairman of the Board**	**Shimon Abudraham Chief Executive Officer**	**Yehudit Zinger Deputy CEO and CFO**

Amot Investment Ltd.

Profit or Loss Data

	Additional information	2020	2019	2018
		For the year ended December 31		
		NIS thousands		
Revenues from rental fees and the management of investment property		455,915	451,085	407,420
Costs of the rental and operation of properties		23,350	23,875	22,828
Profit from the rental and operation of properties		432,565	427,210	384,592
Adjustment of the fair value of investment property, net		(87,129)	613,537	258,580
		345,436	1,040,747	643,172
Administrative and general expenses		37,629	33,069	32,710
Donations		2,000	2,000	2,000
Other income, net		(308)	(1,458)	(1,746)
Operating income		306,115	1,007,136	610,208
Financing income		36,479	39,266	83,264
Non-recurring financing expenses – early repayment commission		-	(23,801)	-
Financing expenses		(116,491)	(155,609)	(181,009)
Operating income after financing		226,103	866,992	512,463
The Company's share of the profits of investee companies, net of tax	4	126,069	403,097	163,450
Income before taxes on income	5	352,172	1,270,089	675,913
Tax expenses on income		62,715	199,664	109,022
Net income for the year		289,457	1,070,425	566,891

Amot Investment Ltd.

Comprehensive Income Data

	For the year ended December 31		
	2020	2019	2018
	NIS thousands		
Net income for the year	289,457	1,070,425	566,891
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)
Total comprehensive income	289,457	1,070,388	566,873

Amot Investment Ltd.

Cash Flows Data

	For the year ended December 31		
	2020	**2019**	**2018**
		NIS thousands	
Cash flows from operating activities			
Net income for the year	289,457	1,070,425	566,891
Adjustments required to present cash flows from operating activities (Appendix A)	(166)	(839,720)	(341,061)
Net cash generated by operating activities	289,291	230,705	225,830
Cash flows from investment activities			
Investments in investment property and investment property under construction	(638,835)	(788,274)	(758,558)
Collection (extension) of loans to investee companies, net	152,375	(345,550)	160,607
Consideration from the disposal of investment property, net of tax	-	-	107,420
Investment in investee companies	(49,908)	-	-
Others, net	(2,284)	(2,398)	(647)
Net cash absorbed by investment activities	(538,652)	(1,136,222)	(491,178)
Cash flows from financing activities			
Dividend paid	(499,154)	(446,468)	(419,468)
Issuance of shares and exercise of option warrants into shares less issuance expenses	397,404	576,535	330,857
Issuance of bonds, net	1,804,876	1,003,480	652,585
Exercise of option warrants for employees, directors and officers	17,800	59,146	55,132
Repayment of long-term loans from banking corporations	(242,613)	(38,349)	(36,418)
Repayment of long-term bonds	(527,233)	(408,588)	(264,962)
Short-term credit from banking corporations, net and others	(163,916)	(82,196)	(65,334)
Net cash generated by financing activities	787,164	663,560	252,392
Increase (decrease) in cash and cash equivalents	537,803	(241,957)	(12,956)
Balance of cash and cash equivalents at the beginning of the year	34,201	276,158	289,114
Balance of cash and cash equivalents at the end of the year	572,004	34,201	276,158

Amot Investment Ltd.

Cash Flows Data

		For the year ended December 31		
		2020	**2019**	**2018**
		NIS thousands		
A.	**Adjustments required to present cash flows from operating activities**			
	Expenses (revenues) not involving cash flows			
	Adjustment of the fair value of investment property, net	87,129	(613,537)	(258,580)
	Company's share of the profits of investee companies	(126,069)	(403,097)	(163,450)
	Dividend from investee companies	34,850	2,500	4,250
	Erosion of bonds and loans from subsidiary companies	(47,957)	(34,344)	(27,682)
	Adjustment differentials on long-term liabilities	-	869	3,603
	Reflection of benefit on share-based payment transactions	7,288	6,101	5,988
	Deferred taxes, net	35,042	193,478	73,879
	Taxes paid on the disposal of assets held for sale	-	-	15,358
	Others, net	5,557	474	2,136
		(4,160)	(847,556)	(344,498)
	Changes in assets and liabilities			
	Increase in trade receivables	(6,761)	(1,135)	(80)
	Decrease (increase) in other receivables	2,723	(1,075)	(3,696)
	Increase in long-term receivables	1,073	(11,194)	4,485
	Increase (decrease) in trade payables	(1,630)	(4,220)	531
	Increase in liabilities in respect of the termination of employee-employer relationships	(396)	463	(36)
	Increase (decrease) in other payables	8,985	24,997	2,233
		3,994	7,836	3,437
		(166)	(839,720)	(341,061)
B.	**Activities not involving cash flows**			
	Investments in investment property against other payables	9,334	69,542	15,072
	Exercise of employees' options against receivables	-	731	-
C.	**Additional information**			
	Interest paid	198,306	183,663	189,843
	Interest received	49,081	34,435	67,165
	Taxes paid (*)	2,832	5,807	46,851
	Taxes received	-	3,448	-
	Dividend received	34,850	2,500	4,250

