

**Translated  
from the  
Hebrew original**

**ADGAR INVESTMENTS AND DEVELOPMENT LTD.**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF JUNE 30, 2016**

**UNAUDITED**

**ADGAR INVESTMENTS AND DEVELOPMENT LTD.**  
**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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## **Auditors' review report to the shareholders of Adgar Investments and Development Limited**

### **Introduction**

We have reviewed the accompanying financial information of Adgar Investments and Development Limited and its subsidiaries (hereunder - the Group), which comprises the condensed consolidated statement of financial position as of June 30, 2016 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the period of six and three months then ended. The Company's Board of Directors and management are responsible for the preparation and presentation of interim financial information for these periods in accordance with IAS 34, "Interim Financial Reporting" and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not review the condensed interim financial information of certain subsidiaries, whose assets constitute approximately 60.8% of total consolidated assets as of June 30, 2016, and whose revenues constitute approximately 64.9% and 64.5% of the total consolidated revenues for the six and three months then ended. The condensed interim financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information in respect of those companies, is based on the review reports of the other auditors.

### **Scope of review**

We conducted our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to the abovementioned, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>June 30</b>		<b>December 31</b>
	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>Unaudited</b>		<b>Audited</b>
	<b>NIS in thousands</b>		
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	121,419	188,752	281,778
Short-term investments	30,027	29,838	23,469
Customers	18,538	13,417	16,279
Deposits	18,837	34,647	11,965
Debtors and receivables	11,154	36,921	34,732
Current taxes receivable	5,250	7,913	5,693
Derivatives	1,018	16,722	6,478
	<u>206,243</u>	<u>328,210</u>	<u>380,394</u>
Non-current assets designated for sale	<u>10,173</u>	<u>-</u>	<u>-</u>
	<u>216,416</u>	<u>328,210</u>	<u>380,394</u>
<b>NON-CURRENT ASSETS</b>			
Deposit	37,762	26,787	60,111
Long term debtors	2,880	5,011	2,839
Loans	35,071	15,143	21,967
Fixed assets, net	12,932	12,726	12,584
Investment property	3,433,764	3,142,714	3,331,623
Investment property under construction	57,880	33,300	47,066
Intangible assets	330	31	262
Deferred taxes	2,439	1,009	1,931
	<u>3,583,058</u>	<u>3,236,721</u>	<u>3,478,383</u>
	<u>3,799,474</u>	<u>3,564,931</u>	<u>3,858,777</u>

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>June 30</b>		<b>December 31</b>
	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>Unaudited</b>		<b>Audited</b>
	<b>NIS in thousands</b>		
<b>CURRENT LIABILITIES</b>			
Current maturities of long-term loans	168,224	170,810	144,370
Current maturities of bonds	140,584	138,026	143,603
Liabilities to suppliers and service providers	14,719	20,505	21,225
Taxes payable	1,402	2,061	3,054
Creditors and payables	63,952	69,207	62,762
Derivatives	28,736	14,798	18,408
	<u>417,617</u>	<u>415,407</u>	<u>393,422</u>
<b>NON-CURRENT LIABILITIES</b>			
Loans from banking institutions and other financial entities	1,449,582	1,265,807	1,464,193
Bonds	866,443	871,850	987,525
Derivatives	53,878	21,915	23,946
Employee benefit liabilities, net	148	148	148
Deferred taxes	177,366	141,266	158,690
	<u>2,547,417</u>	<u>2,300,986</u>	<u>2,634,502</u>
<b>EQUITY</b>			
Share capital	158,495	157,979	158,495
Share premium	275,450	270,588	275,450
Other reserves	(24,787)	(11,349)	(11,096)
Adjustments due to the translation of financial statements of activities abroad	(247,930)	(234,481)	(267,200)
Retained earnings	628,692	621,360	629,525
Total equity attributed to the Company's shareholders	789,920	804,097	785,174
Non-controlling interests	44,520	44,441	45,679
Total equity	<u>834,440</u>	<u>848,538</u>	<u>830,853</u>
	<u>3,799,474</u>	<u>3,564,931</u>	<u>3,858,777</u>

