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QUARTERLY REPORT
Q2 2024

Alony Hetz Properties & Investments ltd.

AlonyHetz
Properties & Investments Ltd

Amot, ToHa1, Tel Aviv

QUARTERLY REPORT
Q2 2024

Board of Directors' Report on the State of Corporate Affairs

Concise Coznsolidated Financial Statements

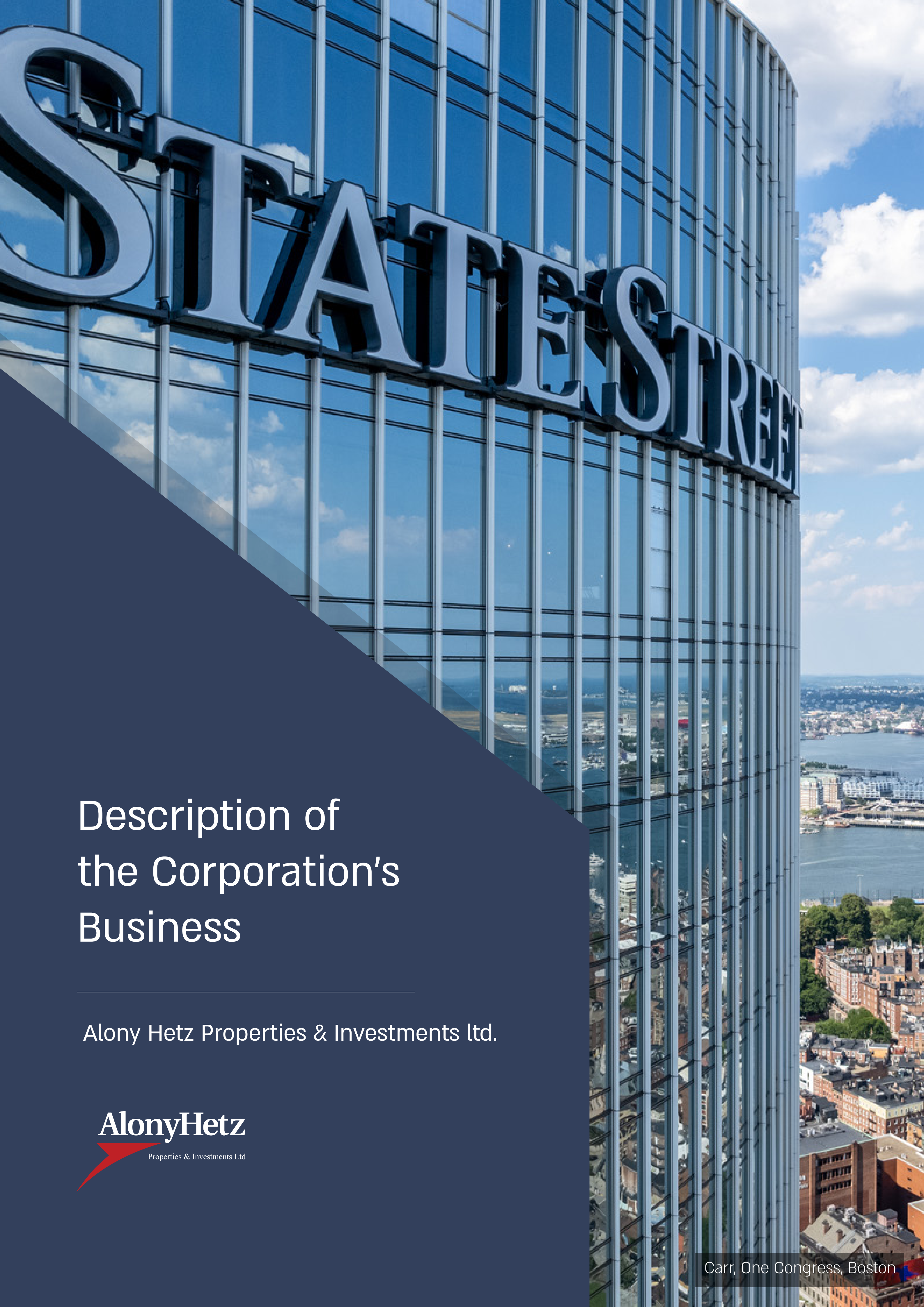
Report on the Effectiveness of Internal Control of
Financial Reporting and Disclosure

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

Attachment of the Financial Statements of an Associate - Carr

Auditor's Consent Letters

AlonyHetz
Properties & Investments Ltd



Carr, One Congress, Boston

Description of the Corporation's Business

Alony Hetz Properties & Investments ltd.

AlonyHetz
Properties & Investments Ltd

Ramat Gan, August 12, 2024

Board of Directors' Report for the Six- and Three-Month Periods ended June 30, 2024

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 six- and three-month period ended June 30, 2024 (hereinafter - "**the Reporting Period**"). This Board of Directors' Report and the updates therein, were prepared on the assumption that the reader has the Company's Periodic Report for 2023, published by the Company on March 13, 2024 (Ref: 2024-01-025152), including the chapter "Description of the Corporation's Business", the "Board of Directors' Report on the State of the Corporation's Business" and the "Consolidated Financial Statements" (hereinafter, collectively - the "**Periodic Report for 2023**").

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 UK.
- **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 main income-generating property investments as of June 30, 2024:

Activity in Israel

Holdings at a rate of 51.1% 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, please see Section 2.3.4 below.

Activity in the United States

- Holdings of 47.7% of the equity rights and 50% of the control of Carr Properties (hereinafter - "**Carr**"), a private company that operates in the income-generating property field whose properties are located in the United States in the Washington D.C. area, in Boston and in Austin, Texas. For additional information, please see Section 2.3.5 below.

- Holdings at a rate 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. For additional information, please see Section 2.3.6 below.

Activity in the UK

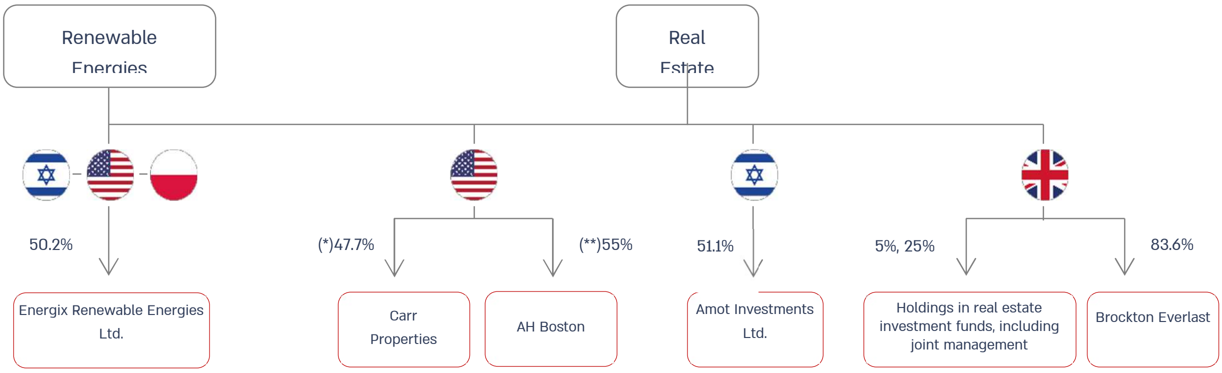
- Holdings at a rate of 83.6% in Brockton Everlast Inc. Limited (hereinafter - "**BE**"), a private company that operates in the income-generating property field in the UK, in the London metropolitan area, Cambridge and Oxford in the UK. For additional information, please see Section 2.3.7 below.

- Holdings in three UK real estate funds from the Brockton Group.

1.2 The Group's renewable energy investments as of June 30, 2024:

Holdings of 50.2% 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 of electricity from renewable energy sources, storage and sale of the 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. For additional information, please see Section 2.3.8 below.

1.3 The Group's main holdings as of June 30, 2024:



* 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 and a laboratory building 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-90, 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 2024 to the date of publication of the report:

Alony-Hetz (the Company expanded solo)	▪ Investment in investee companies in the amount of approx. NIS 404 million (of which NIS 333 is for the reduction of debts and leverage ratio in Brockton Everlast) from the beginning of 2024 until the date of publication of the report (of which NIS 328 million was in the reporting period) - For information, please see Section 2.3.2 below. ▪ In the reporting period, the Company's share in investment property revaluation losses of investees amounted to NIS 504 million, of which NIS 88 million was in the second quarter of 2024. The negative revaluation in the reporting period is mainly due to the increase in the discount rate of investment property in the United States and in the UK. For information, please see Section 2.3.3 below. ▪ Subsequent to the date of the report, an issuance of ordinary shares and options (Series 16) exercisable until December 31, 2025 for ordinary shares, for a total consideration of approx. NIS 324 million (gross) and future consideration (assuming full exercise of the options (Series 16) in the amount of approx. NIS 220 million.
Amot Investments	▪ Purchase of land on HaSolelim Street in Tel Aviv with an area of approx. 5.6 dunams from the Tel-Aviv Jaffa Municipality for the construction of an office tower, for a total of NIS 210 million. Amot is promoting a plan for the enhancement of rights in the complex and the adjacent plots, in cooperation with the Tel Aviv Municipality. ▪ Debt raising in the total amount of approx. NIS 563 million through the issuance of bonds (Series H, I and J) for a total consideration (net) of NIS 554 million. ▪ Signing of a binding lease agreement according to which Google will lease approx. 60 thousand sq.m. in the upper part of the ToHa2 tower (the "**building**") for a 10-year lease period, which will begin in the first quarter of 2027.
BROCKTON EVERLAST	▪ Engagement in refinancing agreements in the total amount of GBP 120 million, replacing loans in the amount of approx. GBP 180 million that were due to be repaid during 2024, while raising equity from the shareholders. ▪ Completion of the rent review procedure in the Waterside building, according to which the tenant's rent for the property increased by approx. 16%, starting in July 2023.
CARR PROPERTIES	▪ Transfer of the control of two entities that hold assets (owned and leased), which have excess liabilities over the value of assets (which are on a non-recourse basis), to the lender and the lessor. As a result, Carr recorded a profit of approx. USD 82 million in the reporting period. ▪ Subsequent to the date of the report, signing of a new binding lease agreement with Fannie Mae for the lease of approx. 342 thousand sq.ft. (approx. 32 thousand sq.m.) in the Midtown Center building for a period of 16 years that will begin in May 2029 and with rental fees according to their annual increase in accordance with the existing lease agreement.
Energix Renewable Energies	▪ Advanced negotiations for the acquisition of a project backlog in the United States, with a capacity of approx. 850 MWp and a storage capacity of 1 GWh on the PJM electricity grid - For information, please see Section 2.3.8 below. ▪ Completion of the acquisition of 2 projects in Pennsylvania, USA, with a total capacity of approx. 200 MWp - For information, please see Section 2.3.8 below. ▪ Completion of a financing transaction and the investment of a tax partner in respect of a backlog of E3 projects (Virginia 3 and PA1 with a capacity of 412 MWp), for a total amount of USD 530 million - For information, please see Section 2.3.8 below. ▪ Engagement in a strategic cooperation agreement for the sale of electricity, green certificates and the tax partner investment in connection with future Energix projects

in the United States with a capacity of at least 1.5 GW - for information, please see Section 2.3.8.2 below.

- Subsequent to the date of the report, an engagement in a long-term financing transaction for a total amount of up to PLN 830 million (approx. NIS 780 million), of which, as of the date of the report, subject to meeting determined milestones, Energix may withdraw up to PLN 550 million over the coming weeks.

1.6 Summary of the main data - the Group

Main Financial Results – Consolidated Statements Main financial results – Consolidated Statement	Unit	H1 2024	H1 2023	Q2 2024	Q2 2023	Year 2023	% Change[1]
Revenues from rental fees and management of investment property	NIS thousands	675,682	654,348	344,204	332,077	1,324,063	3.3
Fair value adjustments of investment property	NIS thousands	11,627	(220,147)	84,999	(62,986)	(926,169)	(105.3)
Group share in losses of associates, net	NIS thousands	(417,079)	(568,085)	(97,905)	(371,978)	(1,703,997)	(26.6)
Revenues from sale of electricity and green certificates[2]	NIS thousands	436,066	421,473	213,518	125,599	527,953	62.3
Net profit (loss) for the period	NIS thousands	(272,880)	(475,728)	(34,027)	(367,243)	(2,151,838)	(42.6)
Net profit (loss) for the period attributed to Company shareholders	NIS thousands	(479,611)	(670,320)	(139,790)	(452,126)	(2,392,409)	(28.5)
Comprehensive income (loss) for the period attributed to Company shareholders	NIS thousands	(410,986)	(436,758)	(97,781)	(275,101)	(2,425,233)	(5.9)
FFO according to the management approach attributed to Company shareholders[3]	NIS thousands	**303,551**	**324,250**	**155,634**	**156,042**	**600,053**	**(6.4)**
Total balance sheet	NIS thousands	38,097,466	37,842,230			38,731,166	(1.6)
Equity (including non-controlling interests)	NIS thousands	10,578,477	13,002,920			11,064,123	(4.4)
Financial debt (bank credit and bonds)[4]	NIS thousands	22,429,051	20,892,613			22,793,284	(1.6)
Net financial debt[5]	NIS thousands	21,058,947	18,969,240			20,595,607	2.2
Ratio of net financial debt to total balance sheet[6]	%	57.4	52.8			56.4	
Main financial results - expanded solo[7]							
Total balance sheet	NIS thousands	10,548,511	13,073,780			11,647,376	(9.4)
Equity attributed to Company shareholders	NIS thousands	4,513,664	7,085,159			5,002,057	(9.8)
Financial debt (bank credit and bonds)[4]	NIS thousands	5,983,051	6,005,230			6,774,485	(11.7)
Net financial debt[5]	NIS thousands	5,889,176	5,430,254			5,749,598	2.4
Ratio of net financial debt to total balance sheet[5]	%	56.3	43.4			54.1	
Earnings (loss) per share data							
Earnings (loss) per share - basic	NIS	(2.67)	(3.73)	(.78)	(2.52)	(13.31)	119.8
Comprehensive income (loss) per share - basic	NIS	(2.29)	(2.43)	(.55)	(1.53)	(13.49)	154.2
FFO per share - according to the management approach[3]	**NIS**	**1.69**	**1.80**	**0.87**	**0.86**	**3.34**	**80.5**

1. Balance sheet data of June 30, 2024 compared to December 31, 2023. Result data of 1-6/2024 compared to 1-6/2023.
2 Electricity revenues in the first half of 2023 include revenues from the unwinding of electricity price hedging agreements in the amount of NIS 153 million.
3. For the definition of **FFO according to the management approach** and for additional information regarding the **FFO according to the Securities Authority approach**, please see Section 2.5.1 below.
.4 Financial debt also includes assets/liabilities of derivative transactions carried out by the Group.
5. Financial debt presented net of cash balances. The Company's financial debt (expanded solo) as of June 30, 2024 and December 31, 2023 is the financial debt net of the cash balance.
6. Net financial debt as a percent of total balance sheet, net of cash balances. The Company's net financial debt (expanded solo) as of June 30, 2024 and December 31, 2023 is the financial debt net of the cash balance.
7. 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).

FFO per share - according to the Securities Authority approach	NIS	1.45	1.07	0.72	0.46	2.35	35.7
Current dividend per share[8]	NIS	0.36	0.64	0.18	0.32	1.28	12.5
NAV per share	NIS	25.11	39.42			27.83	(9.8)
NNAV per share[9]	NIS	30.14	44.83			32.78	(8.1)
Price per share at end of period	NIS	23.50	28.86			30.24	(22.3)

8. The above dividend amount does not include an additional dividend for the year 2022 in the amount of NIS 0.18 per share, which was paid in March 2023.
.9 In the NNAV per share calculation, 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 the main data – Investees

	Unit	H1 2024	H1 2023	Q2 2024	Q2 2023	Year 2023	% Change[10]
Investment in Israel – Amot Investments Ltd. (rate of holdings - 51.05%)[11]							
Number of income-generating properties	Unit	113	114			114	
Value of investment property (not including self-developed property)	NIS thousands	16,857,590	16,815,266			16,730,765	0.8
Weighted discount rate derived from investment property	%	6.45	6.31			6.3	
Occupancy rate at end of period	%	93.2	93.6			93.4	
Value of self-developed investment property	NIS thousands	3,038,044	2,558,163			2,757,003	10.2
Ratio of net financial debt to total balance sheet	%	45.0	43.0			44.0	
NOI[12]	NIS thousands	513,623	499,313	258,507	252,580	1,004,406	2.9
FFO[13] per share - according to the management approach	NIS	0.87	0,858	0,437	0,434	1,707	0.2
NAV per share	NIS	18.69	18.55			18.78	(0.5)
Price per share at end of period	NIS	15.10	19.43			20.00	(24.5)
Investment in the United States - Carr Properties Corporation (rate of holdings - 47.7%) [14]							
Number of income-generating properties	Unit	11	17			14	
Value of investment property (not including self-developed property)	USD thousands	1,234,438	2,565,808			1,707,449	(27.7)
Occupancy rate at end of period	%	87.7[15]	88.10			88.9	
Number of properties in development	Unit	3	1			2	
Value of property in development	USD thousands	758,509	764,255			739,887	2.5
Ratio of net financial debt to total balance sheet	%	62.6	56.6			57.7	
[16]NOI	USD thousands	76,592	86,911	35,484	42,286	163,785	(11.9)
FFO [13]	USD thousands	32,920	40,356	14,857	18,923	69,539	(18.4)

10. Balance sheet data of June 30, 2024 compared to December 31, 2023. Result data of 1-6/2024 compared to 1-6/2023.
11. 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.
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 rental rate at the end of the period is 89.7%.
16. Including NOI from property management.

1.7 Summary of the main data – Investees (continued)

	Unit	H1 2024	H1 2023	Q2 2024	Q2 2023	Year 2023	% Change
Investment in the UK - Brockton Everlast Inc. Limited (rate of holdings - 83.6%)							
Number of income-generating properties	Unit	10	12			10	
Value of investment property	GBP thousands	694,333	915,125			699,800	(0.8)
Occupancy rate at end of period	%	97.2	97.8			98.3	
Value of land for initiation	GBP thousands	374,155	303,445			361,750	3.4
Ratio of financial debt to total balance sheet	%	31.7	32.8			36.4	
NOI	GBP thousands	20,273	21,020	9,840	10,880	41,315	(3.6)
FFO	GBP thousands	5,297	8,327	2,625	3,916	15,229	(36.4)
Investment in renewable energy - Energix Renewable Energies Ltd. (rate of holdings - 50.2%)							
Installed capacity from connected photovoltaic systems (MWp) - Energix's share	Unit	979.0	554.0			978.0	0.1
Installed capacity from connected wind systems (MW) - Energix's share	Unit	301.2	301			301.2	-
Balance of connected electricity-generating facilities – according to book value	NIS thousands	5,612,583	3,432,499			5,216,739	7.6
Price per share at end of period	NIS	13.95	12			13.36	4.4

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

2.1 The business environment:

1. **Income-generating property - The following is information regarding significant developments that occurred in the business environment of the Group companies in the income-generating property sector, from the beginning of 2024 until close to the date of publication of the report:**

A. General trends in the office sector

The downward trend in demand for office space continues to be affected by the global economic slowdown and the transition to hybrid work. The technology sector continues to be the main factor in subleasing space. The differentiation between Trophy buildings and Class B and Class C buildings continues to increase, and is substantially evident in the occupancy rates, rental price levels and in the benefit packages provided to tenants.

The high price of money around the world and the worsening of the credit crunch (banking and non-banking) in the United States and in Europe for the income-generating property sector in general and the office sector in particular have led to a further reduction in the volume of transactions, to a further decrease in the value of office buildings in those markets, including an increase in the number of cases of properties being handed over to lenders in non-recourse type loans.

For additional information regarding trends, some of which constitute a structural change in the office sector in the various territories where the Group operates - please see the chapter "Description of the Corporation's Business" in the periodic report for 2023.

B. Developments in Israel

According to the macroeconomic forecast published by the Bank of Israel's Research Division in July 2024 (the "**Bank of Israel Forecast**"), the economy is expected to grow by 1.5% this year and by 4.2% in 2025, assuming that the direct economic impact of the fighting on the southern and northern fronts will continue until the beginning of 2025. The projected inflation rate in 2024 has been updated upwards to 3.0%. Due to the high uncertainty that characterizes the Israeli economy and the continuation of the War and its results, the Bank of Israel decided to keep the interest level at 4.5%, while predicting a level of 4.25% at the end of the second quarter of 2025.

Due to the increase in the government deficit due to defense spending and the worsening of the military conflict with Iran, in February and April 2024, the international rating agencies Moody's and S&P, respectively, downgraded Israel's credit ratings with a negative outlook.

The business environment, as described above, affects the income-generating property sector in Israel in which the Group operates, and during the entire period, a continued moderation in demand and a lengthening of the negotiation stage for closing agreements were recorded. The office activity in the main Tel Aviv business district continues to show good results, but in other areas a slowdown is noticeable. On the other hand, in the logistics and commerce sectors, prices are stable and occupancy is full throughout the country.

The continuation of the fighting (the Iron Swords War) for a long time and/or a full conflict on the northern border (or on other fronts) may result in significant and broader damage to the economy, including an increase in the construction costs for Amot's entrepreneurial projects, increased damage to private consumption and to businesses, including to the tenants of Amot, which will result in a decrease in revenues and changes in other economic parameters.

The continuation of the fighting could also influence the extension of the timelines for Energix's wind and photovoltaic energy projects in Israel.

C. Developments in the United States

The growth rate of economic activity in the United States in the second quarter of 2024 was at an annual rate of 2.8%, almost double compared to the first quarter, at an annual rate of 1.6%.

The inflation rate moderated slightly compared to the first quarter and amounted to approx. 3.0% compared to 3.5% in March 2024, but still high compared to the Fed's inflation target of approx. 2.0%.

Additional published data indicate that the unemployment rate in the United States increased from 3.9% in March 2024 to 4.1% in June 2024. In recent weeks, the signs indicating that the US economy will enter a recession are increasing and as a response to this, the capital markets are pricing in several interest rate cuts in the coming year, with the first expected in September 2024.

In view of the challenging environment in the income-generating property credit market and the inability to find available sources of financing to repay existing debts, there has been a significant increase in the proportion of bonds in the CMBS market that have not been repaid and as of June 2024, it amounts to 7.4%. The need for property owners to inject new equity for partial repayment of the existing debt (with emphasis on existing cases of violation of financial covenants even before the debt is due to be repaid) and for investments in buildings, which may exacerbate the existing crisis.

As of the end of the second quarter of 2024, the average vacancy rate in the United States office sector as a whole is approx. 22%. Despite the increase in the vacancy rate, the volume of office space rentals was the highest since the beginning of 2020 (the beginning of the Corona pandemic), with a 15% increase compared to the corresponding quarter. As a result of conversions of office space together with a decrease in the backlog of construction projects, the total office space decreased in the last two quarters, a trend that is expected to continue in the medium term.

Washington D.C.

As of June 2024, the vacancy rate in Washington D.C. "Trophy" type offices was 12.7% compared to a rate of 18.6% in Class A type offices. Approx. 88% of the unleased areas of Class A offices are in buildings built before 2015. Rental prices remained stable with a gap of 25% between the two office types mentioned above.

During the second quarter of 2024, rentals in Washington D.C. rose to approx. 2.3 million sq.ft. along with a return to work in offices (with the exception of the government) at a rate of 63%.

It should be noted that as of the date of publication of this report, in Washington, D.C. there is only one Trophy type office building whose construction will be completed during 2025, half of which is pre-leased. The volume of space offered for sublease decreased from 3.4 million sq.ft. in the first quarter of 2024 to 3.2 million sq.ft. in the second quarter of 2024.

Boston

As of June 2024, the vacancy rate in the Boston CBD remains at a level of approx. 17.6% and signs of stabilization in occupancy rates are beginning to be seen. At the beginning of the second quarter, there was an increase of 28% compared to the corresponding quarter, of companies interested in renting space.

The space offered for subleasing remains unchanged at approx. 4 million sq.ft., a decrease compared to the peak in the third quarter of 2023. The backlog of projects under construction whose construction will be completed in 2025, and the rest of the areas that have not yet been leased, amount to approx. 900 thousand sq.ft.

D. Developments in the UK

After a technical recession was announced in the second half of 2023 due to two GDP decreases, the trend reversed and the GDP increased in the first quarter of the year by a rate of 0.7%. In a monthly measurement until May 2024, it appears that the GDP has grown since the beginning of the year by approx. 1.1%, which exceeds forecasts, so that the British economy is growing at one of the highest rates of G7 economies. The GDP growth was mainly led by the service sector, although most growth components were positive, as of July 2024. The unemployment rate remained at a relatively low level of 4.4%.

The general election held in the UK on July 4, 2024 ended with a large majority for the Labor Party. The new government, which enables political stability, contributed to security in the markets so that the GBP strengthened relative to most currencies, and the interest rate on the 10-year government bond decreased to a level of approx. 4.0% in July 2024.

Since the beginning of the year, the inflation rate has declined to the target levels of 2.0% and the Bank of England (the "BOE") lowered the interest rate at the beginning of August by 0.25% to 5.00%.

In the second quarter of 2024, the leasing activity (take-up) of offices in London amounted to approx. 2.1 million sq.ft., which is low compared to the average of the preceding decade by approx. 2.5 million sq.ft.

During the first quarter of the year, the vacancy rate decreased from 8.8% to 8.5% in the London office market and is higher than the average of the preceding decade - 5.9% (due in part to a decrease in supply). It should be emphasized that the existing vacancy rate in modern and new office buildings is only approx. 1.4%. The lack of office space in prime properties contributed to the continued stability of rental price levels. A lack of construction starts beyond 2026 will result in an increase in rental prices in the prime properties in the future.

The sales transaction volume in the second quarter of 2024 was approx. GBP 1.2 billion and is lower than the average of the preceding decade, which was approx. GBP 3.3 billion. The discount rates of prime properties in the West End and the City remained stable compared to the beginning of the year (4.0% and 5.25%, respectively).

During the first half of 2024, the total space leased in Cambridge was approx. 232 thousand sq.ft. with rental prices continuing to grow at a high rate and a relatively low transaction volume. The discount rates for office-type prime assets increased from approx. 5.5% to 6.0% and remained at the level of 4.75% for laboratory space.

During the first half of 2024, the total space leased in Oxford was approx. 225 thousand sq.ft. The transactions amounted to approx. GBP 115 million. The discount rates for office-type prime assets increased from approx. 5.5% to 6.0% and remained at the level of 4.75% for laboratory space.

2. **Renewable energy - For additional information regarding the Group's renewable energy area of activity (through Energix) - please see the chapter "Description of the Corporation's Business" in the periodic report for 2023.**

Demand and supply trends in the US market - The trend in the electricity market in the United States is a substantial increase in the demand for electricity, in view of an increase in the electricity consumption of the data centers, due to the AI revolution, the introduction of electric vehicles, climate change and more. This trend has led to an increase in electricity demand forecasts in the coming decade and a change in the supply and demand equation, supporting the increase in electricity prices and the need for electricity grid operators to make investments and increase redundancy in the electricity grid. Accordingly, in July 2024 availability tender results were published for the PJM grid in which significantly higher availability prices were determined (more than 10 times) compared to past tenders.

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 ("Forward-looking Information"), 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	June 30, 2024 NIS millions	December 31, 2023 NIS millions	Notes and explanations
Cash and cash equivalents	1,370	2,199	For the Statement of Cash Flows - please see Section 2.6 below.
Investment property; investment property in development and land rights (including investment property designated for realization)	24,240	23,897	The increase stems from investments in property in development and in income-generating properties in the amount of NIS 349 million (of which NIS 228 million is in respect of land purchased on HaSolelim Street by Amot, and from the effect of exchange rates on BE's properties (approx. NIS 138 million) and the recording of a positive property revaluation (Amot) in the amount of NIS 103 million). On the other hand, there was a decrease stemming from the realization of properties by Amot in the amount of NIS 154 million and a decrease from the recording of negative property revaluations in the reporting period in the consolidated companies (mainly BE's properties) in the amount of NIS 91 million.
Investments in companies accounted for according to the equity method and securities measured at fair value through profit and loss	2,400	2,773	The main changes are as follows: • An increase in investments (mainly due to investments in the Brockton Fund III) in the amount of NIS 59 million; • Losses recorded in associates in the amount of approx. NIS 417 million from negative property revaluations in the United States (in Carr and AH Boston) in the reporting period. For information on this subject, please see Sections 2.3.3 and 2.5.2 below. • Reduction of NIS 57 million in Fund 1 - please see Section 2.3.7.1. For details regarding changes in the balance of investments in associates, please see Notes 6, 7 and 11(d) to the financial statements.
Electricity-generating facilities - connected and in development	8,728	8,108	Most of the increase is due to Energix's investments in the initiation and development of projects in the United States and in Israel. For information regarding electricity-generating facilities, please see Note 5 to the financial statements.
Other assets	1,359	1,754	
Total assets	38,097	38,731	
Loans and bonds	21,713	22,132	The main changes are as follows: • Raising of bonds and receipt of loans in the amount of NIS 1.4 billion. • Repayment of bonds and loans in the amount of NIS 1.5 billion. For details regarding the main changes in the Group's financial debt - please see Section 2.4.5 below.
Other liabilities	5,806	5,535	
Total liabilities	27,519	27,667	
Equity attributed to shareholders	4,513	5,002	For information regarding the main changes in equity attributed to the shareholders, please see Section 2.7.2 below.
Non-controlling interests	6,065	6,062	
Total equity	10,578	11,064	
Total liabilities and equity	38,097	38,731	

2.3 Investments

2.3.1 The following are the Company's investments (expanded solo) as of June 30, 2024:

	Currency	Number of shares	Balance in the Company's Books (expanded solo)	Value	Value measurement basis
			NIS thousands	NIS thousands	
Amot	NIS	240,718,672	4,483,319	3,358,025	Stock market value - tradable
Energix	USD/PLN/NIS	276,060,936	1,116,216	4,168,520	Stock market value - tradable
Carr	USD	-	1,337,377	1,337,377	Equity method
AH Boston	USD	-	401,392	401,392	Equity method
Brockton Everlast	GBP	-	2,846,137	2,846,137	Equity method
Brockton Funds[17]	GBP	-	216,846	216,846	Equity method
Other[18]			103,748	103,748	
Total			10,505,035	12,432,046	

2.3.2 The Company's investments (expanded solo) in the reporting period and subsequent to the balance sheet date

During the reporting period and subsequent to the balance sheet date, the Company (expanded solo) **invested** in its investees, as follows:

	H1/2024	After the balance sheet date	Total
	NIS millions	NIS millions	NIS millions
Brockton Everlast[19]	257	76	333
AH Boston	15	-	15
Brockton Fund III	56	-	56
	328	76	404

[17] Mainly an investment in Brockton Fund III.

