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Amot, ToHa2, Tel Aviv (image)

QUARTERLY REPORT
Q3 2024

Alony Hetz Properties & Investments ltd.

AlonyHetz
Properties & Investments Ltd

QUARTERLY REPORT
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AlonyHetz
Properties & Investments Ltd

Carr, One Congress, Boston

Board of Directors' Report on the State of Corporate Affairs

Alony Hetz Properties & Investments ltd.

AlonyHetz
Properties & Investments Ltd

Ramat Gan, November 18, 2024

Board of Directors' Report for the Nine- and Three-Month Periods ended September 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 nine- and three-month periods ended September 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 September 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.

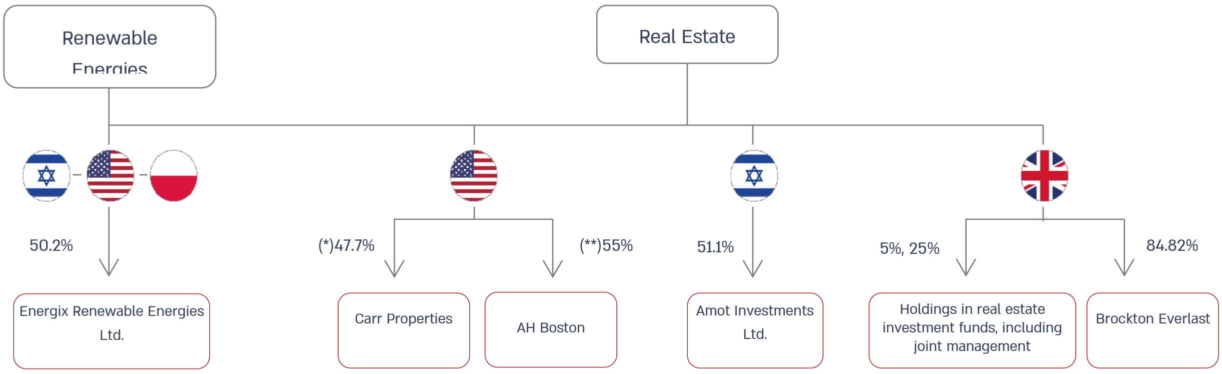
Activity in the UK

- Holdings at a rate of 84.82% 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 investments in the renewable energy field as of September 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 September 30, 2024 are as follows:



* 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)	▪ **During and subsequent to the reporting period, an issuance of shares and options (Series 16) exercisable until December 31, 2025 for ordinary shares, for a total consideration of approx. NIS 1 billion (gross) and a future consideration (assuming full exercise of the options (Series 16) in the amount of approx. NIS 338 million, of which shares and options constituting 10.23% of the Company's share capital and voting rights (11.26% fully diluted) were allocated to [1]Equity Finance and Investments Ltd, a foreign company in which Mr. Aaron Frenkel directly and indirectly holds all of the share capital and voting rights.** ▪ **From the beginning of 2024 until the date of publication of the report, investments in investees amounted to approx. NIS 649 million (of which NIS 456 million is for the reduction of debts and leverage ratio in Brockton Everlast and in the Brockton III Fund) - 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 437 million, of which revaluation profits of NIS 66 million were in the third quarter of 2024 - For information, please see Section 2.3.3 below.**
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 555 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	▪ During and subsequent to the reporting period, 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, signing of an additional long-term lease agreement for the rental of approx. 120 thousand sq.ft. to one of the largest law firms in the United States and signing of an additional lease agreement for approx. 115 sq.ft. with one of the largest law firms in the world. ▪ 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.
Energix Renewable Energies	▪ 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 equity 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.

[1] According to information provided by the investor, Equity Finance and Investments Ltd. is a foreign company incorporated under Malta laws.

- Engagement in a strategic cooperation agreement with Google for the sale of electricity, green certificates and the tax equity 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.
- An engagement in a long-term financing transaction for a total amount of up to PLN 830 million (approx. NIS 780 million); As of the date of publication of the report, Energix has withdrawn the full loan amount.

1.6 Summary of the main data - the Group

Main Financial Results – Consolidated Statements			1-9/2023	Q3	Q3	For the year	
Main financial results – Consolidated Statement		**1-9/2024**					**%**
	Unit	**2024**	**2023**	**2024**	**2023**	**2023**	**Change[2]**
Revenues from rental fees and management of investment property	NIS thousands	1,036,659	989,800	360,977	335,452	1,324,063	4.7
Fair value adjustments of investment property	NIS thousands	313,241	(353,769)	301,614	(133,622)	(926,169)	(188.5)
Group share in losses of associates, net	NIS thousands	(477,744)	(920,541)	(60,665)	(352,456)	(1,703,997)	(48.1)
Revenues from sale of electricity and green certificates[3]	NIS thousands	645,627	543,943	209,561	122,470	680,713	18.7
Net profit (loss) for the period	NIS thousands	(28,296)	(884,884)	244,584	(409,156)	(2,151,838)	(96.8)
Net profit (loss) for the period attributed to Company shareholders	NIS thousands	(436,249)	(1,129,701)	43,362	(459,381)	(2,392,409)	(61.4)
Comprehensive income (loss) for the period attributed to Company shareholders	NIS thousands	(321,419)	(931,306)	89,567	(481,372)	(2,425,233)	(65.5)
FFO according to the management approach attributed to Company shareholders[4]	**NIS thousands**	**409,982**	**463,637**			**600,053**	**(12.6)**
Total balance sheet	NIS thousands	39,258,493	37,670,881			38,731,166	1.4
Equity (including non-controlling interests)	NIS thousands	11,060,715	12,483,227			11,064,123	(.0)
Financial debt (bank credit and bonds)[5]	NIS thousands	22,399,599	21,141,063			22,793,284	(1.7)
Net financial debt[6]	NIS thousands	21,359,124	19,998,766			20,595,607	3.7
Ratio of net financial debt to total balance sheet[7]	%	55.9	54.6			56.4	
Main financial results - expanded solo[8]							
Total balance sheet	NIS thousands	10,909,282	12,632,566			11,647,376	(6.3)
Equity attributed to Company shareholders	NIS thousands	4,888,644	6,549,227			5,002,057	(2.3)
Financial debt (bank credit and bonds)[5]	NIS thousands	5,981,337	6,093,400			6,774,485	(11.7)
Net financial debt[6]	NIS thousands	5,772,105	5,767,734			5,749,598	0.4
Ratio of net financial debt to total balance sheet[6]	%	53.9	46.9			54.1	
Earnings (loss) per share data							
Earnings (loss) per share - basic	NIS	(2.37)	(6.29)	0.24	(2.56)	(13.31)	(62.3)
Comprehensive income (loss) per share - basic	NIS	(1.67)	(5.18)	0.46	(2.8)	(13.49)	(66.3)
FFO per share - according to the management approach[4]	**NIS**	2.23	2.58			3.34	(13.17)
FFO per share - according to the Securities Authority approach	NIS	1.86	1.25			2.35	48.4
Current dividend per share[9]	NIS	0.54	0.96	0.18	0.32	1.28	(43.8)
NAV per share	NIS	25.33	36.44			27.83	(9)
NNAV per share[10]	NIS	30.23	41.86			32.78	(7.8)
Price per share at end of period	NIS	28.55	26.10			30.24	(5.6)

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2. Balance sheet data of September 30, 2024 compared to December 31, 2023. Result data of 1-9/2024 compared to 1-9/2023.
3. Electricity revenues in the first nine months of 2023 include revenues from the unwinding of electricity price hedging agreements in the amount of NIS 153 million.
4. 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.
5. Financial debt also includes assets/liabilities of derivative transactions carried out by the Group.
6. Financial debt presented net of cash balances. The Company's financial debt (expanded solo) as of September 30, 2024 and December 31, 2023 is the financial debt net of the cash balance.
7. Net financial debt as a percent of total balance sheet, net of cash balances. The Company's net financial debt (expanded solo) as of September 30, 2024 and December 31, 2023 is the financial debt net of the cash balance.
8. 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).
9. 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.
10. 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	1-9/2024 2024	1-9/2023 2023	Q3 2024	Q3 2023	For the year 2023	% Change[11]
Investment in Israel - Amot Investments Ltd. (rate of holdings - 51.05%)[12]							
Number of income-generating properties	Unit	112	114			114	
Value of investment property (not including self-developed property)	NIS thousands	17,162,555	16,748148			16,730,765	2.6
Weighted discount rate derived from investment property	%	6.45	6.36			6.3	
Occupancy rate at end of period	%	93.2	93.5			93.4	
Value of self-developed investment property	NIS thousands	3,168,237	2,677,206			2,757,003	14.9
Ratio of net financial debt to total balance sheet	%	44.1	43.76			43.8	
NOI[13]	NIS thousands	777,679	754,730	264,056	255,417	1,004,406	3.0
FFO[14] per share - according to the management approach	NIS	1.308	1.287	0.442	0.428	1.707	1.6
NAV per share	NIS	19.21	18.55			18.78	2.3
Price per share at end of period	NIS	16.09	18.45			20.00	(19.6)
Investment in the United States - Carr Properties Corporation (rate of holdings - 47.7%)[15]							
Number of income-generating properties	Unit	12	16			14	
Value of investment property (not including self-developed property)	USD thousands	1,996,374	2,168,900			1,707,449	16.9
Occupancy rate at end of period (lease)	%	89.0	87.5			90.5	
Number of properties in development	Unit	2	1			2	
Value of self-developed property	USD thousands	48,922	782,931			739,887	(93.4)
Ratio of net financial debt to total balance sheet	%	61.9	57.4			57.7	
NOI[16]	USD thousands	114,062	127,959	35,484	41,048	163,785	(10.9)
FFO[14]	USD thousands	47,360	56,743	14,857	16,387	69,539	(16.5)

11. Balance sheet data of September 30, 2024 compared to December 31, 2023. Result data of 1-9/2024 compared to 1-9/2023.

12. 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.

13. Net Operating Income.

14. Funds from operations.

15. 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.

16. Including NOI from property management.

1.7 Summary of the main data – Investees (continued)

	Unit	1-9/2024 2024	1-9/2023 2023	Q3 2024	Q3 2023	For the year 2023	% Change
Investment in the UK - Brockton Everlast Inc. Limited (rate of holdings) Brockton Everlast (rate of holdings 84.82%)							
Number of income-generating properties	Unit	10	12			10	
Value of investment property	GBP thousands	673,000	900,125			699,800	(1.5)
Occupancy rate at end of period	%	97.9	98.6			98.3	
Value of land for initiation	GBP thousands	402,000	297,745			361,750	6.5
Ratio of financial debt to total balance sheet	%	32.9	31.1			36.4	
NOI	GBP thousands	32,380	31,125	12,107	8,701	41,315	4.0
FFO	GBP thousands	9,384	11,387	4,011	3,236	15,229	(17.6)
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	556			978.0	-
Installed capacity from connected wind systems (MW) - Energix's share	Unit	301	301			301.2	
Balance of connected electricity-generating facilities – according to book value	NIS thousands	5,710,468	3,412,651			5,216,739	9.5
Price per share at end of period	NIS	13.48	11.24			13.36	9

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. <u>General trends in the office sector</u>
   For trends regarding demand, supply, financing and asset value 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. <u>Developments in Israel</u>
   According to the macroeconomic forecast published by the Bank of Israel in the interest rate announcement of October 9, 2024 (the "**Forecast**"), the growth forecast for 2024 and 2025 has been revised downward. According to the forecast, GDP in 2024 is expected to grow by only approx. 0.5% and in 2025 it is expected to grow by approx. 3.8%. According to the forecast, the annual inflation rate is expected to be 3.8% at the end of 2024 and 2.8% in 2025. The government budget deficit is expected to amount to 7.2% of GDP in 2024 in view of the increase in the costs of the War and the flow of American aid that was partially shifted to 2025 and beyond. The deficit is expected to reach 4.9% of GDP in 2025, assuming that permanent fiscal adjustments of approx. NIS 30 billion will be made. Public debt is expected to reach a level of approx. 68% of GDP in 2024 and approx. 69% of GDP in 2025. The forecast is based on the assumption that the War, which has also expanded to the northern front, will continue with high intensity in the beginning of 2025. 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%.

   Due to the increase in the government deficit due to defense spending and the worsening of the regional conflict, in February and April 2024, the international rating agencies Moody's and S&P, respectively, downgraded Israel's credit ratings with a negative outlook. In October 2024, due to the escalation of the conflict between Israel and Iran, the Moody's rating agency lowered Israel's credit rating by two more notches, to Baa1 with a negative outlook, and immediately thereafter, S&P lowered Israel's credit rating by one notch to A, also with a negative outlook.

   The slowdown in the pace of investment in Israeli high-tech, the economy's main engine, which began in 2023 and intensified due to the War, continues to negatively affect market sentiment. As a result, the negotiation process for property rentals continues to be longer and more difficult, more intensive marketing work is required, and there is great competition for each client. In addition, there is a trend of tenants seeking to sign agreements for shorter rental periods, until the business environment becomes clearer, at a time when they will be able to make long-term decisions. At the same time, it is evident that the "flight to quality" trend also exists in Israel, with new buildings in prime areas standing out positively compared to older buildings or buildings in weaker areas. It is estimated that this trend will continue and that the new areas in core markets will continue to be almost fully occupied, while in secondary markets such as Petah Tikva, Bnei Brak, Holon, and more, there will be some difficulty with property rentals and maintaining rental fees in line with the rate of inflation.

The Company estimates that continued high-intensity fighting over time and/or continued escalation of the conflict on the northern border front (or on additional fronts, particularly on the direct front with Iran) will result in significant and broader damage to the economy.

C. Developments in the United States

The growth rate of economic activity in the United States in the third quarter of 2024 was at an annual rate of 2.8% (slightly lower than the 3.0% in the second quarter). Additional published data indicate that the unemployment rate in the United States increased from 3.7% at the end of 2023 to 4.1% in the third quarter of 2024, and it appears that the US economy is heading towards a "soft landing".

The inflation rate continued to decline during the third quarter with an annual rate of approx. 2.4%, compared to an annual rate of approx. 3.0% in the second quarter of 2024. Following this decline and relying on additional economic indicators, the Federal Reserve lowered the interest rate in two steps, one reduction in September 2024 by a rate of 50 basis points and another in November 2024 by a rate of 25 basis points. As of the date of publication of the report, the federal interest rate is approx. 4.25%-4.75%.

Despite the interest rate reduction, the long-term 10-year interest rate rose, surprisingly, from a level of approx. 3.65% to a level of approx. 4.36% at the beginning of November 2024.

The capital markets responded to the victory of the Republican Party's candidate for the US presidency, Donald Trump, with increases, but at this time, it is impossible to know what impact the election results will have on the US economy in general and the real estate market in particular.

Washington D.C.

As of March 2024, the vacancy rate in Washington D.C. "Trophy" type offices was 13.1% 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 29% between the two office types mentioned above.

During the first quarter of 2024, rentals in Washington D.C. amounted to approx. 1.6 million sq.ft. It appears that the expected rental volume for 2024 as a whole will be the highest since 2020.

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 trend of converting offices into residences gained momentum during the third quarter of 2024.

Boston

As of March 2024, the vacancy rate in Boston's CBD remained at approx. 17.3% for Class A offices and 14.1% for Trophy offices. Rental prices for Trophy properties are approx. 34% higher than lower-end properties.

Active demand for rental space increased by approx. 13% in the third quarter of 2024 compared to the corresponding quarter in 2023.

The space offered for subleasing remains unchanged at approx. 4 million sq.ft., less than the peak recorded in the third quarter of 2023.

D. Developments in the UK

The UK GDP grew by 0.5% in the second quarter of 2024, following a 0.7% growth in the first quarter of 2024. Most of the growth was led by the services sector. There was no growth at all in July 2024, while in August 2024, growth of 0.2% was recorded, in line with expectations.
The unemployment rate in the UK declined to 4.0% in August 2024, compared to 4.1% in June 2024.

Following a decline in the inflation rate to 1.7% in September 2024, below the Bank of England's target of 2%, in November 2024, the Bank of England lowered interest rates by 25 basis points to 4.75%, following a similar reduction in August 2024.

At the end of October 2024, the new government's budget was approved, which included various tax increases, mainly for the upper classes, aimed at increasing state revenues by approx. GBP 40 billion. Among other things, taxes were raised on capital gains, an increase in stamp duty on second homes, and an increase in taxes for employers through an increase in the National Insurance.

In the third quarter of 2024, leasing activity (take-up) of offices in London amounted to approx. 2.8 million sq.ft., led by the West End. Since the beginning of 2024, take-up has been recorded at approx. 6.6 million sq.ft., which is a 5% increase compared to the same period in 2023.
Rental prices in London increased in most areas of London, especially in the West End, where rental prices reached approx. GBP 160 per sq.ft., a price reflecting an annual increase of 13.8%. A lack of construction starts beyond 2026 will result in an increase in rental prices in the prime properties in the future.

