

**Translated
from the
Hebrew original**

ADGAR INVESTMENTS AND DEVELOPMENT LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2018

UNAUDITED

ADGAR INVESTMENTS AND DEVELOPMENT LTD.
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2018

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INDEX

	<u>Page</u>
Auditors' Review Report	2
Consolidated Statements of Financial Position	3 - 4
Consolidated Statements of Profit or Loss	5
Consolidated Statements of Comprehensive Income	6
Consolidated Statements of Changes in Equity	7 - 11
Consolidated Statements of Cash Flows	12 - 14
Notes to Interim Consolidated Financial Statements	15 - 19



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Dear Sirs,

We have audited, in accordance with International Financial Reporting Standards, the condensed consolidated statements of financial position of **ADGAR INVESTMENTS AND DEVELOPMENT LIMITED** as at September 30, 2018 and the related consolidated statements of profit or loss, condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended we expressed an unqualified opinion on those financial statements.

The accompanying financial statements are condensed consolidated financial statements and do not include the disclosures required by International Financial Reporting Standards. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the financial position, results of operations, and cash flows of the Company.

Tel-Aviv, Israel
November 15, 2018

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30		December 31
	2018	2017	2017
	Unaudited		Audited
	NIS in thousands		
CURRENT ASSETS			
Cash and cash equivalents	251,975	164,754	249,602
Short-term investments	14,515	28,880	13,047
Customers	16,702	20,140	20,239
Deposits	39,702	20,564	17,896
Debtors and receivables	22,803	16,139	17,495
Loans	4,768	3,904	5,466
Taxes receivable	2,634	4,953	1,563
Derivatives	2,916	847	2,198
	<u>356,015</u>	<u>260,181</u>	<u>327,506</u>
NON-CURRENT ASSETS			
Deposits	94,806	83,981	85,903
Debtors	3,209	2,959	2,854
Derivatives	4,488	7,256	6,485
Fixed assets, net	13,537	13,637	12,976
Investment property	3,784,680	3,612,015	3,606,815
Investment property under construction	186,600	127,238	140,100
Intangible assets	630	548	605
Deferred taxes	817	1,346	1,218
	<u>4,088,767</u>	<u>3,848,980</u>	<u>3,856,956</u>
	<u><u>4,444,782</u></u>	<u><u>4,109,161</u></u>	<u><u>4,184,462</u></u>

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30		December 31
	2018	2017	2017
	Unaudited		Audited
	NIS in thousands		
CURRENT LIABILITIES			
Credit from banking institutions and current liabilities of long-term loans	142,292	135,859	123,107
Current maturities of bonds	169,585	85,279	100,185
Liabilities to suppliers and service providers	17,668	20,819	22,244
Taxes payable	1,243	649	609
Creditors and payables	100,350	82,468	82,969
Derivatives	14,044	26,042	13,210
	<u>445,182</u>	<u>351,116</u>	<u>342,324</u>
NON-CURRENT LIABILITIES			
Loans from banking institutions and other financial entities	1,412,705	1,366,574	1,344,131
Bonds	1,363,657	1,292,209	1,291,296
Derivatives	14,395	23,191	20,206
Employee benefit liabilities, net	210	210	210
Deferred taxes	148,690	150,787	143,163
	<u>2,939,657</u>	<u>2,832,971</u>	<u>2,799,006</u>
EQUITY			
Share capital	175,511	158,495	175,411
Share premium	367,331	275,450	366,706
Other reserves	(1,249)	(7,875)	(5,951)
Adjustments due to the translation of financial statements of activities abroad	(279,673)	(275,262)	(282,576)
Retained earnings	755,536	729,004	745,177
	<u>1,017,456</u>	<u>879,812</u>	<u>998,767</u>
Total equity attributed to the Company's shareholders	1,017,456	879,812	998,767
Non-controlling interests	42,487	45,262	44,365
	<u>1,059,943</u>	<u>925,074</u>	<u>1,043,132</u>
Total equity	<u>4,444,782</u>	<u>4,109,161</u>	<u>4,184,462</u>

