Melisron Ltd.

Condensed Interim Financial Statements

as at June 30, 2024 (Unaudited)

Contents

DISCLAIMER

The following is an unofficial translation into the English language, for convenience purposes only, of the Consolidated Financial Statements of Melisron Ltd. ("the Company") for the half year ended June 30, 2024 that was originally prepared in the Hebr4ew language. The full, legal and binding version of this Report, for all intents and purposes, is the Hebrew version, which was filed by the Company with the Israel Securities Authority and published on the MAGNA website : www.magna.isa.gov.il on August 14, 2024.

Deloitte.

Auditors' Review Report to the Shareholders of
Melisron Ltd.

Introduction

We have reviewed the attached financial information of Melisron Ltd. and its subsidiaries ("the Company"), which includes the condensed consolidated statement of financial position as at June 30, 2024 and the condensed consolidated statements of comprehensive income, changes in equity, and cash flows for the six and three months then ended. The board of directors and the management are responsible for preparation and presentation of the financial information for these interim periods pursuant to IAS 34 - Interim Financial Reporting, and are also responsible for preparation of the interim financial information for these periods pursuant to 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 statements of the equity-accounted investee, the investment in which amounts to NIS 468 million as of June 30, 2024, and the share of the Company in its profits is NIS 15 million and NIS 9 million for the six and three months then ended.

The financial information for the condensed interim periods of this company 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 this company, is based on the review reports of such other auditors.

Scope of Review

We conducted our review in accordance with (Israeli) Accounting Standard No. 2410 established by 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, mainly with the persons responsible for financial and accounting matters, and the application of analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with accepted accounting principles 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 report of other accountants, nothing has come to our attention that causes us to believe that this financial information was not prepared, in all material respects, in accordance with IAS 34.

Additionally, based on our review and the review report of other accountants, nothing has come to our attention that causes us to believe that this financial information is not prepared, in all material respects, in accordance with the disclosure provisions in Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Brightman Almagor & Co.
Certified Public Accountants
A Firm in the Deloitte Global Network
Tel Aviv, August 14, 2024

Melisron Ltd.

Condensed Consolidated Statements of Financial Position (in NIS million)

	June 30, 2024 Unaudited	June 30, 2023 Unaudited	December 31, 2023 Audited
Current assets:			
Cash and cash equivalents	805	530	625
Short-term financial assets	372	344	358
Short-term loans and deposits	54	1	1
Trade receivables	56	46	62
Other receivables	39	37	37
Inventory of development real estate for the construction of apartments for sale	112	103	112
	1,438	1,061	1,195
Non-current assets:			
Long-term loans	1	1	-
Investments and loans to investees	1,239	1,209	1,222
Intangible assets and goodwill	555	603	558
Long-term financial assets and other assets	23	11	10
Fixed assets	10	10	11
Investment property	24,717	23,582	24,124
	26,545	25,416	25,925
	27,983	26,477	27,120
Current liabilities:			
Liabilities to banking and other corporations	135	779	927
Current maturities of debentures	1,009	738	1,113
Trade payables and service providers	166	248	154
Other payables	252	291	298
Provisions for tax	133	103	111
	1,695	2,159	2,603
Non-current liabilities			
Debentures	9,778	9,584	9,378
Long-term liabilities to banks and others	1,313	691	530
Deferred taxes	3,622	3,363	3,499
Liabilities in respect of employee benefits, net	2	2	2
Other liabilities and provisions	101	125	60
	14,816	13,765	13,469
Equity:			
Equity attributable to the Company's shareholders	10,954	10,058	10,547
Non-controlling interests	518	495	501
Total equity	11,472	10,553	11,048
	27,983	26,477	27,120

August 14, 2024			
Date of approval Financial Statements	Liora Ofer Chairman of the Board of Directors	Ophir Sarid CEO	Oren Hillinger CFO

The accompanying notes constitute an integral part of the Condensed Interim Consolidated Financial Statements.

Condensed Consolidated Statements of Comprehensive Income (in NIS million)

	Six months ended		Three months ended		Year ended
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	December 31, 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Rental and other revenue	956	893	495	457	1,803
Maintenance and operating costs	221	222	117	115	462
Gross profit	735	671	378	342	1,341
General and administrative expenses	37	38	19	19	77
Advertising and marketing expenses	4	8	3	3	16
Operating profit before other income and expenses	694	625	356	320	1,248
Increase in fair value of investment property, net	379	296	324	239	624
Company's share in profits of equity-accounted investees, net	11	25	8	20	34
Other expenses, net	-	10	-	10	74
Operating profit after other income and expenses	1,084	936	688	569	1,832
Financing expenses	342	330	242	186	536
Financing income	47	32	20	23	66
Profit before deduction of taxes on income	789	638	466	406	1,362
Income tax expenses	169	137	99	82	310
Net profit for the period	620	501	367	324	1,052
Net earnings attributable to:					
Company shareholders	603	492	359	322	1,037
Non-controlling interests	17	9	8	2	15
	620	501	367	324	1,052
Total comprehensive income attributable to:					
Company shareholders	603	492	359	322	1,037
Non-controlling interests	17	9	8	2	15
	620	501	367	324	1,052
Earnings per ordinary share of NIS 1 (in NIS)					
Attributable to shareholders of the Company:					
Basic and diluted earnings	12.69	10.35	7.56	6.76	21.84
Number of shares used to calculate basic earnings per share (thousands)	47,521	47,494	47,522	47,497	47,498

The accompanying notes constitute an integral part of the Condensed Interim Consolidated Financial Statements.

Melisron Ltd.

Condensed Consolidated Statements of Changes in Equity (in NIS million)

Six months ended June 30, 2024 (Unaudited)

	Equity attributable to the Company's shareholders								
	Paid up share capital	Share premium	Capital reserve for share-based payments	Capital reserve due to translation differentials	Capital reserve from transactions with non-controlling interests	Capital surplus	Total	Non-controlling interests	Total
	Unaudited								
Balance as at January 1, 2024 (Audited)	62	2,152	19	(4)	(9)	8,327	10,547	501	11,048
Changes in the six months ended June 30, 2024:									
Total comprehensive profit for the period	-	-	-	-	-	603	603	17	620
Cost of share-based payment	-	-	4	-	-	-	4	-	4
Dividend paid	-	-	-	-	-	(200)	(200)	-	(200)
Balance as at June 30, 2024	62	2,152	23	(4)	(9)	8,730	10,954	518	11,472

The accompanying notes constitute an integral part of the Condensed Interim Consolidated Financial Statements.

Condensed Consolidated Statements of Changes in Equity (in NIS million)

Six months ended June 30, 2023 (Unaudited)

	Equity attributable to the Company's shareholders								
	Paid up share capital	Share premium	Capital reserve for share-based payments	Capital reserve due to translation differentials	Capital reserve from transactions with non-controlling interests	Capital surplus	Total	Non-controlling interests	Total
	Unaudited								
Balance as at January 1, 2023 (Audited)	62	2,149	14	(4)	(9)	7,670	9,882	486	10,368
Changes in the six months ended June 30, 2023:									
Total comprehensive profit for the period	-	-	-	-	-	492	492	9	501
Issue of shares for employees	-	1	(1)	-	-	-	-	-	-
Cost of share-based payment	-	-	4	-	-	-	4	-	4
Dividend paid	-	-	-	-	-	(260)	(260)	-	(260)
Dividend declared and not yet paid as at Reporting Date	-	-	-	-	-	(60)	(60)	-	(60)
Balance as at June 30, 2023	62	2,150	17	(4)	(9)	7,842	10,058	495	10,553

The accompanying notes constitute an integral part of the Condensed Interim Consolidated Financial Statements.

Melisron Ltd.

Condensed Consolidated Statements of Changes in Equity (in NIS million)

Three months ended June 30, 2024 (Unaudited)

	Equity attributable to the Company's shareholders								
	Paid up share capital	Share premium	Capital reserve for share-based payments	Capital reserve due to translation differentials	Capital reserve from transactions with non-controlling interests	Capital surplus	Total	Non-controlling interests	Total
	Unaudited								
Balance as at April 1, 2024	62	2,152	21	(4)	(9)	8,451	10,673	510	11,183
Changes in the three months ended June 30, 2024:									
Total comprehensive profit for the period	-	-	-	-	-	359	359	8	367
Cost of share-based payment	-	-	2	-	-	-	2	-	2
Dividend announced and distributed	-	-	-	-	-	(80)	(80)	-	(80)
Balance as at June 30, 2024	62	2,152	23	(4)	(9)	8,730	10,954	518	11,472

The accompanying notes constitute an integral part of the Condensed Interim Consolidated Financial Statements.

Condensed Consolidated Statements of Changes in Equity (in NIS million)

Three months ended June 30, 2023 (Unaudited)

	Equity attributable to the Company's shareholders								
	Paid up share capital	Share premium	Capital reserve for share-based payments	Capital reserve due to translation differentials	Capital reserve from transactions with non-controlling interests	Capital surplus	Total	Non-controlling interests	Total
	Unaudited								
Balance as at April 1, 2023	62	2,149	16	(4)	(9)	7,580	9,794	493	10,287
Changes in the three months ended June 30, 2023:									
Total comprehensive profit for the period	-	-	-	-	-	322	322	2	324
Issue of shares for employees	-	1	(1)	-	-	-	-	-	-
Cost of share-based payment	-	-	2	-	-	-	2	-	2
Dividend declared and not yet paid as at Reporting Date	-	-	-	-	-	(60)	(60)	-	(60)
Balance as at June 30, 2023	62	2,150	17	(4)	(9)	7,842	10,058	495	10,553

The accompanying notes constitute an integral part of the Condensed Interim Consolidated Financial Statements.

Condensed Consolidated Statements of Changes in Equity (in NIS million)

Year ended December 31, 2023 (audited)

	Equity attributable to the Company's shareholders								
	Paid up share capital	Share premium	Capital reserve for share-based payments	Capital reserve due to translation differentials	Capital reserve from transactions with non-controlling interests	Capital surplus	Total	Non-controlling interests	Total
Balance as at January 01, 2023	62	2,149	14	(4)	(9)	7,670	9,882	486	10,368
Changes in the year ended December 31, 2023:									
Total comprehensive profit for the year	-	-	-	-	-	1,037	1,037	15	1,052
Issue of shares for employees	-	3	(3)	-	-	-	-	-	-
Cost of share-based payment	-	-	8	-	-	-	8	-	8
Dividend paid	-	-	-	-	-	(380)	(380)	-	(380)
Balance as at December 31, 2023	62	2,152	19	(4)	(9)	8,327	10,547	501	11,048

The accompanying notes constitute an integral part of the Condensed Interim Consolidated Financial Statements.

Melisron Ltd.

Condensed Consolidated Statements of Cash Flows (in NIS million)

	Six months ended		Three months ended		Year ended
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	December 31, 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Cash flows from operating activities					
Net profit for the period	620	501	367	324	1,052
Adjusted for:					
Company's net share in profits of equity-accounted investees, net of dividends received	(11)	(19)	(8)	(14)	(28)
Increase in fair value of investment property, net	(379)	(296)	(324)	(239)	(624)
Depreciation and amortization	7	7	4	4	63
Expenses for share-based payments	4	4	2	2	8
Income tax expenses	169	137	99	82	310
Financing income from loans provided and from deposits, net	(10)	(8)	(5)	(4)	(12)
Revaluation of loans from banks and others and changes in accrued interest	12	19	7	8	27
Revaluation of debentures and changes in accrued interest	213	219	183	129	303
Investment in inventory of development real estate for the construction of apartments for sale	-	(8)	-	(5)	(16)
Revaluation of short-term financial assets	(13)	(11)	(2)	(10)	(23)
	612	545	323	277	1,060
Changes in asset and liability items:					
Decrease (increase) in trade receivables	12	(11)	(16)	(15)	(27)
Decrease (increase) in other receivables	(9)	3	(9)	3	5
Increase (decrease) in trade payables	1	(8)	6	(7)	(31)
Increase (decrease) in other accounts payable	(20)	36	(17)	6	50
Change in other liabilities	-	10	1	8	10
	(16)	30	(35)	(5)	7
Net income tax paid	(27)	(57)	(10)	(13)	(88)
Net cash from ongoing operations	569	518	278	259	979

The accompanying notes constitute an integral part of the Condensed Interim Consolidated Financial Statements.

Condensed Consolidated Statements of Cash Flows (in NIS million)

	Six months ended		Three months ended		Year ended
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	December 31, 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Cash flows used for investing activities					
Repayment of a loan provided to an equity-accounted company	-	2	-	-	2
Short-term investments in financial assets, net	(2)	(8)	-	(3)	(10)
Payment of levies for investment property	-	(46)	-	(37)	(79)
Taxes paid for acquisition of investment property	(10)	(16)	-	-	(16)
Acquisition of and investment in investment property and investment property under construction	(192)	(757)	(100)	(112)	(1,030)
Investment in property, plant and equipment and intangible assets	(5)	(13)	(3)	(7)	(23)
Repayment (provision) of short and long-term loans and deposits, net	(51)	177	-	-	178
Net cash for investment activities	(260)	(661)	(103)	(159)	(978)
Cash flows for financing activities					
Dividends paid	(200)	(260)	(200)	(260)	(380)
Receipt of a long-term bank loan	-	147	-	-	147
Repayment of long-term loans to banks and others	(19)	(19)	(9)	(10)	(38)
Short-term borrowings from banks and others, net	(2)	(2)	(1)	(1)	(5)
Issue of debentures (less issuance expenses)	807	585	-	-	1,232
Repayment of debentures	(715)	(321)	(535)	(178)	(875)
Net cash for financing activities	(129)	130	(745)	(449)	81
Increase (decrease) in cash and cash equivalents	180	(13)	(570)	(349)	82
Cash and cash equivalents at the beginning of the period	625	543	1,375	879	543
Cash and cash equivalents at the end of the period	805	530	805	530	625

The accompanying notes constitute an integral part of the Condensed Interim Consolidated Financial Statements.

Condensed Consolidated Statements of Cash Flows (in NIS million)

Appendix A - Financing and Investing Activities that do not Involve Cash Flows

	Six months ended		Three months ended		Year ended
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	December 31, 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Trade and other payables for investment property	52	118	52	118	79
Deposit in trust with respect to a debenture issue	620	-	-	-	-
Redemption of bonds from trust deposit	(622)	-	(622)	-	-
Dividend declared and not yet paid	-	60	-	60	-

Appendix B - Additional Information on Cash Flows

	Six months ended		Three months ended		Year ended
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	December 31, 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Interest paid	139	125	64	66	259
Interest received	28	24	15	7	40

The accompanying notes constitute an integral part of the Condensed Interim Consolidated Financial Statements.

Notes to the Condensed Interim Financial Statements (in NIS million)

Note 1 - General

A. Melisron Ltd. (the "Company") was incorporated in Israel on August 5, 1987 as a private company limited in shares. The Company is defined as resident of Israel. The Company owns and manages, directly and indirectly, through companies under its control, shopping malls, retail complexes and one of the largest leading office campuses in Israel. Furthermore, the Company engages in the development and construction of residential real estate and urban renewal through Aviv Real Estate Development and Management Ltd. in which it holds 50% of the issued share capital.

The key uses in the income-producing property segment are:

Shopping Malls and Retail Centers - the Company owns 18 shopping malls and retail centers around the country, most of them in major cities and areas of demand. Of the foregoing number of shopping centers and shopping malls, 15 are wholly owned and controlled by the Company and three are jointly controlled.

Office and High-Tech Parks and High-rise Office Buildings - the Company owns five office campuses that it leases, as well as office buildings that form part of the shopping mall complexes.

In addition, the Company has five single-tenant properties and development projects under construction and development.

The Company has been traded on the Tel Aviv Stock Exchange since July 29, 1992.

The Company's controlling shareholder is Ofer Investments Ltd. ("Ofer Investments"), which held as at Reporting Date, 47.02% of the issued share capital and voting rights of the Company. As at Reporting Date, Liora Ofer (through a wholly owned private company) owns 100% of Ofer Investments. In addition to the foregoing, Liora Ofer owns (through a wholly owned private company) 0.05% of the Company's issued share capital and voting rights. On July 10, 2024, pursuant to the notice given to the Company, 379,998 shares were returned to Ofer Investments out of 1,900,000 shares that were transferred for the purpose of delimiting exposure as part of a financial transaction dated January 20, 2021 between Ofer Investments and a foreign investment bank, JPMorgan (the "Financial Entity"), and which, in accordance with the terms of the financial transaction, were returned to Ofer Investments in installments on the dates specified in the agreement on a number of closing dates (starting from the second quarter of 2024 through to the third quarter of 2025), after the foregoing restitution of the shares on July 10, 2024, the holdings of Ofer Investments increased so that it holds 47.81% of the Company's issued share capital and the voting rights therein.

Company address: 1 Abba Eban Ave., Herzliya Pituah

B. **Adoption of international financial reporting standards (IFRS):**

The condensed interim financial statements are prepared pursuant to the provisions of International Accounting Standard IAS 34, Interim Financial Reporting.

C. The condensed interim financial statements comply with the disclosure requirements of Chapter D to the Securities Regulations (Periodic and Immediate Reports), 1970.

D. **Information concerning the consumer price index (CPI):**

Below is a breakdown of the CPI and rate of changes in the reporting periods:

	June 30, 2024	June 30, 2023	December 31, 2023
CPI (points)	107.1	104.2	105.1

	For the six months ended		Three months ended		Year ended
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	December 31, 2023
Changes in the CPI (%)	1.90	2.46	1.61	1.36	3.34

Note 2 – Significant Accounting Policies

A. Basis of preparation of the financial statements:

The Company's condensed interim financial statements were prepared in accordance with the same accounting policies, presentation rules and calculation methods applied in the preparation of the financial statements as at December 31, 2023 and for the year then ended, including the following:

These financial statements have been prepared in condensed format as at June 30, 2014 and for the six and three month periods then ended. These financial statements should be read in conjunction with the Company's annual financial statements as at December 31, 2023, and their accompanying notes.

B. New financial reporting standards:

International Financial Reporting Standard 18, Presentation and Disclosure in Financial Statements ("IFRS 18")

On April 9, 2024, IFRS 18 was issued, replacing International Accounting Standard 1, Presentation of Financial Statements ("IAS1"). The objective of this Standard is to improve the way the information is presented by the entities to the users of their financial statements.

The Standard focuses on the following issues:

1. The structure of the Statement of Profit or Loss - the presentation of defined subtotals and classification into categories in the Statement of Profit or Loss.
2. Requirements for improving aggregation and disaggregation of information in the financial statements and in the notes.
3. Presentation of information regarding Non-GAAP management-defined performance measures ("MPM") in the notes to the financial statements.

Furthermore, when applying IFRS 18, other IFRS amendments will come into force, among others for amending IAS7, Statement of Cash Flows, intended to improve comparability between entities. The changes include, mainly: Use of subtotals for operating profit as a single starting point in implementing the indirect method for reporting cash flows from current operations and cancellation of alternatives for choosing accounting policies regarding the presentation of interest and dividends. Consequently, other than in certain cases, interest and dividend received will be included under cash flows from investment category and conversely, interest and dividend paid will be included under financing category.

The Standard will come into effect for the annual reporting periods commencing January 1, 2027 onwards. The Standard is applied retrospectively with specific transition provisions. Early adoption is permitted, but based on the decision of the Securities Authority, early adoption will only be possible as of the period starting on January 1, 2025 (financial statements for the first quarter of 2025).