The vacancy rate in the total office market in Greater London increased slightly by 10 basis points to approx. 8.6%, although the vacancy rate in modern and new office buildings is only approx. 1.5%.

The discount rate of prime West End properties remained at 4.0% and the City rate declined by 25 basis points to 5.5%.

During the first half of 2024, Cambridge's office leasing activity for laboratories amounted to approx. 232 thousand sq.ft. at rental rates that continued to increase significantly. The discount rates for laboratories remained at 4.75% and office rates increased from approx. 5.5% to 6.0%.

During the first half of 2024, Oxford's office and laboratory leasing activity amounted to 225 thousand sq.ft. The discount rates for laboratories remained at 4.75% and office rates increased from approx. 5.5% to 6.0%.

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.**

Supply and demand trends in the US market - The trend of a significant increase in demand for electricity in the US electricity market continues, which reinforces the estimates of a continued increase in electricity prices in the US and the need for electricity grid managers to invest and increase grid redundancy. 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. Energix estimates that the results of the tender are expected to generate additional revenue of USD 8-10 million for its US operations in the period between June 1, 2025 and May 31, 2026, compared to existing projects in commercial operation in the United States (E3, VA1, VA2), and increase profitability in future projects.

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	30.9.24 NIS millions	31.12.23 NIS millions	Notes and explanations
Cash and cash equivalents	1,040	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)	24,928	23,897	The increase stems from investments in property in development and in income-generating properties in the amount of NIS 659 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 379 million) and the recording of a positive property revaluation (Amot) in the amount of NIS 432million). On the other hand, there was a decrease stemming from the realization of properties by Amot in the amount of NIS 345 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 105 million.
Investments in companies accounted for according to the equity method and securities measured at fair value through profit and loss	2,346	2,773	The main changes are as follows: • An increase in investments due to investments in the Brockton Fund III in the amount of NIS 84 million and an investment of NIS 18 million in AH Boston; • Losses recorded in associates in the amount of approx. NIS 477 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 information 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	9,618	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	1,326	1,754	
Total assets	39,258	38,731	
Loans and bonds	21,833	22,132	The main changes are as follows: • Raising of bonds and receipt of loans in the amount of NIS 1.9 billion. • Repayment of bonds and loans in the amount of NIS 2 billion. For information regarding the main changes in the Group's financial debt - please see Section 2.4.5 below.
Other liabilities	6,365	5,535	
Total liabilities	28,198	27,667	
Equity attributed to shareholders	4,889	5,002	For information regarding the main changes in equity attributed to the shareholders, please see Section 2.7.2 below.
Non-controlling interests	6,172	6,062	
Total equity	11,061	11,064	
Total liabilities and equity	39,258	38,731	

2.3 Investments

2.3.1 The following are the Company's investments (expanded solo):

	Currency	Number of shares	Book balance The Company (expanded solo) as of September 30, 2024	Value as of September 30, 2024	Value as of the publication date of the report	Value measurement basis
			NIS thousands	NIS thousands	NIS thousands	
Amot	NIS	240,718,672	4,596,634	3,873,163	4,718,086	Stock market value - tradable
Energix	USD/PLN/NIS	276,060,936	1,122,985	3,721,301	3,588,792	Stock market value - tradable
Brockton Everlast	GBP	-	3,035,363	3,035,363	2,981,234	Equity method
Carr	USD	-	1,379,946	1,379,946	1,391,105	Equity method
AH Boston	USD	-	256,859	256,859	358,663	Equity method
Brockton Capital III[17]	GBP	-	255,221	255,221	227,653	Equity method
Cash and others[18]			217,592	217,592	753,005	
Total			10,864,600	12,739,446	14,018,538	

2.3.2 The Company's investments (expanded solo) as of the date of publication of the report

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

	1-9/2024	After the balance sheet date	Total
	NIS millions	NIS millions	NIS millions
Brockton Everlast[19]	374	74	448
AH Boston	18	99	117
Brockton Fund III	84	-	84
	476	173	649

[17] Investment through the fund in TOG-FORA, a company engaged in London's premium flexible office sector.
[18] Including others in the amount of NIS 8 thousand as of September 30, 2024 and as of a date close to the publication of the financial statements.
[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 nine- and three-month periods ended September 30, 2024):

Property revaluations		Investee's share in millions		Company's share in NIS millions	
Geographic region	Currency	1-9/2024	7-9/2024	1-9/2024	7-9/2024
USA (Carr and AH Boston)	USD	(303)	(42) (1)	(572)	(93)
UK (BE)	GBP	(22)	(2) (2)	(86)	(10)
Israel (Amot)	ILS	432	330	221	168
Total increase/decrease in value				**(437)**	**66**

(1) United States (Carr and AH Boston) - The negative revaluation recorded by AH Boston in the third quarter is due to the increase in discount rates for income-generating properties by 0.5% and to changes related to future market leasing assumptions regarding a project in initiation, which led to the recording of a loss of USD 69 million. On the other hand, this revaluation loss was offset by an increase in the value of Carr's properties in the amount of USD 27 million resulting from the extensive rental operations carried out by Carr.

(2) UK (BE) - The negative revaluation of properties in the third quarter is due to the reduced costs for the promotion of city building plans for income-generating properties.

2.3.4 Real estate investment in Israel - through Amot:

As of September 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 therefore, the property was reclassified from "Property in development and land rights" to "investment property".
- **HaLehi Complex (the Park)** - As of the date of the report, the project is in advanced stages of finishing and systems work, and the commercial floors have been delivered to tenants for TI work. Amot has signed lease agreements for 8,500 sq.m. (Amot's share - 50%), which are expected to yield annual rental fees of approx. NIS 14 million (Amot's share - 50%).
- **Amot Danisra - 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 at the end of 2024.
- **K Complex - Jerusalem** - As of the date of the report, the project is at the end of the foundation work.
- **ToHa2 project - Tel Aviv** (approx. 156 thousand sq.m.) - In June 2024, as part of the joint venture between Amot and Gav-Yam Land Corporation Ltd. (the "**partners**"), 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, 351 new contracts were signed, including the exercise of options and contract renewals amounting to an area of 143 thousand sq.m. at annual rental fees of NIS 142 million (a weighted average increase of 1%).

2.3.5 Investment in Carr

As of September 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 September 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:

- **Signing of binding lease agreements for space in the Midtown Center building, Washington D.C.** - Further to Section 2.3.5 of the Board of Directors' Report for 2023, during the period, 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). In addition, subsequent to the reporting period, Carr entered into a long-term lease agreement to lease an additional 120 thousand sq.ft. of the space that Fannie Mae will vacate and is on the verge of signing a long-term lease agreement for an additional 115 thousand sq.ft.

Regarding the remaining space that Fannie Mae will vacate in May 2029 (approx. 115 thousand sq.ft., representing approx. 13% of the building's leasable space), Carr is conducting advanced negotiations with several potential tenants.

- **Residential rental activities** - In February 2024, Carr completed a transaction for the acquisition of the 425 Montgomery St. building 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 by demolishing the existing building in addition to Carr's intention to construct another residential building (3033 Wilson). Carr is in advanced negotiations to add an investor to the 425 Montgomery project and to add an investor to the 3033 Wilson project during 2025.
- **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)).
- **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 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)).
- **The Wilson Building, Bethesda -** Carr is on the verge of signing a lease agreement to replace existing tenants for approx. 100 thousand sq.ft.

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 September 30, 2024 and close to the date of publication of the report, Carr's unutilized credit facility balance is approx. USD 225 million.

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 financial statements as of September 30, 2024 is USD 69 million (approx. NIS 256 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, with a balance of USD 34 million.
The project company has a loan in the total amount of up to USD 160 million from an international investment fund at non-recourse terms (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 Company and its partner Oxford are working to extend the loan period.
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.

2.3.6.2 125 Summer building:

125 Summer building - Subsequent to the reporting period, the property company received a loan in the amount of approx. USD 102 million for a 5-year period at an annual interest rate of

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

6.5%. The loan was used by the partnership to repay an existing loan in the amount of USD 132 million. The remaining repayment was financed through capital investments.

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 September 30, 2024 and close to the date of publication of the report, the Company indirectly held approx. 84.82% and approx. 84.97% (respectively) of the rights in BE. During the reporting period, the Company invested approx. GBP 81 million (approx. NIS 374 million) in BE's capital, and subsequent to the financial reporting period the Company invested an amount of approx. GBP 15 million (approx. NIS 74 million) in BE's capital. **The aforementioned investments in BE were used, among other things, 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.
- In the reporting period, the rent review procedure in the Water side building was completed so that the rent paid by the tenant will increase by 16%, effective from July 2023.
  For additional information, please see Note 4a to the financial statements.

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

Property name	Location	Main use	Rate of holdings	Thousands of above-ground sq. ft. for marketing, 100%	Construction start date	Estimated completion date	Estimated construction costs, including land and financing	Project cost in BE's books as of September 30, 2024	Balance of construction costs for completion as of September 30, 2024	Projected NOI upon project occupancy
								GBP millions		
The Dovetail Building	City of London	Offices	100%	464	2025	2029	730-760	131	600-630	50-55

The equity required for construction between the years 2025-2026 is GBP 75 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 102 MWh (storage) in projects in commercial operation, approx. 752 MW and 292 MWh (storage) in projects in development or pre-construction, and approx. 467 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 E 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 its forecast for 2024:

Revenues - Energix updated its estimates regarding the amount of revenues for 2024 to a total of approx. NIS 890 million (instead of a range of NIS 920-1,020 million). The update of the revenue forecast is due to low wind strength and low green certificate prices compared to price expectations in Poland.

Project EBITDA - Energix estimates that the project EBITDA for 2024 will be approx. NIS 750 million (instead of a range of NIS 760-840 million).

Project FFO - Energix estimates that the project FFO for 2024 will be approx. NIS 550 million (instead of a range of NIS 570-640 million).

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

- **Google transaction (sale of electricity and green certificates; provision of the tax equity 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 the global company Google for the sale of electricity, green certificates and the tax equity 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).[21] 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 framework agreement, and the sale of electricity will be carried out at a market-adjusted price (net of an agreed discount) with a "minimum price" protection mechanism, and the green certificates at a price agreed between the parties in advance. In addition, Google will provide the tax equity 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(1) to the financial statements.

  During the third quarter, 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.

  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 equity partner investment for an E3 project backlog (Virginia 3 and PA1):** In April 2024, the financing transaction and tax equity 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 for the realization of a tax benefit for the use of local

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[21] Through the Virtual Power Purchase Agreement, Google commits to purchase the full amount of electricity generated at market price, net of an agreed discount, but without physically transferring the electricity. Instead, Energix sells the electricity to the grid at market price, and the difference between the market price and the agreed price is settled between the parties.

equipment. Receipt of this amount is conditional on approval from existing tax equity partners for this purpose and at the terms of the final binding regulations on the matter.

- **Advanced negotiations for the signing of a financing transaction and tax equity partner investment for the E4 project backlog -** As of the date of publication of the report, Energix is in negotiations for an engagement in a financing transaction that includes a bridging loan, a back leverage loan and a tax equity partner investment - ITC, in a total amount of up to USD 340 million for the construction of 5 projects with a total capacity of approx. 210 MWp. Energix estimates that the financing transaction is expected to be signed in the coming weeks and will result in the full return of equity invested to date in these projects.
- **Project backlog in the United States, with a capacity of approx. 850 MWp and a storage capacity of approx. 1 GWh:** Further to the Board of Directors' report as of June 30, 2024, in view of the continuing negotiations to reach binding agreements and complete the transaction and the findings of the due diligence regarding the impact of the extended timetables on the quality of the projects, Energix is re-examining the acquisition transaction in the proposed outline.[22]
- **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 a certain 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.

[22] The report as of June 30, 2024, as published by the Company on August 14, 2024 (Ref: 2024-01-086716).

- **Regulatory updates in Poland**
  - On August 30, 2024, the Polish regulator published a regulation regarding the setting of the quota required for the purchase of green certificates by electricity producers that are not from the renewable energy sector. According to the current regulation, a quota of 8.5% was set (instead of 5% in 2024). The publication of this regulation came after the previous government reduced the quota from 11% in 2023 to 5% in 2024. To the best of Energix's knowledge, the Polish market expected the quotas to be restored to the previous rate of at least 11%, and therefore, upon the publication of the latest quota for 2025, the green certificates were traded on the designated exchange in Poland at a lower price level compared to the forecast that would have been expected, had the quota been set at a higher rate.

Poland

- **Financing for the wind farms (Banie 1+2 and Ill'awa) with a total capacity of 119 MW** - During the reporting period, Energix completed a transaction for financing in the amount of up to PLN 830 million (approx. NIS 780 million) for the Banie 1+2 and the Ill'awa wind farms with a total capacity of 119 MW (hereinafter in this subsection - the "**financing agreement**"). The financing agreement was provided by a syndicate of 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**"). For additional information regarding the financing agreement, please see Note 8f to the financial statements.

Israel

- **Golan Heights Wind Farm (ARAN Project) with a total capacity of 106 MW** - Further to Note 8b to the annual financial statements, in July 2024, a petition filed against Energix and the National Infrastructure Committee demanding announcement of the invalidity of the construction permit was rejected out of hand, so that the construction permit remains fully valid. As detailed in the above note, construction work on the project was temporarily halted and as of the date of approval of the report, Energix is working to create the infrastructure required for construction work after the end of the War and is also working to reduce ongoing costs.
- **Energix's storage activity** - In its storage activity, Energix continues to promote projects and collaborations in the three territories in which it operates.
- **In Israel** - To date, Energix has connected 2 PV + storage projects with a capacity of approx. 26 MWp + 102 MWh and is working to connect the remaining projects designated for electricity supply within the market regulation framework under the agreement with Electra Power.

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	NIS millions
Amot	248	313
BE	51	51
Energix	138	166
AH Boston	9	15
Brockton II Fund	2.6	2.6
Total cash dividend	449	548
Carr – Dividend Reinvestment Plan[23]	-	121
Total dividend	449	668

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.

[23] 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 Liquidity and financing sources

2.4.1 Raising capital

2.4.1.2 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) ("Options (Series 16)"). 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).

2.4.1.3 Subsequent to the date of the report, in October 2024, the Company entered into an investment agreement according to which the Company issued, in a private placement, 22 million ordinary shares (the "**Allocated Shares**") and 3.6 million options (Series 16) (the "**Allocated Options**") to Equity Finance and Investments Ltd.[24], a foreign company in which Mr. Aaron Frenkel directly and indirectly holds all of the share capital and voting rights, which is a third party, unrelated to the Company (the "**Investor**"), in consideration for a total (gross) amount of NIS 684 million. The allocated shares constitute approx. 10.23% of the Company's issued and paid-up capital, after the allocation[25].

To the extent that the allocated options are exercised for 3.6 million ordinary shares, the Company will receive an additional gross consideration in the amount of NIS 118 million (before adjustments for the reduction of the exercise price in respect of dividends, if such are distributed).

The allocated shares, the allocated options and the exercise shares resulting from them are subject, in accordance with the investment agreement, to restriction provisions and transfer restrictions longer than those stipulated by law.

2.4.2 For information regarding the exchange of NIS 251 million PV bonds (Series I) (constituting approx. 34.9% of the total bonds (Series I) in circulation) for NIS 294 million PV bonds (Series L), by way of an exchange purchase offer, please see Note 9a to the financial statements.

[24] According to information provided by the investor, Equity Finance and Investments Ltd. is a foreign company incorporated under Malta laws.

[25] Taking into account the additional shares and options (Series 16) that he held before the allocation, the investor holds, on a fully diluted basis, approx. 13.59% of the Company's capital.

2.4.3 Cash and credit facilities

As of September 30, 2024, the Group has cash balances of NIS 1 billion (of which the Company's expanded solo balance – NIS 209 million) and unutilized lines of credit in the amount of NIS 2.3 billion (of which the Company's expanded solo lines of credit – NIS 550 million).

2.4.4 Unencumbered assets

As of September 30, 2024, all of the Company's assets (expanded solo) are not encumbered. Their balance (not including cash) as of September 30, 2024 is NIS 10.6 billion (a market value of NIS 12.5 billion). As of September 30, 2024, Amot has a balance of unencumbered assets (approx. 98%) in the amount of approx. NIS 19.6 billion.

2.4.5 Financial debt

As of September 30, 2024, the Group's net financial debt amounted to NIS 21.3 billion, constituting 55.9% of the Group's total assets, compared to a net financial debt of NIS 20.6 billion, which constituted 56.4% of the Group's assets, as of December 31, 2023.