(*) 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 17E and 17H2 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, 2020.

(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 les 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 (Continued):**

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	
	2020	2020	2019
	%	NIS thousands	
In Israeli currency			
Cash and balances in banks		120,463	10,690
Short-term deposits in banking corporations (unlinked)	0.08-0.21	451,541	23,511
		572,004	34,201

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			
	2020		2019	
	In NIS – Index-linked	In NIS – Unlinked	In NIS – Index-linked	In NIS – Unlinked
Current assets:				
Cash and cash equivalents	-	572,004	-	34,201
Investments in securities measured at fair value Through profit and loss	-	50,160	-	-
Trade and other receivables	5,262	54,247	5,294	55,086
Non-current assets:				
Long-term receivables	18,663	3,072	-	630
Bonds, capital notes and loans extended	1,217,857	1,039,165	1,170,233	1,169,447
	1,241,783	1,718,648	1,175,527	1,259,364
Current liabilities:				
Other liabilities at amortized cost	614,123	245,461	659,038	411,877
Non-current liabilities:				
Other liabilities at amortized cost	5,745,098	253,050	4,705,096	256,397
Other liabilities at fair value	-	41,425	12,918	-
	6,359,221	539,936	5,377,052	668,274

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 1,080 million. As of December 31, 2020, NIS 1,020 million in unutilized facilities. As stated in Note 19E, 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.

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 derive 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			
2020							
Shekel bonds at fixed interest – index-linked	1.61	679,930	664,833	660,409	644,337	752,292	4,025,698
		679,930	664,833	660,409	644,337	752,292	4,025,698
2019							
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	679,244	665,861	643,003	637,742	621,606	2,582,841
		995,483	715,630	692,772	687,511	671,374	2,607,726

4. Details regarding investments in other companies:

See Note 10 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:

	2020			2019		
	Balance as of January 1, 2020	**Recognized in other comprehensive income**	**Balance as of December 31, 2020**	**Balance as of January 1, 2019**	**Recognized in other comprehensive income**	**Balance as of December 31, 2019**
	NIS thousands			NIS thousands		
Investment property	837,748	28,556	866,304	655,141	182,607	837,748
On tax losses carried forward	(19,491)	6,900	(12,591)	(28,691)	9,200	(19,491)
Provisions for employee's rights	(1,356)	(414)	(1,770)	(3,027)	1,671	(1,356)
	816,901	35,042	851,943	623,423	193,478	816,901

The deferred taxes are presented in the statement of financial position, as follows:

	As at December 31	
	2020	**2019**
	NIS thousands	
Non-current liabilities	851,943	816,901

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		
	2020	2019	2018
	NIS thousands		
Current taxes	27,781	7,727	13,796
Betterment tax expenses (income) on the sale of properties	-	(499)	15,358
Deferred taxes on timing differences created and the reversal thereof	35,042	193,478	73,879
Taxes in respect of prior years	(108)	(1,042)	5,989
	62,715	199,664	109,022

	As at December 31	
	2020	2019
	NIS thousands	
Current tax liabilities	46,848	21,907

(3) Additional information

1. In February 2018, the Company signed final tax assessment agreements vis-à-vis the Income Tax Authority, with respect to the years 2012-2015, after which the Company paid tax in the amount of approximately NIS 25 million (for which the Company had full provisions). Under the agreement, carryforward losses were recognized for the Company in the amount of approximately NIS 175 million, usable over the years 2018 to 2024. The tax assessment agreement also included resolution of the open issue with respect to carryforward tax losses at a scope of NIS 35 million, regarding which a ruling was given by the district court against the Company.
2. The Company has been issued final tax assessments up to and including the 2015 tax year.
3. Since January 1st, 2018, the corporate tax rate applicable to the Company has been 23%.

