QUARTERLY REPORT
Q1 2022

Alony Hetz Properties & Investments ltd.

AlonyHetz
Properties & Investments Ltd

Carr, Image of Block 16, Austin, Texas

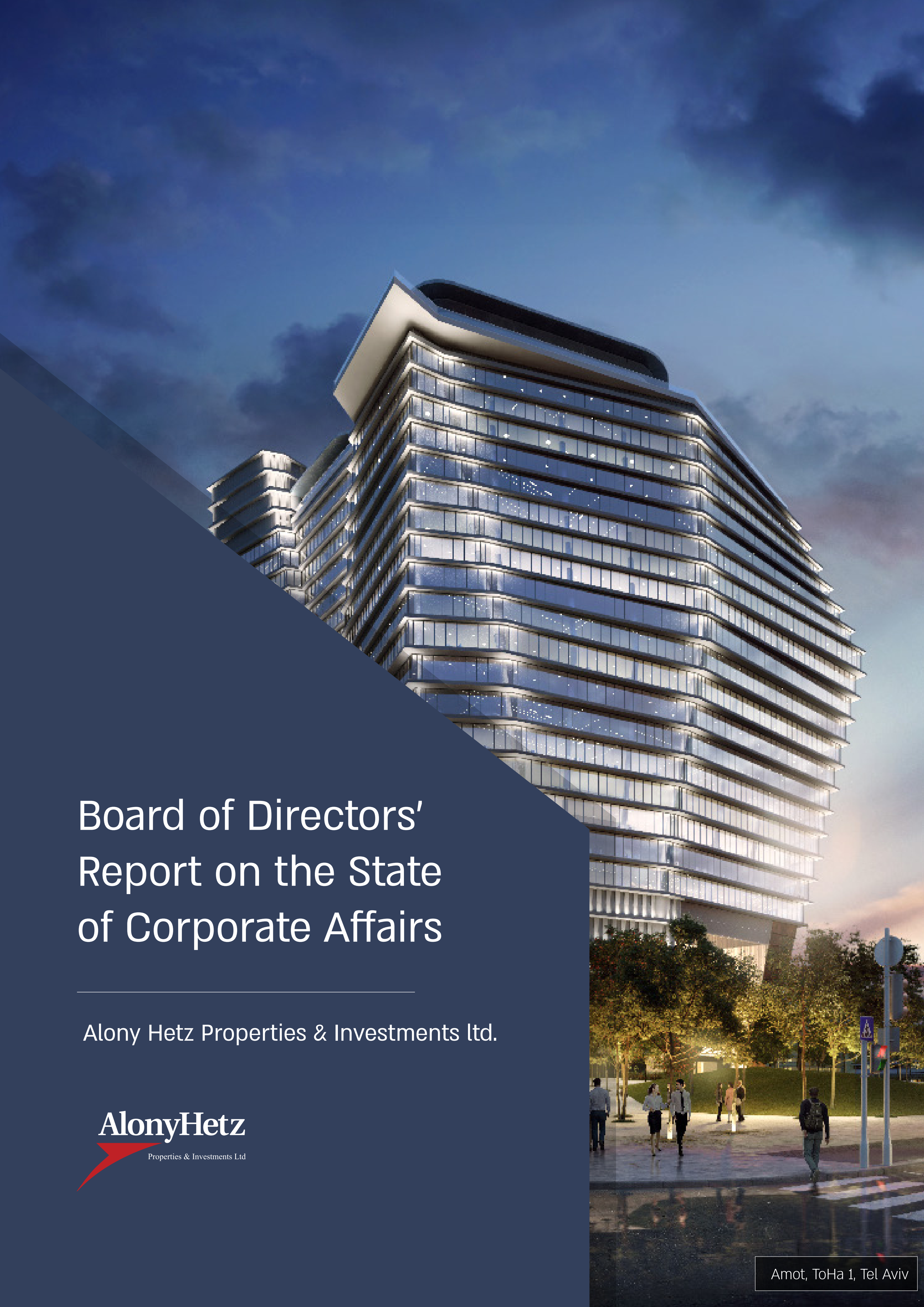
QUARTERLY REPORT | Q1 2022

AlonyHetz
Properties & Investments Ltd

Board of Directors' Report on the State of Corporate Affairs

Alony Hetz Properties & Investments ltd.

AlonyHetz
Properties & Investments Ltd



Amot, ToHa 1, Tel Aviv

Ramat Gan, May 24, 2022

Board of Directors' Report for the Three Month Period ended March 31, 2022

The Board of Directors of Alony-Hetz Properties and Investments Ltd. (hereinafter: the "**Company**") is pleased to submit the Company's Board of Directors' Report for the three-month period ended March 31, 2022 (hereinafter: the "**Reporting Period**"). The Board of Directors' Report for the reporting period should be reviewed in the context of the 2021 Board of Directors' Report, which is attached to the 2021 Annual Report published by the Company on March 23, 2022 (Ref: 2022-01-033172) (hereinafter: "**Board of Directors' Report for 2021**").

1. Concise description of the Group

The Company and its consolidated companies (hereinafter: the "**Group**") have two areas of activity:

- **Main area of activity** – long-term investments in income-generating property companies in Israel and in western countries. As of the publication date of this report, the Group operates in the following markets: Israel, the United States, and the United Kingdom.
- **Additional area of activity** – investment in renewable energies. The Group has income-generating investments in the fields of photovoltaic energy and wind energy, as well as in the development and initiation of electricity generating facilities in Israel, Poland and in the United States.

1.1 The Group's principal investments in the field of cash-generating real estate as of March 31, 2022:

Activity in Israel

Holdings at a rate of 54.01% in Amot Investments Ltd. (hereinafter: "**Amot**"), a publicly traded income-generating property company whose securities are listed on the Tel Aviv Stock Exchange Ltd. For additional information, see Section 2.3.3 below.

Activity in the United States

- Holdings of 44.2% of the equity rights of Carr Properties (hereinafter: "**Carr**"), a private company and 50% in the control, a private company that operates in the income-generating property field whose income-generating properties are located in the United States, in the Washington D.C. area, in Boston and in Austin, Texas. For further details, see Section 2.3.4 below.

- Holdings of 55% of the equity rights and 50% of the control in three property companies in the Boston metropolitan area (hereinafter: "**AH Boston**"). Two of the properties are in the Boston CBD and one is in East Cambridge.

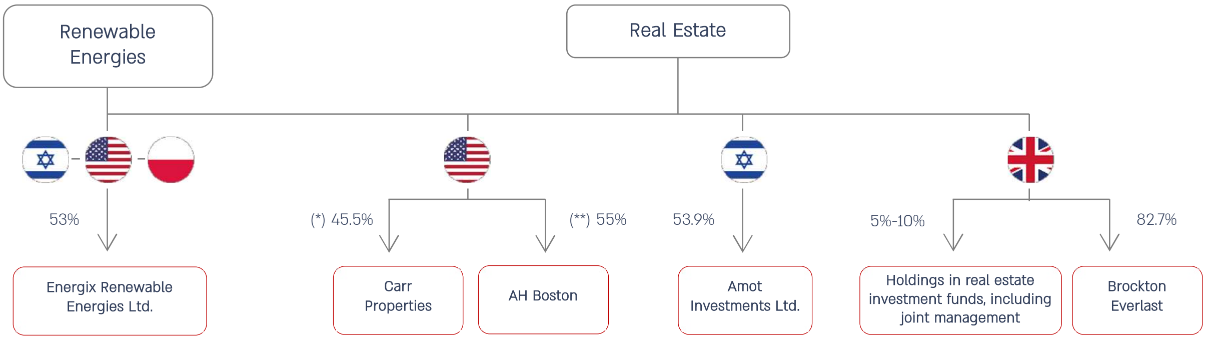
Activity in the UK

- Holdings of 82.7% in Brockton Everlast Inc. Limited (hereinafter: "**BE**"), a private company that operates in the income-generating property field in the UK, in the London metropolitan area, Cambridge and Oxford in the UK. For additional information, see Section 2.3.5 below.
- Holdings in two British real estate funds from the Brockton Group: 5% in Brockton Capital Fund II and 10% in Brockton Capital Fund III LP.

1.2 The Group's renewable energy investments as of March 31, 2022:

Holdings of 53.15% in Energix - Renewable Energies Ltd. (hereinafter: "**Energix**"), a public company whose securities are listed for trading on the Tel Aviv Stock Exchange Ltd. Energix engages in the initiation, development, financing, construction, management and operation of facilities for the generation and storage of electricity from renewable energy sources (photovoltaic systems and wind farms) and the sale of electricity generated in these facilities, with the intention of holding them for the long term. As of the date of the report, Energix has operations in Israel, Poland and the United States, with the intention of holding them for the long term. For additional information, see Section 2.3.6 below.

1.3 The following are the Group's main holdings close to the date of publication of the report:



* The Company and JP Morgan (through SSPF Investment Fund, managed by JP Morgan) have joint control in Carr.
** Joint holdings with Oxford Properties in three property companies that own office buildings in Boston. The Company and Oxford Properties have a joint control agreement.

1.4 Stock Market Indices

The Company's shares are traded on the Tel Aviv Stock Exchange Ltd. (hereinafter: the "**TASE**"). The main stock market indices to which the Company's securities belong are: TA-35, TA-125, TEREAL, TA-Investment Properties in Israel, Tel-Div, the various TelBond indices, TA 125 - Fossil-Fuel-Free Climate index and the Tel Aviv - Maala index.

1.5 Main events from the beginning of 2022 to the date of publication of the report

The Company Expanded Solo

- Acquisition of Energix shares in the amount of NIS 204 million in the reporting period, of which an amount of NIS 168 million is part of a public offering of Energix's ordinary shares.
- Investment in BE's capital in the amount of GBP 16.5 million (NIS 72 million).
- Issuance of NIS bonds by way of an expansion of existing series for a gross total consideration of NIS 781 million and effective interest rate of 1.99%.
- Signing of a credit agreement in the amount of NIS 150 million with the Bank of Israel for a one-year utilization period (until January 2023) repayable until the end of two years from the end of the utilization period. As of the publication of the report, the Company has lines of credit in the amount of NIS 650 million that are not utilized.

Amot

- Completion of the construction of the Amot Holon campus – an office building that includes a gross 60 thousand sq.m. above ground for marketing and a 5-story underground parking lot (Amot's share - 77.8%). As of the date of the report, the tower is in initial population stages.
- Issuance of 11.6 million ordinary shares by way of a private offering for a net amount of NIS 301 million, to several institutional investors.
- Subsequent to the date of the report, submission of the highest bid in a public tender by the Tel Aviv Municipality for the purchase (AS IS) of the full lease rights (49 years with an option to extend for another 49 years) in an area of approx. 3.2 dunams at 15 Derech Hashalom St. in Tel Aviv, for the amount of approx. NIS 261 million, plus VAT. Amot has not yet received a notification from the municipality regarding its win in the tender.
- Subsequent to the date of the report, Amot conducted a tender for classified investors in which Amot confirmed acceptance of early commitments for the raising of capital in the amount of approx. NIS 317 million, of which NIS 162 million were orders from the Company, and approx. NIS 402 million for the raising of bonds. The capital raising will be carried out as part of the public tender that is expected to take place in the coming days.

Carr Properties

- Signing of a 99-year lease agreement for a land reserve known as "Block 16" with an area of 4 dunams in the CBD of Austin, Texas for the purpose of developing and building an office tower with a total area of 738 thousand sq.ft. and a construction budget of USD 520-530 million. Carr intends to add a partner at a rate of 49% to the project.
- Signing of an agreement to lease the remaining rental space in the One Congress tower (owned 75% by Carr) with an area of 409 thousand sq.ft. (approx. 38 thousand sq.m.), so that after the agreement, the One Congress building is fully leased.
- Subsequent to the balance sheet date, some of the non-controlling interests in Carr exercised the redemption rights to their holdings. The Company intends to invest an amount of USD 60 million in Carr's capital for the financing of the above redemption. After the investment, which is expected in June 2022, the Company will hold 47% in Carr.

Brockton Everlast

Menora Mivtachim's investment in the amount of GBP 112 million in BE's capital in consideration for 13.6% of BE's capital. In this context, Menora Mivtachim was granted an option to invest additional capital in BE in the amount of GBP 75 million until May 23, 2023, and if it will be exercised, the rate of Menora Mivtachim's holding in BE will rise to up to 20%.

Energix Renewables

- Engagement in an agreement to expand Energix's strategic cooperation with First Solar and an agreement to purchase solar panels with a total capacity of over 2 GW. Most of the payments will be made close to the receipt of the panels as part of the construction of the projects, to the extent that they are actually built, by 2025.
- In the United States –
    - Virginia 2 (142 MWp) - Completion of the construction of 5 photovoltaic facilities (with a capacity of 116 MWp) of the 6 projects, and they have commenced commercial operation.
    - Completion of the acquisition of a construction project with a capacity of 104 MWp in Pennsylvania.

- In Israel –
  - Completion of the construction of 17 projects with a capacity of approx. 137 MWp in competitive procedures 3 and 4 and commercial operation of 3 additional projects with a capacity of 25 MWp, and in total, 77 MWp of these projects are in commercial operation.
  - Approval of the Julis project plan, an extra-high-voltage photovoltaic project with a capacity of 90 MWp, in the National Infrastructure Committee, and submission of the plan for final approval of the government.
  - Commencement of construction work on a wind farm in the Golan Heights with a capacity of 104 MW - the ARAN project.
- In Poland –
  - Completion of construction and start of electricity feed from the Banie 3 wind farm (82 MW) and the Sepopol wind farm (44 MW).
  - Completion of the construction of 8 wind turbines with a total capacity of 28 MW, of the Banie 4 16-turbine wind farm with a capacity of 56 MW.
- Capital raising in the amount of NIS 337 million, of which the Company invested an amount of approx. NIS 168 million.

1.6 Summary of the main data – the Group

Main Financial Results – Consolidated Statement	Unit	Q1/2022	Q1/2021	2021	% Change[1]
Revenues from rental fees and management of investment property	NIS thousands	280,313	219,506	989,381	27.7
Fair value adjustments of investment property	NIS thousands	123,562	(41,554)	1,715,469	
Group share in the profits of associates, net	NIS thousands	43,017	74,349	126,719	(42.1)
Net profit for the period	NIS thousands	265,961	156,886	2,033,492	69.5
Net profit for the period attributed to Company shareholders	NIS thousands	155,007	106,246	1,557,947	45.9
Total comprehensive income for the period attributed to Company shareholders	NIS thousands	192,295	219,614	1,406,070	(12.4)
FFO attributed to Company shareholders[2]	**NIS thousands**	**133,407**	**110,795**	**488,607**	**20.4**
Total balance sheet	NIS thousands	32,989,358	27,107,672	31,956,592	3.2
Equity (including non-controlling interests)	NIS thousands	12,808,267	10,068,825	11,829,564	8.3
Financial debt (bank credit and bonds)[3]	NIS thousands	16,260,215	13,963,984	15,895,765	2.3
Net financial debt[4]	NIS thousands	14,684,225	12,305,861	14,732,476	(0.3)
Ratio of net financial debt to total balance sheet[5]	%	46.7	48.4	47.8	
Main Financial Results – Expanded Solo[6]					
Total balance sheet	NIS thousands	12,512,595	11,070,683	12,323,090	1.5
Equity attributed to Company shareholders	NIS thousands	7,713,917	6,531,795	7,638,174	1.0
Financial debt (bank credit and bonds)[3]	NIS thousands	4,103,875	3,872,185	3,916,548	4.8
Net financial debt[4]	NIS thousands	3,917,904	3,433,557	3,649,557	7.4
Ratio of net financial debt to total balance sheet	%	31.8	32.3	30.3	
Earnings per share data					
Earnings per share – basic	NIS	0.89	0.61	8.98	45.9
Comprehensive income per share – basic	NIS	1.10	1.27	8.11	(13.4)
FFO per share	**NIS**	**0.77**	**0.64**	**2.82**	**20.3**
Current dividend per share[7]	NIS	0.31	0.30	1.22	3.3
NAV per share	NIS	44.24	37.79	43.89	0.8
NNAV per share[8]	NIS	51.08	44.91	50.88	0.4
Price per share at end of period	NIS	53.13	42.92	57.93	(8.3)

1. Balance sheet data from March 31, 2022 compared to December 31, 2021. Result data from 1-3/2022 compared to 1-3/2021.

.2 The FFO calculation did not include exchange rate differentials and linkage differentials for the bonds and the CPI-linked loans, since the Company's management believes that those expenses do not reflect cash flows from ongoing operating activities.

.3 Financial debt also includes assets/liabilities of derivative transactions carried out by the Group.

4. Financial debt presented net of cash balances. The Company's financial debt (expanded solo) as of March 31, 2021 and December 31, 2021 is the financial debt less the cash balance and less a loan balance to a consolidated company in the amount of NIS 420 million and NIS 154 million.

5. Net financial debt as a percent of total balance sheet, less cash balances. The Company's net financial debt (expanded solo) as of March 31, 2021 and December 31, 2021 is the financial debt less the cash balance and less a loan balance to a consolidated company in the amount of NIS 420 million and NIS 154 million.

6. In the expanded solo balance sheet, the investment in Amot, Energix and BE is presented on an equity basis instead of the consolidation of their statements with the Company's statements (the remaining investments are presented unchanged in the statement presented in accordance with IFRS principles).

7. The above dividend amount does not include an additional dividend for the year 2021 in the amount of NIS 44 per share and NIS 0.44 per share.

.8 When calculating the NNAV per share, the Company's tax reserves (expanded solo) were neutralized, as was the Company's share in the tax reserves of investees.

1.7 Summary of Key Data – Investees

	Unit	Q1/2022	Q1/2021	2021	% Change[9]
Investment in Israel – Amot Investments Ltd. (rate of holdings - 54.01%)[10]					
Number of income-generating properties	Unit	176	175	175	
Value of investment property (without property in self-development)	NIS thousands	15,380,400	12,743,267	14,678,447	4.8
Weighted discount rate derived from investment property	%	6.09	6.53	6.08	
Occupancy rate at end of period	%	[11]94.9	96.8	98.0	
Value of investment property in self-development	NIS thousands	2,082,753	1,270,555	2,447,443	(14.9)
Ratio of net financial debt to total balance sheet	%	43	43	42.9	
NOI[12]	NIS thousands	219,433	177,186	779,818	23.8
FFO[13] per share	NIS	0.38	0.31	1.39	22.6
NAV per share	NIS	17.23	15.42	17.17	0.3
NNAV per share	NIS	20.65	18.78	20.63	0.1
Price per share at end of period	NIS	24.02	17.86	25.28	(5.0)
Investment in the United States – Carr Properties Corporation (rate of holdings - 44.2%)[14]					
Number of income-generating properties	Unit	16	13	16	
Value of investment property (without property in self-development)	USD thousands	3,210,769	2,895,900	3,218,384	(0.2)
Occupancy rate at end of period[15]	%	88.3	89.90	87.90	-
Rental rate at end of period[15]	%	92.1	91.50	92.80	-
Number of properties in development	Unit	2	3	2	-
Value of self-developed properties	USD thousands	721,556	1,074,300	654,476	10.2
Ratio of net financial debt to total balance sheet	%	43.5	45.2	43.1	
NOI	USD thousands	35,424	33,580	144,274	5.5
FFO[17]	USD thousands	18,633	17,144	77,511	8.7
Investment in the United Kingdom – Brockton Everlast Inc. Limited (rate of holdings - 82.7%)					
Number of income-generating properties	Unit	14	14	14	
Value of investment property	GBP thousands	940,694	812,985	938,125	0.3
Occupancy rate at end of period	%	97.5	90.1	97.3	
Value of land for initiation	GBP thousands	232,750	-	232,750	
Ratio of financial debt to total balance sheet	%	30.5	52.1	39.7	
NOI	GBP thousands	8,386	6,933	31,156	21.0
FFO	GBP thousands	3,002	2,419	15,577	24.1
Investment in renewable energy – Energix Renewable Energies Ltd. (rate of holdings – 53.15%)					
Installed capacity from connected photovoltaic systems (MWp) – Energix's share	Unit	411.0	222.8	395.2	4
Installed capacity from connected wind systems (MW) – Energix's share	Unit	207.2	119.2	134.2	54.4
Balance of connected electricity-generating facilities – according to book value	NIS thousands	1,950,070	1,627,659	1,914,928	1.8
Revenues from sale of electricity and green certificates	NIS thousands	91,513	58,148	260,836	57.4
FFO from projects[16] – Energix's share	NIS millions	40	33.5	179	18.7
Price per share at end of period	NIS	12.25	12.65	13.25	(7.5)

9. Balance sheet data of March 31, 2022 compared to December 31, 2021. Result data of 1-3/2022 compared to 1-3/2021.
10. The main figures for Amot are from the Amot's expanded consolidated financial statements published in Amot's Board of Directors' Report (hereinafter: "**Amot's Pro Forma Reports**"). Amot's Pro Forma Reports are Amot's reports presented according to IFRS principles, with the exception of the implementation of IFRS 11 "Joint Arrangements", which came into effect on January 1, 2013. In Amot's Pro Forma Reports, the investments in investees, presented based on the equity method in Amot's Financial Statements, are neutralized and presented according to the relative consolidation method, similar to their treatment prior to IFRS coming into effect.
11 The rate of occupancy, with the neutralization of the Amot Holon campus, which was classified as income-generating property in the first quarter of 2022, is 98%.
.12 Net operating income.
13. Funds from operations.
.14 The financial data presented above includes Carr's economic share in its assets and liabilities and those of all its investees, including of companies that are not consolidated in its financial statements prepared in accordance with IFRS principles.
15 The occupancy and construction rate does not include The Wilson and The ELM for which the construction period has ended and they are in the process of being populated.
.16 Not including Energix's initiation, administrative and general cash flow costs that are not connected with projects.

2. Board of Directors' Explanations for the State of Corporate Affairs

2.1 The business environment

The following is information regarding the economic development from the beginning of 2022 in the business environment in which the Group operates.

During the reporting period, world economies returned almost completely to routine in all sectors of activity, eliminating most of the Corona restrictions.

In the reporting period, the trend of rising inflation continued even more. The war in Ukraine, the slowdown in economic activity in China, the continued disruptions in global production chains, the rise in energy and in commodity prices increased inflationary pressures and are leading to a certain slowdown in the pace of global economic activity. The International Monetary Fund has updated its growth forecast for 2022 from 4.4% to 3.6%.

In most countries, inflation indices are significantly higher than the targets of central banks. The inflation rate in the United States has climbed to 8.5%, in the UK to 6.2% and in Israel to 4%. As a result, the Fed has raised the interest rate by 0.75% since the beginning of the year and has significantly updated interest forecasts upwards in the forecast range. The Bank of England (BOE) also raised the interest rate by 0.25%, A similar step was taken by the Bank of Israel, according to which the Bank has raised the Bank of Israel interest rate by 0.65% since the beginning of the year in two cumulative increases.

In world markets, there has been a sharp rise in government bond curves in the context of expectations of rising inflation and monetary tightening. At the same time, since the beginning of the year there have been tens of percents of declines in world stock markets due to rising interest rates and fears of a long-term recession.

The Group has exposure to market risks as detailed in Section 4.1 of the Board of Directors' Report for 2021. According to the assessment of the Company's management, its financial strength and that of all the Group companies (Amot, Energix, Carr, and Brockton Everlast) as well as the mix of tenants, the duration of the lease agreements, the quality of their properties and the fixing of electricity prices will enable them to face the challenges of rising interest rates, inflation and an economic recession.

In addition, the Company estimates that the status of the Group's liquidity, cash balances and credit facilities, the average duration of its debts, leverage level, current cash flows and access to bank credit and to the capital market will enable it to continue its operations and meet its obligations. Regarding the Group's liquidity, its unencumbered assets and its financial debt, see Section 2.4 below.

The Company's estimates of the possible consequences of future developments in the economic environment in which the Group operates constitute forward-looking information, as defined in the Securities Law, 1968, which is based, among other things, on the Company's assessments as of the date of publication of this report with respect to factors that are not under its control. The Company's assessments are based on information available to the Company, on publications and research on these subjects and on the guidelines of the relevant authorities in the various countries in which the Group operates. It should be clarified that there is no certainty that the above assessments will be realized, in whole or in part, due to factors beyond the Company's control.

2.2 Statement of Financial Position

Statement of Financial Position Item	31.3.2022 NIS millions	31.12.2021 NIS millions	Notes and Explanations
Cash and cash equivalents	1,576	1,163	For Statement of Cash Flows – see Section 2.6 below.
Investment Property, Investment Property in Development and Land Rights	21,671	21,376	Most of the increase stems from property revaluation in the reporting period in the amount of NIS 124 million due to the rise in the CPI by 1.17% and from the investment in properties in development in the amount of approx. NIS 102 million.
Investments in associates Securities measured at fair value through profit and loss	4,630	4,611	For details regarding changes in the balance of the investment in securities measured at fair value through profit and loss and investments in associates, see Notes 11(b) and 11(c) to the financial statements.
Electricity-generating facilities – connected and in development	4,034	3,765	Most of the increase is due to investments made by the Group in photovoltaic projects in development (mainly in Poland and in the United States). For details on electricity-generating facilities, see Note 5 to the financial statements.
Other assets	1,078	1,042	
Total assets	32,989	31,957	
Loans and bonds	16,318	16,113	The following are the main changes: • Raising of bonds and receipt of long-term loans in the amount of NIS 0.9 billion. • Repayment of bonds and loans in the amount of NIS 0.7 million. For details regarding the main changes in the Group's financial debt – see Section 2.4.3 below.
Other liabilities	3,863	4,014	
Total liabilities	20,181	20,127	
Equity attributed to shareholders	7,714	7,638	For details regarding the main changes in equity attributed to shareholders – see Section 2.7.2 below.
Non-controlling interests	5,094	4,192	During the reporting period, the balance of the non-controlling interests increased by approx. NIS 1 billion following capital issues carried out by BE, Amot, and Energix (of that amount, a total of NIS 0.5 billion stems from the Menora transaction - see Section 2.3.5)
Total equity	12,808	11,830	
Total liabilities and equity	32,989	31,957	

2.3 Investments

2.3.1 The following are the Company's investments (expanded solo) as of March 31, 2022

	Currency	Number of Shares	Book Balance of the Company (expanded solo)	Value	Value Measurement Basis
			NIS thousands	NIS thousands	
Amot	NIS	[17] 245,718,872	4,212,679	5,906,470	Stock market value - tradable
Energix	USD/PLN/NIS	276,060,936	952,532	3,381,746	Stock market value - tradable
Carr	USD	-	3,092,880	3,092,880	Equity method
AH Boston	USD	-	856,970	856,970	Equity method
Brockton Everlast	GBP	-	2,834,784	2,913,484	Adjusted value for Menora transaction, see Section 2.3.5
Brockton Funds	GBP	-	155,894	155,894	Equity method
Others (mainly cash in the amount of NIS 185 million)			200,256	200,256	
Total			12,305,995	16,507,700	

2.3.2 The Company's investments (expanded solo) in the reporting period

During the reporting period, the Company (expanded solo) **invested** in its investees, as follows:

	Q1/2022
	In NIS millions
Energix	204
Brockton Everlast	72
Brockton Everlast - repayment of bridging loan	(158)
Boston AH	8
	126

2.3.3 Investment in property in Israel – through Amot

As of March 31, 2022, Amot's properties, owned or leased, include 176 income-generating properties spread throughout Israel with a total area of 1.8 million sq.m. (Amot's share), 1.1 million sq.m. of rental areas and 0.7 million sq.m. of open storage and parking (18,300 parking spaces). These properties are spread throughout the country, with the majority of Amot's properties (90%) located in the big cities in the center of the country and in high-demand areas. The properties are leased to approx. 1,750 tenants, through contracts of varying durations. In addition, Amot has 7 projects in development amounting to 230 thousand sq.m. above-ground (Amot's share) and 3 projects in planning and initiation amounting to 64 sq.m. above-ground (Amot's share). The occupancy rate of all of Amot's properties as of March 31, 2022 is 94.9%[18].

[17] In addition, the Company holds 2.88 million Amot options (Series 11) that are exercisable for Amot shares.

[18] The rate of occupancy, with the neutralization of the Amot Holon campus property, which was classified as income-generating property in the first quarter of 2022, is 98.3%. The occupancy rate represents space for which there are signed contracts, some of which are in the process of being populated.

In January 2022, under a private offer report, Amot issued approx. 11.6 million ordinary Amot shares of NIS 1 PV each, for a net amount of approx. NIS 301 million, to several institutional investors, three of which are interested parties in Amot by virtue of their holdings, prior to the date of the above private allotment. The holding rate of the Company close to the date of publication of this report is approx. 53.9%.

On May 23, 2022, Amot issued a tender to classified investors for an early commitment to order its shares and option warrants (Series 11), according to which Amot issued acceptance notices for orders amounting to NIS 317 million, of which the Company ordered shares and options (Series 11) in the amount of NIS 162 million. Amot intends to complete the capital raising by way of a uniform offer to the public over the coming days. The amount of the final capital raising and the amount of the Company's orders to be accepted will be determined only after the completion of the public tender.

Regarding a tender for classified investors for Amot's expansion of bond series (Series F and G) - see Section 2.4.3 below.

2.3.3.1 For information regarding Amot's activity, see Chapter B of the Company's Description of Corporate Business for 2021 and Section 2.3.5 of the Company's Board of Directors' Report for 2021.

2.3.3.2 Developments in Amot's business in the reporting period and subsequent to the balance sheet date are as follows:

Amot Holon

At the beginning of 2022, the construction was completed on an office building that includes a gross 60 thousand sq.m. above ground for marketing and a 5-story underground parking lot (Amot's share - 77.8%). The tower is in initial population stages. In view of the above, in the first quarter of 2022, Amot reclassified the office building from 'property in development' to 'investment property', in the amount of NIS 470 million. As of the date of the report, contracts have been signed for approx. 10,300 sq.m., which are expected to generate approx. NIS 10 million per year (Amot's share - 77.8%).

Kargal Logistic Center

In March 2022, Amot engaged (through a wholly owned subsidiary) in an agreement with Kargal Ltd. (hereinafter: "Kargal"), according to which on March 3, 2022, the lease agreement between the parties (which was originally meant to end only on May 31, 2032) was terminated, under which Kargal leased land in Lod with a total area of approx. 106 dunams, on which there are several logistics buildings subleased to a number of sub-tenants for long periods (hereinafter: the "complex" and "sub-tenants").
Following the conclusion of the agreement, Amot obtained full rights in the complex, including its legal holding, and Amot was assigned the full rights and obligations under the lease agreements with the sub-tenants, in consideration for a payment of NIS 51.3 million (plus VAT by law). Due to its designation, size and strategic location, the complex is another significant development reserve for Amot in the logistics sector.

Derech Hashalom 15, Tel Aviv

Subsequent to the balance sheet date, in May 2022, Amot submitted a bid in a public tender by the Tel Aviv Municipality for the purchase (AS IS) of the full lease rights (49 years with an option to extend for another 49 years) in an area of approx. 3.2 dunams at 15 Derech Hashalom St. in Tel Aviv, for an amount of approx. NIS 261 million, plus VAT. After the deadline for submitting bids in the tender, a public envelope opening procedure was carried out in which it emerged that the Amot bid is the highest bid. As of the date of publication of this report, Amot has not yet received notification from the municipality of its win in the tender. The complex is designated for residential, employment and commercial use and is located adjacent to the ToHa project. The master plan is approved for the construction of 15,845 sq.m. of gross above-ground area, including 9,507 sq.m. of gross above-ground area for 94 residential units, 4,754 sq.m. of gross above-ground area for employment, and 1,584 sq.m. gross above-ground area for commerce, as well as underground service areas with the same total area.

Management agreement between the Company and Amot:

For additional information regarding the management agreement between the Company and Amot for the years 2022-2024, see Note 3(c) to the financial statements.

2.3.4 Investment in Carr

2.3.4.1 For information regarding Carr's activity, see Chapter C1 of the Company's Description of Corporate Business for 2021 and Section 2.3.6 of the Board of Directors' Report for 2021.

2.3.4.2 Developments in Amot's business in the reporting period and subsequent to the balance sheet date are as follows:

Block 16

In February 2022, Carr signed a 99-year lease agreement for a land division known as Block 16 with an area of 4 dunams in the CBD of Austin, Texas for the purpose of developing and building an office tower.

In accordance with existing policy in the area, Carr plans to receive a specific master plan and related approvals for the construction of an office tower with a total area of 738 thousand sq.ft. and a construction budget of USD 520-530 million. Carr expects construction of the tower to begin in the first quarter of 2023 and end in June 2026, and the projected NOI cash flow in the first year in a state of stabilization, will amount to approx. USD 40 million (after deducting the lease fee).

Carr intends to add a partner at a rate of 49% to the project, which together with Carr will provide the necessary equity component (45%), and to finance the balance of the project budget through a bank loan (55%).

One Congress Project – Boston, Massachusetts

Carr holds 75% of the rights in a joint venture through which an office tower is currently being built in Boston whose designated name is "One Congress" with 1 million sq.ft. with a third party partner.

In April 2022, the joint venture signed an agreement to lease the remaining rental space in the tower, which is in advanced stages of construction, to a single tenant with an area of 409 thousand sq.ft. (approx. 38 thousand sq.m.), so that after the agreement, the One Congress building is fully leased.