The Company is reviewing the effect of IFRS 18, including the effect of amendments to additional IFRS standards resulting from its application, on the financial statements.

Notes to the Condensed Interim Financial Statements (in NIS million)

Note 3 - Financial Instruments

A. **Fair value**

Financial instruments measured at fair value:

Financial instruments that are measured at fair value, periodic, that were recognized in the statement of financial position.

The table below presents an analysis of the financial instruments measured at fair value, based on the evaluation method. The levels are defined as follows:

Level 1: Fair value measured by using quoted prices (unadjusted) in active markets for identical instruments

Level 2: Fair value measured by using observable, directly or indirectly, inputs that are not included in Level 1 above.

Level 3: Fair value measured by using inputs that are not based on observable market data (unobservable inputs)

	June 30, 2024	June 30, 2023	December 31, 2023
Financial assets:			
Financial assets at fair value through profit or loss			
Marketable Securities (Level 1)	372	344	358
	372	344	358

B. Fair value of financial instruments whose carrying amount is not necessarily a reasonable approximation of their fair value:

	June 30, 2024		June 30, 2023		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities						
Marketable debentures	10,866	10,226	10,386	9,824	10,563	10,055
Long-term fixed interest loans	557	517	573	548	562	538

(1) The fair value of the marketable debentures is based on prices quoted on an active market at the date of the balance sheet. Furthermore, the fair value measurement takes into account the ex-date that falls prior to balance sheet date.

(2) The carrying amount of the debentures include premium/discounting and interest payable.

(3) The carrying amount of the loans include interest payable.

Note 4 - Additional Information and Material Events Subsequent to the Statement of Financial Position Date:

A. Revised valuation as at June 30, 2024:

The Company's management revised the valuations of investment property as at March 31, 2024. In its financial statements as at March 31, 2024, the Company recorded a net increase in value of investment property in the amount of NIS 55 million, that was mainly due to a revision of the rental revenue measurement item and of the fair value of projects under construction, primarily due to the progress in the construction and marketing (signing of leases), offsetting investments carried out by the Company in existing properties that were not reflected in the valuation.

As at June 30, 2024, the Company conducted, as it does every year, a revaluation of its properties by an external appraiser, following which the Company recorded a net increase in value of NIS 324 million in the second quarter. In total in the first half of 2024, the Company recorded a net increase in value of NIS 379 million.

The evaluations included adjustment of the representative NOI of the properties based on the current lease data and the Company's forecast regarding the terms of the rental contracts. The change in NOI was mainly due to the revision of the rental contracts signed during the period and updates regarding the CPI effect on the rental income. Furthermore, the value of projects under construction was revised (timely progress until completion).

B. Expansion of debentures and partial early redemptions

- In February 2024 the Company issued NIS 738.2 million par value debentures (Series S), which are secured by a second degree lien on Ofer Kiryon, by way of expansion of an existing debenture series. The issuance was made at a price of NIS 1.051 per share for each NIS 1 par value debentures (Series S), for a gross consideration of NIS 776 million and at effective interest rate of 2.83%, CPI-linked.
  The amount of NIS 620 million of the issue consideration was deposited in trust and was used for partial redemption of debentures (Series J), which were secured by a first degree lien on Ofer Kiryon, and where was executed on April 1, 2024.
- In February 2024, in addition the Company issued NIS 624.5 million par value debentures (Series U) by way of expansion of an existing debenture series. The issuance was made at a price of NIS 1.061 per share for each NIS 1 par value debentures (Series U), for a gross total consideration of NIS 663 million and at effective interest of 3.25%, CPI-linked.
  Of the total consideration, the Company deposited an amount of NIS 674 million with the trustee of debentures (Series J and S), to be used as financial collateral and for partial early redemption of debentures (Series J), which was executed in practice on April 1, 2024, as aforesaid.
- In June 2024, the Company made partial early redemption in the amount of NIS 430 million par value (NIS 495 million par value linked to the CPI) debentures (Series K).

C. Declared dividends

In March 2024, the Company board of directors announced the distribution of a dividend in the amount of NIS 120 million (NIS 2.5 per share). The dividend was paid on April 7, 2024.

In May 2024, the Company board of directors announced the distribution of a dividend in the amount of NIS 80 million (NIS 1.7 per share). The dividend was paid on June 20, 2024.

Note 4 - Additional Information and Material Events Subsequent to the Statement of Financial Position Date (cont.)

C. Declared dividends (cont.)

Subsequent to date of the Statement of Financial Position, on August 15, 2024, the Company's board of directors announced the distribution of a dividend in the amount of NIS 90 million, which will be paid on September 2, 2024.

D. Extension of bank credit facilities

- In January 2024, a deed of amendment was signed for an existing line of credit in the amount of NIS 642 million and the deadline for using the credit facility was extended from March 1, 2024 to March 1, 2026.
- In February 2024, the Company extended an additional credit facility agreement in the amount of NIS 147 million and the deadline for using the credit facility was extended from November 30, 2024 to April 30, 2026.

E. Land purchase

In February 2024, the Company purchased an additional 4 hectares adjacent to land owned by the Company in the vicinity of Kanot Junction, for NIS 7 million.

F. Landmark Tel Aviv Project

In April 2024, the occupancy permit (Form 4 for Tower of the project, that the Company holds in an equal share partnership, was received.

G. Transactions with shareholders, and interested and related parties

On April 18, 2024, the general meeting of the Company's shareholders (after approval by the Company's remuneration committee and the board of directors) resolved as follows:

- To approve the revised terms of office of the Chairman of the Company's board of directors, Ms. Liora Ofer, for a further term in office of three years as of the date of approval by the general meeting.
- To approve extending the validity of the letters of indemnification and of exemption for the officers and directors of the Company, as may serve from time to time, whereby the controlling shareholder of the Company could be considered to be an interested party in the approval of the extended period, for a further period of eight years, until November 20, 2032.
- To approve the revised compensations policy for officers of the Company, for a period of three years as of the date of approval by the general meeting, as aforesaid.

H. Mergers of non-material subsidiaries

On July 1, 2024, the Company reported non-material statutory mergers under which the Ramat Aviv Shopping Mall Ltd. ("Ramat Aviv") and Grouper Social Shopping Ltd., wholly owned subsidiaries of the Company, were merged with and into the Company. As a result thereof all their assets and liabilities were transferred to the Company and they ceased to exist as separate companies and were dissolved. The mergers are part of the procedures for changing the internal structure of all the Company's wholly owned subsidiaries, and this for the purpose of consolidating the management and operation of the activities of the merged companies, to streamline their management by saving on management and operating costs. The closing date of the mergers was set for June 30, 2024. The merger agreements and their execution are subject to preconditions, based on which they will not take effect and will not be executed unless these preconditions are met by and no later than December 31, 2024.

Notes to the Condensed Interim Financial Statements (in NIS million)

Note 4 - Additional Information and Material Events Subsequent to the Statement of Financial Position Date (cont.)

H. Mergers of non-material subsidiaries (cont.)

On June 30, 2024, the Company filed application to receive an early ruling from the Tax Authority for the mergers, without tax liabilities pursuant to Section 103 of the Income Tax Ordinance and the Regulations enacted thereunder, and including a reduced purchase tax liability of 0.5% (NIS 15 million) for the real estate properties held by Ramat Aviv that are transferred under the merger between Ramat Aviv and the Company. As at the date of approval of the financial statements, Tax Authority approval has not yet been received.

Note 5 - Segmental Reporting

General

The system of reports forwarded to the Company's key decision makers, for allocation of resources and assessment of the performance of the operating segments, is based on the different operating sectors in which the Company operates. The Company reports on operating segments, including income-producing property and another segment (that includes the residential and urban renewal real estate development and construction operations as well as the Company's digital operations).

The segmental figures also include the operations of equity-accounted associates, according to the Company's share of these companies, and are cancelled in the Adjustments column.

A. Analysis of results by operating segment

	Six months ended June 30, 2024 (Unaudited)				
	Income-producing property	Other	Total	Adjustments	Consolidated
Revenue from external sources	979	24	1,003	(47)	956
Expenses	226	23	249	(28)	221
Sector results (gross profit)	753	1	754	(19)	735
Increase in value of real estate for investment, net	386	-	386	(7)	379
General and administrative expenses					37
Advertising and Marketing Expenses					4
Company's share of profits of equity-accounted companies, net					11
Operating profit					1,084
Financing expenses, net					295
Profit before income tax					789

Notes to the Condensed Interim Financial Statements (in NIS million)

NOTE 5 - Segmental Reporting (cont.)

A. Analysis of results by operating segment (cont.)

	Six months ended June 30, 2023 (Unaudited)				
	Income-producing property	Other	Total	Adjustments	Consolidated
Revenue from external sources	903	87	990	(97)	893
Expenses	215	84	299	(77)	222
Sector results (gross profit)	688	3	691	(20)	671
Increase (decrease) in value of investment property, net	318	(1)	317	(21)	296
General and administrative expenses					38
Advertising and Marketing Expenses					8
Company's share of profits of equity-accounted companies, net					25
Other expenses, net					10
Operating profit					936
Financing expenses, net					298
Profit before income tax					638

	Three months ended June 30, 2024 (Unaudited)				
	Income-producing property	Other	Total	Adjustments	Consolidated
Revenue from external sources	507	8	515	(20)	495
Expenses	119	8	127	(10)	117
Sector results (gross profit)	388	-	388	(10)	378
Increase in value of real estate for investment, net	330	-	330	(6)	324
General and administrative expenses					19
Advertising and Marketing Expenses					3
Company's share of profits of equity-accounted companies, net					8
Operating profit					688
Financing expenses, net					222
Profit before income tax					466

Notes to the Condensed Interim Financial Statements (in NIS million)

NOTE 5 - Segmental Reporting (cont.)

A. Analysis of results by operating segment (contd.):

	Three months ended June 30, 2023 (Unaudited)				
	Income-producing property	Other	Total	Adjustments	Consolidated
Revenue from external sources	463	38	501	(44)	457
Expenses	111	37	148	(33)	115
Sector results (gross profit)	352	1	353	(11)	342
Increase (decrease) in value of investment property, net	260	(1)	259	(20)	239
General and administrative expenses					19
Advertising and Marketing Expenses					3
Company's share of profits of equity-accounted companies, net					20
Other expenses, net					10
Operating profit					569
Financing expenses, net					163
Profit before income tax					**406**

	For the year ended December 31, 2023 (audited)				
	Income-producing property	Other	Total	Adjustments	Consolidated
Revenue from external sources	1,827	154	1,981	(178)	1,803
Expenses	451	147	598	(136)	462
Sector results (gross profit)	1,376	7	1,383	(42)	1,341
Increase (decrease) in value of investment property, net	647	(1)	646	(22)	624
General and administrative expenses					77
Advertising and Marketing Expenses					16
Company's share of profits of equity-accounted companies, net					34
Other expenses, net					74
Operating profit					1,832
Financing expenses, net					470
Profit before income tax					**1,362**

Notes to the Condensed Interim Financial Statements (in NIS million)

NOTE 5 - Segmental Reporting (cont.)

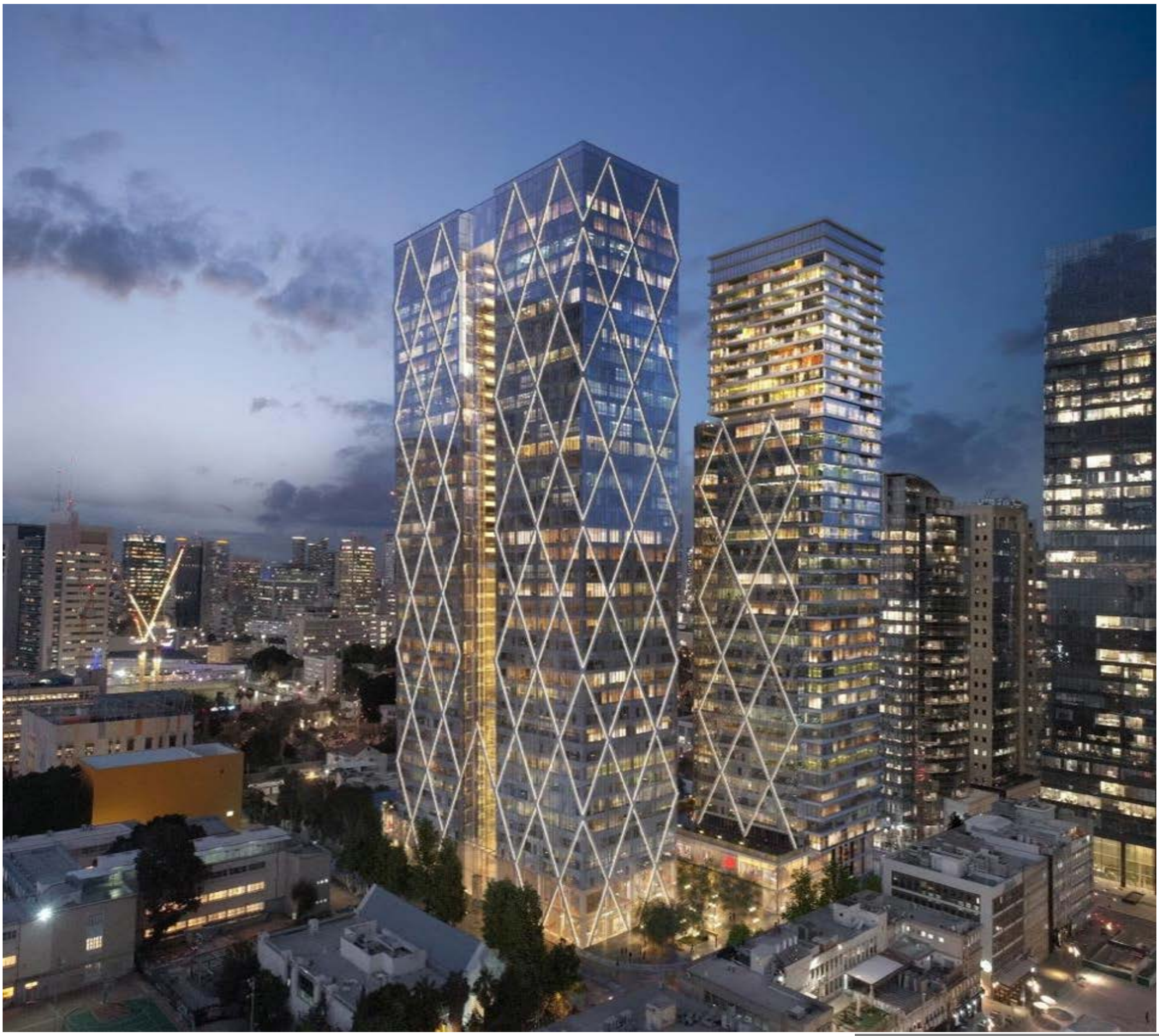
B. Analysis of revenue by type of use

	Three months ended June 30, 2024 (Unaudited)	Three months ended June 30, 2023 (Unaudited)	Three months ended June 30, 2024 (Unaudited)	Three months ended June 30, 2023 (Unaudited)	For the year ended December 31, 2023 (audited)
Retail	731	679	373	351	1,369
Office and hi-tech	225	203	122	101	415
Other	-	11	-	5	19
Total	956	893	495	457	1,803

Chapter B

Board of Directors' Report on the State of the Company's Affairs

for the Period ended June 30, 2024



Landmark Tower Tel Aviv - Simulation

DISCLAIMER

The following is an unofficial translation into the English language, for convenience purposes only, of the the Board of Directors Report of Melisron Ltd. ("the Company") for the half year ended June 30, 2024 that was originally prepared in the Hebrew language. The full, legal and binding version of this Report, for all intents and purposes, is the Hebrew version, which was filed by the Company with the Israel Securities Authority and published on the MAGNA website : www.magna.isa.gov.il on August 14, 2024.

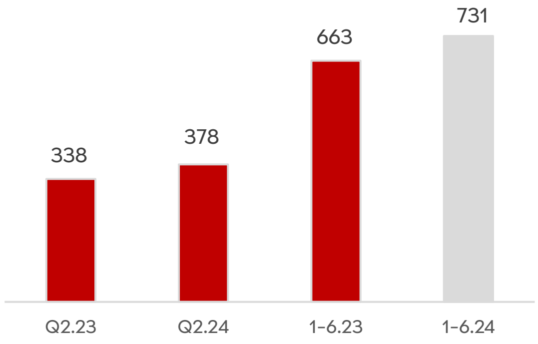
Melisron
Milestones

1987	1992	2011	2014
Year of established	IPO	Acquisition of British Israel	Included in TA 35 index

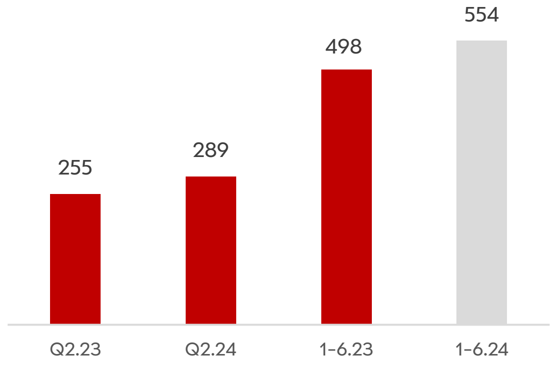
Equity & debt	Market value (August 7, 2024): NIS 12.7 billion	Credit rating: AA-/Positive Bond rating: AA	Average duration of debt: 3.28	Average effective linked interest rate: 2.31%
18 shopping malls	Managed leased area: 517,000 sqm + 20,000 parking spaces	2,400 tenants	Value of managed leased area: NIS 17.1 billion	Occupancy: 99%
6 hi-tech parks & offices in malls	Managed leased area: 494,000 sqm + 8,000 parking spaces	340 tenants	Value of managed leased area: NIS 9 billion	Occupancy: 91.5%
5 single-tenant properties	Managed leased area: 41,000 sqm	Value of managed leased area: NIS 1.1 billion		
Real estate under construction	GLA: 75,000 sqm (company's share)	NIS 115 million Expected stabilized NOI (company's share)		
Development properties	GLA: 101,000 sqm (company's share)	NIS 139-154 million Expected stabilized NOI (company's share)		

The Company's Results in Q2/2024 and H1/2024 Compared to the Corresponding Periods in 2023 (NIS million)

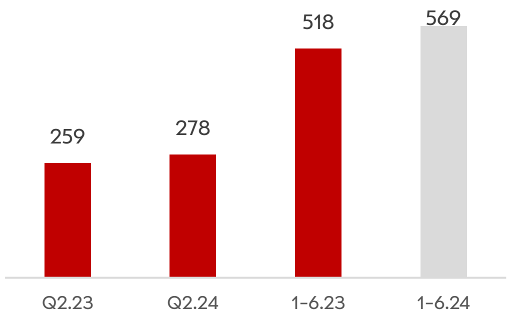
NOI (Owners' Share)



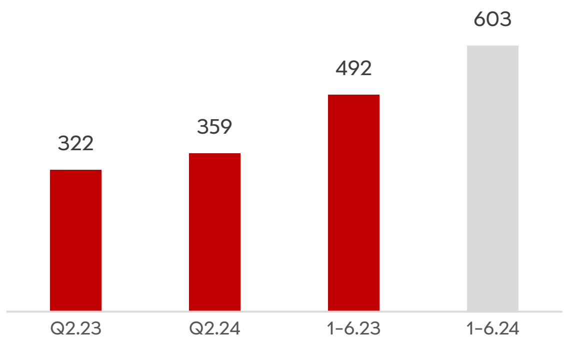
FFO (per Management Approach)*



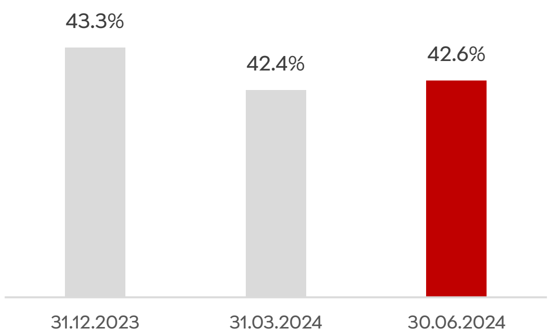
Cash Flows from Ongoing Operations



Net Profit



LTV Ratio



* FFO according to the Israel Security Authority's approach was NIS 364 million and NIS 127 million in H1/2024 and Q2/2024, respectively. See p. 38 of the Board of Directors Report.