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% (will not fall below the interest rate prescribed regarding Section 3J of the Income Tax Ordinance)

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

In February 2020, 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.

In February of 2020, the Company repaid the short-term credit in the amount of NIS 265 million. In March 2020, the Company received a short-term loan from a banking institution in a financial scope of NIS 95 million. The loan bears interest of 2.3% (P+0.7%), and comes due in March 2021.

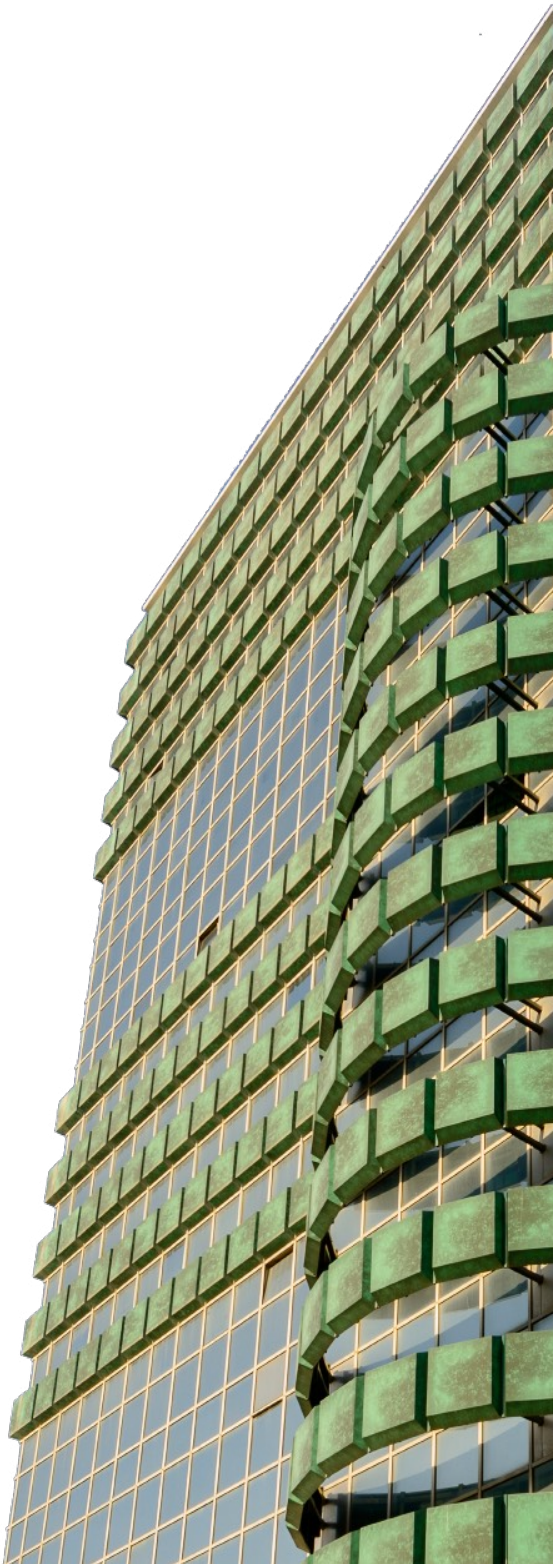
6. Additional information (Continued):

(4) Issuance of share capital

As to issuance of the Company's share capital, see Note 19D to the Company's consolidated financial statements.

(5) Issuance of bonds subsequent to the date of the financial statement

As to issuance of the Company's bonds, see Note 14H to the Company's consolidated financial statements.