Cap transaction for fixing interest

To hedge the risk of a rise in interest rates in the United States, in May 2022, Carr purchased a CAP transaction for a period of 3 years, at an annual SOFR interest rate of 2.5% amounting to USD 400 million. The cost of the hedge transaction amounted to USD 11.5 million.

2.3.4.3 Additional information

Subsequent to the date of the report, in May 2022, some of the non-controlling interests in Carr exercised their redemption right in relation to the redeemable shares which they hold. The redemption cost for the above shares amounted to USD 60 million. The Company intends to invest an amount of USD 60 million in Carr's capital for the financing of the acquisition of the above redemption shares. After the investment in Carr's capital, which is expected in June 2022, the Company will hold 47% in Carr. For additional information, see Note 6(g) to the 2021 Financial Statements.

2.3.5 Investment in Brockton Everlast ("**BE**"):

2.3.5.1 For information regarding BE's activity, see Chapter D of the Company's Description of Corporate Business for 2021 and Section 2.3.7 of the Board of Directors' Report for 2021.

2.3.5.2 Adding an investor to BE:

On February 22, 2022, the Company, BE and the BE Managers signed a set of binding agreements with corporations from the Menora Mivtachim Group (hereinafter: "**Menora**"), under which Menora invested the amount of GBP 112 million in BE's capital, which gives Menora a holding of 13.6% in BE's capital. In addition, Menora was granted an option to invest additional capital in BE in the amount of GBP 75 million until May 23, 2023 (hereinafter: the "**option**")[19]. If and to the extent that the option is exercised, Menora's holding rate in BE will increase up to 20%.

Regarding provisions determined in connection with corporate governance and restrictions on offenses, see Note 6 to the annual financial statements (Subsections 4 and 5, respectively).

During the reporting period, the Company invested the amount of approx. GBP 16.5 million (approx. NIS 72 million) in BE's capital. As of March 31, 2022 and as of the date of publication of the report, the Company indirectly holds approx. 82.7% of the rights in BE.

2.3.6 Investment in renewable energy through Energix

As part of Energix's total activity in Israel, the United States and Poland, the total capacity of its photovoltaic and wind energy systems, as of the date of publication of the report, amounts to approx. 715 MW in commercially operated projects, approx. 550 MW in projects in development or pre-construction and approx. 860 MW in projects in advanced stages of initiation. In addition, Energix has photovoltaic and wind energy projects in initiation with a capacity of approx. 6.4 GW and storage projects in initiation with a capacity of approx. 7 GWh.

In January 2022, Energix issued 25.8 million ordinary shares, through a shelf offer report, for a total consideration of approx. NIS 337 million, from which the Company acquired 13 million ordinary shares of Energix for the amount of NIS 168 million. In addition, the Company invested an amount of NIS 36 million in the acquisition of Energix shares. Close to the date of publication of this report, the rate of the Company's holdings is approx. 53%.

2.3.6.1 For information regarding Energix's activity, see Chapter F of the Company's Description of Corporate Business for 2021 and Section 2.3.9 of the Board of Directors' Report for 2021.

2.3.6.2 Developments in Energix's business in the reporting period and subsequent to the balance sheet date are as follows:

(1) Israel

a.) **Construction and connection to the grid as part of competitive procedure 3-4 (photovoltaic)** - Completion of the construction of 17 projects with a capacity of approx. 137 MWp in competitive procedures 3 and 4 and commercial operation of 3 additional projects with a capacity of 25 MWp during the reporting period, and in total, 77 MWp of these projects are in commercial operation. For additional information, including regarding the financing transaction for the construction of the projects in the amount of up to NIS 380 million, see Note 8 to the financial statements.

b.) **Approval of the plan of the Julis project, an extra-high-voltage photovoltaic project with a capacity of 90 MWp, in the National Infrastructure Committee.** The plan was approved by the Committee and submitted for final approval by the government, as required by law. Energix is working to obtain the full

[19] BE is included in the list of significant non-financial corporations according to the Law for the Promotion of Competition and Reduction of Centralization, 2013, and therefore Menora will be forbidden to exercise the option as long as it does not receive the approval of the Centralization Committee.

approvals required for the construction permit for the project and the start of construction work during the 3rd quarter of 2022.
c.) **The construction of a wind farm in the Golan Heights with a capacity of 104 MW** - **the ARAN project** - The project's construction work began after the project was given an order to commence work close to the date of publication of the report by the National Infrastructure Committee under a building permit issued to the project in February 2022. Energix is also in the final stages of completing the conditions required for financial closure for the wind farm. For additional information, see Note 8 to the financial statements.

(2) United States

a.) **Continued accelerated growth in the United States** - As of the date of approval of the report, the total capacity of Energix's projects in initiation in the US is 5.4 GWp in photovoltaic projects and over 6.4 GWh in storage projects, with all photovoltaic projects being part of the project backlog in advanced initiation and in pre-construction, agreements for connection to the electricity grid. Energix estimates that by the end of 2023, it will have photovoltaic projects connected to the grid or in the final stages of construction with a total capacity of approx. 1 GWp.
b.) **Completion of acquisition of project in Pennsylvania with a capacity of 104 MWp** - Energix is expected to commence construction of the project during 2022 and it is expected to reach commercial operation in the second half of 2023. Completion of the acquisition of the project was made possible after the project's electricity purchase agreement was amended such that it is expected to lead to a significant increase in revenue from the project.
c.) **Engagement with First Solar for the purchase of panels with a total capacity of over 2 GWp.** The transaction reflects attractive panel prices relative to current market prices. These panels were purchased as part of Energix's strategy to purchase the main equipment required for the construction of the projects in advance (expected to be used by Energix for its projects until 2025) and Energix estimates that they will give it a comparative advantage in the US photovoltaic market. In April 2022, Energix paid an advance payment of USD 30 million. The balance of the payments will be paid near the delivery of the panels.

(3) Poland

a.) **Completion of construction and start of electricity feed from the Banie 3 wind farm (82 MW) and the Sepopol wind farm (44 MW)** - As of the date of approval of the financial statements, the construction work has been completed on the 2 wind farms wholly owned by Energix in Poland, Banie 3 and Sepopol, with a total capacity of 126 MW. Accordingly, all 57 wind turbines in the projects began to generate electricity fed into the Polish electricity grid as part of a wind farm trial run period, during which all the electricity generated therein was sold at market prices. Energix is working to obtain a permanent production license for both projects.
b.) Final stages in the construction of a Banie 4 wind farm with a capacity of 56 MW - As of the date of approval of the report, Energix has completed the construction of 8 wind turbines with a capacity of 28 MW out of the 16 turbines included in the project with a total capacity of 56 MW. For information regarding the financing transaction for the project, see Note 8 to the financial statements.

The provisions of Section 2.3 above regarding projects in initiation, development and construction include forecasts, valuations, estimates or other information relating to a future event or matter, the realization of which is uncertain and beyond the Group's control, and therefore constitutes forward-looking information as the term is defined in Section 32A of the Securities Law, 1968 ("**Forward-Looking Information**").
Such information is based on knowledge existing in the Group as of the date of approval of the report, or information published in external sources, and may change, among other things, due to the influence of business-economic variables and regulators, as well as the risk factors that characterize Energix's operations, and therefore their realization is uncertain.

2.3.7 Dividend receipts and returns of capital

The following are the dividends and returns of capital received from the Company's main investments (expanded solo) in 2022, up to the date of publication of the financial statements, and the projected receipts of dividends and capital repayments for 2022:

	From January 2022 to the Date of Publication of the Reports	**2022 Forecast**
	In NIS millions	
Amot	147	350
BE	67	67
Energix	14	55
AH Boston	8	48
Total cash dividend	236	520
[20]Carr – Dividend Reinvestment Plan	46	97
Total dividend	282	618

The dividend receipt and return of capital forecast for 2022 is calculated in accordance with the declared dividend distribution and return of capital policy of each of the companies mentioned above, and is based on the Company's existing investment portfolio as of the date of publication of this report.

The above table does not include dividends and returns on investments from the Brockton Funds, which were received and which may be received upon realization of their properties.

The information on dividend receipts and return of capital for 2022 constitutes forward-looking information in accordance with Section 32A of the Securities Law, 1968, in view of the fact that there is no certainty that the authorized bodies of the investees will actually approve the dividend distributions, and this is at their sole discretion.

2.4 Liquidity and financing sources

2.4.1 Cash and credit facilities

As of March 31, 2022, the Group has cash balances of NIS 1.6 billion (of which the Company's expanded solo balance – NIS 185 million) and unutilized lines of credit in the amount of approx. NIS 2 billion (of which the Company's expanded solo lines of credit – NIS 650 million, and Amot's lines of unutilized credit – approx. NIS 1.1 billion).

2.4.2 Unencumbered assets

As of September 31, 2022, all of the Company's assets (expanded solo) are not encumbered. Their balance (not including cash) as of March 31, 2022 is NIS 12.1 billion (a market value of NIS 16.3 billion). As of March 31, 2022, Amot has a balance of unencumbered assets (approx. 98%) in the amount of approx. NIS 17 billion.

[20] As part of the Company's choice to participate in Carr's DRIP program, the dividend amount to which the Company is entitled in Carr will remain after its receipt and reinvestment.

2.4.3 Financial debt

As of March 31, 2022, the Group's net financial debt amounted to NIS 14.7 billion, constituting 46.7% of the Group's total assets, compared to a net financial debt of NIS 14.7 billion, which constituted 47.8% of the Group's assets as of December 31, 2021.

As of March 31, 2022, the net financial debt of the Company (expanded solo) amounted to NIS 3.9 billion, constituting 31.8% of the total assets of the Company (expanded solo), compared to net financial debt of NIS 3.6 billion, constituting 30.3% of the assets of the Company (expanded solo), as of December 31, 2021.

The Company's adjusted leverage rate (expanded solo) based on the stock exchange value of the Company's tradable holdings close to the date of publication of the report amounts to 26.4%.

During the reporting period, the Company (expanded solo) performed the following:

- During the reporting period, the Company signed a credit facility agreement with the Bank of Israel (hereinafter, in this subsection: the "**Bank**") in the amount of NIS 150 million for a one-year utilization period from the date of signing the agreement (hereinafter, in this subsection: the "**utilization period**") to be repaid by the end of two years from the end of the utilization period (hereinafter, in this subsection: the "**New Facility Agreement**"), replacing the previous agreement that expired.
- During the reporting period, the Company raised debt through an expansion of existing bond series in the amount of approx. NIS 743 thousand PV for a consideration of NIS 781 million (before issue expenses) and at a weighted effective annual interest rate of 1.99%. For additional information, see Note 9 to the financial statements.

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

For disclosure specific to bondholders, see Section 5 below.

For details of the Company's liabilities (expanded solo) maturing after March 31, 2022, see Section 2 of Appendix A below.

During the reporting period and subsequent to the balance sheet date, the consolidated companies carried out the following actions:

Amot:

On May 23, 2022, Amot issued tenders for classified investors to receive an early commitment for orders for bonds (Series F) (CPI-linked) and bonds (Series G) (NIS), according to which Amot issued acceptance letters for orders of bonds (Series F) in the amount of NIS 300 million at a CPI-linked effective interest rate of 1.61% and orders for bonds (Series G) in the amount of NIS 102 million at an effective NIS interest rate of 4.31%. Amot intends to complete the debt raising by way of a uniform offer to the public over the next few days. The amount of the final raising and the effective interest rate in each series will be determined in the public tender.

Energix:

For details regarding Energix's financing transactions in the reporting period, see Note 8 to the financial statements.

As of the reporting date, the Group is in compliance with all financial covenants regarding its loans and bonds.

2.4.4 Working capital deficit

The working capital deficit as of March 31, 2022 amounted to a total of NIS 418 million in the consolidated statements (NIS 363 million in the Company's expanded solo statements). As of March 31, 2022, the Group has unutilized lines of long-term credit in the amount of approx. NIS 2 billion (NIS 650 million in the expanded solo), and a high balance of unencumbered assets (see Sections 2.4.1 and 2.4.2 above). In this light, the Company's Board of Directors believes that the existence of a working capital deficit stemming from the Group's policy of holding unutilized long-term credit facilities, instead of cash and deposits, does not indicate a liquidity problem.

2.5 Operating results

In the reporting period, the Group recorded a net profit of NIS 266 million. The share of Company shareholders in the profit amounted to NIS 155 million, compared to a profit of NIS 106 million attributed to Company shareholders in the corresponding period last year.

In the reporting period, the Group recorded comprehensive income of NIS 273 million. The share of Company shareholders in the income amounted to NIS 192 million, compared to a profit of NIS 220 million attributed to Company shareholders in the corresponding period last year.

For an explanation of the operating results in the reporting period, see Sections 2.5.2 and 2.5.3 below.

2.5.1 (Funds from Operation) FFO

The FFO is an index commonly-used in the United States and in Europe to provide additional information on the results of the operations of real estate companies, providing an appropriate basis for comparisons between income-generating property companies. The FFO reflects net income, with the neutralization of profits (or losses) from the sale of properties and/or from property revaluations, depreciation and amortization and deferred taxes. This index presents the Company's cash generating capability from regular and ongoing activities in the reporting period.

In calculating the FFO, exchange rate differentials and linkage differentials expenses in respect of bonds and CPI-linked loans were not included because, in the Company management's opinion, those expenses do not reflect cash flow from regular ongoing activities.

The Company believes that analysts, investors and shareholders may receive value added information from the presentation of this index. However, it must be noted that the FFO:

- Does not present cash flows from operating activities in accordance with generally accepted accounting principles;
- Does not reflect cash held by the Company and its ability to distribute it;
- Cannot be considered a replacement for reported net profit for evaluating the results of the Group's operations.

The following is the calculation of the FFO (in NIS thousands):

	Q1 2022	Q1 2021	Year 2021
	NIS thousands	NIS thousands	NIS thousands
Company shareholders' share in net income for the period	155,007	106,246	1,557,947
Adjustments to profit and loss:			
Fair value adjustments of investment property	(123,562)	41,554	(1,715,469)
Company share in real estate revaluations and other non-FFO items in investees	(4,099)	(29,980)	42,687
Profit from decrease in rate of holding, from purchase and realization of associates	(18,365)	(4,944)	(17,396)
Profit from securities	(873)	(17,491)	(48,101)
Others (mainly depreciation and amortizations)	22,024	20,290	119,566
Accumulated linkage differentials and exchange rate differentials	83,319	(4,809)	116,158
Deferred taxes and current taxes from the realization of securities and real estate, net	11,555	18,208	275,841
Share of non-controlling interests in the above adjustments to FFO	8,401	(18,279)	157,374
FFO	**133,407**	**110,795**	**488,607**

The sources of the FFO are as follows:

	Q1 2022	Q1 2021	Year 2021
Revenues			
Investment property NOI	246,944	200,849	884,439
NOI from the sale of electricity, less initiation costs	74,133	47,607	211,132
PSP's share in FFO without real estate revaluations	-	2,390	2,569
Carr's share in FFO without real estate revaluations	26,322	24,765	110,546
AH Boston's share in FFO without real estate revaluations	7,374	12,681	35,441
Energix, Brockton Everlast and Amot associates' share in FFO	5,221	4,532	20,850
Dividend income from investments and others (mainly Brockton Funds)	723	37	5,789
Total revenues	**360,718**	**292,861**	**1,270,766**
Expenses			
Real financing, net	(79,834)	(71,238)	(286,318)
Administrative and general	(36,852)	(27,844)	(128,559)
Current taxes	(8,072)	(14,065)	(49,111)
Share of non-controlling interests attributed to current operations	(102,553)	(68,919)	(318,171)
Total expenses	**(227,311)**	**(182,066)**	**(782,159)**
FFO	**133,407**	**110,795**	**488,607**
FFO per share (NIS)	**0.77**	**0.64**	**2.82**

2.5.2 The following table provides a summary of operating results (in NIS thousands):

	Q1 2022 NIS thousands	Q1 2021 NIS thousands	For the Year 2021 NIS thousands
Revenues and profits			
Revenues from rental fees and management of investment property	280,313	219,506	989,381
Fair value adjustments of investment property	123,562	(41,554)	1,715,469
Group share in the profits of associates, net	43,017	74,349	126,719
Net profit from investments in securities measured at fair value through profit or loss	873	17,491	43,822
Profit from decrease in rate of holding, from purchase and realization of associates	18,365	4,944	17,396
Revenues from sale of electricity and green certificates	91,513	58,147	260,836
Other revenues, net	570	37	8,264
	558,213	332,920	3,161,887
Costs and Expenses			
Cost of investment property rental and operation	33,166	18,523	104,404
Initiation, maintenance and operation costs of electricity-generating facilities	14,243	8,282	39,247
Depreciation and amortizations	22,416	18,671	84,947
Administrative and general	39,647	31,856	172,369
Financing expenses, net	163,153	66,429	402,476
	272,625	143,761	803,443
Profit before taxes on income	285,588	189,159	2,358,444
Income tax expenses	19,627	32,273	324,952
Net profit for the period	265,961	156,886	2,033,492
Distribution of net income for the period:			
Company shareholders' share	155,007	106,246	1,557,947
Non-controlling interests	110,954	50,640	475,545
	265,961	156,886	2,033,492

Comparison between the results of operations in the reporting period and in the corresponding period last year:

Revenues from rental fees and management of investment property, net – amounted to 280 million NIS in the reporting period, compared to 220 million NIS in the corresponding period last year, a 28% increase. The increase is mainly due to a change in Amot's revenues (approx. NIS 55 million) due to the lack of relief granted to the shopping center tenants in the reporting period compared to the corresponding period last year due to the Corona crisis and to an increase in revenues from new properties acquired and from properties whose construction was completed.

Fair value adjustment of investment property – In the reporting period, positive property revaluations were recorded in the amount of NIS 124 million, mainly due to the adjustment of the value of Amot's properties following the rise in the CPI by a rate of 1.17%.
In the corresponding period last year, an adjustment of a negative fair value was recorded for investment property in the amount of NIS 42 million in respect of Brockton Everlast properties due to the amortization of acquisition expenses of properties it acquired.

The Group's share in the profits of associates, net – The decrease of NIS 31 million in the Group's share in the profits of investees between the reported period and the corresponding period last year is mainly due to the Group's share in the profits of AH Boston. In the corresponding period last year, positive revaluations were recorded in respect of the increase in value of the 745 Atlantic building due to a plan for a change in the designation of the property from an office building to a laboratory building for Life Sciences research, and which were not recorded in the recording period.

Net profit, relating to investments in securities measured at fair value through profit and loss – The profit (loss) in the reporting period and in the corresponding period last year stems from the fair value adjustment of securities measured at fair value through profit or loss (including Brockton funds).

The profit in the corresponding period last year amounted to approx. NIS 17 million and stemmed mainly from a non-recurring revenue resulting from the revaluation of the balance of the investment in PSP in the financial statements to the stock exchange value due to a change in accounting classification from "investment in an associate" to "investment in a security measured at fair value through profit or loss" at the end of the first quarter of 2021.

Profit from decrease in rate of holdings and from the realization of investees – The profit in the reporting period is due to a capital gain recorded as a result of the sale of a consolidated partnership by Energix (approx. NIS 18 million). The profit in the corresponding period last year, in the amount of NIS 5 million, stems from the sale of 100 thousand PSP shares during the first quarter of 2021.

Revenues from sale of electricity and green certificates – Revenues from the sale of electricity and green certificates in the reporting period amounted to NIS 92 million compared to NIS 58 million in the corresponding period last year, an increase of NIS 34 million (approx. 58%). Most of the increase stems from revenues from Energix's wind projects in Poland in the amount of approx. NIS 28 million, from revenues from newly connected facilities (Banie 3 – NIS 14 million), from an increase in capacity generated in Poland due to high wind data (approx. NIS 9 million), and from an increase in the effective price of electricity in the reporting period compared to the corresponding period last year, offset by the effect of the exchange rate (approx. NIS 5 million). In addition, there has been an increase in revenue from photovoltaic projects in the United States (approx. NIS 5 million) as a result of new projects that have been connected.

Financing expenses – There was a NIS 97 million increase in financing expenses in the reporting period compared to the reporting period last year. Most of the change stems from the effect of the CPI, which rose by a rate of 1.17%, compared to an increase of only 0.1% in the corresponding period last year.

Tax expenses – There was a NIS 12 million decrease in tax expenses in the reporting period compared to the reporting period last year, which is due to a decrease in the Group's tax expenses due to the increase in the CPI, and due to non-recurring revenues recorded in the corresponding period last year in respect of the investment in PSP, which was fully realized in 2021.

2.5.3 The following is information regarding the Group's comprehensive income (in NIS thousands):

	Q1	Q1	For the Year
	2022	2021	2021
	NIS thousands	NIS thousands	NIS thousands
Net profit for the period:	265,961	156,886	2,033,492
Gain (loss) from investment in Carr (1) (2)	42,945	51,132	(10,686)
Loss from investment in PSP (1)	-	(2,147)	(2,147)
Profit (loss) from investment in Boston properties (1)	7,974	13,006	(14,240)
Profit (loss) from investment in BE (1) (3)	(24,592)	30,278	(61,018)
Classification of profit from realization of investment in long-term securities intended for sale to the Statement of Income (before tax)	-	(1,628)	(1,628)
Profit (loss) from other investments (4)	(14,044)	16,720	(74,571)
Tax effects	(5,248)	14,714	(24,291)
Other comprehensive income (loss) for the period	7,035	122,075	(188,581)
Total comprehensive income for the period	272,996	278,961	1,844,911
Distribution of comprehensive income for the period:			
Share of Company shareholders	192,295	219,614	1,406,070
Non-controlling interests	80,701	59,347	438,841
	272,996	278,961	1,844,911

(1) Profit (loss) from investment in respect of foreign currency – The profit (loss) represents the increase (decrease) in the Company's investments due to changes in the NIS against the investment currencies in the reporting periods presented above. This profit (loss) is presented net of the effect of forward transactions and cross-currency swap transactions in USD, designated as hedges for investments. In the reporting period, there was a devaluation or an (appreciation) of the NIS by a rate of 2.1% and (0.83)% against the USD and the GBP, respectively. In the corresponding period last year, there was a devaluation of the NIS by a rate of 3.7% and 4.44% against the USD and the GBP, respectively.

(2) The net profit in the reporting period includes an increase in capital in the amount of NIS 13 million resulting from the Company's share in changes in the fair value of interest rate fixing transactions carried out by Carr (in the corresponding period last year - a profit of approx. NIS 8 million).

(3) The net profit in the reporting period includes a profit in the amount of NIS 13 million resulting from the Company's share in changes in the fair value of interest rate fixing transactions carried out by BE (in the corresponding period last year - a profit of NIS 1 million).

(4) Mainly in respect of exchange rates and price fixing transactions for electricity in Energix:

2.6 Cash Flows

	Q1 2022	Q1 2021	Year 2021
	NIS millions		
Total cash flows provided by (used in) operating activities	(212)	57	666
Cash flows used in investing activities			
Investment in investment property and fixed assets	(260)	(806)	(3,455)
Investment in electricity generation systems	(219)	(229)	(1,194)
Investment in Boston properties	(8)	(14)	(39)
Proceeds from the sale of PSP (net of tax)	-	22	187
Net decrease (increase) in pledged deposits and restricted cash in Energix	(2)	1	(36)
Proceeds from repaid hedging transactions	40	23	117
Proceeds from the realization of tradable securities	-	-	119
Acquisition of consolidated companies	-	-	(121)
Investment in Brockton Funds	-	-	(26)
Provision of loans	-	-	(95)
Other	48	77	(28)
Total cash flow used for investment activity	(401)	(926)	(4,571)
Cash flows provided by financing activities			
Receipt of loans (long-term loans and utilization of short-term bank credit)	153	226	2,138
Proceeds from the issue of bonds and bond options	759	589	2,263
Repayment of liabilities (long-term loans, bonds and repayment of short-term credit).	(723)	(466)	(1,563)
Capital raised by the Company	20	-	29
Capital raised by Amot (net of the Company's investment in the issue)	315	6	47
Capital raised by Energix (net of the Company's investment in the issue)	174	3	437
Capital raised by BE (net of the Company's investment in the issue)	504	-	-
Acquisition of Amot and Energix shares from non-controlling interests	(35)	-	(10)
Payment of dividends to Company shareholders and to non-controlling interests in consolidated companies	(128)	(44)	(471)
Total cash provided by financing activities	1,039	314	2,870
Total increase (decrease) in cash balances in the period	426	(555)	(1,035)
Other influences	(13)	(2)	(17)
Cash and cash equivalents at end of period	1,576	1,658	1,163

2.7 Equity

2.7.1 Equity per share

	As of March 31 2022	As of December 31 2021
	NIS millions	NIS millions
Equity	12,808	11,830
Less non-controlling interests	(5,094)	(4,192)
Equity attributed to Company shareholders	7,714	7,638
NAV per share	44.24	43.89
NNAV per share	51.08	50.88

2.7.2 Explanation of changes in equity

During the reporting period, the capital attributed to the Company's shareholders increased by NIS 76 million. The main changes are as follows:

- Net profit attributed to the Company shareholders in the amount of NIS 155 million – see additional details in Section 2.5.2 above.
- Other comprehensive income attributed to the Company shareholders in the amount of NIS 37 million – see additional details in Section 2.5.3 above.
- A reduction in capital following dividends declared in the amount of NIS 131 million.
- An increase due to the raising of capital (in connection with the exercise of employee option warrants) in the amount of NIS 11 million.
- Increase in capital reserves due to the profit created in the capital issue of consolidated companies and others in the amount of NIS 4 million.

2.7.3 Effects of changes in exchange rates on the Company's equity

The composition of the excess assets over liabilities based on the Company's statements (expanded solo) by currency as of March 31, 2022 (in NIS millions)[21]

Currency	Assets	Liabilities	Assets, net	%
USD	3,969	(2,663)	1,306	17%
GBP	2,997	(1,420)	1,577	20%
Other (mainly PLN and CAD)	30	(27)	3	0%
Excess assets over liabilities in foreign currency	6,996	(4,110)	2,886	37%
Excess assets over liabilities in NIS	5,517	(689)	4,828	63%
Equity as of March 31, 2022	12,513	(4,799)	7,714	100%

2.7.4 For details on dividends distributed by the Company in 2022 – see Note 10(a) to the financial statements.

[21] Including the effect of forward transactions and cross currency swaps (CCS) on the foreign currency.

2.8 Remuneration of senior officers and directors

For details on options granted to the Company's senior officers and directors, see Note 16e to the annual financial statements and Note 10b to the financial statements.

For details regarding the new terms of service of the Company CEO and the Chairman of the Board of Directors for the years 2022-2024, see Notes 18a and 18b to the Annual Financial Statements, respectively.

3. Market risk exposure and management

3.1 Over the course of the reporting period, no material changes have occurred in the types of market risks as reported in the Board of Directors Report for 2021 and in Company policy regarding the management of these risks.

3.2 Regarding the linkage base report for monetary balances (expanded solo) as of March 31, 2022, see Section 2.7.3 above and Appendix B.

4. Aspects of Corporate Governance

4.1. The Company's Board of Directors

As of the date of publication of this report, the Company's Board of Directors has 7 directors, of which:

4 directors meet the definition of an independent director (Prof. Zvi Eckstein - External Director, CPA Shlomi Shuv - External Director, Mr. Amos Yadlin and Ms. Mia Likvernik) and 5 directors have accounting and financial expertise (Mr. Natan Hetz, Mr. Aviram Wertheim, Prof. Zvi Eckstein, CPA Shlomi Shuv and Ms. Mia Likvernik).

On May 15, 2022, the term of office of Ms. Gitit Guberman, who served from May 16, 2013 as an independent director of the Company and as a member of the Audit Committee, the Financial Statements Review Committee and the Remuneration Committee, ended.

As of the date of publishing of this report, the Company has not adopted the provision in the First Addendum to the Companies Law regarding the rate of independent directors, according to which, among other things, a publicly-owned company that does not have a controlling shareholder or the holder of a controlling block may establish instructions in its articles of association stating that a majority of the members of its Board of Directors must be independent directors. In practice, the Company implements the provision.

In this regard, "independent director" means a director who meets qualification requirements for the appointment of an independent director set in Section 240 (b) through (f) of the Companies Law, who has been approved by the Audit Committee, and who has not served as a Company director for over nine consecutive years, and in this regard a gap in their service of no longer than two years will not be seen as ending the continuity of their service.

4.2 The Company's Internal Auditor

On March 14, 2019, the Audit Committee approved a multi-year work plan for the years 2019-2022 and in the same decision it was determined that the plan for each specific year would be re-examined for that year, prior to its implementation. At its meeting on November 8, 2021, the Audit Committee approved a work plan for 2022 that includes the following topics: (a) Internal Enforcement Plan; (b) Information Systems - Backups; (c) Insurance and (d) Wages (including executive wages).

The Audit Committee, at its May 17, 2022 meeting, discussed the Internal Auditor's report on information-backup systems.

5. Special Disclosure for Bondholders

5.1 The following are data as of March 31, 2022 relating to bonds issued by the Company:

(in thousands)	Bonds (Series H)	Bonds (Series I)	Bonds (Series J)	Bonds (Series K)	Bonds (Series L)	Total
Par value as of March 31, 2022	207,910	1,118,035	1,399,383	180,839	1,330,478	4,236,645
Linked par value as of March 31, 2022	222,443	1,118,035	1,399,383	180,839	1,330,478	4,251,178
Value in the financial statements as of March 31, 2022 (at amortized cost)	228,323	1,150,979	1,415,335	178,429	1,332,591	4,305,657
Stock market value as of March 31, 2022	238,889	1,169,241	1,452,559	174,708	1,267,147	4,302,544
Accrued Interest as of March 31, 2022	947	3,646	2,774	421	2,803	10,591

Regarding the expansion of bonds (Series I), bonds (Series J) and bonds (Series L) in the reporting period, see Note 9 to the financial statements.

5.2 The following are the main financial criteria regarding the Company's bonds (Series H, I, J, K and L):

Financial Ratio		Criterion	Value as of March 31, 2022
Net financial debt to value of holdings22	%	Less than 80	31.3
Minimum equity (Series H, I, J, K and L)[23]	NIS billions	More than 2.1	7.7

For further information, see Section 5.2.2 of Chapter F(5) to the Description of Corporate Business in the 2021 Periodic Report.

[22] Value of the holdings as defined in the deed of trust. In order for grounds to exist for early redemption, the breach of the financial ratio must exist for four consecutive quarters.
[23] In order for there to be grounds for early repayment, the breach of the financial ratio must exist for four consecutive quarters. For Series H – the minimum equity is NIS 1.2 billion, For Series I and J – the minimum equity is NIS 1.8 billion.

The Company’s Board of Directors would like to thank the holders of Company securities for the confidence they have shown in the Company.

Nathan Hetz	Aviram Wertheim
Director and CEO	Chairman of the Board of Directors

Appendices to the Board of Directors’ Report on the State of Corporate Affairs

Appendix A - Financial Information, Expanded Solo

Appendix B - Balance Sheet of Linkage Bases for Monetary Balances

Appendix C – Rating Reports

Appendix A – Financial Information, Expanded Solo

1. Financial Statements – Expanded Solo

The Company's expanded solo financial statements are the Company's condensed financial statements presented in accordance with IFRS principles, except for the investments in Amot, in Energix and in Brockton Everlast, which are presented on an equity basis instead of consolidating their financial statements with those of the Company (all other investments are presented unchanged from the statements presented in accordance with IFRS principles). These Statements do not constitute separate financial statements as defined in International Accounting Standard IAS 27, and are not part of the information whose publishing is required in accordance with the securities laws. Nevertheless, the Company's management believes that analysts, investors, shareholders and bondholders may obtain valuable information from the presentation of this data.

1.1 Condensed expanded solo balance sheet (NIS thousands):

	As of March 31	As of December 31
	2022	2021
	NIS thousands	NIS thousands
Current assets		
Cash and cash equivalents	185,971	113,137
Loan to a consolidated company	-	153,854
Other accounts receivable	169,710	151,062
Total current assets	355,681	418,053
Non-current assets		
Securities measured at fair value through profit and loss:	156,021	157,341
Investments in Investees	11,964,003	11,653,879
Others	36,890	93,817
Total non-current assets	12,156,914	11,905,037
Total assets	12,512,595	12,323,090
Current liabilities		
Short-term credit and current maturities of long-term liabilities	550,477	481,587
Other accounts payable	168,200	245,586
Total current liabilities	718,677	727,173
Non-current liabilities		
Bonds	3,755,570	3,620,795
Deferred taxes	323,391	335,818
Others	1,040	1,130
Total non-current liabilities	4,080,001	3,957,743
Equity	7,713,917	7,638,174
Total liabilities and equity	12,512,595	12,323,090

Financial Data, Expanded Solo

1.2 Condensed Expanded Solo Statements of Income (NIS thousands):

	Q1 2022	Q1 2021	Year 2021
	NIS thousands	NIS thousands	NIS thousands
Revenues			
Group share in the profits of associates, net	185,047	112,274	1,657,741
Profit from decrease in rate of holding, from purchase and realization of investees	268	4,944	5,030
Net profit, relating to investments in long-term securities intended for sale	(439)	17,491	43,265
Other revenues, net	4,584	3,570	19,172
	189,460	138,279	1,725,208
Expenses			
Administrative and general (including contributions)	6,879	8,266	39,464
Financing expenses, net	29,796	17,784	99,091
	36,675	26,050	138,555
Profit before taxes on income	152,785	112,229	1,586,653
Income tax expenses	(2,222)	5,983	28,706
Net profit for the period	155,007	106,246	1,557,947

2. The Company's Liabilities (Expanded Solo) Payable after March 31, 2022:

	Bonds	Bank Loans	Total	%
	NIS thousands	NIS thousands	NIS thousands	
Current Maturities	546,145	390	546,535	13
Second Year	585,396	-	585,396	14
Third Year	585,880	-	585,880	14
Fourth Year	587,590	-	587,590	14
Fifth year	588,081	-	588,081	14
Sixth year onward	1,343,392	-	1,343,392	32
Total repayments	4,236,484	390	4,236,874	100
Others			25,166	
Asset balance in connection with foreign currency forward transactions			(158,165)	
Total financial debt (taking foreign currency forward transactions into account)			4,103,875	

(*) Including the effect of cross currency swap transactions with a financial body in Israel totaling approx. NIS 239 million, so that the bonds (Series I) in the stated amount were "converted" into a liability of USD 70 million.