Statement of CEO

These past ten months the State of Israel has been embroiled in the Iron Swords that broke out on October 7, 2023 with the murderous attack by the terrorist organization Hamas, and which is one of the most difficult periods in its entire history. In the near and long term, we will witness the many consequences of this War on the State and on Israeli society, from the security aspect, the political aspect, the economic aspect and the social aspect.

Despite these challenging times of uncertainty, in the months January through June 2024, revenue from rent in the Company's shopping malls increased by 12% compared to the corresponding period last year, with an increase in the number of visitors of 5%. This positive trend also continued in July with an increase of 8% in tenant turnovers (based on RIS data). The Company estimates that this increase is due, among other things, to the improvement in the mix of stores in the Company's shopping malls and a decrease in the number of Israelis traveling abroad, compared to the pre-war period.

In the second quarter of 2024, the Company presented further growth in all operating indicators: Net Operating Income (NOI) - the owners share increased by 12% and amounted to NIS 378 million, Funds From Operations (FFO) increased by 13% and for the quarter amounted to NIS 289 million. The annual NOI and FFO amount to NIS 1.5 billion and NIS 1.16 billion, respectively. In addition, rental fees in new contracts, in contract renewals and in the exercising of options reflect real average rent increase of 5%.

The Company is continuing the construction and occupancy of the projects under development:

- In the Landmark Tel Aviv project, construction of Tower A was completed in April, bringing the development phase of this part of the project to an end, where 92% of the space has been sold. At the same time, the Company is continuing the construction of Tower B, which contains 42.5 thousand sq. m of office space, 3,800 sq. m of retail space and 116 residential apartments. Upon completion of the construction of Tower A in the second quarter, the Company recognized, for the first time, revenue from the leased spaces. The Company's share in the NOI for the quarter amounted to NIS 18 million out of NIS 113 million for the year that it was expected to recognize at full occupancy.
- In the Ofer Nof HaGalil complex, construction has begun of 21,000 sq. m additional retail space, which will double the total retail area of the complex. The Company reached retail contracts with tenants for most of the space.
- The Company is continuing the construction of the Ofer Yavne shopping center which will include 17,000 sq. m of retail space (almost fully marketed) and 7,300 sq. m of office space. Construction is expected to be completed in 2027.

As part of the importance that Melisron places on upgrading the appearance of its existing properties and improving the mix and diversity of stores in the Company's shopping malls, the Company is, among other things, carrying out a deep store mix change and renovation of the Ofer Kiryon shopping mall, which is in advanced stages of renovation work and once completed the NOI is expected to reach NIS 190 million per year.
Extensive efforts are also being made to improve the mix of stores in the Ofer Grand Mall in Petah Tikva, for which a significant renovation is planned at estimated cost of NIS 65 million, and which is expected to begin during the fourth quarter of 2024.

In the residential development segment, in the reporting period, Aviv Yizum (held in equal shares with the Aviv Group) sold 107 apartments. In addition, 30 applications for registration were received, mainly from buyers in the Aviv projects in the Histadrut C in Givatayim, in the Hafetz Hayim in Tel Aviv and in HaMakor in Ramat Gan. Aviv Yizum is preparing to begin construction of four projects before the end of 2024.

In the financing sector, in February 2024 S&P Maalot upgraded the outlook for Melisron from stable outlook to positive outlook and ratified the Company's rating (ilAA-). In the rating report it reiterated that the change of the outlook to positive is "due to expected further improvement in the business aspects and diversification of the Company's segments, simultaneous to maintaining a conservative financial profile."

In addition, during the year, the Company refinanced bank loans and expanded debenture series for an aggregated amount exceeding NIS 2.2 billion, of which the Company paid off, by early redemption, Company debentures in an amount of NIS 1.1 billion.

We wish the IDF soldiers and security forces fighting right now to restore security and peace for the citizens of the State of Israel much strength, and we share in the grief of the families of those who had fallen and were murdered, we wish a speedy recovery to the wounded and hope for the quick safe return of the hostages.

Company Goals and Objectives

The Company operates and manages its business affairs with the aim of generating value for its investors by generating cash flows from the income producing properties and selling of residential apartments, increasing the value of the properties and developing new businesses. To achieve these goals the Company operates as follows:

- It frequently invests in renewing and improving of the facade of the properties, diversifying and adjusting the store mix, improving existing properties and utilizing the existing rights in them.
- The development and construction of projects.
- Creating digital and technological innovation for the purpose of strengthening customer relations, improving the purchase experience and increasing tenant proceeds.
- Maintaining and improving financial robustness by extending the debt maturity and maintaining direct access to the capital market.
- Seeking opportunities for acquiring properties and land in the Company's operating segments.
- Exploring operations in new areas of the real estate industry.

The Company implements its strategic plans for generating measures to reinforce and maintain its core operations through improving the shopping malls and office parks, and promoting measures for supporting its core operations while at the same time developing operations in new areas by improving existing properties through mixed uses as well as through new operations in the real estate industry, mainly as at reporting date, development of residential building and urban renewal projects.

It is emphasized that the CEO's statement concerning assessments, forecasts and expectations regarding the continuation of the Company's operations and property development, as well as the Company's foregoing goals and objectives, and the expected NOI for Ofer Kiryon, are forward-looking information, as defined under the Securities Law, 1968, based on the Company's subjective assessments as at reporting date, and there is no certainty that they will materialize, all or in part, or they may materialize differently (even substantially), due, among other things, to factors beyond the Company's control, including changes in market conditions, the length of time it will take to approve construction plans for execution and the prices of construction inputs, as well as the manifestation of risk factors as described in section 31 of Chapter A in the Company's Periodic Report as at December 31, 2023, as published on March 11, 2024 (Ref. No.: 2024-01-024099), the details of which are presented here by way of reference (the Company's Periodic Report for 2023).

New contracts, contract renewals and exercise of options in the reporting period

In the first half of 2024, the Company signed 418 new contracts, as follows:

Office space	Exercise of options and contract renewal	Tenant churn
Number of contracts	28	6
GLA (sq. m thousands)	35	2
Annual revenues (NIS million)	31	2
Real rental growth rate	1%	3%

Retail	Exercise of options and contract renewal	Tenant churn
Number of contracts	256	84
GLA (sq. m thousands)	31	15
Annual revenues (NIS million)	80	32
Real rental growth rate	5%	12%

New contracts for space unoccupied for over a year and new ventures	Retail	Office space
Number of contracts	33	11
GLA (sq. m thousands)	7	18
Annual revenues (NIS million)	12	21*

* Company's share

Iron Swords

On October 7, 2023, the Hamas terror organization launched a murderous surprise attack against the State of Israel, leading to the beginning of the Iron Swords, which is still ongoing.

The war has had numerous effects on the Company's operations:

- **Shopping Malls and Retail Centers Operating Segment** - as at reporting date, most of the Company's shopping malls are located in areas where the impact of the War is less felt (with the exception of the Ofer Nahariya shopping mall).

  The period has experienced much uncertainty, at the same time a derivative effect of the War is that a minimum number of Israelis are traveling abroad, increasing consumption in the country. As a result, in the last few months there has been a relatively significant increase in tenant turnovers.

  Construction and Residential Operating Segments - as at date of publication of the report, the Company's construction sites have returned to almost full operation, however a shortage of workers is noticeable. The foregoing shortage of workers that mainly impacts the residential projects of Aviv Yizum (in which the Company's share is 50%) and the development operations of the Company, which could lead to a delay in marketing and in the construction of new projects.

The Company is monitoring and will continue to monitor the effects of the war on its operations and on its financial results, including with respect to the value of its assets. It is hereby emphasized that the foregoing, which is based on information in the Company's possession and on the Company's estimates as at the date of publication of this report, is forward-looking information, as this term is defined under the Securities Law, 1968, based on the Company's subjective estimates as at reporting date, and there is no certainty that they will materialize, in whole or in part, and that under the circumstances, in view of the uncertainty regarding the nature and duration of the war, it is not possible to assess at this stage the extent of the potential impact of the war on the State of Israel and the Israeli economy in general, and on the Company in particular.

Breakdown of the Company's income-producing properties by groups of properties

Number of income producing properties

	Area (Company's share)	Occupancy rate	Value attributable per share	Value attributed to rights and construction	NOI For reporting period	Weighted capitalization rate	Percentage of NOI
	Thousands sq. m	%	NIS million	NIS million	NIS million	%	%
Regional shopping malls	268	99.5%	11,314	265	384	6.98%	53%
Outlets and power centers	85	99.2%	1,871	435	64	7.06%	9%
Urban shopping malls	41	99.2%	751	104	28	7.50%	3%
Neighborhood shopping malls	67	98.6%	1,384	44	50	7.22%	7%
High-tech parks and office space	396	91.5%	6,355	894	171	6.98%	23%
Single-tenant properties	41	100%	1,133	4	34	6.09%	5%
Total	**898**	**95.8%**	**22,808**	**1,746**	**731**	**6.97%**	**100%**

Notes:

1. The figures for high-tech and office parks include office space in the shopping mall buildings or adjacent to them.
2. The occupancy rate for the Outlets and Power Centers excludes an area of 2,500 sq. m in the Hutsot Hamifratz complex that was leased as an event venue, for which the contract was canceled due to the Covid-19 pandemic. Including this area, the occupancy rate is 97.3%.
3. The occupancy rate in the high-tech parks and office space was affected by the addition of projects the construction of which was recently completed (Buildings C and D in the Ofer Park in Petah Tikva and Tower A of Landmark Tel Aviv) and they have not yet reached full occupancy.

Breakdown of properties by category

Regional complexes		Local shopping malls		Office space	
Regional shopping malls	**Outlets and power centers**	**Urban Shopping malls**	**Neighborhood shopping malls**	**High-tech parks and office space**	**Single-tenant properties**
Ofer Ramat Aviv	Ofer Bilu Center	Ofer Hasharon mall Netanya	Ofer Adumim	Ofer Park Petah Tikva	IKEA Rishon LeZion
Ofer Kiryon	Hutzot Hamifratz	Ofer Lev Hadera	Ofer Harel	Ofer Park Yokne'am	Residential Clusters in Ashdod
Ofer Grand Haifa	Ofer Nof HaGalil		Ofer Kenyoter	Ofer Park Carmel	Hamashbir Zion Square
Ofer Grand Mall Petah Tikva	Ofer HaGiva		Ofer Sirkin	Ofer Millennium House Buildings	BE Store Eilat Promenade
Ofer Rehovot			Ofer Marom Center	Tower A Landmark Tel Aviv	Sport and Country Club in Haifa
Ofer Grand Mall Be'er Sheva			Ofer Nahariya		

Key information regarding the Company's substantial income-producing properties as at June 30, 2024

Name of property, location	The Company's effective holding in the property	Total gross leasable area (GLA)	NOI For reporting period	Occupancy rate	Cumulative repayment load for the period *)	Adjusted annual NOI **)	Value of income-producing real estate	Value of real estate under construction, occupancy and rights
		In sq. m	NIS million	%	%		NIS million	
Ofer Mall, Ramat -Aviv	100%	33,766	95	99%	9.9%	183	2,758	178
Ofer Kiryon, Kiryat Bialik ***	100%	89,671	87	98%	9.5%	185	2,697	43
Ofer Grand Mall, Petah Tikva	100%	53,180	65	99.5%	10.4%	138	2,006	67
Ofer Grand Mall, Haifa	100%	58,505	67	100%	9.4%	137	1,930	5
Ofer Mall, Rehovot	100%	43,612	53	100%	9.2%	106	1,484	38
Ofer Grand Mall, Be'er Sheva	100%	54,390	51	100%	8.4%	103	1,457	11
Ofer Bilu Center, Bilu Junction	72%	44,737	41	98%	8%	84	1,204	-
Ofer Park, Petah Tikva ****	74%	149,505	63	78%	-	121	2,160	3
Tower A Landmark Tel Aviv *****	50%	51,700	18	92%	-	103	1,606	243
Total significant properties		579,066	540	94%		1,160	17,302	588
Other income-producing properties		371,116	220	98.2%		442	6,436	1,158
Net of non-controlling interests		(52,341)	(29)	-		(57)	(930)	-
Total income-producing properties, net		897,841	731	95.8%		1,545	22,808	1,746

Total value of investment property, the Company's effective share (consolidated expanded) (NIS millions) 24,554

* The cumulative debt burden is the ratio between rentals and tenants' revenue for the first half of 2024.

** Adjusted NOI includes the annualized effect of revenue from new contracts that have been signed and not yet generated revenue over a full year.

*** Ofer Hakiryon is undergoing a deep change in its store mix with the addition of new construction that resulted in stores being temporarily relocated or closed, which causes a temporary decline in NOI. The Company expects that most of the construction will be completed in 2024 (part of which has already been completed and the new/renovated stores are in the stages of occupation) and NOI is expected to increase to its adjusted annual level.

****Includes Ofer Park West and Ofer Park East, the occupancy rate was affected by the addition of Buildings C and D, construction for which has been completed, but have not yet reached full occupancy.

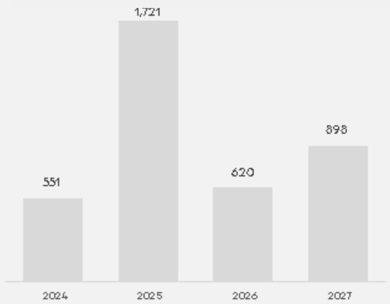
***** The figures represent the Company's share (50%).

The Company's estimates regarding the completion of construction in Ofer Kiryon and the expected annual adjusted NOI constitute forward-looking information, as the term is defined in the Securities Law, 1968, and are based, among other things, on the information available to the Company at the time of the report. The Company's foregoing estimates may not materialize, in whole or in part, or may materialize differently to expected, even substantially, due to, among other things, factors or effects that cannot be estimated in advance and/or are not in the Company's control.

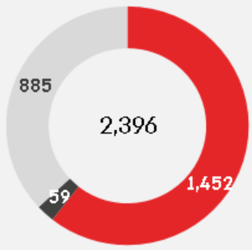
Aviv Yizum | Residential Apartments

Of the apartments built in Givatayim, Ramat Gan, Herzliya and Tel Aviv **91%**

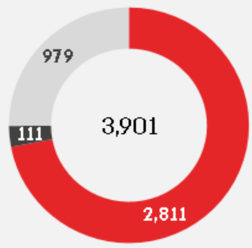
Expected New Building Starts
(apartments)



Estimated number of apartments for sale (Aviv Yizum's share)



Estimated number of apartments to be built 100%



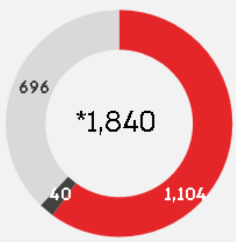
Projects with over 67% signatures | Projects under Construction | Land purchased by the Company

Aviv Yizum | Estimated Occupancy and Gross Profit

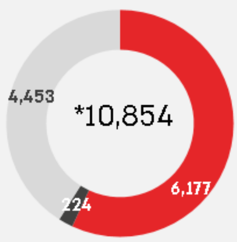
Gross profits expected from 2025-2030 **100%**

Average expected gross profit to cost ratio **17%**

Expected Gross Profit (100% NIS M)



Expected Income from Yizum (100% NIS M)



Projects with over 67% signatures | Projects under Construction | Land purchased by the Company

* Throughout the life of the projects, the joint company's share of the income is NIS 9.2 billion and of the gross profits NIS 16 billion
** This year the Ahimeir, Hankin, Nazareth and HaUma Apartments were completed and the gross profit from them was recognized in full.
** Furthermore, Aviv Yizum is promoting several projects that are not presented above, which to date, there is no certainty regarding planning and\or scope of minimum signatures. The total number of apartments expected in these projects (including apartments of the tenants) is 4,450 apartments.

In the period, Aviv Yizum sold 107 apartments for a total amount of NIS 424 million. In addition, 30 applications for registration were received from buyers.

The Company's assessments and plans to enter the residential development real estate sector, its estimates concerning expected operations of Aviv Yizum and its plans, estimated apartments for construction and sale, estimated commencement of construction, estimated revenues and gross income of Aviv Yizum with this regard, constitute forward looking information as defined in the Securities Law, 1968, and are based, among other things, on the information the Company has regarding Aviv Yizum. The Company's foregoing estimates and plans may not materialize, in whole or in part, or may materialize differently to expected, even substantially, due to, among other things, factors or effects that cannot be estimated in advance and/or are not in the Company's control, including the co-management (50-50) of Aviv Yizum, a changing economic and geopolitical environment, changes in government policy and authorities acting on its behalf relating to Aviv Yizum's areas of operation, Aviv Yizum's ability to complete the urban renewal projects on the dates and in the scope forecast, and to obtain the required consent from the owners of the rights in the foregoing projects and/or factors and risks involved in Aviv Yizum's operations that are not in the Company's control, each of which, or any combination thereof, may adversely affect the results of the Company's operations and in any case the materialization of such estimates and forecasts.

Portfolio of income-producing properties under construction

The Company views growth through planning and development of properties as the best potential of growth and realizing profits in its core area of operations in the shopping mall and office sector and frequently explores opportunities for executing such operations.

As part of this, the Company (together with a partner) developed its flagship Landmark project, in the Sarona complex in Tel Aviv. In April, 2024, the construction of Tower A was completed and it was handed over to the tenants for modification work. In the quarter, the Company recognized for the first time revenues for part of the spaces. Tower A constitutes 101,000 sq. m of office space, 2,400 sq. m of retail space, 6,800 sq. m of public buildings and 2,015 parking spaces. At the time of the report, 92% of the office space was sold and the rest is under negotiation. Tower B - consists of 42,500 sq. m of office space, 3,800 sq. m of retail space and 11,500 sq. m of residential apartments (8,100 for marketing, 116 rental housing). Construction of the Tower began in November 2023 and its construction is expected to be completed at the end of 2026 (construction of the residential part is expected to be completed in the middle of 2027).