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

August 28, 2015			
Date of approval of the financial statements	Doron Schneidman Chairman of the Board	Roy Gadish CEO	Liat Manor Finance Manager

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	For the six months ended June 30		For the three months ended June 30		For the year ended December 31
	2016	2015	2016	2015	2015
	Unaudited				Audited
	NIS in thousands [except for net earnings per share data]				
<b>INCOME</b>					
Income from rental of properties	110,763	95,154	56,243	47,573	202,054
Increase in value of investment property and investment property under construction, net	4,169	6,937	4,043	6,937	44,397
	<u>114,932</u>	<u>102,091</u>	<u>60,286</u>	<u>54,510</u>	<u>246,451</u>
<b>EXPENSES</b>					
Maintenance of assets, net	11,885	7,476	6,510	4,064	16,173
Administrative and general expenses	17,484	16,985	8,463	9,041	34,791
	<u>29,369</u>	<u>24,461</u>	<u>14,973</u>	<u>13,105</u>	<u>50,964</u>
Income before finance	<u>85,563</u>	<u>77,630</u>	<u>45,313</u>	<u>41,405</u>	<u>195,487</u>
Finance income	(8,208)	22,208	(1,235)	2,230	28,354
Finance expenses	(56,406)	(55,423)	(32,467)	(31,536)	(129,765)
Finance expenses, net	<u>(64,614)</u>	<u>(33,215)</u>	<u>(33,702)</u>	<u>(29,306)</u>	<u>(101,411)</u>
Income before capital gain (loss)	20,949	44,415	11,611	12,099	94,076
Capital gain (loss)	25	(13)	79	(4)	(52)
Income before taxes on income	20,974	44,402	11,690	12,095	94,024
Taxes on income	19,434	8,363	5,039	3,610	33,632
Net income	<u>1,540</u>	<u>36,039</u>	<u>6,651</u>	<u>8,485</u>	<u>60,392</u>
Attributed to:					
Company shareholders	(833)	33,388	5,498	7,374	57,553
Non-controlling interests	2,373	2,651	1,153	1,111	2,839
	<u>1,540</u>	<u>36,039</u>	<u>6,651</u>	<u>8,485</u>	<u>60,392</u>
<b>Earnings per share:</b>					
<b>Net earnings per share attributed to equity holders of the Company (in NIS)</b>					
Basic net earnings (loss)	<u>(0.01)</u>	<u>0.29</u>	<u>0.05</u>	<u>0.06</u>	<u>0.50</u>
Diluted net earnings (loss)	<u>(0.01)</u>	<u>0.29</u>	<u>0.05</u>	<u>0.06</u>	<u>0.50</u>

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the six months ended June 30		For the three months ended June 30		For the year ended December 31
	2016	2015	2016	2015	2015
	Unaudited				Audited
	NIS in thousands [except for net earnings per share data]				
Net income	1,540	36,039	6,651	8,485	60,392
Other comprehensive income (loss) (after the tax effect):					
Amounts to be classified or reclassified to profit or loss under specific conditions:					
Profit (loss) in respect of cash flow hedging transactions, net	(18,717)	5,179	(4,314)	4,012	476
Transfer to statement of profit or loss in respect of cash flows hedge transactions, net	-	-	-	-	8,900
Adjustment resulting from the translation of financial statements of activities abroad	19,437	(101,933)	5,783	(16,067)	(134,438)
Total other comprehensive income (loss)	720	(96,754)	1,469	(12,055)	(125,062)
Total comprehensive income (loss)	<u>2,260</u>	<u>(60,715)</u>	<u>8,120</u>	<u>(3,570)</u>	<u>(64,670)</u>
<b>Total comprehensive income (loss) attributed to:</b>					
Company shareholders	3,451	(59,284)	8,086	(4,720)	(64,445)
Non-controlling interests	(1,191)	(1,431)	34	1,150	(225)
	<u>2,260</u>	<u>(60,715)</u>	<u>8,120</u>	<u>(3,570)</u>	<u>(64,670)</u>