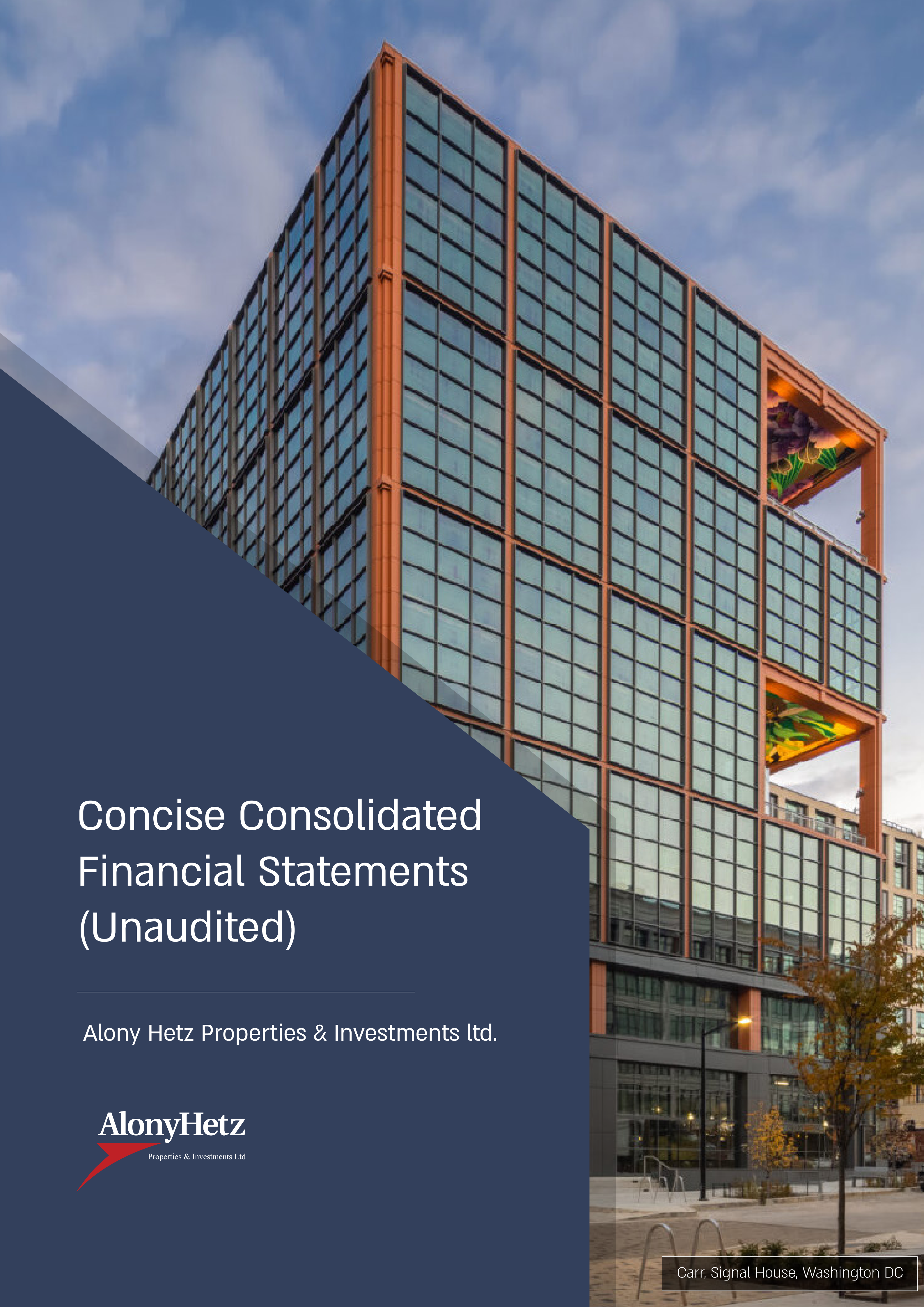
Appendix B - Balance Sheet of Linkage Bases for Monetary Balances

As of March 31, 2022 **NIS thousands**	In Unlinked NIS	In CPI-Linked NIS	In USD	In GBP	Other (Mainly PLN and CAD)	Total	Adjustments - Non-Monetary Items	Total
Current assets								
Cash and cash equivalents	174,044	-	11,161	657	109	185,971	-	185,971
Other accounts receivable	148,455	-	79	-	33	148,567	21,143	169,710
Total current assets	322,499	-	11,240	657	142	334,538	21,143	355,681
Non-current assets								
Securities measured at fair value through profit and loss:	127	-	-	155,894	-	156,021	-	156,021
Investments in associates	-	-	-	-	-	-	11,964,003	11,964,003
Others	33,697	-	-	-	-	33,697	3,193	36,890
Total non-current assets	33,824	-	-	155,894	-	189,718	11,967,196	12,156,914
Total assets	356,323	-	11,240	156,551	142	524,256	11,988,339	12,512,595
Current liabilities						-		
Short-term credit and current maturities of long-term liabilities	327,644	222,443	390	-	-	550,477	-	550,477
Other payables	144,150	3,200	24	-	32	147,406	20,794	168,200
Total current liabilities	471,794	225,643	414	-	32	697,883	20,794	718,677
Non-current liabilities						-		
Bonds	3,749,690	5,880	-	-	-	3,755,570	-	3,755,570
Deferred tax liabilities	-	-	-	-	-	-	323,391	323,391
Others	-	-	794	-	-	794	246	1,040
Total non-current liabilities	3,749,690	5,880	794	-	-	3,756,364	323,637	4,080,001
Total liabilities	**4,221,484**	**231,523**	**1,208**	**-**	**32**	**4,454,247**	**344,431**	**4,798,678**
Excess assets over liabilities (liabilities over assets)	(3,865,161)	(231,523)	10,032	156,551	110	(3,929,991)	11,643,908	7,713,917
Financial derivatives	3,726,400	-	(2,311,429)	(1,414,971)	-	-	-	-
Excess financial assets over financial liabilities (financial liabilities over financial assets)	(138,761)	(231,523)	(2,301,397)	(1,258,420)	110	(3,929,991)	11,643,908	7,713,917
Distribution of non-monetary assets (liabilities), net – by linkage basis	63,742	5,134,315	3,607,414	2,835,411	3,026	11,643,908	(11,643,908)	-
Excess assets over liabilities (liabilities over assets)	(75,019)	4,902,792	1,306,017	1,576,991	3,136	7,713,917	-	7,713,917

Appendix C – Rating Reports[24]

- For an up-to-date Midroog rating report see the immediate report published by the Company on April 14, 2022 (Ref.: 2022-01-040224).
- For a current rating report by Maalot, the Israeli Securities Rating Company Ltd., see the immediate report dated June 10, 2021 (Ref: 2021-01-099090) and the immediate report dated January 27, 2022 (Ref: 2022-01-012319).

[24] The information detailed in the above immediate reports was included in this report by way of reference.



Concise Consolidated Financial Statements (Unaudited)

Alony Hetz Properties & Investments ltd.

AlonyHetz
Properties & Investments Ltd

Carr, Signal House, Washington DC

Deloitte.

A Review Report of the Independent Auditor to the shareholders of

Alony Hetz Properties & Investments Ltd.

Introduction

We have reviewed the accompanying financial information of **Alony Hetz Properties & Investments Ltd.** the Company and subsidiaries (hereafter- "the Company") which includes the condensed consolidated statement of financial position as of March 31, 2022, and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-months period then ended. The board of directors and management are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 "Interim Financial Reporting" and they are also responsible for the preparation of this interim financial information in accordance with Chapter D of 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 interim condensed financial information of companies that were consolidated, whose assets included in consolidation constitute approximately 12% of the total consolidated assets as of March 31, 2022, and whose revenues included in consolidation constitute approximately 13% of the total consolidated revenues for the three-months period then ended. Furthermore, we did not review the interim condensed financial information of certain affiliates presented on the equity method basis, the investment in which amounted to approximately 4,157 million NIS as of March 31, 2022, and the share of the results of which for the three-month period then ended, amounted to approximately 34 million NIS. The interim condensed financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information included for those companies, is based on the review reports of the other auditors.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

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

Brightman Almagor Zohar & Co.
Certified Public Accountants
A Firm in the Deloitte Global Network

Tel Aviv, May 24, 2022

Tel Aviv - Main Office
1 Azrieli Center Tel Aviv, 6701101 P.O.B. 16593 Tel Aviv, 6116402 | Tel: +972 (3) 608 5555 | info@deloitte.co.il

Jerusalem	Haifa	Eilat	Nazareth
3 Kiryat Ha'Mada Har Hotzvim Tower Jerusalem, 914510 D. BOX 45396	5 Ma'aleh Hashichrur P.O.B. 5648 Haifa, 3105502	The City Center P.O.B. 583 Eilat, 8810402	9 Marj Ibn Amer St. Nazareth, 16100
Tel: +972 (2) 501 8888 Fax: +972 (2) 537 4173 info-jer@deloitte.co.il	Tel: +972 (4) 860 7333 Fax: +972 (4) 867 2528 info-haifa@deloitte.co.il	Tel: +972 (8) 637 5676 Fax: +972 (8) 637 1628 info-eilat@deloitte.co.il	Tel: +972 (73) 399 4455 Fax: +972 (73) 399 4455 info-nazareth@deloitte.co.il

Alony-Hetz Properties and Investments Ltd. | Condensed Consolidated Statements of Financial Position

		As of March 31		As of December 31
		2022	2021	2021
	Note	NIS thousands	NIS thousands	NIS thousands
Assets		(Unaudited)	(Unaudited)	
Current assets				
Cash and cash equivalents		1,575,990	1,658,123	1,163,289
Deposits, tradable securities and restricted cash		31,066	27,145	30,433
Trade receivables		70,034	70,746	55,537
Current tax assets, net		30,335	13,806	16,855
Other receivables		472,116	237,998	553,879
		2,179,541	2,007,818	1,819,993
Investment in a company held for sale		-	175,827	-
Total current assets		2,179,541	2,183,645	1,819,993
Non-current assets				
Investment property	3	18,695,613	15,931,148	18,024,793
Investment Property in Development and Land Rights	3	2,975,269	1,197,211	3,351,322
Long-term investments:				
Securities measured at fair value through profit or loss		209,242	167,770	209,719
Investments in associates	6,7	4,420,638	4,543,894	4,401,259
Deferred tax assets		60,352	6,880	46,145
Electricity-generating facilities:				
Connected electricity-generating facilities	5	1,950,070	1,626,755	1,914,928
Right-of-use asset		315,278	244,278	276,831
Electricity-generating facilities in development	5	1,684,383	943,478	1,491,890
Restricted deposits		53,522	48,345	51,223
Fixed assets, net		113,714	104,546	113,592
Other assets		331,736	109,722	254,897
Total non-current assets		30,809,817	24,924,027	30,136,599
Total assets		32,989,358	27,107,672	31,956,592

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

Alony-Hetz Properties and Investments Ltd. | Condensed Consolidated Statements of Financial Position

		As of March 31		As of December 31
		2022	2021	2021
	Note	NIS thousands	NIS thousands	NIS thousands
Liabilities and equity		(Unaudited)	(Unaudited)	
Current liabilities				
Short term credit and current maturities of long term loans		333,279	365,510	75,249
Current maturities of bonds		1,289,502	974,814	1,098,874
Current maturities of lease liabilities		12,569	9,220	8,949
Current tax liabilities, net		43,333	79,208	365,251
Other payables		918,940	608,372	898,116
Total current liabilities		2,597,623	2,037,124	2,446,439
Non-current liabilities				
Bonds	9	11,307,311	10,293,891	11,423,918
Loans from banking corporations and financial institutions		3,388,176	2,320,224	3,515,437
Lease liability		408,996	248,657	374,861
Deferred tax liabilities		1,933,159	1,815,528	1,914,430
Provisions		16,483	16,483	16,483
Other liabilities		529,343	306,940	435,460
Total non-current liabilities		17,583,468	15,001,723	17,680,589
Equity				
Equity attributed to Company shareholders		7,713,917	6,531,795	7,638,174
Non-controlling interests		5,094,350	3,537,030	4,191,390
Total equity		12,808,267	10,068,825	11,829,564
Total liabilities and equity		32,989,358	27,107,672	31,956,592

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

On behalf of the Board of Directors:

Aviram Wertheim	______________________	Chairman of the Board of Directors
Nathan Hetz	______________________	Member of the Board of Directors and CEO
Oren Frenkel	______________________	CFO

May 24, 2022

Alony-Hetz Properties and Investments Ltd. | Condensed Consolidated Statements of profit or loss

	For the Three Month Period ended March 31		For the Year ended December 31
	2022	2021	2021
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	
Revenues and profits			
Revenues from rental fees and management of investment property	280,313	219,506	989,381
Fair value adjustments of investment property	123,562	(41,554)	1,715,469
Group share in the profits of associates, net	43,017	74,349	126,719
Net profit from investments in securities measured at fair value through profit or loss	873	17,491	43,822
Profit from decrease in rate of holding, from purchase and realization of associates	18,365	4,944	17,396
Revenues from sale of electricity and green certificates	91,513	58,147	260,836
Other revenues, net	570	37	8,264
	558,213	332,920	3,161,887
Costs and Expenses			
Cost of investment property rental and operation	33,166	18,523	104,404
Initiation, maintenance and operation costs of electricity-generating facilities	14,243	8,282	39,247
Depreciation and amortizations	22,416	18,671	84,947
Administrative and general	39,647	31,856	172,369
Financing income	(20,515)	(4,481)	(32,815)
Financing expenses	183,668	70,910	435,291
	272,625	143,761	803,443
Profit before taxes on income	285,588	189,159	2,358,444
Income tax expenses	19,627	32,273	324,952
Net profit for the period	265,961	156,886	2,033,492
Company shareholders	155,007	106,246	1,557,947
Non-controlling interests	110,954	50,640	475,545
	265,961	156,886	2,033,492
Net earnings per share attributed to Company shareholders (in NIS):			
Basic	0.89	0.61	8.98
Fully diluted	0.88	0.61	8.91
Weighted average of share capital used in calculation of earnings per share (thousands of shares)			
Basic	174,290	172,859	173,455
Fully diluted	174,900	173,165	173,660

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

Alony-Hetz Properties and Investments Ltd. | Condensed Consolidated Statements of Comprehensive Income

	For the Three Month Period ended March 31		For the Year ended December 31
	2022	2021	2021
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	
Net profit for the period	265,961	156,886	2,033,492
Other comprehensive income (loss)			
Amounts to be classified in the future to profit or loss, net of tax			
Profit (loss) from the translation of financial statements for foreign activities	37,409	205,844	(398,554)
Realization of capital reserve from translation differences to profit and loss, following decrease in holding in associate, net of tax	-	3,088	3,088
Realization of Company share in other comprehensive income of associate in profit and loss, following a decrease in the rate of holding in the associate, net of tax	-	1,532	1,532
Realization of capital reserve from exchange rate differentials, in respect of credit and derivatives designated for hedging of investment in associate, to profit and loss following decrease in holding in associate, net of tax	-	(3,557)	(3,557)
Profit (loss) from exchange rate differentials in respect of credit and derivatives designated for the hedging of investments in companies that constitute foreign activity, net of tax	(30,173)	(99,350)	205,782
Profit (loss) from exchange rate differentials and changes in fair value of instruments used for cash flow hedging, net of tax	(10,073)	8,220	(25,841)
Company's share in other comprehensive income of associates, net of tax	9,872	6,298	28,969
Other comprehensive income (loss) for the period, net of tax	7,035	122,075	(188,581)
Total comprehensive income for period	272,996	278,961	1,844,911
Attribution of comprehensive income (loss) for period			
Company shareholders	192,295	219,614	1,406,070
Non-controlling interests	80,701	59,347	438,841
	272,996	278,961	1,844,911

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

Alony-Hetz Properties and Investments Ltd. | Condensed Consolidated Statements of Changes in Equity for the Three-Month Period ended March 31, 2022 (Unaudited) (NIS thousands)

	Share Capital	Share Premium	Capital Reserve from Translation of Financial Statements for Foreign Activity	Capital Reserve for Employee Options and Other Capital Reserves	Company Shares held by the Group	Retained Earnings	Total Attributed to Company Shareholders	Non-Controlling Interests	Total equity
Balance as of January 1, 2022	192,112	2,514,378	(746,743)	309,109	(589)	5,369,907	7,638,174	4,191,390	11,829,564
Total comprehensive income for period	-	-	29,987	7,301	-	155,007	192,295	80,701	272,996
Dividends declared for Company shareholders	-	-	-	-	-	(130,754)	(130,754)	-	(130,754)
Dividends declared for minority shareholders of subsidiary	-	-	-	-	-	-	-	(140,688)	(140,688)
Exercise of employee options	307	12,564	-	(1,401)	-	-	11,470	-	11,470
Acquisition of shares from non-controlling interests in a consolidated company	-	-	-	(26,571)	-	-	(26,571)	(8,707)	(35,278)
Issue of capital in consolidated companies	-	-	-	28,453	-	-	28,453	965,779	994,232
Allocation of benefit in respect of options to employees and others	-	-	-	850	-	-	850	5,875	6,725
Balance as of March 31, 2022	192,419	2,526,942	(716,756)	317,741	(589)	5,394,160	7,713,917	5,094,350	12,808,267

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

Alony-Hetz Properties and Investments Ltd. | Condensed Consolidated Statements of Changes in Equity for the Three-Month Period ended March 31, 2021 (Unaudited) (NIS thousands)

	Share Capital	Share Premium	Capital Reserve from Translation of Financial Statements for Foreign Activity	Capital Reserve for Employee Options and Other Capital Reserves	Capital Reserve in respect of Available-for-Sale Financial Assets	Company Shares held by the Group	Retained Earnings	Total Attributed to Company Shareholders	Non-Controlling Interests	Total equity
Balance as of January 1, 2021	190,932	2,472,582	(564,365)	245,123	-	(589)	4,058,183	6,401,866	3,510,964	9,912,830
Total comprehensive income for period	-	-	105,538	7,830	-	-	106,246	219,614	59,347	278,961
Dividends declared and paid to Company shareholders	-	-	-	-	-	-	(86,430)	(86,430)	-	(86,430)
Issue of capital in a consolidated company	-	-	-	-	-	-	-	-	(53,126)	(53,126)
Allocation of benefit in respect of options to employees and others	-	-	-	(4,097)	-	-	-	(4,097)	13,535	9,438
Increase in non-controlling interests	-	-	-	842	-	-	-	842	6,310	7,152
Balance as of March 31, 2021	190,932	2,472,582	(458,827)	249,698	-	(589)	4,077,999	6,531,795	3,537,030	10,068,825

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

Alony-Hetz Properties and Investments Ltd. | Condensed Consolidated Statements of Changes in Equity for the Year ended December 31, 2021 (NIS thousands)

	Share Capital	Share Premium	Capital Reserve from the Translation of Financial Statements for Foreign Activity	Capital Reserve for Employee Options and Other Capital Reserves	Company Shares held by the Group	Retained Earnings	Total attributed to Company Shareholders	Non-Controlling Interests	Total Equity
Balance as of January 1, 2021	190,932	2,472,582	(564,365)	245,123	(589)	4,058,183	6,401,866	3,510,964	9,912,830
Total comprehensive income for period	-	-	(182,378)	30,501	-	1,557,947	1,406,070	438,841	1,844,911
Dividend paid to Company shareholders	-	-	-	-	-	(246,223)	(246,223)	-	(246,223)
Dividends paid to non-controlling interests in consolidated companies	-	-	-	-	-	-	-	(224,722)	(224,722)
Exercise of employee options	1,180	41,796	-	(4,534)	-	-	38,442	-	38,442
Allocation of benefit in respect of options to employees and officers	-	-	-	3,391	-	-	3,391	20,470	23,861
Issue of capital in consolidated companies	-	-	-	39,887	-	-	39,887	448,444	488,331
Acquisition of shares from non-controlling interests in a consolidated company	-	-	-	(5,259)	-	-	(5,259)	(4,574)	(9,833)
Change in non-controlling interests	-	-	-	-	-	-	-	(4,775)	(4,775)
Capital component of the issuance of convertible bonds in a consolidated company	-	-	-	-	-	-	-	6,742	6,742
Balance as of December 31, 2021	192,112	2,514,378	(746,743)	309,109	(589)	5,369,907	7,638,174	4,191,390	11,829,564

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

Alony-Hetz Properties and Investments Ltd. | Condensed Consolidated Statements of Cash Flows

	For the Three Month Period ended March 31		For the year ended December 31
	2022	2021	2021
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	
Cash flows - Operating activities			
Net profit for the period	265,961	156,886	2,033,492
Revenues not entailing cash flows (Appendix A)	(86,810)	(77,389)	(1,461,695)
	179,151	79,497	571,798
Changes in working capital (Appendix B)	(390,765)	(22,283)	94,528
Net cash provided by (used in) operating activities	(211,614)	57,214	666,326
Cash Flows - Investing Activities			
Investment in investment property funds	-	-	(26,205)
Yield from the sale of long-term securities and securities intended for sale	20,000	-	210,873
Proceeds from the realization of investment in associates	25,353	21,709	-
Investment in fixed assets and investment property (including investment property in development)	(259,939)	(805,951)	(3,454,930)
Investment in electricity-generating systems	(218,599)	(228,796)	(1,193,824)
Investment in associates	(7,733)	(14,432)	(81,109)
Increase in pledged deposit and restricted cash	(2,315)	-	(35,908)
Decrease in pledged deposit and restricted cash	-	654	-
Proceeds from realization of securities presented at fair value against profit or loss	-	23,845	-
Acquisition of companies consolidated for the first time (see Appendix E below)	-	-	(120,828)
Repayment of loans provided to associates, net	1,760	1,248	6,981
Repayment of investment in associate	-	-	164
Decrease in deposits and tradable securities, net	-	65,683	95,054
Cash provided by forward transactions and options designated for hedging	40,418	22,872	116,763
Proceeds from sale of consolidated partnership (Appendix F)	-	-	6,644
Provision of loans	-	(13,247)	(95,084)
Others	143	-	95
Net cash used in investing activities	(400,912)	(926,415)	(4,571,314)
Cash Flows – Financing Activities			
Proceeds from the Group's issue of bonds, net	758,759	588,620	2,263,146
Repayment of bonds	(697,554)	(455,801)	(881,405)
Receipt of long-term loans, less capital raising expenses (payment of capital raising expenses)	152,715	10,000	2,137,961
Repayment of long-term loans	(15,075)	(10,345)	(589,484)
Proceeds from the issue of shares and options	20,003	-	28,577
Proceeds from the issue of shares and options to non-controlling interests in consolidated companies	993,472	9,183	483,767
Acquisition of shares and options from non-controlling interests in consolidated companies, net	(35,278)	-	(9,833)
Increase (decrease) in short-term credit and in utilized long-term credit facilities from banks	(10,109)	216,466	(91,628)
Dividend paid to Company shareholders	-	-	(246,223)
Dividends paid to non-controlling interests in consolidated companies	(127,922)	(44,069)	(224,722)
Others	-	-	(380)
Net cash deriving from financing activities	1,039,011	314,054	2,869,776
Increase (decrease) in cash and cash equivalents	426,485	(555,147)	(1,035,212)
Cash and cash equivalents at beginning of period	1,163,289	2,214,781	2,214,781
Effect of changes in exchange rates on foreign currency cash balances	(13,784)	(1,511)	(16,280)
Cash and cash equivalents at end of period	1,575,990	1,658,123	1,163,289

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

Alony-Hetz Properties and Investments Ltd. | Appendices to the Condensed Consolidated Statements of Cash Flows

	For the Three Month Period ended March 31		For the Year ended December 31
	2022	2021	2021
	NIS thousands	NIS thousands	NIS thousands
Adjustments required to present cash flows from operating activities	(Unaudited)	(Unaudited)	
a. Expenses (income) not entailing cash flows:			
Fair value adjustment of investment property and profit from its sale	(123,562)	41,554	(1,715,469)
Net profits from changes in holding rate and realization of investments in investees	(18,365)	(4,944)	(17,396)
Adjustment differences, interest and discount due to long term liabilities and cash balances	35,121	(67,128)	111,573
Profit from fair value adjustment of securities measured at fair value through profit and loss	(873)	(17,491)	(47,319)
Company share in results of associates, less dividends and capital reductions received	(32,495)	(77,319)	(126,820)
Net earnings from tradable securities	-	(4,349)	(5,358)
Deferred taxes, net	25,336	26,664	230,640
Depreciation and amortizations	22,416	18,671	84,947
Allocation of benefit in respect of share-based payment	5,723	6,320	22,405
Miscellaneous, net	(111)	633	1,102
	(86,810)	(77,389)	(1,461,695)
b. Changes in asset and liability items (changes in working capital):			
Decrease (increase) in trade receivables and in accounts receivable and debit balances	(37,581)	(6,106)	2,216
Increase in current tax assets, net	(33,479)	(2,110)	(5,332)
Increase in accounts payable and credit balances	32,790	12,210	83,088
Increase (decrease) in current tax liabilities, net (see Appendix D below)	(346,748)	(26,277)	47,875
Purchase of CAP options	(5,747)	-	(33,319)
	(390,765)	(22,283)	94,528
c. Non-cash activity			
Exercise of employee options against receivables	2,411	1,460	15,634
Investment in electricity-generating systems against supplier and creditor credit	-	-	8,369
Dividends not yet received from companies accounted for using the equity method	-	-	1,750
Increase in right-of-use asset against lease liabilities	38,550	74,901	112,925
Investment in real estate and fixed assets against other accounts payable	35,788	7,098	57,657
Dividends declared for Company shareholders	130,760	86,430	-
Dividends declared for non-controlling interests in a consolidated company	12,766	9,057	-
Income receivable for sale of tradable securities	-	1,275	-

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

Alony-Hetz Properties and Investments Ltd. | Appendices to the Condensed Consolidated Statements of Cash Flows

	For the Three Month Period ended March 31		For the Year ended December 31
	2022	2021	2021
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)		
d. Additional information			
Interest paid	165,046	155,096	343,157
Interest received	855	939	8,453
Taxes paid (*) (**)	362,186	53,465	93,153
Taxes received (***)	20,044	-	24,398
Dividends and capital reductions received	9,076	7,491	48,545
e. Acquisition of companies consolidated for the first time			
1. Acquisition of buildings through the acquisition of house companies			
The amounts recognized on the acquisition date in respect of assets and liabilities:			
Cash and cash equivalents	-	-	1,890
Investment property	-	-	45,457
Working capital	-	-	(273)
Total	-	-	47,074
Net cash flow			
Total consideration	-	-	47,074
Less - deferred consideration	-	-	(1,364)
Less cash and cash equivalents consolidated	-	-	(1,890)
	-	-	43,820
2. Acquisition of NCRE (See Note 8c to the annual financial statements)			
Working capital (including cash and cash equivalents)	-	-	2,431
Projects in initiation	-	-	74,772
Goodwill	-	-	423
Net assets consolidated	-	-	77,626
Net cash flow			
Total acquisition consideration	-	-	77,626
Less cash and cash equivalents consolidated	-	-	(618)
	-	-	77,008
f. Sale of consolidated partnership			
Working capital (including cash and cash equivalents)	-	-	1,497
Pledged deposit and restricted cash	-	-	2,015
Connected electricity generating systems	-	-	23,693
Other payables	-	-	(220)
Long-term loans, including current maturities	-	-	(27,148)
Non-controlling interests	-	-	(4,395)
Net assets sold	-	-	(4,558)
Profit from realization of consolidated company	-	-	12,363
Total consideration	-	-	7,805
Net cash flow	-	-	7,805
Total consideration	-	-	(1,161)
Less cash and cash equivalents previously consolidated	-	-	6,644

(*) The taxes paid in 2021 include the payment of taxes in the amount of NIS 29 million from the sale of shares of a company classified under investing activities.

(**) The taxes paid in 2022 include the amount of NIS 362 million, which are payments on account of tax arrangements of the Company and a subsidiary (for additional information, see Note 20 to the Company's annual financial statements for 2021).

(***) The taxes received in 2022 include tax refunds received by the Company following the tax arrangements described above, and are classified as investing activities.

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

Note 1 - General

The Group focuses on long-term investments in income-generating property companies in Israel and abroad (in Western countries). In addition, the Group has investments in renewable energy, in Israel and around the world. See Note 12.

These Condensed Consolidated Financial Statements (hereinafter: the "**Interim Financial Statements**") were prepared as of March 31, 2022 and for the three month period ended on that date. These statements should be reviewed within the context of the Company's Consolidated Annual Financial Statements as of December 31, 2021 and for the year ended on that date and with their accompanying notes (hereinafter: the "**Annual Financial Statements**").

Note 2 – Significant Accounting Policies

a. Preparation basis for the financial statements:

The Group's Interim Financial Statements have been prepared in accordance with International Accounting Standard IAS 34, "Interim Financial Reporting" (hereinafter: "**IAS 34**").

The Condensed Consolidated Financial Statements have been prepared in accordance with disclosure directives in Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

In the preparation of these Interim Financial Statements the Group has implemented accounting policies, presentation principles and calculation methods identical to those implemented in the preparation of its financial statements as of December 31, 2021 and for the year ended on that date.

b. Determining the fair value of investment property and investment property in development:

The Group determines the fair value of income-generating property in accordance with the provisions of IAS 40 and IFRS 13. In order to determine the fair value in the annual financial statements, the Group's management relies on valuations of independent external appraisers. In the semi-annual reports, the Group relies on professional external appraisers who review all of the Group's assets. In the first and third quarters, the Group's management is relying both on letters of no change from external appraisers and on valuations of external appraisers.

c. Exchange rates and linkage bases:

- Balances in or linked to foreign currency are included in the financial statements according to the representative rates of exchange published by the Bank of Israel and in effect as of the end of the reporting period.

- Balances linked to the Consumer Price Index (CPI) are presented according to the most recent known CPI at the end of the reporting period (the CPI for the month preceding the month of the financial statements date) or in accordance with the CPI in lieu of the last month of the reporting period (the CPI for the month of the financial statements date), according to the terms of the transaction.

Note 2 – Significant Accounting Policies

- The following is information regarding exchange rates and the CPI:

	As of March 31 / For the Month of March		As of December 31 / For the Month of December	For the Three Month Period ended March 31		For the Year ended December 31
	2022	2021	2021	2022	2021	2021
				%	%	%
Consumer Price Index						
(2000 base)						
In Israel (Actual Index)	138.348	133.696	136.354	1.46	0.80	2.80
In Israel (known CPI)	137.550	132.899	135.956	1.17	0.10	2.40
Exchange Rate against the NIS						
USD	3.176	3.334	3.110	2.12	3.70	(3.27)
Pound sterling	4.168	4.587	4.203	(0.83)	4.44	(4.30)
CHF	3.434	3.539	3.405	0.85	(3.04)	(6.71)
PLN	0.759	0.842	0.765	(0.70)	(1.42)	(10.49)

d. Seasonal factors:

Solar radiation and wind speed in various seasons influences the output of photo-voltaic systems or wind farms, respectively. In the photo-voltaic field, in the spring and summer months, when solar radiation levels are high, the photo-voltaic systems' output increases. In the autumn and winter months, when solar radiation levels are relatively low, the systems' output declines. In the field of wind energy, electricity generation is subject to changes in the wind regime in the different seasons, according to the specific region in which the turbines are located and to the variation in wind regimes from year to year. Based on wind measurements made in the area of Energix's wind farms in Poland, the forecast is that the fall and winter months (fourth and first quarters), which are characterized by strong winds, will be the months in which the wind farm's output increases. It should be clarified that the weather conditions that will actually exist in a certain period may have a significant impact on the ability of Energix's facilities to generate electricity, and accordingly on its operating results, whether in the photo-voltaic field and whether in the wind energy field.

Note 3 – Amot (consolidated company):

A. The Company's holdings in Amot:

The rate of the Company's holdings in Amot close to the date of publication of this report was 53.9%.

In January 2022, under a private offer report, Amot issued approx. 11.6 million ordinary Amot shares of NIS 1 PV each, for a net amount of approx. NIS 301 million, to several institutional investors, three of which are interested parties in Amot by virtue of their holdings, prior to the date of the above private allotment.

On May 23, 2022, Amot issued a tender to classified investors for an early commitment to order its shares and option warrants (Series 11), according to which Amot issued acceptance notices for orders amounting to NIS 317 million, of which the Company ordered shares and options (Series 11) in the amount of NIS 162 million. Amot intends to complete the capital raising by way of a uniform offer to the public over the coming days. The amount of the final capital raising and the amount of the Company's orders to be accepted will be determined only after the completion of the public tender.