As of September 30, 2024, the net financial debt of the Company (expanded solo) amounted to NIS 5.8 billion, constituting 53.9% of the total assets of the Company (expanded solo), compared to net financial debt of NIS 5.7 billion, constituting 54.1% 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 39.3%.

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.

- Further to Note 12a.3 to the annual financial statements, in August 2024, the Company entered into an agreement with the bank to extend the credit facility in the amount of NIS 150 million for a period of one more year from the date of signing the extension (hereinafter, in this subsection - the "**Utilization Period**") and which is subject to final repayment by the end of two years from the end of the utilization period. All other terms of the agreement remain unchanged.

As of September 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:

Energix:

- Energix has credit facilities from financial institutions that it uses to provide guarantees and short-term loans. As of the date of the report, Energix has credit facilities in the amount of approx. NIS 1.1 billion, of which the utilized facilities are in the amount of approx. NIS 762 million and are used for guarantees and for short-term loans. In the reporting period, Energix increased its credit facilities in Israel, Poland and the United States by approx. NIS 600 million (of which approx. PLN 90 million (approx. NIS 81 million) were signed with a banking corporation in Poland, approx. USD 80 million (approx. NIS 300 million) with banking corporations in the United States and the remainder with banking corporations in Israel).

- In the reporting period, Energix received a short-term loan from a banking corporation in Israel in the amount of approx. NIS 100 million and a short-term loan from a Polish bank in the amount of approx. USD 75 million, which was repaid in the third quarter from project financing funds 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 PV 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 9.6 million, which was paid in 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.

2.4.6 Working capital deficit

The working capital deficit as of September 30, 2024 amounted to a total of approx. NIS 2.7 billion in the consolidated statements (NIS 0.9 billion in the Company's expanded solo statements). As of September 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 28 million, compared to a loss of NIS 885 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 436 million, compared to a loss of NIS 1,130 million attributed to Company shareholders in the corresponding period last year.

In the reporting period, the Group recorded a comprehensive income of NIS 135 million, compared to a comprehensive loss of NIS 562 million in the corresponding period last year. The share attributed to Company shareholders in the reporting period amounted to a loss of approx. NIS 321 million, compared to a comprehensive loss of NIS 931 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 (Funds from Operation) FFO

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):

	1-9/2024	1-9/2023	2023
	2024	2023	2023
	NIS thousands	NIS thousands	NIS thousands
Share of Company shareholders in the loss for the period	**(436,249)**	**(1,129,701)**	**(2,392,409)**
Adjustments to profit and loss:			
Fair value adjustments of investment property	(313,241)	353,769	926,169
Company share in property revaluations and other non-FFO items in investees	604,714	1,068,713	1,892,409
Profit from decrease in rate of holdings, from acquisition and realization of investees	(13)	(455)	(449)
Net losses (profits) from investments in securities measured at fair value through profit and loss	74,145	5,148	17,299
Others (mainly depreciation and amortizations) (*)	151,390	125,924	168,145
Revenues from unwinding of electricity-hedging agreements for Q2-Q4/2023	-	(45,042)	-
Financing expenses that are not FFO (mainly linkage differences and exchange rate differences)	428,294	301,017	317,157
Deferred taxes and current taxes that are not FFO, net	(63,274)	(32,928)	(3,800)
Share of non-controlling interests in the above adjustments to FFO	(35,784)	(182,808)	(324,468)
Real FFO according to the management approach	**409,982**	**463,637**	**600,053**
The sources of the FFO are as follows:			
Revenues			
NOI from investment property	900,506	864,227	1,152,065
NOI from electricity sales (**)	524,239	419,909	560,965
Group share in Carr's FFO, not including property revaluations	83,552	97,236	120,792

	1-9/2024	1-9/2023	2023
	2024	2023	2023
	NIS thousands	NIS thousands	NIS thousands
Group share in AH Boston's FFO, not including property revaluations	23,746	30,028	40,351
Group share in FFO of Amot associates	19,315	20,908	27,269
Other revenues	9,442	-	1,199
Total revenues	**1,560,800**	**1,432,308**	**1,902,641**
Expenses			
Real financing, net	(462,049)	(338,219)	(474,368)
Administrative and general	(177,902)	(135,747)	(181,565)
Current taxes	(67,130)	(67,080)	(81,616)
Share of non-controlling interests attributed to operating activities	(443,737)	(427,625)	(565,039)
Total expenses	**(1,150,818)**	**(968,671)**	**(1,302,588)**
Real FFO according to the management approach	**409,982**	**463,637**	**600,053**
FFO per share (NIS) according to the management approach	**2.23**	**2.58**	**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):

	1-9/2024 2024	1-9/2023 2023	For the year 2023
FFO according to the management approach	**405,281**	**463,637**	**600,053**
Less:			
Linkage differences on the credit of the Company and its investees and exchange rate differences	(67,608)	(197,485)	(178,506)
FFO according to the Securities Authority approach	**337,673**	**225,286**	**421,547**

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

	1-9/2024	1-9/2023	Q3	Q3	For the year
	2024	2023	2024	2023	2023
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Revenue and profits					
Revenues from rental fees and management of investment property	1,036,659	989,800	360,977	335,452	1,324,063
Fair value adjustments of investment property	313,241	(353,769)	301,614	(133,622)	(926,169)
Group share in losses of associates, net	(477,744)	(920,541)	(60,665)	(352,456)	(1,703,997)
Net profits (losses) from investments in securities measured at fair value through profit and loss	(69,170)	(5,148)	(114)	(7,833)	(17,299)
Profit from decrease in rate of holding, from purchase and realization of associates	13	455	1	17	449
Revenues from sale of electricity and green certificates	645,627	391,183	209,561	122,470	527,953
Revenues from unwinding of electricity-hedging agreements	-	152,760	-	-	152,760
Other revenues, net	4,467	1,651	811	894	1,199
	1,453,093	256,391	812,185	(35,078)	(641,041)
Costs and expenses					
Cost of investment property rental and operation	133,496	123,293	47,463	42,204	168,894
Development, maintenance and operation costs of electricity-generating facilities	101,277	73,680	40,145	28,357	110,801
Depreciation and amortizations	160,026	119,770	61,346	42,188	159,963
Administrative and general	192,391	151,143	75,380	54,266	201,798
Financing expenses, net	890,343	639,237	332,776	201,204	791,525
	1,477,533	1,107,123	557,110	368,219	1,432,981
Loss before taxes on income	(24,440)	(850,732)	255,075	(403,297)	(2,074,022)
Income tax expenses	3,856	34,152	10,491	5,859	77,816
Net loss for the period	**(28,296)**	**(884,884)**	**244,584**	**(409,156)**	**(2,151,838)**
Allocation of net income (loss) for the period:					
Share of Company shareholders	**(436,249)**	**(1,129,701)**	**43,362**	**(459,381)**	**(2,392,409)**
Share of non-controlling interests	407,953	244,817	201,222	50,225	240,571
	(28,296)	**(884,884)**	**244,584**	**(409,156)**	**(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 management of investment property – amounted to NIS 1,037 million in the reporting period, compared to NIS 990 million in the corresponding period last year, an increase of NIS 47 million (approx. 4.7%). Most of the increase stems from revenues from Amot's properties (approx. NIS 36 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 properties, which partially offset the above increase. The remaining increase of NIS 11 million is due to an increase in revenues from BE properties and an increase in the average exchange rate (GBP).

Fair value adjustment of investment property - In the reporting period, positive property revaluations were recorded in the amount of NIS 313 million, which stem from a positive revaluation in Amot in the amount of NIS 432 million, which was offset by asset value losses in BE in the amount of NIS 105 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 354 million. A loss of NIS 491 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%-0.75%, 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 208 million was recorded in the reporting period, compared to a loss of NIS 760 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 158 million (the Company's share in the loss before tax - USD 75 million, approx. NIS 277 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 positive revaluations in the third quarter of the year following the signing of long-term lease agreements and due to the transfer of control of two entities that hold properties (owned and leased), that have excess liabilities over the value of the 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.
  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 288 million was recorded in the reporting period, compared to a loss of NIS 171 million in the corresponding period last year.

  In the reporting period, negative revaluations were recorded in the amount of USD 146 million in respect of the Boston Properties (the Group's share in the negative revaluation before tax is approx. USD 80 million (NIS 298 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%-0.75%. 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 95 million (the Company's share in the loss before tax - NIS 190 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 646 million compared to NIS 543 million in the corresponding period last year, an increase of NIS 103 million. The increase is mainly due to an increase in revenues from electricity, mainly from new facilities that were connected, 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 890 million compared to NIS 639 million in the corresponding period last year, an increase of NIS 251 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 foreseeable future.

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

	1-9/2024	1-9/2023	Q3	Q3	For the year
	2024	2023	2024	2023	2023
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Net loss for the period	**(28,296)**	**(884,884)**	**244,584**	**(409,156)**	**(2,151,838)**
Profit (loss) from investment in Carr (1) (2)	(885)	34,299	(17,586)	12,546	(65,028)
Profit (loss) from investment in AH Boston properties (1)	(2,506)	6,766	(6,335)	3,158	(23,673)
Profit from investment in BE (1) (3)	145,359	157,789	87,596	(55,241)	71,939
Profit from investment in Energix and others (4)	20,469	128,422	6,796	21,380	69,090
Tax effects	1,116	(4,027)	2,325	3,602	1,760
Other comprehensive income for the period	163,553	323,249	72,796	(14,555)	54,088
Total comprehensive income (loss) for the period	**135,257**	**(561,635)**	**317,380**	**(423,711)**	**(2,097,750)**
Allocation of comprehensive income (loss) for the period:					
Share of Company shareholders	**(321,419)**	**(931,306)**	**89,567**	**(481,372)**	**(2,425,233)**
Share of non-controlling interests	456,676	369,671	227,813	57,661	327,483
	135,257	(561,635)	317,380	(423,711)	(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 reporting period in 2024, there was a devaluation of the NIS by a rate of 2.2% and 7.58% against the USD and the GBP, respectively. In the reporting period last year, there was a devaluation of the NIS by a rate of 8.7% and 10.4% 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 reporting period also includes another comprehensive loss in the amount of NIS 13.4 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 5 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 reporting period last year also includes another comprehensive loss in the amount of approx. NIS 2 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

	1-9/204 2024 NIS thousands	1-9/2023 2023 NIS thousands	For the year 2023 NIS thousands
Total cash flows provided by operating activities	**716**	**780**	**1,121**
Cash flows used in investing activities			
Investment in investment property and fixed assets (including property in development)	(677)	(534)	(656)
Proceeds from the realization of investment property	334	-	-
Investment in electricity-generating systems	(952)	(1,566)	(2,279)
Investment in AH Boston	(18)	(43)	(51)
Repaid hedging transactions	(277)	(373)	(549)
Investment in Brockton Funds, net	(84)	-	-
Repayment (provision) of loans, net	3	3	(61)
Net increase in deposits (including pledged deposits) and realization of tradable securities	636	451	(187)
Total cash used in investing activities	**(1,035)**	**(2,062)**	**(3,783)**
Cash flows provided by financing activities			
Receipt of loans (long-term loans and utilization of short-term bank credit)	1,389	2,063	3,386
Proceeds from the issuance of shares	319	-	-
Proceeds from the issuance of bonds	555	843	1,972
Repayment of liabilities (long-term loans, bonds and repayment of short-term credit)	(2,621)	(1,687)	(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	4	1
Capital raised by BE (net of the Company's investment in the issue)	12	1	30
Proceeds from sale of Amot shares to non-controlling interests	-	24	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	(480)	(560)	(695)
Total cash provided by financing activities	**(817)**	**664**	**3,099**
Total increase (decrease) in cash balances in the period	**(1,136)**	**(618)**	**437**
Other influences	**17**	**42**	**35**
Cash and cash equivalents and designated deposit at end of period	1,083	1,153	2,201
Less - designated deposit	(43)	(11)	(3)
Cash and cash equivalents at end of period	**1,040**	**1,142**	**2,198**

2.6 Equity

2.6.1 Share capital

	As of September 30 2024	As of December 31 2023
	NIS millions	NIS millions
Equity	11,061	11,064
Less non-controlling interests	(6,172)	(6,062)
Equity attributed to Company shareholders	**4,889**	**5,002**
NAV per share	**25.33**	**27.83**
NNAV per share	**30.23**	**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 113 million.

The main changes are as follows:

- The loss attributed to the Company shareholders in the amount of NIS 436 million - please see additional information in Section 2.5.2 above.
- Other comprehensive income attributed to the Company shareholders in the amount of NIS 114 million - please see additional details in Section 2.5.3 above.
- A reduction in capital following dividends in the amount of NIS 99 million.
- Issuance of shares and options in the amount of NIS 319 million.
- A loss from the issuance of capital in consolidated companies and other funds in the amount of NIS 11 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 based on the Company's statements (expanded solo) divided by currency as of September 30, 2024 (in NIS millions)[26]:

As of September 30, 2024	Assets	Liabilities	Net assets	%
USD	1,802	(871)	931	19%
GBP	3,370	(1,650)	1,720	35%
Other	64	(1)	63	1%
Excess assets over liabilities in foreign currency	5,236	(2,522)	2,714	56%
Excess assets over liabilities in NIS	5,673	(3,498)	2,175	44%
Equity as of September 30, 2024	10,909	(6,020)	4,889	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 information regarding 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.

At its meeting on November 18, 2024, the Company's Board of Directors approved the following (in accordance with the Remuneration Committee's approval and recommendations):

- Approval of the Company's remuneration policy for the years 2025-2027 (subject to approval by the general meeting);
- Approval of engagement in a management agreement with the Company CEO for the years 2025-2027;
- Approval of engagement in a management agreement with the Chairman of the Company's Board of Directors (subject to approval by the general meeting);
- Approval of capital remuneration for directors (subject to approval by the general meeting);

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

- Amendment of the management agreements with the VPs and the Legal Advisor to adapt them to changes in the remuneration policy;

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 September 30, 2024, please see Appendix B.

4. Corporate Governance Aspects

4.1. The Company's Board of Directors

Further to Section 2.4.1.3 above, in accordance with the investment agreement with the investor (as defined in Section 2.4.1.3) and in accordance with its authority under the Company's Articles of Association, the Company's Board of Directors decided, at its meeting on October 9, 2024, to approve the appointment of Mr. Ilan Gifman (the investor's recommendation) as an additional director in the Company who will serve from October 13, 2024 until the Company's next annual meeting.

On November 18, 2024, the Company's Board of Directors decided, in accordance with its authority under the Company's Articles of Association, to appoint Ms. Batsheva Moshe, effective from the date of the decision, as an independent director in the Company, from the date of her appointment until the date of the Company's upcoming annual meeting.

Accordingly, as of the date of publication of this report, the Company's Board of Directors has 9 directors[27], of which:

5 directors meet the definition of an independent director (Prof. Zvi Eckstein - External Director, CPA Shlomi Shuv - External Director, Mr. Amos Yadlin, Ms. Rony Patishi-Chillim and Ms. Batsheva Moshe) and 7 directors have accounting and financial expertise (Mr. Nathan Hetz, Mr. Aviram Wertheim, Prof. Zvi Eckstein, CPA Shlomi Shuv, Ms. Rony Patishi-Chillim, Mr. Ilan Gifman and Ms. Batsheva Moshe).

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.

[27] It should be noted that: (1) Mr. Amos Yadlin (Independent Director) will end his term, after 9 years of service, on November 22, 2024; (2) At its meeting on November 18, 2024, the Company's Board of Directors decided to convene an annual general meeting whose agenda included, among other things, the appointment of Dr. Samer Haj-Yehia as an additional external director(i.e., the third external director) in the Company.

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.

At its November 12, 2024 meeting, the Audit Committee discussed the Internal Auditor's Report on financial exposures and the Internal Auditor's Report on interested party transactions.

At its meeting on November 12, 2024, the Audit Committee approved the work plan for 2025 (within the framework of the three-year work plan), which includes the following topics: (a) Control over public investee companies - Amot; (b) General procurement (including travel abroad); (c) Employee options; (d) Information systems - information security.

5. Special Disclosure for Bondholders

5.1 The following data as of September 30, 2024 relate to bonds issued by the Company:

(In thousands)	Bonds (Series I)	Bonds (Series J)	Bonds (Series K)	Bonds (Series L)	Bonds (Series M)	Bonds (Series O)	Total
Par value as of September 30, 2024	467,593	1,049,537	160,746	2,054,943	897,601	1,050,480	5,680,900
Linked par value as of September 30, 2024	467,593	1,049,537	160,746	2,054,943	897,601	1,130,116	5,760,536
Value in the financial statements as of September 30, 2024 (at amortized cost)	473,982	1,054,540	159,147	1,934,528	858,847	1,056,308	5,537,352
Stock market value as of September 30, 2024	468,855	1,065,385	141,263	1,768,895	831,807	1,024,113	5,300,318
Accrued interest as of September 30, 2024	10,674	5,798	2,523	29,227	26,169	17,074	91,465

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 September 30, 2024
Net financial debt to value of holdings28	%	Less than 80%	52.9%
Minimum equity (Series I, J, K, L, M and O)[29]	NIS billions	More than 2.2	4.9

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.