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributed to the Company's shareholders							Non controlling interests	Total equity
	Share capital	Share premium	Other reserves	Adjustments resulting from the translation of financial statements of activities abroad	Retained earnings	Total			
	Unaudited								
	NIS in thousands								
<b>Balance as at January 1, 2016 (Audited)</b>	158,495	275,450	(11,096)	(267,200)	629,525	785,174	45,679	830,853	
Net income (loss)	-	-	-	-	(833)	(833)	2,373	1,540	
Total other comprehensive income (loss)	-	-	(14,986)	19,270	-	4,284	(3,564)	720	
Total comprehensive income (loss)	-	-	(14,986)	19,270	(833)	3,451	(1,191)	2,260	
Share-based payment	-	-	1,295	-	-	1,295	32	1,327	
<b>Balance as at June 30, 2016</b>	<u>158,495</u>	<u>275,450</u>	<u>(24,787)</u>	<u>(247,930)</u>	<u>628,692</u>	<u>789,920</u>	<u>44,520</u>	<u>834,440</u>	

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



**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributed to the Company's shareholders					Total	Non controlling interests	Total equity
	Share capital	Share premium	Other reserves	Adjustments resulting from the translation of financial statements of activities abroad	Retained earnings			
	Unaudited							
	NIS in thousands							
<b>Balance as at January 1, 2015 (Audited)</b>	157,414	266,511	(13,707)	(137,516)	602,972	875,674	45,853	921,527
Net income	-	-	-	-	33,388	33,388	2,651	36,039
Total other comprehensive income (loss)	-	-	4,293	(96,965)	-	(92,672)	(4,082)	(96,754)
Total comprehensive income (loss)	-	-	4,293	(96,965)	33,388	(59,284)	(1,431)	(60,715)
Realization of options to Company shares	565	4,077	(2,939)	-	-	1,703	-	1,703
Share-based payment	-	-	1,004	-	-	1,004	19	1,023
Dividend paid to Company's shareholders	-	-	-	-	(15,000)	(15,000)	-	(15,000)
<b>Balance as at June 30, 2015</b>	<u>157,979</u>	<u>270,588</u>	<u>(11,349)</u>	<u>(234,481)</u>	<u>621,360</u>	<u>804,097</u>	<u>44,441</u>	<u>848,538</u>

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributed to the Company's shareholders					Total	Non controlling interests	Total equity
	Share capital	Share premium	Other reserves	Adjustments resulting from the translation of financial statements of activities abroad	Retained earnings			
	Unaudited							
	NIS in thousands							
<b>Balance as at April 1, 2016</b>	158,495	275,450	(21,792)	(253,947)	623,194	781,400	44,470	825,870
Net income	-	-	-	-	5,498	5,498	1,153	6,651
Total other comprehensive income (loss)	-	-	(3,429)	6,017	-	2,588	(1,119)	1,469
Total comprehensive income (loss)	-	-	(3,429)	6,017	5,498	8,086	34	8,120
Share-based payment	-	-	434	-	-	434	16	450
<b>Balance as at June 30, 2016</b>	<u>158,495</u>	<u>275,450</u>	<u>(24,787)</u>	<u>(247,930)</u>	<u>628,692</u>	<u>789,920</u>	<u>44,520</u>	<u>834,440</u>

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributed to the Company's shareholders				Retained earnings	Total	Non controlling interests	Total equity
	Share capital	Share premium	Other reserves	Adjustments resulting from the translation of financial statements of activities abroad				
	Unaudited							
	NIS in thousands							
<b>Balance as at April 1, 2015</b>	157,526	267,505	(13,601)	(219,052)	628,986	821,364	43,275	864,639
Net income	-	-	-	-	7,374	7,374	1,111	8,485
Total other comprehensive income (loss)	-	-	3,335	(15,429)	-	(12,094)	39	(12,055)
Total comprehensive income (loss)	-	-	3,335	(15,429)	7,374	(4,720)	1,150	(3,570)
Realization of options to Company shares	453	3,083	(1,945)	-	-	1,591	-	1,591
Share-based payment	-	-	862	-	-	862	16	878
Dividend to Company's shareholders	-	-	-	-	(15,000)	(15,000)	-	(15,000)
<b>Balance as at June 30, 2015</b>	<u>157,979</u>	<u>270,588</u>	<u>(11,349)</u>	<u>(234,481)</u>	<u>621,360</u>	<u>804,097</u>	<u>44,441</u>	<u>848,538</u>