Regarding tenders for classified investors for Amot's expansion of bond series (Series F and G) - see Section 9.

B. Transactions during the reporting period and subsequent to the balance sheet date in connection with investment property:

1. Amot Holon:
At the beginning of 2022, the construction was completed on an office building that includes a gross 60 thousand sq.m. above ground for marketing and a 5-story underground parking lot (Amot's share - 77.8%). The tower is in initial population stages. In view of the above, in the first quarter of 2022, Amot reclassified the office building from 'property in development' to 'investment property', in the amount of NIS 470 million. As of the date of the report, contracts have been signed for approx. 10,300 sq.m., which are expected to generate approx. NIS 10 million per year (Amot's share - 77.8%).

2. Derech Hashalom 15, Tel Aviv:
Subsequent to the balance sheet date, in May 2022, Amot submitted a bid in a public tender by the Tel Aviv Municipality for the purchase (AS IS) of the full lease rights (49 years with an option to extend for another 49 years) in an area of approx. 3.2 dunams at 15 Derech Hashalom St. in Tel Aviv, for an amount of approx. NIS 261 million, plus VAT. The complex is designated for employment, residence and commerce adjacent to the ToHa project. After the deadline for submitting bids in the tender, a public envelope opening procedure was carried out in which it emerged that the Amot bid is the highest bid. As of the date of publication of this report, Amot has not yet received notification from the municipality of its win in the tender. The master plan is approved for the construction of 15,845 sq.m. of gross above-ground area, including 4,754 sq.m. of gross above-ground area for employment, 1,584 sq.m. of gross above-ground area for commerce, and 9,507 sq.m. gross above-ground area for residence, as well as underground service areas with the same total area.

C. Management fee agreement with Amot:

Further to Note 6c to the annual financial statements, at its meeting on April 12, 2022, Amot's General Meeting approved the extension of the management agreement with the Company for an additional period of 3 years beginning on January 1, 2022 and until December 31, 2024, while updating the annual management fee and setting a fixed amount of NIS 10.3 million per year (linked to the CPI in lieu of December 2021), and to the extent that Amot's annual FFO return is less than 6%, the management fee for that year will be reduced by NIS 600 thousand. The management fee will be paid in four quarterly payments. It should be clarified that the scope of the services provided to Amot is in accordance with the changing needs of Amot, from time to time, and with no time limit (minimum or maximum). In this context, it should be noted that the Company undertook to provide Amot with the full inputs required for the provision of management services, in accordance with Amot's requirements (hereinafter: the "**Extended Management Agreement**").

Note 3 – Amot (consolidated company) (continued):

To the extent that during the period of the extended management agreement there will be a significant reduction in the scope of the position provided by the Company's officers, by a rate exceeding 25% cumulatively per year of activity (relative to the estimate of the scope of the position provided by the officers as aforesaid for the provision of management services just prior to the approval of the extended management agreement), Amot will have the right to cancel the extended management agreement. Also, under the Extended Management Agreement the Company will be entitled to terminate it at any time by prior written notice to Amot 120 days in advance. In addition, as has been the case so far, each party can bring it to an end by giving prior written notice of 60 days to the other in the event that the Company ceases to hold control in Amot.

The Company's Audit Committee and the Board of Directors approved the Company's engagement in the transaction.

Note 4 – Brockton Everlast Inc. ("BE") (consolidated company):

A. Adding an investor to BE:

On February 22, 2022, the Company, BE and the BE Managers signed a set of binding agreements with corporations from the Menora Mivtachim Group (hereinafter: "**Menora**"), under which Menora invested the amount of GBP 112 million in BE's capital, which gives Menora a holding of 13.6% in BE's capital. In addition, Menora was granted an option to invest additional capital in BE in the amount of GBP 75 million until May 23, 2023 (hereinafter: the "**option**")[1].

If and to the extent that the option is exercised, Menora's holding rate in BE will increase up to 20%.

Regarding provisions determined in connection with corporate governance and restrictions on offenses, see Note 6 to the annual financial statements (Subsections 4 and 5, respectively).

B. The Company's holdings in BE:

During the reporting period, the Company invested the amount of approx. GBP 16.5 million (approx. NIS 72 million) in BE's capital. As of March 31, 2022 and as of the date of publication of the report, the Company indirectly holds approx. 82.7% of the rights in BE.

Note 5 – Energix (consolidated company):

A. Company holdings in Energix:

In January 2022, Energix issued 25.8 million ordinary shares, through a shelf offer report, for a total consideration of approx. NIS 337 million, from which the Company acquired 13 million ordinary shares of Energix for the amount of NIS 168 million. In addition, the Company invested an amount of NIS 36 million in the acquisition of Energix shares. Close to the date of publication of this report, the rate of the Company's holdings is approx. 53%.

B. The following are transactions carried out by Energix in the reporting period and subsequent to the balance sheet date:

As part of Energix's total activity in Israel, the United States and Poland, the total capacity of its systems, as of the date of publication of the report, amounts to approx. 715 MW in projects in commercial operation, approx. 550 MW in projects in development or pre-construction and approx. 860 MW in projects in advanced stages of initiation. In addition, Energix has photovoltaic and wind energy projects in initiation with a capacity of approx. 6.4 GW and storage projects in initiation with a capacity of approx. 7 GWh.

---

[1] BE is included in the list of significant non-financial corporations according to the Law for the Promotion of Competition and Reduction of Centralization, 2013, and therefore Menora will be forbidden to exercise the option as long as it does not receive the approval of the Centralization Committee.

Note 5 – Energix (consolidated company) (continued):

United States:
Photovoltaic projects in the United States –

1. **Projects whose construction and connection to the grid have been partially completed - Virginia 2 Projects (142 MWp)** - Further to Note 7d to the annual statements, as of the date of approval of the report, construction has been completed on 5 photovoltaic facilities (with a capacity of 116 MWp) of the 6 projects, and they have commenced commercial operation. As of the date of the report, Energix has recognized assets in the amount of approx. NIS 449 million in respect of these projects.
2. **Projects in development and pre-construction – Purchase of a development project with a capacity of approx. 104 MWp in Pennsylvania** - Further to Note 8c to the annual financial statements, regarding the purchase of a photovoltaic project with a capacity of approx. 104 MWp in Pennsylvania, in April 2022 the full conditions for completing the transaction were met, and accordingly, ownership of the project was transferred to Energix for a total payment of approx. USD 3.6 million (half of which was paid upon the transfer of ownership, and half was paid upon commencement of construction). The project has an agreement with the City of Philadelphia for the sale of electricity for a period of 20 years that was amended at the time of completion of the purchase in a manner that significantly improves the expected revenue from the project. The project is also entitled to revenue from the sale of the green certificates (RECs) that will be issued in respect of the generation of electricity. The project has completed most of the planning and development stages and is in the process of obtaining the permits required for the start of construction work, which are expected to be received during 2022.
3. **Engagement with First Solar for the purchase of panels** – Further to Note 8c to the annual financial statements regarding Energix's engagement in January 2022 in an agreement for the purchase of panels with a total capacity of over 2 GWp at total cost of hundreds of millions of USD, in April 2022 Energix made an advance payment of approx. USD 30 million. The balance of the payments will be paid close to the delivery of the panels.

That stated in this Section above regarding projects in development constitutes forward-looking information.

Poland:
Wind energy projects in Poland

1. **Completion of construction and commencement of the flow of electricity from the Banie 3 wind farm (82 MW) and the Sepopol wind farm (44 MW)** – Further to Note 8e to the annual financial statements, as of the date of approval of the report, Energix has completed the construction work on the above 2 wind farms and accordingly, all 57 wind turbines in the projects began to generate electricity fed into the Polish electricity grid as part of a wind farm trial run period, during which all the electricity generated therein was sold at market prices. At the same time, Energix is working to obtain all the approvals and permits required for a permanent production license for the projects, which is expected to be received in the coming weeks. Regarding the project's financing, see Note 8 below.
As of the date of the report, the Company has recognized properties in development in the amount of approx. NIS 469 million.

2. **Projects in development - Banie Stage 4 wind farm with a capacity of 56 MW** - Further to Note 8e to the annual financial statements, as of the date of approval of the report, Energix is in the final stages of the construction work. As of the date of the report, Energix has completed the construction of 8 of the 16 wind turbines included in the project (28 MW).
Regarding the project's financing, see Note 8 below.

For details regarding the electricity price-fixing transaction, see Note 7e and Note 8e to the annual financial statements.

As of the date of the report, Energix has recognized properties in development in the amount of approx. NIS 157 million in respect of the Banie Stage 4 project.

Note 5 – Energix (consolidated company) (continued):

Israel:

Photovoltaic projects in Israel -

1. **Projects in commercial operation - Sale of Energix's share in the Granot project (Energix's share - 1.7 MWp)** – In February 2022, Energix completed a transaction for the sale of its full rights in the Granot Energix Solar Projects Limited Partnership to Meshek Energy Holdings Ltd. (hereinafter: "Meshek Energy"). Accordingly, Energix recognized a profit of approx. NIS 18 million in its financial statements, which was recorded to the 'capital gain from the sale of a consolidated partnership' item in respect of which tax expenses in the amount of approx. NIS 4 million were recognized.
2. **Projects whose construction and connection to the grid have been partially completed - The winning projects in the third and fourth competitive procedures (up to 137 MWp)**: Further to Note 8 to the annual financial statements, as of the date of approval of the report, the construction of all 17 projects under these quotas has been completed and commercial operation has commenced at 11 of the facilities (77 MWp).
3. **Julis Extra-High Voltage Project with a capacity of 90 MWp (in advanced initiation)**: Further to Note 8a to the annual financial statements, in connection with the promotion of the plan for the project's establishment in the National Infrastructure Committee (the "**NIC**"), just prior to the date of approval of the report, the plan was approved by the NIC for the establishment of the project, and it was submitted for final approval by the Israeli government, as required by law.

   As of the date of the report, Energix has recognized properties in the amount of NIS 424 million in respect of these projects, which were recorded under the 'connected electricity generation systems' and 'systems in development and initiation' items.

   Regarding withdrawals made as part of the financing framework for these projects, see Note 8 below.

4. **Wind energy projects in Israel - ARAN project**
   Further to Note 8b to the annual financial statements, in April 2022, an application for a temporary restraining order was submitted in order to prevent the commencement of the construction work on the project, in relation to several turbines for which a legal proceeding is ongoing.
   Therefore, and after the building permit was granted for the project in February 2022, just prior to the date of approval of the report, construction work commenced on the project. Energix is also in the final stages of completing the conditions required for financial closure for the wind farm.
   For additional information, see Note 8b to the annual financial statements.
   As of the date of the report, Energix has recognized the property in the amount of NIS 162 million, which is presented under the 'systems in development and initiation' item, including an amount of approx. NIS 11 million against contingent liabilities.

Note 6 – Carr Properties (hereinafter: "Carr") (an associate):

A. The Company's Holdings in Carr:

As of March 31, 2022 and as of the date of publication of the report, the Group's holdings in Carr Properties Holdings LP is 50.77%. The Group's effective holdings in Carr as of March 31, 2022 and as of the date of publication of the financial statements is 44.2% and 45.5%, respectively.

The balance of the investment in Carr in the financial statements as of March 31, 2022, is USD 974 million (NIS 3.1 million).

Subsequent to the balance sheet date, in May 2022, some of the non-controlling interests in Carr exercised their redemption right in relation to the redeemable shares which they hold. The redemption cost for the above shares amounted to USD 60 million. The Company intends to invest an amount of USD 60 million in Carr's capital for the financing of the acquisition of the above redemption shares. After the investment in Carr's capital, which is expected in June 2022, the Company will hold 47% in Carr.

B. Transactions during the reporting period in connection with investment property:

Block 16

In February 2022, Carr signed a 99-year lease agreement for a land division known as Block 16 with an area of 4 dunams in the CBD of Austin, Texas for the purpose of developing and building an office tower.

In accordance with existing policy in the area, Carr plans to receive a specific master plan and related approvals for the construction of an office tower with a total area of 738 thousand sq.ft. and a construction budget of USD 520-530 million. Carr expects construction of the tower to begin in the first quarter of 2023 and end in June 2026, and the projected NOI cash flow in the first year in a state of stabilization, will amount to approx. USD 40 million (after deducting the lease fee).

Carr intends to add a partner at a rate of 49% to the project, which together with Carr will provide the necessary equity component (45%), and to finance the balance of the project budget through a bank loan (55%).

That stated in this Section constitutes forward-looking information.

One Congress Project – Boston, Massachusetts

Carr holds 75% of the rights in a joint venture through which an office tower is currently being built in Boston whose designated name is "One Congress" with 1 million sq.ft. with a third party partner.

In April 2022, the joint venture signed an agreement to lease the remaining rental space in the tower, which is in advanced stages of construction, to a single tenant with an area of 409 thousand sq.ft. (approx. 38 thousand sq.m.), so that after the agreement, the One Congress building is fully leased.

C. Financial debt

Cap transaction for fixing interest

To hedge the risk of a rise in interest rates in the United States, subsequent to the date of the report in May 2022, Carr purchased a CAP transaction for a period of 3 years, at an annual SOFR interest rate of 2.5% amounting to USD 400 million. The cost of the hedge transaction amounted to USD 11.5 million.

D. Fair value adjustments of investment property

In the reporting period, Carr recorded a net positive revaluation in the amount of USD 2 million in its financial statements, consisting of positive revaluations of USD 23 million in respect of projects in development, which were partially offset by negative revaluations of USD 21 million in respect of income-generating properties (the Group's share in the positive revaluation before tax is approx. USD 1 million, (NIS 3 million)).

Note 6 – Carr Properties (hereinafter: "Carr") (an associate) (continued):

E. The following is concise information regarding Carr:

	For the Three Month Period ended March 31		For the Year ended December 31
	2022	2021	2021
	USD thousands		
Revenues (not including real estate valuations)	48,829	57,763	215,045
Fair value adjustments of investment property	2,013	4,300	(4,133)
Net profit from ongoing activity	17,967	18,582	35,266
Other comprehensive income	9,807	5,635	25,622
Total comprehensive income (including share of non-controlling interests in profit)	27,774	24,217	60,888
Company share in Carr's net income in USD thousands	8,443	8,658	16,409
Company share in Carr's comprehensive income in USD thousands	12,396	10,959	28,025
Company share in Carr's net income in NIS thousands	26,933	28,302	53,723
Company share in Carr's comprehensive income in NIS thousands	39,631	35,827	91,478

	As of March 31		As of December 31
	2022	2021	2021
	USD thousands		
Investment property	2,408,841	2,983,050	2,403,873
Property in development and land for development	167,555	493,055	169,254
Investment in investees	725,872	348,910	705,632
Other non-current assets	161,212	179,827	147,411
Other current assets	44,609	63,521	53,940
Total assets	3,508,089	4,068,363	3,480,110
Current liabilities	185,322	211,982	200,620
Non-current liabilities	1,256,978	1,851,491	1,241,623
Total liabilities	1,442,300	2,063,473	1,442,243
Equity attributed to shareholders	1,918,292	1,861,789	1,893,706
Non-Controlling Interests	147,497	143,101	144,161
Equity (including non-controlling interests)	2,065,789	2,004,890	2,037,867
Total liabilities and equity	3,508,089	4,068,363	3,480,110
Company share in net assets - in USD thousands	973,828	945,144	961,347
Book value of investment – in NIS thousands	3,092,878	3,151,111	2,989,789

Note 7 – The Company's Holdings in Boston (associated companies):

The Company's holdings in Boston:

The Company holds approx. 55% of the capital rights and 50% of the controlling rights (through fully owned corporations) in three companies that (each) hold an office building in the Boston CBD and in East Cambridge (hereinafter, collectively: the"**Boston Partnerships**"). The Company's partner in the Boston Partnerships is the Oxford Properties Group (hereinafter: "**Oxford**"), which provides asset management services under agreed terms identical to market terms.

The balance of the investment in the three Boston Partnerships, in the financial statements as of March 31, 2022, is USD 270 million (approx. NIS 857 million).

In the reporting period, the Group received dividends and returns of capital from the Boston Partnerships in the total amount of USD 2.6 million (approx. NIS 8 million).

Note 8 – Loans from Banking Corporations and Financial Institutions:

The Company –

1. As detailed in Note 12b(1) to the annual financial statements, a facility agreement was signed between the Company and an Israeli bank (hereinafter, in this subsection: the "**Bank**") in January 2022 for the provision of a credit facility in the amount of NIS 150 million with a utilization period of one year from date of signing the agreement (hereinafter, in this subsection: "the **Utilization Period**") to be repaid by the end of two years from the end of the utilization period (hereinafter, in this subsection: the "**New Facility Agreement**").

2. As of March 31, 2022 and as of the date of publication of the report, the Company has a credit facility in the total amount of NIS 650 million, which is unutilized.

Energix (consolidated company) –

3. **Financing for construction of the projects with a capacity of up to 137 MWp (the third and fourth competitive procedures)** - Further to Note 12.d.9 to the annual statements regarding a project financing agreement in the amount of up to NIS 380 million, as of the date of approval of the report, Energix, through the joint venture - Israel, made a withdrawal under the financing facility in the amount of approx. NIS 268 million in respect of projects that met the conditions for the withdrawal.
4. **Financing for the construction of the wind farm in Poland - Banie 3 (820 MWp) and Sepopol (44 MWp)** - Further to Note 12d.(12) to the annual financial statements regarding a project financing agreement in the amount of up to PLN 550 million (approx. NIS 440 million). As of the date of approval of the report, Energix has taken loans under the financing facility in the amount of approx. NIS 356 million.
5. **Financing for the construction of the Banie Stage 4 wind farm with a capacity of 56 MW** – In March 2022, a Polish dedicated corporation wholly owned by Energix, that owns the wind farm, entered into a financing agreement for the project's construction in the total amount of up to PLN 290 million (approx. NIS 215 million). For additional information, see Note 12d.(12) to the annual financial statements.

Note 9 – Bond Raising:

The Company –

Further to Note 11 to the annual consolidated financial statements, in January 2022, the Company issued, through a shelf offer report, NIS 221.4 million PV of bonds (Series I) by way of a series expansion, for a consideration of NIS 244.2 million (gross) and at an effective interest rate of 1.53% and NIS 84.23 million PV of bonds (Series J) by way of a series expansion, for a consideration of NIS 88 million (gross) and at an effective interest rate of 1.45% and NIS 436.99 million PV of bonds (Series L) by way of a series expansion, for a consideration of NIS 448.8 million (gross) and at an effective interest rate of 2.45%.

Note 9 – Bond Raising (continued) :

Amot (consolidated company) –

On May 23, 2022, Amot issued tenders for classified investors to receive an early commitment for orders for bonds (Series F) (CPI-linked) and bonds (Series G) (NIS), according to which Amot issued acceptance letters for orders of bonds (Series F) in the amount of NIS 300 million at a CPI-linked effective interest rate of 1.61% and orders for bonds (Series G) in the amount of NIS 102 million at an effective NIS interest rate of 4.31%. Amot intends to complete the debt raising by way of a uniform offer to the public over the next few days. The amount of the final raising and the effective interest rate in each series will be determined in the public tender.

Regarding the tender for classified investors for Amot's issuance of shares and options (Series 11), see Note 3a.

Note 10 – Additional Information and Events Subsequent to the Date of the Statement of Financial Position

A. Dividend distributed and dividend declared

The Company – In March 2022, the Company's Board of Directors made a decision regarding the dividend distribution policy for 2022, according to which the Company will distribute a total dividend of NIS 1.26 per share in 2022, which will be paid in 4 quarterly payments as follows: at the end of Q1 and Q2 - NIS 0.31 per share, and at the end of Q3 and Q4 - NIS 0.32 per share (subject to a specific decision of the Board of Directors at the end of each quarter, taking into account business considerations and in accordance with any law). In addition, the Company's Board of Directors decided to distribute an additional dividend in respect of 2021 in the amount of NIS 0.44 per share.

In accordance with the above, in March 2022, the Company announced a dividend for Q1/2022 in the amount of NIS 0.75 per share (NIS 131 million) to be paid in April 2022.

In May 2022, the Company announced a dividend distribution for Q2/2022 in the amount of NIS 0.31 per share (NIS 54 million), to be paid during June 2022.

Amot (consolidated company) – In March 2022, Amot's Board of Directors stated that in 2022, Amot intends to distribute an annual dividend of NIS 1.06 per share, paid in 4 quarterly payments, as follows: at the end of Q1 and Q2 - NIS 0.26 per share, and at the end of Q3 and Q4 - NIS 0.27 per share, subject to a specific decision by Amot's Board of Directors at the end of each quarter.

In accordance with this Amot policy, in March 2022 Amot declared that it would be distributing a dividend for Q1/2022 in the amount of NIS 0.26 per share, and that it would also be distributing another dividend in respect of 2021 in the amount of NIS 0.34 per share, which was paid in March 2022 (approx. NIS 273 million, the Company's share - approx. NIS 147 million).

In May 2022 Amot declared a dividend distribution for Q2/2022 in the amount of NIS 0.26 per share (approx. NIS 118.5 million, the Company's share - approx. NIS 64 million), which will be paid in June 2022.

Energix (consolidated company) – In March 2022, the Energix Board of Directors stated that in 2022 it intends to distribute an annual dividend in the amount of NIS 0.20 per share, which will be paid in 4 equal quarterly payments, subject to a specific decision of the Board of Directors at the end of each quarter, taking into account business considerations and in accordance with any law.

According to this policy, in March 2022, Energix announced that it would distribute a dividend for the first quarter of 2022 in the amount of NIS 0.05 per share (approx. NIS 26 million, the Company's share - approx. NIS 14 million), which was paid in April 2022.
In May 2022, Energix declared a dividend distribution for Q2/2022 in the amount of NIS 0.05 per share (approx. NIS 26 million, the Company's share - approx. NIS 14 million), which will be paid in June 2022.

BE (consolidated company) – In February 2022, BE declared a dividend in the amount of GBP 16 million (approx. NIS 70 million, the Company's share - approx. NIS 67 million), which was distributed to its shareholders in a single payment in that month.

Note 10 – Additional Information and Events Subsequent to the Date of the Statement of Financial Position (continued):

B. Remuneration of employees and officers

In March 2022, the Company's Board of Directors decided to grant an annual ration of 272,879 non-tradable option warrants to three Company officers, 5 directors (including a director who is the daughter of the Company CEO), the Chairman of the Company's Board of Directors and to 6 employees. The total economic value of the above granted options amounts to approx. NIS 3.6 million. For additional information, see Note 16e to the annual financial statements.

The fair value of the option warrants granted has been estimated using the Black and Scholes model. The parameters used in the implementation of the model are as follows:

Share price (in NIS)	56.08
Exercise price (in NIS)	58.32
Weighted expected volatility	34.598%
Life span of option warrants (in years)	3
Risk-free interest rate	1.43%

C. Tenders for classified investors in Amot

For information regarding tenders for classified investors carried out by Amot on May 23, 2022, see Note 3a and Note 9 above.

Note 11 – Financial Instruments

A. Financial instruments not presented in the financial statements at fair value:

The following table details the book value and fair value of financial assets and liabilities presented in the financial statements not at their fair value. Except as detailed in the following table, the Group believes that the book value of financial assets and liabilities presented at amortized cost in the financial statements is nearly identical to their fair value:

	As of March 31, 2022		As of March 31, 2021		As of December 31, 2021	
	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Financial liabilities						
Long-term loans (including maturities)	1,868,897	1,770,895	996,068	1,106,625	1,806,730	1,887,071
Bonds (including maturities)	12,793,366	13,198,097	11,318,346	12,044,241	12,654,709	13,721,308
	14,662,263	14,968,992	12,314,414	13,150,866	14,461,439	15,608,379

- The fair value of long-term loans is determined according to discounted cash flows. Interest rates used for discounting are based on a quote obtained from a financial institution for a loan under similar conditions. Calculation of the fair value of long-term fixed-interest loans is according to Level 2. The fair value of the Group's variable interest loans is approximately equal to their book value, and therefore these loans are not presented in the above note.

- Bonds in the above table include only the liability component of convertible bonds (Series B) issued by Energix. The fair value of the bonds is determined by discounting the expected cash flows according to interest rates of similar debt instruments that do not include a conversion option and is in accordance with Level 2.

- The fair value of the traded bonds, except for Energix's convertible bonds (Series B), is determined based on prices quoted on the stock exchange in Israel and is in accordance with Level 1. The fair value of non-tradable bonds is determined by discounting the expected cash flows at a discount rate that reflects management's assessment of the level of risk inherent in the financial instrument and is in accordance with Level 2.

Note 11 – Financial Instruments (continued):

B. Financial instruments presented in the financial statements at fair value

Below are details of the Group's financial instruments measured at fair value, by level:

	As of March 31, 2022			
	Level 1	Level 2	Level 3	Total
	NIS thousands			
Financial assets at fair value				
Derivatives:				
Financial derivatives (swap contract, swapping the NIS principal and interest with CHF principal and interest)	-	12,581	-	12,581
Financial derivatives (swap contract, swapping the NIS principal and interest with USD principal and interest) designated for hedging	-	14,672	-	14,672
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	-	57,192	-	57,192
Financial derivatives (forward contract for foreign currency swap) designated for hedging	-	190,761	-	190,761
Financial derivatives (CAP options for hedging the exposure to variable interest)	-	93,533	-	93,533
Financial derivatives (Swap contract swapping variable interest with fixed interest) designated for hedging	-	13,379	-	13,379
Financial assets measured at fair value through profit or loss:				
Tradable securities	127	-	-	127
Real estate investment funds (1)	-	-	209,115	209,115
	127	382,118	209,115	591,360
Financial liabilities at fair value				
Derivatives:				
Financial derivatives (swap contract, swapping NIS principal and interest with CPI-linked principal and interest) designated for hedging	-	(196,552)	-	(196,552)
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging	-	-	(117,379)	(117,379)
Financial derivatives (swap contract, swapping the NIS principal and interest with USD principal and interest) designated for hedging	-	(2,629)	-	(2,629)
Financial derivatives (forward contract for foreign currency swap) designated for hedging	-	(7,441)	-	(7,441)
	-	(206,622)	(117,379)	(324,001)

Note 11 – Financial Instruments (continued) :

(1) Financial instruments at fair value whose value was measured according to Level 3:

	For the Three Month Period ended March 31, 2022
	NIS thousands
Balance as of January 1, 2022	143,802
Amounts recorded to profit or loss in the period	11
Amounts recorded to other comprehensive income in the period	(52,077)
Balance as of March 31, 2022	91,736

B Financial instruments presented in the financial statements at fair value

	As of March 31, 2021			
	Level 1	Level 2	Level 3	Total
	NIS thousands			
Financial assets at fair value				
Derivatives:				
Financial derivatives (swap contract, swapping the NIS principal and interest with CHF principal and interest)	-	19,747	-	19,747
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	-	12,086	-	12,086
Financial derivatives (forward contract for foreign currency swap) designated for hedging	-	80,249	-	80,249
Financial derivatives (CAP options for hedging the exposure to variable interest)	-	1,324	-	1,324
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging	-	-	5,644	5,644
Financial assets measured at fair value through profit or loss:				
Investment in investee held for sale	175,827	-	-	175,827
Tradable securities	27,605	-	-	27,605
Real estate investment funds (1)	-	-	167,310	167,310
	203,432	113,406	172,954	489,792
Financial liabilities at fair value				
Derivatives:				
Financial derivatives (swap contract, swapping NIS principal and interest with CPI-linked principal and interest) designated for hedging	-	(49,723)	-	(49,723)
Financial derivatives (Swap contract swapping variable interest with fixed interest) designated for hedging	-	(2,661)	-	(2,661)
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging	-	-	(177)	(177)
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	-	(3,683)	-	(3,683)
Financial derivatives (swap contract, swapping the NIS principal and interest with USD principal and interest) designated for hedging	-	(1,942)	-	(1,942)
Financial derivatives (forward contract for foreign currency swap) designated for hedging	-	(70,410)	-	(70,410)
	-	(128,419)	(177)	(128,596)

Note 11 – Financial Instruments (continued):

(1) Financial instruments at fair value whose value was measured according to Level 3:

	For the Three Month Period ended March 31, 2021
	NIS thousands
Balance as of January 1, 2021	156,856
Amounts recorded to profit or loss in the period	7,141
Amounts recorded to other comprehensive income in the period	8,780
Balance as of March 31, 2021	172,777

B. Financial instruments presented in the financial statements at fair value

	As of December 31, 2021			
	Level 1	Level 2	Level 3	Total
	NIS thousands			
Financial assets at fair value				
Derivatives:				
Financial derivatives (swap contract, swapping the NIS principal and interest with CHF principal and interest)	-	17,826	-	17,826
Financial derivatives (swap contract, swapping the NIS principal and interest with USD principal and interest) designated for hedging	-	18,480	-	18,480
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	-	55,566	-	55,566
Financial derivatives (forward contract for foreign currency swap) designated for hedging	-	264,947	-	264,947
Financial derivatives (CAP options for hedging the exposure to variable interest)	-	54,485	-	54,485
Financial derivatives (Swap contract swapping variable interest with fixed interest) designated for hedging	-	5,442	-	5,442
Financial assets measured at fair value through profit or loss:				
Tradable securities	144	-	-	144
Real estate investment funds (1)	-	-	209,575	209,575
	144	416,746	209,575	626,465
Financial liabilities at fair value				
Derivatives:				
Financial derivatives (foreign currency swap options)	-	(268)	-	(268)
Financial derivatives (swap contract, swapping NIS principal and interest with CPI-linked principal and interest) designated for hedging	-	(131,916)	-	(131,916)
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging	-	-	(65,773)	(65,773)
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	-	-	-	-
Financial derivatives (forward contract for foreign currency swap) designated for hedging	-	(1,077)	-	(1,077)
	-	(133,261)	(65,773)	(199,034)

Note 11 – Financial Instruments (continued):

(1) Financial instruments at fair value whose value was measured according to Level 3:

	For the Year ended December 31, 2021
	NIS thousands
Balance as of January 1, 2021	156,856
Investments	26,205
Amounts recorded to profit or loss in the period	27,147
Amounts recorded to other comprehensive income in the period	(66,406)
Balance as of December 31, 2021	143,802

C. Changes in investments in associates

The following are the significant changes that have occurred in investments in key associates in the following periods:

	For the Three Month Period ended March 31		For the Year ended December 31
	2022	2021	2021
	In NIS millions		
Investment in PSP	-	(24)	(200)
Investment in Carr	103	147	(15)
Investment in Boston	29	89	50

- Investment in Carr – The increase in the balance of the investment in the reporting period was due mainly to an increase in the USD exchange rate (an increase of approx. NIS 63 million) and as a result of the Group's share in Carr's comprehensive income (an increase of approx. NIS 40 million).

- Investment in Boston – The increase in the investment balance in the reporting period was resulted mainly from an increase in the USD exchange rate (an increase of approx. NIS 18 million) due to the accumulation of equity earnings in the amount of approx. NIS 11 million and due to an investment in the amount of approx. NIS 8 million. On the other hand, there was a decrease due to the receipt of a dividend and/or a return of capital in the amount of approx. NIS 8 million.

Note 12 – Operating Segments

The Group has two areas of activity: (1) Main area of activity – long-term investments in income-generating property companies in Israel and in other western countries, which mainly includes its investments in Amot, Carr, and BE;
and (2) additional area of activity – investment in renewable energy, which consists of its investment in Energix.

Segment results are measured based on the Company's share in the operating results of each investment as included in the reports reviewed regularly by the chief decision maker and by management.

Note 12 – Operating Segments (continued):

Segment revenues and results

	For the Three Month Period ended March 31, 2022							
	Income-Generating Property Segment				Segment Energy	Unattributed Results	Adjustments	Total
	Amot	CARR	BE	Others	Energix			
	NIS thousands							
Group share in investees' profits, net	105,395	26,994	17,827	11,459	23,372	-	(142,030)	43,017
Net profits (losses) from investments in securities measured at fair value through profit or loss	-	-	-	(421)	-	(18)	1,312	873
Revenues from decrease in holdings in investees	-	268	-	-	-	-	18,097	18,365
Other revenues, net (*)	2,598	-	393	-	1,593	-	491,374	495,958
	107,993	27,262	18,220	11,038	24,965	(18)	368,753	558,213
Administrative and general	-	-	-	-	-	6,879	32,768	39,647
Financing expenses, net	-	-	-	-	-	29,796	133,357	163,153
Other expenses, net (*)	-	-	-	-	-	-	69,825	69,825
	-	-	-	-	-	36,675	235,950	272,625
Profit before tax	107,993	27,262	18,220	11,038	24,965	(36,693)	132,803	285,588
Additional information on segment results:								
Revenues (in the investee's books) including revaluation profits (losses)	369,725	162,537	35,561		91,842			
Revaluation profits (losses) (in the investee's books), before tax	128,240	6,435	(4,309)		-			
Net profit (in the investee's books)	194,964	57,439	19,528		43,476			
Company share in net profits	105,395	26,994	17,827		23,372			

For additional information regarding Carr's concise financial information, see Note 6e above.

(*) Other net revenues/expenses, mainly consisting of revenues/expenses from rental fees and management of investment property and from the activation of electricity-generating facilities.