Breakdown of projects in various stages of construction and occupancy that are expected to increase Melisron's income and properties (NIS million):

Property	Rate of holding of property	Primary use of property	Rental space (sq. m)	% Rented space	Development stage	Construction completion date (Form 4) actual/ expected	Estimated project cost (100%)	Net value at June 30, 2024 (100%)	Estimated cost of completing construction (100%)	NOI at full occupancy (100%)	Actual NOI in the period (100%)
Projects that have been completed and are in process of occupancy:											
Ofer Kiryon- Additional retail areas	100%	Retail	3,000	100%	Handed over to tenants	Completed	59	70	-	8	3
Landmark - Tower A *	50%	Office	103,400	92%	In occupancy	Completed	1,615	3,210	296	227	36
Projects under construction:											
Ofer Ramat Aviv	100%	Retail	3,000	100%	Under construction	2024	80	104	32	10	-
Hutzot Hamifratz	50%	Retail	14,000	91%	Under construction	2024	106	150	29	12	-
Landmark - Tower B**	50%	Office	46,300	-	Under construction	2026	1,015	485	545	86	-
Ofer Nof Hagalil - Building F	90.9%	Office	6,000	-	Under construction	2024	36	50	6	4	-
Ofer Yavne	70%	Retail and office	24,300	***	Under construction	2027	406	87	322	32	-
Ofer Nof Hagalil	90.9%	Retail	21,000	-****	Under construction	2026	360	109	353	32	-
Company's share			**129,403**				**2,151**	**2,302**	**1,018**	**236**	**21**

* Costs and NOI include the construction of a parking lot for Tower B, other that the specific parking spaces for the residential apartments. In the quarter, the Company recognized for the first time revenues for part of the spaces.

** Does not include the residential section of the Landmark project, which is expected to generate income of NIS 523 million and gross profits of NIS 137 million (100%).

*** There are retail agreements on the table for most of the retail space (17,000 sq. m).

**** There are retail agreements for most of the retail space

As seen from the foregoing table, the Company estimates the expected rate of return in development activities to be 11% above project cost.

The Company's estimates concerning the expected construction completion dates of the projects under planning and development, as set out in this section and in the foregoing table, the estimated costs for each project, estimated costs for completing construction for each project and the expected rates of return for the projects, constitute forward looking information as defined under the Securities Law, 1968. The actual results may differ (including substantially) from the estimates set out above and as implied by them, for various reasons, including reasons beyond the control of the Company, including changes in the construction costs of the projects, in the time schedules for the projects, their actual scope and marketing, the length of time that will be required for approval of the building plans for execution, obtaining permits from the relevant authorities and third party agreements, and the materialization of risk factors as described in section 31 of Chapter A of the Company's period report for 2023.

Future development of the Company's income-producing properties

The Company owns several plots of land and projects that are in the planning stage for changing the Urban Building Plan or for obtaining building permits for mixed-uses and combining of residential apartments, retail and office space, rental apartments and hotels. Below is a breakdown of projects (NIS million):

Property	Ownership	Primary use	Rental space (sq. m)	Status	Expected construction start date	Expected construction completion date	Net value As at June 30, 2024	Estimated project cost	Estimate NOI at full occupancy
Ofer Rehovot	100%	Office	11,000	Urban Building Plan approved, building permit received	2024	2026	38	160-170	12-13
Ofer Hasharon*	100%	Retail and office	7,000	Urban Building Plan approved, excavation and shoring permit received	2025	2028	43	65-70	7-9
Ofer Edumim	100%	Retail	3,400	Urban Building Plan approved	2025	2026	9	25-30	5-7
Ofer Carmel	100%	Office	18,000	Urban Building Plan approved	2025	2027	36	220-230	18-20
Ofer Harel	100%	Retail and office	8,700	Urban Building Plan approved	2025	2027	25	120-125	11-13
Ofer Yokne'am	100%	Office	35,000	Urban Building Plan pending	2025	2028	-	435-440	30-32
Land in Tel Aviv**	100%	Office	17,500	Urban Building Plan approved	2026	2029	293	700-710	56-60
Company's share			**100,600**				**444**	**1,725-1,775**	**139-154**

Projects whose date of construction commencement and assessments have not yet been determined

Name of property	Ownership	Primary use	Rental space (sq. m)	Status	Net value at June 30, 2024
Ofer Ramat Aviv	100%	Retail, office, hotels and rental housing	90,000	CBP pending	74
Ofer Mall Petah Tikva	100%	Office and hotels	25,000	Urban Building Plan approved	67
Ofer Be'er Sheva	100%	Office and clinics	14,000	Urban Building Plan approved, permit received	11
Ofer Grand Haifa	100%	Hotels	6,000	Urban Building Plan approved	5
Ofer Kiryon	100%	Office	23,000	Urban Building Plan approved	43
Ofer shopping mall Petah Tikva	100%	Retail	7,000	Urban Building Plan approved	-
Ofer Carmel	100%	Office and employment	23,000	Urban Building Plan approved	22
Nof Hagalil	91%	Office and employment	16,000	Urban Building Plan approved	24
Hutsot Hamifratz	50%	Logistics and office	122,000	Urban Building Plan approved	310
Land in Kanot Junction area***	100%	Logistics	24,000	CBP pending	40
Land at Ofer Carmel	100%	Office and employment	16,000	Urban Building Plan approved	16
Ofer Carmel	100%	Server farm	18,000	Urban Building Plan approved	17
Company's share			**321,544**		**472**
Total Company's share (all properties)			**422,144**		**916**

The Company's estimates concerning future development of the Company's properties, expected dates for staring and completing construction of projects and estimated costs for each project and NOI at full occupancy, as set out in the table, constitute forward looking information as this term is defined in the Securities Law, 1968. The actual results may differ (including substantially) from the estimates set out in the foregoing table and as implied by them, for various reasons beyond the control of the Company, including changes in the construction costs of the projects, in the time schedules for the projects, their actual scope and marketing, the length of time that will be required for approval of the building plans for execution, obtaining permits from the relevant authorities and third party agreements, and due to the effects of the Iron Swords, and the materialization of risk factors as described in section 31 of Chapter A of the Company's period report as at December 31, 2023.

* Not including the residential part of the Ofer Hasharon project (92 apartments), the apartments in the project are intended for sale.

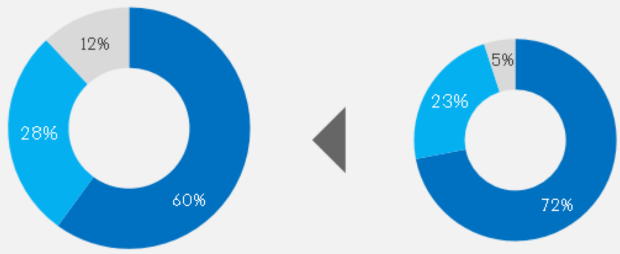
** The land has an existing approved UBP for the construction of 17,500 sq. m of office space, and a plan has been submitted to increase the building rights to 25,500 sq. m zoned for office space. Estimated costs and NOI assume that the building rights will be increased accordingly.

*** In the reporting period, the Company acquired additional plots of 4,000 sq. m adjacent to the Company's land for a total amount of NIS 7 million.

**** Does not include land intended for residential building in Be'er Sheva (293 apartments).

Division of the Company's Operations by Category

At current NOI and NOI after completion of the mid-term development and weighting of Aviv Yizum operations



Future Division

After full occupancy of existing mid-term development projects and Aviv Yizum's operations

Current Division

The Other category currently refers to buildings rented to a single tenant, and in the future, this category will primarily reflect the Company's share in Aviv Yizum's results.

Office space located in shopping malls and adjacent to them are included under Office Space

The Company's share in the results of Aviv Yizum was taken into account according to the expected gross profit in 2025-2030

Other (including Aviv Yizum) Office Retail

The Company's assessments regarding the weight of the Company's various operations (based existing and expected NOI and weighting of Aviv Yizum operations) constitute forward-looking information, as defined in the Securities Law, 1968, and are based, among other things, on the information available to the Company concerning its various operations, including the completion dates of development and occupancy of Aviv Yizum projects that are currently in planning and future development. The Company's foregoing estimates and plans may not materialize, in whole or in part, or may materialize differently to expected, even substantially, due to, among other things, factors or effects that cannot be estimated in advance and/or are not in the Company's control, including, among others, changes in market conditions, time required to obtain approval of building plans for execution, changes in construction costs and/or time schedules of the projects, their actual scope and marketing, the success of the collaboration jointly managed with Aviv Yizum, the Company's ability together with the Aviv Group, to bring about the effective development of Aviv Yizum, a changing economic and geopolitical environment, changes in government policy and authorities acting on its behalf, Aviv Yizum's ability to complete the urban renewal projects on the dates and in the scope forecast, and to obtain the required consent from the owners of the rights in the foregoing projects and/or factors and risks involved in the operations of the Company and/or of Aviv Yizum that are not in the Company's control, each of which, or any combination thereof, may adversely affect the results of the Company's operations and in any case the materialization of such estimates and forecasts.

Financial debt

Highlights

Financial management

Since the beginning of 2023 and through to date of publication of this report, the Company raised debentures and bank and institutional debt in an amount of NIS 3.6 billion. The Company maintains financial flexibility by raising debt at good terms and with long maturity, which helps it continue planning, improving and developing additional projects and taking advantage of new business opportunities while maintaining financial stability and robustness also in the most challenging times.

The guiding principles in managing its financial debt are:
1. Maintaining sufficient liquidity.
2. Extending debt maturity.
3. Maintaining strong stable balance sheet data.
4. Maintaining its high rating.

The Company's debt mix includes: Publicly traded debenture series, private loans from institutional investors, bank loans and credit facilities and marketable securities.

With regard to the effects of the Iron Swords see the relevant section in this Directors' Report.

The Company's financial leverage

The Company's current LTV (as at June 30, 2024) is 42.6%, reflecting a decline of 0.7% compared to December 31, 2023.

As at reporting date, the LTV target that the Company believes is correct for the Company is 50%. This target will allow the Company to maintain financial stability and robustness, with continued business development.

Financial challenges

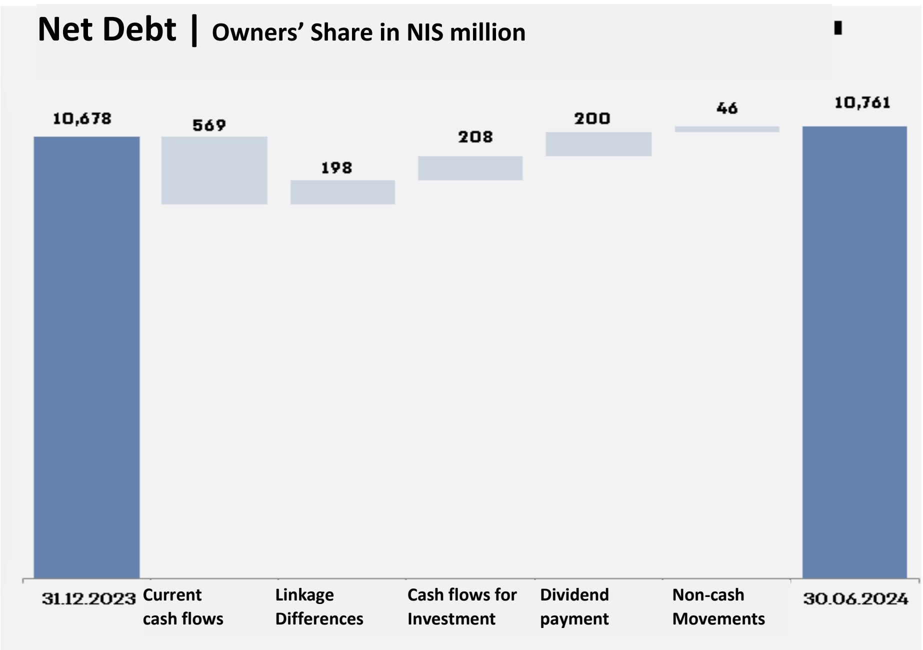
In recent years, the Company has managed to reduce its financing costs and extend the average duration of its debt. Under the current market environment, mainly in view of the increase in interest rates, the Company focuses primarily on extending maturity dates.

As at reporting date, during the coming year (through to June 30, 2025) the Company is required to repay debt in the amount of NIS 1.3 billion (principal and interest).

As at June 30, 2024, the Company has a cash balance and a financial asset portfolio that can be exercised immediately, amounting to NIS 1.2 billion. In addition, the Company has unutilized binding bank credit facilities of NIS 500 million.

Changes in net financial debt (consolidated expanded)

As at June 30, 2024, the Company's net debt balance is NIS 10.8 billion.



Debt principal repayment schedule (NIS million)

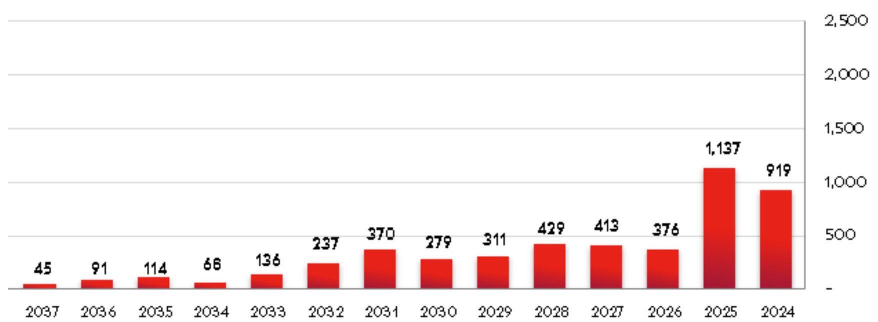
Source of financing	Nature of source	Average duration	Weighted effective interest	7-12 2024	2025	2026	2027	2028	2029	2030	2031	2032 and thereafter	Total nominal linked balance June 30, 2024
Bank	Bank	1.59	6.35%	-	-	642	-	-	-	-	-	-	642
	Bank	1.72	6.60%	-	-	147	-	-	-	-	-	-	147
	Other	0.15	6.29%	4	-	-	-	-	-	-	-	-	4
Institutional lenders	Batch of loans	5.80	1.92%	16	32	32	32	32	32	32	32	316	556
Public	Series J	1.0	1.91%	11	887	-	-	-	-	-	-	-	898
	Series K	0.99	2.51%	11	929	-	-	-	-	-	-	-	940
	Series N	1.76	1.49%	16	33	1,330	-	-	-	-	-	-	1,379
	Series O	0.49	3.50%	684	-	-	-	-	-	-	-	-	684
	Series P	2.58	2.15%	13	25	25	1,016	-	-	-	-	-	1,079
	Series Q	3.87	1.60%	101	40	202	202	202	202	202	202	101	1,454
	Series R	3.75	1.35%	6	12	12	12	522	-	-	-	-	564
	Series S	4.52	2.39%	14	28	28	28	28	1,165	-	-	-	1,290
	Series T	5.32	0.79%	31	31	31	31	31	31	1,226	-	-	1,414
	Series U	6.15	3.47%	11	6	45	108	136	45	45	136	590	1,124
Marketable securities	Series 3*	4.32	4.65%	-	-	-	-	99	-	-	-	-	99
Total repayments		3.28	2.31% *	919	2,024	2,495	1,429	1,050	1,476	1,505	370	1,007	12,276
of which a balloon payment secured by lien				-	887②	2,119③	1,016④	522⑤	1,165⑥	1,226⑦	-	316⑧	7,251
Value of the pledged property				-	2,740	5,302	1,468	767	-	1,935	-	1,204	-
LTV rate of pledged property				-	75% ⑨	40%	69%	68%	-	63%	-	26%	-
Debt schedule (principal) less balloon payments secured by pledged assets and marketable securities				**919**	**1,137**	**376**	**413**	**429**	**311**	**279**	**370**	**691**	**4,926**

* Marketable securities and/or binding credit facilities are utilized for short term as an interim solution until public debt is raised or loans are received. As such, they were not included in the calculations for the interest rate and the effective interest rate of the Company's total gross financial debt, and they were also not included in the calculation of current repayments after deducting balloon components guaranteed by lien.

** It should be noted that the average effective interest rate includes index-linked debt, debt at NIS-linked interest and debt at prime-linked interest. The effective linked interest rate, assuming index of 2.5%, is 2.01%.

When repaying the balloon loan, the Company has the option of removing the lien on the property or refinancing the debt against a new lien.

Repayment Rate of Current Principal Payments net of Lien-Secured Balloon Component



The financing component is one of the main factors for the Company's success. By diversifying its sources of funding and maintaining high liquidity, the Company can continue its development momentum while at the same time retaining its financial robustness and stability.

1. Bank loans and debenture Series O are not linked to the index.
2. Balloon components on debts against which Ofer Kiryon was pledged.
3. Balloon components on debts against which Ofer Grand Shopping Mall Petah Tikva, Ofer Ramat Aviv and Ofer Lincoln were pledged.
4. Balloon components on debts against which Ofer Grand Shopping Mall Be'er Sheva was pledged.
5. Balloon components on debts against which the Company's share in the Hutzot Hamifratz Outlet shopping mall is pledged.
6. Balloon components on debts against which Ofer Kiryon was pledged in a second degree lien.
7. Balloon components on debts against which Ofer Grand Shopping Mall Haifa was pledged.
8. Balloon components on debts against which Ofer Bilu Center and the shares of Azo-Rit Center Ltd., which holds the property, were pledged.
9. The calculated LTV ratio includes balloon components that are secured by a second-degree lien on the Ofer Kiryon shopping mall, are payable in 2029.

Total Blended Cost Of Debt

Below is a breakdown of the weighted effective cost of debt (real interest attributed to profit and loss) and the nominal cost of debt (interest paid on the debt) as at reporting date and for each year and over the repayment period of Melisron's financial liabilities for that year.

	Debt principal repayment schedule (NIS million)								
	7-12.2024	2025	2026	2027	2028	2029	2030	2031 onwards	Total
Total debt repayments	**919**	**2,024**	**2,495**	**1,429**	**951**	**1,476**	**1,505**	**1,377**	**12,177***
Effective interest	**3.07%**	**2.17%**	**3.10% ****	**2.14%**	**1.74%**	**2.27%**	**1.01%**	**2.79%**	**2.31%**
Nominal (cash flow) interest	**3.13%**	**2.02%**	**3.50%**	**2.36%**	**1.49%**	**2.35%**	**0.66%**	**2.98%**	**2.37%**

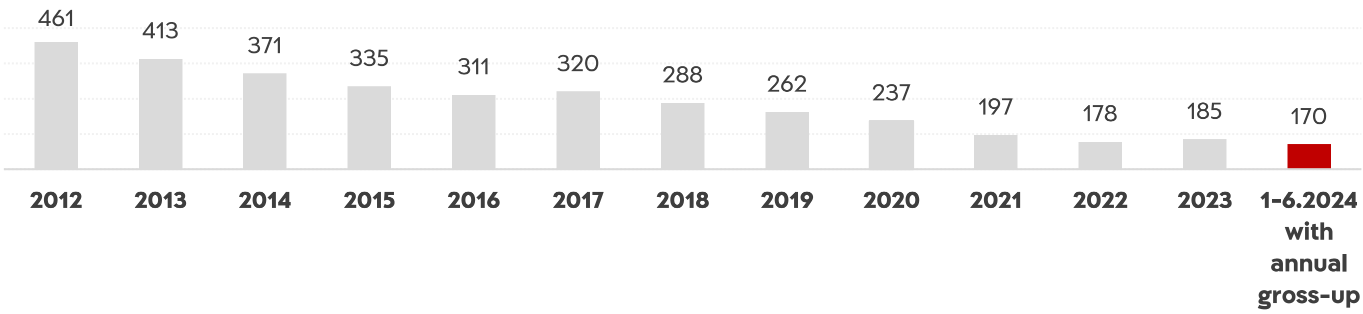
* Excluding marketable securities

** It should be noted that the average effective interest rate includes index-linked debt, debt at NIS-linked interest and debt at prime-linked interest. The effective real interest rate, assuming index of 2.5%, is 2.07%.