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributed to the Company's shareholders							Non controlling interests	Total equity
	Share capital	Share premium	Other reserves	Adjustments resulting from the translation of financial statements of activities abroad	Retained earnings	Total			
	Unaudited								
	NIS in thousands								
<b>Balance as at January 1, 2015 (Audited)</b>	157,414	266,511	(13,707)	(137,516)	602,972	875,674	45,853	921,527	
Net income	-	-	-	-	57,553	57,553	2,839	60,392	
Total other comprehensive income (loss)	-	-	7,686	(129,684)	-	(121,998)	(3,064)	(125,062)	
Total comprehensive income (loss)	-	-	7,686	(129,684)	57,553	(64,445)	(225)	(64,670)	
Share-based payment	-	-	2,726	-	-	2,726	51	2,777	
Realization of options to Company shares	1,081	8,939	(7,801)	-	-	2,219	-	2,219	
Dividend to Company's shareholder	-	-	-	-	(31,000)	(31,000)	-	(31,000)	
<b>Balance as at December 31, 2015 (Audited)</b>	<u>158,495</u>	<u>275,450</u>	<u>(11,096)</u>	<u>(267,200)</u>	<u>629,525</u>	<u>785,174</u>	<u>45,679</u>	<u>830,853</u>	

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the six months ended June 30		For the three months ended June 30		For the year ended December 31 2015
	2016	2015	2016	2015	2015
	Unaudited				Audited
	NIS in thousands [except for net earnings per share data]				
<b>CASH FLOWS FROM CURRENT ACTIVITIES</b>					
Net income	1,540	36,039	6,651	8,485	60,392
Adjustments needed to present cash flows from current activities:					
Adjustments to the profit or loss items:					
Increase in value of investment property and investment property under construction, net	(4,169)	(6,937)	(4,043)	(6,937)	(44,397)
Finance expenses, net	64,614	33,215	33,702	29,306	101,411
Capital loss (gain)	(25)	13	(79)	4	52
Depreciation and amortization	2,788	2,932	1,452	1,455	5,775
Taxes on income	19,434	8,363	5,039	3,610	33,632
Share-based payment cost	1,327	1,023	450	878	2,777
	83,969	38,609	36,521	28,316	99,250
Changes in asset and liability items:					
Decrease (increase) in customers	(2,078)	(1,721)	120	(1,814)	(4,658)
Decrease (increase) in debtors and receivables	3,380	4,505	1,330	933	9,111
Increase (decrease) in liabilities to suppliers and service providers	(9,210)	6,604	(6,583)	(1,166)	8,177
Increase (decrease) in creditors and payables	5,222	(10,553)	(362)	(6,024)	(5,753)
	(2,686)	(1,165)	(5,495)	(8,071)	6,877
Cash paid and received during the year for:					
Interest paid	(56,120)	(56,815)	(18,498)	(19,848)	(105,192)
Interest received	899	1,081	504	311	2,024
Dividend received	61	119	36	83	184
Taxes paid	(2,328)	(15,615)	(1,076)	(128)	(15,697)
Taxes received	361	-	-	-	123
	(57,127)	(71,230)	(19,034)	(19,582)	(118,558)
Net cash provided by current activities	25,696	2,253	18,643	9,148	47,961