[28] 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.

[29] 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 September 30	As of December 31
	2024	2023
	NIS thousands	NIS thousands
Current assets		
Cash and cash equivalents	209,232	1,024,887
Receivables, debit balances and others	41,682	34,811
Total current assets	250,914	1,059,698
Non-current assets		
Securities measured at fair value through profit and loss	255,225	165,385
Investments in investees	10,400,143	10,418,144
Others	3,000	4,149
Total non-current assets	10,658,368	10,587,678
Total assets	10,909,282	11,647,376
Current liabilities		
Short-term credit and current maturities of long-term liabilities	509,386	611,159
Payables, credit balances and others	390,185	363,011
Total current liabilities	899,571	974,170
Non-current liabilities		
Bonds and long-term loans	5,032,131	5,495,383
Deferred taxes	9,709	26,663
Others	79,227	149,103
Total non-current liabilities	5,121,067	5,671,149
Equity	4,888,644	5,002,057
Total liabilities and equity	10,909,282	11,647,376

Financial data, expanded solo

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

	1-9/2024 2024	1-9/2023 2023	Q3 2024	Q3 2023	For the year 2023
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Revenues					
Group share in losses of associates, net	(197,978)	(954,659)	132,671	(386,688)	(2,163,165)
Net profit (loss), relating to investments in long-term securities intended for sale[30]	(11,651)	(5,188)	(114)	(7,834)	(10,289)
Management fee revenues from investees	16,589	15,323	3,810	5,038	21,136
	(193,040)	(944,524)	136,367	(389,484)	(2,152,318)
Expenses					
Administrative and general	28,344	26,955	9,913	8,702	32,138
Financing expenses, net	215,826	172,477	78,355	59,429	230,861
	244,170	199,432	88,268	68,131	262,999
Loss before taxes on income	(437,210)	(1,143,956)	48,099	(457,615)	(2,415,317)
Income tax income	(961)	(14,255)	4,737	1,766	(22,908)
Loss for the period	(436,249)	(1,129,701)	43,362	(459,381)	(2,392,409)

	1-9/2024 2024	1-9/2023 2023	Q3 2024	Q3 2023	For the year 2023
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Group share in the profits (losses) of associates, net					
Group share in Amot's equity profits	339,097	240,787	178,308	67,843	371,116
Group share in Energix's equity profits	114,329	115,908	30,960	14,410	130,138
Group share in Carr's equity profits (losses)	(208,036)	(760,318)	70,124	(310,929)	(1,383,740)
Group share in AH Boston's equity losses	(287,839)	(170,629)	(142,717)	(45,246)	(284,180)
Group share in Brockton's equity losses	(153,772)	(378,435)	(2,446)	(112,705)	(993,819)
Other	(1,770)	(2,427)	(1,559)	(78)	(3,129)
Total profits (losses) of associates, net	**(197,991)**	**(955,114)**	**132,670**	**(386,705)**	**(2,163,614)**

[30] Refers to investment in Brockton Capital's private real estate funds.

The Company's liabilities (expanded solo) payable after September 30, 2024:

	Bonds (*)	Bank loans	Total	%
	NIS thousands	NIS thousands	NIS thousands	
Current maturities	510,210	-	510,210	9
Second year	510,210	-	510,210	9
Third year	510,210	-	510,210	9
Fourth year	897,742	-	897,742	16
Fifth year	897,742	-	897,742	16
Sixth year onward	2,473,598	-	2,473,598	43
Total repayments	5,799,711	-	5,799,711	100
Others			48,554	
Balance of liability related to transactions in financial derivatives			356,256	
Total financial debt (taking into account the value of transactions in financial derivatives)			6,204,522	

(*) 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 September 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	129,773	-	3,756	75,622	81	209,232	-	209,232
Receivables, debit balances and others	21,312	-	-	-	-	21,312	20,370	41,682
Total current assets	151,085	-	3,756	75,622	81	230,544	20,370	250,914
Non-current assets								
Securities measured at fair value through profit and loss	4	-	-	255,221	-	255,225	-	255,225
Investments in associates	-	-	-	-	-	-	10,400,143	10,400,143
Others	897	-	-	-	-	897	2,103	3,000
Total non-current assets	901	-	-	255,221	-	256,122	10,402,246	10,658,368
Total assets	**151,986**	**-**	**3,756**	**330,843**	**81**	**486,666**	**10,422,616**	**10,909,282**
Current liabilities						-		
Short-term credit and current maturities of long-term liabilities	(509,386)	-	-	-	-	(509,386)	-	(509,386)
Payables and credit balances	(363,315)	(22,471)	-	-	-	(385,786)	(4,399)	(390,185)
Total current liabilities	(872,701)	(22,471)	-	-	-	(895,172)	(4,399)	(899,571)
Non-current liabilities								
Bonds and long-term loans	(3,975,823)	(1,056,308)	-	-	-	(5,032,131)	-	(5,032,131)
Deferred tax liabilities	-	-	-	-	-	-	(9,709)	(9,709)
Others	(78,125)	-	(928)	-	-	(79,053)	(174)	(79,227)
Total non-current liabilities	(4,053,948)	(1,056,308)	(928)	-	-	(5,111,184)	(9,883)	(5,121,067)
Total liabilities	**(4,926,649)**	**(1,078,779)**	**(928)**	**-**	**-**	**(6,006,356)**	**(14,282)**	**(6,020,638)**
Excess assets over liabilities (liabilities over assets)	**(4,774,663)**	**(1,078,779)**	**2,828**	**330,843**	**81**	**(5,519,690)**	**10,408,334**	**4,888,644**
Financial derivatives	2,776,771	(258,376)	(868,418)	(1,649,977)	-	-	-	-
Excess financial assets over financial liabilities (financial liabilities over financial assets)	**(1,997,892)**	**(1,337,155)**	**(865,590)**	**(1,319,134)**	**81**	**(5,519,690)**	**10,408,334**	**4,888,644**
Allocation of non-monetary assets (liabilities), net - by linkage bases	316,702	5,193,751	1,796,331	3,039,144	62,406	10,408,334	(10,408,334)	
Excess assets over liabilities (liabilities over assets)	**(1,681,190)**	**3,856,596**	**930,741**	**1,720,010**	**62,487**	**4,888,644**	**-**	**4,888,644**

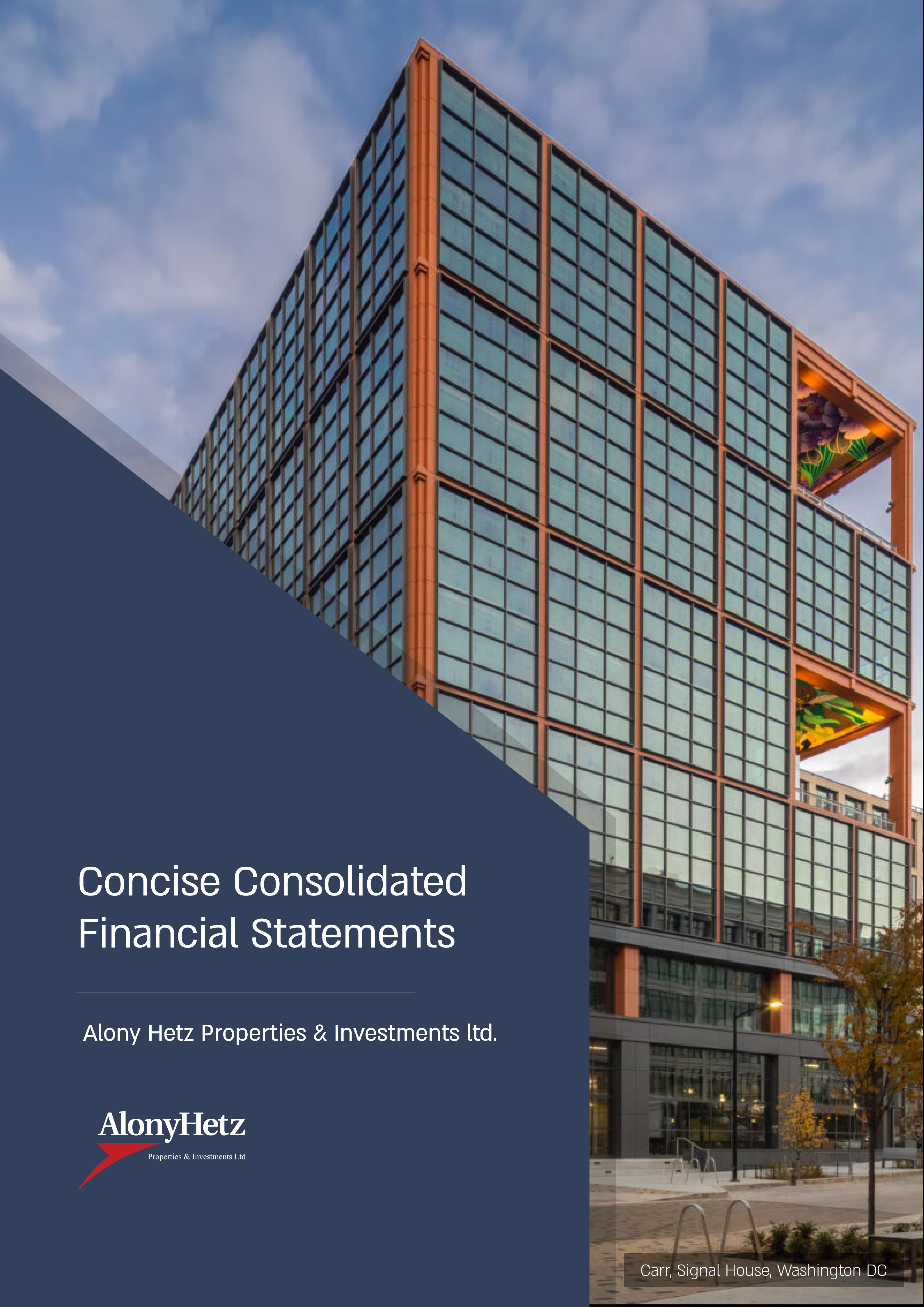
Appendix C – Rating Reports[31]

- For the Midroog rating report, please see the immediate report published by the Company on April 16, 2024 (Ref: 2024-01-038011) and the rating report dated August 27, 2024 (Ref: 2024-01-094780).
- 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) and the rating report dated August 27, 2024 (Ref: 2024-01-094786).

[31] 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.



Carr, Signal House, Washington DC

Concise Consolidated Financial Statements

Alony Hetz Properties & Investments ltd.

AlonyHetz
Properties & Investments Ltd

English Translation solely for the convenience of the readers of the Hebrew language audit report and Hebrew language financial statements.

A Review Report of the Independent Auditor to the shareholders of
Alony Hetz Properties & Investments Ltd.

Introduction

We have reviewed the accompanying financial information of **Alony Hetz Properties & Investments Ltd.** the Company and subsidiaries (hereafter- “the Company”) which includes the condensed consolidated statement of financial position as of September 30, 2024, and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the periods of nine and three months ended on that date. The board of directors and management are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 “Interim Financial Reporting” and they are also responsible for the preparation of this interim financial information in accordance with Chapter D of Securities Regulations (Periodic and Immediate Reports) - 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not review the interim condensed financial information of companies that were consolidated, whose assets included in consolidation constitute approximately 12% of the total consolidated assets as of September 30, 2024, and whose revenues included in consolidation constitute approximately 15% of the consolidated revenues from rental fees, management of investment property and sale of electricity and green certificates, for the periods of nine and three months ended on that date. Furthermore, we did not review the interim condensed financial information of certain affiliates presented on the equity method basis, the investment in which amounted to approximately 1,380 million NIS as of September 30, 2024, and the share of the results of which for the periods on nine and three months ended that date, amounted to a loss of approximately 208 million NIS and income of approximately 70 million NIS, respectively. The interim condensed financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information included for those companies, is based on the review reports of the other auditors.

Scope of Review

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

Conclusion

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

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

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

Tel Aviv, November 18, 2024

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

		As of September 30		As of December 31
		2024	2023	2023
	Note	NIS thousands	NIS thousands	NIS thousands
Assets		(Unaudited)	(Unaudited)	(Audited)
<u>Current assets</u>				
Cash and cash equivalents		1,040,475	1,142,297	2,197,677
Deposits and designated deposit	13	36,058	21,958	641,620
Trade receivables		146,105	149,137	115,662
Current tax assets, net		21,793	33,932	19,632
Other receivables		302,923	214,259	233,731
Assets designated for sale		-	-	177,825
Total current assets		1,547,354	1,561,583	3,386,147
<u>Non-current assets</u>				
Investment property		19,937,873	20,376,819	19,369,345
Investment property in development and land rights		4,989,887	3,983,803	4,349,731
Long-term investments:				
Securities measured at fair value through profit and loss		255,225	232,666	222,222
Investment in companies accounted for using the equity method	6, 7	2,091,449	3,467,146	2,550,500
Deferred tax assets		155,765	117,505	209,184
Electricity-generating facilities:				
Connected electricity-generating facilities	5	5,710,468	3,412,651	5,216,734
Right-of-use asset		636,925	504,709	511,443
Electricity-generating facilities in development	5	3,240,144	3,369,588	2,370,899
Pledged deposits		30,899	8,944	19,942
Fixed assets, net		118,714	116,886	117,664
Other assets		543,790	518,581	407,355
Total non-current assets		37,711,139	36,109,298	35,345,019
Total assets		39,258,493	37,670,881	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 September 30		As of December 31
		2024	2023	2023
	Note	NIS thousands	NIS thousands	NIS thousands
		(Unaudited)	(Unaudited)	(Audited)
Liabilities and equity				
Current liabilities				
Short term credit and current maturities of long-term loans	8	924,338	1,279,953	1,832,563
Current maturities of bonds	9	1,229,556	1,292,238	1,292,791
Current maturities of lease liabilities		36,101	28,142	30,617
Current tax liabilities, net		95,403	80,908	174,700
Payables and credit balances		2,029,695	1,218,739	1,530,033
Total current liabilities		4,315,093	3,899,980	4,860,704
Non-current liabilities				
Bonds	9	14,003,244	13,195,641	14,352,564
Loans from banking corporations and financial institutions	8	5,675,837	4,682,838	4,654,061
Lease liability		697,006	660,504	562,431
Deferred tax liabilities		1,937,611	1,829,935	1,858,015
Provisions		16,483	16,483	16,483
Other liabilities		1,552,504	902,273	1,362,785
Total non-current liabilities		23,882,685	21,287,674	22,806,339
Equity				
Equity attributed to Company shareholders		4,888,644	6,549,227	5,002,057
Non-controlling interests		6,172,071	5,934,000	6,062,066
Total equity		11,060,715	12,483,227	11,064,123
Total liabilities and equity		39,258,493	37,670,881	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