[18] Mainly including cash in the amount of NIS 93 million.

[19] Mainly for the recycling of bank loans and reducing the leverage ratio (please see Section 2.4.4.2 below).

2.3.3 Property revaluations

The following is a list of investment property revaluations recorded by the Company's investees in the reporting period (in the six- and three-month periods ended June 30, 2024):

Property revaluations		Investee's share in millions		Company's share in NIS millions	
Geographic region	Currency	1-6/2024	4-6/2024	1-6/2024	4-6/2024
USA (Carr and AH Boston) (1)	USD	(261)	(65)	(479)	(125)
UK (BE) (2)	GBP	(20)	(3)	(76)	(12)
Israel (Amot)	NIS	102	99	52	50
Total impairment				**(503)**	**(87)**

(1) United States (Carr and AH Boston) - The negative revaluation of the properties in the reporting period resulted mainly from the increase in the discount rate of the projected cash flow of the properties in the range of 0.25%-0.50% and from the increase in the rates of vacant space in the calculation of the value of properties in a future realization.

(2) UK (BE) - The negative revaluation of the properties in the reporting period resulted mainly from the increase in the discount rate of the projected cash flow of some of the properties by a rate of 0.25%.

2.3.4 Real estate investment in Israel - through Amot:

As of June 30, 2024, the Company has holdings of 51.1% in Amot.

2.3.4.1 Information regarding Amot's activity

For information regarding Amot's activity, please see Chapter B of the Company's Description of Corporate Business for 2023 and Section 2.3.4 of the Company's Board of Directors' Report for 2023.

Further to Section 12 Chapter B of the Company's Description of the Corporation's Business Report for 2023 regarding Amot's forecast for 2024, it should be noted that Amot published a non-material positive update to its forecast for 2024.

2.3.4.2 Developments in Amot's business in the reporting period are as follows:

Land on HaSolelim Street in Tel Aviv - In March 2024, Amot purchased land on HaSolelim Street in Tel Aviv with an area of approx. 5.6 dunams from the Tel Aviv - Jaffa Municipality for the construction of an office tower, for a total of NIS 210 million (not including transaction costs). The land is in a central location and highly accessible location. The land is under lease from the Tel Aviv - Jaffa Municipality until 2059. Amot is promoting planning of the complex together with bordering land owners. On the site, National Outline Plan no. 70 is being promoted (adding building rights in the vicinity of mass transit stations).

Beit Shemesh Logistic Center - As of the date of the report, the project is in the midst of finishing work on the lower part of the logistic center. During the reporting period, the upper part of the logistic center amounting to 24 thousand sq.m. (Amot's share - 60%) was delivered to the customer and it is generating income and therefore, the property was reclassified from "Property in development and land rights" to "investment property".

HaLehi Complex - As of the date of the report, the project is completing the tower skeleton and is in the delivery process to tenants on the retail floor for fit-out work, and they are expected to open during 2024. Amot has signed lease agreements in respect of approx. 8,500 sq.m. (Amot's share - 50%), which are expected to generate annual rent of approx. NIS 14 million (Amot's share - 50%).

Amot Danishra - Afek Park - As of the date of the report, the project is in an advanced stage of finishing and aluminum work and is expected to receive Form 4 in the third quarter of 2024.

ToHa2 project in Tel Aviv - In June 2024, as part of the joint venture between Amot and Gav-Yam Land Corporation Ltd. (the "**partners**"), who own the rights jointly and in equal parts in the land located at the intersection of Totseret Ha'aretz, Yigal Alon and Derech HaShalom in Tel Aviv, on which the ToHa2 tower is being erected with an above ground area of approx. 156 thousand sq.m. ("**ToHa2**"), the partners entered into a lease agreement with Google Israel Ltd. ("**Google**"), according to which Google will rent from the partners approx. 60 thousand sq.m. in the upper part of the ToHa2 tower, as well as several hundred parking spaces, for a 10-year lease period (with a one-time exit right at the end of 5 years), which will begin in the first quarter of 2027, upon completion of ToHa2's construction, for a total rental fee of approx. NIS 115 million per year (at the envelope level), linked to the May 2024 CPI (Amot's share - 50%). As is customary in such transactions, in addition to the lease agreement, construction and management agreements were signed, with mutual guarantees provided for the fulfillment of the parties' obligations. The construction of the ToHa2 tower is currently underway and approx. 40% of the skeleton work has been completed in accordance with the planned timetable. The work on the ToHa2 envelope and systems is also progressing according to the plan and the expected completion of construction and receipt of Form 4 is at the end of 2026.

It should be clarified that the dates for the completion of the ToHa2 construction and the beginning of the lease period are forward-looking information as defined in the Securities Law, 1968. The information described above is based on information in the Company's possession as of this date regarding the project's construction progress status. The Company's estimates and forecasts in this regard depend and are subject to the existence of actions and circumstances beyond its control or the realization of the risk factors included in the Company's Board of Directors' Report for 2023.

2.3.4.3. Information regarding rental agreements signed during the reporting period:

During the reporting period, 236 new contracts were signed, including the exercise of options and contract renewals amounting to an area of 94 thousand sq.m. at annual rental fees of NIS 95 million (a weighted average increase of 1%).

2.3.5 Investment in Carr

As of June 30, 2024 and close to the date of publication of the financial statements, the Group's effective rate of holdings in Carr is 47.7%. The balance of the investment in Carr in the financial statements as of June 30, 2024, is USD 355 million (approx. NIS 1.33 billion).

2.3.5.1 Information regarding Carr's activity

For information regarding Carr's activity, please see Chapter C1 of the Company's Description of Corporate Business for 2023 and Section 2.3.5 of the Board of Directors' Report for 2023.

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

- **Acquisition of the 425 Montgomery Street (formerly: 901 Pitt Street) building** - In February 2024, Carr completed a transaction for the acquisition of a building located in northern Virginia, for a consideration of approx. USD 20 million. Carr intends to initiate the construction of a new building intended for residential rental through the demolition of the existing building. Carr is working to add investors to this project.
- **2001 Penn, metropolitan Washington D.C.** - In March 2024, Carr transferred control of the 2001 Penn office building to the property's financing entity. Following the above, Carr stopped including the wholly owned subsidiary that owns the building and the aforementioned debt in its financial statements, and in the first quarter of 2024, it recorded a profit in the amount of approx. USD 15 million (the Group's share - approx. USD 7 million (approx. NIS 26 million)).
- **Columbia Center building** - In May 2024, Carr transferred control of the Columbia Center office building to the owner of the land where the building is located and with whom there is a lease liability in the amount of USD 136 million. Following the above, Carr stopped including the wholly owned subsidiary that owns the building and the aforementioned lease liability in its financial statements, and it recorded a profit in the amount of approx. USD 67 million (the Group's share - approx. USD 32 million (approx. NIS 119 million)).
- **Sale of the 75-101 Federal building, Boston** - In April 2024, Carr sold all of its rights in the entity that owns the building, the value of which is equal to the amount of the debt on the building, for a nominal consideration.
- **Signing of a binding lease agreement for space in the Midtown Center building, Washington D.C.** - Further to Section 2.3.5 of the Board of Directors' Report for 2023, subsequent to the date of the report, Carr entered into a binding lease agreement with Fannie Mae for the lease of approx. 342 thousand sq.ft. (approx. 32 thousand sq.m., which constitutes approx. half of the space currently leased by Fannie Mae) in the Midtown Center building located in Washington D.C. for a period of 16 years that will begin in May 2029 (the date of termination of the existing lease agreement). Carr is conducting advanced negotiations with several potential tenants for the leasing of the remaining space that Fannie Mae vacates in May 2029.

2.3.5.3 Fair value adjustments of investment property:

- For property revaluations recorded by Carr in the reporting period, please see Section 2.3.3 above.

2.3.5.4 Financial Debt

- In April 2024, Carr paid off the balance of the debt in the amount of approx. USD 61 million for the 1700 NY building by utilizing a credit facility.
- Following the transactions described in Section 2.3.5.2 and in this section, Carr has no outstanding loans until mid-2026[20].
- As of June 30, 2024 and close to the date of publication of the report, Carr's unutilized credit facility balance is approx. USD 219 million and USD 216 million, respectively.

[20] Assuming the exercise of the extension option of Carr's credit facilities.

2.3.6 Investment in AH Boston

2.3.6.1 General:

The Company holds approx. 55% of the capital rights and 50% of the controlling rights (through wholly owned corporations) in three companies that hold two office towers and a laboratory building for the Life Sciences (two in the CBD (Boston's main business center) and one in East Cambridge) (hereinafter, collectively - the "**Boston Partnerships**"). The Company's partner in the Boston Partnerships is the Oxford Properties Group (hereinafter - "**Oxford**").

The balance of the investment in the three Boston Partnerships, in the June 30, 2024 Financial Statements, is USD 107 million (approx. NIS 402 million).

2.3.6.2 The 745 Atlantic building:

The 745 Atlantic building - As of the date of the report, the project for the transformation of the 745 Atlantic building from an office building to a laboratory building for the Life Sciences has been completed, with the exception of TI work. The remaining investment expected for the TI work as of June 30, 2024 is USD 35 million.

The property company has a loan in the total amount of up to USD 180 million from an international investment fund, from which, until June 30, 2024, it had withdrawn a total of USD 152 million. The loan is non-recourse (except for cases specified in the loan agreement, for which the Company and its partner Oxford are guarantors) and secured by a lien on the property. The loan is payable in July 2025 and can be extended subject to the meeting of milestones related to the rate of the property's rental.

The aforementioned in this section above regarding the expected cost of the remaining investment in the project is forward-looking information as defined in Section 32A of the Securities Law.

2.3.6.3 Fair value adjustments of investment property:

For property revaluations recorded by AH Boston in the reporting period, please see Section 2.3.3 above.

2.3.7 Investment in Brockton Everlast ("BE"):

As of June 30, 2024 and close to the date of publication of the report, the Company indirectly holds approx. 83.6% and approx. 83.8% (respectively) of the rights in BE. During the reporting period, the Company invested approx. GBP 56.5 million (approx. NIS 257 million) in BE's capital, and subsequent to the financial reporting period the Company invested an amount of approx. GBP 16 million (approx. NIS 76 million) in BE's capital. The aforementioned investments in BE were used to repay its debts and reduce its leverage ratio.

2.3.7.1 Information regarding BE's activity

- For information regarding BE's activity, please see Chapter D of the Company's Description of Corporate Business for 2023 and Section 2.3.6 of the Board of Directors' Report for 2023.
- During the reporting period, BE reduced the balance of its investment in Brockton Capital Fund 1 (hereinafter - the "Fund") (including part of the loan balance that was provided to the Fund's project) by a total of approx. GBP 21 million (approx. NIS 99 million) due to the reduced projected cash receipts expected from the Fund's main project.
- Subsequent to the reporting period, the rent review procedure in the Waterside building was completed so that the rent paid by the tenant will increase by 16%, effective from July 2023.

2.3.7.2 The following is a summary of data regarding a project in advanced planning stages as of June 30, 2024:

Property name	Location	Main use	Rate of holdings	Thousands of above-ground sq. ft. for marketing, 100%	Estimated start date	Estimated completion date	Estimated construction costs, including land and financing	Project cost in BE's books as of June 30, 2024	Balance of construction costs for completion as of June 30, 2024	Projected NOI upon project occupancy
							GBP millions			
The Dovetail Building	City of London	Offices	100%	466	2025	2029	730-760	130	600-630	50-55

The equity required for construction between the years 2025-2026 is GBP 100 million.

The information detailed in this Section 2.3.6 above regarding the completion of the transactions, the expected construction costs and the projected NOI in occupation is forward-looking information as defined in Section 32A of the Securities Law as it is influenced by factors that are not dependent on BE.

2.3.7.3 Fair value adjustments of investment property:

For property revaluations recorded by BE in the reporting period, please see Section 2.3.3 above.

2.3.8 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 approval of the report, amounts to approx. 1.3 GW and 34 MWh (storage) in projects in commercial operation, approx. 770 MW and 360 MWh (storage) in projects in development or pre-construction, and approx. 330 MW in projects in advanced initiation. In addition, Energix has photovoltaic and wind energy projects in initiation with a capacity of approx. 5.8 GW and storage projects in initiation with a capacity of approx. 10.4 GWh.

2.3.8.1 Information regarding Energix's activity

For information regarding Energix's activity, please see Chapter F of the Company's Description of Corporate Business for 2023 and Section 2.3.8 of the Board of Directors' Report for 2023.

Close to the date of publication of the report, Energix updated that according to its results for the first half of 2024, and data as of the date of the report, it estimates that it will meet the range of its revenue forecast for 2024, taking into account the postponement of several months in the completion of the construction of several projects in Israel and the United States with a total capacity of 311 MW and 157 MWh. Accordingly, Energix updated its installed capacity forecast for the end of 2024 to approx. 1.4 GW and 189 MWh (instead of 1.7 GW and 346 MWh). It should be noted that these projects have already started construction and are expected to reach commercial operation during the first half of 2025.

The information regarding future dates, as well as forecasts regarding costs, revenues and projected results, is forward-looking information as defined in the Securities Law, based, among other things, on Energix's estimates and information in its possession as of the date of approval of the report.

2.3.8.2 Energix's business development in the reporting period and subsequent to the balance sheet date is as follows:

United States

- **Strategic cooperation (sale of electricity and green certificates; provision of the tax partner investment)** - Further to Section 2.3.8 of the Board of Directors' Report for 2023, in May 2024, Energix entered into a framework agreement with one of the largest companies in the world to create a long-term strategic cooperation for the sale of electricity, green certificates and the tax partner investment for its future projects in the United States, which are expected to reach commercial operation from 2025 onwards with a capacity of at least 1.5 GWp (the "**framework agreement**" and the "**strategic cooperation**", respectively). The sale of electricity and green certificates will be carried out in accordance with dedicated agreements that will be signed for each project that is part of the strategic cooperation, where the sale of electricity will be carried out at a market-adjusted price with a "floor price" protection mechanism, and the green certificates at a price agreed between the parties in advance. In addition, the strategic partner will provide the tax partner investment in the projects subject to the agreement in an amount that will reflect the maximum ITC tax benefit rate to which the projects are entitled. For additional information regarding the framework agreement, please see Note 5b(5) to the financial statements.
  As of the date of approval of the report, the first two agreements for the sale of electricity as part of the strategic cooperation were signed for projects under construction in the United States with a total capacity of 142 MWp.
- **Increase in the project backlog in the United States, with a capacity of approx. 850 MWp and storage capacity of approx. 1 GWh** - Energix is on the eve of signing an agreement to acquire full ownership of the backlog of photovoltaic projects with a capacity of approx. 850 MWp on the PJM grid. In addition, the projects have the potential to integrate storage facilities with a total capacity of approx. 1 GWh. The expected acquisition cost amounts to a total of USD 49 million, which will be paid on the date of completion of the transaction, of which the amount of USD 16 million is for the reimbursement of construction and initiation expenses. In addition, the sellers will be entitled to success fees for each project that reaches the start of construction up to a total of approx. USD 40 million. If storage facilities are integrated, the seller will be entitled to an additional consideration of up to USD 13 million. Energix estimates that most of the projects are in advanced development stages and are expected to reach commercial operation during the years 2025-2027, and they, according to Energix, are expected to be entitled to an ITC tax benefit of 50%.
- **Completion of the acquisition of 2 projects in Pennsylvania with a total capacity of approx. 200 MWp** - Completion of the transaction in March 2024 was made possible following Energix's engagement in an amendment to the agreement for the sale of the projects' electricity with one of the largest American companies in the world, under favorable conditions. The acquisition cost amounted to a total of approx. USD 23 million (approx. NIS 13 million for the purchase of the rights and the balance for the reimbursement of construction expenses). Energix estimates that the projects will reach commercial operation in the second half of 2025.
- **Completion of a financing transaction and tax partner investment for an E3 project backlog (Virginia 3 and PA1)** - In April 2024, the financing transaction and tax partner investment were completed for a backlog of E3 projects with a capacity of 412 MWp, for a total amount of USD 530 million. As of the date of approval of the report, Energix estimates that it is entitled to receive an additional amount of up to USD 95 million as part of the sale of the tax benefits even before the mandatory regulations on this topic enter into effect (based on the approvals it received for this purpose and subject to meeting the necessary milestones for the sale of the tax benefits with the existing tax partners), and Energix will work to receive the balance in the amount of up to USD 20 million, subject to the implementation of the regulations.

- **Regulatory updates in the United States**
  - Update of the US government's guidelines in connection with a tax benefit for the use of domestic equipment: On May 16, 2024, the US government published clarifications regarding the calculation of the entitlement to an additional tax benefit (ITC) for the use of domestic equipment, pending the publication of the binding regulations. The clarifications include Safe Harbor, which includes new guidelines for calculating the percentage of domestic equipment in the project in a simplified manner without relying on direct cost data from the manufacturers. Energix estimates that there is nothing in the guidelines that leads to a change in its estimates regarding the entitlement of its projects in the United States to the additional tax benefit. It should be clarified that as of the date of approval of the report, the mandatory regulations governing the manner of proving entitlement for the additional ITC tax benefit for the use of domestic content.
  - Toughening of conditions for the import of panels from China: Subsequent to the date of the report, the US regulator continued the trend of toughening the conditions for importing solar panels from China by imposing tariffs on the import of solar panels with Bi Facial technology. This is in addition to petitions by US equipment manufacturers to the US government regarding unfair competition (AD/CVD) in the import of solar panels from other countries in Southeast Asia. Energix estimates that the toughening of conditions combined with its strategic cooperation with the US panel supplier First Solar (please see Section 2.3.8 of the Board of Directors' Report in the 2023 Periodic Report), sharpens its competitive advantage in the US market.

Poland

- **Financing for the Banie 1+2 and Ill'awa wind farms with a total capacity of 119 MW -** Close to the date of approval of the report, Energix entered into a financing transaction in the amount of up to PLN 830 million (approx. NIS 780 million), through designated project companies that own the two wind farms with a total capacity of 119 MW (hereinafter in this subsection - the "**financing agreement**"). The financing agreement will be provided by a syndicate of three banks (as of the approval of the report, Energix signed for the provision of 66% of the amount of the financing agreement with two of the three banks) led by Santander Bank, one of the leading banks in the financing of renewable energy activity, which will provide the financing in equal parts (the "**lenders**"). Energix is expected to withdraw the full financing amount in the coming weeks, subject to meeting the withdrawal milestones (66% of the total financing, as long as a third lender is not added to the syndication). The financing agreement is according to terms customary for Project Finance transactions and is guaranteed with the full rights in the wind farms and their assets, on a non-recourse basis, except in relation to a small number of obligations involving costs that Energix has assumed instead of the provision of collateral. For additional information regarding the financing agreement, please see Note 8f to the financial statements.

The provisions of Section 2.3 above regarding projects in initiation, development and construction, regarding the addition of a lender to the financing agreement and regarding compliance with the conditions for withdrawing the amount of the financing agreement, include forecasts, valuations, estimates or other information relating to a future event or matter, the realization of which is uncertain and beyond the Company and/or 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**").

For additional information regarding Energix's business developments in the reporting period and after the balance sheet date, please see Note 5 to the financial statements.

2.3.9 Dividend receipts

The following are the dividends received from the Company's main investments (expanded solo) in 2024, up to the date of publication of the financial statements, and the projected receipts of dividends for 2024:

	From January 2024 to the date of publication of the financial statements	2024 forecast
	NIS millions	
Amot	183	313
BE	-	49
Energix	110	166
AH Boston	9	23
Total cash dividend	302	551
[21]Carr – Dividend Reinvestment Plan	-	125
Total dividend	302	676

The dividend receipt forecast for 2024 is calculated in accordance with the declared dividend distribution 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 for 2024 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 Raising capital

Subsequent to the date of the report, in July 2024, the Company issued, in an offer to the public through a shelf offering report, 13,310,900 of the Company's ordinary shares of NIS 1 PV each and 6,655,450 options (Series 16) exercisable for ordinary shares until December 31, 2025, at an exercise price of NIS 33 (unlinked, subject to adjustments). The Company received the amount of approx. NIS 323.5 million (gross) for the issuance. The gross future proceeds that will be received by the Company, to the extent that all of the options (Series 16) will be exercised for ordinary shares, will amount to a total of approx. NIS 220 million (gross).

2.4.2 Cash and credit facilities

As of June 30, 2024, the Group has cash balances of NIS 1.4 billion (of which the Company's expanded solo balance - NIS 94 million) and unutilized lines of credit in the amount of approx. NIS 2.1 billion (of which the Company's expanded solo lines of credit – NIS 550 million).

[21] 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 Unencumbered assets

As of June 30, 2024, all of the Company's assets (expanded solo) are not encumbered. Their balance (not including cash) as of June 30, 2024 is NIS 10.4 billion (a market value of NIS 12.3 billion). As of June 30 2024, Amot has a balance of unencumbered assets (approx. 98%) in the amount of approx. NIS 19 billion.

2.4.4 Financial debt

As of June 30, 2024, the Group's net financial debt amounted to NIS 21 billion, constituting 57.4% of the Group's total assets, compared to a net financial debt of NIS 19 billion, which constituted 52.8% of the Group's assets, as of December 31, 2023.

As of June 30, 2024, the net financial debt of the Company (expanded solo) amounted to NIS 5.9 billion, constituting 56.3% of the total assets of the Company (expanded solo), compared to net financial debt of NIS 5.4 billion, constituting 43.4% of the assets of the Company (expanded solo), as of December 31, 2023.

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 45.3%.

2.4.4.1 The Company (expanded solo):

- As detailed in Note 12a.1 to the annual financial statements, in May 2024, the facility agreement in the amount of NIS 150 million was renewed between the Company and an Israeli bank (hereinafter, in this subsection - the "**Bank**") for a utilization period of one year from date of signing the renewed agreement (hereinafter, in this subsection - the "**Utilization Period**") to be repaid by the end of two years from the date of signing (hereinafter, in this subsection - the "**New Facility Agreement**"). The utilized credit under the new facility agreement will bear annual interest at the rate of the Bank's borrowing cost (Prime and/or SOFR and/or SONIA, according to the utilized currency) plus a 2.2% margin on credit that is repayable for a period of up to one year and a margin of 2.5% for credit that is repayable in more than one year from the date of granting.

As of June 30, 2024 and as of the date of publication of the report, the Company (Expanded Solo) has a credit facility in the total amount of NIS 550 million, which is unutilized.

2.4.4.2 Consolidated companies:

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

Energex:

- During the reporting period, Energix increased its credit facility in Israel, Poland and the United States in the amount of approx. NIS 579 million.

- In the reporting period, Energix took a short-term loan from a Polish bank in the amount of approx. USD 75 million, which is expected to be repaid from project financing funds that are expected to be received from a financing transaction for the Banie 1+2 and Ill'awa wind farms - please see Section 2.3.8.2 above.

Amot:

Bond raising for a total net consideration of NIS 554 million, as follows:

In March 2024, Amot issued a private placement to classified investors through the expansion of an existing bond series in the amount of NIS 155 million for a net amount of NIS 151 million, with an effective CPI-linked interest rate of 3.1% and have an average duration of approx. 6 years. In addition in March 2024, Amot issued two new bond series, Series I and Series J, in the amount of NIS 408 million PV for a net amount of NIS 403 million. The bonds bear a CPI-linked effective interest rate of 3.3% and have an average duration of 9 years (including the effect of a hedge transaction).

BE

In March 2024, BE entered into two refinancing agreements which, for their completion, the Company and Menorah Group, its partner in BE (13.6%), provided a total of approx. GBP 60 million (the Company's share - approx. GBP 51 million):

(1) A loan in the amount of GBP 75 million instead of a loan in the amount of GBP 132.3 million. The new recourse loan bears SONIA interest plus an annual margin of 2% (which will increase every two years by 0.5% up to a maximum rate of SONIA + 3%). The loan principal will be repaid in June 2028. As part of the loan, BE committed to an LTV ratio that will not exceed 60%.

(2) A loan in the amount of approx. GBP 45 million, replacing a loan in the amount of approx. GBP 47 million, which is due to be repaid in October 2024. The new recourse loan bears SONIA interest plus a margin of 2.5%; the loan principal will be repaid in October 2026 (with the exception of a payment in the amount of GBP 8.5 million, which will be paid by October 2024). As part of the loan, taking into consideration (with regard to the ranges detailed below) the length of the period that will pass from the signing of the agreement, BE has committed to an LTV ratio that will not exceed 45%-59%, a coverage ratio that will not exceed 1.7-2.1 and a return on debt that will not exceed 11%-14%.

In addition, BE entered into a SWAP transaction with the financing bank so that the maximum yearly SONIA interest rate would not exceed 4% throughout the entire loan period.

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

2.4.5 Working capital deficit

The working capital deficit as of June 30, 2024 amounted to a total of approx. NIS 2 billion in the consolidated statements (NIS 0.8 billion in the Company's expanded solo statements). As of June 30, 2024, the Group has a high balance of unutilized long-term credit facilities and a high balance of unencumbered assets. In this light, the Company's Board of Directors believes that the existence of a working capital deficit does not indicate a liquidity problem.

2.5 Operating results

In the reporting period, the Group recorded a loss of NIS 273 million, compared to a loss of NIS 476 million attributable to Company shareholders in the corresponding period last year. The share attributed to Company shareholders in the reporting period amounted to a loss of approx. NIS 480 million, compared to a loss of NIS 670 million attributed to Company shareholders in the corresponding period last year.

In the reporting period, the Group recorded a comprehensive loss of NIS 182 million, compared to a comprehensive loss of NIS 112 million attributable to Company shareholders in the corresponding period last year. The share attributed to Company shareholders in the reporting period amounted to a loss of approx. NIS 411 million, compared to a comprehensive loss of NIS 437 million attributed to Company shareholders in the corresponding period last year. For an explanation of the operating results in the reporting period, please see Sections 2.5.2 and 2.5.3 below.

2.5.1 FFO (Funds From Operations)

The FFO is an accepted index in the United States and in Europe for providing additional information regarding the operating results of property companies, which provides an adequate basis for comparison between income-generating property companies. The FFO reflects net profit, 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 production capability from regular and ongoing activities in the reporting period.

In the FFO calculation, exchange rate differences and linkage difference expenses in respect of bonds and CPI-linked loans were not included because the Company's management is of the opinion that those expenses do not reflect cash flow from continuing current activities (hereinafter - "FFO according to the Management Approach").

In accordance with the position of the Securities Authority, FFO data according to the Securities Authority's approach was added in addition to FFO according to the management's approach. The FFO according to the Securities Authority's approach includes the expenses for exchange rate differences and linkage differences for CPI-linked bonds and loans (hereinafter - "FFO according to the Securities Authority's approach").

It should be emphasized that the FFO mentioned in the Company's remuneration policy, in the Company's credit documents with banks and in the Company's trust deeds for bonds it issued is the FFO according to the management's approach.

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 the reported net profit for evaluating the results of the Group's operations.

2.5.1.1 The following is the calculation of **the FFO according to the management approach** (in NIS thousands):

	H1 2024	H1 2023	2023
Share of Company shareholders in the loss for the period	**(479,611)**	**(670,320)**	**(2,392,409)**
Adjustments to profit and loss:			
Fair value adjustments of investment property	(11,627)	220,147	926,169
Company share in property revaluations and other non-FFO items in investees	514,928	669,155	1,892,409
Profit from decrease in rate of holdings, from acquisition and realization of investees	(12)	(438)	(449)
Net losses (profits) from investments in securities measured at fair value through profit and loss	69,056	(2,685)	17,299
Others (mainly depreciation and amortizations) (*)	91,391	82,880	168,145
Revenues from unwinding of electricity-hedging agreements for Q2-Q4/2023	-	(78,323)	-
Financing expenses that are not FFO (mainly linkage differences and exchange rate differences)	260,277	221,898	317,157
Deferred taxes and current taxes that are not FFO, net	(44,169)	(20,880)	(3,800)
Share of non-controlling interests in the above adjustments to FFO	(96,682)	(97,184)	(324,468)
Real FFO according to the management approach	**303,551**	**324,250**	**600,053**
The sources of the FFO are as follows:			
Revenues			
NOI from investment property	588,023	571,773	1,152,065
NOI from electricity sales (**)	361,500	295,520	560,965
Group share in Carr's FFO, not including property revaluations	57,950	68,080	120,792
Group share in AH Boston's FFO, not including property revaluations	26,403	19,657	40,351
Group share in FFO of Brockton Everlast and Amot associates	13,497	13,304	27,269
Other revenues	928	-	1,199
Total revenue	**1,048,301**	**968,334**	**1,902,641**
Expenses			
Real financing, net	(297,792)	(216,135)	(474,368)
Administrative and general	(106,012)	(87,000)	(181,565)
Current taxes	(37,533)	(49,173)	(81,616)
Share of non-controlling interests attributed to operating activities	(303,413)	(291,776)	(565,039)
Total expenses	**(744,750)**	**(644,084)**	**(1,302,588)**
Real FFO according to the management approach	**303,551**	**324,250**	**600,053**
FFO per share (NIS) according to the management approach	**1.69**	**1.80**	**3.34**

2.5.1.2 The following is a reconciliation of the FFO according to the management approach and the FFO according to the Securities Authority approach (in NIS thousands):

	H1 2024	H1 2023	Year 2023
FFO according to the management approach	303,551	324,250	600,053
Less:			
Linkage differences on the credit of the Company and its investees and exchange rate differences	(42,593)	(131,884)	(178,506)
FFO according to the Securities Authority approach	260,958	192,366	421,547

2.5.1.3 The following are additional data regarding the quarterly FFO:

	Q2 2024 NIS thousands	Q2 2023 NIS thousands
FFO according to the management approach	155,634	156,042
Less:	(25,499)	(72,994)
Linkage differences on the credit of the Company and its investees and exchange rate differences		
FFO according to the management approach	130,135	83,048

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

	H1 2024 NIS thousands	H1 2023 NIS thousands	Q2 2024 NIS thousands	Q2 2023 NIS thousands	For the year 2023 NIS thousands
Revenue and profits					
Revenues from rental fees and management of investment property	675,682	654,348	344,204	332,077	1,324,063
Fair value adjustments of investment property	11,627	(220,147)	84,999	(62,986)	(926,169)
Group share in losses of associates, net	(417,079)	(568,085)	(97,905)	(371,978)	(1,703,997)
Net profits (losses) from investments in securities measured at fair value through profit and loss	(69,056)	2,685	(51,677)	2,300	(17,299)
Profit from decrease in rate of holding, from purchase and realization of associates	12	438	2	327	449
Revenues from sale of electricity and green certificates	436,066	268,713	213,518	125,599	527,953
Revenues from unwinding of electricity-hedging agreements	-	152,760	-	-	152,760
Other revenues, net	3,656	757	991	58	1,199
	640,908	291,469	494,132	25,397	(641,041)
Costs and expenses					
Cost of investment property rental and operation	86,033	81,089	48,899	39,816	168,894
Development, maintenance and operation costs of electricity-generating facilities	61,132	45,323	29,450	23,962	110,801
Depreciation and amortizations	98,680	77,582	55,394	43,955	159,963
Administrative and general	117,011	96,877	58,960	50,581	201,798
Financing expenses, net	557,567	438,033	383,051	223,711	791,525
	920,423	738,904	575,754	382,025	1,432,981
Loss before taxes on income	(279,515)	(447,435)	(81,622)	(356,628)	(2,074,022)
Income tax expenses	(6,635)	28,293	(47,595)	10,615	77,816
Net loss for the period	**(272,880)**	**(475,728)**	**(34,027)**	**(367,243)**	**(2,151,838)**
Allocation of net income (loss) for the period:					
Share of Company shareholders	**(479,611)**	**(670,320)**	**(139,790)**	**(452,126)**	**(2,392,409)**
Share of non-controlling interests	206,731	194,592	105,763	84,883	240,571
	(272,880)	(475,728)	(34,027)	(367,243)	(2,151,838)

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

Revenues from rental fees and investment property management - amounted to NIS 676 million in the reporting period, compared to NIS 654 million in the corresponding period last year, an increase of NIS 22 million (approx. 3%).