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	months ended June 30		months ended June 30		ended December 31
	2016	2015	2016	2015	2015
	Unaudited				Audited
	NIS in thousands				
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES:</b>					
Investment in deposit, net	(2,402)	(19,101)	(656)	(204)	(29,646)
Proceeds from sale of investment property	18,347	-	-	-	-
Acquisition of short term investments	(9,848)	(10,690)	(2,777)	(8,423)	(13,365)
Proceeds from the sale of short term investments	3,101	31,459	1,504	8,765	40,209
Acquisition of hedge transaction	-	(5,260)	-	-	(16,110)
Proceeds (payment) from the sale of hedge transactions	(1,982)	13,560	(782)	-	47,634
Acquisition and investment of investment property	(49,071)	(64,118)	(27,054)	(7,585)	(309,114)
Acquisition of investment property under construction	(8,105)	(62,753)	(4,502)	(33,033)	(71,488)
Acquisition of fixed assets	(1,063)	(380)	(493)	(369)	(1,102)
Proceeds from sale of fixed assets	344	94	295	7	259
Capitalization of interest paid for investment property under construction	-	(1,525)	-	(843)	(1,525)
Acquisition of intangible assets	(91)	(25)	(38)	-	(270)
Grant of loan to partners in assets in Canada, net	(11,794)	(4,244)	(6,710)	(1,673)	(12,042)
Net cash used in investment activities	(62,564)	(122,983)	(41,213)	(43,358)	(366,560)
<b>CASH FLOWS FROM FINANCE ACTIVITIES</b>					
Receipt of long-term loans	40,500	29,445	-	-	276,237
Settlement of long-term loans	(45,820)	(29,888)	(22,047)	(17,775)	(69,708)
Dividend paid to Company shareholders	-	(15,000)	-	(15,000)	(31,000)
Realization of options to shares	-	1,703	-	1,591	2,219
Settlement of CPI hedging transactions	-	-	-	-	(15,280)
Settlement of bonds	(119,990)	(193,170)	(53,541)	(53,923)	(193,170)
Issue of bonds net issue expenses	-	132,836	-	132,836	251,977
Net cash provided by (used in) finance activities	(125,310)	(74,074)	(75,588)	47,729	221,275
Translation differences in respect of cash balances in units held abroad	1,819	(11,254)	129	(2,042)	(15,708)
<b>Increase (decrease) in cash and cash equivalents</b>	(160,359)	(206,058)	(98,029)	11,477	(113,032)
<b>Balance of cash and cash equivalents as at the beginning of the period</b>	281,778	394,810	219,448	177,275	394,810
<b>Balance of cash and cash equivalents as at the end of the period</b>	121,419	188,752	121,419	188,752	281,778

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**


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	For the six months ended June 30		For the three months ended June 30		For the year ended December 31 2015
	2016	2015	2016	2015	2015
	Unaudited				Audited
	NIS in thousands				
<b>(a) Significant activities not involving cash flows</b>					
Acquisition of investment property and investment property under construction against creditors, suppliers and service providers	<u>26,735</u>	<u>44,979</u>	<u>26,735</u>	<u>44,979</u>	<u>29,934</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**


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**NOTE 4:- SEGMENTS OF ACTIVITY**a. General

1. The Group operates in the income generating real estate market. Its main activity is holding income-producing properties, mainly for use as office premises. The Group has income-producing properties abroad (Belgium, Canada and Poland) that are held through companies registered abroad, as well as income-producing properties in Israel.
2. All the income and expenses are attributed directly to segments of activity since the Company's management examines its activities based on these segments.

b. Report regarding segments of activity

	<b>For the period of six months ended as at June 30, 2016</b>				
	<u>Israel</u>	<u>Belgium</u>	<u>Poland</u>	<u>Canada</u>	<u>Total</u>
	<b>Unaudited</b>				
	<b>NIS in thousands</b>				
Income from leasing of properties	31,945	7,084	38,201	35,766	112,996
Deduction of deferred incentives to lessees	(97)	-	(317)	(1,819)	(2,233)
Increase (decrease) in value of investment property and investment property under construction, net	<u>5,741</u>	<u>(1,698)</u>	<u>126</u>	<u>-</u>	<u>4,169</u>
Total income	<u>37,589</u>	<u>5,386</u>	<u>38,010</u>	<u>33,947</u>	<u>114,932</u>
Segment results	<u>25,607</u>	<u>3,911</u>	<u>29,828</u>	<u>26,217</u>	<u>85,563</u>
Finance income					(8,208)
Finance expenses					<u>(56,406)</u>
Net finance expenses					<u>(64,614)</u>
Capital gain					<u>25</u>
Income before taxes on income					<u>20,974</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 4:- SEGMENTS OF ACTIVITY

b. Report regarding segments of activity (Cont.)