Note 12 – Operating Segments (continued) :

Segment assets and liabilities:

	As of March 31, 2022							
	Income-Generating Property Segment				Segment Energy	Unattributed Assets and Liabilities	Adjustments	Total
	Amot	CARR	BE	Others	Energix			
	NIS thousands							
Assets:								
Investment in investees	4,212,679	3,092,880	2,834,784	856,970	952,532	14,158	(7,543,365)	4,420,638
Investment in securities measured at fair value through profit or loss	-	-	-	155,894	-	127	53,221	209,242
Other assets	-	-	-	-	13,803	378,768	27,966,907	28,359,478
	4,212,679	3,092,880	2,834,784	1,012,864	966,335	393,053	20,476,763	32,989,358
Liabilities	-	-	-	-	-	4,798,678	15,382,413	20,181,091

Note 12 – Operating Segments (continued) :

Segment revenues and results

	For the Three Month Period ended March 31, 2021							
	Income-Generating Property Segment				Segment Energy	Unattributed Results	Adjustments	Total
	Amot	CARR	BE	Others	Energix			
	NIS thousands							
Group's share of profits (losses) of investees, net	57,854	28,302	(33,148)	49,929	9,355	(18)	(37,925)	74,349
Net profit from investments in securities measured at fair value through profit or loss	-	-	-	17,516	-	(25)	-	17,491
Revenues from decrease in holdings in investees	-	37	-	4,907	-	-	-	4,944
Other revenues, net (*)	2,250	-	-	-	1,320	-	232,566	236,136
	60,104	28,339	(33,148)	72,352	10,675	(43)	194,641	332,920
Administrative and general	-	-	-	-	-	8,266	23,590	31,856
Financing expenses, net	-	-	-	-	-	17,784	48,645	66,429
Other expenses, net (*)	-	-	-	-	-	-	45,476	45,476
	-	-	-	-	-	26,050	117,711	143,761
Profit before tax	60,104	28,339	(33,148)	72,352	10,675	(26,093)	76,930	189,159
Additional information on segment results:								
Revenues (expenses) (in the investee's books) including revaluation profits	186,493	202,884	(7,502)		118,698			
Revaluation profits (losses) (in the investee's books), before tax (**)	-	14,057	(41,554)		-			
Net profit (loss) (in the investee's books)	101,742	60,745	(34,415)		19,248			
The Company's share in net profits (losses)	57,854	28,302	(33,148)		13,205			

For additional information regarding Carr's concise financial information, see Note 6e above.

(*) Other net revenues/expenses, mainly consisting of revenues/expenses from rental fees and management of investment property and from the activation of electricity-generating facilities.

(**) The section includes the adjustment of the investment property value as presented in Carr's Consolidated Financial Statements, as well as Carr's share in the adjustments of the investment property value of its associates.

Note 12 – Operating Segments (continued) :

Segment assets and liabilities:

	As of March 31, 2021							
	Income-Generating Property Segment				Segment Energy	Unattributed Assets and Liabilities	Adjustments	Total
	Amot	CARR	BE	Others	Energix			
	NIS thousands							
Assets:								
Investment in investees	3,586,671	3,151,113	1,725,714	867,307	824,194	13,221	(5,624,326)	4,543,894
Investment in securities measured at fair value through profit or loss	-	-	-	343,137	-	460	-	343,597
Other assets	-	-	419,564	-	10,414	128,888	21,661,315	22,220,181
	3,586,671	3,151,113	2,145,278	1,210,444	834,608	142,569	16,036,989	27,107,672
Liabilities	-	-	-	-	-	4,538,888	12,499,959	17,038,847

Note 12 – Operating Segments (continued) :

Segment revenues and results

	For the Year ended December 31, 2021							
	Income-Generating Property Segment				Segment Energy	Unattributed Results	Adjustments	Total
	Amot	CARR	BE	Others	Energix			
	NIS thousands							
Group share in investees' profits, net	519,319	53,723	965,535	75,244	42,178	1,742	(1,531,022)	126,719
Net profit from investments in securities measured at fair value through profit or loss	-	-	-	27,432	-	15,833	557	43,822
Revenues from decrease in holdings in investees	-		-	123	-	4,907	12,366	17,396
Other revenues, net (*)	9,128	-	-	-	5,765	4,279	2,954,778	2,973,950
	528,447	53,723	965,535	102,799	47,943	26,761	1,436,679	3,161,887
Administrative and general	-	-	-	-	-	39,464	132,905	172,369
Financing expenses, net	-	-	-	-	-	99,091	303,384	402,475
Other expenses, net (*)	-	-	-	-	-	-	228,598	228,598
	-	-	-	-	-	138,555	664,887	803,442
Profit before tax	528,447	53,723	965,535	102,799	47,943	(111,794)	771,792	2,358,445
Additional information on segment results:								
Revenues (in the investee's books) including revaluation profits (losses)	1,584,243	684,439	1,127,553		266,626			
Revaluation profits (losses) (in the investee's books), before tax	742,641	(10,827)	975,455		-			
Net profit (in the investee's books)	932,186	115,586	994,332		79,204			
Company share in net profits	519,319	53,723	965,535		42,178			

For additional information regarding Carr's concise financial information, see Note 6e above.

(*) Other net revenues/expenses, mainly consisting of revenues/expenses from rental fees and management of investment property and from the activation of electricity-generating facilities.

Note 12 – Operating Segments (continued) :

Segment assets and liabilities:

Segment assets and liabilities:

	As of December 31, 2021							
	Income-Generating Property Segment				Segment Energy	Unattributed Assets and Liabilities	Adjustments	Total
	Amot	CARR	BE	Others	Energix			
	NIS thousands							
Assets:								
Investment in investees (including an investment in an associate held for sale)	4,198,566	2,989,792	2,854,231	828,346	769,069	13,875	(7,252,620)	4,401,259
Investment in securities measured at fair value through profit or loss	-	-	-	157,196	-	145	52,378	209,719
Other assets	-	-	-	-	-	511,870	26,833,744	27,345,614
	4,198,566	2,989,792	2,854,231	985,542	769,069	525,890	19,633,502	31,956,592
Liabilities	-	-	-	-	-	4,684,916	15,442,111	20,127,027

Note 12 – Operating Segments (continued) :

Geographic information:

	For the Three Month Period ended March 31, 2022							
	Income-Generating Property			Energy				
	Israel	United States	The UK	Israel	Poland	United States	Others and Unassigned Expenses	Total
	NIS thousands							
Revenues and profits								
Revenues from rental fees and management of investment property	240,443	-	39,870	-	-	-	-	280,313
Fair value adjustments of investment property	127,871	-	(4,309)	-	-	-	-	123,562
Group share in profits (losses) of associates, net	5,606	38,462	(1,051)	-	-	-	-	43,017
Revenues from sale of electricity and green certificates	-	-	-	23,988	59,952	7,573	-	91,513
Other	(153)	268	1,285	18,426	-	-	(18)	19,808
	373,767	38,730	35,795	42,414	59,952	7,573	(18)	558,213
Costs and expenses								
Cost of investment property rental and operation	29,322	-	3,844	-	-	-	-	33,166
Initiation, maintenance and operation costs of electricity-generating facilities	-	-	-	4,652	7,930	1,661	-	14,243
Depreciation and amortizations	745	-	522	8,859	6,341	5,163	786	22,416
	30,067	-	4,366	13,511	14,271	6,824	786	69,825
Administrative and general expenses							39,647	39,647
Profit before financing	343,700	38,730	31,429	28,903	45,681	749	(40,451)	448,741

Note 12 – Operating Segments (continued):

Geographic information:

	As of March 31, 2022							
	Income-Generating Property			Energy				
	Israel	USA (*)	The UK	Israel	Poland	USA	Others	Total
	NIS thousands							
Main assets								
Investment property (including property in development and property designated for sale)	16,779,615	-	4,891,267	-	-	-		21,670,882
Investments in associates	388,242	3,949,850	68,430	-	-	-	14,116	4,420,638
Connected electricity-generating facilities	-	-	-	834,612	492,924	622,534	-	1,950,070
Electricity-Generating Facilities in Development	-	-	-	412,383	651,945	620,055	-	1,684,383
Right-of-use asset	-	-	-	148,733	106,122	60,423	-	315,278
Securities measured at fair value through profit or loss (**)	-	-	209,115	-	-	-	127	209,242
	17,167,857	3,949,850	5,168,812	1,395,728	1,250,991	1,303,012	14,243	30,250,493

(*) The balance is in respect of an investment in Carr in the amount of NIS 3,092,880 thousand and for an investment in Boston in the amount of NIS 856,970 thousand.

(**) The investment in securities measured at fair value through profit and loss is presented above despite its inclusion in the financial assets category.

Note 12 – Operating Segments (continued):

Geographic information:

	For the Three Month Period ended March 31, 2021							
	Income-Generating Property			Energy			Others and Unassigned Expenses	Total
	Israel	United States	The UK	Israel	Poland	United States		
	NIS thousands							
Revenues and profits								
Revenues from rental fees and management of investment property	185,455	-	34,051	-	-	-	-	219,506
Fair value adjustments of investment property	-	-	(41,554)	-	-	-	-	(41,554)
Group share in profits (losses) of associates, net	3,022	78,230	(7,015)	112	-	-	-	74,349
Revenues from sale of electricity and green certificates	-	-	-	22,883	32,503	2,761	-	58,147
Other	(1,829)	37	192	57	-	-	24,015	22,472
	186,648	78,267	(14,326)	23,052	32,503	-	24,015	332,920
Costs and expenses								
Cost of investment property rental and operation	15,728	-	2,795	-	-	-	-	18,523
Initiation, maintenance and operation costs of electricity-generating facilities	-	-	-	3,059	4,437	786	-	8,282
Depreciation and amortizations	580	-	124	8,026	7,058	2,158	725	18,671
	16,308	-	2,919	11,085	11,495	2,944	725	45,476
Administrative and general expenses							31,856	31,856
Profit (loss) before financing	170,340	78,267	(17,245)	11,967	21,008	(2,944)	(8,566)	255,588

Note 12 – Operating Segments (continued):

Geographic information:

	As of March 31, 2021							
	Income-Generating Property			Energy			Others and Unassigned Expenses	Total
	Israel	USA (*)	The UK	Israel	Poland	USA		
	NIS thousands							
Main assets								
Investment property (including property in development and property designated for sale)	13,418,790	-	3,709,569	-	-	-		17,128,359
Investments in associates	438,162	4,018,420	65,202	9,039	-	-	13,071	4,543,894
Connected electricity-generating facilities	-	-	-	703,609	570,558	352,588	-	1,626,755
Electricity-Generating Facilities in Development	-	-	-	265,818	173,681	503,979	-	943,478
Right-of-use asset	-	-	-	122,815	72,549	48,914	-	244,278
Securities measured at fair value through profit or loss (**)	-	-	167,310	-	-	-	176,287	343,597
	13,856,952	4,018,420	3,942,081	1,101,281	816,788	905,481	189,358	24,830,361

(*) The balance is in respect of an investment in Carr in the amount of NIS 3,151,113 thousand and for an investment in Boston in the amount of NIS 867,307 thousand.

(**) The investment in securities measured at fair value through profit and loss is presented above despite its inclusion in the financial assets category.

Note 12 – Operating Segments (continued) :

Geographic information:

	For the Period ended December 31, 2021							
	Income-Generating Property	Income-Generating Property	Income-Generating Property	Energy	Energy	Energy		
	Israel	U.S.A.	UK	Israel	Poland	USA	Others and Unassigned Expenses	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Revenues and profits								
Revenues from rental fees and management of investment property	837,283	-	152,098	-	-	-	-	989,381
Fair value adjustments of investment property	740,014	-	975,455	-	-	-	-	1,715,469
Group share in profits (losses) of associates, net	18,096	128,967	(23,422)	1,320	-	-	1,758	126,719
Revenues from sale of electricity and green certificates	-	-	-	111,567	123,173	26,096	-	260,836
Other	(3,613)	123	29,797	12,584	5,569	-	25,022	69,482
	1,591,780	129,090	1,133,928	125,471	128,742	26,096	26,780	3,161,887
Costs and Expenses								
Cost of investment property rental and operation	90,750	-	13,654	-	-	-	-	104,404
Initiation, maintenance and operation costs of electricity-generating facilities	-	-	-	16,833	18,229	4,185	-	39,247
Depreciation and amortizations	2,611	-	1,752	38,983	24,097	14,426	3,078	84,947
	93,361	-	15,406	55,816	42,326	18,611	3,078	228,598
Administrative and general expenses							172,369	172,369
Profit before financing	1,498,419	129,090	1,118,522	69,655	86,416	7,485	(148,667)	2,760,920

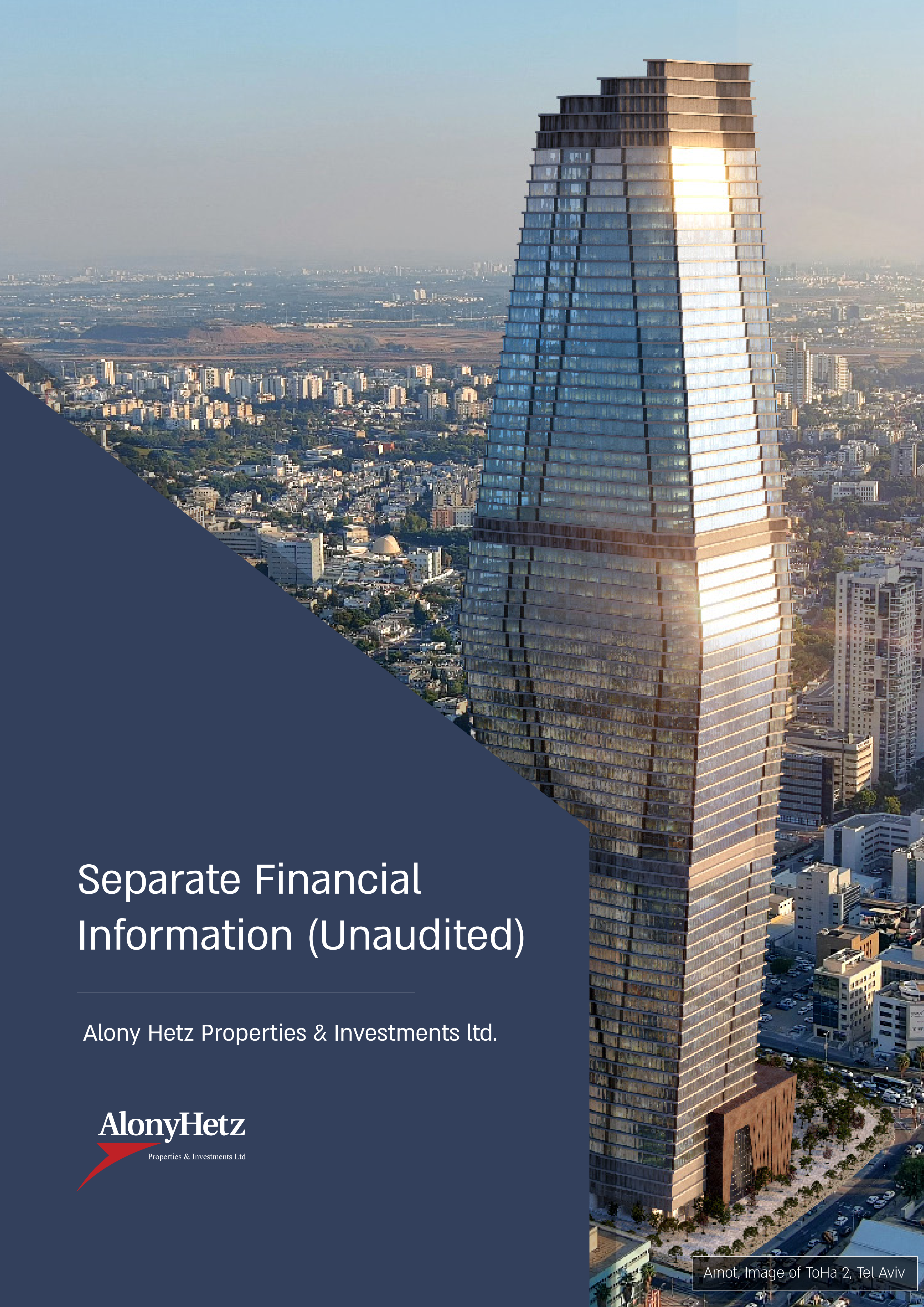
Note 12 – Operating Segments (continued):

Geographic information:

	As of December 31, 2021							
	Income-Generating Property	Income-Generating Property	Income-Generating Property	Energy	Energy	Energy	Others	Total
	Israel	USA (*)	UK	Israel	Poland	USD		
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Main assets								
Investment property (including property in development and property designated for sale)	16,451,527	-	4,924,587	-	-	-		21,376,114
Investment in associates (including investment in associate held for sale)	486,566	3,818,138	72,536	10,429	-	-	13,590	4,401,259
Connected electricity-generating facilities	-	-	-	802,578	502,325	610,025	-	1,914,928
Electricity-Generating Facilities in Development	-	-	-	417,578	507,388	566,924	-	1,491,890
Right-of-use asset	-	-	-	150,444	81,425	44,962	-	276,831
Securities measured at fair value through profit or loss (**)	-	-	209,575	-	-	-	144	209,719
	16,938,093	3,818,138	5,206,698	1,381,029	1,091,138	1,221,911	13,734	29,670,741

(*) The balance is in respect of an investment in Carr in the amount of NIS 2,989,792 thousand and for an investment in Boston in the amount of NIS 828,347 thousand.

(**) The investment in securities measured at fair value through profit and loss is presented above despite its inclusion in the financial assets category.



Amot, Image of ToHa 2, Tel Aviv

Separate Financial Information (Unaudited)

Alony Hetz Properties & Investments ltd.

AlonyHetz
Properties & Investments Ltd

To
The Shareholders of Aloni Hetz Properties & Investments Ltd.
Amot Atrium Tower, 2 Jabotinsky St.
Ramat-gan

Dear Sir/Madam,

Re: Special report for review the separate interim financial information pursuant to Regulation 38-D of the Securities Regulations (Periodic and Immediate Reports), 1970

Introduction

We have reviewed the separate interim financial information that was prepared in accordance with regulation 38-D of the Securities Regulations (Periodic and Immediate Reports), 1970 of **Alony Hetz Properties & Investments Ltd.** ("the Company") as of March 31, 2022, and for the three months period then ended. The board of directors and management are responsible for the separate interim financial information. Our responsibility is to express a conclusion on this separate interim financial information based on our review.

We did not review the separate interim financial information included in the financial information of associates, that the investment in them is amounted to approximately 6,226 Million NIS as of March 31, 2022, and the share of the company in their results for the three months period then ended, is amounted to approximately 90 Million NIS. The financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information for those companies, is based on the review reports of the other auditors.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of separate interim financial information consists of making inquiries, primarily with personnel responsible for financial and accounting matters, and of applying analytical and other review procedures. A review is substantially less than the scope of an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the abovementioned separate interim financial information is not prepared, in all material respects, in accordance with the requirements of regulation 38-D of the Securities Regulations (Periodic and Immediate reports), 1970.

Brightman Almagor Zohar & Co.
Certified Public Accountants
A Firm in the Deloitte Global Network

Tel Aviv, May 24, 2022

Tel Aviv - Main Office
1 Azrieli Center Tel Aviv, 6701101 P.O.B. 16593 Tel Aviv, 6116402 | Tel: +972 (3) 608 5555 | info@deloitte.co.il

Jerusalem
3 Kiryat Ha'Mada
Har Hotzvim Tower
Jerusalem, 914510
D. BOX 45396
Tel: +972 (2) 501 8888
Fax: +972 (2) 537 4173
info-jer@deloitte.co.il

Haifa
5 Ma'aleh Hashichrur
P.O.B. 5648
Haifa, 3105502
Tel: +972 (4) 860 7333
Fax: +972 (4) 867 2528
info-haifa@deloitte.co.il

Eilat
The City Center
P.O.B. 583
Eilat, 8810402
Tel: +972 (8) 637 5676
Fax: +972 (8) 637 1628
info-eilat@deloitte.co.il

Nazareth
9 Marj Ibn Amer St.
Nazareth, 16100
Tel: +972 (73) 399 4455
Fax: +972 (73) 399 4455
info-nazareth@deloitte.co.il

Alony-Hetz Properties and Investments Ltd. | Financial Position Data

	As of March 31		As of December 31
	2022	2021	2021
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	
Assets			
Current assets			
Cash and cash equivalents	176,998	15,706	100,889
Deposits and tradable securities	-	27,145	-
Current tax assets, net	14,744	3,795	3,938
Related party receivables	12,412	428,690	161,012
Other receivables	153,970	51,168	142,125
	358,124	526,504	407,964
Investment in a company held for sale	-	175,827	-
Total current assets	358,124	702,331	407,964
Non-current assets			
Securities designated at fair value through profit or loss	156,021	167,770	157,341
Investments in investees	9,103,380	7,634,232	8,803,641
Loans and capital notes to investees	2,758,793	2,418,484	2,771,668
Fixed assets, net	3,193	3,740	3,286
Other assets	33,697	28,033	90,531
Total non-current assets	12,055,084	10,252,259	11,826,467
Total assets	12,413,208	10,954,590	12,234,431

Alony-Hetz Properties and Investments Ltd. | Financial Position Data

	As of March 31		As of December 31
	2022	2021	2021
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	
Liabilities and equity			
Current liabilities			
Short term credit and current maturities of long term loans	390	318,820	5,454
Current maturities of bonds	550,086	420,881	476,133
Current tax liabilities	-	6,502	144,354
Related party payables	21,989	25,070	31,943
Other payables	160,948	134,409	98,867
Total current liabilities	733,413	905,682	756,751
Non-current liabilities			
Bonds	3,755,570	3,176,460	3,620,795
Loans and long-term credit frameworks from banking corporations	-	410	-
Deferred tax liabilities	210,062	295,807	218,360
Other liabilities	246	44,436	351
Total non-current liabilities	3,965,878	3,517,113	3,839,506
Equity	7,713,917	6,531,795	7,638,174
Total liabilities and equity	12,413,208	10,954,590	12,234,431

On behalf of the Board of Directors:

Aviram Wertheim	______________	Chairman of the Board of Directors
Nathan Hetz	______________	Member of the Board of Directors and CEO
Oren Frenkel	______________	CFO

May 24, 2022

____

The attached notes constitute an integral part of the separate financial information.

Alony-Hetz Properties and Investments Ltd. | Statement of Income Data

	For the Three Month Period ended March 31		For the Year ended December 31
	2022	2021	2021
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	
Revenues and profits			
Group share in the profits of investees, net	185,212	116,409	1,642,180
Net profits (losses) from investments in securities at fair value against profit or loss	(439)	17,492	43,265
Net profits from changes in holding rate and realization of investments in investees	-	4,906	4,906
Management fee revenues from investees	4,191	3,570	19,462
Other revenues, net	393	-	4,278
	189,357	142,377	1,714,091
Costs and Expenses			
Administrative and general	6,482	7,868	37,116
Administrative and general for investees	397	382	1,569
Financing expenses (income) in respect of investees	6,074	5,028	(10,221)
Financing income	(1,677)	(10,974)	(12,291)
Financing expenses	31,184	28,792	111,112
	42,460	31,096	127,285
Profit before taxes on income	146,897	111,281	1,586,806
Taxes on income	(8,110)	5,035	28,859
Net profit for the period	155,007	106,246	1,557,947
Net earnings per share (in NIS):			
Basic	0.89	0.61	8.98
Fully diluted	0.88	0.61	8.91
Weighted average of share capital used in calculation of earnings per share (thousands of shares)			
Basic	174,290	172,859	173,455
Fully diluted	174,900	173,165	173,660

The attached notes constitute an integral part of the separate financial information.

	For the Three Month Period ended March 31		For the Year ended December 31
	2022	2021	2021
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	
Net profit for the period	155,007	106,246	1,557,947
<u>Other comprehensive income (loss)</u>			
Amounts to be classified in the future to profit or loss, net of tax			
Profit (loss) from the translation of financial statements for foreign activities	(5,208)	(13,197)	2,713
Profit (loss) from exchange rate differences in respect of credit and derivatives designated for the hedging of investments in foreign activity, net of tax	(25,403)	(91,784)	102,478
Loss from exchange rate differentials in respect of cash flow hedging	-	352	(1,411)
Realization of capital reserve from translation differences to profit and loss, following decrease in holding in associate	-	3,088	3,088
Realization of Company share in other comprehensive income of associate in profit and loss, following a decrease in the rate of holding in the associate	-	1,532	1,532
Realization of capital reserve from exchange rate differences, in respect of credit and derivatives designated for hedging of investment in associate, to profit or loss following decrease in holding in associate	-	(3,557)	(3,557)
Company share in other comprehensive income (losses) of associates, net of tax	67,899	216,934	(256,720)
	37,288	113,368	(151,877)
	192,295	219,614	1,406,070

The attached notes constitute an integral part of the separate financial information.

Alony-Hetz Properties and Investments Ltd. | Cash Flow Data

	For the Three Month Period ended March 31		For the Year ended December 31
	2022	2021	2021
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	
Cash flows - Operating activities			
Net profit for the period	155,007	106,246	1,557,947
Income (expenses) not entailing cash flows (Appendix A)	(104,630)	(148,378)	(1,434,225)
	50,377	(42,132)	123,722
Changes in working capital (Appendix B)	(162,872)	(10,580)	23,257
Cash, net provided by (used for) operating activity	(112,495)	(52,712)	146,979
Cash Flow - Investment Activity			
Investment in investment property funds	-	-	(26,205)
Investment in investees	(203,858)	-	(287,999)
Yield from the sale of long-term securities and securities intended for sale	20,000	23,845	210,873
Proceeds from the sale of shares of associate	-	21,709	-
Provision of loans and capital notes to investees	(18,794)	(722,476)	(739,102)
Decrease in deposits and tradable securities, net	-	15,078	44,507
Repayment of loans provided to investees	158,197	-	-
Repayment of investment in investees	-	-	164
Cash provided by forward transactions designated for hedging	18,337	19,963	70,021
Miscellaneous, net	(85)	(8)	(82)
Net cash used in investment activities	(26,203)	(641,889)	(727,823)
Cash flows – financing activity			
Proceeds from the issue of bonds and options convertible into bonds	758,759	140,731	647,258
Repayment of long-term loans	(192)	(195)	(797)
Proceeds from issues of shares and options	10,138	-	28,575
Repayment of bonds	(548,581)	(346,320)	(346,320)
Change in short-term credit and long-term credit facility from banks	(4,881)	318,000	4,881
Dividends paid to Company shareholders	-	-	(246,223)
Net cash deriving from financing activities	215,243	112,216	87,374
Increase (decrease) in cash and cash equivalents	76,545	(582,385)	(493,470)
Effect of changes in exchange rates on foreign currency cash balances	(436)	1,972	(1,760)
Balance of cash and cash equivalents at the beginning of the period	100,889	596,119	596,119
Balance of cash and cash equivalents at the end of the period	176,998	15,706	100,889

The attached notes constitute an integral part of the separate financial information.

Alony-Hetz Properties and Investments Ltd. | Cash Flow Data

	For the Three Month Period ended March 31		For the Year ended December 31
	2022	2021	2021
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	
Adjustments Required to Present Cash Flows from Current Activity			
a. Income not entailing cash flows:			
Adjustment differences in respect of long-term liabilities and cash balances	(61,166)	(70,119)	(29,654)
Company share in profits of associates, less dividends and reductions of capital received	(37,778)	(57,995)	(1,358,794)
Profits pertaining to investments in long-term securities and assets intended for sale	439	(17,491)	(47,319)
Profit from change in holding rate and from realization of investments in investee, net	-	(4,906)	(4,906)
Net earnings from tradable securities	-	(3,962)	(4,971)
Deferred taxes, net	(8,044)	4,926	2,730
Others, net	1,919	1,169	8,689
	(104,630)	(148,378)	(1,434,225)
b. Changes in asset and liability items (changes in working capital):			
Decrease (increase) in other receivables	25,736	(22,632)	(28,187)
Decrease (increase) in current tax assets, net	(10,806)	108	(35)
Increase (decrease) in other payables	(13,448)	11,988	26,923
Increase (decrease) in current tax liabilities, net	(164,354)	(44)	24,556
	(162,872)	(10,580)	23,257
c. Non-Cash Activity			
Dividend receivable from associate	13,803	10,414	-
Sale of investment in securities available for sale against payables	-	1,275	-
Dividend declared	130,760	86,430	-
c. Additional information			
Interest paid	94,129	96,573	120,822
Interest received	2,868	93	4,385
Taxes paid	175,169	20,044	30,818
Dividends and capital reductions received	147,431	58,433	287,863

The attached notes constitute an integral part of the separate financial information.

1. General:
   A. General:

      The Company's separate financial information has been prepared in accordance with the provisions of Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970. This separate interim financial information should be viewed in the context of the Company's separate financial information as of December 31, 2021 and for the year ended on that date, and the additional data attached thereto, and together with the condensed consolidated interim financial statements as of March 31, 2022.

   B. Definitions
      The Company – Alony-Hetz Properties and Investments Ltd.
      Investee – as defined in Note 1 to the Company's Consolidated Financial Statements as of December 31, 2021.

   C. Accounting policy:

      The separate financial information has been prepared in accordance with the accounting policy detailed in Note (c) to the Company's Separate Financial Information as of December 31, 2021 and for the year ended on that date.

2. Additional information and events subsequent to the balance sheet date:

   A. For information regarding the investment in Amot – see Note 3 to the condensed consolidated financial statements published with this financial information.
   B. For information regarding the investment in Brockton Everlast – see Note 4 to the Condensed Consolidated Financial Statements published with this financial information.
   C. For information regarding the investment in Energix – see Note 5 to the condensed consolidated financial statements published with this financial information.
   D. For information regarding renewed signing of a credit facility agreement between the Company and the Bank of Israel – see Note 8.1. to the Condensed Consolidated Financial Statements published with this financial information.
   E. For information regarding the issuance of bonds (Series I, J and L) by way of a series expansion – see Note 9 to the condensed consolidated financial statements published with this financial information.
   F. For information regarding the dividend policy and dividends declared – see Note 10a to the condensed consolidated financial statements published with this financial information.
   G. For information regarding the remuneration of employees and officers – see Note 10b to the condensed consolidated financial statements published with this financial information.

Report on the Effectiveness of Internal Control of Financial Reporting and Disclosure

Alony Hetz Properties & Investments ltd.

AlonyHetz
Properties & Investments Ltd

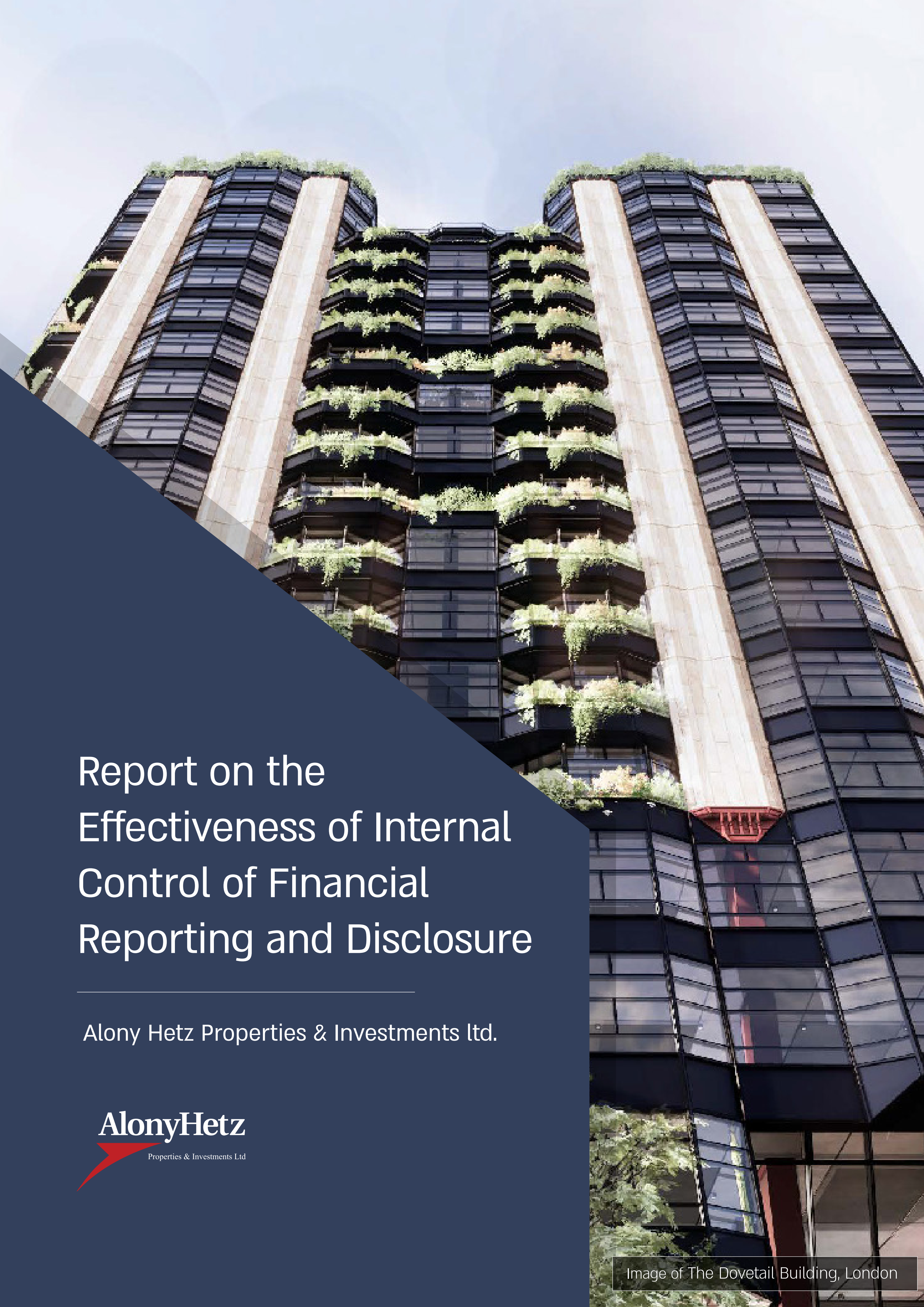


Image of The Dovetail Building, London

Quarterly Report on the Effectiveness of the Internal Control over Financial Reporting and Disclosure according to Regulation 38C(a) of the Securities Regulations (Periodic and Immediate Reports), 1970

For the First Quarter of 2022

Management, under the supervision of the Board of Directors of Alony-Hetz Properties and Investments Ltd. (hereinafter: the "**Corporation**"), is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure in the Corporation.