Most of the increase stems from revenues from Amot's properties (approx. NIS 23 million) from additional revenues in identical properties (including as a result of occupancies, an increase in prices and an increase in the CPI). On the other hand, there was a decrease in revenues due to the realization of two properties at the beginning of 2024, which partially offset the above increase.

Fair value adjustment of investment property - In the reporting period, positive property revaluations were recorded in the amount of NIS 12 million, which stem from a positive revaluation in Amot in the amount of NIS 103 million, which was offset by asset value losses in BE in the amount of NIS 91 million as a result of the increase in the discount rate of the projected cash flow of some of the properties by 0.25%.

In the corresponding period last year, negative property revaluations were recorded in the amount of NIS 220 million. A loss of NIS 357 million in respect of BE's properties, which was due to the increase in the discount rate of the projected cash flow of some of the properties by a rate of 0.25%-0.5%, which was partially offset by a profit from a value adjustment in the amount of NIS 137 million in Amot stemming mainly from an increase in the NOI from assets.

Group share in the losses of associates, net - The changes between the profit in the reporting period and in the corresponding period last year are mainly due to the following factors:

- **Group share in Carr's losses** - A loss of NIS 278 million was recorded in the reporting period, compared to a loss of NIS 449 million in the corresponding period last year. The loss in the reporting period is due to a negative value adjustment of Carr's properties in the amount of USD 186 million (the Company's share in the loss before tax - USD 90 million, approx. NIS 325 million). The negative revaluation of the properties in the reporting period resulted from the increase in the discount rate of the projected cash flow of the properties, mainly in the range of 0.25%-0.50%, and an increase in the vacancy rates in the calculation of the terminal value of the properties. The loss from the increase in the discount rates was offset by the transfer of the control of two entities that hold assets (owned and leased), which have excess liabilities over the value of assets (which are on a non-recourse basis), to the lender and the lessor. As a result, Carr recorded a profit of approx. USD 81.9 million in the reporting period.

  The negative revaluation of the properties in the corresponding period last year stemmed mainly from the increase in the discount rate of the projected cash flow of the properties, mainly in the range of 0.25%-0.50%.

- **Group share in AH Boston's losses** - A loss of NIS 145 million was recorded in the reporting period, compared to a loss of NIS 125 million in the corresponding period last year.

  In the reporting period, negative revaluations were recorded in the amount of USD 76 million in respect of the Boston Properties (the Group's share in the negative revaluation before tax is approx. USD 41.7 million (NIS 155 million)). The negative revaluations of the properties in the reporting period resulted mainly from the increase in the discount rate of the projected cash flow of the properties in the range of 0.25%-0.50%.

  In the reporting period last year, the loss was due to a negative value adjustment of AH Boston's properties in the amount of USD 76 million (the Company's share in the loss before tax - NIS 154 million) mainly due to the increase in the discount rate of the properties.

Net profits (losses) 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 investments measured at fair value through profit and loss (mainly Brockton funds). In the reporting period, BE reduced the balance of its investment in Fund 1 by NIS 57 million.

Revenues from sale of electricity and green certificates – Revenues from the sale of electricity and green certificates in the reporting period amounted to NIS 436 million compared to NIS 269 million in the corresponding period last year, an increase of NIS 167 million.

The increase stems mainly from an increase in electricity revenues, mainly from new connected facilities, mainly in the United States.

Revenues from the unwinding of electricity-hedging agreements - Revenues in the corresponding period last year stemmed from a one-time compensation received by Energix for the unwinding of electricity price-fixing agreements in Poland.

Net financing expenses – Financing expenses in the reporting period amounted to NIS 558 million compared to NIS 438 million in the corresponding period last year, an increase of NIS 120 million. The increase in expenses stemmed mainly from the increase in the Group's financial debt balance and from the increase in interest rates.

Income tax expenses (income) - In the reporting period, the Company did not create deferred taxes since they are not expected to be utilized in the near future.

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

	H1 2024 NIS thousands	H1 2023 NIS thousands	Q2 2024 NIS thousands	Q2 2023 NIS thousands	2023 NIS thousands
Net loss for the period	**(272,880)**	**(475,728)**	**(34,027)**	**(367,243)**	**(2,151,838)**
Profit (loss) from investment in Carr (1) (2)	16,701	21,753	8,827	30,829	(65,028)
Profit (loss) from investment in AH Boston properties (1)	3,829	3,608	1,844	4,364	(23,673)
Profit from investment in BE (1) (3)	57,763	213,031	38,581	139,369	71,939
Profit from investment in Energix and others (4)	13,673	133,190	8,625	87,892	69,090
Tax effects	(1,209)	(7,629)	(801)	(8,983)	1,760
Other comprehensive income for the period	90,757	363,953	57,076	253,471	54,088
Total comprehensive income (loss) for the period	**(182,123)**	**(111,775)**	**23,049**	**(113,772)**	**(2,097,750)**
Allocation of comprehensive income (loss) for the period:					
Share of Company shareholders	**(410,986)**	**(436,758)**	**(97,781)**	**(275,101)**	**(2,425,233)**
Share of non-controlling interests	228,863	324,983	120,830	161,329	327,483
	(182,123)	(111,775)	23,049	(113,772)	(2,097,750)

(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 first half of 2024, there was a devaluation of the NIS by a rate of 3.64% and 2.81% against the USD and the GBP, respectively. In the corresponding half last year, there was a devaluation of the NIS by a rate of 5.1% and 10.1% against the USD and the GBP, respectively.

(2) In addition to the description in Section 1 above, the comprehensive income from the investment in Carr in the first half of 2024 also includes an other comprehensive loss in the amount of NIS 3 million in respect of the Company's share in the changes in the fair value of interest rate fixing transactions carried out by Carr (in the corresponding period last year there was a decrease in other comprehensive income in the amount of NIS 15 million in respect of changes in the fair value of interest-fixing transactions carried out by Carr).

(3) In addition to the description in Section (1) above, the other comprehensive income from the investment in BE in the corresponding quarter last year also includes an other comprehensive loss in the amount of approx. NIS 8 million, which stems from the fair value of interest rate fixing transactions carried out by BE (in the reporting period - a non-material profit).

(4) The profit in the reporting period stems mainly from the effect of exchange rates (net of hedging) in Energix due to the depreciation of the NIS against the USD, which was offset from a loss from electricity price-fixing transactions in the United States. The profit in the corresponding period last year stemmed mainly from the effect of exchange rates in Energix (net of hedging) due to the depreciation of the NIS against the USD and the PLN, as well as a profit from electricity price-fixing transactions in the United States.

2.5.4 Cash flows

	H1 2024	H1 2023	2023
	NIS thousands	NIS thousands	NIS thousands
Total cash flows provided by operating activities	**427**	**524**	**1,121**
Cash flows used in investing activities			
Investment in investment property and fixed assets (including property in development)	(504)	(334)	(656)
Proceeds from the realization of investment property	243	(807)	-
Investment in electricity-generating systems	(612)	-	(2,279)
Investment in AH Boston	(15)	(29)	(51)
Repaid hedging transactions	(124)	(235)	(549)
Investment in Brockton Funds, net	(56)	-	-
Repayment (provision) of loans, net	(17)	3	(61)
Net increase in deposits (including pledged deposits) and realization of tradable securities	636	420	(187)
Total cash used in investing activities	**(449)**	**(982)**	**(3,783)**
Cash flows provided by financing activities			
Receipt of loans (long-term loans and utilization of short-term bank credit)	538	1,138	3,386
Proceeds from the issuance of bonds	555	843	1,972
Repayment of liabilities (long-term loans, bonds and repayment of short-term credit)	(1,583)	(936)	(1,801)
Capital raised by Amot (net of the Company's investment in the issue)	12	-	10
Capital raised by Energix (net of the Company's investment in the issue)	16	3	1
Capital raised by BE (net of the Company's investment in the issue)	41	-	30
Proceeds from sale of Amot shares to non-controlling interests	-	8	220
Purchase of shares from non-controlling interests	(19)	(24)	(24)
Payment of dividends to Company shareholders and to non-controlling interests in consolidated companies	(349)	(424)	(695)
Total cash provided by financing activities	**(789)**	**608**	**3,099**
Total increase (decrease) in cash balances in the period	**(811)**	**150**	**437**
Other influences	**8**	**48**	**35**
Cash and cash equivalents and designated deposit at end of period	1,398	1,650	2,201
Less - designated deposit	(28)	(34)	(3)
Cash and cash equivalents at end of period	**1,370**	**1,616**	**2,198**

2.6 Equity

2.6.1 Share capital

	As of June 30 2024	As of December 31 2023
	NIS millions	NIS millions
Equity	10,578	11,064
Less non-controlling interests	(6,064)	(6,062)
Equity attributed to Company shareholders	**4,513**	**5,002**
NAV per share	**25.11**	**27.83**
NNAV per share	**30.14**	**32.78**

2.6.2 Explanation of changes in equity

In the reporting period, the capital attributed to the Company's shareholders decreased by NIS 489 million.

The main changes are as follows:

- The loss attributed to the Company shareholders in the amount of NIS 480 million - please see additional information in Section 2.5.2 above.
- Other comprehensive income attributed to the Company shareholders in the amount of NIS 69 million - please see additional information in Section 2.5.3 above.
- A reduction in capital following dividends declared in the amount of NIS 65 million.
- A loss from the issuance of capital in consolidated companies and other funds in the amount of NIS 13 million.

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

The following is the composition of the surplus of assets over liabilities on the basis of the Company's Statements (expanded solo) by currency, as of June 30, 2024 (in NIS millions)[22]:

As of June 30, 2024	Assets	Liabilities	Net assets	%
USD	1,784	(880)	904	20%
GBP	3,066	(1,533)	1,533	34%
Other	212	(5)	207	5%
Excess assets over liabilities in foreign currency	5,062	(2,418)	2,644	59%
Excess assets over liabilities in NIS	5,487	(3,617)	1,870	41%
Equity as of June 30, 2024	10,549	(6,035)	4,514	100%

2.6.4 Dividends distributed by the Company in 2024

For information regarding dividends distributed by the Company in 2024, please see Note 10b to the Financial Statements.

2.7 Remuneration of senior officers and directors

For details on options granted to the Company's senior officers and directors, please see Note 16e to the Annual Financial Statements and Note 10c to the Financial Statements.

For information regarding the new terms of service of the Company CEO and the Chairman of the Board of Directors for the years 2022-2024, please see Notes 18.a and 18.b 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 2023 and in Company policy regarding the management of these risks.

3.2 Regarding the linkage base report for monetary balances (expanded solo) as of June 30, 2024, please see Appendix B.

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

4. Corporate Governance Aspects

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. Rony Patishi-Chillim) and 5 directors have accounting and financial expertise (Mr. Nathan Hetz, Mr. Aviram Wertheim, Prof. Zvi Eckstein, CPA Shlomi Shuv and Ms. Rony Patishi-Chillim).

The composition of the Company's Board of Directors for years has included a majority of Board members who are independent directors, even though the Company did not include a provision on this matter in its Articles of Association.

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

At its meeting on November 15, 2023, the Audit Committee approved a multi-year work plan for the years 2024-2027 and that the plan for each specific year would be re-examined for that year, prior to its implementation. The Audit Committee also approved the work plan for 2024, which includes the following topics: (a) The control over public investees - Energix; (b) The control over private investees - BE - a check of the implementation of recommendations; (c) Financial exposures; (d) Transactions with interested parties.

At its meeting on May 19, 2024, the Audit Committee discussed the Internal Auditor's report regarding the review of the internal audit activity at Energix and the review of Alony-Hetz's control over Energix's activity, and also received an update regarding the review of the implementation of the recommendations in the Internal Auditor's Report regarding the control over private investees - BE.

5. Special Disclosure for Bondholders

5.1 The following current data as of June 30, 2024 regarding bonds issued by the Company:

(In NIS thousands)	Bonds (Series I)	Bonds (Series J)	Bonds (Series K)	Bonds (Series L)	Bonds (Series M)	Bonds (Series O)	Total
Par value as of June 30, 2024	718,737	1,049,537	160,746	1,761,104	897,601	1,050,480	5,638,205
Linked par value as of June 30, 2024	718,737	1,049,537	160,746	1,761,104	897,601	1,112,459	5,700,184
Value in the financial statements as of June 30, 2024 (at amortized cost)	730,366	1,055,528	159,068	1,677,716	857,850	1,037,804	5,518,332
Stock market value as of June 30, 2024	708,962	1,063,391	137,550	1,482,497	805,687	977,682	5,175,769
Accrued Interest as of June 30, 2024	9,375	5,992	1,449	14,379	15,023	9,649	55,866

In April 2024, the Israeli rating company Maalot Ltd. (hereinafter - "**Maalot**") and Midroog Ltd. (hereinafter - "**Midroog**") updated the Company's rating outlook from stable to negative.

As of the date of publication of this report, the Company's bonds (Series I, J, K, L, M and O) are rated ilAA- with a negative rating outlook by Maalot. The issuer's rating is the same.

The Company's bonds (Series I, J, L, M and O) are rated Aa3 with a negative outlook by Midroog. The issuer's rating is the same.

5.2 The main financial covenants of the Company's bonds (Series I, J, K, L, M and O) are as follows:

Financial ratio		Criterion	Value as of June 30, 2024
Net financial debt to value of holdings23	%	Less than 80%	56.5%
Minimum equity (Series I, J, K, L, M and O)[24]	NIS billions	More than 2.2	4.7

For additional information, please see Section 5.2.2 of Chapter F(5) to the Description of the Corporation's Business in the Periodic Report for 2023.

[23] 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.

[24] In order for grounds to be created for early repayment, the breach of the above provision must exist for four consecutive quarters. For Series I and J - the minimum equity is NIS 1.8 billion, for Series K and L - the minimum equity is NIS 2.1 billion and for Series M and O - the minimum equity is NIS 2.2 billion. The criterion presented in the table is the most severe of the series due to the cross default condition in the series.

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 D – Separate Financial Statement of the Corporation in accordance with Regulation 9C and Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970

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 June 30	As of December 31
	2024	2023
	NIS thousands	NIS thousands
Current assets		
Cash and cash equivalents	93,875	1,024,887
Receivables, debit balances and others	40,354	34,811
Total current assets	134,229	1,059,698
Non-current assets		
Securities measured at fair value through profit and loss	216,850	165,385
Investments in investees	10,194,310	10,418,144
Others	3,122	4,149
Total non-current assets	10,414,282	10,587,678
Total assets	10,548,511	11,647,376
Current liabilities		
Short-term credit and current maturities of long-term liabilities	589,426	611,159
Payables, credit balances and others	405,912	363,011
Total current liabilities	995,338	974,170
Non-current liabilities		
Bonds and long-term loans	4,929,536	5,495,383
Deferred taxes	20,316	26,663
Others	89,656	149,103
Total non-current liabilities	5,039,508	5,671,149
Equity	4,513,665	5,002,057
Total liabilities and equity	10,548,511	11,647,376

Financial data, expanded solo

1.2 Summary of expanded solo statements of income (NIS thousands):

	H1	H1	Q2	Q2	For the year
	2024	2023	2024	2023	2023
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Revenues					
Group share in losses of associates, net	(330,661)	(568,409)	(63,756)	(392,829)	(2,163,614)
Profit from decrease in rate of holdings, from acquisition and realization of investees	12	438	2	327	449
Net profit (loss), relating to investments in long-term securities intended for sale	(11,537)	2,646	(1,226)	2,299	(10,289)
Other revenues, net	12,779	10,285	7,330	5,094	21,136
	(329,407)	(555,040)	(57,650)	(385,109)	(2,152,318)
Expenses					
Administrative and general	18,436	18,253	9,039	8,938	32,138
Financing expenses, net	137,471	113,048	78,536	58,947	230,861
	155,907	(423,739)	87,575	67,885	262,999
Loss before taxes on income	(485,314)	(686,341)	(145,225)	(452,994)	(2,415,317)
Income tax income	(5,698)	(16,021)	(5,430)	(868)	(22,908)
Loss for the period	(479,616)	(670,320)	(139,795)	(452,126)	(2,392,409)

2. The Company's liabilities (expanded solo) maturing after June 30, 2024:

	Bonds (*)	Bank loans	Total	%
	NIS thousands	NIS thousands	NIS thousands	
Current maturities	594,660	-	594,660	10
Second year	594,660	-	594,660	10
Third year	594,660	-	594,660	10
Fourth year	803,461	-	803,461	14
Fifth year	803,461	-	803,461	14
Sixth year onward	2,343,758	-	2,343,758	41
Total repayments	5,734,660	-	5,734,660	100
Others			19,501	
Balance of liability related to transactions in financial derivatives			410,744	
Total financial debt (taking into account the value of transactions in financial derivatives)			6,164,905	

(*) Including the effect of swap transactions with financial entities in Israel so that NIS bonds were "converted" into liabilities in USD and GBP, as well as CPI-linked liabilities.

Appendix B – Balance Sheet of Linkage Bases for Monetary Balances

As of June 30, 2024 in NIS thousands	In unlinked NIS	In linked NIS	In USD	In GBP	Other	Total	Adjustments - Non monetary items	Total
Current assets								
Cash and cash equivalents	85,039	-	7,418	1,110	308	93,875	-	93,875
Receivables, debit balances and others	22,135	-	225	-	-	22,360	17,994	40,354
Total current assets	107,174	-	7,643	1,110	308	116,235	17,994	134,229
Non-current assets								
Securities measured at fair value through profit and loss	4	-	-	216,846	-	216,850	-	216,850
Investments in associates	-	-	-	-	-	-	10,194,310	10,194,310
Others	-	-	-	-	-	-	3,122	3,122
Total non-current assets	4	-	-	216,846	-	216,850	10,197,432	10,414,282
Total assets	107,178	-	7,643	217,956	308	333,085	10,215,426	10,548,511
Current liabilities						-		
Short-term credit and current maturities of long-term liabilities	589,426	-	-	-	-	589,426	-	589,426
Payables and credit balances	384,442	10,671	-	-	-	395,113	10,799	405,912
Total current liabilities	973,868	10,671	-	-	-	984,539	10,799	995,338
Non-current liabilities						-		
Bonds and long-term loans	3,891,733	1,037,803	-	-	-	4,929,536	-	4,929,536
Deferred tax liabilities	-	-	-	-	-	-	20,316	20,316
Others	88,543	-	939	-	-	89,482	174	89,656
Total non-current liabilities	3,980,276	1,037,803	939	-	-	5,019,018	20,490	5,039,508
Total liabilities	4,954,144	1,048,474	939	-	-	6,003,557	31,289	6,034,846
Excess assets over liabilities (liabilities over assets)	(4,846,966)	(1,048,474)	6,704	217,956	308	(5,670,472)	10,184,137	4,513,665
Financial derivatives	2,655,058	(262,544)	(879,888)	(1,512,626)	-	-	-	-
Excess financial assets over financial liabilities (financial liabilities over financial assets)	**(2,191,908)**	**(1,311,018)**	**(873,184)**	**(1,294,670)**	**308**	**(5,670,472)**	**10,184,137**	**4,513,665**
Allocation of non-monetary assets (liabilities), net - by linkage bases	302,430	5,070,836	1,776,688	2,827,713	206,470	10,184,137	(10,184,137)	-
Excess assets over liabilities (liabilities over assets)	**(1,889,478)**	**3,759,818**	**903,504**	**1,533,043**	**206,778**	**4,513,665**	**-**	**4,513,665**

Appendix C – Rating Reports[25]

- For the Midroog rating report, please see the immediate report published by the Company on April 16, 2024 (Ref: 2024-01-038011).
- For the rating report of Maalot, the Israeli Securities Rating Company Ltd., please see the immediate report dated April 18, 2024 (Ref: 2024-01-039472).

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

Appendix D – Separate Financial Statement of the Corporation in accordance with Regulation 9C and Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970

The Company chose not to attach a separate financial statement in accordance with Regulation 9C and Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) 1970, since, according to its judgement, the separate financial statement does not add material information to the information contained in the annual financial statements and/or the quarterly financial statements of the Corporation that were presented in accordance with Regulation 9 and Regulation 38, as the case may be.

Consolidated Financial Statements

Alony Hetz Properties & Investments ltd.

AlonyHetz
Properties & Investments Ltd

Carr, Signal House, Washington DC

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

		As of June 30		As of December 31
		2024	2023	2023
	Note	NIS thousands	NIS thousands	NIS thousands
Assets		(Unaudited)	(Unaudited)	
Current assets				
Cash and cash equivalents		1,370,098	1,923,373	2,197,677
Deposits and designated deposit	13	33,763	19,957	641,620
Trade receivables		137,762	180,221	115,662
Current tax assets, net		21,345	42,595	19,632
Other receivables		385,145	183,919	233,731
Assets designated for sale		-	-	177,825
Total current assets		1,948,113	2,350,065	3,386,147
Non-current assets				
Investment property		19,516,189	21,007,525	19,369,345
Investment property in development and land rights		4,724,243	3,288,419	4,349,731
Long-term investments:				
Securities measured at fair value through profit and loss		216,850	238,380	222,222
Investment in companies accounted for using the equity method	6.7	2,182,903	3,709,181	2,550,500
Deferred tax assets		208,959	101,300	209,184
Electricity-generating facilities:				
Connected electricity-generating facilities	5	5,754,659	3,432,499	5,216,734
Right-of-use asset		655,627	488,843	511,443
Electricity-generating facilities in development	6	2,317,044	2,514,804	2,370,899
Pledged deposits		29,648	36,292	19,942
Fixed assets, net		120,491	117,680	117,664
Other assets		422,738	453,482	407,355
Total non-current assets		36,149,351	35,388,405	35,345,019
Total assets		38,097,464	37,738,470	38,731,166

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 June 30		As of December 31
		2024	2023	2023
	Note	NIS thousands	NIS thousands	NIS thousands
		(Unaudited)	(Unaudited)	
Liabilities and equity				
Current liabilities				
Short term credit and current maturities of long-term loans	8	1,106,325	1,352,686	1,832,563
Current maturities of bonds	9	1,303,862	1,287,809	1,292,791
Current maturities of lease liabilities		37,419	24,669	30,617
Current tax liabilities, net		95,700	70,010	174,700
Payables and credit balances		1,478,841	1,135,817	1,530,033
Total current liabilities		4,022,147	3,870,991	4,860,704
Non-current liabilities				
Bonds	9	14,223,482	13,549,422	14,352,564
Loans from banking corporations and financial institutions	8	5,079,566	3,973,847	4,654,061
Lease liability		705,881	539,490	562,431
Deferred tax liabilities		1,897,575	1,805,279	1,858,015
Provisions		16,483	16,483	16,483
Other liabilities		1,573,852	980,038	1,362,785
Total non-current liabilities		23,496,839	20,864,559	22,806,339
Equity				
Equity attributed to Company shareholders		4,513,665	7,085,159	5,002,057
Non-controlling interests		6,064,813	5,917,761	6,062,066
Total equity		10,578,478	13,002,920	11,064,123
Total liabilities and equity		38,097,464	37,738,470	38,731,166

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

August 12, 2024

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

	For the six-month period ended June 30	For the six-month period ended June 30	For the three-month period ended June 30	For the three-month period ended June 30	For the year ended December 31
	2024	2023	2024	2023	2023
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Revenues and profits					
Revenues from rental fees and management of investment property	675,682	654,348	344,204	332,077	1,324,063
Fair value adjustments of investment property	11,627	(220,147)	84,999	(62,986)	(926,169)
Group share in losses of associates, net	(417,079)	(568,085)	(97,905)	(371,978)	(1,703,997)
Net profits (losses) from investments in securities measured at fair value through profit and loss	(69,056)	2,685	(51,677)	2,300	(17,299)
Profit from decrease in rate of holding, from purchase and realization of associates	12	438	2	327	449
Revenues from sale of electricity and green certificates	436,066	268,713	213,518	125,599	527,953
Revenues from unwinding of electricity-hedging agreements	-	152,760	-	-	152,760
Other revenues, net	3,656	757	991	58	1,199
	640,908	291,469	494,132	25,397	(641,041)
Costs and expenses					
Cost of investment property rental and operation	86,033	81,089	48,899	39,816	168,894
Development, maintenance and operation costs of electricity-generating facilities	61,132	45,323	29,450	23,962	110,801
Depreciation and amortizations	98,680	77,582	55,394	43,955	159,963
Administrative and general	117,011	96,877	58,960	50,581	201,798
Financing income	(44,416)	(48,898)	(22,669)	(36,928)	(96,590)
Financing expenses	601,983	486,931	405,720	260,639	888,115
	920,423	738,904	575,754	382,025	1,432,981
Loss before taxes on income	(279,515)	(447,435)	(81,622)	(356,628)	(2,074,022)
Income tax expenses (income)	(6,635)	28,293	(47,595)	10,615	77,816
Loss for the period	(272,880)	(475,728)	(34,027)	(367,243)	(2,151,838)
Attributed to Company shareholders	**(479,611)**	**(670,320)**	**(139,790)**	**(452,126)**	**(2,392,409)**
Attributed to non-controlling interests	206,731	194,592	105,763	84,883	240,571
	(272,880)	(475,728)	(34,027)	(367,243)	(2,151,838)
Net loss per share attributed to Company shareholders (in NIS):					
Basic	(2.67)	(3.73)	(0.78)	(2.52)	(13.31)
Fully diluted	(2.67)	(3.73)	(0.78)	(2.52)	(13.31)
Weighted average of share capital used in calculation of earnings per share (thousands of shares)					
Basic	179,722	179,722	179,722	179,722	179,722
Fully diluted	179,722	179,722	179,722	179,722	179,722

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 six-month period ended June 30	For the six-month period ended June 30	For the three-month period ended June 30	For the three-month period ended June 30	For the year ended December 31
	2024	2023	2024	2023	2023
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Net loss for the period	(272,880)	(475,728)	(34,027)	(367,243)	(2,151,838)
Other comprehensive loss					
Amounts to be classified in the future to profit or loss, net of tax					
Profit from translation of financial statements for foreign activities	241,086	771,130	150,328	374,264	719,644
Loss from exchange rate differences for credit and derivatives designated for the hedging of investments in companies that constitute foreign activity, net of tax	(155,378)	(503,052)	(104,705)	(209,290)	(664,736)
Profit from exchange rate differences and changes in fair value of instruments used for cash flow hedging, net of tax	10,655	92,627	14,906	76,726	17,805
Company's share in other comprehensive income of associates, net of tax	(5,606)	3,248	(3,453)	11,771	(18,625)
Other comprehensive income for the period, net of tax	90,757	363,953	57,076	253,471	54,088
Total comprehensive income (loss) for the period	(182,123)	(111,775)	23,049	(113,772)	(2,097,750)
Distribution of comprehensive loss for the period					
Company shareholders	**(410,986)**	**(436,758)**	**(97,781)**	**(275,101)**	**(2,425,233)**
Non-controlling interests	228,863	324,983	120,830	161,329	327,483
	(182,123)	(111,775)	23,049	(113,772)	(2,097,750)

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 Six-Month Period ended June 30, 2024 (Unaudited) (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, 2024	197,796	2,807,638	(569,499)	431,219	(589)	2,135,492	5,002,057	6,062,066	11,064,123
Total comprehensive income (loss) for the period	-	-	67,721	904	-	(479,611)	(410,986)	228,863	(182,123)
Dividend paid to Company shareholders	-	-	-	-	-	(64,700)	(64,700)	-	(64,700)
Dividend paid to non-controlling interests in consolidated companies	-	-	-	-	-	-	-	(284,178)	(284,178)
Issuance of capital in consolidated companies	-	-	-	1,578	-	-	1,578	57,650	59,228
Expiry of employee options	-	3,229	-	(3,229)	-	-	-	-	-
Allocation of benefit in respect of options to employees and officers	-	-	-	2,263	-	-	2,263	17,458	19,721
Acquisition of shares from non-controlling interests in a consolidated company	-	-	-	(16,547)	-	-	(16,547)	(17,046)	(33,593)
Balance as of June 30, 2024	197,796	2,810,867	(501,778)	416,188	(589)	1,591,181	4,513,665	6,064,813	10,578,478

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 June 30, 2024 (Unaudited) (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 April 1, 2024	197,796	2,807,638	(539,537)	430,209	(589)	1,763,321	4,658,838	6,039,938	10,698,776
Total comprehensive income (loss) for the period	-	-	37,759	4,247	-	(139,790)	(97,781)	120,830	23,046
Dividend paid to Company shareholders	-	-	-	-	-	(32,350)	(32,350)	-	(32,350)
Dividends paid to non-controlling interests in a consolidated company	-	-	-	-	-	-	-	(89,678)	(89,678)
Issuance of capital	-	-	-	167	-	-	167	2,753	2,920
Expiry of options	-	3,229	-	(3,229)	-	-	-	-	-
Allocation of benefit in respect of options to employees and others	-	-	-	1,341	-	-	1,341	8,016	9,357
Acquisition of shares from non-controlling interests in a consolidated company	-	-	-	(16,547)	-	-	(16,547)	(17,046)	(33,593)
Balance as of June 30, 2024	197,796	2,810,867	(501,778)	416,188	(589)	1,591,181	4,513,668	6,064,813	10,578,478

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 Six-Month Period ended June 30, 2023 (Unaudited) (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, 2023	197,796	2,795,162	(551,365)	478,680	(589)	4,790,295	7,709,979	5,881,441	13,591,420
Total comprehensive income for the period	-	-	230,314	3,248	-	(670,320)	(436,758)	324,983	(111,775)
Dividend paid to Company shareholders	-	-	-	-	-	(147,372)	(147,372)	-	(147,372)
Dividends paid to non-controlling interests in a consolidated company	-	-	-	-	-	-	-	(276,883)	(276,883)
Issuance of capital	-	-	-	(22)	-	-	(22)	12,164	12,142
Expiry of options	-	3,556	-	(3,556)	-	-	-	-	-
Allocation of benefit in respect of options to employees and others	-	-	-	2,307	-	-	2,307	18,640	20,947
Acquisition of shares from non-controlling interests in a consolidated company	-	-	-	(42,975)	-	-	(42,975)	(42,584)	(85,559)
Balance as of June 30, 2023	197,796	2,798,718	(321,051)	437,682	(589)	3,972,603	7,085,159	5,917,761	13,002,920