November 18, 2024

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

	For the nine-month period ended September 30	For the nine-month period ended September 30	For the three-month period ended September 30	For the three-month period ended September 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)	(Audited)
Revenue and profits					
Revenues from rental fees and management of investment property	1,036,659	989,800	360,977	335,452	1,324,063
Fair value adjustments of investment property	313,241	(353,769)	301,614	(133,622)	(926,169)
Group share in losses of associates, net	(477,744)	(920,541)	(60,665)	(352,456)	(1,703,997)
Net losses from investments in securities measured at fair value through profit and loss	(69,170)	(5,148)	(114)	(7,833)	(17,299)
Profit from decrease in rate of holding, from purchase and realization of associates	13	455	1	17	449
Revenues from sale of electricity and green certificates	645,627	543,943	209,561	122,470	527,953
Revenues from unwinding of electricity-hedging agreements	-	-	-	-	152,760
Other revenues, net	4,467	1,651	811	894	1,199
	1,453,093	256,391	812,185	(35,078)	(641,041)
Costs and expenses					
Cost of investment property rental and operation	133,496	123,293	47,463	42,204	168,894
Development, maintenance and operation costs of electricity-generating facilities	101,277	73,680	40,145	28,357	110,801
Depreciation and amortizations	160,026	119,770	61,346	42,188	159,963
Administrative and general	192,391	151,143	75,380	54,266	201,798
Financing income	(81,041)	(66,860)	(36,625)	(24,016)	(96,590)
Financing expenses	971,384	706,097	369,401	225,220	888,115
	1,477,533	1,107,123	557,110	368,219	1,432,981
Profit (loss) before taxes on income	(24,440)	(850,732)	255,075	(403,297)	(2,074,022)
Income tax expenses	3,856	34,152	10,491	5,859	77,816
Net profit (loss) for the period	(28,296)	(884,884)	244,584	(409,156)	(2,151,838)
Attributed to Company shareholders	**(436,249)**	**(1,129,701)**	**43,362**	**(459,381)**	**(2,392,409)**
Attributed to non-controlling interests	407,953	244,817	201,222	50,225	240,571
	(28,296)	(884,884)	244,584	(409,156)	(2,151,838)
Net earnings (loss) per share attributed to Company shareholders (in NIS):					
Basic	(2.37)	(6.29)	0.23	(2.56)	(13.31)
Fully diluted	(2.37)	(6.29)	0.22	(2.56)	(13.35)
Weighted average of share capital used in calculation of earnings per share (thousands of shares)					
Basic	184,046	179,722	192,599	179,722	179,722
Fully diluted	184,046	179,722	192,599	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 nine-month period ended September 30	For the nine-month period ended September 30	For the three-month period ended September 30	For the three-month period ended September 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)	(Audited)
Net profit (loss) for the period	(28,296)	(884,884)	244,584	(409,156)	(2,151,838)
Other Comprehensive Income					
Amounts to be classified in the future to profit or loss, net of tax					
Profit from translation of financial statements for foreign activities	371,072	859,250	129,986	88,120	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	(234,737)	(633,405)	(79,359)	(130,353)	(664,736)
Profit from exchange rate differences and changes in fair value of instruments used for cash flow hedging, net of tax	42,324	97,831	31,669	31,353	17,805
Company share in other comprehensive loss of associates, net of tax	(15,106)	(427)	(9,500)	(3,675)	(18,625)
Other comprehensive income (loss) for the period, net of tax	163,553	323,249	72,796	(14,555)	54,088
Total comprehensive income (loss) for the period	135,257	(561,635)	317,380	(423,711)	(2,097,750)
Allocation of comprehensive income (loss) for the period					
Company shareholders	**(321,419)**	**(931,306)**	**89,567**	**(481,372)**	**(2,425,233)**
Non-controlling interests	456,676	369,671	227,813	57,661	327,483
	135,257	(561,635)	317,380	(423,711)	(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 Nine-Month Period ended September 30, 2024 (Unaudited) (NIS thousands)

	Share capital	Share premium	Receipts on account of options	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	-	-	-	110,608	4,222	-	(436,249)	(321,419)	456,676	135,257
Dividend paid to Company shareholders	-	-	-	-	-	-	(99,446)	(99,446)	-	(99,446)
Dividend paid to non-controlling interests in consolidated companies	-	-	-	-	-	-	-	-	(382,911)	(382,911)
Issuance of shares and options	13,311	293,640	12,261	-	-	-	-	319,212	-	319,212
Issuance of capital in consolidated companies	-	-	-	-	1,447	-	-	1,447	69,631	71,078
Expiry of employee options	-	3,468	-	-	(3,468)	-	-	-	-	-
Allocation of benefit in respect of options to employees and officers	-	-	-	-	3,343	-	-	3,343	23,682	27,025
Acquisition of shares from non-controlling interests in a consolidated company	-	-	-	-	(16,550)	-	-	(16,550)	(57,073)	(73,623)
Balance as of September 30, 2024	211,107	3,104,746	12,261	(458,891)	420,213	(589)	1,599,797	4,888,644	6,172,071	11,060,715

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 September 30, 2024 (Unaudited) (NIS thousands)

	Share capital	Share premium	Receipts on account of options	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 July 1, 2024	197,796	2,810,867	-	(501,778)	416,188	(589)	1,591,181	4,513,665	6,064,813	10,578,478
Total comprehensive income for the period	-	-	-	42,887	3,318	-	43,362	89,567	227,813	317,380
Dividend paid to Company shareholders	-	-	-	-	-	-	(34,746)	(34,746)	-	(34,746)
Dividends paid to non-controlling interests in a consolidated company	-	-	-	-	-	-	-	-	(98,733)	(98,733)
Issuance of shares and options	13,311	293,640	12,261	-	-	-	-	319,212	-	319,212
Issuance of capital in consolidated companies	-	-	-	-	(131)	-	-	(131)	11,981	11,850
Expiry of employee options	-	239	-	-	(239)	-	-	-	-	-
Allocation of benefit in respect of options to employees and officers	-	-	-	-	1,080	-	-	1,080	6,224	7,304
Acquisition of shares from non-controlling interests in a consolidated company	-	-	-	-	(3)	-	-	(3)	(40,027)	(40,030)
Balance as of September 30, 2024	211,107	3,104,746	12,261	(458,891)	420,213	(589)	1,599,797	4,888,644	6,172,071	11,060,715

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 Nine-Month Period ended September 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	-	-	198,822	(427)	-	(1,129,701)	(931,306)	369,671	(561,635)
Dividend paid to Company shareholders	-	-	-	-	-	(204,883)	(204,883)	-	(204,883)
Dividends paid to non-controlling interests in a consolidated company	-	-	-	-	-	-	-	(354,529)	(354,529)
Issuance of capital in consolidated companies	-	-	-	2,004	-	-	2,004	39,879	41,883
Expiry of options	-	3,556	-	(3,556)	-	-	-	-	-
Allocation of benefit in respect of options to employees and others	-	-	-	3,228	-	-	3,228	27,149	30,377
Acquisition of shares from non-controlling interests in a consolidated company	-	-	-	(29,795)	-	-	(29,795)	(29,611)	(59,406)
Balance as of September 30, 2023	197,796	2,798,718	(352,543)	450,134	(589)	3,455,711	6,549,227	5,934,000	12,483,227

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 September 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 July 1, 2023	197,796	2,798,718	(321,051)	437,682	(589)	3,972,603	7,085,159	5,917,761	13,002,920
Total comprehensive income (loss) for the period	-	-	(31,492)	9,501	-	(459,381)	(481,372)	57,661	(423,711)
Dividend paid to Company shareholders	-	-	-	-	-	(57,511)	(57,511)	-	(57,511)
Dividend paid to non-controlling interests in consolidated companies	-	-	-	-	-	-	-	(77,646)	(77,646)
Issuance of capital in consolidated companies	-	-	-	2,030	-	-	2,030	27,715	29,745
Allocation of benefit in respect of options to employees and officers	-	-	-	921	-	-	921	8,509	9,430
Balance as of September 30, 2023	197,796	2,798,718	(352,543)	450,134	(589)	3,455,711	6,549,227	5,934,000	12,483,227

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 nine-month period ended September 30	For the nine-month period ended September 30	For the three-month period ended September 30	For the three-month period ended September 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)	(Audited)
Cash flows - Operating activities					
Net profit (loss) for the period	(28,296)	(884,884)	244,584	(409,156)	(2,151,838)
Net income (expenses) not entailing cash flows (Appendix A)	858,114	1,668,600	52,309	606,196	3,147,558
	829,818	783,716	296,893	197,040	995,720
Changes in working capital (Appendix B)	(113,064)	(3,495)	(8,009)	58,723	124,977
Net cash provided by operating activities	716,754	780,221	288,884	255,763	1,120,697
Cash flows - Investing activities					
Investment in investment property (including property in development) and in fixed assets	(659,073)	(533,811)	(154,786)	(199,220)	(655,762)
Proceeds from the realization of investment property, net of tax	333,809	-	91,163	-	-
Investment in electricity-generating systems	(951,775)	(1,565,962)	(339,545)	(759,255)	(2,279,175)
Investment in associates	(18,424)	(42,509)	(3,067)	(13,388)	(51,213)
Decrease (increase) in pledged deposit and restricted cash	636,692	48,766	329	28,577	(587,164)
Repayment of loans provided to associates, net	3,050	3,450	2,634	900	3,950
Provision of loans to others	(18,051)	-	(2,121)	-	(65,254)
Decrease in deposits and tradable securities, net	-	400,000	-	-	400,000
Cash from forward transactions and options designated for hedging	(276,974)	(372,578)	(152,386)	(137,870)	(549,292)
Investment in investment property funds	(84,489)	-	(28,077)	-	-
Others	330	845	109	592	353
Net cash used in investing activities	(1,034,905)	(2,061,799)	(585,747)	(1,079,664)	(3,783,557)
Cash flows - Financing activities					
Proceeds from the Group's bond issue, net	555,078	842,792	-	-	1,972,385
Repayment of bonds	(1,299,833)	(1,299,986)	(434,601)	(423,842)	(1,299,986)
Receipt of long-term loans, net of capital raising expenses paid	1,389,590	1,526,085	570,747	713,327	2,503,494
Repayment of long-term loans	(790,073)	(387,398)	(71,575)	(327,197)	(501,831)
Proceeds from the issue of shares and options	319,212	-	319,212	-	219,990
Proceeds from the issue of shares and options to non-controlling interests in consolidated companies	80,206	28,679	11,623	17,907	41,457
Acquisition of shares and options from non-controlling interests	(58,961)	(24,243)	(40,014)	-	(24,243)
Increase (decrease) in short-term credit and in utilized credit facilities	(531,849)	537,762	(251,536)	211,671	882,905
Dividend paid to Company shareholders	(99,446)	(204,883)	(34,746)	(57,511)	(262,394)
Dividend paid to non-controlling interests	(381,096)	(354,607)	(96,918)	(77,724)	(432,386)
Net cash provided by (used in) financing activities	(817,172)	664,201	(27,808)	56,631	3,099,391
Increase in cash and cash equivalents	(1,135,323)	(617,377)	(324,671)	(767,270)	436,531
Cash and cash equivalents at beginning of period	2,197,677	1,694,701	1,370,098	1,923,373	1,694,701
Balance of designated deposit at beginning of period	3,615	34,435	28,062	3,700	34,435

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

	For the nine-month period ended September 30	For the nine-month period ended September 30	For the three-month period ended September 30	For the three-month period ended September 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)	(Audited)
Effect of changes in exchange rates on foreign currency cash balances	17,428	41,456	9,908	(6,588)	35,637
Cash and cash equivalents and designated deposit at end of period	1,083,397	1,153,215	1,083,397	1,153,215	2,201,304
Less - Balance of designated deposit at end of period	42,922	10,918	42,922	10,918	3,627
Total cash and cash equivalents	1,040,475	1,142,297	1,040,475	1,142,297	2,197,677

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

	For the nine-month period ended September 30	For the nine-month period ended September 30	For the three-month period ended September 30	For the three-month period ended September 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)	(Audited)
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	(313,241)	353,769	(301,613)	133,622	926,169
Net profits from changes in holding rate and from realization of investments in investees	(13)	(455)	(1)	(17)	(449)
Differences from adjustments, interest and discounting in respect of long-term liabilities and cash balances	374,230	244,248	200,262	60,826	324,327
Profit from fair value adjustment of financial assets at fair value through profit and loss	38,932	(10,326)	(23,533)	5,812	(719)
Company share in results of associates, net of dividends and capital reductions received	488,169	920,445	60,876	353,559	1,733,948
Deferred taxes, net	90,702	(386)	53,356	(3,898)	(46,511)
Depreciation and amortizations	161,953	121,357	57,238	43,775	165,273
Allocation of benefit in respect of share-based payment	16,876	30,191	4,240	9,473	34,069
Others, net	506	9,757	1,484	3,044	11,451
	858,114	1,668,600	52,309	606,196	3,147,558
b. Changes in asset and liability items (changes in working capital):					
Decrease (increase) in trade receivables and in other receivables	(85,629)	(15,984)	15,300	39,353	(2,754)
Decrease (increase) in current tax assets, net	(2,145)	16,225	(1,319)	10,024	30,103
Decrease (increase) in payables and credit balances	(42,359)	(15,341)	(14,985)	1,725	(10,169)
Increase (decrease) in current tax liabilities, net	15,533	13,925	(7,022)	9,941	110,149
Purchase of CAP options	1,536	(2,320)	17	(2,320)	(2,352)
	(113,064)	(3,495)	(8,009)	58,723	124,977
c. Non-cash activity:					
Exercise of employee options against receivables	-	404	-	404	10,189
Investment in electricity-generating systems against supplier credit and payables	321,963	113,913	321,963	113,913	440,014
Contingent consideration with non-controlling interests	-	80,500	-	80,500	-
Increase in provision for evacuation and restoration	16,549	82,162	16,549	82,162	64,055
Increase in right-of-use asset against lease liabilities	131,433	104,111	-	104,111	123,421
Investment in real estate and fixed assets against other payables and credit balances	16,424	18,767	16,424	18,767	24,882
d. Additional information:					
Interest paid	458,877	442,667	139,229	150,350	559,420
Interest received	47,950	38,672	24,266	14,752	54,977

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

	For the nine-month period ended September 30	For the nine-month period ended September 30	For the three-month period ended September 30	For the three-month period ended September 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)	(Audited)
Taxes paid	50,960	66,766	15,482	2,300	74,297
Taxes received	11,739	11,517	647	1,456	14,696
Dividend and capital reductions received	10,412	15,705	-	5,892	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 - "**Interim Financial Statements**") have been prepared as of September 30, 2024 and for the nine- 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 unprecedented brutal surprise attack on the State of Israel, following which the Iron Swords War was launched.

According to the Company's assessment, the continuation of the fighting for a long time 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 and to increase the price of money for the Group companies operating 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 improvement and the breakdown of information in the financial statements and in the notes.
Presentation of information regarding 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.

Alony-Hetz Properties and Investments Ltd. | Notes to the Condensed Consolidated 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 (hereinafter - "appraisers"). In the semi-annual reports, the Group relies on 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 the appraisers or on their valuations.

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 September 30 / for the month of September	As of September 30 / for the month of September	As of December 31 / for the month of December	For the nine-month period ended September 30	For the nine-month period ended September 30	For the three-month period ended September 30	For the three-month period ended September 30	For the year ended December 31
	2024	2023	2023	2024	2023	2024	2023	2023
				%	%	%	%	%
Consumer Price Index (CPI) (2008 base)								
In Israel (in lieu CPI)	131.18	126.71	123.19	6.49	2.86	1.30	0.68	2.96
In Israel (known CPI)	131.42	126.83	122.85	6.98	3.25	1.58	0.77	3.35
Exchange rate against the NIS								
USD	3.71	3.82	3.63	2.20	8.67	(1.33)	3.35	3.13
GBP	4.97	4.68	4.62	7.58	10.39	4.63	0.15	8.96
PLN	0.97	0.87	0.92	5.43	9.31	4.30	(3.20)	15.00

Note 2 – Significant Accounting Policies (continued)

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 September 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 10b 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). As of the date of the report, the consideration was paid in full and possession of the land was transferred to Amot.

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".

Note 3 – Amot (consolidated company) (continued)

Realization of assets - During the reporting period, Amot realized three income-generating properties for a total of approx. NIS 190 million. As of September 30, 2024, the proceeds from the realization of these properties was 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. According to the terms of the transaction, 50% of the transaction proceeds was received in the first quarter of 2024 and the remaining 50% was received during the third quarter of 2024.

ToHa2 project in Tel Aviv - Further to Note 4b to the annual financial statements, in June 2024, 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. In the reporting period, Amot recorded a positive valuation of NIS 416 million, of which approx. NIS 313 million was recorded during the third quarter of the year.

C. 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 September 30, 2024, the Company indirectly held approx. 84.82% of the rights in BE. During the reporting period, the Company invested approx. GBP 81 million (approx. NIS 374 million) in BE's capital, and subsequent to the financial reporting period the Company invested an amount of approx. GBP 15 million (approx. NIS 74 million) in BE's capital. Close to the date of publication of the report, the Company's holding rate has increased to 84.97%.

B. BE's business developments

- During the reporting period (mainly during the second quarter), 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.
- In 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 13 million to GBP 15 million per year, effective from July 2023.
- In the reporting period, BE acquired all the shares of a former shareholder in the total amount of approx. GBP 8.3 million.

C. Fair value adjustments of investment property

In the reporting period, BE recorded a negative valuation of GBP 22 million (NIS 103 million), of which GBP 2 million (NIS 11.5 million) was recorded during the third quarter of the year.
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 8h below.

Note 5 – Energix (consolidated company)

A. The Company's holdings in Energix

As of September 30, 2024, the Company indirectly held approx. 50.2% of the rights in Energix. For information regarding a dividend received from Energix in the reporting period, please see Note 10b 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 102 MWh (storage) in projects in commercial operation, approx. 752 MW and 292 MWh (storage) in projects in development or pre-construction and approx. 467 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. **Strategic cooperation with Google 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 the global company Google for a long-term strategic cooperation (Virtual Power Purchase Agreements ("**VPPA**")), 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. During the third quarter, the two first agreements for the sale of electricity were signed as part of this collaboration, in relation to projects under construction in the United States with a capacity of 142 MWp.