In this regard, the members of management are:

1. Nathan Hetz, CEO;

2. Moti Barzilay, VP of Business Development;

3. Oren Frenkel, Chief Financial Officer;

4. Hanan Feldmus, Legal Counsel;

Internal control over financial reporting and disclosure includes controls and procedures existing in the Corporation, which have been designed by the CEO and the senior executive in finance or under their supervision, or by those who actually perform these functions, under the supervision of the Corporation's Board of Directors, which are intended to provide reasonable assurance as to the reliability of the financial reporting and preparation of the reports in accordance with the provisions of the law, and to ensure that information the Corporation is required to disclose in its reports according to the provisions of the law has been collected, processed, summarized and reported in a timely manner and according to the format prescribed by law.

Internal control includes, among other things, controls and procedures designed to ensure that information the Corporation is required to disclose has been accumulated and passed on to the Corporation's management, including the CEO and the senior executive in finance or whoever actually performs these functions, in order to allow decisions to be made in a timely manner, taking the disclosure requirements into consideration.

Due to its structural limitations, internal control over financial reporting and disclosure is not intended to provide absolute certainty that misrepresentation or omission of information in the statements will be avoided or discovered.

In the Annual Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure attached to the Periodic Report for the period ended December 31, 2021 (hereinafter: the "**Latest Annual Report on Internal Control**"), the Board of Directors and management assessed the Corporation's internal control. Based on that assessment, the Corporation's Board of Directors and management came to the conclusion that as of December 31, 2021, the internal control is effective.

As at the date of the report, the Board of Directors and management have not been made aware of any event or issue changing the evaluation of the effectiveness of internal controls, as presented pursuant to the las annual report on internal controls.

As of the date of the report, based on the assessment of the effectiveness of the internal control in the last annual report on internal control, and based on information brought to the attention of management and the Board of Directors as noted above, the internal control over financial reporting and disclosure is effective.

Executive statements:

(a) Statement of the CEO in accordance with Regulation 38C(d)(1) of the Securities Regulations (Periodic and Immediate Reports), 1970

Executive Statement | Statement of the CEO

I, Nathan Hetz, do hereby state that:

1. I have examined the quarterly report of Alony-Hetz Properties and Investments Ltd. (hereinafter: the "**Corporation**") for the first quarter of 2022 (hereinafter: the "**Reports**");
2. In my opinion, the Reports do not contain any untrue statement of a material fact nor omit to state a material fact necessary so that the exhibits included therein, in light of the circumstances under which such exhibits were made, will not be misleading with respect to the reporting period;
3. To the best of my knowledge, the financial statements and the other financial information included in the Reports adequately reflect, in all material respects, the financial position, results of operations and cash flows of the Corporation for the dates and periods referred to in the Reports;
4. I have disclosed to the Corporation's independent auditor, the Board of Directors and the Board of Directors' Audit and Financial Statements Committees, based on my most up-to-date evaluation of internal control over financial reporting and disclosure;
   a. All significant deficiencies and weaknesses in the determination or operation of internal controls over financial reporting and disclosure that are reasonably likely to negatively impact the Corporation's ability to collect, process, summarize and report financial information in a manner that would cast doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the law, and –
   b. Any fraud, whether material or not, involving the CEO or his direct subordinates or other employees who have a significant role in the internal control over financial reporting and disclosure;
5. I, by myself or with others in the Corporation:
   a. Have established controls and procedures, or have verified the establishment and existence of controls and procedures under my supervision, designed to ensure that material information referring to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, brought to my attention by others in the Corporation and in its consolidated companies, particularly during the preparation period of the reports; and –
   b. Have established controls and procedures, or have verified the establishment and existence of controls and procedures under my supervision, designed to provide reasonable assurance of the reliability of financial reporting and preparation of the financial statements in accordance with the law, including generally accepted accounting principles;

No event or issue has come to my attention which has occurred during the period between the last report date (quarterly or periodic, as the case may be), that may be such as to change the conclusions of the Board of Directors and management regarding the effectiveness of internal controls over the Corporation's financial reporting and disclosure.

The above does not detract from my responsibility or the responsibility of any other person according to the law.

May 24, 2022	Signature Nathan Hetz, CEO

(b) Statement of the Most Senior Finance Officer in accordance with Regulation 38C(d)(2) of the Securities Regulations (Periodic and Immediate Reports), 1970

Executive Statement | Statement of the Most Senior Finance Officer

I, Oren Frenkel, do hereby state that:

1. I have examined the interim financial statements and the other financial information included in the interim reports of Alony-Hetz Properties and Investments Ltd. (hereinafter: "**the Corporation**") for the first quarter of 2022 (hereinafter: the "**Reports**" or the "**Interim Reports**");
2. To the best of my knowledge, the interim financial statements and the other financial information included in the interim reports do not include any misrepresentation of a material fact, nor do they lack the representation of a material fact that is necessary so that the representations included therein, in view of the circumstances in which those representations were included, will not be misleading with respect to the reporting period;
3. To the best of my knowledge, the interim financial statements and the other financial information included in the interim reports adequately reflect, in all material respects, the financial position, results of operations and cash flows of the Corporation for the dates and periods referred to in the Reports;
4. I have disclosed to the Corporation's independent auditor, the Board of Directors and the Board of Directors' Audit and Financial Statements Committees, based on my most up-to-date evaluation of internal control over financial reporting and disclosure;
   a. All significant deficiencies and material weaknesses in the determination or operation of internal controls over financial reporting and disclosure, as it relates to the interim financial statements and the other financial information included in the interim financial statements, that are reasonably likely to negatively impact the Corporation's ability to collect, process, summarize and report financial information in a manner that would cast doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the law; and –
   b. Any fraud, whether material or not, involving the CEO or his direct subordinates or other employees who have a significant role in the internal control over financial reporting and disclosure;
5. I, by myself or with others in the Corporation:
   a. Have established controls and procedures, or have verified the establishment and existence of controls and procedures under our supervision, designed to ensure that material information referring to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, brought to my attention by others in the Corporation and in its consolidated companies, particularly during the preparation period of the reports; and –
   b. Have established controls and procedures, or have verified the establishment and existence of controls and procedures under my supervision, designed to provide reasonable assurance of the reliability of financial reporting and preparation of the financial statements in accordance with the law, including generally accepted accounting principles;

No event or issue has come to my attention which has occurred during the period between the last report date (quarterly or periodic, as the case may be) and the date of this report that refers to the interim financial statements and any other financial information included in the interim financial statements, that may be such as to change the conclusions of the Board of Directors and management regarding the effectiveness of internal control over the Corporation's financial reporting and disclosure.

The above does not detract from my responsibility or the responsibility of any other person according to the law.

May 24, 2022	Signature Oren Frenkel, Chief Financial Officer

Reference to the Report on the Corporation's Liabilities by Repayment Dates

Alony Hetz Properties & Investments ltd.

AlonyHetz
Properties & Investments Ltd

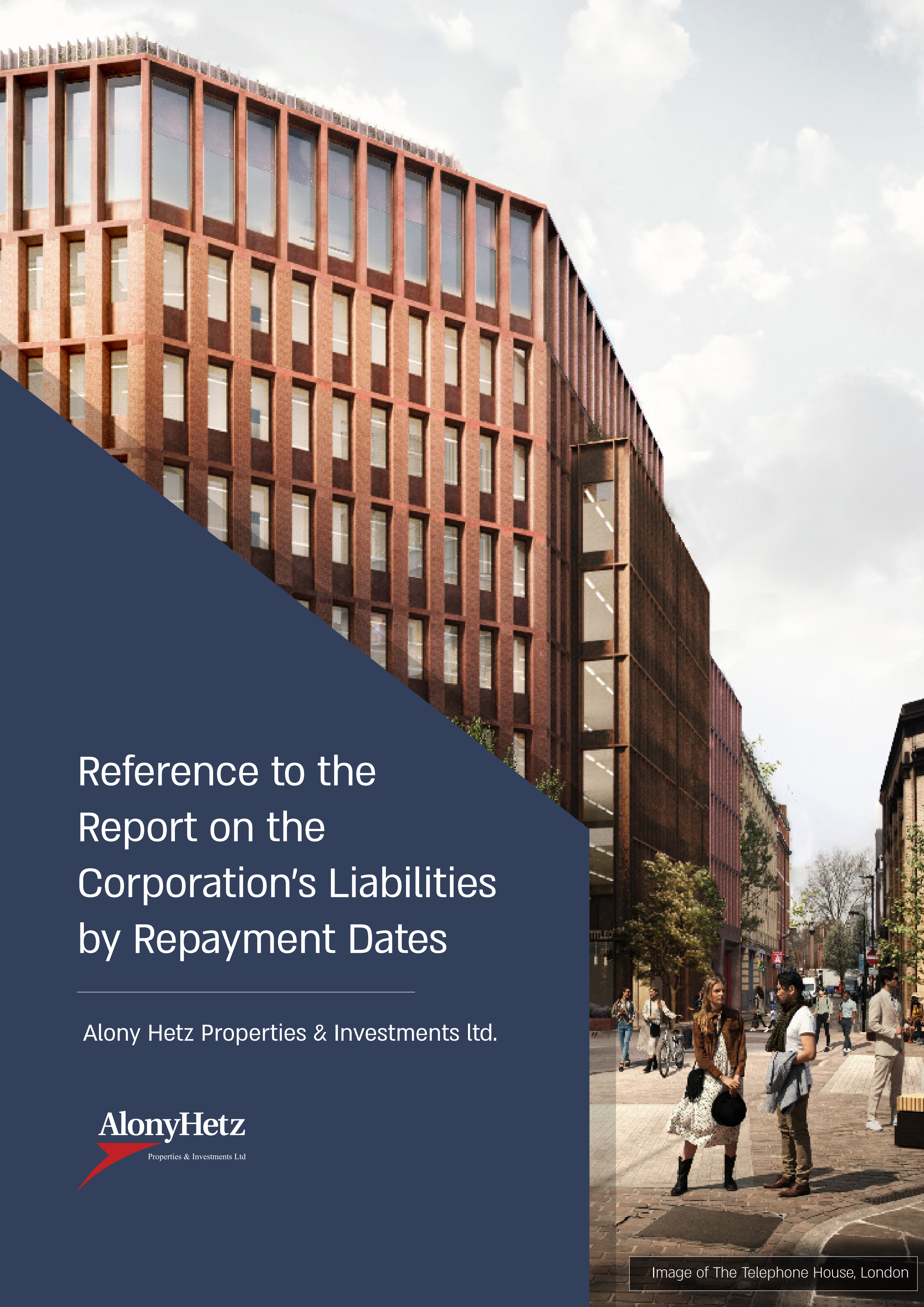
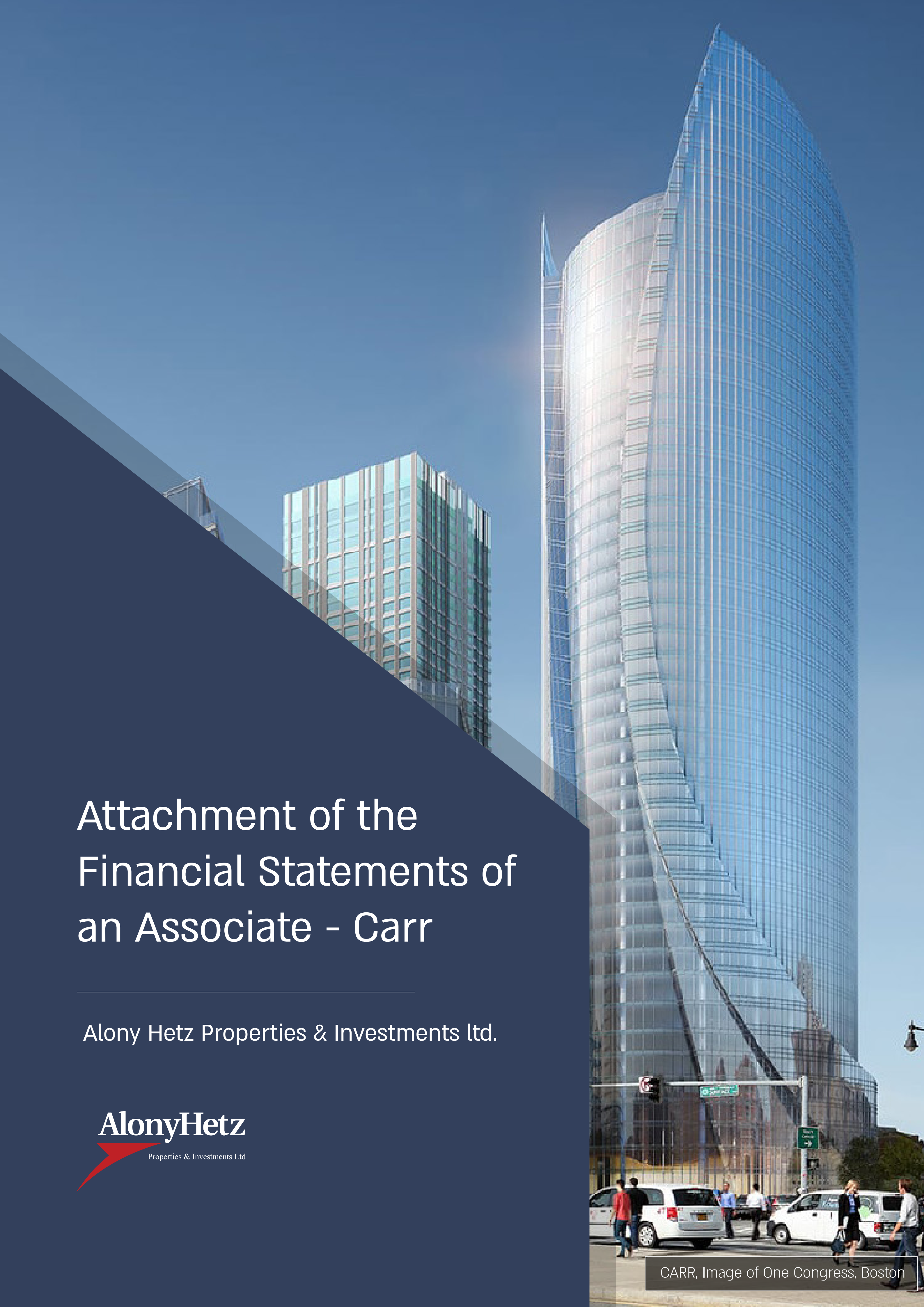


Image of The Telephone House, London

Report on the Status of Liabilities by Repayment Dates, as of March 31, 2022

Regarding the Report on the Status of Liabilities by Repayment Dates, as of March 31, 2022, see the immediate report dated May 25, 2022.



CARR, Image of One Congress, Boston

Attachment of the Financial Statements of an Associate - Carr

Alony Hetz Properties & Investments ltd.

AlonyHetz
Properties & Investments Ltd

CARR PROPERTIES HOLDINGS LP

Condensed Consolidated Financial Statements as of March 31, 2022
(Unaudited)

CARR PROPERTIES HOLDINGS LP

Table of Contents

Report of Independent Auditors

To the Management of Carr Properties Holdings LP

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated interim financial information of Carr Properties Holdings LP and its subsidiaries (the "Company"), which comprise the condensed consolidated balance sheet as of March 31, 2022, and the related condensed consolidated statements of operations and comprehensive income (loss), of changes in equity and of cash flows for the three-month periods ended March 31, 2022 and 2021 including the related notes (collectively referred to as the "condensed consolidated interim financial information").

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial information for it to be in accordance with IAS 34, *Interim Financial Reporting,* as issued by the International Accounting Standards Board.

Basis for Review Results

We conducted our review in accordance with auditing standards generally accepted in the United States of America (US GAAS) applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with US GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Condensed Consolidated Interim Financial Information

Management is responsible for the preparation and fair presentation of the condensed consolidated interim financial information in accordance with IAS 34, *Interim Financial Reporting,* as issued by the International Accounting Standards Board and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the condensed consolidated interim financial information that is free from material misstatement, whether due to fraud or error.

Other Matter

We previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Carr Properties Holdings LP and its subsidiaries as of December 31, 2021, and the related consolidated statements of operations and comprehensive income (loss), of changes in equity and of cash flows for the year then ended (not presented herein), and in our report dated March 2, 2022, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2021, is consistent, in all material respects, with the audited consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers LLP

Washington, DC
May 11, 2022

CARR PROPERTIES HOLDINGS LP
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands of US Dollars)

	Notes	March 31, 2022	December 31, 2021
ASSETS		**(Unaudited)**	
Non-current assets			
Investment properties, at fair value			
Income generating properties (cost of $2,440,693 and $2,415,564)	4,11	$ 2,408,841	$ 2,403,873
Properties in development (cost of $154,022 and $160,848)	4,11	167,555	169,254
Investments in associates	5	725,872	705,632
Goodwill	8	9,326	9,326
Derivative asset	11	11,251	3,601
Straight line rent receivable		101,192	95,701
Deferred leasing costs and other, net		39,443	38,783
		3,463,480	3,426,170
Current assets			
Trade receivables, net		3,921	6,133
Prepaid expense and other assets		12,941	14,124
Restricted cash	10	4,612	5,310
Cash and cash equivalents	2,10	23,135	28,373
		44,609	53,940
Total assets		$ 3,508,089	$ 3,480,110
EQUITY			
Equity attributable to common shareholders	17	$ 1,606,196	$ 1,606,196
Equity reserve from increase in CPP		9,995	9,829
Equity reserve for cash flow hedges	11	(7,386)	(15,173)
Retained earnings		309,487	292,854
Equity attributable to non-redeemable non-controlling interests	17	147,497	144,161
Total equity		2,065,789	2,037,867
LIABILITIES			
Non-current liabilities			
Credit facility, net of deferred financing fees	9,10	$ 581,304	$ 567,981
Notes payable, net of current portion and deferred financing fees	9,10	508,531	508,870
Lease liabilities, net of current portion	7,15	148,289	143,170
Redeemable non-controlling interests, net of current portion	17	2,256	2,233
Derivative liabilities, net of current portion	11	392	2,550
Security deposits		3,980	3,956
Other liabilities		12,226	12,863
		1,256,978	1,241,623
Current liabilities			
Current portion of credit facility and notes payable, net of deferred financing fees	9,10	2,311	2,578
Current portion of lease liabilities	7,15	333	524
Redeemable non-controlling interests, current	17	155,113	152,448
Rent received in advance		5,772	9,296
Trade and other payables	2	21,793	35,774
		185,322	200,620
Total liabilities		1,442,300	1,442,243
Total equity and liabilities		$ 3,508,089	$ 3,480,110

Oliver T. Carr	Oliver T. Carr	Member of the Board and Chief Executive Officer
Eric Tracy	Eric Tracy	Chief Financial Officer
Financial Statements Approval Date	May 11, 2022	

The accompanying notes are an integral part of these condensed consolidated financial statements.

CARR PROPERTIES HOLDINGS LP
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(in thousands of US Dollars)

		Three Months Ended March 31,	
	Notes	**2022**	**2021**
Revenues			
Rental revenue		$ 41,533	$ 45,129
Recoveries from tenants		4,122	10,502
Parking income		1,939	1,431
Property management fees and other	14	1,235	701
Total revenues		48,829	57,763
Operating expenses			
Property operating expenses			
Direct payroll and benefits		2,182	2,444
Repairs and maintenance		2,203	2,769
Cleaning		1,346	1,163
Utilities		2,550	1,894
Real estate and other taxes		8,714	11,009
Other expenses	13	4,296	4,457
Property operating expenses		21,291	23,736
Non-property general and administrative expenses	12	6,453	5,484
Total operating expenses		27,744	29,220
Other operating income			
Net loss from fair value adjustment of investment properties	4	(15,065)	(1,074)
Income from investments in associates	5	22,623	5,347
Total other operating income and expense		7,558	4,273
Operating income		28,643	32,816
Other income			
Other income		457	122
Revaluation of redeemable non-controlling interests		(903)	(1,866)
Interest expense	9	(9,815)	(12,424)
Pre-tax income		18,382	18,648
Income and franchise tax expense		415	66
Net income		$ 17,967	$ 18,582
Attribution of net income			
Common shareholders		$ 16,633	$ 17,054
Non-redeemable non-controlling interests		1,334	1,528
		$ 17,967	$ 18,582
Other comprehensive income			
Items that may be subsequently reclassified to income or loss:			
Unrealized gain on cash flow hedges	11	$ 9,807	$ 4,651
Less: Reclassification adjustments for losses included in net income	9	—	984
Other comprehensive income		9,807	5,635
Total comprehensive income		$ 27,774	$ 24,217
Attribution of comprehensive income			
Common shareholders		$ 24,420	$ 21,277
Non-redeemable non-controlling interests		3,354	2,940
		$ 27,774	$ 24,217

The accompanying notes are an integral part of these condensed consolidated financial statements.

CARR PROPERTIES HOLDINGS LP
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands of US Dollars, except share data)

	Notes	Common Units Issued and Outstanding		Equity Reserve from Increase in CPP	Equity Reserve for Cash Flow Hedges	Retained Earnings	Total Shareholders' Equity	Non-Redeemable Non-Controlling Interests	Total Equity
		Units	Amount						
Balance as of December 31, 2020		1,393,348	$ 1,606,196	$ 9,756	$ (38,054)	$ 262,864	$ 1,840,762	$ 143,031	$ 1,983,793
Issuance of preferred shares by a subsidiary, net of offering costs		—	—	—	—	—	—	141	141
Non-controlling interest partner distribution to 2025 Clarendon	5	—	—	—	—	—	—	(2,639)	(2,639)
Change in equity reserve from increase in CPP		—	—	264	—	—	264	(264)	—
Net Income		—	—	—	—	17,054	17,054	1,528	18,582
Unrealized gain on cash flow hedges	11	—	—	—	3,301	—	3,301	1,350	4,651
Amortization of terminated cash flow hedge		—	—	—	922	—	922	62	984
Distributions	17	—	—	—	—	(583)	(583)	(39)	(622)
Balance as of March 31, 2021		1,393,348	$ 1,606,196	$ 10,020	$ (33,831)	$ 279,335	$ 1,861,720	$ 143,170	$ 2,004,890

	Notes	Common Units Issued and Outstanding		Equity Reserve From Increase in CPP	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity	Non-Redeemable Non-Controlling Interests	Total Equity
		Units	Amount						
Balance as of December 31, 2021		$1,393,348	$ 1,606,196	$ 9,829	$ (15,173)	$ 292,854	$ 1,893,706	$ 144,161	$ 2,037,867
Issuance of preferred shares by a subsidiary, net of offering costs		—	—	—	—	—	—	160	160
Change in equity reserve from increase in CPP		—	—	166	—	—	166	767	933
Net income		—	—	—	—	16,633	16,633	1,334	17,967
Unrealized gain on cash flow hedges	11	—	—	—	7,787	—	7,787	2,020	9,807
Distributions	17	—	—	—	—	—	—	(945)	(945)
Balance as of March 31, 2022		1,393,348	$ 1,606,196	$ 9,995	$ (7,386)	$ 309,487	$ 1,918,292	$ 147,497	$ 2,065,789

The accompanying notes are an integral part of these condensed consolidated financial statements.

CARR PROPERTIES HOLDINGS LP
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of US Dollars)

	Notes	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Cash flows from operating activities			
Net income		$ **17,967**	$ **18,582**
Adjustments to reconcile net income to net cash provided by operating activities			
Net loss from fair value adjustment of investment properties	4	15,065	1,074
Income from investments in associates	5	(22,623)	(5,347)
Return on investments in associates	5	2,496	—
Income and franchise tax expense		415	66
Interest expense, net excluding amortization of deferred financing fees		9,439	12,027
Amortization of deferred financing fees		410	431
Amortization of equipment leases		67	100
Amortization of Equipment & Software		47	243
Amortization of deferred leasing costs and lease incentives		1,350	1,231
Amortization of note payable premium		(34)	(34)
Provision for bad debt expense (recovery)		173	(66)
LTIP Compensation		1,657	1,401
Revaluation of redeemable non-controlling interests		903	1,866
Changes in assets and liabilities			
Trade receivables		2,039	11,771
Straight line rent receivable		(5,491)	(1,353)
Prepaid expense and other assets		1,183	(1,089)
Trade and other payables		(11,339)	(9,795)
Rent received in advance		(3,524)	(2,576)
Cash generated by operations		**10,200**	**28,532**
Cash paid for interest		(8,484)	(11,288)
Net cash provided by operating activities		**1,716**	**17,244**
Cash flows from investing activities			
Proceeds from sale of income generating property	4	—	18,496
Contributions to investment in associates	5	(113)	(24,580)
Acquisition of development property land	4	(5,029)	—
Additions to deferred leasing costs		(4,842)	(1,806)
Additions to tenant improvements		(4,314)	(2,091)
Additions to construction in progress, including capitalized interest		(1,694)	(25,123)
Other capital improvements on income generating properties		(4,618)	(5,323)
(Increase) decrease in restricted cash		(439)	335
Net cash provided by (used in) investing activities		**(21,049)**	**(40,092)**
Cash flows from financing activities			
Distribution to joint venture non-controlling interest partner	4	—	(2,639)
Principal portion of lease payments	7	(139)	(140)
Borrowings under credit facility	9	13,000	31,000
Repayments under credit facility	9	—	(19,000)
Borrowings on notes payable	9	—	21,319
Repayments of notes payable	9	(664)	(647)
Payment of deferred financing fees		(35)	—
Issuance of redeemable non-controlling interests	17	1,785	—
Distributions to common shareholders and non-redeemable non-controlling interests	17	(12)	(622)
Issuance of preferred shares of consolidated subsidiary, net of offering costs		160	141
Net cash (used in) provided by financing activities		**14,095**	**29,412**

The accompanying notes are an integral part of these condensed consolidated financial statements.

CARR PROPERTIES HOLDINGS LP
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of US Dollars)
(continued)

	Notes	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net (decrease) increase in cash and cash equivalents		**(5,238)**	**6,564**
Cash and cash equivalents, beginning of the period		**28,373**	**34,128**
Cash and cash equivalents, end of the period		**$ 23,135**	**$ 40,692**
Supplemental disclosures of cash flow information:			
Capitalized interest		$ 263	$ 2,380
Accrual of retainage liabilities and construction requisitions for income generating properties and development projects		925	10,241
Lease liabilities arising from obtaining/revaluing right-of-use assets	7	4,488	13
Non-cash interest expense	9	578	984

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Organization and Description of Business

Carr Properties Holdings LP (collectively, the "Partnership", "Holdings", "our", or “CPH”) was formed as a Delaware limited partnership. The Partnership’s corporate headquarters are located at 1615 L Street, NW, Suite 650, Washington, D.C. 20036. The Partnership owns a 100% interest in Carr Properties Corporation (“CPC”), which has a consolidated subsidiary, Carr Properties Partnership (“CPP”). Through CPP, the Partnership engages in owning, operating and developing commercial office real estate properties in primarily the Greater Washington, D.C. area (defined as the District of Columbia, northern Virginia, and suburban Maryland), Boston, Massachusetts, and Austin, Texas. Currently, the Partnership has 11 operating properties, two properties in development, four properties owned through joint ventures, and two development properties owned through joint venture.

The Partnership began operations on August 19, 2013 ("Inception"), through a series of transactions pursuant to a Master Framework Agreement (the “MFA”) dated May 2, 2013, as amended, between CET Acquisition Company Inc. (“CET”), a wholly owned investment of the Commingled Pension Trust Fund of JPMorgan Chase Bank, N.A., and AH Carr Properties Holdings LP (“Alony-Hetz”), a wholly owned subsidiary of Alony-Hetz Properties & Investments Ltd.

The ownership interests of Alony-Hetz, CET, and Clal Insurance Enterprise Holdings Ltd., a company who began investing in 2018 ("Clal") in Holdings as of March 31, 2022, were 50.77%, 40.16%, and 9.04%, respectively. The remaining interests in Holdings are held by six additional investors.

2. Basis of Presentation and Summary of Significant Accounting Policies

(a) Statement of Compliance

The accompanying unaudited interim condensed condensed consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, and as such, do not include all the disclosures that would be included in annual condensed consolidated financial statements. These condensed condensed consolidated financial statements should be read in conjunction with the Partnership’s condensed consolidated financial statements and notes thereto contained in the Partnership’s audited annual condensed consolidated financial statements for the year ended December 31, 2021. Any changes to accounting policies and methods of computation during the three months ended March 31, 2022, are specifically disclosed. Management believes the disclosures are adequate to ensure the information presented is not misleading. In management's opinion, all adjustments and eliminations, consisting only of normal, recurring adjustments necessary for a fair statement of the condensed consolidated financial statements for the interim periods, have been included. The results of operations for the interim periods are not necessarily indicative of the operating results for the full year.

(b) Basis of Presentation

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. These financial statements are presented in United States dollars, which is the Partnership's functional and reporting currency. The Partnership has elected to present a single statement of operations and comprehensive income and to disclose its expenses by nature.

The Partnership reports cash flows from operating activities using the indirect method. Interest received and paid is presented within operating cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Partnership’s business activities.

(c) Principles of Consolidation

General

The condensed consolidated financial statements include financial statements of the Partnership and its subsidiaries. Subsidiaries are all entities over which the Partnership has the power to govern the entities’ financial and operating policies, generally accompanying an ownership of 50% or more of the voting rights. Control exists when the Partnership is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated in the financial statements from the date on which control is transferred to the Partnership and are de-consolidated from the date that control ceases. All intercompany balances and transactions, primarily management fees, have been eliminated in the consolidation process.

Investments in Associates

Associates are entities over which the Partnership has significant influence but not control, generally accompanying an ownership interest of between 20% and 50% of the voting rights but does not unilaterally control the most significant activities of the entities. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost, with the carrying amount increased or decreased based on the Partnership's share of profits, losses, contributions and distributions. The Partnership also uses the equity method to account for investments in associates when its ownership interest is less than 20% if it can exert significant influence. Significant influence is derived when the Partnership is the general partner or managing member, participates in the policy making processes, including preparation of the budgets and initiation of contracts, or is involved in certain decisions in the investee.

The real estate investments owned by associates are carried at fair value as determined by management of the associates, based on independent third-party appraisals, and reflect the estimated price that an underlying property would bring in a competitive open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the prices are not affected by undue stimulus. The Partnership's ownership interests in the real estate investments owned by the associates also reflect the Partnership's ownership interests in the associates' other assets and liabilities, including associates' debt. The Partnership's share of profits or losses is recognized in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), and the Partnership records its share of losses until the carrying amount of its investment is reduced to zero. No further losses are recorded by the Partnership unless it has an obligation, legal or constructive, or has made payments, to satisfy the associates' liabilities.

Joint Arrangements

The Partnership may enter into contractual arrangements related to the ownership of investment or development properties. The Partnership evaluates such arrangements in accordance with IFRS 11 - J*oint Arrangements* to determine the type of joint arrangement by assessing its contractual rights and obligations. This determination includes the assessment of joint control and the classification of a joint arrangement as a joint operation or a joint venture. Joint arrangements that are classified as a joint operation will result in the Partnership recognizing its proportionate ownership interest in the underlying assets, liabilities, revenue and expenses. Joint arrangements that are classified as a joint venture will be accounted for using the equity method in accordance with IAS 28 - *Investments in Associates* when the Partnership has significant influence over the joint arrangement but not control.

Non-Controlling Interests

The Partnership's condensed condensed consolidated financial statements include the accounts of the Partnership and its subsidiaries. The equity interests of the preferred shareholders and other limited partners in Carr Properties Partnership and its subsidiaries are reflected as non-redeemable non-controlling interests. Certain redeemable non-controlling interests retain redemption rights and are classified within current and non-current liabilities depending on contractual provisions of the redemption features. Redeemable non-controlling interests are recorded at contractual redemption amounts based on the Net Asset Value of CPP at each respective period end.