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 June 30, 2023 (Unaudited) (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 April 1, 2023	197,796	2,795,162	(486,306)	471,514	(589)	4,482,240	7,459,817	5,858,309	13,318,126
Total comprehensive income (loss) for the period	-	-	165,255	11,770	-	(452,126)	(275,101)	161,329	(113,772)
Dividend paid to Company shareholders	-	-	-	-	-	(57,511)	(57,511)	-	(57,511)
Dividend paid to non-controlling interests in consolidated companies	-	-	-	-	-	-	-	(77,695)	(77,695)
Issuance of capital in consolidated companies	-	-	-	(22)	-	-	(22)	9,459	9,437
Expiry of employee options	-	3,556	-	(3,556)	-	-	-	-	-
Allocation of benefit in respect of employee options	-	-	-	951	-	-	951	8,943	9,894
Acquisition of shares from non-controlling interests in a consolidated company	-	-	-	(42,975)	-	-	(42,975)	(42,584)	(85,559)
Balance as of June 30, 2023	197,796	2,798,718	(321,051)	437,682	(589)	3,972,603	7,085,159	5,917,761	13,002,920

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, 2023 (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, 2023	197,796	2,795,162	(551,365)	478,680	(589)	4,790,295	7,709,979	5,881,441	13,591,420
Total comprehensive income for the period	-	-	(18,134)	(14,690)	-	(2,392,409)	(2,425,233)	327,483	(2,097,750)
Dividend paid to Company shareholders	-	-	-	-	-	(262,394)	(262,394)	-	(262,394)
Dividend paid to non-controlling interests in consolidated companies	-	-	-	-	-	-	-	(432,386)	(432,386)
Expiry of employee options	-	12,476	-	(5,711)	-	-	6,765	(6,765)	-
Allocation of benefit in respect of options to employees and officers	-	-	-	4,148	-	-	4,148	35,534	39,682
Issuance of capital in consolidated companies	-	-	-	1,521	-	-	1,521	63,329	64,850
Sale of shares to non-controlling interests in a consolidated company	-	-	-	(2,928)	-	-	(2,928)	222,918	219,990
Acquisition of shares from non-controlling interests in a consolidated company	-	-	-	(29,801)	-	-	(29,801)	(29,488)	(59,289)
Balance as of December 31, 2023	197,796	2,807,638	(569,499)	431,219	(589)	2,135,492	5,002,057	6,062,066	11,064,123

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 six-month period ended June 30	For the six-month period ended June 30	For the three-month period ended June 30	For the three-month period ended June 30	For the year ended December 31
	2024	2023	2024	2023	2023
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Cash flows - Operating activities					
Net loss for period	(272,880)	(475,728)	(34,027)	(367,243)	(2,151,838)
Net income not entailing cash flows (Appendix A)	805,805	1,062,404	385,077	642,612	3,147,558
	532,925	586,676	351,050	275,369	995,720
Changes in working capital (Appendix B)	(105,055)	(62,218)	(108,614)	47,088	124,977
Net cash provided by operating activities	427,870	524,458	242,436	322,457	1,120,697
Cash flows - Investing activities					
Investment in investment property (including property in development) and in fixed assets	(504,287)	(334,591)	(116,696)	(152,800)	(655,762)
Proceeds from the realization of investment property, net of tax	242,646	-	21,000	-	-
Investment in electricity-generating systems	(612,230)	(806,707)	(289,383)	(584,554)	(2,279,175)
Investment in associates	(15,357)	(29,121)	(12,342)	(15,068)	(51,213)
Decrease (increase) in pledged deposit and restricted cash	636,363	20,189	637,903	20,459	(587,164)
Repayment of loans provided to associates, net	416	2,550	732	1,885	3,950
Repayment of loans from others	(15,930)	-	(4,696)	-	(65,254)
Decrease in deposits and tradable securities, net	-	400,000	-	400,000	400,000
Cash from forward transactions and options designated for hedging	(124,588)	(234,708)	(98,665)	(102,717)	(549,292)
Investment in investment property funds	(56,412)	-	-	-	-
Others	221	253	110	112	353
Net cash (used in) provided by investing activities	(449,158)	(982,135)	137,963	(432,683)	(3,783,557)
Cash flows - Financing activities					
Proceeds from the Group's bond issue, net	555,078	842,792	-	368,032	1,972,385
Repayment of bonds	(865,232)	(876,144)	-	-	(1,299,986)
Receipt of long-term loans, net of capital raising expenses paid	818,843	812,758	337,914	812,758	2,503,494
Repayment of long-term loans	(718,498)	(60,201)	(76,219)	(39,373)	(501,831)
Sale of shares to non-controlling interests in consolidated companies, net	-	-	-	-	219,990
Proceeds from the issue of shares and options to non-controlling interests in consolidated companies	68,583	10,772	15,959	10,772	41,457
Acquisition of shares and options from non-controlling interests	(18,947)	(24,243)	(18,947)	(24,243)	(24,243)
Increase (decrease) in short-term credit and in utilized credit facilities	(280,313)	326,091	(645,885)	192,419	882,905
Dividend paid to Company shareholders	(64,700)	(147,372)	(64,700)	(57,511)	(262,394)
Dividend paid to non-controlling interests	(284,178)	(276,883)	(89,678)	(87,717)	(432,386)

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

	For the six-month period ended June 30	For the six-month period ended June 30	For the three-month period ended June 30	For the three-month period ended June 30	For the year ended December 31
	2024	2023	2024	2023	2023
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Net cash (used in) provided by financing activities	(789,364)	607,570	(541,556)	1,175,137	3,099,391
Increase (decrease) in cash and cash equivalents	(810,652)	149,893	(161,157)	1,064,911	436,531
Cash and cash equivalents at beginning of period	2,197,677	1,694,701	1,553,819	829,128	1,694,701
Balance of designated deposit at beginning of period	3,615	34,435	3,681	3,615	34,435
Effect of changes in exchange rates on foreign currency cash balances	7,520	48,044	1,817	29,419	35,637
Cash and cash equivalents and designated deposit at end of period	1,398,160	1,927,073	1,398,160	1,927,073	2,201,304
Less - Balance of designated deposit at end of period	28,062	3,700	28,062	3,700	3,627
Total cash and cash equivalents	1,370,098	1,923,373	1,370,098	1,923,373	2,197,677

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

	For the six-month period ended June 30	For the six-month period ended June 30	For the three-month period ended June 30	For the three-month period ended June 30	For the year ended December 31
	2024	2023	2024	2023	2023
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Adjustments required to present cash flows from operating activities					
a. Expenses (income) not entailing cash flows:					
Fair value adjustment of investment property and profit from its realization	(11,628)	220,147	(85,000)	62,986	926,169
Net profits from changes in holding rate in investees	(12)	(438)	(2)	(327)	(449)
Differences from adjustments, interest and discounting in respect of long-term liabilities and cash balances	173,968	183,422	256,454	138,518	324,327
Profit from fair value adjustment of financial assets at fair value through profit and loss	62,465	(16,138)	46,526	(7,562)	(719)
Company share in results of associates, plus dividends and capital reductions received	427,293	566,886	103,599	371,705	1,733,948
Deferred taxes, net	37,346	3,512	7,754	19,999	(46,511)
Depreciation and amortizations	104,715	77,582	61,430	43,955	165,273
Allocation of benefit in respect of share-based payment	12,636	20,718	1,351	10,339	34,069
Others, net	(978)	6,713	(7,035)	2,999	11,451
	805,805	1,062,404	385,077	642,612	3,147,558
b. Changes in asset and liability items (changes in working capital):					
Decrease (increase) in trade receivables and in other receivables	(100,929)	(55,337)	(59,196)	100,891	(2,754)
Decrease (increase) in current tax assets, net	(826)	6,201	(2,625)	(951)	30,103
Decrease in other payables	(27,374)	(17,066)	(36,016)	(34,309)	(10,169)
Increase (decrease) in current tax liabilities, net	22,555	3,984	(10,785)	(18,543)	110,149
Purchase of CAP options	1,519	-	8	-	(2,352)
	(105,055)	(62,218)	(108,614)	47,088	124,977
c. Non-cash activity:					
Investment of non-controlling interests	-	-	-	-	20,820
Exercise of employee options against receivables	595	868	595	868	10,189
Investment in electricity-generating systems against supplier credit and payables	22,913	160,679	22,913	160,679	440,014
Increase in right-of-use asset against lease liabilities	144,789	86,828	144,789	86,828	123,421
Investment in real estate and fixed assets against other payables and credit balances	23,518	17,209	23,518	17,209	24,882
Contingent consideration with non-controlling interests	-	79,358	-	79,358	-
Realization of real estate against other receivables	79,000	-	79,000	-	-
Increase in provision for evacuation and restoration against electricity-generating systems in development	8,360	25,339	8,360	25,339	64,055
d. Additional information:					
Interest paid	319,648	292,317	47,514	75,881	559,420
Interest received	23,684	20,756	2,178	5,805	54,977
Taxes paid (*)	35,478	64,466	8,042	50,773	74,297
Taxes received	11,092	10,061	10,410	6,692	14,696
Dividend and capital reductions received	10,412	9,813	5,791	4,826	27,459

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.

These condensed consolidated financial statements (hereinafter – "the **Interim Financial Statements**") have been prepared as of June 30, 2024 and for the six- and three-month periods ended on that date. These statements should be reviewed within the context of the Company's Consolidated Annual Financial Statements as of December 31, 2023 and for the year ended on that date and with their accompanying notes (hereinafter - the "**Annual Financial Statements**").

The Iron Swords War:

On October 7, 2023, the terrorist organization Hamas carried out a murderous and unprecedentedly brutal surprise attack on the State of Israel, following which the Iron Swords War was launched.

Recently, following a direct hit by a missile fired by the terrorist organization Hezbollah that claimed the lives of 12 children and resulted in dozens of injuries in Majdal Shams in the Golan Heights, there is real concern of escalation on the northern front with Hezbollah operating from Lebanon as well as in other arenas, including Iran.

According to the Company's assessment, the continuation of the fighting for a long time and/or a full conflict on the northern border (or on other fronts) may result in significant and broader damage to the economy, which will lead to an increase in the construction costs for Amot's entrepreneurial projects, increased damage to private consumption and to businesses, including to the tenants of Amot, which will result in a decrease in revenues and changes in other economic parameters.

The War is expected to have an effect on the extension of the timelines for Energix's wind and photovoltaic energy projects in Israel.

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 the 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, 2023.

Note 2 – Significant Accounting Policies (continued)

B. New reporting standards

International Financial Reporting Standard 18 - "Presentation and Disclosure in Financial Statements" ("IFRS 18") - On April 9, 2024, IFRS 18 was published, which replaces International Accounting Standard 1 - "Presentation of Financial Statements" ("IAS 1"). The standard aims to improve the way information is presented by entities to users in their financial statements.

The standard focuses on the following areas:

Structure of the statement of income - Presentation of defined subtotals and a breakdown into categories in the statement of income.

Requirements regarding the file's improvement and the breakdown of information in the financial statements and in the notes.

Presentation of information known as Management-defined Performance Measures ("MPMs") that are not based on accounting standards (NON-GAAP) in the notes to the financial statements.

In addition, at the time of implementation of IFRS 18, amendments to other IFRS standards will enter into effect, among others, the amendments to IAS 7 - "Statement of Cash Flows", aimed at improving comparability between entities. The changes mainly include: use of a subtotal of operating profit as a single starting point in the application of the indirect method for reporting cash flows from operating activities as well as a cancellation of the alternatives for choosing an accounting policy regarding the presentation of interest and dividends. In view of this, with the exception of certain cases, interest and dividends received will be included under cash flows from investing activities, and on the other hand, interest and dividends paid will be included under financing activities.

The standard will enter into effect for reporting periods beginning on or after January 1, 2027, the standard will be applied retroactively, with specific transition provisions, and early adoption is possible from the period beginning on January 1, 2025.

The group is examining the effect of IFRS 18 including the effect of the amendments to additional IFRS standards as a result of its application to the financial statements.

Note 2 – Significant Accounting Policies (continued)

C. 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 independent external appraisers who review all of the Group's assets. In the first and third quarters, the Group's management is relying on letters of no change from external assessors or on valuations of external appraisers.

D. 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 are presented according to the last known index at the end of the reporting period (the CPI of the month preceding the month of the financial statement date) or according to the Consumer Price Index for the last month of the reporting period (the CPI for the month of the financial statement date), according to the transaction terms.
- The following is information regarding exchange rates and the CPI:

	As of June 30 / for the month of June	As of June 30 / for the month of June	As of December 31 / for the month of December	For the six-month period ended June 30	For the six-month period ended June 30	For the three-month period ended June 30	For the three-month period ended June 30	For the year ended December 31
	2024	2023	2023	2024	2023	2024	2023	2023
				%	%	%	%	%
Consumer Price Index (CPI)								
(2000 base)								
In Israel (in lieu CPI)	150.87	146.65	147.78	2.09	2.17	1.13	0.97	2.96
In Israel (known CPI)	150.73	146.65	147.92	1.90	2.46	1.61	1.36	3.35
Exchange rate against the NIS								
USD	3.76	3.70	3.63	3.58	5.11	2.15	2.35	3.13
GBP	4.75	4.67	4.62	2.81	10.14	2.06	4.54	8.96
PLN	0.93	0.90	0.92	1.46	12.50	1.09	7.14	15.00

E. Seasonality

Naturally, solar radiation and wind speed in various seasons influence the output of photo-voltaic systems or wind farms. 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. With wind energy, power generation is subject to changes in the wind regime in the different seasons, according to the specific region where the turbines are located and to the variation in wind regimes from year to year. Based on wind measurements made in the areas 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 actual weather conditions in a certain period may have a significant impact on the electricity generation capacity of Energix's facilities, and accordingly on its operating results, in both photo-voltaic and wind energy facilities.

Note 3 – Amot (consolidated company)

As of June 30, 2024 and immediately prior to the date of publication of the report, the Company indirectly holds approx. 51.05% of the rights in Amot. For information regarding a dividend received from Amot in the reporting period, please see Note 10a below.

A. Transactions carried out by Amot in the reporting period and subsequent to the balance sheet date

Land on HaSolelim Street in Tel Aviv - In March 2024, Amot purchased land on HaSolelim Street in Tel Aviv with an area of approx. 5.6 dunams from the Tel-Aviv Jaffa Municipality for the construction of an office tower, for a total of NIS 210 million (not including transaction costs). The land is in a central location and is highly accessible. The land is under lease from the Tel-Aviv Jaffa Municipality until 2059. Amot is promoting planning of the complex together with bordering land owners; on the site national outline plan no. 70 is being promoted (adding building rights in the vicinity of mass transit stations).

Beit Shemesh Logistic Center - As of the date of the report, the Logistics Center project is in the midst of finishing work, at a total cost of approx. NIS 360 million (Amot's share - 60%, NIS 216 million). The upper part of the Logistics Center, with an area of approx. 24 thousand sq.m. (Amot's share - 60%) was delivered to the customer and has started generating income. In view of the above, that part of the Logistics Center was reclassified from "Investment property in development and land rights" to "Investment property".

Realization of assets - At the beginning of 2024, Amot realized two income-generating properties for a total of approx. NIS 178 million. As of June 30, 2024, the proceeds from the realization of these properties were received in full.
In addition, in February 2024, Amot entered into an agreement with Gav-Yam Land Corp. Ltd., its partner in the ToHa project in Tel Aviv, for the sale of half of Amot's rights in a land tract with an area of approx. 3 dunams (plot 300) adjacent to the ToHa project, for the amount of NIS 155 million, plus VAT as required by law. According to the terms of the transaction, 50% of the transaction proceeds were received in the first quarter of 2024, and the remaining 50% will be received during the third quarter of 2024 and are presented under "Other receivables" in the statement of financial position. As a result of the transaction, revenues were recorded from fair value adjustments in Amot's financial statements.

ToHa2 project in Tel Aviv - In June 2024, as part of the joint venture between Amot and Gav-Yam Land Corporation Ltd. (the "**partners**"), who own the rights jointly and in equal parts in the land located at the intersection of Totseret Ha'aretz, Yigal Alon and Derech HaShalom in Tel Aviv, on which the ToHa2 tower is being erected with an above ground area of approx. 156 thousand sq.m. ("**ToHa2**"), the partners entered into a lease agreement with Google Israel Ltd. ("**Google**"), according to which Google will rent from the partners approx. 60 thousand sq.m. in the upper part of the ToHa2 tower, as well as several hundred parking spaces, for a 10-year lease period (with a one-time exit right at the end of 5 years), which will begin in the first quarter of 2027, upon completion of ToHa2's construction, for a total rental fee of approx. NIS 115 million per year, linked to the May 2024 CPI (Amot's share - 50%). As is customary in such transactions, in addition to the lease agreement, construction and management agreements were signed, with mutual guarantees provided for the fulfillment of the parties' obligations. The construction of the ToHa2 tower is currently underway and approx. 40% of the skeleton work has been completed in accordance with the planned timetable. The work on the ToHa2 envelope and systems is also progressing according to the plan and the expected completion of construction and receipt of Form 4 is at the end of 2026.

B. Regarding the debt raising carried out by Amot during the reporting period, please see Note 9 below.

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

A. The Company's holdings in BE

As of June 30, 2024, the Company indirectly held approx. 83.61% of the rights in BE. During the reporting period, the Company invested approx. GBP 56.5 million (approx. NIS 257 million) in BE's capital, and subsequent to the financial reporting period the Company invested an amount of approx. GBP 15.9 million (approx. NIS 76 million) in BE's capital. Close to the date of publication of the report, the Company's holding rate has increased to 83.83%.

B. BE's business

- During the reporting period, BE reduced the balance of its investment in Fund 1 (including part of the loan balance that was provided to the Fund's project) by a total of approx. GBP 21.13 million (approx. NIS 99 million) due to the continuing sales process of the apartments in the Curzon Street luxury apartments project.
- Subsequent to the reporting period, the rent review procedure in the Waterside building was completed so that the rent paid by the tenant will increase from GBP 14 million to GBP 15 million per year, effective from July 2023.

C. Fair value adjustments of investment property

In the reporting period, the Company recorded a negative revaluation in the amount of GBP 19.6 million (NIS 91 million).
The negative revaluation of the properties in the reporting period resulted mainly from the increase in the discount rate of the projected cash flow of some of the properties by a rate of 0.25%.

D. Financial debt

For information regarding engagements in financing agreements in the reporting period, please see Note 8i below.

Note 5 – Energix (consolidated company)

A. The Company's holdings in Energix

As of June 30, 2024, the Company held 50.2% of the rights in Energix. For information regarding a dividend received from Energix in the reporting period, please see Note 10 below.

B. 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 photovoltaic and wind systems, as of the date of publication of the report, amounts to approx. 1.3 GW and 34 MWh (storage) in projects in commercial operation, approx. 770 MW and 360 MWh (storage) in projects in development or pre-construction and approx. 330 MW in advanced initiation stages. In addition, Energix has photovoltaic and wind energy projects in initiation with a capacity of approx. 5.8 GW and storage projects in initiation with a capacity of approx. 10.4 GWh.

United States:

Photovoltaic projects -

1. **E3 projects in commercial operation (Virginia 3 and PA1 with a total capacity of 412 MWp)** - Further to Note 7d and note 12c.2 to the annual financial statements, in April 2024, the tax partner's investment in the projects was completed in the amount of approx. USD 275 million. Regarding changes in the projects' financing arrangements, please see Note 8d below.

2. **Projects in development with a capacity of 210 MWp** - Energix is in the midst of the construction work of 5 projects with a total capacity of approx. 210 MWp in Virginia and Pennsylvania. Electricity from projects with a capacity of 70 MWp will be sold under a dedicated engagement for the sale of electricity and green certificates with one of the electricity companies in Virginia, for a period of 20 years.

3 **Projects in pre-construction with a capacity of approx. 200 MWp** - In March 2024, Energix completed the acquisition of 2 projects with a total capacity of approx. 200 MWp in Pennsylvania, for a total amount of USD 23 million (of which approx. USD 10 million is for the reimbursement of construction expenses). Completion of the projects' acquisition was made possible after Energix engaged in an amendment to the projects' electricity and green certificates sales agreements under conditions favorable to it, with one of the largest technology companies in the world.

4. **Projects in advanced initiation - Acquisition of a backlog of photovoltaic projects with a capacity of approx. 850 MWp and 1 GWh in the United States** - After Energix signed a non-binding memorandum of understanding with a leading global energy company in April 2024, and after examining the projects as part of a due diligence review, as of the date of approval of the report, Energix is in advanced negotiations for the acquisition of full ownership of a backlog of photovoltaic projects with a capacity of approx. 850 MWp in the PJM grid (instead of the 1.2 GWp included in the memorandum of understanding). In addition, the projects have the potential to integrate storage facilities with a capacity of approx. 1 GWh. Accordingly, the consideration for the acquisition of the project backlog was reduced so that the expected acquisition cost amounts to a total of USD 49 million, which will be paid on time subject to the completion of the transaction, of which the amount of USD 16 million is for the reimbursement of construction and initiation expenses. In addition, the sellers will be entitled to success fees for each project, subject to its arrival at the start of construction work, of up to a total of approx. USD 40 million. To the extent that storage facilities are integrated into the projects, the sellers will be entitled to an additional payment of up to USD 13 million.

5. **Strategic cooperation for the sale of electricity, green certificates and the tax partner investment** - Further to Note 7d to the annual financial statements, in May 2024, Energix entered into a framework agreement with one of the largest companies in the world for a long-term strategic cooperation for the sale of electricity, green certificates and the tax partner

investment for its future projects in the United States, which are expected to reach commercial operation from 2025 onwards (the "**framework agreement**" and the "**strategic cooperation**", respectively). The framework agreement regulates the commercial terms agreed between the parties for each project that the subsidiary will put forward for the benefit of the strategic cooperation, which will meet the threshold conditions established for this purpose in the agreement. The framework agreement will be in effect from the date of its signing until December 31, 2030 or until its termination by either party after the start of construction of projects with a capacity of at least 1.5 GWp, whichever is earlier.

Note 5 – Energix (consolidated company) (continued)

The following are the main points of the framework agreement: (1) **Sale of electricity** - The sale of electricity in each project under the strategic cooperation will be subject to the signing of a long-term electricity purchase agreement between the parties or their related companies, each for a certain period and according to a market-adjusted price mechanism, as established in the framework agreement. (2) **Sale of green certificates** - The sale of the green certificates that will be allocated in respect of the electricity generated in each project will be subject to the signing of a long-term sales agreement between the parties or their related companies, each for a certain period and at a market-adjusted price with a minimum price guarantee mechanism, as established in the framework agreement. (3) **Investment of a tax partner (ITC)** - The tax partner investment will be provided for each project for which agreements for the sale of electricity and the sale of green certificates have been signed, by the strategic partner (by itself and/or together with other corporations), in accordance with each project's qualification for the ITC tax benefit and on the terms customary for transactions of this type.
The framework agreement and its accompanying agreements include additional conditions customary for agreements of this type, including commitments to schedules, representations and commitments, guarantees and mutual remedies for breach of commitments according to the agreements.

6. In the reporting period, Energix reduced to profit and loss a total of approx. USD 7 million in respect of projects in initiation and an advanced initiation project that are not expected to be realized. At the same time and further to Note 7d to the 2023 annual statements regarding the acquisition of the rights of the local partner in the US joint venture and Energix's commitment to pay success fees for projects in initiation if they reach operation in the amount of up to USD 22 million, and in view of the fact that some of the acquired projects will not reach commercial operation, Energix reduced the contingent liability for the success fee by the amount of approx. USD 7 million, which was recorded in the "initiation expenses" item.

7. As of the date of the report, assets in the amount of NIS 491 million have been recognized in respect of the projects in development and pre-construction under the "electricity generation facilities in development" item.

8. Regarding the projects' financing, please see Note 8 below.

Note 5 – Energix (consolidated company) (continued)

Israel:

Photovoltaic projects in Israel:

1. **Acquisition of the full rights of non-controlling interests in the Israel joint venture** - In April 2024, as part of a comprehensive settlement arrangement for all the disputes between Energix and the entrepreneurial company that held the non-controlling interests in the Israel joint venture (30% in the capital rights and 9% in the cash flow), Energix acquired the full rights of the entrepreneurial company in consideration for a total of approx. NIS 42 million (including for initiation services). Following the acquisition of the non-controlling interests, Energix has full ownership of its entire photovoltaic activity in Israel (with the exception of rights held by localities that provided the Company the land, in accordance with the requirements of the Israel Land Authority).

2. **The winning projects under Competitive Procedure 2 for the establishment of photovoltaic facilities with combined storage capacity (approx. 81 MWp and 298 MWh)** - Further to Note 8a.2 to the annual financial statements, during the reporting period and as of the date of approval of the report, Energix is in the midst of construction work on the photovoltaic projects for the generation of electricity with combined storage, of which, in the reporting period, one integrated facility with a capacity of approx. 8.7 MWp and 34 MWh (storage) the commenced commercial operation. In accordance with the electricity sales agreements signed by Energix in relation to the projects in this quota, the project was converted to market regulation, and starting in May 2024, the electricity generated there is sold to a private supplier, Electra Power Supergas Ltd.

   As of the date of the report, assets totaling NIS 661 million were recognized for projects in development in Israel under the "electricity generation facilities in development" item and approx. NIS 50 million were recorded under the "connected electricity-generating systems" item in respect of the facilities that were connected as described in Section 2 above.

   Regarding the projects' financing, please see Note 8 below.

   The aforementioned in this note regarding projects in development and pre-construction are in part forward-looking information.

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

A. The Company's holdings in Carr

As of June 30, 2024 and as of the date of publication of the report, the Group's holdings in Carr Properties Holdings LP is 52.3%. The Group's effective holdings in Carr as of June 30, 2024 was 47.7%.
The balance of the investment in Carr in the financial statements as of June 30, 2024, is USD 355 million (NIS 1.33 billion).

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

- **Acquisition of the 425 Montgomery Street (formerly: 901 Pitt Street) building** - In February 2024, Carr completed a transaction for the acquisition of a building located in northern Virginia, for a consideration of approx. USD 19.5 million. Carr intends to initiate the construction of a new building intended for residential rental through the demolition of the existing building. Carr is working to add investors to this project.

- **2001 Penn, metropolitan Washington D.C.** - In March 2024, Carr transferred control of the 2001 Penn office building to the property's financing entity. Following the above, Carr stopped including the wholly owned subsidiary that owns the building and the aforementioned debt in its financial statements, and in the first quarter of 2024, it recorded a profit in the amount of USD 15.3 million (the Group's share - approx. USD 7 million). As of June 30, 2024, Carr's investment in the company that owns the property is zero and Carr does not record any losses for this entity since it is not a guarantor for the debt.
- **Sale of the 75-101 Federal building, Boston** - In April 2024, Carr sold all of its rights in the entity that owns the building, the value of which is equal to the amount of the debt on the building, for a nominal consideration.
- **Columbia Center building** - In May 2024, Carr transferred control of the Columbia Center office building to the owner of the land where the building is located and with whom there is a lease liability in the amount of USD 136 million. Following the above, Carr ceased the inclusion of the property company that owns the building and the lease liability in its financial statements, and in the second quarter of 2024, it recorded a profit in the amount of approx. USD 67 million (the Group's share - approx. USD 32 million). As of June 30, 2024, Carr's investment in the company that owns the property is zero and Carr does not record any losses for this entity since it is not a guarantor for the debt.
- **Signing of a binding lease agreement for space in the Midtown Center building, Washington D.C.** - Further to Note 6g.3 to the annual financial statements, subsequent to the date of the report, Carr entered into a binding lease agreement with Fannie Mae for the lease of approx. 342 thousand sq.ft. (approx. 31 thousand sq.m., which constitutes approx. half of the space it is vacating with Fannie Mae) in the Midtown Center building located in Washington D.C. for a period of 16 years that will begin in May 2029 (the expected evacuation date, as mentioned). Carr is conducting advanced negotiations with several potential tenants for the leasing of the remaining space that Fannie Mae vacates in May 2029.

C. Fair value adjustments of investment property

In the reporting period, Carr recorded a negative revaluation in the amount of USD 186 million in its financial statements[1] (the Group's share in the negative revaluation before tax is approx. USD 90 million, (NIS 325 million)). The negative revaluations of the properties in the reporting period resulted mainly from the increase in the discount rate of the properties' projected cash flow, mainly in the range of 0.25%-0.50%, and an increase in the rates of vacant space in the calculation of the value of the properties in a future realization.

[1] The amount includes a profit of approx. USD 81.9 million due to the exit of the subsidiaries from the consolidation.

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

D. Financial debt

- In March 2024, a loan for the 2001 Penn building in the amount of USD 65 million was written off, in exchange for the transfer of control of the building to the lender and in April 2024, a loan for the 75-101 Federal building in Boston in the amount of USD 144 million was written off as part of the sale of the building (please see Subsection b above).
- In April 2024, Carr paid off the balance of the debt in the amount of approx. USD 61 million for the 1700 NY building by utilizing a credit facility.
- As of June 30, 2024, Carr's unused credit facility balance is approx. USD 219 million and close to the date of publication of the report, it is approx. USD 216 million.
- Following the transactions described above, Carr has no outstanding loans payable until mid-2026 (assuming an exercise of the extension option of Carr's credit facilities).

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

E. The following is concise information regarding Carr:

	For the six-month period ended June 30	For the six-month period ended June 30	For the three-month period ended June 30	For the three-month period ended June 30	For the year ended December 31
	2024	2023	2024	2023	2023
	USD thousands				
Revenue (not including property valuations)	73,720	113,913	31,848	55,504	216,216
Adjustment of investment property value (*)	(189,246)	(291,971)	(29,556)	(190,966)	(837,529)
Loss from continuing activity	(156,970)	(255,086)	(16,150)	(177,944)	(757,718)
Other comprehensive income (loss)	(1,774)	(1,264)	(1,315)	4,825	(12,370)
Total comprehensive loss (including share of non-controlling interests in profit)	(158,744)	(256,350)	(17,465)	(173,119)	(770,088)
Company share in Carr's net loss, in USD thousands	(75,783)	(124,305)	(5,847)	(87,313)	(370,433)
Company share in Carr's other comprehensive loss, in USD thousands	(907)	(124,844)	(570)	(85,100)	(376,033)
Company share in Carr's net loss, in NIS thousands	(278,160)	(449,389)	(29,201)	(318,585)	(1,383,740)
Company share in Carr's other comprehensive loss, in NIS thousands	(3,355)	(451,049)	(2,122)	(310,514)	(1,404,679)

(*) The item 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.