As can be seen, despite the increase in interest rates in Israel and worldwide, the effective weighted interest rate on the Company's debt maturities in the period from July 2024 through December 2025 (amounting to NIS 2.9 billion) is 2.45%, compared to the yield to maturity of secured bonds currently trading at 2.98% (based on Melisron linked bonds (Series T - that are secured by a first-class lien), with duration of 5.4 years) and unsecured bonds at 3.35% (based on Melisron linked bonds (Series Q), with duration of 6.2 years), therefore, the Company estimates that if the long term interests does not continue to rise, no significant changes are expected in the financing expenses for these two years.

It should be clarified that the Company's assessments concerning the effects of the rise in interest, including its assessment regarding maintaining the level of financing costs, and the effects of the Company's financing costs in scenarios of increase in interest and return on bonds, including substantial effects on the Company and its financial stability, constitute forward-looking information as defined in the Securities Law, 1968, based on the Company's subjective assessments at reporting date and there is no certainty that they will materialize, in whole or in part, or they may materialize differently (including materially), among other things, due to factors that are not in the Company's control, including as noted in Sections 6 (the financial environment and the effects of external factors on the Company's operations) and 31 (the discussion on the risk factors regarding the Company's operations) of the chapter on the description of the Company's businesses in its 2023 Periodic Report.

Real interest on the financial debt over the years (Melisron's share)*



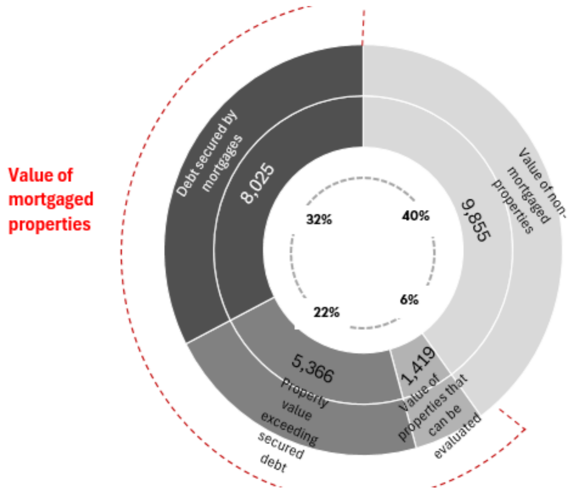
* Net of real non-cash flow financing expenses for reducing surplus costs.

** The decrease in financing expenses in the first half of 2024 was mainly due to an increase in financing income generated by the Company's high cash balances as a result of the issue of debentures in February 2024 (NIS 38 million in the first half of 2024, offset by a theoretical annual rate of NIS 76 million, compared to NIS 35 million for the entire year of 2023).

The Company owns properties worth NIS 9.9 billion that are not pledged at all and pledged properties worth NIS 1.4 billion that were used to secure credit facilities and as at the balance sheet date these credit facilities are unused and therefore the liens can be released.

Most of the pledged properties can be potentially used to expand the debt as the average LTV of the secured debt is 60%, and can be increased to 70%-80%.

Breakdown of the value of the pledged properties (owners' share)



Loan to Value (LTV) ratio on the Company's properties:

	June 30, 2024	December 31, 2023	2022	2021	2020
	NIS million				
Total financial debt (consolidated)	12,235	11,947	11,198	11,934	10,744
Less non-controlling share in consolidated debt	(47)	(48)	(49)	(63)	(83)
Less accounting differences	40	7	(38)	(101)	(82)
Total financial debt to be repaid (consolidated expanded)	**12,228**	**11,906**	**11,111**	**11,770**	**10,579**
Less balances (from consolidated expanded)					
Cash flows	(788)	(614)	(554)	(1,065)	(970)
Deposits in trust **	(53)	-	-	(1,116)	-
Marketable financial assets	(372)	(358)	(325)	(355)	(326)
Financial assets backing lien	(254)	(256)	(429)	(422)	(391)
Total share of corporation:					
In net financial debt *	**10,761**	**10,678**	**9,803**	**8,812**	**8,892**
Investment property, inventory of land under development and the investment in Aviv Yizum					
Investment property and inventory of land under development (consolidated expanded) ***	**24,665**	**24,068**	**22,306**	**20,356**	**18,547**
Investment in Aviv Yizum ****	**591**	**594**	**603**	**-**	**-**
Total assets	**25,256**	**24,662**	**22,909**	**20,356**	**18,547**
LTV ratio	**42.6%**	**43.3%**	**42.8%**	**43.3%**	**47.9%**

*	The financial debt presented in the above table is net of the accounting differences included in the financial debt in the Company's balance sheet.
**	Deposit in trust in favor of the holders of Debentures (Series S) is expected to be released during 2024.
***	The investment property presented in the table includes the inventory of real estate under development for the construction of apartments for sale.
****The investment in Aviv Yizum is presented as recorded in the books and not separately as per the various items in the table.

Changes in the leverage during the reporting period

LTV as at December 31, 2023	**43.3%**
Cash flows from current operations for the reporting period	(2.3%)
Investments in investment property, net of valuation	(0.1%)
Increase in value of liabilities with respect to changes in the CPI	0.9%
Dividends paid	0.8%
LTV as at June 30, 2024	**42.6%**

Explanation of the decrease in the LTV ratio in the period:
Current cash flows generated by the Company during the reporting period in the amount of NIS 569 million and valuation of investment property that was offset by investments in investment property and offset by the increase in CPI of 1.9% that led to an increase in the financial debt of NIS 198 million, and the distribution of a dividend of NIS 200 million.

Credit rating

In February 2024, Maalot revised the Company rating outlook to positive due to expected continuation of improvement of the business aspects and further improvement in its segmental diversification, while at the same time maintaining a conservative financial profile, thus the Company's rating is: ilAA-\Positive
The rating for all the Company's debenture series, secured and unsecured, is: ilAA.

Review of our performance measures

(Net Operating Income) NOI

The Company believes that the NOI is one of the most important parameters in estimating the value of income-producing real estate. Furthermore, the NOI is used to measure free cash flows available to service financial debt assumed for financing the acquisition of a property, when the total NOI, after deducting current maintenance expenses, is for maintaining the existing level. It is hereby emphasized that the NOI

a) Does not present cash flows from current operations in accordance with GAAP.
b) Does not reflect cash for financing all the Company's cash flows, including its ability to distribute a cash dividend.
c) Does not constitute an alternative for net profit for the purpose of valuating the results of Melisron's operations.
d) Refers to all properties, including properties under joint control that are included in the financial statements as equity-accounted.

Development of quarterly NOI (NIS million):

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
NOI from same property	**374**	**368**	**332**	**359**	**352**	**339**
NOI from new properties constructed	18	-	-	-	-	-
Total NOI for the period	**392**	**368**	**332**	**359**	**352**	**339**
Non-controlling interest in NOI	(14)	(15)	(14)	(14)	(14)	(14)
NOI - owners' share	**378**	**353**	**318**	**345**	**338**	**325**
Discounts given based on the Iron Swords	-	-	31	-	-	-
Owners' interest in NOI (without the Iron Swords plan discounts)	**378**	**353**	**349**	**345**	**338**	**325**

The owners' share in the NOI for the fourth quarter of 2024 amounted to NIS 731 million, an increase of 10% (NIS 68 million), compared to the corresponding period last year. The NOI increase is due to initial recognition of income from Landmark Tel Aviv Tower A in the amount of NIS 18 million (Company's share), signing of new contracts with increased rental, increase in CPI and further occupancy of existing spaces.

Reconciliation between NOI for the reporting period and the gross profit presented in the financial statements (NIS million):

	1-6 2024	1-6 2023
NOI - owners' share	731	663
Non-controlling interest in NOI	29	28
Companies' share of NOI using the equity method and others	(25)	(20)
Gross profit presented in financial statements	**735**	**671**

Funds From Operations (FFO)

For the purpose of providing further information about operating results, presented below is the Funds from Operations (FFO) index. This index is widely used in the world and provides an adequate basis for comparing income producing real estate companies. The index is published by NAREIT (the organization of REIT companies in the US) and as it is defined, it presents net reported profit, net of income and expenses from increase/impairment of the value of real estate and non-recurring income/expenses, with addition of depreciation. The Company assumes that, in addition to the foregoing, deferred tax expenses for previous years and financing income/expenses with respect to CPI linkage of financial liabilities and assets should also be excluded from the FFO calculation.

It should be emphasized that the FFO index does not represent cash flows from current operations, does not reflect cash held by the Company and does not replace the reported net profit, in accordance with generally accepted accounting standards.

The Company deems it appropriate to analyze the elements that make up the FFO gains (top-down) to increase transparency and increase understanding of what affects the FFO index. For further information concerning the FFO index pursuant to the Securities Authority guidelines, which in the second quarter and first half of 2024 amounted to NIS 127 million and NIS 364 million, respectively, see Appendix A to this report.

The FFO according to the management's approach, for the first half of 2024 amounted to NIS 554 million (annual rate of NIS 1,156 million based on the second quarter of 2024) compared to NIS 498 million in the corresponding period in 2023, an increase of 11% that is mainly due to:

an increase in shareholders' share of NOI in the amount of NIS 68 million, decrease in administrative and general and marketing expenses in the amount of NIS 3 million and decrease in real interest expenses in the amount of NIS 7 million, offset by an increase in current tax expenses (offset by the CPI effect) in the amount of NIS 15 million and changes in other operations of NIS 7 million.

NIS million	Q 2 2024	Q 1 2024	Q 4 2023	Q3 2023	Q2 2023	Q1 2023
NOI - owners' share	378	353	318	345	338	325
Net of the owners' share in the following expenses:						
Administrative and general (net of depreciation and share-based payment)	(18)	(16)	(16)	(18)	(17)	(16)
Marketing and branding expenses	(3)	(1)	(2)	(5)	(3)	(5)
Net of other operating loss	-	-	5	4	3	4
Real interest expenses on the financial debt	(45)	(40)	(46)	(47)	(47)	(44)
Net of real non-cash flow financing expenses for reducing surplus costs	-	-	-	-	(1)	-
Current tax expense	(18)	(28)	(18)	(20)	(13)	(17)
Net of effect of CPI on provisions for current taxes	(5)	(3)	-	(4)	(5)	(4)
Total real FFO presented according to the management's approach	**289**	**265**	**241**	**255**	**255**	**243**
Discounts given based on the Iron Swords plan	-	-	29	-	-	-
Total real FFO presented according to the management's approach (excluding the Iron Swords discount)	**289**	**265**	**270**	**255**	**255**	**243**
Rate of CPI increase in the period	1.6%	0.3%	0.1%	0.8%	1.4%	1.1%

* When the CPI decreases/increases during the reporting period, there is a decrease/increase in financing expenses due to recording of financing income/expenses from the CPI change (87% of the Company's total financing debt is linked to the CPI), causing an increase/decrease in provisions for current taxes. The effect of the CPI on current taxes is a periodic and is expected to reverse. Therefore, the Company usually presents the FFO index net of this effect.

EPRA NRV Index

EPRA is an association of European income-producing and public real estate companies. The purpose of EPRA indices is to increase uniformity, transparency, and comparability of the financial information across the real estate companies included in the index.

EPRA NRV Index

The EPRA NRV index reflects the net value of Melisron's properties assuming future continuity of operations and that properties are never sold, and therefore certain adjustments are required, such as presenting properties at fair value although they are not presented that way in the financial statements, and neutralizing deferred taxes deriving from revaluation of investment property.

It should be noted that properties in planning and inventory of land under development are included in the index at current value, namely based on reports including investments made in the properties, and it is not possible to evaluate future income from these properties once they are occupied/sold and producing profit.

NIS million	June 30, 2024	31.12.2023
Equity (consolidated expanded)	10,954	10,547
Plus reserve for deferred taxes for investment property (consolidated expanded)	3,650	3,540
EPRA NRV	**14,604**	**14,087**
EPRA NRV per share (NIS)	**307**	**297**
Number of shares at end of period (thousand shares)	**47,521**	**47,498**

Extension of Nof HaGalil -

Weighted Cap Rate

Below is the calculation for estimating the unaudited weighted Cap Rate deriving from all of Melisron's income-producing real estate as at June 30, 2024:

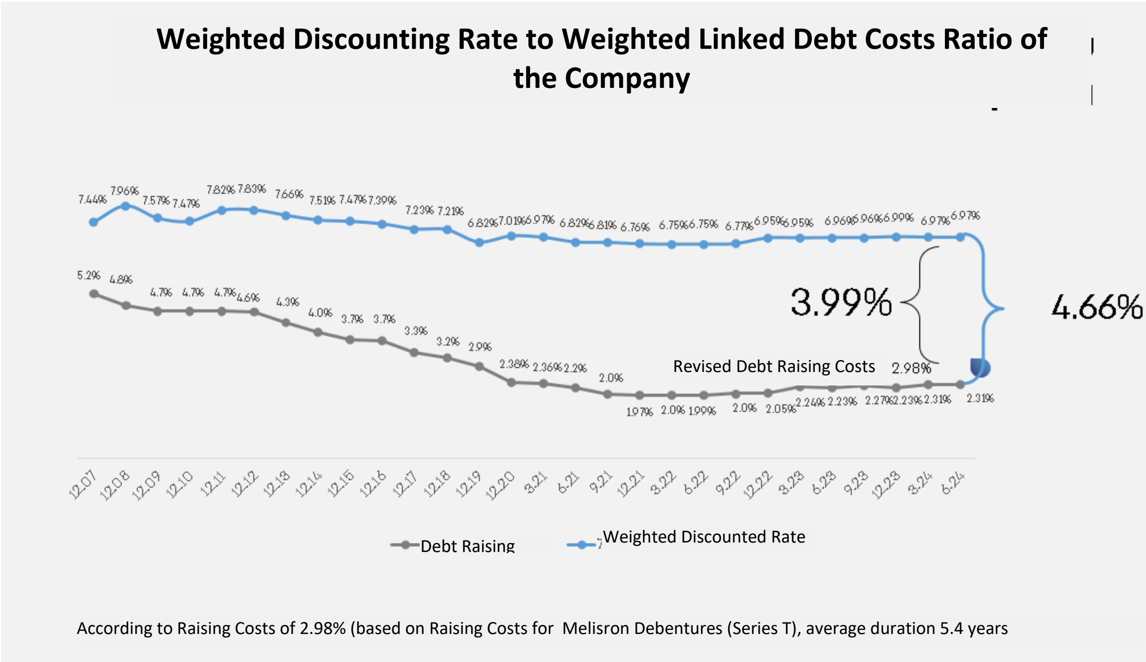
Owners' share (consolidated expanded)	(in NIS million)
Carrying amount for investment property	24,554
Net of the value attributed to vacant space	(659)
Net of the value attributed to projects under construction and rights	(1,745)
Net value attributed to income-producing real estate	22,150
Actual NOI in Q2/2024	378
Annual gross-up of actual NOI in Q2/2024	1,512
Expected adjusted NOI **	33
Expected standardized NOI ***	1,545
Standardized NOI to net value ratio attributed to investment property	**6.97%**

* Including properties of equity-accounted companies under joint control presented in the financial statements (excluding Aviv Yizum).

** Additional NOI refers to additional rents based on rental contracts signed and full contribution of extensions and projects under development that were completed in the period. The additional expected NOI does not include the expected NOI from available space that has not yet been marketed and expected NOI from completion of projects under construction. Primarily includes: contracts signed in Landmark Tel Aviv Tower A, contracts signed with regard to the deep mix changes in Kiryon, offsetting the effect of the additional income from non-fixed repayments that were not taken into account in the appraisals and revenue from leases for office space that is expected to become vacant in the coming year.

*** Cash flow from adjusted expected NOI does not constitute the Company's forecast for 2024.

Margin between the rate of return and weighted cost of Melisron's debt over the years:



From the above graph we see that the margin between the weighted rate of return on income-producing properties and the Company's weighted cost of debt has increased over the years. Where the Company's weighted financing costs over the years have decreased significantly, the weighted rate of return on properties remains stable.

*) It should be noted that 87% of the Company's total financial debt is linked to the CPI.

**) The yield to maturity of secured debentures currently traded (based on Debentures Series T - 5.4 years maturity).

Financial review of the Company's results

The Company's financial statements are prepared in accordance with IFRS, according to which after tax profit of jointly controlled companies are presented the same "as the Company's share of profits of equity-accounted companies, net" and the net investments in such companies are presented in the balance sheet under the item for investments in equity-accounted companies. The Company analyzes its business performance according to its relative share in its assets and liabilities, i.e. based on the consolidation of its relative share in its jointly controlled companies.

Profit and loss (NIS million)	Six months ended As at June 30, 2024			Six months ended As at June 30, 2023		
	Consolidated (reviewed)	With addition of jointly controlled companies and net of non-controlling share	Consolidated expanded	Consolidated (reviewed)	With addition of jointly controlled companies and net of non-controlling share	Consolidated expanded
Gross profit from rental property	735	(9)	726	671	(11)	660
Gross profit from sale of apartments and others	-	2	2	-	5	5
Total gross profit	**735**	**(7)**	**728**	**671**	**(6)**	**665**
General and administrative expenses	(37)	(7)	(44)	(38)	(4)	(42)
Advertising, sales and marketing expenses	(4)	(1)	(5)	(8)	(3)	(11)
Operating profit before other income	**694**	**(15)**	**679**	**625**	**(13)**	**612**
Company's share in earnings of equity-accounted investees, net	11	(11)	-	25	(25)	-
Increase in fair value of investment property, net	379	3	382	296	27	323
Other expenses, net	-	-	-	(10)	-	(10)
Operating profit after other income	**1,084**	**(23)**	**1,061**	**936**	**(11)**	**925**
Financing expenses, net	(295)	5	(290)	(298)	7	(291)
Profit before deduction of taxes on income	**789**	**(18)**	**771**	**638**	**(4)**	**634**
Income tax	(169)	1	(168)	(137)	(5)	(142)
Profit for the period	**620**	**(17)**	**603**	**501**	**(9)**	**492**
Non-controlling interest in profit	(17)	17	-	(9)	9	-
Profit for the period - owners' share	**603**	**-**	**603**	**492**	**-**	**492**

The increase in gross profit from leasing properties and selling apartments - a total of NIS 63 million, which is mainly due to an increase in rents as a result of an increase in real rents and the CPI increase in the period, contributing NIS 48 million, and first time recognition of gross profit from the Landmark Tel Aviv Tower A which contributed NIS 18 million, offset by a decrease in gross profit from the sale of apartments.

Increase in the growth of the value of investment property - an increase in value of NIS 382 million was recorded in the period, mainly as a result of the effects of the CPI increase in the period that contributed NIS 310 million, and progress in the marketing and construction of properties under construction and occupancy.