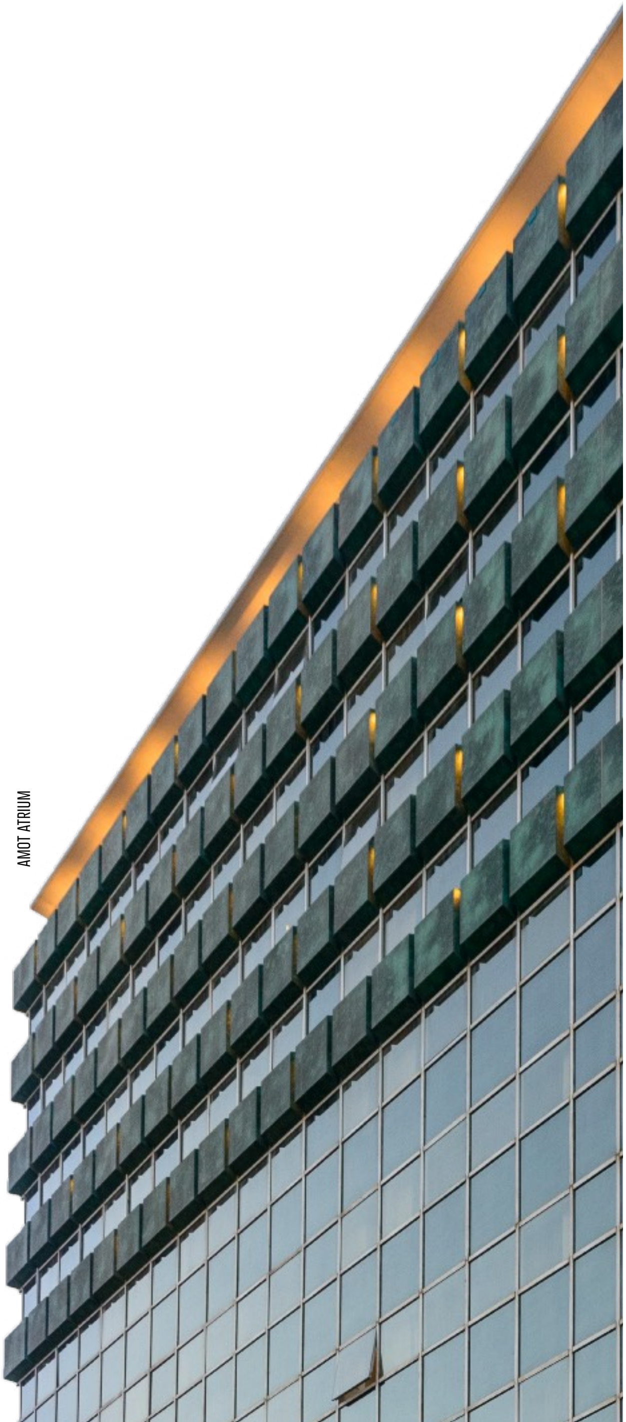


05.

ADDITIONAL DETAILS REGARDING THE CORPORATION

AMOT ATRIUM

Amot Investments Ltd. is a leading Israeli real estate company, focused on the management, leasing, maintenance, initiation and development of yielding properties in Israel.



AMOT ATRIUM

06.

APPENDIXES

Amot Investments Ltd. is a leading Israeli real estate company, focused on the management, leasing, maintenance, initiation and development of yielding properties in Israel.

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		Proportion[1] of independent directors[2] serving at the corporation as of the questionnaire's publication date: 55%. Proportion of independent directors set the corporation[3]'s Articles of Association[4]: ______ 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 subordinate[5] 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: ___.	√	

1 In 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 Directors'[6] 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 expertise[8]: 7. Who have professional qualifications[9]: 2. 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 2020 – 12 meetings. First quarter (2020): 3. Second quarter: 3. Third quarter: 4. Fourth quarter: 2.	-----	-----

		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%	----	----	----	----	----	----
			Aviram Wertheim	100%	----	----	----	----	----	----
			Moti Barzilai	100%	----	----	----	----	----	----
			Amir Amar	100%	----	----	----	----	----	----
			Yechiel Gutman	100%	100%	100%	----	----	----	----
			Eyal Gabai	100%	----	100%	100%	----	----	----
			Gad Pnini	100%	100%	100%	100%	----	----	----
			Nira Dror	100%	100%	100%	100%	----	----	----
			Yael Andorn	100%	----	100%[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.							√	

[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.

[14] Ms. Yael Andorn Karni was appointed as member of the Financial Statements Review Committee on April 4 2019.

				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)		√	

[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 did not serve 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 (2020): 3. Second quarter financial statements: 4. Third quarter financial statements: 4. 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 (2020): 3. Second quarter financial statements: 4. Third quarter financial statements: 4. 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): 600.	----	-----
	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).		X (b)

(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 25c(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: 7.3.2021

AMOT INVESTMENTS LTD.

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W W W . A M O T . C O . I L

AMOT INVESTMENTS. PEOPLE FIRST.

AMOT Amot Investments of the Alony Hetz Group 2020 PERIODIC REPORT