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

November 15, 2018
Date of approval of the
financial statements

Doron Schneidman
Chairman of the Board

Roy Gadish
CEO

Liat Manor
Deputy CFO

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2018	2017	2018	2017	2017
	Unaudited				Audited
	NIS in thousands [except for net earnings per share data]				
INCOME					
Income from rental of properties	180,039	165,729	60,232	57,038	225,051
Increase in value of investment property and investment property under construction, net	8,819	23,285	5,283	20,611	17,286
	<u>188,858</u>	<u>189,014</u>	<u>65,515</u>	<u>77,649</u>	<u>242,337</u>
EXPENSES					
Maintenance of assets, net	18,201	16,873	6,431	5,781	22,395
Administrative and general expenses	30,128	29,452	9,444	10,904	38,862
	<u>48,329</u>	<u>46,325</u>	<u>15,875</u>	<u>16,685</u>	<u>61,257</u>
Income before finance	<u>140,529</u>	<u>142,689</u>	<u>49,640</u>	<u>60,964</u>	<u>181,080</u>
Finance income	(1,752)	383	1,184	(5,837)	2,080
Finance expenses	(87,065)	(84,007)	(30,238)	(24,581)	(110,452)
Finance expenses, net	<u>(88,817)</u>	<u>(83,624)</u>	<u>(29,054)</u>	<u>(30,418)</u>	<u>(108,372)</u>
Income before capital gain (loss)	<u>51,712</u>	<u>59,065</u>	<u>20,586</u>	<u>30,546</u>	<u>72,708</u>
Capital gain (loss), net	<u>(45)</u>	<u>31</u>	<u>(26)</u>	<u>31</u>	<u>(76)</u>
Income before taxes on income	<u>51,667</u>	<u>59,096</u>	<u>20,560</u>	<u>30,577</u>	<u>72,632</u>
Taxes on income (tax benefit)	<u>12,179</u>	<u>(29,111)</u>	<u>2,674</u>	<u>5,265</u>	<u>(30,400)</u>
Net income	<u><u>39,488</u></u>	<u><u>88,207</u></u>	<u><u>17,886</u></u>	<u><u>25,312</u></u>	<u><u>103,032</u></u>
Attributed to:					
Company shareholders	42,384	89,703	18,324	28,714	105,876
Non-controlling interests	<u>(2,896)</u>	<u>(1,496)</u>	<u>(438)</u>	<u>(3,402)</u>	<u>(2,844)</u>
	<u><u>39,488</u></u>	<u><u>88,207</u></u>	<u><u>17,886</u></u>	<u><u>25,312</u></u>	<u><u>103,032</u></u>
Earnings per share:					
Net earnings per share attributed to equity holders of the Company (in NIS)					
Basic and diluted net earnings	<u><u>0.32</u></u>	<u><u>0.78</u></u>	<u><u>0.14</u></u>	<u><u>0.25</u></u>	<u><u>0.92</u></u>

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2018	2017	2018	2017	2017
	Unaudited				Audited
	NIS in thousands [except for net earnings per share data]				
Net income	39,488	88,207	17,886	25,312	103,032
Other comprehensive income (after the tax effect):					
Amounts that will not to be reclassified subsequently to profit or loss					
Revaluation in respect of revaluation of fixed assets	-	-	-	-	1,381
Amounts that will be classified or reclassified to profit or loss when specific conditions are met:					
Profit (loss) in respect of cash flow hedging transactions, net	1,599	6,442	3,260	(114)	7,288
Transfer to profit or loss in respect of cash flow hedging transactions, net	1,951	-	-	-	-
Adjustment resulting from the translation of financial statements of activities abroad	3,471	4,032	(2,029)	20,647	(3,282)
Total amounts that will be or that have been reclassified to profit or loss	7,021	10,474	1,231	20,533	4,006
Total other comprehensive income	7,021	10,474	1,231	20,533	5,387
Total comprehensive income	46,509	98,681	19,117	45,845	108,419
Total comprehensive income (loss) attributed to:					
Company shareholders	48,424	97,620	19,256	47,576	108,258
Non-controlling interests	(1,915)	1,061	(139)	(1,731)	161
	46,509	98,681	19,117	45,845	108,419