Changes in the owner's profit compared to the corresponding period last year	NIS million
Attributable to 1-6.2023	**492**
An increase in gross profit from rental property and apartment sales	63
A decrease in administrative and general and marketing expenses	4
Decrease in the fair value growth of investment property	59
Decrease in other expenses	10
Decrease in net financing expenses	1
Increase in income tax expenses	(26)
Attributable to 1-6.2024	**603**

The decrease in net financing expenses - in the amount of NIS 1 million is mainly due to a decrease in linkage differentials on the Company's debt as a result of the increase in the CPI in the period, which was lower than in the corresponding period in 2023 (the index increased by 1.9% compared to 2.5% in 2023), in an amount of NIS 11 million and an increase in income from securities and deposits in an amount of NIS 19 million, offsetting an increase in real interest expenses in an amount of NIS 29 million, mainly as a result of an increase in the scope of debt and increase in the interest rates.

The Increase in income tax expenses - in the amount of NIS 26 million is mainly due to an increase in current tax expenses in the amount of NIS 16 million resulting from an increase in pretax profit (that is due to an increase in NOI and decrease in financing expenses), and from an increase in deferred taxes of NIS 20 million as a result of the lower CPI increase in the quarter than in the corresponding period last year (1.9% compared to 2.5%) that caused a more moderate increase in the base tax on the various properties for the deferred tax calculation. Conversely, a decrease was recorded on NIS 10 million in tax expenses for previous years.

Exposure to inflation - all the Company's lease agreements with tenants are linked to the CPI and 87% of the Company's entire financial debt are linked to this index. When the CPI increases, the Company's revenues are expected to increase at similar rates, while on the other hand, the Company's financing expenses also increase. The increase in income causes (due to other effects) a corresponding increase in the value of the properties, while on the other hand the CPI linked financial debt has also increased. Accordingly, the Company believes that as at reporting date, the hedging against inflation as inherent in the rental contracts, as aforesaid, is effective and therefore the Company's exposure in this regard is not high.

It should be clarified that the Company's assessments concerning its exposure to inflation, including due to the inherent hedging in the rent contracts, constitute forward-looking information as defined in the Securities Law, -1968, based on the Company's subjective assessments at reporting date and there is no certainty that they will materialize, in whole or in part, or they may materialize differently (including materially), among other things, due to factors that are not in the Company's control, including as noted in Sections 6 (the financial environment and the effects of external factors on the Company's operations) and 31 (the discussion on the risk factors regarding the Company's operations) of the chapter on the description of the Company's businesses in its 2023 Periodic Report.

Building J Ofer Carmel – architectural render

Financial position (NIS million)	As at June 30, 2024			As at December 31, 2023		
	Consolidated	With addition of jointly controlled companies and net of non-controlling share	Consolidated expanded	Consolidated	With addition of jointly controlled companies and net of non-controlling share	Consolidated expanded
Cash and cash equivalents	805	6	811	625	14	639
Restricted Cash	-	26	26	-	58	58
Short-term financial assets	372	-	372	358	-	358
Short-term loans and deposits	54	-	54	1	-	1
Trade receivables	56	10	66	62	30	92
Long term receivables	39	2	41	37	17	54
Inventory of development real estate for the construction of apartments for sale	112	156	268	112	120	232
Total current assets	**1,438**	**200**	**1,638**	**1,195**	**239**	**1,434**
Long-term loans and payables	1	254	255	-	256	256
Investment in an equity accounted company	1,239	(1,237)	2	1,222	(1,220)	2
Intangible assets and goodwill	555	221	776	558	221	779
Long-term inventory	-	766	766	-	749	749
Long-term financial assets and other assets	23	-	23	10	-	10
Fixed assets	10	-	10	11	-	11
Investment property	24,717	(160)	24,557	24,124	(164)	23,960
Total non-current assets	**26,545**	**(156)**	**26,389**	**25,925**	**(158)**	**25,767**
Total assets	**27,983**	**44**	**28,027**	**27,120**	**81**	**27,201**
Liabilities to banking and other corporations	135	(1)	134	927	20	947
Current maturities of debentures	1,009	-	1,009	1,113	-	1,113
Trade payables and service providers	166	4	170	154	2	156
Other payables	252	39	291	298	13	311
Customer advance payments from sale of apartments	-	15	15	-	25	25
Provisions for tax	133	-	133	111	-	111
Total current liabilities	**1,695**	**57**	**1,752**	**2,603**	**60**	**2,663**
Debentures	9,778	-	9,778	9,378	-	9,378
Liabilities to banking and other corporations	1,313	480	1,793	530	479	1,009
Deferred taxes	3,622	28	3,650	3,499	41	3,540
Liabilities in respect of employee benefits, net	2	-	2	2	-	2
Other liabilities	101	(3)	98	60	2	62
Total non-current liabilities	**14,816**	**505**	**15,321**	**13,469**	**522**	**13,991**
Equity attributable to the Company's shareholders	10,954	-	10,954	10,547	-	10,547
Non-controlling interests	518	(518)	-	501	(501)	-
Total equity	**11,472**	**(518)**	**10,954**	**11,048**	**(501)**	**10,547**
Total equity and liabilities	**27,983**	**44**	**28,027**	**27,120**	**81**	**27,201**
EPRA NAV			**14,604**			**14,087**
EPRA NAV per share (NIS)			**307**			**297**

Explanations regarding material changes in financial position (expanded and consolidated) in the first half of 2024:

Investment property - the value of investment property as at June 30, 2024, amounted to NIS 24.6 billion (Melisron's effective share), an increase of NIS 597 million compared to December 31, 2023. The increase is due mainly to investments in properties and properties under construction in the amount of NIS 215 million, and an increase in value of NIS 382 million mainly due to the effect of the rise in CPI in the period and the progress made in the marketing and construction of projects under construction and in occupancy.

Financial debt, net (debt less cash, short-term financial assets and deposits in trust) – the net financial debt as at June 30, 2024 amounted to NIS 11.5 billion, an increase of NIS 59 million compared to December 31, 2023. The increase is mainly due to investments in real estate and investment property under construction, the effect of the increase in CPI on the CPI-linked debt and dividend paid, offsetting the current cash flows generated by the Company in the period.

Liquidity and Sources of Finance

Net cash flow from ongoing operating activities

Cash flows generated from operating activities amounted to NIS 569 million, compared with NIS 518 million last year. The increase is due to a rise in operating profit amounting to NIS 79 million, mainly from an increase in rent due to an increase in real rent and CPI, and a decrease in net tax payments of NIS 30 million, offset by a decrease in working capital of NIS 46 million and an increase in net interest payments of NIS 10 million.

Cash flows used for investment activities

Cash flows used for investment activities in the period amounted to NIS 260 million, compared with cash flows of NIS 661 million used for investment activities last year. The cash flows used for investment in the reporting period includes mainly investment in investment property and investment property under construction in the amount of NIS 192 million, payment of taxes with respect to real estate in the amount of NIS 10 million, investment in fixed and intangible assets in the amount of NIS 5 million, cash deposited as financial collateral with the trustee for debentures (Series S) in the amount of NIS 51 million, and net investment in short-term financial assets in the amount of NIS 2 million. In the corresponding period last year, cash flows used for investment activities included mainly the acquisition of investment property and land in an amount of NIS 502 million, investment in investment property and investment property under construction in the amount of NIS 255 million, payment of development and betterment levies and taxes in an amount of NIS 62 million, and investment in fixed and intangible assets in an amount of NIS 13 million, offset by repayment of a loan given in the past to the Harel shopping mall buyers in the amount of NIS 177 million.

Cash flows used for financing activities

Cash flows used for financing activities in the period amounted to NIS 129 million, compared with cash flows of NIS 130 million used for investment activities last year. The significant components of the cash flows used in financing activities in the reporting period include mainly redemption of debentures and settlement of loans to banks and others in the amount of NIS 737 million, and the distribution of a dividend in the amount of NIS 200 million, offset by the issue of debentures in an amount of NIS 807 million. The significant components of the cash flows used in financing activities in the corresponding period last year include mainly issue of debentures and receipt of bank and other loans in an amount of NIS 732 million, offset by redemption of debentures and settlement of loans to banks and others in an amount of NIS 342 million and distribution of dividends in the amount of NIS 260 million.

Liquidity risk

As at June 30, 2024, the Company had a working capital deficit in the amount of NIS 257 million, compared with a working capital deficit of NIS 1,408 million as at December 31, 2023. The deficit is mainly due to current liabilities of debentures. Below is a breakdown of the volume of unpledged properties as at the reporting date:

Amount of unpledged investment property	NIS 9.9 billion
Unpledged investment property to total value of investment property	40%
Secured debt to total value of investment property	32%
Secured debt to value of pledged investment property (LTV ratio of pledged properties)*	60%

* In addition, the Company has property valued at NIS 1.4 billion that is pledged against unused credit facilities (including the above balance, the secured debt rate is 53%).

Due to the foregoing and following the assessment of the Company's Board of Directors, among other things, of the sources for settlement of existing and expected liabilities, with focus on repayment of liabilities that the Company is required to settle within two years as of June 30, 2024, the Company's existing sources of credit and unused credit facilities, cash flows from operating activities generated by the Company, investments which the Company intends to make and the value of the unpledged properties, the Company's Board of Directors believes that despite having a working capital deficit as at June 30, 2024, in the amount of NIS 257 million (consolidated), the Company does not have a liquidity problem. Furthermore, the Company's Board of Directors estimates that there is no reasonable concern that the Company will default on its existing and expected liabilities when they become due.

Main developments in the operating sectors in and subsequent to the reporting period

A. Valuation update as at June 30, 2024:

As at March 31, 2024, the valuations were revised internally by Company management.
The Company recorded in its financial statements a net increase in the value of investment property in the amount of NIS 55 million, mainly as a result of the CPI increase in the period and revision of the fair value of projects under construction, mainly due to progress of their construction and marketing, offset by the Company's investments in existing properties that were not expressed in values.

As at June 30, 2024, as in every year, the Company revised the valuations of its properties through an external appraiser, following which it recorded in its financial statements a net increase in the value of investment property in the amount of NIS 379 million.

The valuations included an adjustment of the representative NOI of assets based on updated information about lease contracts and the Company's forecast for the conditions of lease contracts. The change in NOI arises mainly from:

1. Updates regarding the CPI effect on rental income.
2. Revision of the rental contracts signed during the period.
3. Revision of the value of projects under construction (based on initial recognition of income).

B. Dividend announced

In March 2024, the Company's Board of Directors declared the distribution of dividends amounting to NIS 120 million, which was paid on April 7, 2024.
In May 2024, the Company's Board of Directors declared the distribution of dividends amounting to NIS 80 million, which was paid on June 20, 2024.
In March 2024, the Company's Board of Directors declared the distribution of dividends amounting to NIS 90 million, which will be paid on September 17, 2024.

C. Issuance of debentures by expansion of existing series

In February 2024 the Company issued:

- NIS 738 million par value debentures (Series S) of the Company, which are secured by a second degree lien on Ofer Kiryon, by way of expansion of an existing debenture series. The issue was at a price of NIS 1.051 per unit, for a gross consideration of NIS 776 million and at an effective interest rate of 2.83%, CPI-linked. On April 1, 2024, the Company used NIS 620 million of the consideration of the issuance for partial early redemption of debentures (Series J) of the Company, which are secured by a first degree lien on the Ofer Kiryon Shopping Mall.
- NIS 625 million par value debentures (Series U) of the Company by way of expansion of an existing debenture series. The issue was at a price of NIS 1.061 per unit, for a gross consideration of NIS 664 million and at an effective interest rate of 3.25%, CPI-linked.

The Company deposited NIS 674 million of the issuance proceeds with the trustee of debentures (Series J and S) to be used as financial collateral, as well as partial early redemption of debentures (Series J), that was actually carried out on April 1, 2024, as stated above.

D. Partial early redemption of debentures (Series K)

In June 2024, the Company made a partial early redemption in the amount of NIS 430 million par value (NIS 495 million par value CPI-linked) Debentures (Series K) of the Company.

E. Allocation of employee options

In April 2024, the Company allotted 13,619 options (non-marketable) convertible into shares to an officer (not a director or the CEO) of the Company, under an employee plan that was published on March 13, 2023, further to approval by the Company's compensation committee and Board of Directors in March 2024.

F. Extension of credit facilities from banks

- In January 2024, an amendment to an existing credit facility of NIS 642 million was signed and the deadline for its utilization was extended to March 1, 2026.
- In February 2024, the Company extended another credit facility agreement in the amount of NIS 147 million to April 30, 2026.

G. Land purchase

In February 2024, the Company purchased another 4 hectares adjacent to its land in the Kanot Junction area in return for NIS 7 million.

Corporate Governance

A. Appointment of Directors

On April 18, 2024, Arthur Leshinsky took up office as a Company director, further to approval of his appointment by the general meeting of Company shareholders on that date. For further information, see the Company's immediate reports dated April 10 and 18, 2024 (Ref. No. 2024-01-041457, 2024-01-044514 and 2024-01-044523, respectively), the details of which are presented here by way of reference.

B. Termination of office of directors

On April 18, 2024, Itzhak Nodary Zizov ceased serving as a director of the Company. For further information, see the Company's immediate report of April 18, 2024 (Ref. No. 2024-01-044520), the details of which are presented here by way of reference.

C. Compensation Policy

On April 18, 2024, the general meeting of the Company's shareholders approved (further to approval by the Company's compensation committee and Board of Directors) a revised compensation policy for the Company's officers, for a three (3) year term from the date of approval by the general meeting. For further information, see the immediate report issued by the Company on April 10, 2024 regarding convening of the general meeting (Ref. No. 2024-01-041457), as well as the immediate report issued by the Company on April 18, 2024 on results of the general meeting (Ref. No. 2024-01-044514), the details of which are presented here by way of reference.

D. Terms and conditions of tenure of the chairman of the board

On April 18, 2024, the general meeting of the Company's shareholders approved (further to approval by the Company's compensation committee and Board of Directors) the revised terms and conditions of tenure of the Company's chairman of the board, Liora Ofer, for another three (3) year term from the date of the general meeting's approval. For further information, see the immediate report issued by the Company on April 10, 2024 regarding convening of the general meeting (Ref. No. 2024-01-041457), as well as the immediate report issued by the Company on April 18, 2024 on results of the general meeting (Ref. No. 2024-01-044514), the details of which are presented here by way of reference.

E. Letters of indemnification and exemption

On April 18, 2024, the general meeting of the Company's shareholders approved (further to approval by the Company's compensation committee and Board of Directors) an extension of the validity of letters of indemnification and exemption to the Company's officers and directors who serve from time to time, which the controlling shareholder of the Company may be considered to have a personal interest in approving the extension of their validity, for another eight (8) year term until November 20, 2032. For further information, see the immediate report issued by the Company on April 10, 2024 regarding convening of the general meeting (Ref. No. 2024-01-041457), as well as the immediate report issued by the Company on April 18, 2024 on results of the general meeting (Ref. No. 2024-01-044514), the details of which are presented here by way of reference.

F. Directors' and officers' liability insurance

On May 19 and 21, 2024, the Company's compensation committee and Board of Directors, respectively, approved authorizing Company management to negotiate for the renewal of the liability insurance policy for directors and officers who serve and will serve from time to time in the Company and/or its subsidiaries, including directors and officers who are controlling shareholders of the Company or who the controlling shareholder has a personal interest in engaging with, as shall be from time to time, that ended on May 31, 2024 (the "Previous Insurance Policy"), in accordance with the terms of the Company's compensation policy and market conditions, and to work to renew the policy for a 12-month term from June 1, 2024. For further information see the immediate report issued by the Company together with this Report, the details of which are noted here by way of reference.

G. Charitable donations

As a large and leading company operating in Israel and as part of its corporate responsibility, the Company maintains a donation policy which has been set at an annual amount of up to 0.5% of its net profit.[1]

Since the beginning of 2024 through to date of publication of this Report, Melisron has donated an amount of NIS 500 thousand.

As at the reporting date, the Company's donation policy emphasizes mainly providing support to the education of children and youth at risk and the health of children and youth.

1 "Net profit" means net profit attributable to shareholders of the Company in its latest annual consolidated financial statements.

In August 2024, the Company's Board of Directors approved granting of a donation in a total amount of NIS 8.2 million, which will be spread over three years (2024-2026), to the association that manages Zoharim Youth Village, an educational therapy village for youth at risk founded by Israel Prize winner, Rabbi Yitzhak David Grossman, for the construction of a
residential building for the village staff, counselors and their families.[2] The Company also intends to continue donating to various other associations according to its donation policy up to the above maximum amount set.

1. Financial reporting

1. **Critical accounting estimates:**
Revisions of the valuations of properties were attached to this quarterly Report as follows: Ofer Ramat Aviv Shopping mall and Ofer Kiryon, which are classified as very material valuations according to Legal Position No. 105-23: Parameters for Examination of Materiality of Valuations. For information about these properties, which are classified as very material under the proposed amendment to the Securities Regulations to anchor a disclosure directive regarding investment property operations, see sections 4.1 and 4.2, respectively, in the amendment of the chapter on the description of the Company's businesses, Chapter A of this Report. In addition, in accordance with Legal Position No. 103-29: Findings on the Adequacy of Disclosure regarding Collateral and/or Pledges Given by Reporting Corporations to Secure Settlement of Promissory Notes, revisions to the valuations for Ofer Grand Mall Haifa, Ofer Grand Mall Petah Tikva, Ofer Grand Mall Be'er-Sheva and Hutzot Hamifratz complex were attached to this Periodic Report. For information about these properties, in accordance with the proposed amendment to the Securities Regulations to anchor a disclosure directive regarding investment property operations, see section 5 of the chapter on the description of the Company's businesses, Chapter A of this Report. For disclosure regarding valuation in accordance with Regulation 8B of the Securities Law (Periodic and Immediate Reports), 1970, see Appendix C of this Directors' Report

2. **Events subsequent to the date of the statement of financial position**
See Note 4 to the financial statements as at June 30, 2024.

We thank the Company's management and staff for their enormous contribution and dedicated work.

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Liora Ofer	Ophir Sarid
Chairman of the Board	CEO

August 14, 2024

Appendixes:

Appendix A - Detailed reference tables

Appendix B - Special Disclosure to Melisron's Debenture Holders

Appendix C - Disclosure regarding valuation in accordance with Regulation 8B of the Securities Law (Periodic and Immediate Reports), 1970

Appendix D - Breakdown of Aviv Yizum Projects

2 To complete the situation, it should be noted that Ofer Investments Ltd., the controlling shareholder of the Company, also donated from time to time (as part of its philanthropic activities for various associations and other activities) to the association managed by Rabbi Grossman, including the association that manages Zoharim Village.