   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 (VPPA) between the parties or their related companies, each for a certain period and according to a market-adjusted price with a mechanism guaranteeing a minimum price, 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 price determined in the framework agreement, depending on the date of the start of commercial operation of each project.

Note 5 – Energix (consolidated company) (continued)

B. Transactions carried out by Energix in the reporting period and subsequent to the balance sheet date (continued)

(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.

2. **E3 projects in commercial operation (Virginia 3 and PA1 with a total capacity of 412 MWp)** - Further to Notes 7d and 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 8e below.
3. **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, and the remainder will be sold under electricity sales agreements signed during the reporting period as part of the strategic cooperation as detailed in Note 5b above.
4. **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. 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.
5. **Project in advanced initiation with a capacity of approx. 150 MWp** – In the reporting period, Energix signed for the acquisition of a photovoltaic project in Ohio with a capacity of 150 MWp at a total cost of approx. USD 19 million. Energix estimates that construction is expected to begin in the second half of 2025.
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 annual financial 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 640 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)

B. Transactions carried out by Energix in the reporting period and subsequent to the balance sheet date (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 for a total consideration of approx. NIS 42 million. After the acquisition of the non-controlling interests, Energix's entire photovoltaic activity in Israel is fully owned (except for rights held by localities that provided the Company with 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 and up to the date of approval of the report, commercial operation has started at two facilities with a total capacity of approx. 26 MWp and 102 MWh (storage). In accordance with the electricity sales agreements signed by Energix in relation to the projects in this quota, the projects in commercial operation were converted to market regulation, and the electricity generated there is sold to a private supplier, Electra Power Supergas Ltd.

   As of the date of the report, assets totaling NIS 781 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.

Poland:

Photovoltaic Projects in Poland:

Projects in advanced initiation and in initiation - In the reporting period, Energix (through a subsidiary in Poland) entered into an agreement to purchase a project in initiation with a capacity of 120 MW for the amount of approx. PLN 6.2 million. As of the date of approval of the report, Energix is working to promote the development and increase the project's capacity.

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 September 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 September 30, 2024 and as of the date of publication of the report is 47.7%. The balance of the investment in Carr in the financial statements as of September 30, 2024, is USD 372 million (NIS 1.38 million).

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. As of the date of the report, the demolition of the purchased building has been completed. Carr is in advanced negotiations to add an investor to the project.
- **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.
- **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 September 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.
- **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 September 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, in May 2024, 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 Fannie Mae is vacating) 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). In addition, Carr entered into a long-term lease agreement to lease an additional 120 thousand sq.ft. of the space that Fannie Mae is vacating and is conducting advanced negotiations with several potential tenants for the lease of the remaining space to be vacated by Fannie Mae in May 2029.

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

C. Fair value adjustments of investment property

In the reporting period, Carr recorded a negative revaluation in the amount of USD 158 million in its financial statements[1] (the Group's share in the negative revaluation before tax is approx. USD 75 million, (NIS 277 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. Of these revaluations, Carr recorded positive revaluations in the amount of USD 27 in the third quarter of the year (the Group's share in the positive revaluation before tax is approx. USD 12.8 million (NIS 48 million)).

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 September 30, 2024 and close to the date of publication of the report, Carr's unused credit facility balance is approx. USD 225 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).

[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)

E. The following is concise information regarding Carr:

	For the nine-month period ended September 30	For the nine-month period ended September 30	For the three-month period ended September 30	For the three-month period ended September 30	For the year ended December 31
	2024	2023	2024	2023	2023
	USD thousands				
Revenue (not including property valuations)	120,704	167,702	46,984	53,789	216,216
Adjustment of investment property value (*)	(162,541)	(492,384)	26,705	(189,451)	(846,240)
Loss from continuing activity	(117,042)	(424,573)	39,928	(169,487)	(757,718)
Other comprehensive income (loss)	(8,188)	(2,776)	(6,414)	(1,512)	(12,370)
Total comprehensive loss (including share of non-controlling interests in profit)	(125,230)	(427,349)	33,514	(170,999)	(770,088)
Company share in Carr's net loss, in USD thousands	(56,903)	(207,360)	18,880	(83,055)	(370,433)
Company share in Carr's comprehensive loss, in USD thousands	(3,613)	(208,701)	(2,706)	(83,857)	(376,033)
Company share in Carr's net loss, in NIS thousands	(208,036)	(760,318)	70,124	(310,929)	(1,383,740)
Company share in Carr's comprehensive loss, in NIS thousands	(13,408)	(764,976)	(10,053)	(313,927)	(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 September 30	As of September 30	As of December 31
	2024	2023	2023
	USD thousands		
Investment property	1,736,838	1,514,262	1,191,124
Property in development and land for development	48,415	-	23,379
Investment in investees	98,149	600,615	435,546
Other non-current assets	130,096	186,355	162,534
Other current assets	52,732	59,596	60,778
Total assets	2,066,230	2,360,828	1,873,361
Current liabilities	54,992	295,904	160,576
Non-current liabilities	1,153,425	835,822	826,915
Total liabilities	1,208,417	1,131,726	987,491
Equity attributed to shareholders	710,569	1,145,843	826,172
Non-controlling interests	147,244	83,259	59,698
Equity (including non-controlling interests)	857,813	1,229,102	885,870
Total liabilities and equity	2,066,230	2,360,828	1,873,361
Company share in net assets - in USD thousands	371,952	599,799	432,466
Book value of investment - in NIS thousands	1,379,944	2,293,631	1,568,555

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

A. The Company's holdings in Boston

1. The Company holds approx. 55% of the capital rights and approx. 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.

2. The balance of the investment in the three Boston Partnerships in the financial statements as of September 30, 2024 is USD 69 million (approx. NIS 256 million).

3. In the reporting period, the Group invested a total of approx. USD 5 million (approx. NIS 18.4 million) and approx. USD 1.2 million subsequent to the reporting period (approx. NIS 4 million).

4. 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).

5. **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 tenant improvements, whose balance as of September 30, 2024 is USD 34 million.

   The project company has a loan in the total amount of up to USD 160 million from an international investment fund at non-recourse terms (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 repayable in July 2025 and can be extended subject to the meeting of milestones related to the rate of the property's rental. The Company and its partner Oxford are working to extend the loan period.

6. **125 Summer building** - In addition to Section 3 above, subsequent to the reporting period, the Company and Oxford invested approx. USD 46 million (the Company's share - 55%, i.e., approx. USD 25.5 million, approx. NIS 95 million), to repay and replace an existing loan (including financing costs for the repayment and replacement of the loan). For information, please see Note 8i below.

B. Fair value adjustments of investment property

In the reporting period, negative revaluations were recorded in the amount of USD 146 million in respect of the Boston Properties (the Group's share in the negative revaluation before tax is approx. USD 80 million (NIS 298 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. Further to Note 12a.3 to the annual financial statements, in August 2024, the Company entered into an agreement with the bank to extend the credit facility in the amount of NIS 150 million for a period of one more year from the date of signing the extension (hereinafter, in this subsection - the "**Utilization Period**") and which is subject to final repayment by the end of two years from the end of the utilization period. All other terms of the agreement remain unchanged.

C. As of September 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.

Energix (consolidated company):

D. **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 183 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 74 million.

E. **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.

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

Energix (consolidated company) (continued):

F. **Financing for the Banie 1+2 and Ill'awa wind farms with a capacity of 119 MW -** In August 2024, 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 was provided by a syndicate of three banks led by Santander Bank (the "**Lenders**"). As of the date of publication of the report, Energix has withdrawn the full financing amount (as of the date of the report, Energix had withdrawn approx. PLN 550 million of the amount (approx. NIS 530 million)). 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 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 1.1 billion (after the increase in the reporting period by NIS 600 million), of which the utilized facilities are in the amount of approx. NIS 762 million and are used for guarantees and for short-term loans.

BE (consolidated company):

H. 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% on that date), 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 9.6 million, which was paid in 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%.

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

BE (consolidated company) (continued):

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.

AH Boston (associates):

I. Subsequent to the reporting period, the partnership that holds the 125 Summer building took a loan in the amount of approx. USD 103 million for a 5-year period at an annual interest rate of 6.6% (USD 10 million of which is restricted cash released in accordance with investments in the building). The loan will be used by the partnership to repay an existing loan in the amount of USD 135 million (the remaining repayment was financed through capital investments by the Company and Oxford, according to their shares).

Note 9 – Bond Raising

The Company:

A. In September 2024, the Company exchanged NIS 251 million PV bonds (Series I) (constituting approx. 34.9% of the total bonds (Series I) in circulation) in exchange for NIS 294 million PV bonds (Series L), by way of an exchange purchase offer. The exchange ratio of the bonds (Series I) determined in the tender is 1.17. The bonds (Series L) bear an effective interest rate of 3.91% and have an average duration of 4.67 years.

B. Further to Note 11 to the annual consolidated financial statements, as of September 30, 2024, the total liability in respect of the Company's bonds amounted to approx. NIS 5,537,841 thousand, of which NIS 505,710 thousand are classified as current liabilities in the condensed consolidated statements of financial position.

Amot:

C. Further to Note 11b to the annual financial statements, in March 2024, Amot issued NIS 155 million PV 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-years average duration.

D. In March 2024, Amot issued NIS 245 million PV in bonds (Series I) and NIS 162.7 million PV 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 403 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 and series I) principal is payable in five 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, similar to the terms of Amot's previous bond series 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

1. 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 ("**Options (Series 16)**"). 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. Subsequent to the date of the report, in October 2024, the Company entered into an investment agreement according to which the Company issued, in a private placement, 22 million ordinary shares (the "**Allocated Shares**") and 3.6 million options (Series 16) (the "**Allocated Options**") to Equity Finance and Investments Ltd.[2], a foreign company in which Mr. Aaron Frenkel directly and indirectly holds all of the share capital and voting rights, which is a third party, unrelated to the Company (the "**Investor**"), in consideration for a total (gross) amount of NIS 684,600 thousand. The allocated shares constitute approx. 10.23% of the Company's issued and paid-up capital, after the allocation[3].

   To the extent that the allocated options are exercised for 3.6 million ordinary shares, the Company will receive an additional gross consideration in the amount of NIS 118,152 thousand (before adjustments for the reduction of the exercise price in respect of dividends, if such are distributed).

   The allocated shares, the allocated options and the exercise shares resulting from them are subject, in accordance with the investment agreement, to restriction provisions and transfer restrictions longer than those stipulated by law.

   In accordance with the investment agreement and in accordance with its authority under the Company's Articles of Association, the Company's Board of Directors decided, at its meeting on October 9, 2024, to approve the appointment of Mr. Ilan Gifman (the investor's recommendation) as an additional director in the Company who will serve until the Company's next annual meeting.

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, June and September 2024, the Company paid dividends for the first, second and third quarters (respectively) in the amount of NIS 0.54 per share (NIS 99.5 million).

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[2] According to information provided by the investor, Equity Finance and Investments Ltd. is a foreign company incorporated under Malta laws.

[3] Taking into account the additional shares and option (Series 16) that he held before the allocation, the investor holds, on a fully diluted basis, approx. 13.59% of the Company's capital.

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

B. Dividend distributed and dividend declared (continued):

In November 2024, the Company announced a dividend distribution for fourth quarter of 2024 in the amount of NIS 0.18 per share (NIS 39 million), to be paid during December 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 the above Amot policy, in February, May and August 2024, Amot paid dividends for the first, second and third quarters of 2024 in the total amount (including the additional dividend) of NIS 0.98 per share (approx. NIS 485 million, the Company's share - approx. NIS 248 million).

In November 2024, Amot announced a dividend distribution for the fourth quarter of 2024 in the amount of NIS 0.27 per share (a total of approx. NIS 127 million, the Company's share - approx. NIS 65 million), which will be paid in November 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 the above Energix policy, in March, June and August 2024, Energix paid dividends for the first, second and third quarters of 2024 in the total amount (including the additional dividend) of NIS 50 per share (approx. NIS 274 million, the Company's share - approx. NIS 138 million).

In November 2024, Energix announced a dividend distribution for the fourth quarter of 2024 in the amount of NIS 0.10 per share (a total of approx. NIS 55 million, the Company's share - approx. NIS 28 million), which will be paid in December 2024.

BE - During the reporting period, BE distributed to its shareholders a dividend of GBP 12 million (approx. NIS 60 million, the Company's share - approx. NIS 51 million).

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 credit facility agreements with two banks in Israel, please see Notes 8a and 8b 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 September 30, 2024		As of September 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)	6,281,056	6,039,662	5,456,427	5,032,431	5,664,380	5,365,126
Bonds (including maturities)	15,455,700	14,485,235	14,702,511	13,773,173	16,101,306	15,256,035
	21,736,756	20,524,897	20,158,938	18,805,604	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 September 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, 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	-	10,418	-	10,418
Financial derivatives (CAP options for hedging the exposure to variable interest)	-	76,201	-	76,201
Financial derivatives (Swap contract swapping variable interest with fixed interest) designated for hedging	-	84,593	-	84,593
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging (1)(3)	-	-	136,635	136,635
Financial assets measured at fair value through profit and loss:				
Tradable securities	4	-	-	4
Real estate investment funds (1) (4)	-	-	255,221	255,221
	4	174,166	391,856	566,026
Financial liabilities at fair value				
Derivatives:				
Financial derivatives (foreign exchange CAP options), not designated for hedging	-	(17,502)	-	(17,502)
Financial derivatives (swap contract, swapping NIS principal and interest with CPI-linked principal and interest) designated for hedging	-	(258,317)	-	(258,317)
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging (1)(3)	-	-	(119,957)	(119,957)
Financial derivatives (swap contract, swapping the NIS principal and interest with USD principal and interest) designated for hedging	-	(46,537)	-	(46,537)
Financial derivatives (Swap contract for swapping NIS principal and interest with GBP principal and interest) designated for hedging	-	(8,956)	-	(8,956)
Financial derivatives (Swap contract for swapping NIS principal and interest with PLN principal and interest) designated for hedging	-	(11,918)	-	(11,918)
Financial derivatives (swap contract, swapping the NIS principal and interest with CHF principal and interest) designated for hedging	-	(1,014)	-	(1,014)
Financial derivatives (Swap contract swapping variable interest with fixed interest) designated for hedging	-	(44,699)	-	(44,699)
Financial derivatives (forward contract for foreign currency swap) designated for hedging	-	(368,526)	-	(368,526)

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	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Contingent consideration for a transaction carried out by Energix with non-controlling interests in the United States (1) (2)	-	-	(60,208)	(60,208)
	-	(757,469)	(180,165)	(937,634)

Note 11 – Financial Instruments (continued)

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

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

	For the nine-month period ended September 30, 2024
	NIS thousands
Balance as of January 1, 2024	23,745
Investments	84,488
Initial recognition against deferred profit (*)	89,427
Amounts recorded to profit and loss in the period	(20,427)
Amounts recorded to other comprehensive income in the period	34,458
Balance as of September 30, 2024	211,691

(*) The fair value of the derivatives on the date of their initial recognition differs from the transaction price (zero). Since the fair value is determined according to valuation techniques that include the use of significant unobservable inputs, the profit upon initial recognition is deferred and will be systematically recognized in profit or loss as an adjustment to revenues from the sale of electricity over the electricity generation period in which the electricity prices are hedged.

(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 September 30, 2024	Valuation technique	Discount rate
	NIS thousands		
Contingent consideration	60,208	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 and the historical standard deviation of electricity prices in the 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

Note 11 – Financial Instruments (continued)

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

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 Energix's financial position as of September 30, 2024 and the results of its operations for that period.

Note 11 – Financial Instruments (continued)

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

	As of September 30, 2024
	Range
Main assumptions used to calculate fair value:	
Discount rate	3.11%-5.16%
Standard deviation	43.5-56.39
Future electricity price range	23.97-110.63
Price range fixed in agreements (*)	21.25-90.77
Lifespan (in years)	2.17-16.75

(*) Differences in the range are due mainly to seasonality effects.

(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.
- During the reporting period, the Company invested approx. GBP 17.5 million (approx. NIS 84 million) in Fund 3.