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								
Balance as at January 1, 2018 (Audited)	175,411	366,706	(5,951)	(282,576)	745,177	998,767	44,365	1,043,132	
Net income (loss)	-	-	-	-	42,384	42,384	(2,896)	39,488	
Total other comprehensive income	-	-	3,137	2,903	-	6,040	981	7,021	
Total comprehensive income (loss)	-	-	3,137	2,903	42,384	48,424	(1,915)	46,509	
Share-based payment	-	-	1,691	-	-	1,691	37	1,728	
Realization of options to Company shares	100	625	(126)	-	-	599	-	599	
Dividend to Company's shareholders	-	-	-	-	(32,025)	(32,025)	-	(32,025)	
Balance as at September 30, 2018	<u>175,511</u>	<u>367,331</u>	<u>(1,249)</u>	<u>(279,673)</u>	<u>755,536</u>	<u>1,017,456</u>	<u>42,487</u>	<u>1,059,943</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								
Balance as at January 1, 2017 (Audited)	158,495	275,450	(14,353)	(277,959)	654,301	795,934	44,175	840,109	
Net income (loss)	-	-	-	-	89,703	89,703	(1,496)	88,207	
Total other comprehensive income	-	-	5,220	2,697	-	7,917	2,557	10,474	
Total comprehensive income	-	-	5,220	2,697	89,703	97,620	1,061	98,681	
Share-based payment	-	-	1,258	-	-	1,258	26	1,284	
Dividend to Company's shareholders	-	-	-	-	(15,000)	(15,000)	-	(15,000)	
Balance as at September 30, 2017	<u>158,495</u>	<u>275,450</u>	<u>(7,875)</u>	<u>(275,262)</u>	<u>729,004</u>	<u>879,812</u>	<u>45,262</u>	<u>925,074</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								
Balance as at July 1, 2018	175,511	367,331	(4,655)	(277,920)	745,412	1,005,679	42,610	1,048,289	
Net income (loss)	-	-	-	-	18,324	18,324	(438)	17,886	
Total other comprehensive income (loss)	-	-	2,685	(1,753)	-	932	299	1,231	
Total comprehensive income (loss)	-	-	2,685	(1,753)	18,324	19,256	(139)	19,117	
Share-based payment	-	-	721	-	-	721	16	737	
Dividend to Company's shareholders	-	-	-	-	(8,200)	(8,200)	-	(8,200)	
Balance as at September 30, 2018	<u>175,511</u>	<u>367,331</u>	<u>(1,249)</u>	<u>(279,673)</u>	<u>755,536</u>	<u>1,017,456</u>	<u>42,487</u>	<u>1,059,943</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								
Balance as at July 1, 2017	158,495	275,450	(8,030)	(294,192)	715,290	847,013	46,989	894,002	
Net income (loss)	-	-	-	-	28,714	28,714	(3,402)	25,312	
Total other comprehensive income (loss)	-	-	(68)	18,930	-	18,862	1,671	20,533	
Total comprehensive income (loss)	-	-	(68)	18,930	28,714	47,576	(1,731)	45,845	
Share-based payment	-	-	223	-	-	223	4	227	
Dividend to Company's shareholders	-	-	-	-	(15,000)	(15,000)	-	(15,000)	
Balance as at September 30, 2017	<u>158,495</u>	<u>275,450</u>	<u>(7,875)</u>	<u>(275,262)</u>	<u>729,004</u>	<u>879,812</u>	<u>45,262</u>	<u>925,074</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								
Balance as at January 1, 2017 (Audited)	158,495	275,450	(14,353)	(277,959)	654,301	795,934	44,175	840,109	
Net income (loss)	-	-	-	-	105,876	105,876	(2,844)	103,032	
Total other comprehensive income (loss)	-	-	6,999	(4,617)	-	2,382	3,005	5,387	
Total comprehensive income (loss)	-	-	6,999	(4,617)	105,876	108,258	161	108,419	
Issue of share capital	16,916	91,256	-	-	-	108,172	-	108,172	
Cost of share-based payment	-	-	1,403	-	-	1,403	29	1,432	
Dividend to Company's shareholder	-	-	-	-	(15,000)	(15,000)	-	(15,000)	
Balance as at December 31, 2017 (Audited)	<u>175,411</u>	<u>366,706</u>	<u>(5,951)</u>	<u>(282,576)</u>	<u>745,177</u>	<u>998,767</u>	<u>44,365</u>	<u>1,043,132</u>	

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2018	2017	2018	2017	2017
	Unaudited				Audited
	NIS in thousands				
CASH FLOWS FROM CURRENT ACTIVITIES					
Net income	39,488	88,207	17,886	25,312	103,032
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	(8,819)	(23,285)	(5,283)	(20,611)	(17,286)
Finance expenses, net	88,817	83,624	29,054	30,418	108,372
Capital loss (gain), net	45	(31)	26	(31)	76
Depreciation and amortization	5,039	4,933	1,716	1,733	6,200
Taxes on income (tax benefit)	12,179	(29,111)	2,674	5,265	(30,400)
Share-based payment cost	1,728	1,284	737	227	1,432
	98,989	37,414	28,924	17,001	68,394
Changes in asset and liability items:					
Decrease (increase) in customers	3,752	(1,836)	(371)	(3,449)	(2,025)
Decrease (increase) in debtors and receivables	(2,178)	(6,326)	1,761	(2,679)	(7,722)
Increase (decrease) in liabilities to suppliers and service providers	(4,366)	(1,733)	(3,984)	5,357	(5,227)
Increase in creditors and payables	1,117	9,483	3,892	6,449	10,289
	(1,675)	(412)	1,298	5,678	(4,685)
Cash paid and received during the year for:					
Interest paid	(95,135)	(91,463)	(42,462)	(40,133)	(104,264)
Interest received	2,206	1,654	865	610	2,372
Dividend received	27	176	6	16	198
Taxes paid	(5,511)	(3,185)	(2,075)	(523)	(5,585)
	(98,413)	(92,818)	(43,666)	(40,030)	(107,279)
Net cash provided by current activities	38,389	32,391	4,442	7,961	59,462