	As of June 30	As of June 30	As of December 31
	2024	2023	2023
	USD thousands		
Investment property	782,222	1,634,899	1,191,124
Property in development and land for development	46,101	-	23,379
Investment in investees	356,894	641,297	435,546
Other non-current assets	140,217	187,006	162,534
Other current assets	40,503	316,235	60,778
Total assets	1,365,937	2,779,437	1,873,361
Current liabilities	34,361	255,373	160,576
Non-current liabilities	605,938	1,122,939	826,915
Total liabilities	640,299	1,378,312	987,491
Equity attributed to shareholders	679,672	1,306,326	826,172
Non-controlling interests	45,966	94,799	59,698
Equity (including non-controlling interests)	725,638	1,401,125	885,870
Total liabilities and equity	1,365,937	2,779,437	1,873,361
Company share in net assets - in USD thousands	355,779	683,651	432,466
Book value of investment - in NIS thousands	1,337,373	2,529,509	1,568,555

Note 7 – The Company's Holdings in Boston (associates)

A. The Company's holdings in Boston

The Company holds approx. 55% of the capital rights and 50% of the controlling rights (through wholly owned corporations) in three companies that hold two office towers and a laboratory building for the Life Sciences (two in the CBD (Boston's main business center) and one 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 June 30, 2024 Financial Statements, is USD 107 million (approx. NIS 402 million).

In the reporting period, the Group invested a total of USD 4.2 million (approx. NIS 15.4 million) in the Boston partnerships.

In the reporting period, the Group received dividends and returns of capital from the Boston Partnerships in the total amount of USD 2.4 million (approx. NIS 8.9 million).

The 745 Atlantic building - As of the date of the report, the project for the transformation of the 745 Atlantic building from an office building to a laboratory building for the Life Sciences has been completed, with the exception of TI work. The remaining investment expected for the TI work as of June 30, 2024 is USD 35 million.

The property company has a loan in the total amount of up to USD 180 million from an international investment fund, from which, until June 30, 2024, it had withdrawn a total of USD 152 million. The loan is non-recourse (except for cases specified in the loan agreement, for which the Company and its partner Oxford are guarantors) and secured by a lien on the property. The loan is payable in July 2025 and can be extended subject to the meeting of milestones related to the rate of the property's rental.

B. Fair value adjustments of investment property

In the reporting period, negative revaluations were recorded in the amount of USD 76 million in respect of the Boston Properties (the Group's share in the negative revaluation before tax is approx. USD 41.7 million (NIS 155 million)).

The negative revaluations of the properties in the reporting period resulted mainly from the increase in the discount rate of the projected cash flow of the properties in the range of 0.25%-0.50%.

Note 8 – Loans from Banking Corporations and Financial Institutions

The Company:

A. Further to Note 12a.1 to the annual financial statements, in May 2024, the facility agreement in the amount of NIS 150 million was renewed between the Company and an Israeli bank (hereinafter, in this subsection - the "**Bank**") for a utilization period of one year from date of signing the renewed agreement (hereinafter, in this subsection - the "**Utilization Period**") to be repaid by the end of two years from the date of signing (hereinafter, in this subsection - the "**New Facility Agreement**"). The utilized credit under the new facility agreement will bear annual interest at the rate of the Bank's borrowing cost (Prime and/or SOFR and/or SONIA, according to the utilized currency) plus a 2.2% margin on credit that is repayable for a period of up to one year and a margin of 2.5% for credit that is repayable in more than one year from the date of granting.

B. As of June 30, 2024 and as of the date of publication of the report, the Company has a credit facility in the total amount of NIS 550 million, which is unutilized.

Note 8 – Loans from Banking Corporations and Financial Institutions (continued)

Energix (consolidated company):

C. **Receipt of financing for the winning projects in Competitive Procedure 2 for the establishment of photovoltaic facilities with combined storage capacity (approx. 81 MWp and 298 MWh)** - Further to Note 12c.6 to the financial statements, during the reporting period, Energix made withdrawals to finance the projects' construction in the amount of approx. NIS 143 million from a total facility of up to NIS 400 million, which it has at its disposal under an agreement for the financing of the projects' construction that was signed in March 2024. Subsequent to the date of the report, Energix made another withdrawal from the credit facility in the amount of approx. NIS 40 million.

D. **Financing of E3 projects (Virginia 3 and PA1 with a total capacity of 412 MWp)** - Further to Note 12c.2 to the annual financial statements, in April 2024, the tax partner's investment in the projects in the amount of approx. USD 275 million was completed and accordingly, the bridging loan provided by Santander CIB to finance the projects' construction costs in the amount of approx. USD 221 million was fully repaid. In addition, on the same date, the short-term loan for the construction period, which was provided by CIB Santander in the amount of approx. USD 260 million, was converted into a long-term back leverage loan in the amount of approx. USD 256 million.

E. **Financing for a project with a capacity of approx. 30 MWp with a combined storage capacity of approx. 48 MW -** Energix is in advanced negotiations towards signing a financing agreement for the project's construction in the amount of up to NIS 100 million on a non-recourse basis.

F. **Financing for the Banie 1+2 and Ill'awa wind farms with a capacity of 119 MW -** Close to the date of approval of the report, Energix entered into a financing transaction in the amount of up to PLN 830 million (approx. NIS 780 million), through designated project companies that own the two wind farms with a total capacity of 119 MW (hereinafter in this subsection - the "**financing agreement**"). The financing agreement will be provided by a syndicate of three banks (as of the approval of the report, Energix signed for the provision of 66% of the amount of the financing agreement with two of the three banks) led by Santander Bank, which will provide the financing in equal parts (the "**lenders**"). Energix is expected to withdraw the full financing amount in the coming weeks, subject to meeting the withdrawal milestones (66% of the total financing, as long as a third lender is not added to the syndication). The financing agreement is according to terms customary for Project Finance transactions and is guaranteed with the full rights in the wind farms and their assets, on a non-recourse basis, except in relation to a small number of obligations involving costs that Energix has assumed instead of the provision of collateral. The financing amount is expected to be used by Energix to repay a short-term loan for the Banie 1-2 wind farm by Santander in the amount of approx. PLN 300 million and the balance will be used to repay the equity invested in the wind farm. The following are the main points of the financing agreement: (1) The loan period - 11.5 years; (2) Interest - semi-annual Wibor (zero floor) plus an annual margin in the range of 1.8%-2.2%; (3) Amortization schedule (principal and interest) - semi-annual repayments; (4) Financial ratios - coverage ratios for breach: historical debt service coverage ratio (DSCR) lower than 1.05, future debt service coverage ratio (DSCR) lower than 1.1 and the loan life coverage ratio (LLCR) lower than 1.15 and coverage ratios for distribution: historical or future debt service coverage ratio (DSCR) and the LLCR of at least 1.2. The financing agreement includes a set of representations and breach events as is customary in similar financing agreements, in respect of which lenders have the right to cancel and/or expedite the repayment of the loan. In addition, the financing agreement includes a cross violation mechanism according to which Energix's failure to meet the financial covenants that constitute a reason for Energix's Series B bonds to be immediately repaid will constitute a breach of the financing agreement.

G. Energix has credit facilities from financial institutions that are used to provide guarantees and for short-term loans. As of the date of the report, Energix has credit facilities in the total amount of approx. NIS 1 billion (after the increase in the reporting period by NIS 579 million), of which the utilized facilities are in the amount of approx. NIS 816 million and are used for guarantees and for short-term loans.

H. In the reporting period, Energix signed for a short-term loan from a banking corporation in Poland in the amount of up to USD 75 million, which is expected to be repaid during the third quarter of the year from project financing funds that are expected to be received from the financing transaction for the Banie 1+2 and Ill'awa wind farms, as stated in 8f above.

Note 8 – Loans from Banking Corporations and Financial Institutions (continued)

BE (consolidated company):

I. Further to Note 12d(b) to the annual financial statements, in March 2024, BE entered into two refinancing agreements which, for their completion, the Company and Menorah Group (its partner in BE (13.6%)), provided capital in the amount of approx. GBP 60 million (the Company's share - approx. GBP 51 million):

(1) A loan in the amount of GBP 75 million instead of a loan in the amount of GBP 132.3 million. The new recourse loan bears SONIA interest plus an annual margin of 2% (which will increase every two years by 0.5% up to a maximum rate of SONIA + 3%). The loan principal will be repaid in June 2028. As part of the loan, BE committed to an LTV ratio that will not exceed 60%.

(2) A loan in the amount of approx. GBP 45 million, replacing a loan in the amount of approx. GBP 47 million, which is due to be repaid in October 2024. The new recourse loan bears SONIA interest plus a margin of 2.5%; the loan principal will be repaid in October 2026 (with the exception of a payment in the amount of GBP 8.5 million, which will be paid by October 2024). As part of the loan, taking into consideration (with regard to the ranges detailed below) the length of the period that will pass from the signing of the agreement, BE has committed to an LTV ratio that will not exceed 45%-59%, a coverage ratio that will not exceed 1.7-2.1 and a return on debt that will not exceed 11%-14%.

In addition, BE entered into a SWAP transaction with the financing bank so that the maximum yearly SONIA interest rate would not exceed 4% throughout the entire loan period.

Note 9 – Bond Raising

The Company:

A. Further to Note 11 to the annual consolidated financial statements, as of June 30, 2024, the Company's bonds amount to approx. NIS 5,638,205 thousand, of which NIS 589,426 thousand are classified as current liabilities in the condensed consolidated statements of financial position.

Amot:

B. Further to Note 11b to the annual financial statements, in March 2024, Amot issued NIS 155 million in Amot bonds (Series H) by way of an expansion of the existing series, through a private allocation to classified investors, for a total net consideration of NIS 151 million. The Amot bonds (Series H) bear an effective CPI-linked interest rate of 3.1% and have a 6-year average duration.

C. In March 2024, Amot issued NIS 245 million in bonds (Series I) and NIS 162.7 million in bonds (Series J) to the public, through a shelf offering report, by means of an initial issuance of these bond series, for a total net consideration of NIS 404 million. The Amot bonds (Series I) bear fixed annual interest, linked to the CPI in lieu of February 2024, at a rate of 3.2% (an effective CPI-linked interest rate of 3.3%). The Amot bonds (Series J) bear fixed, unlinked annual interest at a rate of 5.79% (an effective CPI-linked interest rate of 3.3%, including hedging transactions). The Amot bonds (Series I) and the Amot bonds (Series J) have an average duration of approx. 9 years.

The Amot bonds (Series J) principal is payable in four annual payments at a rate of 20% of the principal, each, on January 5 of each of the years from 2033 to 2037 (inclusive). The interest on the Amot bonds (Series I) and on the Amot bonds (Series J) will be paid in annual payments on January 5 of each of the years from 2025 to 2037 (inclusive).

The Amot bonds (Series I) and the Amot bonds (Series J) include financial covenants and generally accepted conditions for their immediate redemption, as detailed in Note 11m to the annual financial statements.

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

A. Issuance of capital

Subsequent to the date of the report, in July 2024, the Company issued, in an offer to the public through a shelf offering report, 13,310,900 of the Company's ordinary shares of NIS 1 PV each and 6,655,450 options (Series 16) exercisable for ordinary shares for an exercise price of NIS 33 (unlinked, subject to adjustments) until December 31, 2025. The Company received the amount of approx. NIS 323.5 million (gross) for the issuance. The gross future proceeds that will be received by the Company, to the extent that all of the options (Series 16) will be exercised for ordinary shares, will amount to a total of approx. NIS 220 million (gross).

B. Dividend distributed and dividend declared:

The Company - In March 2024, the Company's Board of Directors made a decision regarding the dividend distribution policy for 2024, according to which the Company will distribute a total dividend of NIS 0.72 per share in 2024, which will be paid in 4 payments of NIS 0.18 per share each (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 accordance with the above, in April 2024 and in June 2024, the Company paid the dividend for the first quarter and for the second quarter (respectively) in the total amount of NIS 0.36 per share (NIS 64 million).

In August 2024, the Company declared that it would distribute a dividend for the third quarter of 2024 in the amount of NIS 0.18 per share (NIS 35 million), which will be paid during September 2024.

Amot (consolidated company) - In February 2024, Amot's Board of Directors stated that in 2024 Amot intends to distribute an annual dividend of NIS 1.08 per share, to be paid in 4 payments in the amount of NIS 0.27 per share each (subject to a specific decision of the Amot Board of Directors at the end of each quarter). In addition, Amot's Board of Directors decided to distribute an additional dividend in respect of 2023 in the amount of NIS 0.22 per share.

Further to this Amot policy, in February and in May 2024, Amot paid a dividend for the first quarter and for the second quarter of 2024 in the total amount (including the additional dividend) of NIS 0.76 per share (approx. NIS 358 million, the Company's share - approx. NIS 183 million).

In August 2024, Amot announced a dividend distribution for the third quarter of 2024 in the amount of NIS 0.27 per share (approx. NIS 127 million, the Company's share - approx. NIS 65 million) which will be paid in August 2024.

Energix (consolidated company) - In March 2024, the Energix Board of Directors decided that in 2024 Energix intends to distribute an annual dividend in the amount of NIS 0.40 per share, to be paid in 4 quarterly payments of NIS 0.10 per share each (subject to a specific decision by the Energix Board of Directors at the end of each quarter). The Energix Board of Directors also decided on an additional dividend distribution in respect of 2023 in the amount of NIS 0.20 per share.

Further to Energix's above policy, in March and in June 2024, Energix paid a dividend for the first quarter and the second quarter of 2024 in the total amount (including the additional dividend) of NIS 0.40 per share (approx. NIS 219 million, the Company's share - approx. NIS 110 million).

In August 2024, Energix declared a dividend distribution for the third quarter of 2024 in the amount of NIS 10 per share (approx. NIS 55 million, the Company's share - approx. NIS 28 million), which will be paid in September 2024.

C. Remuneration of employees and officers:

(1) In March 2024, the Company's Board of Directors decided to grant an annual ration of 786,031 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 7 employees. The total economic value of the above granted options amounts to approx. NIS 4.3 million. For additional information, please see Note 16e to the annual financial statements.

D. For information regarding the signing of a credit facility agreement with a bank in Israel in the amount of NIS 150 million, please see Note 8a above.

Note 11 – Financial Instruments

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

The following table lists the book value and fair value of financial assets and liabilities presented in the financial statements, not at 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 June 30, 2024		As of June 30, 2023		As of December 31, 2023	
	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)	5,597,625	5,298,948	5,204,087	4,680,117	5,664,380	5,365,126
Bonds (including maturities)	15,735,740	14,580,909	15,055,722	14,282,696	16,101,306	15,256,035
	21,333,365	19,879,857	20,259,809	18,962,813	21,765,686	20,621,161

- 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 loans is according to Level 2.

- 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.

Note 11 – Financial Instruments (continued)

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

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

	As of June 30, 2024			
	Level 1	Level 2	Level 3	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Financial assets at fair value				
Derivatives:				
Financial derivatives (Swap contract for swapping the NIS principal and interest with CHF principal and interest)	-	2,954	-	2,954
Financial derivatives (Forward contract for foreign currency swap) designated for hedging	-	10,885	-	10,885
Financial derivatives (CAP options for hedging the exposure to variable interest)	-	89,552	-	89,552
Financial derivatives (Swap contract for swapping variable interest with fixed interest) designated for hedging	-	112,097	-	112,097
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging (1) (3)	-	-	995	995
Financial assets measured at fair value through profit and loss:				
Tradable securities	4	-	-	4
Real estate investment funds (1) (4)	-	-	216,846	216,846
	4	215,488	217,841	433,333
Financial liabilities at fair value				
Derivatives:				
Financial derivatives (Swap contract for swapping NIS principal and interest with CPI-linked principal and interest) designated for hedging	-	(227,935)	-	(227,935)
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging (1)(3)	-	-	(179,134)	(179,134)
Financial derivatives (Swap contract for swapping the NIS principal and interest with USD principal and interest) designated for hedging	-	(50,037)	-	(50,037)
Financial derivatives (Swap contract for swapping NIS principal and interest with GBP principal and interest) designated for hedging	-	(7,278)	-	(7,278)
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	-	(7,388)	-	(7,388)
Financial derivatives (Swap contract for swapping the NIS principal and interest with CHF principal and interest) designated for hedging	-	(1,014)	-	(1,014)
Financial derivatives (Swap contract for swapping variable interest with fixed interest) designated for hedging	-	(15,126)	-	(15,126)
Financial derivatives (Forward contract for foreign currency swap) designated for hedging	-	(467,462)	-	(467,462)
Contingent consideration for a transaction carried out by Energix with non-controlling interests in the United States (1) (2)	-	-	(60,236)	(60,236)
	-	(776,240)	(239,370)	(1,015,610)

Note 11 – Financial Instruments (continued)

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

	For the six-month period ended June 30, 2024
	NIS thousands
Balance as of January 1, 2024	23,745
Investments	56,412
Amounts recorded to profit and loss in the period	(39,295)
Amounts recorded to other comprehensive income in the period	(62,391)
Balance as of June 30, 2024	(21,529)

(2) Contingent consideration for a transaction carried out by Energix with non-controlling interests in the United States:

Description of the instrument measured	Fair value as of June 30, 2024	Valuation technique	Discount rate
	NIS thousands		
Contingent consideration	60,236	Discounted cash flows	5.2%-5.4%

During the reporting period, Energix reduced the contingent payment by approx. USD 7 million in view of the fact that some of the projects for which Energix had committed to pay success fees to the non-controlling interests will not reach commercial operation.

(3) Hedging transactions on electricity prices in the United States:

The fair value of the hedging transactions on electricity prices in the United States is classified in these reports at Level 3. In the fair value measurement of these financial derivatives, Energix uses quoted market data as well as estimates and assessments based on data other than observed quoted prices such as yield curves and future electricity prices in the US electricity market. These estimates include assumptions regarding future electricity prices for periods in which there are no observable electricity prices in the market as well as assumptions regarding the discount rates that are used to determine the fair value of these derivatives. Changes in assessments and estimates as mentioned may lead to material changes in the fair values. These basic assumptions are the result of subjective judgment exercised in an environment of uncertainty, sometimes extremely significant, and therefore changes in the basic assumptions may lead to changes in the fair value of these derivatives, sometimes materially, and therefore affect the Group's financial position as of June 30, 2024 and the results of its operations for that year.

(4) Real estate investment funds:

For information regarding the reduction of the investment in Fund 1 in the reporting period, please see Note 4b above.

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

	As of June 30, 2023			
	Level 1	Level 2	Level 3	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Financial assets at fair value				
Derivatives:				
Financial derivatives (Swap contract for swapping the NIS principal and interest with CHF principal and interest)	-	6,372	-	6,372
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	-	966	-	966
Financial derivatives (Forward contract for foreign currency swap) designated for hedging	-	132	-	132
Financial derivatives (CAP options for hedging the exposure to variable interest)	-	159,743	-	159,743
Financial derivatives (Swap contract for swapping variable interest with fixed interest) designated for hedging	-	70,759	-	70,759
Financial assets measured at fair value through profit and loss:				
Tradable securities	6	-	-	6
Real estate investment funds (1)	-	-	238,374	238,374
	6	237,972	238,374	476,352
Financial liabilities at fair value				
Derivatives:				
Financial derivatives (Swap contract for swapping NIS principal and interest with CPI-linked principal and interest) designated for hedging	-	(218,491)	-	(218,491)
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging (1)	-	-	(118,409)	(118,409)
Financial derivatives (Swap contract for swapping the NIS principal and interest with USD principal and interest) designated for hedging	-	(50,750)	-	(50,750)
Financial derivatives (Swap contract for swapping NIS principal and interest with GBP principal and interest) designated for hedging		(3,312)		(3,312)
Financial derivatives (Forward contract for foreign currency swap) designated for hedging	-	(574,960)	-	(574,960)
	-	(847,513)	(118,409)	(965,922)

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

	For the six-month period ended June 30, 2023
	NIS thousands
Balance as of January 1, 2023	19,686
Amounts recorded to profit and loss in the period	17,092
Amounts recorded to other comprehensive income in the period	83,187
Balance as of June 30, 2023	119,965

Note 11 – Financial Instruments (continued)

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

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Financial assets at fair value				
Derivatives:				
Financial derivatives (Swap contract for swapping the NIS principal and interest with CHF principal and interest)	-	6,372	-	6,372
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	-	861	-	861
Financial derivatives (Forward contract for foreign currency swap) designated for hedging	-	8,401	-	8,401
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging (1)	-	-	5,684	5,684
Financial derivatives (CAP options for hedging the exposure to variable interest)	-	98,284	-	98,284
Financial derivatives (Swap contract for swapping variable interest with fixed interest) designated for hedging	-	48,419	-	48,419
Financial assets measured at fair value through profit and loss:				
Tradable securities	3	-	-	3
Real estate investment funds (1)	-	-	222,219	222,219
	3	162,337	227,903	390,243
Financial liabilities at fair value				
Derivatives:				
Financial derivatives (Swap contract for swapping NIS principal and interest with CPI-linked principal and interest) designated for hedging	-	(205,024)	-	(205,024)
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging (1)	-	-	(121,966)	(121,966)
Financial derivatives (Swap contract for swapping the NIS principal and interest with USD principal and interest) designated for hedging	-	(45,080)	-	(45,080)
Financial derivatives (Swap contract for swapping NIS principal and interest with GBP principal and interest) designated for hedging	-	(7,137)	-	(7,137)
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	-	(4,656)	-	(4,656)

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Financial derivatives (Swap contract for swapping variable interest with fixed interest) designated for hedging	-	(7,510)	-	(7,510)
Financial derivatives (Forward contract for foreign currency swap) designated for hedging	-	(437,952)	-	(437,952)
Contingent consideration for a transaction carried out by Energix with non-controlling interests in the United States (1)	-	-	(82,192)	(82,192)
	-	(707,359)	(204,158)	(911,517)

Note 11 – Financial Instruments (continued)

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

	For the year ended December 31, 2023
	NIS thousands
Balance as of January 1, 2023	19,686
Amounts recorded to profit and loss in the period	(522)
Amounts recorded to other comprehensive income in the period	4,581
Balance as of December 31, 2023	23,745

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 six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2024	2023	2024	2023	2023
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
Investment in Carr	(231)	(315)	(3)	(249)	(1,276)
Investment in Boston	(124)	(67)	(56)	(27)	(231)

- Investment in Carr - The decrease in the balance of the investment in the reporting period was mainly due to the Group's share in Carr's comprehensive loss (a decrease of approx. NIS 281 million). On the other hand, there was an increase as a result of an increase in the USD exchange rate (an increase of approx. NIS 50 million).

- Investment in Boston - The decrease in the investment balance in the reporting period was resulted mainly from accumulated equity losses in the amount of approx. NIS 145 million. On the other hand, there was an increase due to the increase in the USD exchange rate (an increase of approx. NIS 17 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 six-month period ended June 30, 2024							
	Income-generating property segment	Income-generating property segment	Income-generating property segment	Income-generating property segment	Energy segment	Unattributed results	Adjustments	Total
	Amot	CARR	BE	Others	Energix			
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Group share in investees' profits (losses), net	160,789	(278,160)	(151,326)	(145,121)	83,368		(86,629)	(417,079)
Net losses from investments in securities measured at fair value through profit and loss	-	-	-	(11,650)	-	(9)	(57,397)	(69,056)
Profit from decrease in rate of holding, from purchase and realization of associates	-	12	-	-	-	-	-	12
Other revenue, net (*)	5,648	-	-	-	7,131	-	1,114,252	1,127,031
	166,437	(278,148)	(151,326)	(156,771)	90,499	(9)	970,226	640,908
Administrative and general	-	-	-	-	-	18,618	98,393	117,011
Financing expenses, net	-	-	-	-	-	137,471	420,096	557,567
Other expenses, net (*)	-	-	-	-	-	-	245,845	245,845
	-	-	-	-	-	156,089	764,334	920,423
Profit (loss) before tax	166,437	(278,148)	(151,326)	(156,771)	90,499	(156,098)	205,892	(279,515)
Additional information regarding segment results:								
Revenue (in the investee's books) including revaluation profits (losses)	675,176	(423,226)	13,085		448,038			
Revaluation profits (losses) (in the investee's books), before tax (**)	103,034	(695,198)	(91,409)		-			
Revenue from the tax partner	-	-	-		82,575			
Net profit (loss) (in the investee's books)	314,983	(576,154)	(181,016)		165,914			
The Company's share in net profits (losses)	160,789	(278,160)	(151,326)		83,368			

(*) Other net revenues/expenses, mainly consisting of revenues/expenses from rental fees and management of investment property as well as from the operation of electricity-generating facilities.
(**) The item 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.
(***) The amounts do not include revenue from the tax partner in the amount of NIS 83 million.

Note 12 – Operating Segments (continued)

Segment revenues and results	For the three-month period ended June 30, 2024							
	Income-generating property segment	Income-generating property segment	Income-generating property segment	Income-generating property segment	Energy segment (***)	Unattributed results	Adjustments	Total
	Amot	CARR	BE	Others	Energix			
Group share in investees' profits (losses), net	84,574	(29,191)	(91,105)	(71,307)	43,384	-	(34,260)	(97,905)
Net losses from investments in securities measured at fair value through profit and loss	-	-	-	(1,339)	-	(9)	(50,329)	(51,677)
Revenues from decrease in rate of holdings in investees	-	2	-	-	-	-	-	2
Other revenues, net (*)	2,847	-	-	-	4,483	-	636,382	643,712
	87,421	(29,189)	(91,105)	(72,646)	47,867	(9)	551,793	494,132
Administrative and general	-	-	-	-	-	9,221	49,739	58,960
Financing expenses, net	-	-	-	-	-	78,536	304,515	383,051
Other expenses, net (*)	-	-	-	-	-	-	133,743	133,743
	-	-	-	-	-	87,757	487,997	575,754
Profit before tax	87,421	(29,189)	(91,105)	(72,646)	47,867	(87,766)	63,796	(81,622)
Additional information regarding segment results:								
Revenues (in the investee's books) including revaluation profits	425,505	8,538	37,573		217,558			
Revaluation profits (losses) (in the investee's books), before tax (**)	99,703	(109,991)	(14,706)		-			
Revenue from the tax partner	-	-	-		65,105			
Net profit (loss) (in the investee's books)	165,812	(60,109)	(108,884)		85,849			
The Company's share in net profits (losses)	84,574	(29,191)	(91,105)		43,384			

(*) Other net revenues/expenses, mainly consisting of revenues/expenses from rental fees and management of investment property as well as from the operation of electricity-generating facilities.
(**) The item 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.
(***) The amounts do not include revenue from the tax partner in the amount of NIS 65 million.

Note 12 – Operating Segments (continued)

	As of June 30, 2024							
	Income-generating property segment				Energy segment	Unattributed assets and liabilities	Adjustments	Total
	Amot	CARR	BE	Others	Energix			
	NIS thousands							
Assets:								
Investment in investees	4,483,319	1,337,377	2,846,137	401,393	1,116,216	10,013	(8,011,552)	2,182,903
Investment in securities measured at fair value through profit and loss	-	-	-	216,846	-	4	-	216,850
Other assets	-	-	-	-	-	137,351	35,560,360	35,697,711
	4,483,319	1,337,377	2,846,137	618,239	1,116,216	147,368	27,548,808	38,097,464
Liabilities	-	-	-	-	-	6,034,846	21,484,140	27,518,986

Note 12 – Operating Segments (continued)

Segment revenues and results

	For the six-month period ended June 30, 2023							
	Income-generating property segment				Energy segment	Unattributed results	Adjustments	Total
	Amot	CARR	BE	Others	Energix			
	NIS thousands							
Group share in investees' profits, net	172,943	(449,389)	(265,651)	(125,383)	101,498	(2,428)	325	(568,085)
Net profits (losses) from investments in securities measured at fair value through profit and loss	-	-	-	2,658	-	(12)	39	2,685
Profit from decrease in rate of holding, from purchase and realization of associates	-	438	-	-	-	-	-	438
Other revenue, net (*)	5,502	-	-		4,783	-	846,146	856,431
	178,445	(448,951)	(265,651)	(122,725)	106,281	(2,440)	846,510	291,469
Administrative and general	-	-	-	-	-	18,253	78,624	96,877
Financing expenses, net	-	-	-	-	-	113,050	324,983	438,033
Other expenses, net (*)	-	-	-	-	-	-	203,994	203,994
	-	-	-	-	-	131,303	607,601	738,904
Profit (loss) before tax	178,445	(448,951)	(265,651)	(122,725)	106,281	(133,743)	238,909	(447,435)
Additional information regarding segment results:								
Revenue (in the investee's books) including revaluation profits (losses)	688,441	(644,893)	(251,812)		422,260			
Revaluation profits (losses) (in the investee's books), before tax (**)	138,026	(1,053,951)	(356,678)		-			
Net profit (loss) (in the investee's books)	323,099	(922,056)	(319,229)		200,977			
Company share in net profits	172,943	(449,389)	(265,651)		101,498			

(*) Other net revenues/expenses, mainly consisting of revenues/expenses from rental fees and management of investment property, fair value adjustment of investment property and revenues from the operation of electricity-generating facilities, including revenues from the unwinding of electricity-hedging agreements.

(**) The item 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 revenues and results

	For the three-month period ended June 30, 2023							
	Income-generating property segment				Energy segment	Unattributed results	Adjustments	Total
	Amot	CARR	BE	Others	Energix			
	NIS thousands							
Group share in investees' profits (losses), net	113,577	(318,585)	(144,804)	(57,353)	16,763	(2,428)	20,852	(371,978)
Net profits (losses) from investments in securities measured at fair value through profit and loss	-	-	-	2,308	-	(8)	-	2,300
Profit from decrease in holding rate	-	327	-	-	-	-	-	327
Other revenue, net (*)	2,770	-	-	-	2,324	-	389,654	394,748
	116,347	(318,258)	(144,804)	(55,045)	19,087	(2,436)	410,506	25,397
Administrative and general	-	-	-	-	-	8,938	41,643	50,581
Financing expenses, net	-	-	-	-	-	58,949	164,762	223,711
Other expenses, net (*)	-	-	-	-	-	-	107,733	107,733
	-	-	-	-	-	67,887	314,138	382,025
Profit (loss) before tax	116,347	(318,258)	(144,804)	(55,045)	19,087	(70,323)	96,368	(356,628)
Additional information regarding segment results:								
Revenue (in the investee's books) including revaluation profits (losses)	415,739	(494,274)	(144,667)		125,716			
Revaluation profits (losses) (in the investee's books), before tax (**)	138,026	(696,797)	(199,517)		-			
Net profit (loss) (in the investee's books)	212,574	(649,261)	(173,976)		33,132			
Company share in net profit (loss)	113,577	(318,585)	(144,804)		16,763			

(*) Other net revenues/expenses, mainly consisting of revenues/expenses from rental fees and management of investment property as well as from the operation of electricity-generating facilities, including revenues from the unwinding of electricity-hedging agreements.