Note 11 – Financial Instruments (continued)

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

	As of September 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, 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	-	5,941	-	5,941
Financial derivatives (forward contract for foreign currency swap) designated for hedging	-	8,560	-	8,560
Financial derivatives (CAP options for hedging the exposure to variable interest)	-	125,636	-	125,636
Financial derivatives (Swap contract swapping variable interest with fixed interest) designated for hedging	-	146,129	-	146,129
Financial assets measured at fair value through profit and loss:				
Tradable securities	6	-	-	6
Real estate investment funds (1)	-	-	232,660	232,660
	6	292,638	232,660	525,304
Financial liabilities at fair value				
Derivatives:				
Financial derivatives (swap contract, swapping NIS principal and interest with CPI-linked principal and interest) designated for hedging	-	(214,632)	-	(214,632)
Financial derivatives (Swap contract for fixing electricity prices in the US) designated for hedging (1)	-	-	(124,444)	(124,444)
Financial derivatives (swap contract, swapping the NIS principal and interest with USD principal and interest) designated for hedging	-	(62,915)	-	(62,915)
Financial derivatives (Swap contract for swapping NIS principal and interest with GBP principal and interest) designated for hedging		(5,639)		(5,639)
Financial derivatives (forward contract for foreign currency swap) designated for hedging	-	(575,342)	-	(575,342)
	-	(858,528)	(124,444)	(982,972)

Note 11 – Financial Instruments (continued)

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

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

	For the nine-month period ended September 30, 2023
	NIS thousands
Balance as of January 1, 2023	19,686
Amounts recorded to profit and loss in the period	11,206
Amounts recorded to other comprehensive income in the period	77,324
Balance as of September 30, 2023	108,216

Note 11 – Financial Instruments (continued)

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

	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, 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 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, 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, 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)
Financial derivatives (Swap contract 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)

B. Financial instruments presented in the financial statements at fair value (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 nine-month period ended September 30		For the three-month period ended September 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	(189)	(551)	43	(236)	(1,276)
Investment in Boston	(269)	(83)	(145)	(16)	(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 221 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 32 million).

- Investment in Boston - The decrease in the investment balance in the reporting period resulted mainly from accumulated equity losses in the amount of approx. NIS 288 million. On the other hand, there was an increase due to the increase in the USD exchange rate (an increase of approx. NIS 11 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;

(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 nine-month period ended September 30, 2024							
	Income-generating property segment				Segment Energy	Unattributed results	Adjustments	Total
	Amot	CARR	BE	Others	Energix			
	NIS thousands							
Group share in investees' profits (losses), net	339,097	(208,036)	(153,772)	(287,839)	114,329	(1,770)	(279,753)	(477,744)
Net losses from investments in securities measured at fair value through profit and loss	-	-	-	(11,651)	-	-	(57,519)	(69,170)
Profit from decrease in rate of holding, from purchase and realization of associates	-	13	-	-	-	-	-	13
Other revenues, net (*)	8,539	-	-	-	8,050	-	1,983,405	1,999,994
	347,636	(208,023)	(153,772)	(299,490)	122,379	(1,770)	1,646,133	1,453,093
Administrative and general	-	-	-	-	-	28,342	164,049	192,391
Financing expenses, net	-	-	-	-	-	215,826	674,517	890,343
Other expenses, net (*)	-	-	-	-	-	-	394,799	394,799
	-	-	-	-	-	244,168	1,233,365	1,477,533
Profit (loss) before tax	347,636	(208,023)	(153,772)	(299,490)	122,379	(245,938)	412,768	(24,440)
Additional information regarding segment results:								
Revenue (in the investee's books) including revaluation profits (losses)	1,286,256	(148,821)	66,517		664,430			
Revaluation profits (losses) (in the investee's books), before tax (**)	418,108	(595,306)	(103,165)		-			
Revenue from the tax partner	-	-	-		148,389			
Net profit (loss) (in the investee's books)	666,098	(427,849)	(183,942)		227,615			
The Company's share in net profits (losses)	339,097	(208,036)	(153,772)		114,329			

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

(*) 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 revenues and results

	For the three-month period ended September 30, 2024							
	Income-generating property segment				Segment Energy	Unattributed		
	Amot	CARR	BE	Others	Energix	results	Adjustments	Total
	NIS thousands							
Group share in investees' profits (losses), net	178,308	70,124	(2,446)	(143,906)	30,961	(1,774)	(191,932)	(60,665)
Net losses from investments in securities measured at fair value through profit and loss	-	-	-	(1,933)	-	9	1,810	(114)
Profit from decrease in rate of holding, from purchase and realization of associates	-	1	-	-	-	-	-	1
Other revenues, net (*)	2,891	-	-	-	919	-	867,221	872,963
	181,199	70,125	(2,446)	(145,839)	31,880	(1,765)	677,099	812,185
Administrative and general	-	-	-	-	-	9,724	65,656	75,380
Financing expenses, net	-	-	-	-	-	78,355	254,421	332,776
Other expenses, net (*)	-	-	-	-	-	-	148,954	148,954
	-	-	-	-	-	88,079	469,031	557,110
Profit before tax	181,199	70,125	(2,446)	(145,839)	31,880	(89,844)	208,068	255,075
Additional information regarding segment results:								
Revenues (in the investee's books) including revaluation profits	611,080	274,405	53,432		216,392			
Revaluation profits (losses) (in the investee's books), before tax (**)	315,074	99,892	(11,756)		-			
Revenue from the tax partner	-	-	-		65,814			
Net profit (loss) (in the investee's books)	351,115	148,305	(2,926)		61,701			
The Company's share in net profits (losses)	178,308	70,124	(2,446)		30,961			

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

(*) 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 September 30, 2024							
	Income-generating property segment				Segment Energy	Unattributed Assets and Liabilities	Adjustments	Total
	Amot	CARR	BE	Others	Energix			
	NIS thousands							
Assets								
Investment in investees	4,596,634	1,379,946	3,035,363	256,859	1,122,985	8,355	(8,308,693)	2,091,449
Investment in securities measured at fair value through profit and loss	-	-	-	255,220	-	4	1	255,225
Other assets	-	-	-	-	-	253,916	36,657,903	36,911,819
	4,596,634	1,379,946	3,035,363	512,079	1,122,985	262,275	28,349,211	39,258,493
Liabilities	-	-	-	-	-	6,020,638	22,177,140	28,197,778

Note 12 – Operating Segments (continued)

Segment revenues and results

	For the nine-month period ended September 30, 2023							
					Segment			
	Income-generating property segment				Energy	Unattributed		
	Amot	CARR	BE	Others	Energix	results	Adjustments	Total
	NIS thousands							
Group share in investees' profits, net	240,787	(760,318)	(378,435)	(170,630)	115,908	(2,428)	34,575	(920,541)
Net profits (losses) from investments in securities measured at fair value through profit and loss	-	-	-	(5,176)	-	(12)	40	(5,148)
Profit from decrease in rate of holding, from purchase and realization of associates	-	455	-	-	-	-	-	455
Other revenues, net (*)	8,292	-	-		7,030	-	1,166,303	1,181,625
	249,079	(759,863)	(378,435)	(175,806)	122,938	(2,440)	1,200,918	256,391
Administrative and general	-	-	-	-	-	26,955	124,188	151,143
Financing expenses, net	-	-	-	-	-	172,478	466,759	639,237
Other expenses, net (*)	-	-	-	-	-	-	316,743	316,743
	-	-	-	-	-	199,433	907,690	1,107,123
Profit before tax	249,079	(759,863)	(378,435)	(175,806)	122,938	(201,873)	293,228	(850,732)
Additional information regarding segment results:								
Revenue (in the investee's books) including revaluation profits (losses)	970,038	(1,138,640)	(331,111)		545,588			
Revaluation profits (losses) (in the investee's books), before tax (**)	138,026	(1,749,063)	(490,301)		-			
Net profit (loss) (in the investee's books)	449,470	(1,556,548)	(454,675)		230,010			
Company share in net profits	240,787	(760,318)	(378,435)		115,908			

For Carr's concise financial information, please see Note 6 above.

(*) Other net revenues/expenses, mainly consisting of revenues/expenses from rental fees and management of investment property, fair value adjustments 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 September 30, 2023							
					Segment			
	Income-generating property segment				Energy	Unattributed		
	Amot	CARR	BE	Others	Energix	results	Adjustments	Total
	NIS thousands							
Group share in investees' profits (losses), net	67,844	(310,929)	(112,784)	(45,247)	14,410	-	34,250	(352,456)
Net profits (losses) from investments in securities measured at fair value through profit and loss	-	-	-	(7,833)	-	-	-	(7,833)
Profit from decrease in rate of holding, from purchase and realization of associates	-	17	-	-	-	-	-	17
Other revenues, net (*)	2,790	-	-	-	2,247	-	320,157	325,194
	70,634	(310,912)	(112,784)	(53,080)	16,657	-	354,407	(35,078)
Administrative and general	-	-	-	-	-	8,702	45,564	54,266
Financing expenses, net	-	-	-	-	-	59,428	141,776	201,204
Other expenses, net (*)	-	-	-	-	-	-	112,749	112,749
	-	-	-	-	-	68,130	300,089	368,219
Profit before tax	70,634	(310,912)	(112,784)	(53,080)	16,657	(68,130)	54,318	(403,297)
Additional information regarding segment results:								
Revenue (in the investee's books) including revaluation profits (losses)	281,597	(493,747)	(79,299)		123,328			
Revaluation profits (losses) (in the investee's books), before tax (**)	-	(695,112)	(133,623)		-			
Net profit (loss) (in the investee's books)	126,371	(634,492)	(135,446)		29,033			
Company share in net profits (losses)	67,844	(310,929)	(112,784)		14,410			

For Carr's concise financial information, please see Note 6 above.

(*) Other net revenues/expenses, mainly consisting of revenues/expenses from rental fees and management of investment property, fair value adjustments 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 assets and liabilities

	As of September 30, 2023							
	Income-generating property segment				Segment Energy	Unattributed Assets and Liabilities	Adjustments	Total
	Amot	CARR	BE	Others	Energix			
	NIS thousands							
Assets								
Investment in investees	4,667,211	2,293,636	3,275,403	673,053	1,179,071	10,868	(8,632,096)	3,467,146
Investment in securities measured at fair value through profit and loss	-	-	-	167,937	-	6	64,723	232,666
Other assets	-	-	-	-	-	-	33,971,069	33,971,069
	4,667,211	2,293,636	3,275,403	840,990	1,179,071	10,874	25,403,696	37,670,881
Liabilities	-	-	-	-	-	6,083,336	19,104,318	25,187,654

Note 12 – Operating Segments (continued)

Segment revenues and results

	For the year ended December 31, 2023							
	Income-generating property segment				Segment Energy	Unattributed		
	Amot	CARR	BE	Others	Energix	results	Adjustments	Total
	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)
Profit from decrease in rate of holding, from purchase and realization of associates	-	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 profits (losses)	371,116	(1,383,740)	(993,819)		130,138			

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

(*) 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.

(***) In the Energy segment, the amounts do not include revenue from the tax partner in the amount of NIS 69,452 thousand.

Note 12 – Operating Segments (continued)

Segment assets and liabilities

	As of December 31, 2023							
	Amot	CARR	BE	Others	Energix	Unattributed Assets and Liabilities	Adjustments	Total
	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 nine-month period ended September 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	866,977	-	169,682	-	-	-	-	1,036,659
Fair value adjustments of investment property	416,406	-	(103,165)	-	-	-	-	313,241
Group share in profits (losses) of associates, net	24,202	(495,871)	(4,301)	-	-	-	(1,774)	(477,744)
Revenues from sale of electricity and green certificates	-	-	-	128,736	376,967	139,924	-	645,627
Other	(8)	13	(69,170)	4,475	-	-	-	(64,690)
	1,307,577	(495,858)	(6,954)	133,211	376,967	139,924	(1,774)	1,453,093
Costs and expenses								
Cost of investment property rental and operation	116,824	-	16,672	-	-	-	-	133,496
Development, maintenance and operation costs of electricity-generating facilities	-	-	-	39,357	43,560	18,360	-	101,277
Depreciation and amortizations	2,112	-	1,507	49,295	50,143	56,496	473	160,026
	118,936	-	18,179	88,652	93,703	74,856	473	394,799
Administrative and general expenses							192,391	192,391
Profit (loss) before financing	1,188,641	(495,858)	(25,133)	44,559	283,264	65,068	(194,638)	865,903

Note 12 – Operating Segments (continued)

Geographical information:

	For the three-month period ended September 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	295,789	-	65,188	-	-	-	-	360,977
Fair value adjustments of investment property	313,371	-	(11,757)	-	-	-	-	301,614
Group share in profits (losses) of associates, net	15,553	(72,590)	(1,854)	-	-	-	(1,774)	(60,665)
Revenues from sale of electricity and green certificates	-	-	-	49,165	109,057	51,339	-	209,561
Other	(8)	1	(123)	1,716	-	(897)	9	698
	624,705	(72,589)	51,454	50,881	109,057	50,442	(1,765)	812,185
Costs and expenses								
Cost of investment property rental and operation	40,481	-	6,982	-	-	-	-	47,463
Development, maintenance and operation costs of electricity-generating facilities	-	-	-	17,378	14,551	8,216	-	40,145
Depreciation and amortizations	411	-	476	25,842	17,924	23,719	(7,026)	61,346
	40,892	-	7,458	43,220	32,475	31,935	(7,026)	148,954
Administrative and general expenses							75,380	75,380
Profit (loss) before financing	583,813	(72,589)	43,996	7,661	76,582	18,507	(70,119)	587,851

Note 12 – Operating Segments (continued)

Geographical information:

	As of September 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
Main assets								
Investment property (including investment property in development and land rights)	19,581,278	-	5,346,482	-	-	-		24,927,760
Investments in associates	440,521	1,636,806	5,767	-	-	-	8,355	2,091,449
Connected electricity-generating facilities	-	-	-	982,670	1,555,270	3,172,528	-	5,710,468
Electricity-generating facilities in development	-	-	-	1,488,920	95,665	1,655,559	-	3,240,144
Right-of-use asset	-	-	-	201,447	143,407	292,071	-	636,925
Securities measured at fair value through profit and loss (**)	-	-	255,221	-	-	-	4	255,225
	20,021,799	1,636,806	5,607,470	2,673,037	1,794,342	5,120,158	8,359	36,861,971

(*) The balance is in respect of an investment in Carr in the amount of NIS 1,379,986 and for an investment in Boston in the amount of NIS 253,956 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 nine-month period ended September 30, 2023							
	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	830,610	-	159,190	-	-	-	-	989,800
Fair value adjustments of investment property	136,532	-	(490,301)	-	-	-	-	(353,769)
Group share in profits (losses) of associates, net	14,872	(930,948)	(4,465)	-	-	-	-	(920,541)
Revenues from sale of electricity and green certificates	-	-	-	124,800	381,544	37,599	-	543,943
Other	-	455	(5,136)	1,606	-	45	(12)	(3,042)
	982,014	(930,493)	(340,712)	126,406	381,544	37,644	(12)	256,391
Costs and expenses								
Cost of investment property rental and operation	105,307	-	17,986	-	-	-	-	123,293
Development, maintenance and operation costs of electricity-generating facilities	-	-	-	20,907	39,411	13,362	-	73,680
Depreciation and amortizations	2,886	-	1,658	45,111	40,525	25,008	4,582	119,770
	108,193	-	19,644	66,018	79,936	38,370	4,582	316,743
Administrative and general expenses							151,143	151,143
Profit (loss) before financing	873,821	(930,493)	(360,356)	60,388	301,608	(726)	(155,737)	(211,495)

Note 12 – Operating Segments (continued)

Geographical information:

	For the three-month period ended September 30, 2023							
	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	281,129	-	54,323	-	-	-	-	335,452
Fair value adjustments of investment property	-	-	(133,622)	-	-	-	-	(133,622)
Group share in profits (losses) of associates, net	5,174	(356,176)	(1,454)	-	-	-	-	(352,456)
Revenues from sale of electricity and green certificates	-	-	-	49,269	58,083	15,118	-	122,470
Other	-	17	(7,833)	873	-	21	-	(6,922)
	286,303	(356,159)	(88,586)	50,142	58,083	15,139	-	(35,078)
Costs and expenses								
Cost of investment property rental and operation	35,967	-	6,237	-	-	-	-	42,204
Development, maintenance and operation costs of electricity-generating facilities	-	-	-	6,658	17,143	4,556	-	28,357
Depreciation and amortizations	1,249	-	579	15,680	14,958	8,263	1,459	42,188
	37,216	-	6,816	22,338	32,101	12,819	1,459	112,749
Administrative and general expenses							54,266	54,266
Profit (loss) before financing	249,087	(356,159)	(95,402)	27,804	25,982	2,320	(55,725)	(202,093)

Note 12 – Operating Segments (continued)

Geographical information:

	As of September 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)	18,707,963	-	5,652,659	-	-	-		24,360,622
Investments in associates	416,375	2,966,689	73,215	-	-	-	10,867	3,467,146
Connected electricity-generating facilities	-	-	-	927,433	1,443,874	1,041,344	-	3,412,651
Electricity-generating facilities in development	-	-	-	1,156,884	67,676	2,145,028	-	3,369,588
Right-of-use asset	-	-	-	200,354	124,245	180,110	-	504,709
Securities measured at fair value through profit and loss (**)	-	-	232,660	-	-	-	6	232,666
	19,124,338	2,966,689	5,958,534	2,284,671	1,635,795	3,366,482	10,873	35,347,382