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2018	2017	2018	2017	2017
	Unaudited				Audited
	NIS in thousands				
CASH FLOWS FROM INVESTMENT ACTIVITIES:					
Investment in deposits, net	(29,833)	(43,451)	(32,612)	(5,901)	(42,592)
Acquisition of short term investments	(12,364)	(6,939)	(556)	(1,562)	(9,100)
Sale of short term investments	10,738	5,372	1,492	1,352	23,649
Payment in respect of hedge transactions	(9,957)	(2,527)	(6,098)	(1,235)	(4,346)
Proceeds in respect of hedge transactions	1,220	7,976	460	923	4,330
Acquisition and investment of investment property	(136,102)	(177,775)	(25,879)	(132,501)	(201,739)
Investment in investment property under construction	(40,817)	(29,006)	(13,143)	(10,196)	(40,963)
Acquisition of fixed assets	(1,591)	(869)	(1,042)	(291)	(1,084)
Proceeds from sale of fixed assets	208	70	86	70	260
Capitalization of interest paid for investment property under construction	(4,985)	(2,982)	(1,735)	(1,027)	(4,062)
Acquisition of intangible assets	(83)	(65)	(29)	(50)	(152)
Settlement (grant) of loan to partners in assets in Canada and to others, net	326	38,975	(627)	42,964	37,385
Net cash used in investment activities	(223,240)	(211,221)	(79,683)	(107,454)	(238,414)
CASH FLOWS FROM FINANCE ACTIVITIES					
Receipt (settlement) of long-term credit from banking institutions, net	-	5,402	-	6,166	(764)
Receipt of long-term loans	113,111	168,631	12,870	110,000	168,631
Settlement of long-term loans	(42,547)	(258,017)	(14,924)	(11,724)	(273,998)
Dividend paid to Company shareholders	(32,025)	(30,000)	(8,200)	(15,000)	(30,000)
Issue of share capital	-	-	-	-	108,172
Realization of options to shares	599	-	-	-	-
Settlement of CPI hedging transactions and interest rate fixing	(2,331)	(8,358)	-	(6,098)	(8,358)
Settlement of bonds	(66,447)	(120,280)	-	-	(120,280)
Issue of bonds net issue expenses	216,943	346,874	-	-	346,874
Net cash provided by (used in) finance activities	187,303	104,252	(10,254)	83,344	190,277
Translation differences in respect of cash balances in units held abroad	(79)	5,259	716	5,150	4,204
Increase (decrease) in cash and cash equivalents	2,373	(69,319)	(84,779)	(10,999)	15,529
Balance of cash and cash equivalents as at the beginning of the period	249,602	234,073	336,754	175,753	234,073
Balance of cash and cash equivalents as at the end of the period	251,975	164,754	251,975	164,754	249,602

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2018	2017	2018	2017	2017
	Unaudited				Audited
	NIS in thousands				
(a) Significant activities not involving cash flows					
Acquisition of investment property and investment property under construction against creditors, suppliers and service providers	51,028	34,312	51,028	34,312	38,118

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4:- SEGMENTS OF ACTIVITYa. 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

	For the period of nine months ended as at September 30, 2018				
	<u>Israel</u>	<u>Belgium</u>	<u>Poland</u>	<u>Canada</u>	<u>Total</u>
	<u>Unaudited</u>				
	<u>NIS in thousands</u>				
Income from leasing of properties before amortization	55,200	11,059	54,289	63,593	184,141
Deduction of deferred incentives to lessees	(106)	-	(434)	(3,562)	(4,102)
Increase (decrease) in value of investment property and investment property under construction, net	<u>13,864</u>	<u>-</u>	<u>(30,892)</u>	<u>25,847</u>	<u>8,819</u>
Total income	<u>68,958</u>	<u>11,059</u>	<u>22,963</u>	<u>85,878</u>	<u>188,858</u>
Segment results	<u>52,044</u>	<u>9,990</u>	<u>7,969</u>	<u>70,526</u>	140,529
Finance income					(1,752)
Finance expenses					<u>(87,065)</u>
Net finance expenses					<u>(88,817)</u>
Income before capital loss					51,712
Capital loss					<u>(45)</u>
Income before taxes on income					<u>51,667</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4:- SEGMENTS OF ACTIVITY (Cont.)

b. Report regarding segments of activity (Cont.)