(**) The item 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 June 30, 2023							
	Income-generating property segment	Income-generating property segment	Income-generating property segment	Income-generating property segment	Energy segment	Unattributed assets and liabilities	Adjustments	Total
	Amot	CARR	BE	Others	Energix			
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	
Assets:								
Investment in investees	4,664,513	2,529,511	3,220,933	689,122	1,173,217	10,859	(8,578,974)	3,709,181
Investment in securities measured at fair value through profit and loss	-	-	-	173,750	-	6	64,624	238,380
Other assets	-	-	86,019	-	-	525,850	33,179,040	33,790,909
	4,664,513	2,529,511	3,306,952	862,872	1,173,217	536,715	24,664,690	37,738,470
Liabilities	-	-	-	-	-	7,085,163	17,650,387	24,735,550

Note 12 – Operating Segments (continued)

Segment revenues and results

For the year ended December 31, 2023

	Income-generating property segment				Energy segment (***)	Unattributed results	Adjustments	Total
	Amot	CARR	BE	Others	Energix			
	NIS thousands							
Group share in investees' profits, net	371,116	(1,383,740)	(993,819)	(284,180)	130,138	(3,128)	459,616	(1,703,997)
Net profits (losses) from investments in securities measured at fair value through profit and loss	-	-	-	(10,275)	-	(14)	(7,010)	(17,299)
Revenues from decrease in rate of holdings in investees	-	449	-	-	-	-	-	449
Other revenues, net (*)	11,086	-	-	-	10,050	-	1,058,670	1,079,806
	382,202	(1,383,291)	(993,819)	(294,455)	140,188	(3,142)	1,511,276	(641,041)
Administrative and general	-	-	-	-	-	32,137	169,661	201,798
Financing expenses, net	-	-	-	-	-	230,862	560,663	791,525
Other expenses, net (*)	-	-	-	-	-	-	439,658	439,658
	-	-	-	-	-	262,999	1,169,982	1,432,981
Profit before tax	382,202	(1,383,291)	(993,819)	(294,455)	140,188	(266,141)	341,294	(2,074,022)
Additional information regarding segment results:								
Revenue (in the investee's books) including revaluation profits (losses)	1,355,596	(2,328,985)	(953,911)		681,906			
Revaluation profits (losses) (in the investee's books), before tax (**)	244,722	(3,124,860)	(1,168,887)		-			
Revenue from the tax partner	-	-	-		69,452			
Net profit (loss) (in the investee's books)	682,607	(2,830,161)	(1,192,651)		258,068			
Company share in net profit (loss)	371,116	(1,383,740)	(993,819)		130,138			

(*) Other net revenue/expenses, mainly consisting of revenue/expenses from rental fees and management of investment property and from the operation of electricity-generating facilities.
(**) The item 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 December 31, 2023							
	Income-generating property segment				Energy segment	Unattributed assets and liabilities	Adjustments	Total
	Amot	CARR	BE	Others	Energix			
	NIS thousands							
Assets:								
Investment in investees	4,506,094	1,568,555	2,656,530	525,811	1,147,571	9,929	(7,863,990)	2,550,500
Investment in securities measured at fair value through profit and loss	-	-	-	165,382	-	3	56,837	222,222
Other assets	-	-	-	-	-	1,063,965	34,894,479	35,958,444
	4,506,094	1,568,555	2,656,530	691,193	1,147,571	1,073,897	27,087,326	38,731,166
Liabilities	-	-	-	-	-	6,651,740	21,015,303	27,667,043

Note 12 – Operating Segments (continued)

Geographical information:

	For the six-month period ended June 30, 2024							
	Income-generating property	Income-generating property	Income-generating property	Energy	Energy	Energy		
	Israel	USA	UK	Israel	Poland	USA	Others	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Revenue and profits								
Revenues from rental fees and management of investment property	571,188	-	104,494	-	-	-	-	675,682
Fair value adjustments of investment property	103,035	-	(91,408)	-	-	-	-	11,627
Group share in profits (losses) of associates, net	8,649	(423,281)	(2,447)	-	-	-	-	(417,079)
Revenues from sale of electricity and green certificates	-	-	-	79,571	267,910	88,585	-	436,066
Other	-	12	(69,047)	2,759	-	897	(9)	(65,388)
	682,872	(423,269)	(58,408)	82,330	267,910	89,482	(9)	640,908
Costs and expenses								
Cost of investment property rental and operation	76,343	-	9,690	-	-	-	-	86,033
Development, maintenance and operation costs of electricity-generating facilities	-	-	-	21,979	29,009	10,144	-	61,132
Depreciation and amortizations	1,701	-	1,031	23,453	32,219	32,777	7,499	98,680
	78,044	-	10,721	45,432	61,228	42,921	7,499	245,845
Administrative and general expenses							117,011	117,011
Profit (loss) before financing	604,828	(423,269)	(69,129)	36,898	206,682	46,561	(124,519)	278,052

Note 12 – Operating Segments (continued)

Geographical information:

	For the three-month period ended June 30, 2024							
	Income-generating property	Income-generating property	Income-generating property	Energy	Energy	Energy		
	Israel	USA	UK	Israel	Poland	USA	Others and unattributed expenses	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Revenue and profits								
Revenues from rental fees and management of investment property	291,924	-	52,280	-	-	-	-	344,204
Fair value adjustments of investment property	99,704	-	(14,705)	-	-	-	-	84,999
Group share in profits (losses) of associates, net	3,952	(100,499)	(1,358)	-	-	-	-	(97,905)
Revenues from sale of electricity and green certificates	-	-	-	47,563	105,528	60,427	-	213,518
Other	(32)	2	(51,668)	126	0	897	(9)	(50,684)
	395,548	(100,497)	(15,451)	47,689	105,528	61,324	(9)	494,132
Costs and expenses								
Cost of investment property rental and operation	42,936	-	5,963	-	-	-	-	48,899
Development, maintenance and operation costs of electricity-generating facilities	-	-	-	13,636	11,248	4,566	-	29,450
Depreciation and amortizations	908	-	499	9,255	16,469	21,092	7,171	55,394
	43,844	-	6,462	22,891	27,717	25,658	7,171	133,743
Administrative and general expenses							58,960	58,960
Profit before financing	351,704	(100,497)	(21,913)	24,798	77,811	35,666	(66,140)	301,429

Note 12 – Operating Segments (continued)

Geographical information:

	As of June 30, 2024								
	Income-generating property	Income-generating property	Income-generating property	Income-generating property	Energy	Energy	Energy		
	Israel	Canada	USA (*)	UK	Israel	Poland	USA	Others	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Main assets									
Investment property (including investment property in development and land rights)	19,164,581	-	-	5,075,851	-	-	-		24,240,432
Investments in associates	427,237	-	1,738,770	7,029	-	-	-	9,867	2,182,903
Connected electricity-generating facilities	-		-	-	999,724	1,513,875	3,241,060	-	5,754,659
Electricity-generating facilities in development	-	-	-	-	1,380,772	102,620	833,652	-	2,317,044
Right-of-use asset	-	-	-	-	195,809	139,431	320,387	-	655,627
Securities measured at fair value through profit and loss (**)	-	-	-	216,846	-	-	-	4	216,850
	19,591,818	-	1,738,770	5,299,726	2,576,305	1,755,926	4,395,099	9,871	35,367,515

Note 12 – Operating Segments (continued)

Geographical information:

	For the six-month period ended June 30, 2023							
	Income-generating property	Income-generating property	Income-generating property	Energy	Energy	Energy		
	Israel	USA	UK	Israel	Poland	USA	Others	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Revenue and profits								
Revenues from rental fees and management of investment property	549,481	-	104,867	-	-	-	-	654,348
Fair value adjustments of investment property	136,532	-	(356,679)	-	-	-	-	(220,147)
Group share in profits (losses) of associates, net	9,698	(574,772)	(3,011)	-	-	-	-	(568,085)
Revenues from sale of electricity and green certificates	-	-	-	75,531	323,461	22,481	-	421,473
Other	-	438	2,697	733	-	24	(12)	3,880
	695,711	(574,334)	(252,126)	76,264	323,461	22,505	(12)	291,469
Costs and expenses								
Cost of investment property rental and operation	69,340	-	11,749	-	-	-	-	81,089
Development, maintenance and operation costs of electricity-generating facilities	-	-	-	14,249	22,268	8,806	-	45,323
Depreciation and amortizations	1,637	-	1,079	24,670	25,952	17,402	6,842	77,582
	70,977	-	12,828	38,919	48,220	26,208	6,842	203,994
Administrative and general expenses							96,877	96,877
Profit before financing	624,734	(574,334)	(264,954)	37,345	275,241	(3,703)	(103,731)	(9,402)

Note 12 – Operating Segments (continued)

Geographical information:

	For the three-month period ended June 30, 2023							
	Income-generating property	Income-generating property	Income-generating property	Energy	Energy	Energy		
	Israel	USA	UK	Israel	Poland	USA	Others	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Revenue and profits								
Revenues from rental fees and management of investment property	277,227	-	54,850	-	-	-	-	332,077
Fair value adjustments of investment property	136,532	-	(199,518)	-	-	-	-	(62,986)
Group share in profits (losses) of associates, net	5,575	(375,938)	(1,615)	-	-	-	-	(371,978)
Revenues from sale of electricity and green certificates	-	-	-	45,263	66,154	14,182	-	125,599
Other	(29)	327	2,309	63	-	24	(9)	2,685
	419,305	(375,611)	(143,974)	45,326	66,154	14,206	(9)	25,397
Costs and expenses								
Cost of investment property rental and operation	34,491	-	5,325	-	-	-	-	39,816
Development, maintenance and operation costs of electricity-generating facilities	-	-	-	9,006	12,009	2,947	-	23,962
Depreciation and amortizations	834	-	558	16,012	14,576	10,677	1,298	43,955
	35,325	-	5,883	25,018	26,585	13,624	1,298	107,733
Administrative and general expenses							50,581	50,581
Profit before financing	383,980	(375,611)	(149,857)	20,308	39,569	582	(51,888)	(132,917)

Note 12 – Operating Segments (continued)

Geographical information:

	As of June 30, 2023							
	Income-generating property	Income-generating property	Income-generating property	Energy	Energy	Energy		
	Israel	USA (*)	UK	Israel	Poland	USA	Others	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Main assets								
Investment property (including investment property in development and land rights)	18,555,092	-	5,740,852	-	-	-		24,295,944
Investments in associates	411,927	3,218,696	67,757	-	-	-	10,801	3,709,181
Connected electricity-generating facilities	-	-	-	939,772	1,514,559	978,168	-	3,432,499
Electricity-generating facilities in development	-	-	-	955,590	56,118	1,503,096	-	2,514,804
Right-of-use asset	-	-	-	205,708	127,444	155,691	-	488,843
Securities measured at fair value through profit and loss (**)	-	-	238,374	-	-	-	6	238,380
	18,967,019	3,218,696	6,046,983	2,101,070	1,698,121	2,636,955	10,807	34,679,651

(*) The balance is in respect of an investment in Carr in the amount of NIS 2,529,511 and for an investment in Boston in the amount of NIS 689,122 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)

Geographical information:

	For the year ended December 31, 2023							
	Income-generating property	Income-generating property	Income-generating property	Energy	Energy	Energy		
	Israel	USA	UK	Israel	Poland	USA	Others	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Revenue and profits								
Revenues from rental fees and management of investment property	1,109,087	-	214,976	-	-	-	-	1,324,063
Fair value adjustments of investment property	242,718	-	(1,168,887)	-	-	-	-	(926,169)
Group share in profits (losses) of associates, net	24,177	(1,667,921)	(57,125)	-	-	-	(3,128)	(1,703,997)
Revenues from sale of electricity and green certificates	-	-	-	153,296	479,287	48,130	-	680,713
Other	(7)	448	(17,284)	1,192	-	-	-	(15,651)
	1,375,975	(1,667,473)	(1,028,320)	154,488	479,287	48,130	(3,128)	(641,041)
Costs and expenses								
Cost of investment property rental and operation	143,532	-	25,362	-	-	-	-	168,894
Development, maintenance and operation costs of electricity-generating facilities	-	-	-	32,858	56,943	21,000	-	110,801
Depreciation and amortizations	3,658	-	2,225	53,805	57,742	36,182	6,351	159,963
	147,190	-	27,587	86,663	114,685	57,182	6,351	439,658
Administrative and general expenses							201,798	201,798
Profit before financing	1,228,785	(1,667,473)	(1,055,907)	67,825	364,602	(9,052)	(211,277)	(1,282,497)

Note 12 – Operating Segments (continued)

Geographical information:

	As of December 31, 2023							
	Income-generating property	Income-generating property	Income-generating property	Energy	Energy	Energy	Others	Total
	Israel	USA (*)	UK	Israel	Poland	USA		
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Main assets								
Investment property (including investment property in development and land rights)	18,943,253	-	4,953,648	-	-	-	-	23,896,901
Investments in associates	419,816	2,094,366	26,389	-	-	-	9,929	2,550,500
Connected electricity-generating facilities	-	-	-	921,775	1,519,479	2,775,480	-	5,216,734
Electricity-generating facilities in development	-	-	-	1,289,195	89,187	992,517	-	2,370,899
Right-of-use asset	-	-	-	198,241	132,834	180,368	-	511,443
Securities measured at fair value through profit and loss (**)	-	-	222,222	-	-	-	-	222,222
	19,363,069	2,094,366	5,202,259	2,409,211	1,741,500	3,948,365	9,929	34,768,699

(*) The balance is in respect of an investment in Carr in the amount of NIS 1,568,555 thousand and for an investment in Boston in the amount of NIS 525,811 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 13 – Deposits, Tradable Securities and Restricted Cash

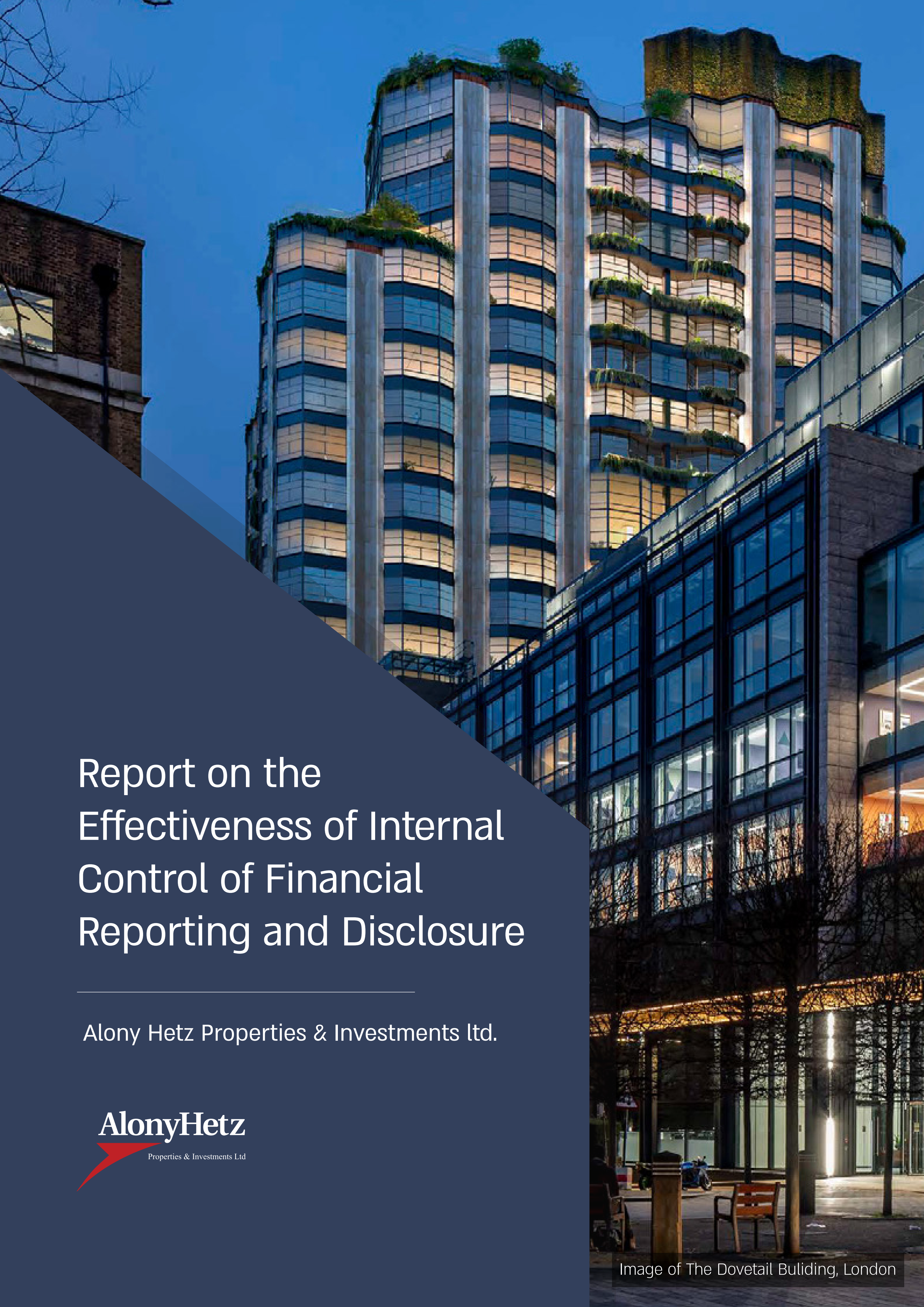
Deposits, tradable securities and restricted cash	As of June 30		As of December 31
	2024	2023	2023
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	
Restricted cash	12,655	16,257	-
Designated cash (*)	21,108	3,700	641,620
	33,763	19,957	641,620

(*) As of December 31, 2023, an amount of NIS 635 million is in respect of cash received from the tax partner in Energix and will be used to repay the bridging loan during the second quarter of 2024.

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

Alony Hetz Properties & Investments ltd.

AlonyHetz
Properties & Investments Ltd



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

For Q2/2024

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 Finance Officer 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 the reports it publishes according to the provisions of the law has been collected, processed, summarized and reported at the time and according to the format stipulated 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 to the CEO and to the Senior Finance Officer or to whoever actually performs these functions, in order to enable the making of decisions in a timely manner, while 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.

The Quarterly Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure, which was attached to the Quarterly Report for the period ended March 31, 2024 (hereinafter - the "**latest quarterly report on internal control**"), found the internal control over financial reporting and disclosure to be effective. Until the date of the report, the Board of Directors and management have not been made aware of any event or issue that would change the assessment of the effectiveness of the internal control as presented in the last quarterly report on the internal control.

As of the date of the report, based on the assessment of the effectiveness of the internal control in the last quarterly 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 second quarter of 2024 (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, the Audit Committee and the Financial Statements Review Committee of the Corporation's Board of Directors, 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.

	Signature
August 12, 2024	Nathan Hetz, CEO

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

Executive Statement | Statement of the 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 second quarter of 2024 (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, the Audit Committee and the Financial Statements Review Committee of the Corporation's Board of Directors, 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.

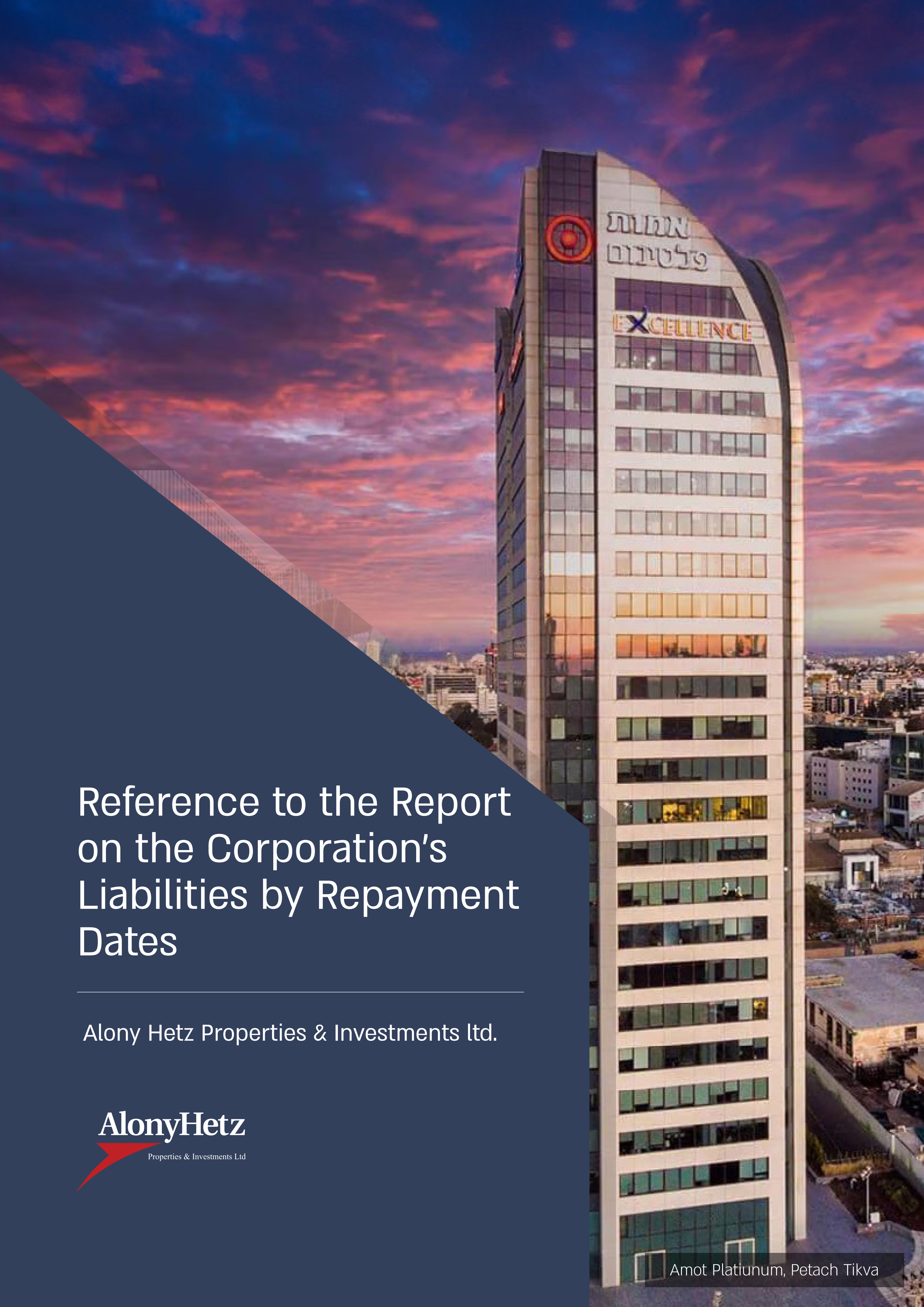
The above does not detract from my responsibility or the responsibility of any other person according to the law.

	Signature
August 12, 2024	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



Amot Platiunum, Petach Tikva

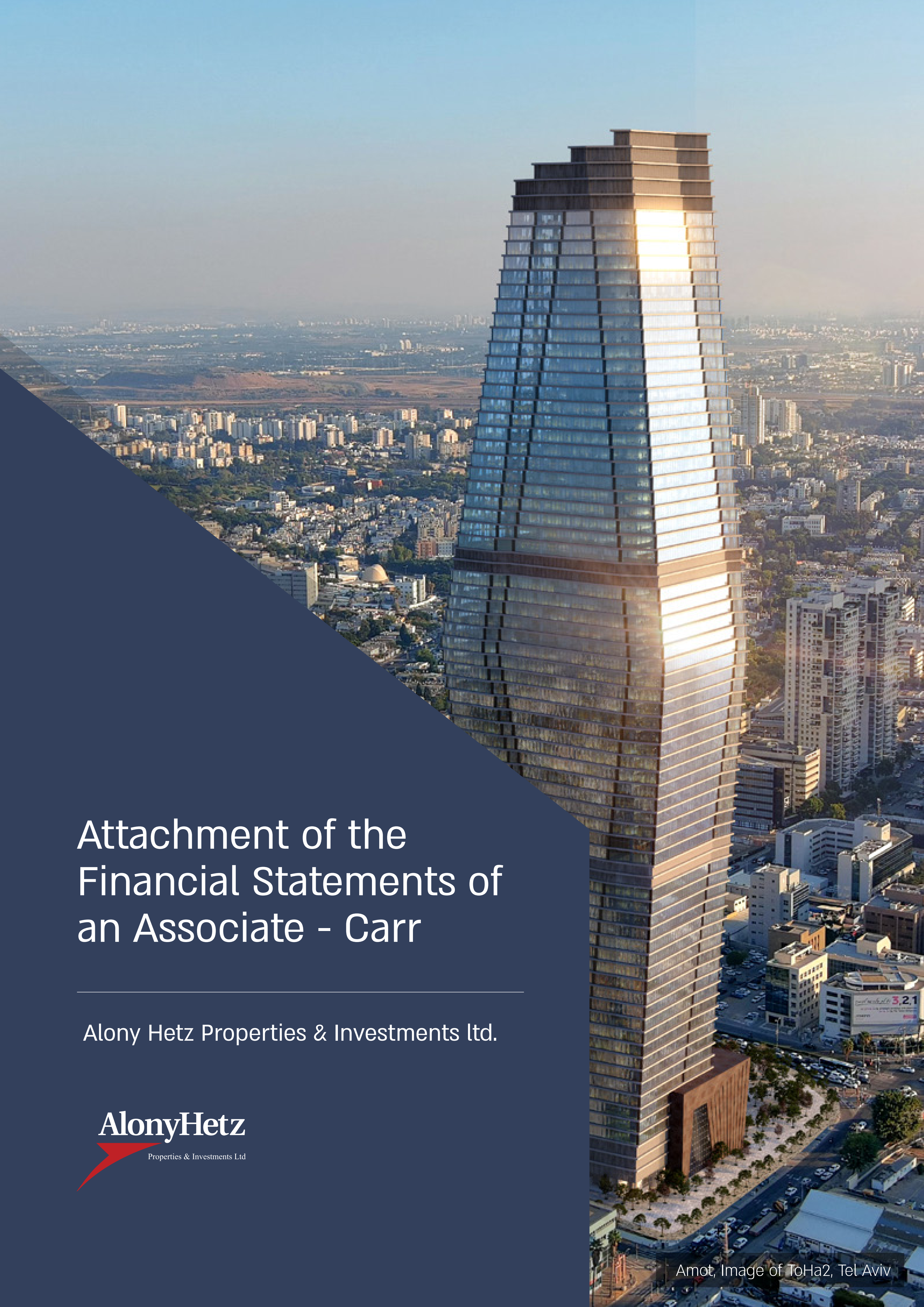
Report on the Status of Liabilities by Repayment Dates, as of June 30, 2024

Regarding the status of liabilities by repayment dates as of June 30, 2024, please see the Immediate Report dated August 14, 2024.

Attachment of the Financial Statements of an Associate - Carr

Alony Hetz Properties & Investments ltd.

AlonyHetz
Properties & Investments Ltd



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CARR PROPERTIES HOLDINGS L.P.

Condensed Consolidated Financial Statements as of June 30, 2024
(Unaudited)

CARR PROPERTIES HOLDINGS L.P.

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Report of Independent Auditors

To the Management of Carr Properties Holdings L.P.