Appendix A - Detailed reference tables

Expanded consolidated statement of income (in NIS million)

	For the six months ended		Three months ended		Year ended
	Jun 30, 2024	Jun 30, 2023	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
Rental and other revenue	969	956	498	483	1,911
Maintenance and operating costs	241	291	123	145	581
Gross profit	728	665	375	338	**1,330**
Marketing and advertising expenses	(5)	(11)	(3)	(4)	(19)
General and administrative expenses	(44)	(42)	(22)	(21)	(87)
Operating profit before other income (expenses)	**679**	**612**	**350**	**313**	**1,224**
Increase in value of investment property, net	382	323	327	265	662
Other expenses, net	-	(10)	-	(10)	(74)
Operating profit after other income (expenses)	**1,061**	**925**	**677**	**568**	**1,812**
Financing expenses	(337)	(323)	(239)	(183)	(525)
Financing income	47	32	20	24	66
Profit before deduction of taxes on income	**771**	**634**	**458**	**409**	**1,353**
Taxes on income	(168)	(142)	(99)	(87)	(316)
Profit for the period	**603**	**492**	**359**	**322**	**1,037**

Expanded consolidated gross financial debt schedule

Below are the Company's liabilities (expanded and consolidated) which are due after June 30, 2024 (in NIS million):

	Debentures	Loans from banks and financial institutions	Less non-controlling interests in consolidated loans	Retail securities and short-term loans	Loans granted against collateral	Total
Current maturity	1,009	36	(3)	-	-	1,042
Second year	3,384	821	(3)	-	-	4,202
Third year	1,378	32	(3)	-	-	1,407
Fourth year	395	32	(3)	-	-	424
Fifth year and onwards	4,661	428	(35)	99	(254)	4,899
Total repayments	10,827	1,349	(47)	99	(254)	11,974
Discount						(40)
Total gross financial debt (consolidated expanded)*						11,934

* Does not include the Company's share loans taken by Aviv Yizum amounting to NIS 527 million.

Funds from Operations (FFO) index pursuant to Israel Securities Authority directive

For the purpose of providing further information about operating results, presented below is the Funds from Operations (FFO) index. This index is widely used in the world and provides an adequate basis for comparing income producing real estate companies. The index was published by NAREIT (the REIT companies organization in the United States) and as defined, it expresses net operating profit, less income and expenses from an increase/decrease in the value of real estate and one-off income/expenses, and plus depreciation. The Company believes that in addition to the above, deferred tax expenses, tax expenses for previous years, and financing expenses/income for CPI-linkage of financial liabilities and assets should also be deducted.

It should be emphasized that the FFO index does not represent cash flows from current operations, does not reflect cash held by the Company and is not in lieu of the reported net profit, in accordance with generally accepted accounting standards.

NIS million	H1 2024	H1 2023	2023
Net profit for the period	620	501	1,052
<u>Adjustments</u>:			
Net of fair value adjustment	(379)	(296)	(624)
Net of depreciation and amortization	7	3	11
Net of other non-cash financing income	(4)	(11)	(20)
Plus recognition of a benefit in respect of the employee option plan	4	4	8
Net of non-debt financing expenses	6	-	1
Net of profits of jointly controlled companies	(11)	(25)	(34)
Net of other expenses (income)	-	10	74
Net of other operating loss	-	8	16
Net of deferred taxes, taxes for previous years and capital gains taxes	124	107	241
Plus FFO of jointly controlled companies	16	15	29
Net of minority share of FFO	(19)	(18)	(37)
Total nominal FFO pursuant to the directives of the Israel Securities Authority attributable to shareholders	**364**	**298**	**717**
Financial assets and liabilities linkage differentials	198	209	288
Total real FFO according to the management's approach	**562**	**507**	**1,005**
Net of effect of CPI on provisions for current taxes	(8)	(9)	(11)
Total real FFO presented according to the management's approach (net of effect of the CPI on taxes)	**554**	**498**	**994**
Change in CPI rate in the period	**1.9%**	**2.5%**	**3.3%**

* Upon a CPI decrease/increase during the reporting period, financing expenses decrease/increase due to recognition of financing income/expenses from the CPI change (87% of the Company's entire financial debt is CPI-linked), which leads to an increase/decrease in provisions for current taxes. The effect of the CPI on current taxes is a periodic event and is expected to reverse. Therefore, the Company usually presents the FFO index net of this effect.

Appendix B - Special Disclosure to Debenture Holders as at June 30, 2024

Series	Rating agency	As at issuance	Rating as at reporting date	Total par value as at the issuance date (including expansions and exchanges) in NIS thousands	Type of interest	Nominal interest	Effective interest rate as at the issuance date	Listed on the Stock Exchange	Interest payment dates	Par value Nominal, June 30, 2024 (NIS million)	Par value CPI-linked, June 30, 2024 (NIS million)	Carrying amount , June 30, 2024 (NIS million)	Interest payable, June 30, 2024 (NIS million)	Market value, June 30, 2024 (NIS million)	Material
Debentures (Series J)① March 31, 2015 Exchange: January 28, 2017 October 23, 2017 Expansions: February 24, 2019 April 16, 2020	Maalot	A+	AA	1,528,817	Fixed	1.76%	1.33%-2.29%	Yes	Fixed semiannual interest, January 10, July 10, in 2016-2025	778	898	897	7	880*	Immaterial
Debentures (Series K)① March 31, 2015 Expansions: April 19, 2016 January 12, 2017 June 8, 2017	Maalot	A+	AA	1,469,530	Fixed	2.3%	2.19%-2.82%	Yes	Fixed semiannual interest, January 10, July 10, in 2016-2025	815	941	939	10	924*	Immaterial
Debentures (Series N) April 19, 2016 Exchange: March 5, 2018 April 11, 2018 Expansions: October 30, 2019 April 16, 2020	Maalot	AA-	AA	1,370,403	Fixed	2.15%	0.52%-2.29%	Yes	Fixed semiannual interest - April 27 and October 27 in 2016-2026 (in 2016, one payment on October 27 only, and in 2026, one payment on April 27 only)	1,193	1,379	1,394	5	1,374	Immaterial
Debentures (Series O) April 19, 2016 Expansions: January 12, 2017 June 8, 2017	Maalot	AA-	AA	1,062,425	Fixed	3.5%	3.15%-3.79%	Yes	Fixed semiannual interest - June 30 and December 30 in 2016-2024 (in 2016, one payment on December 30 only)	684	684	684	-	681	Immaterial

① For information on partial early redemption of Debentures (Series J) made on April 1, 2024, see page 25 of this Directors' Report.
② For information on partial early redemption of Debentures (Series K) made on April 14, 2024, see page 25 of this Directors' Report.

Appendix B - Special Disclosure to Holders of Debentures: Melisron as at June 30, 2024 (contd.)

Series	Rating agency	As at the issuance	Rating as at reporting date	Total par value as at the issuance date (including expansions and exchanges) in NIS thousands	Type of interest	Nominal interest	Effective interest rate as at the issuance date	Listed on the Stock Exchange	Interest payment dates	Par value Nominal, June 30, 2024 (NIS million)	Par value CPI-linked, June 30, 2024 (NIS million)	Carrying amount, June 30, 2024 (NIS million)	Interest payable, June 30, 2024 (NIS million)	Market value, June 30, 2024 (NIS million)	Material
Debentures (Series P) January 12, 2017 Exchange: March 5, 2018 Expansion: September 6, 2018 September 13, 2023	Maalot	AA-	AA	1,054,482	Fixed	2.35%	2.66%-1.69%	Yes	Fixed semiannual interest, April 1, October 1, in 2017-2027	939	1,079	1,084	6	1,080	Immaterial
Debentures (Series Q) March 6, 2018 Expansions: October 30, 2019 March 1, 2021 April 21, 2021 September 13, 2023	Maalot	AA-	AA	1,580,456	Fixed	2.25%	0.75%-3.03%	Yes	See notes to Appendix B below	1,264	1,454	1,487	16	1,308*	Material
Debentures (Series R) March 3, 2020 Expansion: March 27, 2023	Maalot	AA	AA	533,025	Fixed	0.65%	0.79%-2.93%	Yes	Fixed semiannual interest - January 1 and July1 in 2020-2028 (in 2020, one payment on July 1 only)	498	564	551	2	516*	Immaterial

Series	Rating agency	As at the issuance	Rating as at reporting date	Total par value as at the issuance date (including expansions and exchanges) in NIS thousands	Type of interest	Nominal interest	Effective interest rate as at the issuance date	Listed on the Stock Exchange	Interest payment dates	Par value Nominal, June 30, 2024 (NIS million)	Par value CPI-linked, June 30, 2024 (NIS million)	Carrying amount, June 30, 2024 (NIS million)	Interest payable, June 30, 2024 (NIS million)	Market value, June 30, 2024 (NIS million)	Material
Debentures (Series S) August 18, 2020 Expansion: February 20, 2024	Maalot	AA	AA	1,166,251	Fixed	1.43%	1.57%-2.83%	Yes	Fixed semiannual interest, January 1 and July 1, in 2021-2029	1,136	1,290	1,238	9	1,180*	Immaterial
Debentures (Series T) August 17, 2021 Expansion: November 1, 2022	Maalot	AA	AA	1,398,495	Fixed	0.25%	2.32%-0.38%	Yes	Fixed semiannual interest, January 1 and July 1, 2022-2030 (2030 payment on January 1 only)	1,269	1,414	1,377	2	1,174*	Material
Debentures (Series U) March 27, 2023 Expansion: February 20, 2024	Maalot	AA	AA	1,083,937	Fixed	3.61%	3.78%-3.25%	Yes	See notes to Appendix B below	1,079	1,124	1,136	20	1,109*	Immaterial

* Market value takes into account the ex-day prior to balance sheet date and therefore is lower that the carrying amount.

Notes to Appendix B:

1. The principal of Debentures Series J and K will be repaid in 20 installments, as follows: 19 equal installments of 1% of the principal each, which will be paid twice a year, on January 10 and July 10, starting on January 10, 2016 and ending on January 10, 2025 (inclusive). The balance of the principal (81%) will be repaid in a lump sum on July 10, 2025. Regarding partial early redemption of debentures (Series J), see section 42 below. Regarding partial early redemption of debentures (Series K), see section 43 below.
2. Repayment of debentures (Series N) - will be made in 20 installments that will be paid as follows: 19 installments equivalent to 1% each of the debenture principal will be repaid semiannually, on April 27 and October 27, starting on October 27, 2016 and ending on October 27, 2025 (inclusive), and a final principal payment of 81% of the debenture principal will be paid on April 27, 2026.
3. Repayment of debentures (Series O) - will be made in 20 installments that will be repaid as follows: 17 equal installments of 1% of the debenture principal each to be paid semiannually on June 30 and December 30, starting on December 30, 2016 and ending on December 30, 2024 (inclusive), where the first principal payment will be made on December 30, 2016; an additional payment of 20% of the debenture principal will be paid on December 30, 2023; and an further payment of 63% of the debenture principal will be repaid on December 30, 2024.
4. Repayment of debentures (Series P) - will be made in 21 installments as follows: 20 equal installments of 1% of the principal each, which will be paid twice a year, on April 1 and October 1, from April 1, 2017 to April 1, 2027 (inclusive). The balance of the principal (80%) will be repaid in a lump sum on April 1, 2027.
5. Repayment of debentures (Series Q) - will be made in 27 unequal installments, semiannually on January 1 and July 1, as set out in the principal repayment schedule below:

Principal repayment date (in January and July)	Rate of principal repayment (semiannual)
2019	1.5%
2020	1.0%
2021-2022	2.0%
2023-2024	5.0%
2025	1.0%
In 2026-2032 (one payment only in 2032 on January 1)	5.0%

The interest on the debentures is payable twice a year, on January 1 and July 1, from July 1, 2018 to January 1, 2032 (inclusive).

6. Repayment of debentures (Series R) - will be made in 17 installments as follows: 16 equal installments of 1% of the principal each, which will be paid twice a year, on January 1 and July 1, from July 1, 2020 to January 1, 2028 (inclusive). The balance of the principal (84%) will be repaid in a lump sum on July 1, 2028.
7. Repayment of debentures (Series S) - will be made in 18 installments as follows: 17 equal installments of 1% of the principal each, which will be paid twice a year, on January 1 and July 1, starting on January 1, 2021 and ending on January 1, 2029 (inclusive). The balance of the principal (83%) will be repaid in a lump sum on July 1, 2029.
8. Repayment of debentures (Series T) - will be made in 18 installments as follows: 6 equal installments of 2% of the debt principal each to be paid semiannually on January 1 and July 1, starting from January 1, 2022 and ending on July 1, 2024 (inclusive), 11 equal installments of 1% of the debt principal each to be paid semiannually on January 1 and July 1, starting on January 1, 2025 and ending on January 1, 2030 (inclusive). The balance of the principal (77%) will be repaid in a lump sum on July 1, 2030.

9. Repayment of debentures (Series U) - will be made in 27 unequal installments, semiannually on January 1 and July 1, as set out in the principal repayment schedule below:

Principal repayment date (in January and July)	Rate of principal repayment (semiannual)
2024	1%
2025	0.25%
2026	2.0%
2027	4.75%
2028	6%
2029-2030	2%
2031-2033	6%
2034	3%
2035	5%
In 2036-2037 (one payment only in 2037 on January 1)	4%

The interest on the debentures is payable twice a year, on January 1 and July 1, from July 1, 2023 to January 1, 2037 (inclusive).

10. For further information concerning the right to early redemption of debentures (Series J), see section 7 of the deed of trust for the debentures (Series J) attached as Appendix A to the shelf offering memorandum dated March 30, 2015 (Ref. No. 2015-01-066691).

11. For further information concerning the right to early redemption of debentures (Series K), see section 8 of the deed of trust for the debentures (Series K) attached as Appendix B to the shelf offering memorandum dated March 30, 2015 (Ref. No. 2015-01-066691). For further information concerning a commitment to refrain from creating a floating charge on all the Company's assets, see section 5.5 of the foregoing deed.

12. For further information concerning the right to early redemption of debentures (Series N), see section 7 of the deed of trust for the debentures (Series N) attached as Appendix A to the shelf offering memorandum dated April 18, 2016 (Ref. No. 2016-01-050488).

13. For further information concerning the right to early redemption of debentures (Series O), see section 8 of the deed of trust for the debentures (Series O) attached as Appendix B to the shelf offering memorandum dated April 18, 2016 (Ref. No. 2016-01-050488). For further information concerning a commitment to refrain from creating a floating charge on all the Company's assets, see section 5.5 of the foregoing deed.

14. For further information concerning the right to early redemption of debentures (Series P), see section 7 of the deed of trust for the debentures (Series P) attached as Appendix A to the shelf offering memorandum dated January 11, 2017 (Ref. No. 2017-01-005040).

15. For further information concerning the right to early redemption of debentures (Series Q), see section 9 of the deed of trust for the debentures (Series Q) attached as Appendix A to the shelf offering memorandum dated March 4, 2018 (Ref. No. 2018-01-017334).

16. For further information concerning the right to early redemption of debentures (Series R), see section 7 of the deed of trust for the debentures (Series R) attached as Appendix A to the shelf offering memorandum dated March 1, 2020 (as revised on March 1, 2020 and March 3, 2020 (Ref. Nos: 2020-01-017572, 2020-01-017623 and 2020-01-01780, respectively).

17. For further information concerning the right to early redemption of debentures (Series S), see section 7 of the deed of trust for the debentures (Series S) attached as Appendix A to the shelf offering memorandum dated August 16, 2020 (Ref. No. 2020-01-079504).

18. For further information concerning the right to early redemption of debentures (Series T), see section 7 of the deed of trust for the debentures (Series T) attached **as Appendix A** to the shelf offering memorandum dated August 15, 2021 (Ref. No. 2021-01-065470).
19. For further information concerning the right to early redemption of debentures (Series U), see section 8 of the deed of trust for the debentures (Series U) attached **as Appendix A** to the shelf offering memorandum dated March 26, 2023 (Ref. No. 2023-01-027175).
20. The trustee for debenture series J, N, P, R, S, and T - Reznik Paz Nevo Trustee Company Ltd., the contact person for the series with the Trustee is Adv. Michal Avtalion-Rishoni, Contact information: Telephone: 03-6389200; Fax: 03-6389222; email: michal@rpn.co.il; Postal address: 14 Yad Harutzim Street, Tel Aviv 67778.
21. The trustee for debentures series K, O, Q, and U - Hermetic Trust (1975) Ltd. Contact person is Adv. Dan Avnon, Tel: 03-5274867 Email: hermetic@hermetic.co.il Postal address: 113 Yarkon Street, Tel Aviv POB 3524 Tel Aviv 61034
22. As at reporting date and during the reporting period, the Company was and continues to be in compliance with all the terms and obligations under the deeds of trust for the Company's debentures and there were no terms that could constitute grounds for calling the Company's debentures for immediate repayment.
23. During the reporting period the trustees for the Company's debentures did not require the Company to execute any actions with respect to the debentures.
24. As at the date of approval of the financial statements all the unsecured debentures of the Company as well as the debentures secured by the Company's real estate properties were rated as ilAA. For further information, see the immediate report dated February 18, 2024 (Ref. No. 2024-01-014560), where the information included therein is presented here by way of reference. The Company's debentures (Series K), (Series O), (Series Q) and (Series U) are not secured.
25. To secure debentures (Series J), a first degree charge was recorded on the Company's rights in the Kiryon Shopping Mall in Kiryat Bialik, including the proceeds and insurance payments deriving from them. For further information concerning the value of the Kiryon Shopping Mall, see the revised valuation published together with this report. For further information concerning the collateral mechanism for debentures (Series J), see section 6 of the deed of trust for the debentures (Series J) attached **as Appendix A** to the shelf offering memorandum issued by the Company on March 30, 2015 (Ref. No. 2015-01-066961).
26. To secure the Company's debentures (Series N) a first degree charge unlimited in amount was created on the entire rights of Avnat Ltd. (a wholly owned subsidiary of the Company that was merged into the Company in December), in the Ofer Grand Mall, Petah Tikva and including the adjacent Tower (below jointly, "The Mall") and including the right to receive proceeds from the property and insurance payments with regard to the Mall.
27. To secure debentures (Series P), a first degree charge was created on the ownership rights of MLA in land attributed to the Ofer Grand Mall Be'er Sheva and including MLA's rights to receive proceeds from the property and insurance payments with respect to the pledged property. For further information concerning the collateral mechanism for debentures (Series P), see section 6 of the deed of trust for the debentures (Series P) attached as Appendix A to the shelf offering memorandum issued by the Company on January 11, 2017 (Ref. No. 2017-01-005040).
28. To secure debentures (Series R) Hutzot Hamifratz Haifa Ltd. (A 50% held investee of the Company) (the "Mortgagor") non-specific 50% of its rights in Hutzot Hamifratz shopping mall (as defined in the deeds of trust), including 50% of the Mortgagor's rights to receive insurance payments and 50% of the Mortgagor's rights to receive proceeds from Hutzot Hamifratz (all from the rental agreements) including proceeds that may be due if at all from the exercise of additional building rights, existing or future, in Hutzot Hamifratz and/or any of the properties permitted to be pledged as collateral that will be added as collateral and/or that will replace Hutsot Hamifratz as may be at such time. For further information concerning the collateral mechanism for debentures (Series R), see section 6 of the deed of trust for the debentures (Series R) attached as Appendix A to the shelf offering memorandum issued by the Company

on March 1, 2020 (as amended on March 1, 2020 and March 3, 2020; Ref. Nos.: 2020-01-017572, 2020-01-017623 and 2020-01-01780, respectively).

29. To secure debentures (Series S), the Company pledged in a subordinated lien the Company's rights in the Kiryon shopping mall, including the sub-complex Kiryon shopping mall in Kiryat Bialik, the Delek gas station and the Kiryon Towers located in Kiryat Bialik. For further information concerning the collateral mechanism for debentures (Series S), see section 6 of the deed of trust for the debentures (Series S) attached as Appendix A to the shelf offering memorandum dated August 16, 2020 (Ref. No. 2020-01-079504).