	For the period of nine months ended as at September 30, 2017				
	Israel	Belgium	Poland	Canada	Total
	Unaudited				
	NIS in thousands				
Income from leasing of properties before amortization	52,515	9,751	49,564	57,958	169,788
Deduction of deferred incentives to lessees	(124)	-	(484)	(3,451)	(4,059)
Increase (decrease) in value of investment property and investment property under construction, net	3,621	-	(28,317)	47,981	23,285
Total income	<u>56,012</u>	<u>9,751</u>	<u>20,763</u>	<u>102,488</u>	<u>189,014</u>
Segment results	<u>39,395</u>	<u>8,016</u>	<u>7,885</u>	<u>87,393</u>	<u>142,689</u>
Finance income					383
Finance expenses					<u>(84,007)</u>
Net finance expenses					<u>(83,624)</u>
Income before capital gain					<u>59,065</u>
Capital gain					<u>31</u>
Income before taxes on income					<u>59,096</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 September 30, 2018				
	<u>Israel</u>	<u>Belgium</u>	<u>Poland</u>	<u>Canada</u>	<u>Total</u>
	<u>Unaudited</u>				
	<u>NIS in thousands</u>				
Income from leasing of properties before amortization	18,592	3,695	17,516	21,802	61,605
Deduction of deferred incentives to lessees	(26)	-	(145)	(1,202)	(1,373)
Increase (decrease) in value of investment property and investment property under construction, net	<u>13,864</u>	<u>-</u>	<u>(8,581)</u>	<u>-</u>	<u>5,283</u>
Total income	<u>32,430</u>	<u>3,695</u>	<u>8,790</u>	<u>20,600</u>	<u>65,515</u>
Segment results	<u>27,384</u>	<u>3,765</u>	<u>3,247</u>	<u>15,244</u>	49,640
Finance income					1,184
Finance expenses					<u>(30,238)</u>
Net finance expenses					<u>(29,054)</u>
Income before capital loss					<u>20,586</u>
Capital loss					<u>(26)</u>
Income before taxes on income					<u>20,560</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 September 30, 2017				
	Israel	Belgium	Poland	Canada	Total
	Unaudited				
	NIS in thousands				
Income from leasing of properties before amortization	17,566	3,415	17,304	20,155	58,440
Deduction of deferred incentives to lessees	(41)	-	(151)	(1,210)	(1,402)
Increase (decrease) in value of investment property and investment property under construction, net	-	-	(27,631)	48,242	20,611
Total income	<u>17,525</u>	<u>3,415</u>	<u>(10,478)</u>	<u>67,187</u>	<u>77,649</u>
Segment results	<u>12,242</u>	<u>3,019</u>	<u>(15,179)</u>	<u>60,882</u>	<u>60,964</u>
Finance income					(5,837)
Finance expenses					<u>(24,581)</u>
Net finance expenses					<u>(30,418)</u>
Income before capital gain					<u>30,546</u>
Capital gain					<u>31</u>
Income before taxes on income					<u>30,577</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4:- SEGMENTS OF ACTIVITY (Cont.)

b. Report regarding segments of activity (Cont.)

	<u>Year ended as at December 31, 2017</u>				
	<u>Israel</u>	<u>Belgium</u>	<u>Poland</u>	<u>Canada</u>	<u>Total</u>
	<u>Audited</u>				
	<u>NIS in thousands</u>				
Income:					
Income from leasing of properties before amortization	69,923	13,315	68,277	78,591	230,106
Deduction of deferred incentives to lessees	(161)	-	(650)	(4,244)	(5,055)
Increase (decrease) in value of investment property and investment property under construction, net	<u>12,138</u>	<u>(3,561)</u>	<u>(36,779)</u>	<u>45,488</u>	<u>17,286</u>
Total income	<u>81,900</u>	<u>9,754</u>	<u>30,848</u>	<u>119,835</u>	<u>242,337</u>
Segment results	<u>60,466</u>	<u>7,379</u>	<u>12,758</u>	<u>100,477</u>	181,080
Finance income					2,080
Finance expenses					<u>(110,452)</u>
Net finance expenses					<u>(108,372)</u>
Income before capital loss					<u>72,708</u>
Capital loss					<u>(76)</u>
Income before taxes on income					<u>72,632</u>