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated interim financial information of Carr Properties Holdings L.P. and its subsidiaries (the "Partnership"), which comprise the condensed consolidated balance sheet as of June 30, 2024, and the related condensed consolidated statements of operations and comprehensive income (loss), and of cash flows for the three-month and six-month periods ended June 30, 2024 and 2023 and the condensed consolidated statements of changes in equity for the six-month periods ended June 30, 2024 and 2023, 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 Partnership 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 L.P. and its subsidiaries as of December 31, 2023, 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 February 15, 2024, 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, 2023, is consistent, in all material respects, with the audited consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers LLP

Washington, District Of Columbia
July 31, 2024

CARR PROPERTIES HOLDINGS L.P.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands of US Dollars)

	Notes	June 30, 2024	December 31, 2023
ASSETS			
Non-current assets			
Investment properties, at fair value			
Income generating properties	4,10	$ 782,222	$ 1,191,124
Properties in development	4,10	46,101	23,379
Investments in associates and joint ventures	5	356,894	435,546
Goodwill	7	9,326	9,326
Derivative assets	11	16,644	18,045
Straight line rent receivable		82,065	100,608
Deferred leasing costs and other, net		32,182	34,555
		1,325,434	1,812,583
Current assets			
Trade receivables, net		6,891	9,185
Prepaid expense and other assets		9,311	16,572
Restricted cash		428	1,705
Cash and cash equivalents		17,379	31,050
Derivative assets	11	6,494	2,266
		40,503	60,778
Total assets		$ 1,365,937	$ 1,873,361
EQUITY			
Equity attributable to common shareholders	17	$ 1,666,082	$ 1,666,082
Equity reserve from increase in CPP		9,731	9,725
Equity reserve for cash flow hedges		(6,030)	(4,298)
Retained earnings (accumulated deficit)		(990,111)	(845,337)
Equity attributable to non-redeemable non-controlling interests	16	45,966	59,698
Total equity		725,638	885,870
LIABILITIES			
Non-current liabilities			
Credit facility, net of deferred financing fees	8,9	$ 478,476	$ 396,620
Notes payable, net of deferred financing fees	8,9	100,169	244,818
Lease liabilities	6	10,634	150,617
Redeemable non-controlling interests	16	8,660	24,194
Security deposits		1,967	3,388
Other liabilities		6,032	7,278
		605,938	826,915
Current liabilities			
Notes payable, net of deferred financing fees	8,9	1,686	127,854
Lease liabilities	6	234	360
Redeemable non-controlling interests	16	13,070	2,251
Rent received in advance		2,854	6,335
Trade and other payables		16,517	23,776
		34,361	160,576
Total liabilities		640,299	987,491
Total equity and liabilities		$ 1,365,937	$ 1,873,361

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	July 31, 2024	

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

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

	Notes	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Revenues					
Rental revenue		$ 23,410	$ 46,247	$ 57,017	$ 94,839
Recoveries from tenants		3,997	5,138	8,884	10,825
Parking income		1,746	2,782	3,751	5,545
Property management fees and other	13	2,695	1,337	4,068	2,704
Total revenues		$ 31,848	$ 55,504	$ 73,720	$ 113,913
Operating expenses					
Property operating expenses					
Direct payroll and benefits		1,426	2,173	3,227	4,485
Repairs and maintenance		1,839	2,662	3,861	5,087
Cleaning		775	1,448	1,955	2,847
Utilities		1,028	2,032	3,008	4,623
Real estate and other taxes		4,739	9,111	11,746	18,552
Other expenses		3,959	5,376	8,907	10,912
Property operating expenses		13,766	22,802	32,704	46,506
Non-property general and administrative expenses	12	5,154	4,351	10,832	10,153
Total operating expenses		$ 18,920	$ 27,153	$ 43,536	$ 56,659
Other operating loss					
Net loss from fair value adjustment of investment properties	4	(59,128)	(145,610)	(172,693)	(245,409)
Net realized gain (loss) on investment properties	4	66,588	(10,944)	81,849	(10,962)
Loss from investments in associates and joint ventures	5	(29,771)	(40,717)	(84,271)	(36,059)
Total other operating loss		(22,311)	(197,271)	(175,115)	(292,430)
Operating loss		$ (9,383)	$ (168,920)	$ (144,931)	$ (235,176)
Other (expense) income					
Other income		67	544	223	562
Revaluation of redeemable non-controlling interests		514	6,466	4,892	10,731
Interest expense	8	(7,338)	(16,013)	(17,189)	(31,304)
Pre-tax loss		(16,140)	(177,923)	(157,005)	(255,187)
Income and franchise tax expense (benefit)		10	21	(35)	(101)
Net loss		$ (16,150)	$ (177,944)	$ (156,970)	$ (255,086)
Attribution of net loss					
Common shareholders		(14,984)	(166,932)	(144,774)	(237,621)
Non-redeemable non-controlling interests		(1,166)	(11,012)	(12,196)	(17,465)
		$ (16,150)	$ (177,944)	$ (156,970)	$ (255,086)
Other comprehensive income					
Items that may be subsequently reclassified to income or loss:					
Unrealized gain on cash flow hedges	11	1,703	9,188	6,235	6,459
Hedging gain reclassified to net income	11	(3,018)	(4,363)	(8,009)	(7,723)
Other comprehensive (loss) income		(1,315)	4,825	(1,774)	(1,264)
Total comprehensive loss		$ (17,465)	$ (173,119)	$ (158,744)	$ (256,350)
Attribution of comprehensive loss					
Common shareholders		(16,073)	(162,763)	(146,506)	(238,653)
Non-redeemable non-controlling interests		(1,392)	(10,356)	(12,238)	(17,697)
		$ (17,465)	$ (173,119)	$ (158,744)	$ (256,350)

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

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

	Notes	Equity Attributable to Common Shareholders		Equity Reserve from Increase in CPP	Accumulated Other Comprehensive Income (Loss)	Retained Earnings/ (Accumulated Deficit)	Total Shareholders' Equity	Non-Redeemable Non-Controlling Interests	Total Equity
		Units	Amount						
Balance as of December 31, 2022		1,480,494	$ 1,666,533	$ 9,488	$ 6,400	$ (137,667)	$ 1,544,754	$ 114,400	$ 1,659,154
Issuance of preferred shares by a subsidiary, net of offering costs		—	—	—	—	—	—	106	106
Non-controlling interest partner distribution	5	—	—	—	—	—	—	(1,718)	(1,718)
Issuance of common shares, net of offering costs	17	294					—	—	—
Change in equity reserve from increase in CPP		—	—	225	—	—	225	1,708	1,933
Net loss		—	—	—	—	(237,621)	(237,621)	(17,465)	(255,086)
Other comprehensive income	11	—	—	—	(1,032)	—	(1,032)	(232)	(1,264)
Reverse stock split	17	(1,465,690)							—
Dividends	17	—	—	—	—	—	—	(2,000)	(2,000)
Balance as of June 30, 2023		15,098	$ 1,666,533	$ 9,713	$ 5,368	$ (375,288)	$ 1,306,326	94,799	$ 1,401,125

	Notes	Equity Attributable to Common Shareholders		Equity Reserve From Increase in CPP	Accumulated Other Comprehensive Income (Loss)	Retained Earnings/ (Accumulated Deficit)	Total Shareholders' Equity	Non-Redeemable Non-Controlling Interests	Total Equity
		Units	Amount						
Balance as of December 31, 2023		15,472	$ 1,666,082	$ 9,725	$ (4,298)	$ (845,337)	$ 826,172	$ 59,698	$ 885,870
Issuance of preferred shares by a subsidiary, net of offering costs		—	—	—	—	—	—	(129)	(129)
Non-controlling interest partner distribution	4	—	—	—	—	—	—	(1,335)	(1,335)
Change in equity reserve from increase in CPP		—	—	6	—	—	6	(6)	—
Net loss		—	—	—	—	(144,774)	(144,774)	(12,196)	(156,970)
Other comprehensive loss	11	—	—	—	(1,732)	—	(1,732)	(42)	(1,774)
Dividends	17	—	—	—	—	—	—	(24)	(24)
Balance as of June 30, 2024		15,472	$ 1,666,082	$ 9,731	$ (6,030)	$ (990,111)	$ 679,672	$ 45,966	$ 725,638

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

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

	Notes	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Cash flows from operating activities					
Net loss		**$ (16,150)**	**$ (177,944)**	**$ (156,970)**	**$ (255,086)**
Adjustments to reconcile net loss to net cash provided by operating activities					
Net loss from fair value adjustment of investment properties	4	59,128	145,610	172,693	245,409
Net realized (gain) loss on investment properties	4	(66,588)	10,944	(81,849)	10,962
Loss from investments in associates and joint ventures	5	29,771	40,717	84,271	36,059
Income and franchise tax expense (benefit)		10	21	(35)	(101)
Interest expense, net excluding amortization of deferred financing fees	8	5,473	15,558	13,839	30,431
Amortization of deferred financing fees		436	489	950	940
Amortization of deferred leasing costs and lease incentives		2,206	1,580	2,661	3,042
Amortization of other non-cash items		103	129	238	255
Amortization of interest rate cap	11	1,429	961	2,390	1,922
Provision for bad debt expense (recovery)		177	(140)	620	(87)
Impairment of straight-line rent receivable		(136)	(257)	938	(1,128)
Straight line rent		442	(953)	199	(3,115)
LTIP Compensation/(Revaluation)		124	(274)	64	156
Revaluation of redeemable non-controlling interests		(514)	(6,466)	(4,892)	(10,731)
Changes in assets and liabilities					
Trade receivables		(1,249)	(236)	1,843	(3,430)
Purchase of interest rate cap		(1,808)	—	(9,700)	—
Prepaid expense and other assets		2,222	1,236	7,261	2,499
Trade and other payables		2,911	3,795	(3,024)	(4,050)
Rent received in advance		(622)	(313)	(3,067)	(1,609)
Cash generated by operations		**17,365**	**34,457**	**28,430**	**52,338**
Cash paid for interest		(5,540)	(14,406)	(13,824)	(28,355)
Net cash provided by operating activities		**11,825**	**20,051**	**14,606**	**23,983**
Cash flows from investing activities					
Deconsolidation of cash and cash equivalents	4	(2,152)	—	(5,858)	—
Contributions to investment in associates and joint ventures	5	(1,362)	(9,138)	(2,712)	(17,676)
Return of investments in associates and joint ventures	5	34	7,922	42	12,034
Acquisition of development property	4	—	—	(19,473)	—
Additions to deferred leasing costs		(1,799)	(297)	(2,479)	(596)
Additions to tenant improvements		(1,032)	(8,935)	(1,901)	(19,948)
Additions to construction in progress, including capitalized interest		(2,819)	(1,308)	(3,842)	(2,701)
Other capital improvements on income generating properties		(2,772)	(1,393)	(6,547)	(4,989)
Decrease (increase) in restricted cash		—	(343)	29	(214)
Net cash (used in) investing activities		**(11,902)**	**(13,492)**	**(42,741)**	**(34,090)**
Cash flows from financing activities					
Redemption of redeemable non-controlling interest	16	(1,103)	(12,756)	(1,784)	(12,780)
Distribution to non-controlling interest	4	(655)	(1,718)	(1,335)	(1,718)
Principal portion of lease payments	6	(49)	(99)	(145)	(439)
Borrowings under credit facility	8	63,000	20,000	81,000	32,000
Repayments under credit facility	8	—	(6,000)	—	(6,000)
Repayments of notes payable	8	(61,396)	(688)	(62,098)	(1,370)
Payment of deferred financing fees		(603)	(455)	(1,021)	(455)
Distributions to shareholders and non-redeemable non-controlling interests		(16)	(59)	(24)	(59)
Issuance of preferred shares of consolidated subsidiary, net of offering costs		(129)	(17)	(129)	106
Net cash (used in) provided by financing activities		**(951)**	**(1,792)**	**14,464**	**9,285**

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

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

	Notes	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net (decrease) increase in cash and cash equivalents		**(1,028)**	**4,767**	**(13,671)**	**(822)**
Cash and cash equivalents, beginning of the period		**18,407**	**31,040**	**31,050**	**36,629**
Cash and cash equivalents, end of the period		**$ 17,379**	**$ 35,807**	**$ 17,379**	**$ 35,807**
Supplemental disclosures of non-cash information:					
Capitalized interest	8	$ 505	$ 173	$ 1,088	$ 312
Non-cash interest expense	8	443	652	1,052	1,240
Accrual of retainage liabilities and construction requisitions for income generating properties and development projects		67	93	490	286
Lease liabilities arising from obtaining/revaluing right-of-use assets	6	59	(1)	59	1
Deconsolidation of property and other assets	4	70,655	—	126,414	—
Deconsolidation of debt and other liabilities	4	(140,077)	—	(211,097)	—
Issuance of redeemable non-controlling interests	16	—	—	—	2,401
DRIP reinvestment of non-controlling interests at CPP		—	971	—	1,933

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

1. Organization and Description of Business

Carr Properties Holdings L.P. (“CPH”) was formed as a Delaware limited partnership. CPH is referred to herein as "we," "us," "our" or other similar terms. CPH’s corporate headquarters are located at 1615 L Street, NW, Suite 650, Washington, D.C. 20036. CPH owns a 100% interest in Carr Properties Corporation (“CPC”), which owns an 91.18% interest in Carr Properties Partnership (“CPP”), a consolidated subsidiary. Through CPP and various consolidated subsidiaries, CPH owns, operates and develops commercial office and residential real estate properties in the Greater Washington, D.C. area (defined as the District of Columbia, northern Virginia, and suburban Maryland), Boston, Massachusetts, and Austin, Texas. As of June 30, 2024, CPH had 11 consolidated properties and 3 non-consolidated properties owned through joint ventures.

CPH 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.

On January 2, 2018, Clal ENP RH, LP, Clal CW Mishtatef RH, LP, Clal CW Mishtatef US, LP, and Clal CW Hishtalmut US, LP, collectively ("Clal Insurance Enterprise Holdings Ltd" or "Clal") acquired convertible notes. Clal converted these notes to common shares on August 16, 2018.

The ownership interests of Alony-Hetz, CET, and Clal Insurance Enterprise Holdings Ltd. ("Clal") in CPH as of June 30, 2024, were 52.33%, 38.89%, and 8.76%, respectively. The remaining interests are held by five additional investors.

2. Basis of Presentation and Summary of Significant Accounting Policies

(a) Statement of Compliance

The accompanying unaudited interim 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 consolidated financial statements. These Condensed Consolidated Financial Statements should be read in conjunction with CPH's consolidated financial statements and notes thereto contained in CPH's audited annual consolidated financial statements for the year ended December 31, 2023. Any changes to accounting policies and methods of computation during the three and six months ended June 30, 2024, are specifically disclosed. We believe the disclosures are adequate to ensure the information presented is not misleading. In our 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 us 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 CPH's functional and reporting currency. CPH has elected to present a single statement of operations and comprehensive income and to disclose its expenses by nature.

CPH reports cash flows from operating activities on the Condensed Consolidated Statement of Cash Flows using the indirect method. Interest received and paid is presented within operating cash flows. The acquisitions and dispositions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects CPH’s business activities.

(c) Principles of Consolidation

General

The Condensed Consolidated Financial Statements include the financial statements of CPH and its subsidiaries. Subsidiaries are all entities which CPH has control over, generally accompanying an ownership of more than 50% of the voting rights. Control exists when CPH is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Barriers that would deter CPH from exercising its power over the entity may indicate control does not exist. Subsidiaries are fully consolidated in the financial statements from the date on which control is transferred to CPH and de-consolidated from the date that control ceases. All intercompany balances and transactions, primarily management fees, have been eliminated in consolidation.

Investments in associates and joint ventures

Associates are entities over which CPH has significant influence but does not unilaterally control the voting rights nor the most significant activities of the entities. Investments in associates and joint ventures are accounted for by the equity method of accounting and are initially recognized at cost, with the carrying amount increased or decreased based on CPH's share of profits, losses, contributions and distributions. Significant influence is derived when CPH 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, which are supported by 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. CPH's ownership interests in the real estate investments owned by the associates also reflect CPH's ownership interests in the associates' other assets and liabilities, including the associates' debt. CPH's share of profits or losses is recognized in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). CPH records its share of losses until the carrying amount of its investment is reduced to zero. No further losses are recorded by CPH unless it has an obligation, legal or constructive, or has made payments, to satisfy the associates' liabilities.

With regard to distributions from associates and joint ventures, CPH uses the information that is available to determine the nature of the underlying activity that generated the distributions. Using the nature of distribution approach, cash flows generated from the operations of an associate or joint venture are classified as a return on investment (cash inflow from operating activities) and cash flows from property sales, debt refinancing or sales of our investments are classified as a return of investment (cash inflow from investing activities).

Joint Arrangements

CPH may enter into contractual arrangements related to the ownership of investment or development properties. CPH evaluates such 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 CPH 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.

Non-Controlling Interests

CPH's condensed consolidated financial statements include the accounts of CPH and its subsidiaries. The equity interests of preferred shareholders and other limited partners in CPP and its subsidiaries are reflected as "Equity attributable to non-redeemable non-controlling interests" on the Condensed Consolidated Balance Sheets. Certain redeemable non-controlling interests retain redemption rights and are classified within current and non-current liabilities as "Redeemable non-controlling interests" on the Condensed Consolidated Balance Sheets depending on the contractual provisions of the redemption features. Redeemable non-controlling interests are recorded at contractual redemption amounts based on the Net Asset Value ("NAV") of CPP at each respective period end. The associated gains and losses are recorded within "Revaluation of redeemable non-controlling interests" on the Condensed Consolidated Statement of Operations and Comprehensive Income (Loss).

(d) Leases

CPH is the lessee to a ground lease at our 1701 Duke Street property. CPH also enters into various office, equipment and copier leases in the normal course of operations.

At inception or upon reassessment of a contract that contains multiple lease components or both lease and non-lease components, CPH allocates the consideration in the contract to each component on the basis of their relative stand-alone prices. However, for the leases of land and air rights, CPH has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

For leases in which CPH is a lessee, CPH recognizes a Right-of-Use Asset ("ROUA") and a lease liability on the Condensed Consolidated Balance Sheets at the lease commencement date. The ROUA is initially measured at 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 any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROUA for ground and air rights leases qualify as investment property and as such are measured at fair value. The ROUA for office and equipment leases is subsequently depreciated using the straight-line method from the lease commencement date to the end of the lease term. In addition, the ROUA for equipment leases 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, discounted using CPH's incremental borrowing 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;
- the exercise price under a purchase option that CPH is reasonably certain to exercise;
- lease payments in an optional renewal period if CPH is reasonably certain to exercise an extension option; and,
- penalties for early termination of a lease unless CPH is reasonably certain not to terminate early.

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

(e) Acquisitions/Dispositions of Investment Property

Acquisitions

CPH applies judgment to determine whether the acquisition of an investment property is the acquisition of an asset or the acquisition of a business.

An asset acquisition exists when: (i) it is probable that the future economic benefits associated with the investment property will flow to the CPH; and (ii) the cost of the investment property can be measured reliably. CPH 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. Acquisition related costs for asset acquisitions are capitalized in the period incurred.

CPH 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. CPH recognizes any contingent consideration to be transferred by CPH 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.

(f) Investment Properties

Investment properties are properties held to earn rental income and are accounted for using the fair value model. Investment property also includes property being constructed or developed to earn rental income in the future.

Income generating properties are initially measured at its cost, and subsequently measured at fair value as of each balance sheet date. Gains and losses from changes in fair value are recorded in "Net loss from fair value adjustment of investment properties" on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), in the period in which they arise.

CPH determines the fair value of its investment property based on 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, projected 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 benefits derived from expected cash outflows in respect to investment property. Some of those outflows are recognized as a separate liability on the Condensed Consolidated Balance Sheets, including lease liabilities associated with ground leases or air rights, while others are expensed as incurred. Those cash outflows recognized as a separate liability are excluded from the determination of fair value of "Investment Properties" on the Condensed Consolidated Balance Sheets.

Properties in development are also measured at fair value, however fair value measurement of an investment property in development is only applied if the fair value is considered to be reliably measurable. If CPH 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.

CPH will reclassify portions of an investment property, including tenant improvements, that are placed into service from “Properties in development” to “Income generating properties” when those portions are deemed to be substantially complete. CPH considers a property in development as substantially complete after major construction has ended, the property is available for tenant occupancy, and revenue recognition associated with the property has commenced. For properties that are built in phases, CPH 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 profit.

Development rights are opportunities in the early phase of the development process where CPH either has an option to acquire land, enter into a leasehold interest or where CPH is the buyer under a long-term conditional contract to purchase land. CPH capitalizes pre-development costs incurred in pursuit of new developments for which CPH currently believes future development is probable.

(g) Goodwill

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. CPH evaluates the values assigned to its goodwill, which has an indefinite life, through an impairment test on an annual basis or more frequently if indicators of impairment are present. No such losses have been identified and reflected in the accompanying Condensed Consolidated Financial Statements.

(h) Restricted Cash

CPH 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, repairs and maintenance, 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 Condensed Consolidated Statements of Cash Flows, changes in restricted cash are classified according to their nature.

(i) Fair Value Measurements

CPH categorizes the valuations of its assets and liabilities 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).

There were no transfers in and out of Level 1, 2, or 3 for the three and six months ended June 30, 2024 and 2023.

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 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 CPH. Such valuation techniques include income capitalization and sales comparison approaches. CPH also considers actual sale negotiations and bona fide purchase offers received from third parties, as well as independent external appraisals. In general, CPH 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 our judgment 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

CPH uses interest rate swap and interest rate cap agreements to manage its interest rate risk, and these instruments are carried at fair value in "Derivative Assets" on the Condensed Consolidated Balance Sheets. CPH does not enter into hedging derivative transactions for trading or other speculative purposes. The valuation of the derivative contracts is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each contract. This analysis reflects the contractual terms of the derivative instrument, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatility.

When qualifying derivative instruments are executed to hedge CPH's anticipated interest payments, CPH assesses the effectiveness of the derivative instruments both at inception and on an on-going basis. When these derivative instruments are deemed to be highly effective, CPH designates them as qualifying "Cash Flow Hedges". CPH defers the effective portion of changes in fair value of the Cash Flow Hedges to "Other Comprehensive Income (Loss)" on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), which is subsequently reclassified into "Interest Expense" in the period the hedged forecasted transactions affect earnings. CPH recognizes the ineffective portion of the change in fair value of interest rate derivatives directly in "Interest Expense". If a derivative is not in a qualifying hedge transaction ("Non-designated Cash Flow Hedges"), CPH recognizes changes in fair value as a component of "Interest Expense".

CPH 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, CPH considers 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. CPH 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, CPH monitors the credit ratings of counterparties and the exposure of CPH to any single entity, thus reducing credit risk concentration.

The majority of the inputs used to value CPH’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. CPH 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

Rental Revenue

CPH leases office space to tenants under various non-cancelable operating leases with remaining lease terms expiring through February 29, 2040. 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.

CPH assesses its straight-line rent receivable balances for impairment when the collectibility of future lease payments is in doubt. To the extent CPH expects future credit losses on straight line-rent receivable balances, impairment losses are recognized for the total expected credit losses over the term of the lease within "Other expenses" on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

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

If CPH makes cash payments to, or on behalf of, the tenant for purposes other than funding the construction of landlord assets in connection with a tenant's execution or modification of a lease, CPH defers the amount of such payments as lease incentive assets. Lease incentives assets amortized as reductions of rental revenue 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 from execution of a lease termination agreement through the effective date of termination on a straight-line basis. When a tenant's lease 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 CPH cannot determine that collectability of the lease termination revenue is reasonably assured.

Future cash revenues under non-cancelable leases as of June 30, 2024 are as follows:

Years Ending December 31,	**Amount**
2024	47,055
2025	87,942
2026	88,229
2027	84,915
2028	67,789
Thereafter	391,077
	$ 767,007

Recoveries from Tenants

CPH incurs certain property operating expenses that are subject to reimbursement by the tenant. For all investment properties, CPH reports these operating expenses on a gross basis. CPH recognizes all property operating costs reimbursable by the tenants as recoveries from tenants as the costs are incurred.

Construction Management Fees

Construction management fees are earned by CPH for managing the construction of tenant and capital improvements at properties owned by related or third parties. Construction management fees are recognized as a single performance obligation 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. CPH determined the overall service of providing construction management activities has substantially the same pattern of performance over the term of the construction management agreement, therefore construction management fee income is recognized ratably over the estimated term of the project. Construction management fees for consolidated properties and CPH's proportion of the management fees earned from unconsolidated entities in which CPH is invested have been eliminated in consolidation.

Property Management Fees

Property management fees are earned by CPH for managing properties owned by related or third parties. Property 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. CPH determined the overall service of providing property management activities has the same pattern of performance over the term of the agreement. Property management fees for consolidated properties have been eliminated in consolidation.

Parking Income

CPH generates revenues from the parking garages located within its operating properties through third-party management agreements. CPH 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 CPH to settle any outstanding short term payables.

(l) Other Expenses

Other expenses are comprised of parking management fees associated with third-party agreements, tenant specific charges and office expense costs for which CPH is substantially reimbursed through recovery income, amortization of deferred leasing commissions, reserves for accounts receivable and straight-line rent receivable, and other non-recoverable charges including marketing and allocable overhead costs.

3. Standards Issued

IFRS 18, Presentation and disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, Presentation and disclosure in Financial Statements, which replaces IAS 1, Presentation of Financial Statements. The new standard is a result of the IASB’s Primary Financial Statements project, which is aimed at improving comparability and transparency of communication in financial statements.

While a number of sections have been brought forward from IAS 1, with limited wording changes, IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including the specified totals and subtotals. It also requires disclosure of management defined performance measures and includes new requirements for aggregation and disaggregation of financial information.

In addition, certain amendments have been made to IAS 7, Statements of Cash flows.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. Comparative periods in both interim and annual financial statements will need to be restated.

CPH is currently assessing the new requirements of IFRS 18.

IFRS 9, Financial Instruments

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments*, which amended IFRS 9, Financial Instruments. The amendment clarifies the date of recognition and derecognition of financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. The amendments apply for reporting periods beginning on or after January 1, 2026.

CPH is currently assessing the new requirements of IFRS 9 but does not expect it to have a material impact on CPH's financial position or results from operations.

4. Investment Properties

Acquisitions

On February 5, 2024, CPH acquired 901 N. Pitt Street, LLC, for $15.4 million for the land and office building located at 901 N. Pitt Street in Alexandria, Virginia. The property was subsequently renamed as 425 Montgomery Street. The site is planned to be re-developed into a multifamily property. As part of the acquisition, CPH also paid the seller $4.0 million as a reimbursement of pre-development expenses. For the three and six months ended June 30, 2024, CPH invested $1.3 million and $1.8 million, respectively, of capital expenditures for 425 Montgomery Street.

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

Dispositions and Deconsolidations

As of June 30, 2023, CPH elected to permanently cease development activities for a ground lease located at 300 E. Second, in Austin, Texas. CPH wrote off all costs incurred, which resulted in a loss of $10.9 million within "Net realized gain (loss) on investment properties" in the accompany Condensed Consolidated Statement of Operations and Comprehensive Income (Loss).

On August 25, 2023, CPH sold The Elm and its accompanying assets and liabilities at a contractual price of $250.0 million. CPH used the proceeds to pay down $234.5 million of the credit facility. CPH incurred $3.6 million of transaction costs in connection with the disposition.

On December 1, 2023, CPH deconsolidated the subsidiary that owns a commercial office building located at 1615 L Street ("1615 L Street"). CPH lost the power to affect the returns of 1615 L Street in conjunction with an event of default on the loan encumbering the asset, but retained significant influence over the subsidiary. See note 8 - "Debt" for additional detail regarding the default. A gain of $6.1 million was recorded upon deconsolidation within "Net realized gain (loss) on investment properties" in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the year ended December 31, 2023. As of December 31, 2023 and as of June 30, 2024, CPH's investment in the affiliate was zero, and CPH has discontinued recording losses as it has not guaranteed the entity's obligations or otherwise committed to providing financial support.

On March 12, 2024, CPH deconsolidated the subsidiary that owns a commercial office building and leases air rights at 2001 Pennsylvania Avenue ("2001 Penn"). CPH lost the power to affect the returns of 2001 Penn in conjunction with a modification to the loan encumbering the asset, but retained significant influence over the subsidiary. See note 8 - "Debt" for additional detail regarding the loan modification. A gain of $15.3 million was recorded upon deconsolidation within "Net realized gain (loss) on investment properties" in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). As of June 30, 2024, CPH's investment in the affiliate was zero, and CPH has discontinued recording losses as it has not guaranteed the entity's obligations or otherwise committed to providing financial support.

On April 1, 2024, CPH sold its interest in 75-101 Federal Street for nominal consideration, which included the assignment of CPH’s interest in the mortgage encumbering the building and the related interest rate cap. CPH incurred $0.1 million of transaction costs in connection with the disposition. Until the property's sale on April 1, 2024, CPH jointly controlled the operations associated with 75-101 Federal Street as it shared the rights to direct and control the activities that most significantly impact its returns through its 50% ownership interest. Accordingly, CPH recognized its proportionate ownership of the assets, liabilities, revenue and expenses within its financial statements through March 31, 2024.

On May 8, 2024, CPH deconsolidated the subsidiary that owns a commercial office building at 1152 15th Street, NW, Washington D.C ("Columbia Center"). CPH lost the power to affect the returns of Columbia Center in conjunction with the execution of a preferred equity agreement with the property's fee simple land owner, who unilaterally infused capital into the entity that own's Columbia Center. A gain of $66.6 million was recorded upon deconsolidation within "Net realized gain (loss) on investment properties" in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). As of June 30, 2024, CPH's investment in the affiliate was zero, and CPH has discontinued recording losses as it has not guaranteed the entity's obligations or otherwise committed to providing financial support. CPH incurred $0.3 million of transaction costs in connection with the preferred equity agreement.

Income Generating Properties

The changes in CPH’s income generating properties are set forth in the table below:

Balance, December 31, 2023	**$**	**1,191,124**
Capital expenditures additions and other		8,043
Net loss from fair value adjustment of income generating properties		(172,693)
Deconsolidation of Columbia Center		(60,032)
Disposition of 75-101 Federal Street		(134,306)

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

Deconsolidation of 2001 Pennsylvania Ave		(49,914)
Balance, June 30, 2024	**$**	**782,222**

Properties in Development

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

Balance, December 31, 2023	**$**	**23,379**
Capital expenditures additions and other		3,249
Acquisition of 425 Montgomery Street (land and building improvement)		19,473
Balance, June 30, 2024	**$**	**46,101**

Consolidated, Non-Wholly Owned Properties, and Capital Contributions

CPH is a controlling partner of the subsidiary that owns 2311 Wilson Boulevard ("2311 Wilson"), an approximately 178,000 square foot office building completed in February 2018. As of June 30, 2024, the building was 100% leased. During the six months ended June 30, 2024, the consolidated non-wholly owned operating property distributed a total of $3.3 million, of which $1.3 million were distributed to the non-controlling interests, and $2.0 million to CPH. During the six months ended June 30, 2023, the consolidated non-wholly owned operating property distributed a total of $3.0 million, of which $1.2 million was distributed to the non-controlling interests, and $1.8 million to CPH.

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

	As of June 30, 2024						For the six months ended June 30, 2024	
Property	**Percent Owned**	**Current Assets**	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Equity**	**Revenues**	**Net Income (Loss)**
2311 Wilson	60.00 %	1,940	84,398	799	80,689	4,850	4,804	(7,060)
Less interest held by non-controlling interests						(1,936)		2,827
Equity attributable to CPH						$ 2,914		$ (4,233)

	As of December 31, 2023						For the six months ended June 30, 2023	
Property	**Percent Owned**	**Current Assets**	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Equity**	**Revenues**	**Net Income (Loss)**
2311 Wilson	60.00 %	2,644	94,156	1,053	80,690	15,057	4,807	(5,270)
Less interest held by non-controlling interests						(6,022)		2,109
Equity attributable to CPH						$ 9,035		$ (3,161)

5. Investments in Associates and Joint Ventures

The changes in CPH's investments in associates and joint ventures are set forth below:

Balance, December 31, 2023	**$**	**435,546**
Contributions		2,712
Distributions		(42)
Share of unrealized loss on valuation of underlying properties		(98,402)
Share of net income (excluding unrealized loss on valuation)		17,080
Balance, June 30 2024	**$**	**356,894**

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

Financial information related to CPH's investments in associates and joint ventures is as follows:

	As of June 30, 2024						For the six months ended June 30, 2024	
Property	**Percent Owned**	**Current Assets**	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Equity**	**Revenues**	**Net Income (Loss)**
Midtown Center	51.00 %	$ 11,860	$ 586,670	$ 11,750	$ 529,012	$ 57,768	$ 37,961	$ (38,283)
100 Congress	51.00 %	6,390	220,191	5,925	140,703	79,954	14,440	(31,085)
One Congress	75.00 %	4,959	1,025,865	566,836	79,645	384,343	36,324	(63,256)
		$ 23,209	$ 1,832,726	$ 584,511	$ 749,360	$ 522,065	$ 88,725	$ (132,624)
Less: interest held by third-parties						(165,171)		48,353
Amounts per financial statements						$ 356,894		$ (84,271)

	As of December 31, 2023						For the six months ended June 30, 2023	
Property	**Percent Owned**	**Current Assets**	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Equity**	**Revenues**	**Net Income (Loss)**
Midtown Center (1)	51.00 %	$ 6,602	$ 686,464	$ 9,497	$ 590,452	$ 93,117	$ 39,326	$ (65,015)
100 Congress	51.00 %	7,585	255,100	10,716	140,932	111,037	14,209	(23,244)
One Congress	75.00 %	6,154	1,031,609	512,800	80,948	444,015	1,952	11,957
		$ 20,341	$ 1,973,173	$ 533,013	$ 812,332	$ 648,169	$ 55,487	$ (76,302)
Less: interest held by third-parties						(212,623)		40,243
Amounts per financial statements						$ 435,546		$ (36,059)

(1) Fannie Mae leases 713,500 square feet of office space at Midtown Center. In the fourth quarter of 2023, Fannie Mae exercised multiple contraction options to give back 149,000 square feet on a staggered basis from May 2025 to May 2028. Fannie Mae also exercised its early termination option to shorten the lease term for the remainder of its space from May 2033 to May 2029. In conjunction with exercising these options, Fannie Mae paid $70.7 million of fees to the joint venture that own's Midtown Center, which will be amortized into income over the remaining term of the lease.