30. To secure debentures (Series T) a caveat and undertaking to register a mortgage were recorded and the Company pledged in a first degree pledge the proceeds, insurance payments and rights to be registered as owners on the Grand Mall in Haifa which is wholly owned (100%) by a subsidiary of the Company. For further information concerning the collateral mechanism for debentures (Series T), see section 6 of the deed of trust for the debentures (Series T) attached as Appendix A to the shelf offering memorandum dated August 15, 2021 (Ref. No. 2021-01-065470).

31. The collateral provided to secure the Company's debentures as set out above are valid under any law and pursuant to the Company's incorporation documents.

32. Below is a breakdown of the Company's compliance with the financial covenants based on the provisions of the deeds of trust for the debentures as set out below, and it is noted that as at reporting date, the Company is in compliance with all the foregoing financial covenants:

Series	Financial covenant	Test date - June 30, 2024	Test date - March 31, 2024
Debentures (Series J), (Series K), (Series N), (Series O), (Series P), (Series Q), (Series R), (Series S), (Series T), (Series U)	The Company's equity pursuant to its latest consolidated financial statements will not fall below the amount of NIS 2.5 - 3.5 billion (according to the relevant series) for two consecutive quarters or more. "Equity" in this context means the Company's equity based on its consolidated balance sheet, including minority rights.	Equity - 11.5 NIS billion	Equity - 11.2 NIS billion
Debentures (Series K), (Series O), (Series P), (Series Q), (Series R), (Series S), (Series T), (Series U)	The Company's equity including non-controlling interests based on the latest consolidated financial statements with addition of net deferred tax liabilities will not fall below 20%-25% (according to relevant series) of the Company's total balance sheet as per its latest consolidated financial statements for two consecutive quarters or more. For this purpose, "total balance sheet" means the total balance sheet of the Company, less cash, cash equivalents, and marketable securities. With regard to part of the series "total balance sheet" means the Company's total balance sheet less cash (unrestricted), cash equivalents (unrestricted), marketable securities, short term financial assets and current assets such as short term loans and deposits (unrestricted).	Shareholders equity to balance sheet ratio - 56%	Shareholders equity to balance sheet ratio - 55%

33. Debentures (Series J and Series K) are linked (principal and interest) to the published CPI for February 2015.
34. Debentures (Series N) are linked (principal and interest) to the published CPI for February 2016.
35. Principal and interest of debentures (Series O) are unlinked.
36. Debentures (Series P) are linked (principal and interest) to the published CPI for November 2016.
37. Debentures (Series Q) are linked (principal and interest) to the published CPI for January 2018.
38. Debentures (Series R) are linked (principal and interest) to the published CPI for January 2020.
39. Debentures (Series S) are linked (principal and interest) to the published CPI for January 2020.
40. Debentures (Series T) are linked (principal and interest) to the published CPI for July 2021.
41. Debentures (Series U) are linked (principal and interest) to the published CPI for February 2023.
42. In February 2024, the Company issued NIS 738,251 thousand par value debentures (Series S) of the Company for total proceeds (gross) of NIS 776 million and 624,504 thousand par value debentures (Series U) of the Company for total proceeds (gross) of NIS 663 million. At the same time the Company announced the approval of the Company's Board of Directors to execute partial early redemption of NIS 541,344 par value debentures (Series J) for an amount of NIS 622 million from the proceeds of the foregoing issue of debentures (Series S), which was executed on April 1, 2024. For further information, see the Company's immediate reports dated February 19, 2024 (Reference No. 2013-01-015169), and March 6, 2024 (Ref. No. 2024-01-019945), March 23, 2024 (Ref. No. 2024-01-025150), and April 1, 2024, (Ref. No. 2024-01-036945), he details of which are presented here by way of reference.
43. In June 2024, the Company implemented a partial early redemption in the amount of NIS 430 million par value (NIS 495 million CPI-linked) of debentures (Series K) of the Company. For information, see the immediate reports issued by the Company on May 28, 2024, May 29, 2024, June 4, 2024 and June 15, 2025 (Ref. Nos. 2024-01-055677, 2024-01-056514, 2024-01-058677 and 2024-01-060825, respectively, the details of which are presented here by way of reference.

Appendix C - Disclosure regarding valuation in accordance with Regulation 8B of the Securities Law (Periodic and Immediate Reports), 1970

The adjustments to the valuations of the Company's properties in the second quarter and annual report of each year are done for the Company by an external appraiser.

Also see the breakdown in section A of the chapter on the main developments in the operating sectors in and subsequent to the reporting period.

Subject of the valuation	Ofer Ramat Aviv
Date of the valuation	June 30, 2024
Carrying amount of evaluated property (NIS million)	2,936
Value of the evaluated property based on the valuation (NIS million)	2,936
Valuator's identity and profile	Barak, Friedman, Cohen & Co. - Economic and Real Estate Appraisal The firm engages in the valuation of real estate properties and serves as an advisor on real estate matters to public companies and entities, local councils, construction companies, financial institutions and insurance companies. The valuations for the relevant opinion were conducted by real estate appraisers Moshe Friedman and Raanan David. Below are particulars of their education and experience: Moshe Friedman - civil engineer, graduate of the Technion and of Tel Aviv University's real estate appraisal and property management program. Engages in real estate appraisal and property valuation since 1991 and registered in the real estate appraisers register since 1993. Raanan David - real estate appraiser with a MA in economics from the Hebrew University of Jerusalem. Graduate of the real estate appraisal and property management program at the Technion's External Studies Unit. Engages in real estate appraisal and property valuation since 2004 and registered in the real estate appraisers register since 2005. There is no mutual dependency between the appraisers and the Company. As part of the engagement, the appraiser was granted a letter of indemnification according to which the Company undertakes to indemnify the appraisers in the even that a financial liability is imposed on them as a result of this assessment, except in cases of negligence.
Valuation model according to which the appraiser worked	Discounted cash flow (DCF) to evaluate the property. The comparison approach to the rest of the building rights.
Assumptions used by the valuator in the valuation	Discount rate of 6.25%-7.25% for rental income. Discount rate of 7.25%-8.5% for other income.

Subject of the valuation	Ofer Kiryon
Date of the valuation	June 30, 2024
Carrying amount of evaluated property (NIS million)	2,740
Value of the evaluated property based on the valuation (NIS million)	2,740
Valuator's identity and profile	Barak, Friedman, Cohen & Co. - Economic and Real Estate Appraisal The firm engages in the valuation of real estate properties and serves as an advisor on real estate matters to public companies and entities, local councils, construction companies, financial institutions and insurance companies. The valuations for the relevant opinion were conducted by real estate appraisers Moshe Friedman and Raanan David. Below are particulars of their education and experience: Moshe Friedman - civil engineer, graduate of the Technion and of Tel Aviv University's real estate appraisal and property management program. Engages in real estate appraisal and property valuation since 1991 and registered in the real estate appraisers register since 1993. Raanan David - real estate appraiser with a MA in economics from the Hebrew University of Jerusalem. Graduate of the real estate appraisal and property management program at the Technion's External Studies Unit. Engages in real estate appraisal and property valuation since 2004 and registered in the real estate appraisers register since 2005. There is no mutual dependency between the appraisers and the Company. As part of the engagement, the appraiser was granted a letter of indemnification according to which the Company undertakes to indemnify the appraisers in the even that a financial liability is imposed on them as a result of this assessment, except in cases of negligence.
Valuation model according to which the appraiser worked	Discounted cash flow (DCF) to evaluate the property. The comparison approach to the rest of the building rights.
Assumptions used by the valuator in the valuation	Discount rate of 6.75%-7.75% for rental income. Discount rate of 8.25%-10.49% for other income. An area of 5,100 square meters that is leased to government bodies was discounted at a rate of 5.5%.

Subject of the valuation	Ofer Grand Mall Haifa
Date of the valuation	June 30, 2024
Carrying amount of evaluated property (NIS million)	1,935
Value of the evaluated property based on the valuation (NIS million)	1,935
Valuator's identity and profile	Barak, Friedman, Cohen & Co. - Economic and Real Estate Appraisal The firm engages in the valuation of real estate properties and serves as an advisor on real estate matters to public companies and entities, local councils, construction companies, financial institutions and insurance companies. The valuations for the relevant opinion were conducted by real estate appraisers Moshe Friedman and Raanan David. Below are particulars of their education and experience: Moshe Friedman - civil engineer, graduate of the Technion and of Tel Aviv University's real estate appraisal and property management program. Engages in real estate appraisal and property valuation since 1991 and registered in the real estate appraisers register since 1993. Raanan David - real estate appraiser with a MA in economics from the Hebrew University of Jerusalem. Graduate of the real estate appraisal and property management program at the Technion's External Studies Unit. Engages in real estate appraisal and property valuation since 2004 and registered in the real estate appraisers register since 2005. There is no mutual dependency between the appraisers and the Company. As part of the engagement, the appraiser was granted a letter of indemnification according to which the Company undertakes to indemnify the appraisers in the even that a financial liability is imposed on them as a result of this assessment, except in cases of negligence.
Valuation model according to which the appraiser worked	Discounted cash flow (DCF) to evaluate the property. The comparison approach to the rest of the building rights.
Assumptions used by the valuator in the valuation	Discount rate of 6.75%-7.75% for rental income. Discount rate of 8.25%-8.5% for other income.

Subject of the valuation	Ofer Grand Mall, Petah Tikva
Date of the valuation	June 30, 2024
Carrying amount of evaluated property (NIS million)	2,073
Value of the evaluated property based on the valuation (NIS million)	2,073
Valuator's identity and profile	Barak, Friedman, Cohen & Co. - Economic and Real Estate Appraisal The firm engages in the valuation of real estate properties and serves as an advisor on real estate matters to public companies and entities, local councils, construction companies, financial institutions and insurance companies. The valuations for the relevant opinion were conducted by real estate appraisers Moshe Friedman and Raanan David. Below are particulars of their education and experience: Moshe Friedman - civil engineer, graduate of the Technion and of Tel Aviv University's real estate appraisal and property management program. Engages in real estate appraisal and property valuation since 1991 and registered in the real estate appraisers register since 1993. Raanan David - real estate appraiser with a MA in economics from the Hebrew University of Jerusalem. Graduate of the real estate appraisal and property management program at the Technion's External Studies Unit. Engages in real estate appraisal and property valuation since 2004 and registered in the real estate appraisers register since 2005. There is no mutual dependency between the appraisers and the Company. As part of the engagement, the appraiser was granted a letter of indemnification according to which the Company undertakes to indemnify the appraisers in the even that a financial liability is imposed on them as a result of this assessment, except in cases of negligence.
Valuation model according to which the appraiser worked	Discounted cash flow (DCF) to evaluate the property. The comparison approach to the rest of the building rights.
Assumptions used by the valuator in the valuation	Discount rate of 6.5%-7.5% for rental income. Discount rate of 7.5%-8.5% for other income.

Subject of the valuation	**Ofer Grand Mall, Be'er Sheva**
Date of the valuation	June 30, 2024
Carrying amount of evaluated property (NIS million)	1,468
Value of the evaluated property based on the valuation (NIS million)	1,468
Valuator's identity and profile	Barak, Friedman, Cohen & Co. - Economic and Real Estate Appraisal The firm engages in the valuation of real estate properties and serves as an advisor on real estate matters to public companies and entities, local councils, construction companies, financial institutions and insurance companies. The valuations for the relevant opinion were conducted by real estate appraisers Moshe Friedman and Raanan David. Below are particulars of their education and experience: Moshe Friedman - civil engineer, graduate of the Technion and of Tel Aviv University's real estate appraisal and property management program. Engages in real estate appraisal and property valuation since 1991 and registered in the real estate appraisers register since 1993. Raanan David - real estate appraiser with a MA in economics from the Hebrew University of Jerusalem. Graduate of the real estate appraisal and property management program at the Technion's External Studies Unit. Engages in real estate appraisal and property valuation since 2004 and registered in the real estate appraisers register since 2005. There is no mutual dependency between the appraisers and the Company. As part of the engagement, the appraiser was granted a letter of indemnification according to which the Company undertakes to indemnify the appraisers in the even that a financial liability is imposed on them as a result of this assessment, except in cases of negligence.
Valuation model according to which the appraiser worked	Discounted cash flow (DCF) to evaluate the property. The comparison approach to the rest of the building rights.
Assumptions used by the valuator in the valuation	Discount rate of 6.75%-7.75% for rental income. Discount rate of 8.25%-8.5% for other income.

Subject of the valuation	**Hutzot Hamifratz**
Date of the valuation	June 30, 2024
Carrying amount of evaluated property (NIS million)	767
Value of the evaluated property based on the valuation (NIS million)	1,533
Valuator's identity and profile	Barak, Friedman, Cohen & Co. - Economic and Real Estate Appraisal The firm engages in the valuation of real estate properties and serves as an advisor on real estate matters to public companies and entities, local councils, construction companies, financial institutions and insurance companies. The valuations for the relevant opinion were conducted by real estate appraisers Moshe Friedman and Raanan David. Below are particulars of their education and experience: Moshe Friedman - civil engineer, graduate of the Technion and of Tel Aviv University's real estate appraisal and property management program. Engages in real estate appraisal and property valuation since 1991 and registered in the real estate appraisers register since 1993. Raanan David - real estate appraiser with a MA in economics from the Hebrew University of Jerusalem. Graduate of the real estate appraisal and property management program at the Technion's External Studies Unit. Engages in real estate appraisal and property valuation since 2004 and registered in the real estate appraisers register since 2005. There is no mutual dependency between the appraisers and the Company. As part of the engagement, the appraiser was granted a letter of indemnification according to which the Company undertakes to indemnify the appraisers in the even that a financial liability is imposed on them as a result of this assessment, except in cases of negligence.
Valuation model according to which the appraiser worked	Discounted cash flow (DCF) to evaluate the property. The comparison approach to the rest of the building rights.
Assumptions used by the valuator in the valuation	Discount rate of 6.75% for rental income. Discount rate of 7.25%-8.5% for other income.

Appendix D - Breakdown of Aviv Yizum Projects

Projects under construction

Project	Company's effective share in the project	Date of commencement of construction	Date of completion of construction	Total number of units under construction	Total number of units for marketing in the project	Total number of residential apartments sold	Percentage of engineering completion (%)	Total expected income from the project (NIS million)	Total expected costs (NIS million)	Total expected gross profit (NIS million)	Expected surplus balance, including equity invested in the project (NIS m)	Equity invested in the project	Gross profit recognized by June 30, 2024
Aviv in Podim	80%	April -2022	July 2025 (estimated)	111	74	69	54%	224	184	40	56	24	19
Total				**111**	**74**	**69**		**224**	**184**	**40**	**56**	**24**	**19**
Total Aviv Yizum's share				**89**	**59**	**55**		**179**	**147**	**32**	**45**	**19**	**7**

Projects in planning

Project	Company's effective share in the project	Commencement of construction	Percentage of tenants that have signed contracts	Planning status	Total number of existing apartments in building	Total number of apartments in building after construction	Total number of apartments designated for sale	Total expected income from the project (NIS million)	Total expected costs (NIS million)	Total expected gross profit (NIS million)	% gross profit on costs
Reading, Tel Aviv.	85%	2024	94%	Building permit received	36	84	48	207	166	41	25%
Hamakor, Ramat Gan*	84.75%	2024	100%	A conditional building permit was received, all the conditions were completed	24	72	48	152	129	23	18%
Hafetz Hayim, Tel Aviv*	70%	2024	100%	Building permit received	32	63	31	119	101	18	18%
Histadrut C, Givatayim*	85%	2024	100%	A conditional building permit was received, actions were taken to complete the conditions	115	332	219	908	759	149	20%
Histadrut D Givatayim	85%	2025	91%	Application for building permit was submitted	48 + 8 stores	142	86	332	257	75	29%
Histadrut E, Givatayim	85%	2025	98%	Application for building permit was submitted	48	134	86	313	255	58	23%
Histadrut F, Givatayim	85%	2027	79%	The UBP was approved by the local committee, to be submitted for objections	208	582	374	1,297	1,058	239	23%
Histadrut K, Givatayim	85%	2025	94%	UBP was approved, application for building permit was submitted	50	160	110	371	289	82	28%
Histadrut L, Givatayim	85%	2025	96%	UBP was approved, preparing to submit application for building permit	50	160	110	358	287	71	25%
Maoz Aviv, Tel Aviv	80%	2025	96%	Applications for a building permit and excavation and disposal permit have been filed	96	266	170	666	524	142	21%
Sokolov, Ramat Gan	85%	2026	91%	Comments to the plan were received from the district committee, actions have been taken to correct them	33 + 2 retail use units	99	66	169	143	26	18%

Projects in planning (cont.)

Project	Company's effective share in the project	Construction start	Percentage of tenants that have signed contracts	Planning status	Total number of existing apartments in building	Total number of apartments in building after construction	Total number of apartments designated for sale	Total expected income from the project (NIS million)	Total expected costs (NIS million)	Total expected gross profit (NIS million)	Gross profit on costs (%)
Ma'ale HaShoeva, Ramat Gan	85%	2026	95%	The district committee's conditional approval to the urban building plan was received	47 + storeroom	132	85	233	199	34	17%
Haroeh Hagat Ben Gurion Street, Ramat Gan	85%	Unknown	77%	Documents submitted for discussion by local committee	66 + 10 retail use units	186	120	403	331	72	22%
Uziel, Ramat Gan	85%	2027	71%	Preliminary planning with the municipality	48 + 2 retail use units	130	82	192	164	28	17%
Yeffet, Tel Aviv.	43%	2026	68%	Documents submitted for discussion by local committee	97	269	172	457	411	46	11%
Total					**998**	**2,811**	**1,807**	**6,177**	**5,073**	**1,104**	**21%**
Total Aviv Yizum share					**796**	**2,253**	**1,452**	**5,006**	**4,098**	**909**	**22%**

* The sale of apartments in the Aviv in Hamakor, Aviv in Hefez Haim and Aviv in Histadrut C started the first six months of 2024 and by the publication date of this Report, 92 apartments were sold.

Land purchased by the Company

Project	Company's effective share in the project	Commencement of construction	Planning status	Total number of apartments in the project	Total expected income from the project (in NIS million)	Total expected costs (NIS million)	Total expected gross income (in NIS million)	% gross profit on costs
Shechakim, Herzliya	88%	2025	Urban Building Plan approved, design plan advanced by the local committee	733 + 1,170 sq. m retail use	3,443	2,872	571	20%
Aviv in Shirat HaYam	100%	2025	UBP approved, preparing application for building permit	126	535	456	79	17%
Tabenkin, Tel Aviv.	95%	2026	In process of obtaining Urban Building Plan approval	120	475	429	46	11%
Total				**979**	**4,453**	**3,757**	**696**	**18%**
Total Aviv Yizum's share				**885**	**4,016**	**3,391**	**625**	**18%**
Total Aviv Yizum's share - all projects				**2,386**	**9,201**	**7,636**	**1,566**	**17%**

- The Aviv in Ahimeir Limited Edition, Aviv in Hankin, and Aviv in Netzah projects were completed and the entire gross profit for them was recognized.
- In addition, Aviv Yizum is promoting 22 additional projects that are not presented above, for which at this time there is no planning certainty and/or minimal signatures obtained. Total number of apartments expected in these projects (including apartments belonging to existing residents) 4,450 apartments.