(d) Leases

The Partnership has material ground leases under its Columbia Center and 1701 Duke Street properties. In addition, the Partnership leases air rights at its 2001 Penn property. The Partnership also enters into various equipment and copier leases in the normal course of operations. At inception of a contract, the Partnership assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether the contract conveys the right to control the use of an identified asset, the Partnership assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset;

- The Partnership has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- The Partnership has the right to direct the use of the asset. The Partnership has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Partnership allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and air rights in which it is the lessee, the Partnership has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a lessee

The Partnership recognizes a Right-of-Use Asset ("ROUA") and a lease liability at the lease commencement date. The ROUA is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROUA is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROUA or the end of the lease term. In accordance with IAS 40, the ROUA for ground and air rights leases qualify as investment property and as such are measured at fair value. The estimated useful lives of ROUA for equipment leases are determined on the same basis as those of property and equipment. In addition, the ROUA is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Partnership’s incremental borrowing rate. Generally, the Partnership uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Partnership is reasonably certain to exercise, lease payments in an optional renewal period if the Partnership is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Partnership is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method and is recorded in "Interest expense" on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

(e) Acquisitions/dispositions of Investment Property

Acquisitions

The Partnership applies judgment to determine whether the acquisition of an investment property is the acquisition of an asset under International Accounting Standards 40 - *Investment Property* ("IAS 40") or the acquisition of a business under IFRS 3 - *Business Combinations* ("IFRS 3").

An asset acquisition exists when: (i) it is probable that the future economic benefits that are associated with the investment property will flow to the entity; and (ii) the cost of the investment property can be measured reliably. The Partnership classifies an acquisition as an asset acquisition when it acquires a property or a portfolio of properties that do not meet the definition of a business. The initial cost of an asset acquisition is comprised of its purchase price and any directly attributable expenditures. Identifiable assets acquired and liabilities assumed in asset acquisitions are measured initially at fair value at the acquisition date. Acquisition-related costs for asset acquisitions are capitalized to the investment property at the time the acquisition is completed.

The Partnership classifies an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. The cost of a business combination is measured as the aggregate of the consideration transferred at acquisition date fair value. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The Partnership recognizes any contingent consideration to be transferred by the Partnership at its acquisition date fair value. Goodwill represents the purchase price of acquired businesses in excess of the fair value of net assets acquired and liabilities assumed. Acquisition related costs for business combinations are expensed in the period incurred.

Dispositions

The Partnership classifies an investment property or investment in associate as held for sale when it has determined that its carrying amount will be recovered principally though a sale transaction rather than its continuing use. The sale must be considered highly probable whereby management has the authority to approve the action, commits to a plan to sell the asset, and the sale of the asset is probable with completion expected within one year.

Assets are not amortized while they are classified as held for sale. The assets and liabilities of an investment held for sale are presented separately from the other assets and liabilities in the Condensed Consolidated Balance Sheet.

(f) Investment Properties

In accordance with IAS 40, property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Partnership, is classified as investment property. Investment properties are properties held to earn rental income and are accounted for using the fair value model. Investment property also includes property that is being constructed or developed for future use as an investment property.

Investment property is measured initially at its cost. Subsequently, investment property is measured at fair value, at each balance sheet date. Gains and losses from changes in fair value are recorded in "Change in unrealized gain (loss) on valuation" and "Realized loss on sale of investment properties" on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), in the period in which they arise. The Partnership determines the fair value of its investment property in accordance with IFRS 13 - *Fair Value Measurement* ("IFRS 13"). The fair value of an investment property reflects the estimated price that an underlying property would realize in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. The fair value reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects any expected cash outflows in respect to investment property. Some of those outflows are recognized as a liability, including lease liabilities in respect of land classified as investment property; others, including variable lease payments that are not based on an index or rate, are not recognized in the financial statements. Accordingly, investment properties have been adjusted for any recognized liabilities.

Certain investment properties being constructed, developed or redeveloped are also measured at fair value. Subsequent expenditures related to properties in development are added to the property's carrying amount when it is probable that future economic benefits associated with the item will flow to the Partnership. Fair value measurement of an investment property in development is only applied if the fair value is considered to be reliably measurable. If the Partnership determines that the fair value of an investment property in development is not reliably determinable when construction is incomplete, it measures that property in development at cost until either its fair value becomes reliably determinable or construction is completed. It may sometimes be difficult to determine reliably the fair value of an investment property in development. In order to evaluate whether the fair value of an investment property in development can be determined reliably, management considers the following factors, among others:

- Provisions of the construction contract;
- Stage of completion;
- Whether the project or property is standard (typical for the market) or non-standard;
- Level of reliability of cash inflows after completion;
- Development risk specific to the property;
- Past experience with similar construction; and
- Status of construction permits.

The Partnership will reclassify portions of an investment property that are placed into service from “Properties in development” to “Income generating properties” when those portions are deemed to be substantially complete, including tenant improvements, and upon commencement of revenue recognition. The Partnership considers a property in development as substantially complete after major construction has ended and the property is available for tenant occupancy. For properties that are built in phases, the Partnership ceases capitalization on the portion of a property that is considered substantially complete but no later than one year from completion of major construction activity if not occupied.

The fair value of certain properties in development has been prepared giving consideration to costs incurred to date and to key development risk factors, including entitlement risk, construction risk, leasing/sales risk, operations risk, credit risk, capital market risk, pricing risk, event risk and valuation risk. The fair value of properties in development includes the timely recognition of estimated entrepreneurial profit after such consideration.

Development rights are development opportunities in the early phase of the development process where the Partnership either has an option to acquire land, enter into a leasehold interest or where the Partnership is the buyer under a long-term conditional contract to purchase land. The Partnership capitalizes related pre-development costs incurred in pursuit of new developments for which the Partnership currently believes future development is probable. Repairs and maintenance costs are charged to expense as incurred and are included in the Condensed Consolidated Statements of Operations and Comprehensive Income.

(g) Goodwill and Intangible Assets

Goodwill arises on the acquisition of a business and represents the excess of consideration transferred over the fair value of the net identifiable assets acquired and the liabilities assumed. Each quarter, the Partnership evaluates the values assigned to its goodwill and other intangible assets to determine whether any indicators of impairment are present. The Partnership also performs an annual impairment test or more frequently when there is an indicator of an impairment on the goodwill balance, which has an indefinite life. No such losses have been identified and reflected in the accompanying condensed consolidated financial statements.

(h) Restricted Cash

The Partnership classifies cash that is restricted as to usage or withdrawal as restricted cash. Restricted cash includes amounts established pursuant to various agreements for property taxes, insurance and other future lease operations. Restricted cash consists of funds restricted by agreements with financial institutions. These funds will be released upon completion of agreed-upon events, tasks, or time-lines as specified in the respective agreements. For purposes of the Consolidated Statements of Cash Flows, changes in restricted cash are classified according to their nature.

(i) Fair Value Measurements

The Partnership measures the fair value of its assets and liabilities in accordance with IFRS 13 - *Fair Value Measurement*. This standard requires assets and liabilities to be categorized into a hierarchy based on the lowest level input that is significant to the fair value measurement of the asset or liability. Disclosure of fair value measurements is according to the following hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Partnership recognizes transfers into and transfers out of the fair value hierarchy levels as of the date of the event or changes in circumstances that causes the transfer. There were no transfers in and out of level 1, 2, or 3 for the three months ended March 31, 2022.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. If a fair value measurement requires the use of unobservable inputs and is not based on observable market information, that measurement falls under Level 3 of the fair value hierarchy.

Investment Properties

The Partnership records investment properties at fair value. The fair value of investment properties is estimated based on the price that would be received to sell an asset in an orderly transaction between marketplace participants at the measurement date. Investment properties without a public market are valued based upon fair value assumptions and valuation techniques utilized by the Partnership. Such valuation techniques include income capitalization and sales comparison approaches. The Partnership also considers actual sale negotiations and bona fide purchase offers received from third parties, as well as independent external appraisals. In general, the Partnership considers multiple valuation techniques when measuring the fair value of an investment property. However, in certain circumstances, a single valuation technique may be appropriate. Independent third-party appraisal reports are prepared annually and updated quarterly for all properties subject to fair value measurement.

Income Capitalization Approach: This approach is based on the principle that value is created by the expectation of future income. This approach is particularly applicable in the case of income producing properties. One technique to convert income to value is direct capitalization, which involves dividing the net operating income by a market capitalization rate. A second technique is the discounted cash flow analysis, in which projected cash flows (net operating income less periodic capital expenditures and reversion value at the conclusion of the holding period) are converted to present value by applying an annual discount rate. In both techniques, net operating income and cash flow are estimated based on an analysis of market rent and occupancy levels and projected property expenses. Key inputs and assumptions include rental income and expense amounts and related growth rates, as well as discount and income capitalization rates. Significant increases (decreases) in any of these inputs in isolation would result in a significantly lower (higher) fair value measurement. Generally, a change in the assumptions used for the discount and the capitalization rate is accompanied by a directionally opposite change in the fair value measurement and a change in the assumptions used for the future cash flows is accompanied by a directionally similar change in the fair value measurement.

Sales Comparison Approach: This approach is a method of estimating fair value based on analyzing transactions of similar properties in the market area. A major premise of this approach is that the fair value of the property is directly related to the prices of comparable, competitive properties. The reliability of this approach is dependent upon the availability of comparable data, the verification of sales data, the degree of comparability and the absence of atypical conditions affecting the sales price. Once sales data is gathered, adjustments involving the judgment of management are made to the comparable properties to determine a value range for the property being valued. Generally, a point of value within the adjusted range is selected.

Cost Approach: The application of the cost approach is based on the principle of substitution and the concept that a market participant would not pay more for a property than the cost to develop a substitute property of equivalent desirability and utility. This approach involves the valuation of the land as if vacant, estimation of the replacement cost of the existing or proposed structure and site improvements, estimation of accrued depreciation found in the improvements and estimation of an appropriate entrepreneurial profit as applicable. The cost approach is typically utilized to determine value for new or proposed properties, special use properties or where the cost of reproducing the improvements is easily and accurately quantified and there is no economic obsolescence.

Derivative Instruments

In accordance with IFRS 9, the Partnership uses interest rate swap agreements to manage its interest rate risk, and these instruments are carried at fair value on the Condensed Consolidated Balance Sheets. The Partnership does not enter into hedging derivative transactions for trading or other speculative purposes. The valuation of the interest rate swaps is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each interest rate swap. This analysis reflects the contractual terms of the interest rate swaps, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatility. The fair values of interest rate swaps are determined by using the market standard methodology of netting the discounted future fixed cash payments (or receipts) and the discounted expected variable cash receipts (or payments). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

The Partnership assesses the effectiveness of qualifying cash flow hedges both at inception and on an on-going basis. The Partnership defers the effective portion of changes in fair value of the designated cash flow hedges to Other Comprehensive Income (Loss) and reclassifies such deferrals to interest expense as interest expense is recognized on the hedged forecasted transactions. The Partnership recognizes the ineffective portion of the change in fair value of interest rate derivatives directly in interest expense. Fair value changes for derivatives that are not in qualifying hedge transactions are reported as a component of interest expense.

(US Dollar amounts expressed in thousands, except share and per share data)

The Partnership determines the fair value of its derivatives taking into consideration the nonperformance risk of its counterparties and itself. In adjusting the fair value of its derivative contracts for the effect of counterparty nonperformance risk, the Partnership has considered the impact of its net position with a given counterparty, as well as any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees. The Partnership minimizes its credit risk on these transactions by dealing with major, credit-worthy financial institutions which have an A or better credit rating by the Standard & Poor's Ratings Group. As part of its on-going control procedures, the Partnership monitors the credit ratings of counterparties and the exposure of the Partnership to any single entity, thus reducing credit risk concentration.

The majority of the inputs used to value the Partnership's derivatives fall within Level 2 of the fair value hierarchy. However, the credit valuation adjustments associated with its derivatives use Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by itself and its counterparties. The Partnership believes the likelihood of realizing losses from counterparty nonperformance is remote and accordingly has classified the derivative assets and liabilities as Level 2 in the fair value hierarchy.

(j) Revenue Recognition and Straight-Line Rent

Rental Revenue

In accordance with IFRS 16, the Partnership leases office space to tenants under various non-cancelable operating leases with remaining lease terms expiring through June 30, 2037. Revenue from rental properties is comprised of minimum base rent, straight-line rent adjustments, lease termination fee income, and lease incentive amortization.

Rental revenue from tenants is recognized on a straight-line basis over the terms of the leases, including all fixed and determinable rent escalations and any periods of free rent (rent abatement), regardless of when contractual rent payments are due. Recognition of rental revenue commences when control of the leased space has been transferred to the tenant and the leased space is or can be ready for its intended use.

In connection with a tenant's execution, or modification, of a lease, if the Partnership makes cash payments to, or on behalf of, the tenant for purposes other than funding the construction of landlord assets, the Partnership defers the amount of such payments as lease incentive assets. Lease incentives assets are recorded as reductions of base rent which are amortized on a straight-line basis over the term of the lease.

Rental revenue also includes payments received in connection with lease termination agreements. Lease termination income is recognized during the period from execution of a lease termination agreement through the effective date of termination. When a tenant's lease for space in a property is terminated early but the tenant continues to lease such space under a new or modified lease in the property, the net revenue from the early termination of the lease is recognized evenly over the remaining life of the new or modified lease in place on that property, unless the Partnership cannot determine that collectability of the lease termination revenue is reasonably assured.

Future cash revenues under non-cancelable leases as of March 31, 2022 are as follows:

Years Ending December 31,	Amount
Remainder of 2022	103,999
2023	150,533
2024	137,109
2025	122,700
2026	113,156
Thereafter	475,520
	$ 1,103,017

Recoveries from Tenants

The Partnership operates as a principal for all investment properties with the exception of 75-101 Federal. As a principal with respect to property operating expenses subject to tenant recoveries, the Partnership is required to report tenant recovery revenue on a gross basis. The Partnership accounts for and reports as revenue all property operating costs reimbursable by the tenants as the costs are incurred.

Construction Management Fees

Construction management fees are earned by the Partnership for managing the construction of tenant and capital improvements at properties owned by related parties or third parties. Construction management fees are recognized as a single performance obligation (managing the construction of the project) comprised of a series of distinct services. Construction management fees are based upon contractual rates as defined in the relevant leasing and property management agreements. The Partnership believes that the overall service of construction management has substantially the same pattern of performance over the term of the agreement, therefore construction management fee income is recognized ratably throughout the period. Construction management fees for wholly owned properties and the Partnership's proportion of the management fees earned from unconsolidated entities in which the Partnership is invested have been appropriately eliminated.

Property Management Fees

Management fees are earned by the Partnership for managing properties owned by related or third parties. The management fees are based upon contractual rates applied to gross cash receipts from property operation. Property management fees are recognized on a monthly basis as a single performance obligation comprised of a series of distinct services related to property operations. The Partnership believes the overall services provided by property management activities have the same pattern of performance over the term of the agreement. Management fees for wholly owned properties and the Partnership's share of the management fees earned from unconsolidated entities in which the Partnership is invested have been eliminated in consolidation.

Parking Income

The Partnership generates revenues from the parking garages located within its operating properties through management agreements. The Partnership operates as a principal with respect to parking activities as it retains the ability to direct the use of and derive substantially all of the benefits from the parking facilities and, accordingly, records parking revenue on a gross basis.

(k) Trade and Other Payables

Trade payables are expected to be settled within the next 30 days, with a year being the maximum duration for the Partnership to settle any outstanding short term payables.

3. Standards Issued, and Standards Issued But Not Yet Effective

Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures, which concludes phase one of its work to respond to the effects of the Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary relief which enables hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR). The Partnership adopted the provisions of IFRS 9 replacing IAS 39 effective January 1, 2021. This adoption did not have a material impact on the Partnership's financial position or results from operations.

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. Application of the reliefs is mandatory.

The amendments are effective for annual periods beginning on or after 1 January 2020. The adoption of these amendments on January 1, 2020, did not have a material impact on the Partnership's financial position or results from operations. The Partnership' is still evaluating the impact of the future IBOR reform as well as expected additional amendments to the standards.

In August 2020, the IASB has published 'Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16). The Phase 2 amendments address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues).The amendments are effective for annual periods beginning on or after January 1, 2021, with earlier application permitted. The Partnership adopted these amendments on January 1, 2021. The adoption of these amendments did not have a material impact on the Partnership's financial position or results from operations.

(US Dollar amounts expressed in thousands, except share and per share data)

Classification of Liabilities as Current or Non-current - Amendments to IAS 1

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify aspects regarding the right to defer settlement, existence of such rights at the reporting period and classification of liabilities.

The amendments further clarify that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. Management's intention to settle in the short run does not impact the classification, and this applies even if settlement has occurred when the financial statements are authorized for issuance. The amendments are effective for annual reporting period beginning on or after 1 January 2023, and the Partnership is evaluating the impacts. The amendments must be applied retrospectively.

COVID-19-Related Rent Concessions – Amendment to IFRS 16

In May 2020, the IASB amended IFRS 16 Leases to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. The amendment does not apply to lessors.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendments are effective for annual periods beginning on or after June 1, 2020. Earlier application is permitted, including in interim or year end financial statements not yet authorized for issue at May 28, 2020.

In March 2021, the IASB issued an additional amendment to IFRS 16 for COVID-19-related rent concessions beyond the originally stated June 30, 2021 concession timeframe. This amendment applies a one-year extension to the practical expedient for COVID-19 related rent concessions under IFRS 16 Leases through June 30, 2022. IFRS 16 amendments did not have a material impact on the Partnership's financial position or results from operations.

4. Investment Properties

Income Generating Properties

The changes in the Partnership's income generating properties are set forth in the table below:

Balance, December 31 2021	**$**	**2,403,873**
Capital expenditures additions and other		6,957
Net loss from fair value adjustment of income generating properties		(29,204)
Reclassification of The Elm from properties in development		25,140
Reclassification of Signal House from properties in development		2,075
Balance, March 31 2022	**$**	**2,408,841**

2022 Acquisitions

There were no acquisitions completed for the three months ended March 31, 2022.

2021 Acquisitions

On May 12, 2021, the Partnership acquired 100% of 100 Congress Ave, a Class A office building in the Austin, Texas central business district at a purchase price of $315.0 million. The property is a 415,217 square foot mixed use building that is 91.9% leased as of March 31, 2022. The Partnership paid $189.9 million, assumed debt of $140.6 million (original borrowing of $120.6 million, with an additional upsize of $20.0 million), and incurred capitalized transaction costs of $1.3 million.

(US Dollar amounts expressed in thousands, except share and per share data)

2021 Dispositions

On January 7, 2021, the Partnership sold 2025 Clarendon at a contractual price of $19.0 million resulting in consideration of $18.5 million net of transaction costs of $0.5 million.

On April 23, 2021, the Partnership executed the sale of 49% ownership interest in Midtown Center at a valuation of $980.0 million. The purchaser assumed its share of the property's debt totaling $257.3 million, leading to gross proceeds to the Partnership of $223.0 million. The Partnership used the proceeds to pay down the credit facility. The Partnership recognized a loss of $22.5 million upon disposition, inclusive of $16.3 million write off of remaining un-accreted balance of the interest rate swap paid in October 2019. See note 9 - "Debt" for additional details. Subsequent to disposition, the Partnership will account for its ownership in the joint venture using the equity method.

On September 24, 2021, the Partnership executed the sale of 49% ownership interest in 100 Congress at a valuation of $316.7 million. The purchaser assumed its share of the property's debt totaling $68.9 million, leading to gross proceeds to the Partnership of $86.4 million. The Partnership used the proceeds to pay down the credit facility. The Partnership recognized a loss of $0.4 million upon disposition. Subsequent to disposition, the Partnership will account for its ownership in the joint venture using the equity method.

Properties in Development

The changes in the Partnership's properties in development are set forth below:

Balance, December 31, 2021	**$**	**169,254**
Capital expenditures additions and other		1,913
Net gain from fair value adjustment of development properties		14,143
Valuation of Block 16 right-of-use asset		4,431
Acquisition of Block 16 (land and building imprvmt)		5,029
Reclassification of The Elm to income generating properties		(25,140)
Reclassification of Signal House to income generating properties		(2,075)
Balance, March 31, 2022	**$**	**167,555**

The Wilson and The Elm are an 800,000 square foot two-tower office and residential building. The office portion ("the Wilson") is a 363,000 square feet office tower. Substantial completion of the base office building, garage, and Wisconsin Avenue Site Work for The Wilson was achieved on October 7, 2020. Revenue recognition on the majority of the office space commenced in early 2021. The office space was 100% leased and occupied as of March 31, 2022. The Wilson was fully placed in service in October 2021 upon which capitalization of interest expense, real estate taxes and other operating expenses ceased. The Partnership incurred $3.2 million and $7.0 million of capital expenditures for The Wilson for the three months ended March 31, 2022 and 2021, respectively. The 2022 capital expenditures are reflected in the income generating roll forward above.

The residential component ("the Elm") is a 441,000 square feet residential tower. Substantial completion of the residential building for The Elm was achieved on June 2, 2021. Revenue recognition on a portion of the residential space commenced in early 2021 as the Partnership began to complete build outs of residential units. The residential space was 66% leased as of March 31, 2022. The Partnership incurred $0.5 million and $12.9 million of capital expenditures for The Elm for the three months ended March 31, 2022 and 2021, respectively. Approximately 78% of the Elm was placed in service at March 31, 2022.

The Partnership substantially completed Signal House, a 225,000 rentable square feet office building, on June 30, 2021. The Partnership incurred $1.4 million and $7.0 million of capital expenditures for the three months ended March 31, 2022 and 2021, respectively. The Partnership has signed four leases totaling 158,800 square feet bringing the project to approximately 68% leased at March 31, 2022. Initial occupancy and revenue recognition is expected to commence in the second quarter of 2022.

(US Dollar amounts expressed in thousands, except share and per share data)

On July 2, 2018, the Partnership entered into a purchase and sale agreement to acquire a second parcel of land located at 350 Morse Street, N.E., Washington, D.C. The purchase price of the land is $19.4 million subject to adjustments and prorations at closing. Subsequent to the execution of the purchase and sale agreement, the Partnership made a deposit of $1.0 million. On January 28, 2019, the Partnership amended its purchase and sale agreement, extending PUD approval terms and increasing the purchase price to $19.7 million. As of December 31, 2021, the Partnership elected to permanently cease development activities on this site, and wrote off all costs incurred of $2.0 million.

On February 15, 2022, the Partnership executed a ground lease for the land associated with Block 16, a 0.811 acre site of buildable land in the Austin, Texas central business district. The company paid $2.2 million in reimbursement of pre-development costs, and incurred capitalized transaction costs of $0.1 million.

Consolidated, Non-Wholly Owned Properties, Developable Land and Capital Contributions

The Partnership is a joint venture partner in the ownership of 2311 Wilson, an approximately 178,000 square foot office building completed in February 2018 and placed it into service during the first quarter of 2019. As of March 31, 2022, the building was 97.9% leased. For the three months ended March 31, 2022 and 2021, there were no capital contributions to 2311 Wilson or distributions to JV Entity (Otter Wilson Boulevard LLC).

A summary of the financial information for the consolidated, non-wholly owned properties, is as follows:

			As of March 31, 2022				For the three months ended March 31, 2022	
Property	**Percent Owned**	**Current Assets**	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Equity**	**Revenues**	**Net Income (Loss)**
2311 Wilson	60.00 %	4,765	123,438	842	80,512	46,849	2,233	584
		$ 4,765	$123,438	$ 842	$ 80,512	$ 46,849	$ 2,233	$ 584
Less interest held by non-controlling interests						(18,739)		(234)
Equity attributable to Partnership						$ 28,110		$ 350

			As of December 31, 2021				For the three months ended March 31, 2021	
Property	**Percent Owned**	**Current Assets**	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Equity**	**Revenues**	**Net Income (Loss)**
2025 Clarendon	85.70 %	$ —	$ —	$ —	$ —	$ —	$ —	$ (34)
2311 Wilson	60.00 %	3,528	120,309	812	80,506	42,519	2,171	750
		$ 3,528	$120,309	$ 812	$ 80,506	$ 42,519	$ 2,171	$ 716
Less interest held by non-controlling interests						(17,006)		(380)
Equity attributable to Partnership						$ 25,513		$ 336

5. Investments in Associates

The changes in the Partnership's investments in associates are set forth below:

Balance, December 31 2021	**$ 705,632**
Contributions	113
Distributions	(2,496)
Share of unrealized gain on valuation of underlying properties	17,078
Share of net income (excluding unrealized gain on valuation)	5,545
Balance, March 31 2022	**$ 725,872**

Midtown Center

On April 23, 2021, the Partnership sold a 49% interest in Midtown Center to IGIS Midtown LLC. Midtown Center is an 868,000 square foot two-tower office property with lower level retail space developed and substantially completed in 2018 that is 100% leased. The partnership will account for its remaining 51% investment in the joint venture using the equity method. See note 4 - "Investment Properties" for additional details.

100 Congress

On May 12, 2021, the Partnership acquired 100% of 100 Congress Ave, a Class A office building in the Austin, Texas central business district at a purchase price of $315.0 million. The property is a 414,251 square foot mixed use building that is 91.0% leased as of March 31, 2022. The Partnership paid $189.9 million, assumed debt of $140.6 million (original borrowing of $120.6 million, with an additional upsize of $20.0 million), and incurred and capitalized transaction costs of $1.1 million.

On September 23, 2021, the Partnership sold a 49% interest in 100 Congress Ave to PPF OFF Congress Member, LLC. The Partnership will account for its remaining 51% investment in the joint venture using the equity method. See note 4 - "Investment Properties" for additional details.

One Congress

On September 24, 2018, the Partnership entered into a 50-50 joint venture with National Real Estate Advisors, LLC in the One Congress office development project in downtown Boston, Massachusetts. One Congress is planned as a 43-story, one-million square foot office tower.

In January 2019, the joint venture executed a 15-year lease with State Street Corporation for approximately 510,000 square feet to serve as its new headquarters. Occupancy is anticipated to commence in 2023 upon termination of State Street Corporation's existing lease. The property was 58% leased as of March 31, 2022. Subsequent to March 31, 2022, the joint venture executed a lease for the remaining available space, bringing the office space to 100% leased. See note 18 - "Credit and Other Risks" for additional details regarding construction impacts.

On July 23, 2019, the Partnership contributed an additional $24.8 million in capital to the joint venture to maintain a 50-50 ownership interest as a result of the contribution of the developable land by the joint venture partner on this date. The Partnership concurrently contributed $58.5 million to acquire an additional 25% ownership interest in the joint venture resulting in 75% ownership subsequent to this transaction.

The Partnership jointly shares in the rights to direct and control the activities that most significantly impact the joint venture’s returns and therefore does not maintain control over it. Accordingly, the Partnership accounts for its investment in the joint venture using the equity method. For the three months ended March 31, 2022 and 2021, the Partnership contributed $0.0 million and $24.6 million to the venture, respectively. The Partnership has contributed a total of $270.7 million to the venture as of March 31, 2022.

Construction Loan

On December 10, 2019, the joint venture entered into a $570.0 million facility on the One Congress project. The loan is interest only and will bear an interest rate of LIBOR plus 2.00% which can be reduced over time as certain milestones are met. The loan has a 5-year term, and matures in 2024 and can be extended one year by the joint venture subject to terms and conditions. Transaction costs and related fees were $5.8 million. As of March 31, 2022, the Partnership incurred $40.2 million of borrowing under this facility.

The facility stipulates the joint venture must contribute up-front equity not less than $341.3 million prior to incurring any borrowings under the loan.

(US Dollar amounts expressed in thousands, except share and per share data)

Financial information related to the Partnership's investments in associates is as follows:

	As of March 31, 2022						For the three months ended March 31, 2022	
Property	**Percent Owned**	**Current Assets**	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Equity**	**Revenues**	**Net Income (Loss)**
Midtown Center	51.00 %	$ 8,790	$ 963,947	$ 8,098	$ 533,072	$ 431,567	$ 18,810	$ 9,839
100 Congress	51.00 %	6,672	343,230	6,089	140,720	203,093	7,545	3,082
One Congress	75.00 %	7,645	834,067	42,154	261,274	538,284	—	21,380
		$ 23,107	$ 2,141,244	$ 56,341	$ 935,066	$1,172,944	$ 26,355	$ 34,301
Less: interest held by third-parties						(447,072)		(11,678)
Amounts per financial statements						$ 725,872		$ 22,623

	As of December 31, 2021						For the three months ended March 31, 2021	
Property	**Percent Owned**	**Current Assets**	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Equity**	**Revenues**	**Net Income (Loss)**
Midtown Center	51.00 %	$ 8,640	$ 962,402	$ 11,768	$ 532,771	$ 426,503	$ —	$ —
100 Congress	51.00 %	8,312	342,731	10,213	140,820	200,010	—	—
One Congress	75.00 %	374	748,935	33,958	198,446	516,905	—	7,127
		$ 17,326	$2,054,068	$ 55,939	$ 872,037	$1,143,418	$ —	$ 7,127
Less: interest held by third-parties						(437,786)		(1,780)
Amounts per financial statements						$ 705,632		$ 5,347

6. Assets Held for Sale

2022 Assets Held for Sale

There were no assets classified as Held for Sale for the three months ended March 31, 2022 and 2021, respectively.

7. Leases

The Partnership has material ground leases under its Columbia Center and 1701 Duke Street properties. In addition, the Partnership leases air rights at its 2001 Penn property. The Partnership also enters into various equipment and copier leases in a normal course of operations.

As a lessee

The Partnership recognizes a Right-of-Use Asset ("ROUA") and a lease liability at the lease commencement date. The ROUA is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Partnership's incremental borrowing rate.

(US Dollar amounts expressed in thousands, except share and per share data)

The Condensed Consolidated Balance Sheets reflect the following amounts relating to ROUA within "Investment properties, at fair value" and "Prepaid expense and other assets:"

	March 31, 2022	December 31, 2021
Non-current assets		
Income generating properties, net of ROUA	$ 2,259,341	$ 2,257,773
ROUA, at fair value	149,500	146,100
Income generating properties	2,408,841	2,403,873
Properties in development	167,555	169,254
Total investment properties, at fair value	$ 2,576,396	$ 2,573,127
Current assets - CPH		
Prepaid expense and other assets	11,904	13,022
ROUA, net of accumulated depreciation and non-current portion	1,037	1,102
Prepaid expense and other assets	**$ 12,941**	**$ 14,124**

At March 31, 2022 and December 31, 2021, "Investment properties, at fair value" included ROUA comprised of ground leases and an air rights lease of $149.5 million and $146.1 million, respectively. "Prepaid expense and other assets" included ROUA of $1.0 million and $1.1 million, respectively, related to equipment and copier leases.

A summary of the Partnership's lease assets is as follows:

ROUA	Ground Lease and Air Rights, at fair value	Equipment and Copier Leases	Total
Balance as of December 31, 2021	**$ 146,100**	**$ 1,102**	**$ 147,202**
Fair value adjustment, valuation	3,400	—	3,400
ROUA Additions, net	4,431	2	4,433
Accumulated Depreciation	—	(67)	(67)
Balance as of March 31, 2022	**$ 153,931**	**$ 1,037**	**$ 154,968**

The air and ground leases have remaining terms ranging between 66-99 years. The Partnership also enters into various equipment and copier leases with terms ranging between one to five years.

A summary of the Partnership's lease liabilities is as follows:

	Discount		Carrying Value	
Property	**Rate**	**Maturity**	**March 31, 2022**	**December 31, 2021**
Columbia Center[(1)]	4.93%	2120	131,070	130,530
1701 Duke Street[(2)]	5.20%	2107	7,761	7,729
2001 Penn	4.94%	2087	4,378	4,372
Block 16[(3)]	5.54%	2127	4,431	—
Other equipment leases	Various	Various	982	1,063
Total lease liabilities			148,622	143,694
Less current portion			333	524
Lease liabilities, net of current portion			**$ 148,289**	**$ 143,170**

(1) The Partnership executed a modified ground lease with a new land owner for 99 years. See below "2021 Revaluations" for additional information.
(2) The 1701 Duke Street Ground Lease was revalued on April 1, 2021. See below "2021 Revaluations" for additional information.
(3) The Company executed a ground lease on February 15, 2022 for the ground under Block 16 in Austin Texas. The Company has the right to terminate the lease until April 1, 2024. See above "2022 Acquisitions" for additional information.

(US Dollar amounts expressed in thousands, except share and per share data)

2021 Revaluations

On April 1, 2021 the ground lease under the land at 1701 Duke was revalued based on appraised value as well as the 10 year treasury rate at that time. The ROUA and lease liability each increased by $3.0 million. The Partnership did not incur any transaction costs as a result of the modification, and the reset did not have a material impact on the Partnership's financial statements.

The ground under Columbia Center was sold from a related party to an unrelated party on December 1, 2021. Simultaneously, the Partnership executed a modified ground lease with the new land owner for 99 years. The ROUA and lease liability increased by $13.7 million and $11.1 million, respectively, inclusive of initial direct costs of $2.6 million for the modification.

Contractual maturities differ from the lease liabilities detailed below and presented in the accompanying Condensed Consolidated Balance Sheets as the maturities shown include interest payments on lease liabilities.

Future Lease Maturities	March 31, 2022
Maturity analysis - contractual undiscounted cash flows	
Less than one year	$ 4,794
One to five years	19,282
More than five years	1,259,495
Total undiscounted lease liabilities as of March 31, 2022	1,283,571

Lease liabilities	**March 31, 2022**
Current lease liabilities	$ 333
Non-current lease liabilities	148,289
Total lease liabilities	$ 148,622

Lease expense costs were as follows:

Lease Expense	**Three Months Ended March 31,**	
	2022	**2021**
Amounts recognized in profit or loss		
Interest expense on lease liabilities	$ 1,110	1,249
Equipment lease depreciation	67	99
Total lease expense	**$ 1,177**	**$ 1,348**

Interest expense recognized on leases totaled $0.7 million and $1.2 million for the three months ended March 31, 2022 and 2021, respectively.