Debt

The debt related to CPH's investments in associates and joint ventures is as follows:

			Principal Balance as of (2)	
Property	**Contractual Rate**	**Maturity**	**June 30, 2024**	**December 31, 2023**
Midtown Center	3.09%	10/11/2029	$ 267,750	$ 267,750
100 Congress	3.30%	11/1/2026	71,090	71,200
One Congress	SOFR + 1.75%	12/10/2024(1)	417,474	368,828
			$ 756,314	**$ 707,778**

(1) Loan is eligible for a one-year loan extension option, subject to terms and conditions.
(2) Principal balances represent CPH's ownership share in the outstanding debt.

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

6. Leases

The Condensed Consolidated Balance Sheets reflect the following amounts relating to ROUA within "Investment properties, at fair value", primarily related to ground leases and air rights, and "Prepaid expense and other assets", primarily related to CPH's corporate office, equipment, and copier leases:

	June 30, 2024	December 31, 2023
Non-current assets		
Income generating properties, net of ROUA	$ 776,422	$ 1,112,824
ROUA, at fair value	5,800	78,300
Income generating properties, at fair value	782,222	1,191,124
Properties in development	46,101	23,379
Properties in development, at fair value	46,101	23,379
Total investment properties, at fair value	**828,323**	**1,214,503**
Current assets		
Prepaid expense and other assets, net of ROUA	6,116	13,526
ROUA, net of accumulated depreciation	3,195	3,046
Prepaid expense and other assets	**$ 9,311**	**$ 16,572**

A summary of CPH's lease assets is as follows:

ROUA	**Ground Lease and Air Rights, at fair value**	**Corporate Office, Equipment, and Copier Leases**	**Total**
Balance as of December 31, 2023	**$ 78,300**	**$ 3,046**	**$ 81,346**
Fair value adjustment, valuation	(2,600)	—	(2,600)
ROUA Additions, net	—	316	316
Accumulated Depreciation	—	(167)	(167)
Deconsolidation of Columbia Center	(66,400)	—	(66,400)
Deconsolidation of 2001 Penn	(3,500)	—	(3,500)
Balance as of June 30, 2024	**$ 5,800**	**$ 3,195**	**$ 8,995**

A summary of CPH's lease liabilities is as follows:

	Discount		Carrying Value	
Property	**Rate**	**Maturity**	**June 30, 2024**	**December 31, 2023**
Columbia Center[(1)]	4.93%	2120	$ —	$ 135,504
1701 Duke Street	5.20%	2107	8,070	8,001
2001 Penn	4.94%	2087	—	4,427
Other equipment leases	Various	Various	2,798	3,045
Total lease liabilities			10,868	150,977
Less current portion			234	360
Lease liabilities, net of current portion			**$ 10,634**	**$ 150,617**

(1) CPH deconsolidated Columbia Center on May 8, 2024, which included the derecognition of the corresponding ground lease liability. See Note 4 - "Investment Properties" for additional information.

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

Future Lease Maturities	**June 30, 2024**	
Maturity analysis - contractual undiscounted cash flows		
Less than one year	$	429
One to five years		1,260
More than five years		55,120
Total undiscounted lease liabilities as of June 30, 2024	**$**	**56,809**

Lease expense costs were as follows:

	Six Months Ended June 30,			
Lease Expense	**2024**		**2023**	
Amounts recognized in profit or loss				
Interest expense on lease liabilities	$	2,546	$	3,503
Equipment lease depreciation		167		217
Total lease expense	**$**	**2,713**	**$**	**3,720**

	Six Months Ended June 30,			
Cash Flows	**2024**		**2023**	
Amounts recognized in the statements of cash flows				
Principal portion of lease payments	$	146	$	439
Interest paid on lease liabilities		1,494		2,262
Total cash outflows related to leases	**$**	**1,640**	**$**	**2,701**

7. Goodwill

CPH maintains goodwill associated with the 2013 acquisition of the property management company, Carr Properties Services Subsidiary Corporation ("CPSSC"). The carrying value of goodwill was $9.3 million as of June 30, 2024 and December 31, 2023. No impairment losses were recognized in the three and six months ended June 30, 2024 and 2023, respectively.

8. Debt

CPH's debt obligations consist of the following:

			Principal Balance as of			
Borrower/Facility	**Contractual Rate**	**Maturity**	**June 30, 2024**		**December 31, 2023**	
Credit facility (1):						
Revolver	SOFR +1.36% to 2.11%(3)	7/1/2025(2)	$	281,000	$	200,000
Term Loan	SOFR +1.31% to 2.01%(3)	7/1/2026		200,000		200,000
75-101 Federal(6)	SOFR +1.61%	3/12/2025		— (4)		143,639
1700 New York Avenue(6)	SOFR +1.61%	4/25/2024(10)		— (10)		61,260
2001 Penn(6)	4.10%	8/1/2024		— (7)		65,000 (7)
Clarendon Square(6)	4.66%	1/5/2027		26,988		28,235 (8)
2311 Wilson(6)	SOFR +1.46%(5)	3/27/2027		75,000		75,000
Total Debt				582,988		773,134
Less unamortized deferred financing fees				2,657		3,842
Total Debt, net of unamortized deferred financing fees				**580,331**		**769,292**
Less current portion, net of unamortized deferred financing fees (9)				1,686		127,854
Debt obligations, net of current portion			**$**	**578,645**	**$**	**641,438**

(1) On April 13, 2023, the credit facility was amended to switch the reference rate from the London Interbank Offer Rate ("LIBOR") to the Secured Overnight Financing Rate ("SOFR"). As part of the amendment, a credit spread adjustment of 0.1145% was added to the spread range. As of June 30, 2024, SOFR was 5.34%, and as of December 31, 2023, SOFR was 5.38%. As of June 30, 2024, the premium was 1.56% for the Revolver and 1.51% for the Term Loan, each inclusive of the additional credit spread. As of December 31, 2023, the premium was 1.71% for the Revolver and 1.61% for the Term Loan, each inclusive of the additional credit spread.
(2) The Revolver portion of the credit facility has a one-year extension through July 2026.
(3) As of June 30, 2024, CPH has an interest rate cap with a notional amount of $400 million at a SOFR rate of 2.50% through May 2025. On April 18, 2024, CPH purchased additional interest rate caps with a notional value of $75.0 million at a SOFR rate of 1.50%, with an effective date of May 1, 2024. See Note 11 - "Derivative Instruments" for additional information.
(4) On April 1, 2024, CPH sold its interest in 75-101 Federal Street, which included the assignment of its interest in the debt collateralized by the property and the related interest rate cap. See Note 4 - "Investment Properties" for additional information.
(5) On May 12, 2023, CPH amended the loan and associated interest rate swap agreement to modify the reference rate from LIBOR to SOFR, effective in June 2023. The amendment also added a credit spread adjustment of 0.1145%. As of June 30, 2024, an interest rate swap with a notional amount of $75 million fixes SOFR at 2.01% through March 27, 2027.
(6) The fair value of the collateral pledged to these notes was $102.4 million and $400.8 million as of June 30, 2024, and December 31, 2023, respectively.
(7) On March 12, 2024, CPH deconsolidated the entity which owns 2001 Penn, which included the debt collateralized by the property.
(8) The carrying value of the Clarendon Square note payable as of December 31, 2023 included a premium of $0.4 million.
(9) The current portion of unamortized deferred financing fees was $0.1 million, as of December 31, 2023.
(10) On April 25, 2024, the loan collateralized by 1700 New York Avenue was repaid.

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

2001 Penn Debt

On March 12, 2024, CPH modified the loan collateralized by 2001 Penn, which gave the lender approval over major decisions impacting the property and included a cash management agreement where all rents and profits of the property will be deposited to lender controlled bank accounts. CPH deconsolidated 2001 Penn on March 12, 2024 as a result of the modification. See Note 4 - "Investment Properties" for additional information.

1615 L Street Debt

On September 1, 2023, CPH entered into an event of default on the loan collateralized by 1615 L Street, as the debt matured and was not repaid. As a result of the default, the lender is sweeping all cash flows from the property. On December 1, 2023, CPH deconsolidated 1615 L Street. See Note 4 - "Investment Properties" for additional information.

Credit Facility

CPH has no outstanding letters of credit as of June 30, 2024 and December 31, 2023.

On September 6, 2023, CPH converted $100 million of Term Loans into Revolver Loans, thereby reducing the capacity of the Credit Facility from $800 million to $700 million.

As of June 30, 2024, CPH had capacity to borrow an additional $219.0 million under the Credit Facility. Subsequent to June 30, 2024, CPH paid down $2.0 million and drew an additional $5.0 million on the Revolver through July 31, 2024.

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

Interest Expense

Interest expense is comprised of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
Description	**2024**	**2023**	**2024**	**2023**
Credit facility	$ 5,774	$ 9,041	$ 11,332	$ 17,335
Notes payable	845	4,308	3,450	8,604
Distributions to redeemable non-controlling interests	—	568	—	1,234
Lease liabilities	790	1,784	2,546	3,503
Amortization of deferred financing fees	468	494	1,009	953
Gross interest expense	**7,877**	**16,195**	**18,337**	**31,629**
Capitalized interest expense				
Capitalized deferred financing fees	(34)	(9)	(60)	(13)
Capitalized interest	(505)	(173)	(1,088)	(312)
Total capitalized interest expense	**(539)**	**(182)**	**(1,148)**	**(325)**
Net interest expense	**$ 7,338**	**$ 16,013**	**$ 17,189**	**$ 31,304**

Future Maturities of Debt

Scheduled annual maturities of debt outstanding, including principal and interest and excluding the effect of extension options, as of June 30, 2024 are as follows:

Years Ending December 31,	Amount
Remainder of 2024	$ 20,883
2025	312,861
2026	215,006
2027	98,857
2028	—
Thereafter	—
	$ 647,607

Net Debt Reconciliation

This section shows the changes in net debt for the six months ended June 30, 2024:

	Borrowings	Leases	Subtotal	Cash and cash equivalents	Total
Net Debt, December 31 2023	$ (769,292)	$ (150,977)	$ (920,269)	$ 31,050	$ (889,219)
Cash flows	(17,881)	148	(17,733)	(13,671)	(31,404)
New leases	—	59	59	—	59
Deconsolidation of 2001 Penn Ave	65,000	4,464	69,464	—	69,464
Sale of 75-101 Federal Street	143,639	—	143,639	—	143,639
Deconsolidation of Columbia Center	—	135,504	135,504	—	135,504
Other changes	(1,797)	(66)	(1,863)	—	(1,863)
Net Debt, June 30 2024	**$ (580,331)**	**$ (10,868)**	**$ (591,199)**	**$ 17,379**	**$ (573,820)**

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

9. Financial Instruments

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 June 30, 2024 and December 31, 2023, in the accompanying Condensed Consolidated Financial Statements are set forth in the table below:

		June 30, 2024		December 31, 2023	
	Fair Value Level	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets					
Trade receivables, net	Level 3	$ 6,891	$ 6,891	$ 9,185	$ 9,185
Liabilities, including current portion					
Credit facility[1,2]	Level 3	481,000	481,000	400,000	400,000
Notes payable[1,2]	Level 3	101,988	88,665	372,725	348,517
Redeemable non-controlling interests	Level 3	21,730	21,730	26,445	26,445

(1) Excludes deferred financing fees and debt premium.
(2) The fair value reported is based on the outstanding balance of debt, and excludes fair value of derivatives. See Note 10 - "Fair Value Measurements" for additional information.

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 trade receivables, and trade and other payables approximate their fair values.

10. Fair Value Measurements

The following assets, measured at fair value as of June 30, 2024, are classified as follows:

Description	Level 1	Level 2	Level 3
Assets:			
Investments in income generating properties	$ —	$ —	$ 782,222
Derivative assets[1]	—	23,138	—
Total Assets	**$ —**	**$ 23,138**	**$ 782,222**

(1) See Note 11 - "Derivative Instruments" for additional information.

The following assets, measured at fair value as of December 31, 2023, are classified as follows:

Description	Level 1	Level 2	Level 3
Assets:			
Investments in income generating properties	$ —	$ —	$ 1,191,124
Investments in properties in development	—	—	23,379
Derivative assets[1]	—	20,311	—
Total Assets	**$ —**	**$ 20,311**	**$ 1,214,503**

(1) See Note 11 - "Derivative Instruments" for additional information.

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

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

CPH engages a third-party appraiser each reporting period. As part of the valuation process, CPH evaluates factors that may adversely impact the fair value assessments. In consideration of curbed lending activity, higher interest rates and the sustained shift towards hybrid office and remote work arrangements (as further disclosed in Note 18 - "Credit and Other Risks") CPH considered the potentially broad effects on the fair value measurement of the properties as of June 30, 2024. While there remains substantial uncertainty regarding the extent or duration of impacts on fair value, CPH's valuation determinations reflect changes in various underlying assumptions including increased lease-up timeframes, reductions in parking revenue, increased tenant concessions, increased credit loss assumptions, limited availability of capital, and higher cost of debt. The impacts on investment criteria and market driven inputs, including capitalization rates and discount rates remains uncertain.

The following table, which excludes properties in development carried at their aggregate cost basis, sets forth quantitative information about the Level 3 fair value measurements as of June 30, 2024:

Description	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Avg)
Investments in income generating properties	$ 782,222	Discounted cash flow - Income capitalization	Discount Rate	7.5 - 8.75% (8.00%)
			Exit Capitalization Rate	6.75% - 7.85% (7.03%)

The following table sets forth quantitative information about the Level 3 fair value measurements as of December 31, 2023:

Description	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Avg)
Investments in income generating properties	$ 1,191,124	Discounted cash flow - Income capitalization	Discount Rate	7.00 - 12.5% (7.73%)
			Exit Capitalization Rate	6.25% - 7.25% (6.58%)
Investments in properties in development	23,379	Discounted cash flow - Income capitalization	Discount Rate	7.00%
Total	**$ 1,214,503**			

11. Derivative Instruments

The following table summarizes CPH's interest rate swap and interest rate cap agreements as of June 30, 2024:

	Cash Flow Hedges		Non-designated Cash Flow Hedges
	Interest Rate Caps	**Interest Rate Swaps**	**Interest Rate Caps**
Notional balance	$ 475,000	$ 75,000	$ 375,000
Weighted average interest rate (1)	2.34 %	2.01 %	2.00 %
Earliest maturity date	December 31, 2024	March 27, 2027	December 1, 2024
Latest maturity date	July 1, 2025	March 27, 2027	December 1, 2024

(1) Represents the weighted average interest rate that was fixed on the hedged debt.

On March 20, 2024, CPH entered into multiple non-designated interest rate caps with a combined notional value of $375.0 million in an effort to hedge its interest rate exposure associated with debt collateralized by One Congress, a property owned by an unconsolidated associate. The hedged instruments will cap any interest rate exposure above SOFR of 2.00% effective from the period April 1, 2024, through December 1, 2024.

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

On March 28, 2024, CPH entered into an interest rate cap with a notional value of $292.0 million, of which our share is $146 million, in an effort to hedge its interest rate exposure on the loan associated with 75-101 Federal Street, as the existing interest rate swap expired on April 1, 2024. On April 1, 2024, CPH sold its interest in 75-101 Federal Street, which included the assignment of its interest in the debt collateralized by the property and the related interest rate cap. See Note 4 - "Investment Properties" for additional detail regarding the sale.

On April 18, 2024, CPH entered into multiple interest rate caps with a notional value of $75.0 million in an effort to hedge its interest rate exposure on its credit facility. The hedged instruments will cap any interest rate exposure above SOFR of 1.50% and are effective from the period May 1, 2024, through December 31, 2024.

The following table summarizes CPH's interest rate swap and interest rate cap agreements as of December 31, 2023:

	Cash Flow Hedges	
	Interest Rate Cap	**Interest Rate Swaps**
Notional balance	$ 400,000	$ 276,260
Weighted average interest rate [1]	2.50 %	1.34 %
Earliest maturity date	July 1, 2025	April 1, 2024
Latest maturity date	July 1, 2025	March 27, 2027

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

There was no material hedge ineffectiveness recognized during the six months ended June 30, 2024 and 2023.

The following table summarizes changes in the Company's "Other Comprehensive Income (Loss)":

	Three Months Ended June 30,		Six Months Ended June 30,	
Description	**2024**	**2023**	**2024**	**2023**
Unrealized (loss) gain on cash flow hedges	$ 1,703	$ 9,188	$ 6,235	$ 6,459
Swap hedging (gains) reclassified to net income	(1,108)	(2,803)	(4,161)	(5,096)
Interest rate cap hedging (gains) reclassified to net income	(3,339)	(2,521)	(6,238)	(4,549)
Amortization of interest rate cap	1,429	961	2,390	1,922
Other Comprehensive Loss	**$ (1,315)**	**$ 4,825**	**$ (1,774)**	**$ (1,264)**

Included in CPH's "Other comprehensive income" of the Condensed Consolidated Statements of Changes in Equity was $(2.5) million and $(3.5) million of unrealized loss on cash flow hedges for intrinsic value, $(0.2) million and $(0.6) million of unrealized loss on cash flow hedges for time value, and $1.4 million and $2.4 million of interest rate cap amortization, net of hedging (gains) losses reclassified to net income for the three and six months ended June 30, 2024. For the three and six months ended June 30, 2023, CPH's "Other comprehensive income" included $5.2 million and $(2.0) million of unrealized gain (loss) on cash flow hedges for intrinsic value, $(1.4) million and $(1.1) million of unrealized loss on cash flow hedges for the time value, and $1.0 million and $1.9 million of interest rate cap amortization, net of hedging (gains) losses reclassified to net income.

12. Non-Property General and Administrative Expenses

CPH 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.

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
Description	**2024**	**2023**	**2024**	**2023**
Personnel and compensation	$ 2,879	$ 3,038	$ 6,240	$ 6,671
Professional fees	1,314	744	2,453	1,854
Information technology	222	282	579	603
Other corporate	739	287	1,560	1,025
Total non-property general and administrative	**$ 5,154**	**$ 4,351**	**$ 10,832**	**$ 10,153**

13. Related Party Transactions

CPH manages properties owned by associates and other related parties for which it receives fees for asset management, property management, construction management and development services. All fees charged to consolidated properties are eliminated in consolidation. Development and construction management fees charged to joint ventures and joint operations are eliminated to the extent of CPH's ownership. Property management fees for the three and six months ended June 30, 2024 totaled $2.0 million and $2.9 million respectively, and $0.8 million and $1.6 million, respectively, for the three and six months ended June 30, 2023. Construction management fees for the three and six months ended June 30, 2024 totaled $0.3 million and $0.4 million, respectively and $0.1 million and $0.2 million, respectively, for the three and six months ended June 30, 2023. 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 $1.7 million and $3.4 million for June 30, 2024 and December 31, 2023, respectively.

CPH leases the ground under the 1701 Duke Street property from related parties. See Note 6 - "Leases" for additional information.

On February 5, 2024, CPH acquired a future development parcel referred to as 425 Montgomery Street in Alexandria, Virginia from a related party for $15.4 million. As part of the acquisition, CPH also paid the seller $4.0 million as a reimbursement of pre-development expenses. CPH manages property operations for several properties owned by the related party, and the Chief Executive Officer serves on the related party's Board of Directors.

On April 21, 2023, a related party of CPH exercised its contractual redemption right of its Redeemable Non-Controlling Interests in CPP totaling $10.0 million. The partial redemption includes a 2 year lock out period for the remaining units. These units will have the right to be redeemed in April 2025 and are reflected as "Redeemable non-controlling interests" in the Current liabilities section of the accompanying Condensed Consolidated Balance Sheets. See Note 16 - "Redeemable Non-Controlling Interests" for additional information.

On April 28, 2023, a related party of CPH exercised its contractual redemption right of its Redeemable Non-Controlling Interests in CPH totaling $0.1 million.

On September 1, 2023, a related party of CPH exercised its contractual redemption right of its Redeemable Non-Controlling Interests in CPP totaling $8.1 million. The partial redemption includes a 2 year lock out period for the remaining units. These units will have the right to be redeemed in August 2025.

14. Commitments and Contingencies

Performance Bonds

In the ordinary course of business, CPH is required to post performance bonds to secure performance under development projects. These bonds guarantee that CPH will perform under the terms of a contract. To date, CPH 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 June 30, 2024, CPH had $1.1 million in performance bonds outstanding with commitment terms expiring through June 24, 2025.

Repayment Guarantees

With respect to borrowings, CPH has agreed, and may in the future agree, to (i) guarantee portions of the principal, interest and other amounts, (ii) provide customary environmental indemnifications and nonrecourse carve-outs (e.g., guarantees against fraud, misrepresentation and bankruptcy) or (iii) provide guarantees to lenders, tenants and other third parties for the completion of development projects. Guarantees (excluding environmental) customarily terminate either upon the satisfaction of specified circumstances or repayment of the underlying debt. Amounts that we may be required to pay in future periods in relation to guarantees associated with budget overruns or operating losses are not estimable.

Carr Properties OC LLC, a consolidated subsidiary of CPH, 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 11.25% of the principal balance or $64.1 million.

As of June 30, 2024, CPH was in compliance with all guarantees and guarantee covenants.

Leases

CPH is obligated under non-cancellable leases, including ground leases on certain of our properties. See Note 6 - "Leases" for additional information.

Litigation

There are various legal actions against us in the ordinary course of business. In our opinion, the outcome of such matters will not have a material adverse effect on our financial condition, results of operations or cash flows.

Employee Benefits

The Equity Incentive Plan provides for the issuance of Long Term Incentive Plan ("LTIP") Units at CPP, which may be in the form of Service Units, Performance Units or both. The determination of units awarded to each grantee is based on CPC's respective NAV at the time of issuance.

Award Class	Units Granted (in thousands)	Grant Date	Vest Date	Outstanding Units (in thousands) (1)
2020 special service units	91	Dec 2019	Dec 2023, Dec 2024, Dec 2025	70.2
2021 service units	19	Apr 2021	Mar 2024	—
2021 performance units (2)	38	Apr 2021	Mar 2024	—
2022 special service units	18	Mar 2022	Mar 2025	15.4
2022 service units	27	Jun 2022	Mar 2025	23.1
2022 performance units	27	Jun 2022	Mar 2025	23.1
2023 service units	74	Jun 2023	March 2026, March 2027, March 2028	69.3
Total outstanding units				**201.1**

(1) Vesting is based on continued employment services through the vesting dates. Compensation expense will be recognized over the respective vesting periods.
(2) These units did not meet performance threshold and expired without vesting.

Vesting of the 2021 LTIP Performance Units were dependent upon CPC achieving certain return thresholds based on NAV over a three-year performance period, which were not met. As such, no 2021 LTIP Performance units were earned.

Vesting of 2022 LTIP Performance Units is dependent upon CPC achieving certain return thresholds based on NAV over a three-year performance period. A cumulative return per annum below 4.5% will result in no LTIP Performance Units being earned. A cumulative return per annum between a 4.5% and 7.5% will result in earning between 75% to 125% of LTIP Performance Units granted based on linear interpolation within that range, while a cumulative return per annum in excess of 7.5% will result in 125% of LTIP Performance Units granted being earned.

A summary of CPH's LTIP activity during the six months ended June 30, 2024 is presented below:

	Total Units (in thousands)
LTIP units outstanding, December 31, 2023	**270**
LTIP units converted	(37)
LTIP units forfeited	(32)
LTIP units outstanding, June 30, 2024	**201**

Compensation expense is based on projected NAV as of each vesting period end, consistent with CPH's expectation of performance and the anticipated units expected to vest. LTIP liability is recorded in "Other liabilities" on the Condensed Consolidated Balance Sheets.

During the three and six months ended June 30, 2024, CPH recognized $0.2 million and $0.1 million, respectively, of LTIP-related expense, net of $0.0 million capitalized in both the three and six months ended June 30, 2024. For the three and six months ended June 30, 2023, CPH recognized $(0.3) million and $0.2 million of LTIP related expense, of which $0.0 capitalized in both the three and six months ended June 30, 2023. For the three and six months ended June 30, 2024 CPH did not recognize LTIP dividend expense. For the three and six months ended June 30, 2023, CPH recognized $0.2 million and $0.4 million, respectively, of LTIP dividend expense.

In July 2024, we granted 66 thousand service units and 66 thousand performance units to certain employees, which are expected to vest over the next three years. Vesting of the performance units is dependent upon CPC achieving certain absolute and relative return thresholds over a three-year performance period.

15. Corporate Officer's Compensation

Salary and bonus expense for CPH's corporate officers totaled $0.8 million and $1.9 million for the three and six months ended June 30, 2024, respectively, and $0.7 million and $1.5 million for the three and six months ended June 30, 2023, respectively. Employee benefit expense for these officers was less than $0.1 million and $0.1 million for the three and six months ended June 30, 2024, respectively, and less than $0.1 million for both the three and six months ended June 30, 2023. LTIP expense was less than $0.1 million and $(0.1) million, respectively, for the three and six months ended June 30, 2024, and $(0.3) million and $(0.1) million, respectively, for the three and six months ended June 30, 2023. 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).

16. Redeemable Non-Controlling Interests

Certain non-controlling interests have redemption rights that allow them to request the redemption of their interest at 97% of the NAV per common interests in CPP and CPH. 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 June 30, 2024, the value of current and non-current redeemable non-controlling interests were $13.1 million and $8.7 million, respectively. Included in non-current liabilities is CS Investment Group, which partially redeemed in August 2023, with a two year lock out period for the remaining units. These units will have the right to be redeemed in August 2025. As of June 30, 2024, CP OC/Columbia LP, which partially redeemed in April 2023, was reclassified to Current liabilities section of the accompanying Condensed Consolidated Balance Sheets as their two year lock out period for the remaining units will expire in April 2025.

As of December 31, 2023, the value of these redeemable non-controlling interests were $2.3 million current and $24.2 million non-current, respectively.

The changes in CPH’s redeemable non-controlling interests are set forth below:

(in thousands)	Shares	Value
Balance, December 31, 2023	**495**	**$ 26,445**
LTIP Vesting	37	1,961
Redemptions	(37)	(1,784)

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

Revaluation/Other	—	(4,892)
Balance, June 30, 2024	**495**	**$ 21,730**

As of June 30, 2024 and December 31, 2023, the total value of non-redeemable non-controlling interests was $46.0 million and $59.7 million, respectively.

2024 Redemptions

On March 8, 2024, an LTIP unit holder exercised the right to redeem 13 thousand LTIP units totaling $0.7 million, which vested on December 31, 2023. These units were granted as part of the 2020 special service awards.

On May 13, 2024, LTIP unit holders exercised the right to redeem 9 thousand LTIP units totaling $0.4 million, which vested on December 31, 2023. These units were granted as part of the 2018 through 2020 service awards.

On June 18, 2024, LTIP unit holders exercised the right to redeem 16 thousand LTIP units totaling $0.7 million, which vested on June 1, 2024. These units were granted as part of the 2021 service awards.

2023 Redemptions

On April 21, 2023, a related party of CPH exercised its contractual redemption right of its Redeemable Non-Controlling Interests in CPP totaling $10.0 million. The partial redemption includes a 2 year lock out period for the remaining units. These units will have the right to be redeemed in April 2025.

On April 28, 2023, a related party of CPH exercised its contractual redemption right of its Redeemable Non-Controlling Interests in CPH totaling $0.1 million.

On September 1, 2023, a related party of CPH exercised its contractual redemption right of its Redeemable Non-Controlling Interests in CPP totaling $8.1 million. The partial redemption includes a 2 year lock out period for the remaining units. These units will have the right to be redeemed in August 2025.

Dividends

Distributions are declared and paid upon the declaration of the Board of Directors, generally quarterly. For the three and six months ended June 30, 2024, CPH did not pay out any distributions. As of June 30, 2024, CPH has not declared any unpaid dividends. For the three and six months ended June 30, 2023, CPH paid $0.7 million and $1.6 million, respectively, of distributions from CPP attributable to redeemable non-controlling interests, of which $0.2 million and $0.4 million, respectively, was attributed to LTIP unit holders.

17. Equity

2023 Reverse Stock Split

Effective January 1, 2023, CPH executed a reverse stock split at a ratio of 1 unit of common shares for every 100 units outstanding.

18. Credit and Other Risks

Curbed lending activity, higher interest rates and the sustained shift towards hybrid office and remote work arrangements have contributed to a decline in the fair value of our investments and reduced demand for commercial office space. CPH continues to monitor the affects of these trends on its business, including:

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

CPH collected approximately 99% of contractual rent from its tenants during both the six months ended June 30, 2024 and 2023. CPH continues to closely monitor tenant credit risk and maintains close communication with certain tenants as it assesses the potential impacts that may arise if unable to make timely rental payments.

Market Leasing Risk

CPH faces competition from developers, owners, and operators in the commercial office real estate space. Such competition and the increase in remote and hybrid work arrangements, may effect CPH's ability to attract or retain tenants. It may also impact the rents CPH is able to charge.

Credit Risk

CPH’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. Credit risk related to accounts receivable arises from the possibility that tenants may be unable to fulfill their lease commitments. CPH generally manages this risk by signing long-term leases with tenants who have investment grade credit ratings.

19. Subsequent Events

CPH evaluated subsequent events through July 31, 2024, the date the condensed consolidated financial statements were available to be issued. CPH 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.

Auditor's Consent Letters

Alony Hetz Properties & Investments ltd.

AlonyHetz
Properties & Investments Ltd

Energix, Banie, Poland

To: The Management of Carr Properties Holdings L.P. 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 dated April 17, 2024

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 April 17, 2024, which was published by Alony-Hetz Properties and Investments Ltd. on April 16, 2024:

1) Review Report of Independent Auditors dated July 31, 2024, regarding the Condensed Consolidated Interim Financial Statements of Carr Properties Holdings L.P. as of June 30, 2024 and for the three-month and six-month periods ended June 30, 2024 and 2023.

PricewaterhouseCoopers LLP

Washington, District Of Columbia
August 9, 2024

PricewaterhouseCoopers LLP, 655 New York Ave NW, Washington, DC 20001
T: (202) 414 1000, www.pwc.com/us

Date: August 12, 2024

To
The Board of Directors of **Alony-Hetz Properties and Investments Ltd.**
2 Jabotinsky St.
Ramat Gan

Dear Madam/Sir,

Re: Letter of consent regarding the shelf prospectus of Alony-Hetz Properties and Investments Ltd. (hereinafter - the "Company") of April 2024

We hereby inform you that we agree to the inclusion (including by way of reference) of our reports detailed below in connection with the shelf prospectus of April 2024:

(1) The Independent Auditor's Review Report dated August 12, 2024 on the Company's Condensed Consolidated Financial Information as of June 30, 2024 and for the six- and three-month periods ended on that date.

Respectfully,

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

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