	For the period of six months ended as at				
	June 30, 2015				
	Israel	Belgium	Poland	Canada	Total
	Unaudited				
	NIS in thousands				
Income from leasing of properties	23,117	7,081	37,634	29,716	97,548
Deduction of deferred incentives to lessees	(85)	-	(385)	(1,924)	(2,394)
Increase in value of investment property and investment property under construction, net	4,419	-	1,586	932	6,937
Total income	<u>27,451</u>	<u>7,081</u>	<u>38,835</u>	<u>28,724</u>	<u>102,091</u>
Segment results	<u>17,001</u>	<u>5,366</u>	<u>32,333</u>	<u>22,930</u>	<u>77,630</u>
Finance income					22,208
Finance expenses					<u>(55,423)</u>
Net finance expenses					<u>(33,215)</u>
Capital loss					<u>(13)</u>
Income before taxes on income					<u>44,402</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 4:- SEGMENTS OF ACTIVITY (Cont.)

b. Report regarding segments of activity (Cont.)

	For the period of three months ended as at June 30, 2016				
	Israel	Belgium	Poland	Canada	Total
	Unaudited				
	NIS in thousands				
Income from leasing of properties	16,446	3,564	19,219	18,184	57,413
Deduction of deferred incentives to lessees	(50)	-	(150)	(970)	(1,170)
Increase (decrease) in value of investment property and investment property under construction, net	5,741	(1,698)	-	-	4,043
Total income	22,137	1,866	19,069	17,214	60,286
Segment results	16,518	831	14,657	13,307	45,313
Finance income					(1,235)
Finance expenses					(32,467)
Net finance expenses					(33,702)
Capital gain					79
Income before taxes on income					11,690

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 4:- SEGMENTS OF ACTIVITY (Cont.)

b. Report regarding segments of activity (Cont.)

	For the period of three months ended as at				
	June 30, 2015				
	Israel	Belgium	Poland	Canada	Total
	Unaudited				
NIS in thousands					
Income from leasing of properties	11,687	3,445	18,716	14,925	48,773
Deduction of deferred incentives to lessees	(42)	-	(188)	(970)	(1,200)
Increase in value of investment property and investment property under construction, net	4,419	-	1,586	932	6,937
Total income	16,064	3,445	20,114	14,887	54,510
Segment results	11,055	2,445	16,272	11,633	41,405
Finance income					2,230
Finance expenses					(31,536)
Net finance expenses					(29,306)
Capital loss					(4)
Income before taxes on income					12,095

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****NOTE 4:- SEGMENTS OF ACTIVITY (Cont.)**b. Report regarding segments of activity (Cont.)

	<b>Year ended as at December 31, 2015</b>				
	<u>Israel</u>	<u>Belgium</u>	<u>Poland</u>	<u>Canada</u>	<u>Total</u>
	<b>Audited</b>				
	<b>NIS in thousands</b>				
Income:					
Income from leasing of properties before amortization	52,616	13,947	75,405	64,771	206,739
Deduction of deferred incentives to lessees	(185)	-	(740)	(3,760)	(4,685)
Increase in value of investment property and investment property under construction, net	<u>14,407</u>	<u>(4,012)</u>	<u>40</u>	<u>33,962</u>	<u>44,397</u>
Total income	<u>66,838</u>	<u>9,935</u>	<u>74,705</u>	<u>94,973</u>	<u>246,451</u>
Segment results	<u>47,937</u>	<u>6,949</u>	<u>59,825</u>	<u>80,776</u>	<u>195,487</u>
Finance income					28,354
Finance expenses					<u>(129,765)</u>
Net finance expenses					<u>(101,411)</u>
Income before capital gain					94,076
Capital loss					<u>(52)</u>
Income before taxes on income					<u>94,024</u>

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