Cash Flows	**Three Months Ended March 31,**	
	2022	**2021**
Amounts recognized in the statements of cash flows		
Principal portion of lease payments	$ 139	140
Interest expense on lease liabilities	1,110	1,249
Total cash outflows related to leases	**$ 1,249**	**$ 1,389**

(US Dollar amounts expressed in thousands, except share and per share data)

8. Goodwill and Intangibles

The carrying value of goodwill was $9.3 million as of March 31, 2022 and December 31, 2021. There were no indicators of impairment noted during either comparative period. No impairment losses were recognized in the three months ended March 31, 2022 and 2021, respectively.

9. Debt

The Partnership's debt obligations consist of the following:

			Principal Balance as of			
Borrower/Facility	**Contractual Rate**	**Maturity**	**March 31, 2022**		**December 31, 2021**	
Credit facility [1]:						
Revolver	LIBOR +1.25% to 2.00%	7/1/25	$ 286,500	[7]	$ 273,500	[7]
Term Loan	LIBOR +1.20% to 1.90%	7/1/26	300,000	[7]	300,000	[7]
75-101 Federal	LIBOR +1.50%	3/12/25	143,094	[5,6]	143,094	[5,6]
1700 New York Avenue	LIBOR +1.50%	4/25/24	63,255	[2,5]	63,540	[2,5]
2001 Pennsylvania	4.10%	8/1/24	65,000	[2]	65,000	[2]
Clarendon Square	4.66%	1/5/27	31,254	[2,3]	31,668	[2,3]
1615 L Street	4.61%	9/1/23	134,250	[2]	134,250	[2]
2311 Wilson	LIBOR +1.35%	3/27/27	75,000	[2,5]	75,000	[2,5]
Total Debt			1,098,353		1,086,052	
Less unamortized deferred financing fees			6,209		6,623	
Total Debt, net of unamortized deferred financing fees			1,092,144		1,079,429	
Less current portion, net of unamortized deferred financing fees [4]			2,311		2,578	
Debt obligations, net of current portion			**$ 1,089,833**		**$ 1,076,851**	

(1) Interest under the credit facility is charged at the London Interbank Offer Rate ("LIBOR"), plus an additional premium, depending on the defined ratio of the Partnership's total indebtedness to total asset value. In addition, effective August 21, 2020, there is a LIBOR floor of 0.25%. As of March 31, 2022, the premium was 1.60% for the Revolver and 1.50% for the Term loan. As of December 31, 2021, the premium was 1.45% for the Revolver and 1.40% for the Term loan. As of March 31, 2022, and December 31, 2021, the one-month LIBOR was 0.45% and 0.10%, respectively.
(2) The fair value of the collateral pledged to these notes was $617.2 million and $620.8 million as of March 31, 2022, and December 31, 2021, respectively.
(3) The carrying value of the Clarendon Square note payable as of March 31, 2022, and December 31, 2021, included a premium of $0.6 million, and $0.7 million, respectively.
(4) The current portion of unamortized deferred financing fees was $0.1 million and $0.1 million, as of March 31, 2022, and December 31, 2021, respectively.
(5) 1700 New York Avenue, 75-101 Federal, and 2311 Wilson loans are hedged against an anticipated rise in interest rates through interest swaps. See Note 11 - "Fair Value Measurements" for additional information.
(6) Represents the Partnership's proportionate share of the $286.2 million note encumbering 75-101 Federal.
(7) On July 1, 2021, the Partnership amended its credit facility extending the maturity through July 1, 2025 for the Revolver, and July 1, 2026 for the Term Loans. As part of this amendment, Term Loan A was expanded to $300 million, Term Loan B and Term Loan C were extinguished, and the maximum capacity of the revolver was expanded from $450 million to $500 million.

All borrowings other than those made under the credit facility are collateralized by the land and buildings of the underlying properties.

In connection with the Midtown Center financing, the Partnership settled the five forward-starting interest rate swaps with a combined notional value of $400.0 million for $39.4 million in October 2019. This amount was being accreted as non-cash interest expense over the 10 year term of the Midtown Center permanent loan and is included in Other Comprehensive Income (Loss). As part of the sale of 49% of Midtown Center, the Partnership wrote off the remaining balance of $33.2 million, of which $16.4 million was deferred, for a recognized loss of $16.8 million. See Note 4 - "Investment Properties" for additional information.

On September 3, 2021 the Partnership paid down The Wilson and the Elm construction loan, totaling $251.9 million, utilizing funds from the drawn on the Revolver. The Partnership wrote-off $3.1 million in unamortized deferred financing costs.

Credit Facility

On March 5, 2021, the Financial Conduct Authority (“FCA”) announced that USD LIBOR will no longer be published after June 30, 2023. This announcement has several implications, including setting the spread that may be used to automatically convert contracts from LIBOR to the Secured Overnight Financing Rate (“SOFR”). Additionally, banking regulators are encouraging banks to discontinue new LIBOR debt issuances by December 31, 2021.

The Partnership anticipates that LIBOR will continue to be available at least until June 30, 2023. Any changes adopted by the FCA or other governing bodies in the method used for determining LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR. If that were to occur, our interest payments could change. In addition, uncertainty about the extent and manner of future changes may result in interest rates and/or payments that are higher or lower than if LIBOR were to remain available in its current form.

The Partnership and our unconsolidated joint ventures have contracts that are indexed to LIBOR and we are monitoring and evaluating the related risks. These risks arise in connection with transitioning contracts to an alternative rate, including any resulting value transfer that may occur, and are likely to vary by contract. The value of loans, securities, or derivative instruments tied to LIBOR, as well as interest rates on our unconsolidated joint ventures current or future indebtedness, may also be impacted if LIBOR is limited or discontinued. For some instruments the method of transitioning to an alternative reference rate may be challenging, especially if we cannot agree with the respective counterparty about how to make the transition.

While we expect LIBOR to be available in substantially its current form until at least the end of June 30, 2023, it is possible that LIBOR will become unavailable prior to that point. This could result, for example, if sufficient banks decline to make submissions to the LIBOR administrator. In that case, the risks associated with the transition to an alternative reference rate will be accelerated and magnified.

The Partnership entered into an amended and restated credit facility agreement with a group of lenders ("Amended Credit Facility") to the Credit Facility Agreement on July 1, 2021, extending the maturity through July 1, 2025 for the Revolver, and July 1, 2026 for the Term Loans. The extension amended various covenants, as well as removed the LIBOR rate floor of 0.25%. The Partnership incurred transaction costs of $6.2 million associated with the agreement which were deducted from the carrying amount of the debt. The Partnership wrote off $0.3 million in unamortized deferred financing costs.

On August 21, 2020, the Partnership entered into an amended and restated credit facility agreement with a group of lenders ("Amended Credit Facility") to the Credit Facility Agreement, in order to modify various covenants associated with the credit facility. In addition, the Amended Credit Facility established a LIBOR rate floor of 0.25%. The Partnership incurred transaction costs of $1.1 million associated with the agreement which were deducted from the carrying amount of the debt.

In addition, the credit agreement governing the Amended Credit Facility contains certain covenants which, among other things, require the Partnership to meet various financial covenants, including maximum leverage levels, minimum coverage levels and minimum tangible net worth, all as defined in the Amended Credit Facility. The Partnership was in compliance with all of its debt covenants as of March 31, 2022 and December 31, 2021, respectively.

On April 4, 2018, the Partnership issued $30.0 million in letters of credit to the Maryland Transit Authority in conjunction with the Wilson project. Any issued letter of credit reduces the available balance on the Partnership’s revolving line of credit. No draws on the letter of credit have occurred as of June 1, 2019, when $27.0 million of the letters of credit expired in accordance with the underlying agreements. On June 5, 2019, the Partnership issued $0.3 million in letters of credit to the District of Columbia Water and Sewer Authority in conjunction with Signal House. The letters of credit expired in April 30, 2021 in accordance with the terms and conditions.

As of March 31, 2022, the Partnership had capacity to borrow an additional $213.5 million under the Credit Facility. Subsequent to March 31, 2022, the Partnership borrowed $69.0 million of the revolver through May 11, 2022. The proceeds from the borrowing were used to fun the redemption of non-controlling interests as well as the purchase of the interest rate cap. See Note 19 - "Subsequent Events" for additional information

Construction Loan - The Wilson and the Elm

On August 15, 2018, the Partnership entered into a $300.0 million construction loan facility on the Wilson project. The loan bears an interest rate of LIBOR plus 3.00%, has a five-year term and matures in 2023 but can be extended by one year by the Partnership subject to terms and conditions. Transaction costs and related fees were $7.8 million. The facility was paid off and closed on September 3, 2021.

(US Dollar amounts expressed in thousands, except share and per share data)

On August 21, 2020, the Partnership entered into a modification of the guarantor agreement associated with the construction loan at The Wilson and The Elm, with a group of lenders, in order to modify various covenants associated with the guaranty agreement to maintain conformity with the Credit Facility Amendment. The Partnership incurred transaction costs of $0.2 million associated with the agreement which were deducted from the carrying amount of the debt.

On September 3, 2021 the Partnership fully repaid The Wilson and the Elm construction loan, totaling $251.9 million, utilizing funds from a draw on the Revolver. The Company wrote-off $3.1 million in unamortized deferred financing costs as a result of extinguishing this debt.

Interest Expense

Interest expense is comprised of the following for the respective periods and inclusive of deferred financing fees and hedging impacts:

	Three Months Ended March 31,	
Description	**2022**	**2021**
Credit facility	$ 2,588	$ 2,076
Notes payable	4,267	11,000
Distributions to redeemable non-controlling interests	1,126	48
Lease liabilities	1,688	1,249
Amortization expense of deferred financing fees	450	1,027
Gross interest expense	$ 10,119	$ 15,400
Capitalized interest expense		
Capitalized deferred financing fees	(40)	(596)
Capitalized interest	(263)	(2,380)
Total capitalized interest expense	(303)	(2,976)
Net interest expense	9,816	12,424

Future Maturities of Debt

For periods subsequent to March 31, 2022, scheduled annual maturities of debt outstanding as of March 31, 2022 are as follows:

Years Ending December 31,	**Amount [(1)]**
Remainder of 2022	$ 2,417
2023	137,008
2024	127,955
2025	431,369
2026	301,860
Thereafter	97,097
	$ 1,097,706

(1) Principal amounts on debt outstanding exclude the premium on the Clarendon Square notes payable of $0.6 million.

(US Dollar amounts expressed in thousands, except share and per share data)

Net Debt reconciliation

This section shows an analysis of net debt and the movements in net debt for the three months ended March 31, 2022:

	Borrowings	Leases	Subtotal	Cash and cash equivalents	Total
Net Debt, December 31 2021	$ (1,079,429)	$ (143,694)	$ (1,223,123)	$ 28,373	$ (1,194,750)
Cash flows	$ (12,301)	$ 140	$ (12,161)	$ (5,238)	$ (17,399)
New leases	—	(57)	(57)	—	(57)
Valuation of Block 16 right-of-use assets	—	(4,431)	(4,431)	—	(4,431)
Other changes	(416)	(580)	(996)	—	(996)
Net Debt, March 31 2022	$ (1,092,146)	$ (148,622)	$ (1,240,768)	$ 23,135	$ (1,217,633)

10. Financial Instruments

The Partnership's cash, cash equivalents, and restricted cash are subject to market risk due to changes in interest rates that may result in reduced income if interest rates decline. Credit facility and floating rate notes payable are subject to interest rate risk that may result in higher interest expense and adversely impact fair values.

The fair values of financial instruments not carried at fair value but for which the fair value is disclosed as of March 31, 2022, in the accompanying condensed consolidated financial statements are set forth in the table below:

	Carrying Value	Fair Value	Fair Value Level
Assets			
Cash and cash equivalents	$ 23,135	$ 23,135	Level 1
Restricted cash[(1)]	4,612	4,612	Level 1
Trade receivables, net	3,921	3,921	Level 3
Liabilities, including current portion			
Credit facility[(2)]	$ 586,500	$ 585,382	Level 3
Notes payable[(2)]	511,207	504,064	Level 3
Redeemable non-controlling interests[(3)]	157,369	157,369	Level 3

(1) Restricted cash is primarily comprised of mortgage escrows required by financial institutions for taxes, insurance, and repairs and maintenance of $4.4 million, and $0.2 million of cash held in bank lockbox pending disbursement.
(2) Excludes deferred financing fees and debt premium.
(3) Carrying value of redeemable non-controlling interests approximates fair value given the short-term nature of the redemption features.

The fair values of financial instruments not carried at fair value but for which the fair value is disclosed as of December 31, 2021, in the accompanying condensed consolidated financial statements are set forth in the table below:

	Carrying Value	Fair Value	Fair Value Level
Assets			
Cash and cash equivalents	$ 28,373	$ 28,373	Level 1
Restricted cash[(1)]	5,310	5,310	Level 1
Trade receivables, net	6,133	6,133	Level 3
Liabilities, including current portion			
Credit facility[(2)]	$ 573,500	$ 573,482	Level 3
Notes payable[(2)]	511,871	508,051	Level 3
Redeemable non-controlling interests[(3)]	154,681	154,681	Level 3

(US Dollar amounts expressed in thousands, except share and per share data)

(1) Restricted cash is primarily comprised of mortgage escrows required by financial institutions for taxes, insurance, and repairs and maintenance of $4.9 million, and $0.4 million of tenant improvements.
(2) Excludes deferred financing fees and debt premium.
(3) Carrying value of redeemable non-controlling interests approximates fair value given the short-term nature of the redemption features.

The fair value of indebtedness has been determined by giving consideration to one or more of the following criteria, as appropriate: (i) interest rates and/or interest rate spreads for loans of comparable quality and remaining maturity, (ii) the value of the underlying collateral, (iii) the credit risk of the borrower based on key elements of the investment properties' valuation, (iv) market-based loan-to-value, and (v) key terms such as assumability, recourse provisions and guarantees. Following the date of inception, the notes payable have been recorded at amortized costs with the discounts and premiums amortized to interest expense using the effective interest method.

Due to their short-term maturities, the carrying values of financial instruments including cash and equivalents, restricted cash and trade receivables approximate their fair values. Lease liabilities are initially recorded at the lower of either the fair value of the underlying land/air rights or the present value of the minimum lease payments using a discount rate that provides for a constant rate on the balance outstanding.

11. Fair Value Measurements

The following table summarizes the Partnership's interest rate swap agreements as of March 31, 2022:

	Cash Flow Hedges
	Interest Rate Swaps
Notional balance	$ 278,255
Weighted average interest rate (1)	1.37 %
Earliest maturity date	April 1, 2024
Latest maturity date	March 27, 2027

(1) Represents the weighted average interest rate at which LIBOR was fixed on the hedged debt.

The following table summarizes the Partnership's interest rate swap agreements as of December 31, 2021:

	Cash Flow Hedges
	Interest Rate Swaps
Notional balance(1)	$ 278,540
Weighted average interest rate (2)	1.38 %
Earliest maturity date	April 1, 2024
Latest maturity date	March 27, 2027

(1) Two interest rate swaps with a notional value of $25.0 million that matured on February 5, 2021.
(2) Represents the weighted average interest rate at which LIBOR was fixed on the hedged debt.

The interest rate swaps are being accounted for as cash flow hedges as these transactions were executed to hedge the Partnership's anticipated interest payments, and these hedges are deemed to be highly effective. As such, changes in the fair value of these derivative instruments are recorded as unrealized gains (losses) on cash flow hedges included within "Equity Reserve for Cash Flow Hedges" on the Condensed Consolidated Balance Sheets and Statements of Changes in Equity.

The changes in fair value of effective hedges recorded within "Other Comprehensive Income (Loss)" were $9.8 million and $4.7 million for the three months ended March 31, 2022 and 2021, respectively. There was no material hedge ineffectiveness recognized during the three months ended March 31, 2022 and 2021. During the three months ended March 31, 2022 and 2021, the Partnership reclassified $(0.7) million and $(0.8) million, respectively, of (losses) gains on cash flow hedges from "Equity reserve for cash flow hedges" to "Interest expense."

(US Dollar amounts expressed in thousands, except share and per share data)

As of March 31, 2022, the Partnership anticipates the reclassification of $2.2 million of hedging gains from "Equity reserve for cash flow hedges" into earnings within the next 12 months to offset the variability of cash flows of the hedged items during this period.

As of March 31, 2022, the Partnership assessed the impact of the credit valuation adjustments on the overall valuation of its derivative portfolio and determined it is not significant. As a result, the Partnership classified its hedging instruments within Level 2 of the fair value hierarchy.

The following assets and liabilities, measured at fair value as of March 31, 2022, are classified as follows:

Description	Level 1	Level 2	Level 3
Assets:			
Investments in income generating properties	$ —	$ —	$ 2,408,841
Investments in properties in development	—	—	167,555
Derivative assets	—	11,251	—
Total Assets	$ —	$ 11,251	$ 2,576,396
Liabilities:			
Derivative liabilities, net of current portion	—	392	—
Total Liabilities	$ —	$ 392	$ —

The following assets and liabilities, measured at fair value as of December 31, 2021, are classified as follows:

Description	Level 1	Level 2	Level 3
Assets:			
Investments in income generating properties	$ —	$ —	$ 2,403,873
Investments in properties in development	—	—	169,254
Derivative assets	—	3,601	—
Total Assets	$ —	$ 3,601	$ 2,573,127
Liabilities:			
Derivative liabilities, net of current portion	—	2,550	—
Total Liabilities	$ —	$ 2,550	$ —

A summary of the changes in the Partnership's assets measured at fair value using significant unobservable inputs (Level 3) are set forth in Note 4 - "Investment Properties"

The Partnership engages a third-party appraiser each reporting period. As part of the valuation process, the Partnership regularly evaluates factors that may adversely impact the fair value assessments. In consideration of the COVID-19 impacts and the significant disruption to our business and economy (as further disclosed in Note 18 - "Credit and Other Risks") we considered the potentially broad effects on the fair value measurement of our properties at March 31, 2022. While there remains substantial uncertainty regarding the extent or duration of impacts on fair value, our valuation determinations reflect changes in various underlying assumptions including increased lease-up timeframes, reductions in parking revenue, increased tenant concessions and increased credit loss assumptions. The impacts on investment criteria and market driven inputs, including capitalization rates and discount rates remains uncertain. We have made no material changes to either capitalization or discount rates as of March 31, 2022.

(US Dollar amounts expressed in thousands, except share and per share data)

The following table sets forth quantitative information about the Level 3 fair value measurements as of March 31, 2022:

Description	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Avg)
Investments in income generating properties	$ 2,408,841	Discounted cash flow - Income capitalization Market transaction Net present value - Lease liabilities	Discount Rate Exit Capitalization Rate	5.75% - 7.25% (6.29%) 4.75% - 6.00% (5.54%)
Investments in properties in development	167,555	Discounted cash flow - Income capitalization	Discount Rate Exit Capitalization Rate	6.00% - 7.00% (6.25%) 4.50% - 5.50% (4.75%)
Total	$ 2,576,396			

The following table sets forth quantitative information about the Level 3 fair value measurements as of December 31, 2021:

Description	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Avg)
Investments in income generating properties	$ 2,403,873	Discounted cash flow - Income capitalization Market transaction Net present value - Lease liabilities	Discount Rate Exit Capitalization Rate	5.75% - 7.25% (6.29%) 4.75% - 6.00% (5.56%)
Investments in properties in development	169,254	Discounted cash flow - Income capitalization	Discount Rate Exit Capitalization Rate	6.00% - 7.00% (6.40%) 4.75% - 6.00% (4.82%)
Total	$ 2,573,127			

12. Non-Property General and Administrative Expenses

The Partnership incurs personnel and compensation costs, professional fees, information technology costs and other corporate related costs that are collectively classified as non-property general and administrative expenses.

The following summarizes the various expenses comprising this activity for the respective periods:

	Three Months Ended March 31,	
Description	2022	2021
Personnel and compensation	$ 4,385	$ 3,885
Professional fees	1,131	1,023
Information technology	332	180
Other corporate	605	396
Total non-property general and administrative	$ 6,453	$ 5,484

13. Other Property Operating Expenses

The Partnership incurred other property operating expenses of $4.3 million and $4.5 million for the three months ended March 31, 2022 and 2021, respectively. Other expenses are comprised of parking management fees associated with third-party agreements, tenant specific charges and office expense costs for which the Partnership is substantially reimbursed through recovery income, amortization of deferred leasing commissions, and other non-recoverable charges including marketing and allocable overhead costs.

14. Related Party Transactions

The Partnership manages properties owned by associates and other unconsolidated related parties for which it receives fees for asset management, property management, construction management and development. All fees charged to wholly owned properties are fully eliminated in consolidation. The Partnership's portion of the fees earned from Investment in associates is appropriately eliminated during the consolidation process. Property management fees for the three months ended March 31, 2022 and 2021, totaled $1.1 million and $0.6 million, respectively.

Construction management fees totaled $0.1 million for the three months ended March 31, 2022 and 2021. Property management and construction fees are recorded in "Property management fees and other" on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Outstanding related party receivables pertaining to these fees were $1.6 million and $1.3 million for March 31, 2022 and December 31, 2021, respectively. The Partnership leases the ground under 1701 Duke property from related parties. See Note 7 - "Leases" for additional information.

15. Commitments and Contingencies

There are no asserted or unasserted legal claims, other than ordinary routine litigation incidental to its business, to which the Partnership is a party or to which any of the properties is subject to, that the Partnership believes will have a material adverse effect on financial condition, results of operations or cash flows.

Performance Bonds

In the ordinary course of business, the Partnership is required to post performance bonds to secure its performance under its development projects. These bonds provide a guarantee to the counterparty that the Partnership will perform under the terms of a contract. To date, the Partnership has not been required to make any reimbursements to its sureties for bond-related costs. Management believes that it is highly unlikely it will have to fund significant claims under the surety arrangements in the foreseeable future. As of March 31, 2022, the Partnership had $1.9 million in performance bonds outstanding with commitment terms expiring through March 6, 2023.

Repayment Guarantees

The Partnership and its subsidiaries have guaranteed certain construction work to be performed at the Partnership's investment properties, payment of construction loans related to property development, ground lease payments and repayment of mortgage liabilities. Because the Partnership controls the investment properties and the related construction spending and construction loan borrowings, no liabilities have been recorded relating to these guarantees. As of March 31, 2022 and 2020, the Partnership was in compliance with all guarantees and guarantee covenants.

On July 2, 2018, the Partnership entered into a purchase and sale agreement to acquire a second parcel of land ("C2") located at 350 Morse Street, N.E., Washington, D.C. The purchase price of the land is $19.4 million subject to adjustments and prorations at closing. Subsequent to the execution of the purchase and sale agreement, the Partnership made a deposit of $1.0 million. On January 28, 2019, the Partnership amended its purchase and sale agreement, extending PUD approval terms and increasing the purchase price to $19.7 million. As of December 31, 2021, the Partnership elected to permanently cease development activities on this site, and wrote off all costs incurred of $2.0 million.

A consolidated subsidiary of the Partnership, Carr Properties OC LLC, has guaranteed portions of the One Congress borrowings whereas in an event of default, the respective lenders have recourse to the collateral pledged to secure the borrowings. This recourse is limited to the general credit of the guarantor entity to the extent of this guarantee of 11.25% of principal balance or $64.1 million.

Employee Benefits

In June 2018, the Partnership adopted the 2018 Equity Incentive Plan ("the Plan"). The Plan provides for the issuance of LTIP Units which may be in the form of Service Units, Performance Units or both. The determination of units awarded to each grantee is based on the Partnership's respective Net Asset Value ("NAV") at the time of issuance. Through December 31, 2020, the Partnership granted 26.4 million LTIP units. In April 2021, the Partnership granted an additional 5.7 million units.

The 2018 grant included 1.5 million of LTIP Service Units of which 50% vested in March 2021 and the remaining 50% vested in March 2022. None of the 2018 Performance Units vested. Similarly, the 2019 LTIP Service Unit grants of 1.5 million will vest 50% in both March 2022 and March 2023. Vesting is based on continued employment services through the vesting dates. Compensation expense will be recognized over the respective vesting periods.

The 2020 grant includes certain awards which are solely service based and will fully vest in December 2023, December 2024 and December 2025 for the respective recipients. The remainder of 2020 awards include service and performance based awards that will vest in March 2023.

Vesting of all performance units is dependent upon the Partnership achieving certain return thresholds based on NAV over a three-year performance period. Below a 6.0% cumulative per annum return, no performance units will be earned. Between a 6.0% and 9.0% cumulative per annum return, the earning begins at 75% and grows to 125% at the high end of the performance units that may be earned based on linear interpolation within that range.

The 2021 grant includes 1.9 million of LTIP Service Units, and 3.8 million in LTIP Performance Units, all of which will fully vest in March 2024. Vesting is based on continued employment services through the vesting dates. Compensation expense will be recognized over the respective vesting periods.

A summary of the Partnership's LTIP activity during the period ended March 31, 2022 is presented below:

(in thousands)		**Total Units**
LTIP units outstanding, December 31, 2021	**$**	**25,237**
LTIP units granted during the period		1,836
LTIP units converted		(1,308)
LTIP units outstanding, March 31, 2022	**$**	**25,765**

Compensation expense is based on NAV as of each period end consistent with the Partnership's expectation of performance and the anticipated units expected to vest for the respective three-year performance period.

During the years ended March 31, 2022 and 2021, respectively, the Partnership recognized $1.7 million and $1.6 million of LTIP-related expense, of which $0.2 million and $0.2 million was capitalized.

16. Corporate Officer's Compensation

Salary and bonus expense for the Partnership's corporate officers totaled $0.8 million and $0.5 million for the three months ended March 31, 2022 and 2021, respectively. Employee benefit expense for these officers was $0.1 million for the three months ended March 31, 2022 and 2021. For the three months ended March 31, 2022 and 2021, LTIP expense was $1.2 million and $0.9 million, respectively. No long-term compensation or retirement contributions were paid. These amounts are included in "Non-property general and administrative expenses" in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

17. Equity

Non-Controlling Interests

Certain of the non-controlling interests have special redemption rights that allow them to request the redemption of their interest at 97% of the Net Asset Value per common interests in CPP. These interests are recorded as "Redeemable non-controlling interests" within "Current liabilities" and "Redeemable non-controlling interests, net of current portion" within "Non-current liabilities." As of March 31, 2022, the value of these redeemable non-controlling interests were $155.1 million and $2.3 million, respectively. As of December 31, 2021, the value of these redeemable non-controlling interests were $152.4 million and $2.2 million, respectively.

"Equity attributable to non-redeemable non-controlling interests" is reported as "Non-Redeemable non-controlling interests" within “Equity” on the Condensed Consolidated Balance Sheets. As of March 31, 2022 and December 31, 2021, the total value of these non-redeemable non-controlling interests was $147.5 million and $144.2 million, respectively.

(US Dollar amounts expressed in thousands, except share and per share data)

The changes in the Partnership's redeemable non-controlling interests are set forth below:

	Shares	Value
Balance, December 31, 2021	**113,617**	**$ 154,681**
LTIP Issuances	1,308	1,775
DRIP Issuances	7	10
Revaluation/Other	—	903
Balance, March 31 2022	**114,932**	**157,369**

The Partnership also maintained seven additional subsidiary REITs as of March 31, 2022 in which there are preferred shareholder interests.

Distributions

Distributions are declared and paid upon the declaration of the Board of Directors, generally quarterly. On March 2, 2021, the Partnership declared and paid its fourth quarter distribution of $1.3 million from CPP, all of which was attributable to redeemable non-controlling interests. As of March 31, 2022, the Partnership has not declared any unpaid distributions.

18. Credit and Other Risks

In early spring 2020, the outbreak of a novel strain of coronavirus (COVID-19) had adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The COVID-19 pandemic and government responses created disruption in global supply chains and adversely impacted and continues to impact many industries. The outbreak has a continued material adverse impact on economic and market conditions and triggered a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of COVID-19.

Since first being declared a pandemic by the World Health Organization in March 2020, the coronavirus, or COVID-19, has spread throughout the United States. However, in winter of 2020, announcements were made by two pharmaceutical companies that vaccines would soon become available. As the COVID-19 vaccine roll-out gained momentum in early 2021, there was an increase in positive outlooks for many industries. As of the date of the release of these financial statements, and while there has been many public return-to-office announcements by major US companies, there is still hesitancy and uncertainty as to if office demand will return to pre-COVID-19 levels in the near term. This outbreak has resulted in governmental actions in the Partnership's operating jurisdictions to impose measures intended to control infection, including restrictions on movement and business operations.

Conditions are beginning to stabilize, however, as a result of the pandemic and measures instituted to prevent spread, the Partnership may adversely be effected in many ways, including by disrupting:

- the ability and willingness of the Partnership's tenants to meet their contractual obligations;
- The Partnership's ability to maintain occupancy in its properties and obtain new leases for unoccupied space;
- The Partnership's access to debt and equity capital on desired terms or at all;
- the supply of products or services from the Partnership's vendors; and
- ability to continue or complete planned development, including the potential for delays in labor or material supply necessary for development.

The Partnership collected approximately 98% of contractual rent from its customers during the three months ended March 31, 2022. The Partnership continues to closely monitor tenant payments and maintains close communication with certain tenants as it assesses the potential impacts that may arise if unable to make timely rental payments.

During the three months ended March 31, 2022, the Partnership provided short-term rent relief to certain tenants on a case by case basis. However, these changes did not have a material impact on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) or require further assessment through the date of issuance.

Credit Risk

The Partnership's maximum exposure to credit risk associated with financial assets measured at amortized cost is equivalent to the carrying value of each class of financial assets measured as separately presented in receivables, restricted cash and cash and cash equivalents. Credit risk related to accounts receivable arises from the possibility that tenants may be unable to fulfill their lease commitments. The Partnership generally manages this risk by signing long-term leases with tenants who have investment grade credit ratings.

19. Subsequent Events

The Partnership evaluated subsequent events through May 11, 2022 the date the condensed consolidated financial statements were available to be issued. The Partnership concluded that no additional subsequent events have occurred that would require additional recognition or disclosure in the condensed consolidated financial statements other than those disclosed in the respective footnotes and herein.

On May 3, 2022, the Partnership purchased a 2.50% SOFR interest rate cap to hedge the risk of rising rates on $400 million of its corporate credit facility for $11.5 million.

On May 6, 2022, the Partnership redeemed 45.8 million units of redeemable non-controlling interests shares for $60.5 million.


Energix, Poland

Auditor's Consent Letters

Alony Hetz Properties & Investments ltd.

AlonyHetz
Properties & Investments Ltd

Deloitte.

Date: May 24, 2022

To
The Board of Directors of **Alony Hetz Properties and Investments Ltd. ("the company")**

Dear Sir/Madam,

Re: Consent letter in term of Alony Hetz Properties and Investments Ltd. Shelf Offering from May 2021

We hereby advise you that we agree to the inclusion (including by a way of reference) of our review reports detailed below in connection with the May 2021 shelf prospectus.

(1) Review Report dated May 24, 2022, regarding the Consolidated Financial Statements of the company as of March 31, 2022, and for the three months period ended March 31, 2022.

(2) Review Report dated May 24, 2022, regarding the Separate Financial Information of the company which is presented in accordance with Regulation 38-D of the Securities Regulations (Periodic and Immediate Reports), 1970, as of March 31, 2022, and for the three months period ended March 31, 2022.

Respectfully,

Brightman Almagor Zohar & Co.
Certified Public Accountants
A Firm in the Deloitte Global Network

Tel Aviv - Main Office
1 Azrieli Center Tel Aviv, 6701101 P.O.B. 16593 Tel Aviv, 6116402 | Tel: +972 (3) 608 5555 | info@deloitte.co.il

Jerusalem
3 Kiryat Ha'Mada
Har Hotzvim Tower
Jerusalem, 914510
D. BOX 45396
Tel: +972 (2) 501 8888
Fax: +972 (2) 537 4173
info-jer@deloitte.co.il

Haifa
5 Ma'aleh Hashichrur
P.O.B. 5648
Haifa, 3105502
Tel: +972 (4) 860 7333
Fax: +972 (4) 867 2528
info-haifa@deloitte.co.il

Eilat
The City Center
P.O.B. 583
Eilat, 8810402
Tel: +972 (8) 637 5676
Fax: +972 (8) 637 1628
info-eilat@deloitte.co.il

Nazareth
9 Marj Ibn Amer St.
Nazareth, 16100
Tel: +972 (73) 399 4455
Fax: +972 (73) 399 4455
info-nazareth@deloitte.co.il

pwc

To: The Management of Carr Properties Holdings, LP and the Board of Directors of Alony-Hetz Properties and Investments Ltd.

Re: Consent letter in respect of Alony-Hetz Properties and Investments Ltd. shelf prospectus from May 2021

We hereby inform you that we agree to the inclusion (including by way of reference) of our report listed below in respect of the shelf prospectus dated May 6, 2021 which was published by Alony-Hetz Properties and Investments Ltd:

1) Review Report of Independent Auditors dated May 11, 2022 regarding the Condensed Consolidated Interim Financial Statements of Carr Properties Holdings LP as of March 31, 2022 and for the three-month periods ended March 31, 2022 and 2021.

PricewaterhouseCoopers LLP

Washington, DC
May 23, 2022