(*) The balance is in respect of an investment in Carr in the amount of NIS 2,293,636 and for an investment in Boston in the amount of NIS 673,053 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 (loss) 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

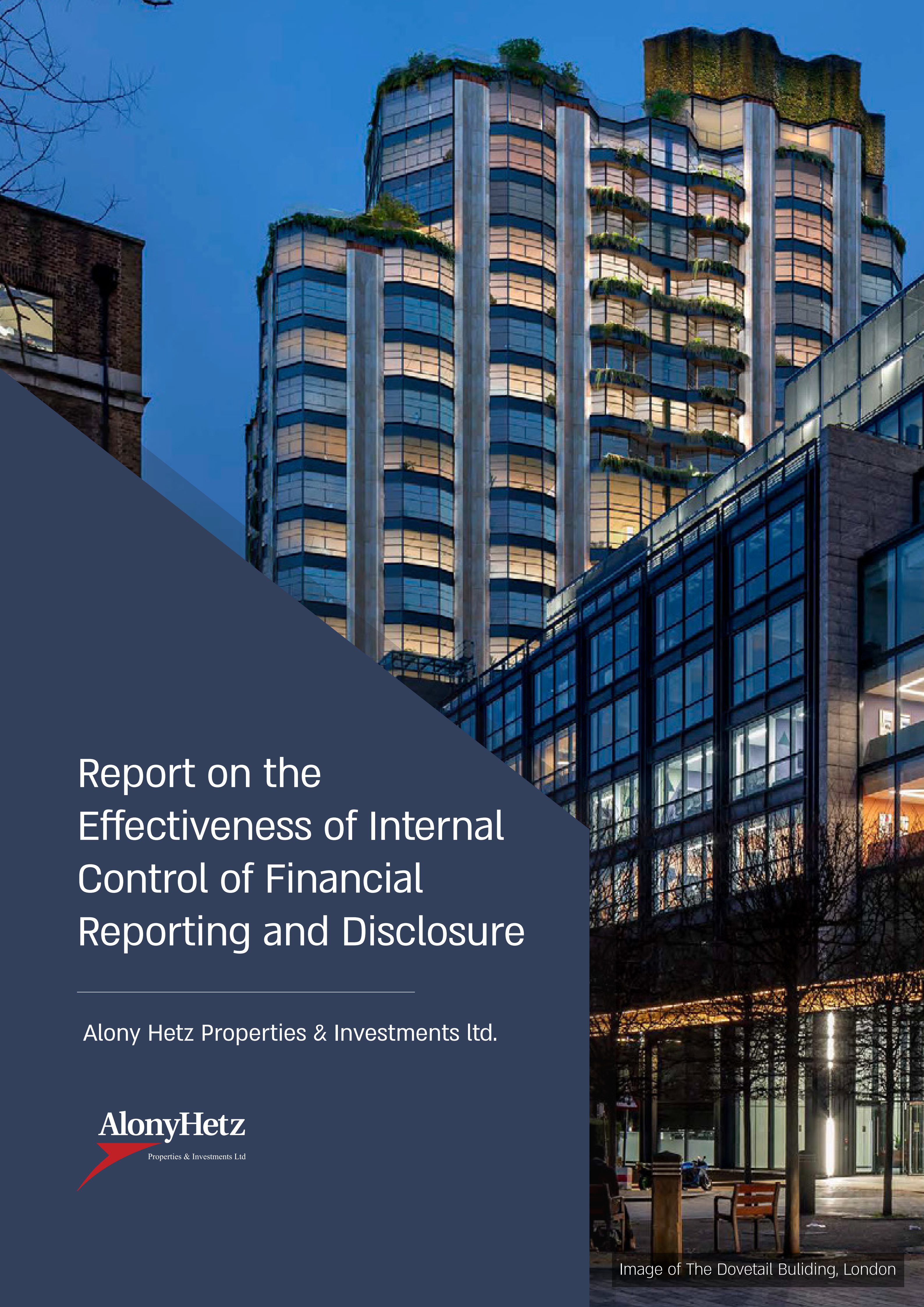
(*) The balance is in respect of an investment in Carr in the amount of NIS 1,568,555 thousand and for an investment in Boston in the amount of NIS 525,811 thousand.

(**) 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 September 30		As of December 31
	2024	2023	2023
	NIS thousands	NIS thousands	NIS thousands
	(Unaudited)	(Unaudited)	(Audited)
Restricted cash	-	10,918	-
Designated cash (*)	42,922	30,433	641,620
	42,922	41,351	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 Q3/2024

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 June 30, 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 third 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
November 18, 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 third 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

November 18, 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

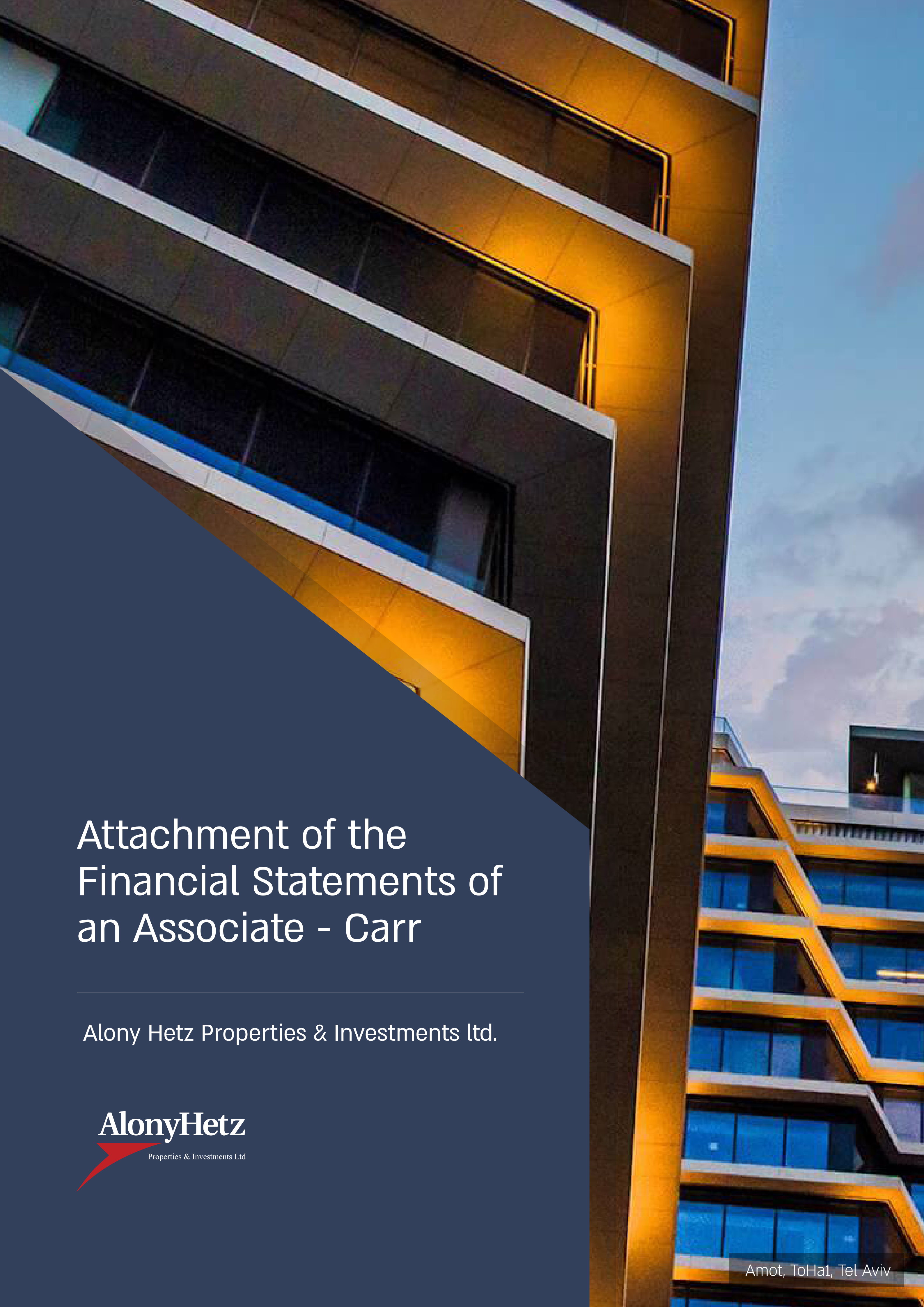
Report on the Status of Liabilities by Repayment Dates, as of September 30, 2024

Regarding the status of liabilities by repayment dates as of September 30, 2024, please see the Immediate Report dated November 18, 2024.

Attachment of the Financial Statements of an Associate - Carr

Alony Hetz Properties & Investments ltd.

AlonyHetz Properties & Investments Ltd



Amot, ToHa1, Tel Aviv

CARR PROPERTIES HOLDINGS L.P.

Condensed Consolidated Financial Statements as of September 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 September 30, 2024, and the related condensed consolidated statements of operations and comprehensive income (loss), and of cash flows for the three-month and nine-month periods ended September 30, 2024 and 2023 and the condensed consolidated statements of changes in equity for the nine-month periods ended September 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, D.C.
November 6, 2024

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

	Notes	September 30, 2024	December 31, 2023
ASSETS			
Non-current assets			
Investment properties, at fair value			
Income generating properties	4,11	$ 1,736,838	$ 1,191,124
Properties in development	4,11	48,415	23,379
Investments in associates and joint ventures	6	98,148	435,546
Goodwill	8	9,326	9,326
Derivative assets	12	4,832	18,045
Straight-line rent receivable		85,705	100,608
Deferred leasing costs and other, net		30,233	34,555
		2,013,497	1,812,583
Current assets			
Trade receivables, net		6,917	9,185
Prepaid expense and other assets		12,721	16,572
Restricted cash		428	1,705
Cash and cash equivalents		25,811	31,050
Derivative assets	12	6,856	2,266
		52,733	60,778
Total assets		$ 2,066,230	$ 1,873,361
EQUITY			
Equity attributable to common shareholders	18	$ 1,666,082	$ 1,666,082
Equity reserve from increase in CPP		9,732	9,725
Equity reserve for cash flow hedges		(11,201)	(4,298)
Retained earnings (accumulated deficit)		(954,044)	(845,337)
Equity attributable to non-controlling interests	17	147,244	59,698
Total equity		857,813	885,870
LIABILITIES			
Non-current liabilities			
Credit facility, net of deferred financing fees	9,10	$ 472,883	$ 396,620
Notes payable, net of deferred financing fees	9,10	658,228	244,818
Lease liabilities	7	9,437	150,617
Redeemable non-controlling interests	17	—	24,194
Security deposits		2,584	3,388
Other liabilities		10,293	7,278
		1,153,425	826,915
Current liabilities			
Notes payable, net of deferred financing fees	9,10	1,436	127,854
Lease liabilities	7	1,370	360
Redeemable non-controlling interests	17	22,716	2,251
Rent received in advance		5,562	6,335
Trade and other payables		23,908	23,776
		54,992	160,576
Total liabilities		1,208,417	987,491
Total equity and liabilities		$ 2,066,230	$ 1,873,361

Oliver T. Carr		Member of the Board and Chief Executive Officer
Eric Tracy	Eric Tracy	Chief Financial Officer
Financial Statements Approval Date	November 6, 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 September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Revenues					
Rental revenue		$ 32,532	$ 44,434	$ 89,549	$ 139,273
Recoveries from tenants		7,148	5,071	16,032	15,896
Parking income		1,725	2,736	5,476	8,281
Property management fees and other	14	5,579	1,548	9,647	4,252
Total revenues		$ 46,984	$ 53,789	$ 120,704	$ 167,702
Operating expenses					
Property operating expenses					
Direct payroll and benefits		1,829	2,108	5,056	6,593
Repairs and maintenance		2,346	2,674	6,207	7,761
Cleaning		1,334	1,459	3,289	4,306
Utilities		2,068	2,296	5,076	6,919
Real estate and other taxes		7,490	8,605	19,236	27,157
Other expenses		3,270	7,160	12,177	18,072
Property operating expenses		18,337	24,302	51,041	70,808
Non-property general and administrative expenses	13	4,565	4,819	15,397	14,972
Total operating expenses		$ 22,902	$ 29,121	$ 66,438	$ 85,780
Other operating income (expense)					
Net loss on investment properties		(1,528)	(132,878)	(92,372)	(389,249)
Income (loss) from investments in associates and joint ventures	6	35,871	(51,197)	(48,400)	(87,256)
Total other operating income (expense)		34,343	(184,075)	(140,772)	(476,505)
Operating income (loss)		$ 58,425	$ (159,407)	$ (86,506)	$ (394,583)
Other (expense) income					
Other income		207	106	430	668
Revaluation of redeemable non-controlling interests		(986)	5,208	3,906	15,939
Interest expense	9	(17,708)	(15,465)	(34,897)	(46,769)
Pre-tax income (loss)		39,938	(169,558)	(117,067)	(424,745)
Income and franchise tax expense (benefit)		10	(71)	(25)	(172)
Net income (loss)		$ 39,928	$ (169,487)	$ (117,042)	$ (424,573)
Attribution of net income (loss)					
Common shareholders		36,067	(158,517)	(108,707)	(396,138)
Non-controlling interests		3,861	(10,970)	(8,335)	(28,435)
		$ 39,928	$ (169,487)	$ (117,042)	$ (424,573)
Other comprehensive income					
Items that may be subsequently reclassified to income or loss:					
Unrealized (loss) gain on cash flow hedges	12	(3,588)	3,372	2,647	9,831
Hedging gain reclassified to net income	12	(2,826)	(4,884)	(10,835)	(12,607)
Other comprehensive loss		(6,414)	(1,512)	(8,188)	(2,776)
Total comprehensive income (loss)		$ 33,514	$ (170,999)	$ (125,230)	$ (427,349)
Attribution of comprehensive income (loss)					
Common shareholders		30,896	(160,047)	(115,610)	(398,700)
Non-controlling interests		2,618	(10,952)	(9,620)	(28,649)
		$ 33,514	$ (170,999)	$ (125,230)	$ (427,349)

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-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	6	—	—	—	—	—	—	(2,291)	(2,291)
Issuance of common shares, net of offering costs	18	468	—	—	—	—	—	—	—
Issuance of common shares, non-cash		—	—	—	—	—	—	—	—
Redemption of non-controlling interests		(431)	(451)	—	—	—	(451)	—	(451)
Change in equity reserve from increase in CPP		—	—	240	—	—	240	2,673	2,913
Net loss		—	—	—	—	(396,138)	(396,138)	(28,435)	(424,573)
Other comprehensive income	12	—	—	—	(2,562)	—	(2,562)	(214)	(2,776)
Reverse stock split	18	(1,465,262)	—	—	—	—	—	—	—
Dividends	18	—	—	—	—	—	—	(2,980)	(2,980)
Balance as of September 30, 2023		15,269	$ 1,666,082	$ 9,728	$ 3,838	$ (533,805)	$ 1,145,843	83,259	$ 1,229,102

	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-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		—	—	—	—	—	—	(9)	(9)
Non-controlling interest partner distribution	4	—	—	—	—	—	—	(1,656)	(1,656)
Change in equity reserve from increase in CPP		—	—	7	—	—	7	(7)	—
Net loss		—	—	—	—	(108,707)	(108,707)	(8,335)	(117,042)
Other comprehensive loss	12	—	—	—	(6,903)	—	(6,903)	(1,285)	(8,188)
Non-controlling interest partner contribution		—	—	—	—	—	—	98,874	98,874
Dividends	18	—	—	—	—	—	—	(36)	(36)
Balance as of September 30, 2024		15,472	$ 1,666,082	$ 9,732	$ (11,201)	$ (954,044)	$ 710,569	$ 147,244	$ 857,813

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 September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Cash flows from operating activities					
Net income (loss)		**$ 39,928**	**$ (169,487)**	**$ (117,042)**	**$ (424,573)**
Adjustments to reconcile net income (loss) to net cash provided by operating activities					
Net loss on investment properties		1,528	132,878	92,372	389,249
(Income) loss from investments in associates and joint ventures	6	(35,871)	51,197	48,400	87,256
Return on investments in associates and joint ventures	4	6,652	—	6,694	—
Income and franchise tax expense (benefit)		10	(71)	(25)	(172)
Interest expense, net excluding amortization of deferred financing fees	9	15,329	14,983	29,168	45,414
Amortization of deferred financing fees		714	516	1,664	1,456
Amortization of deferred leasing costs and lease incentives		3,049	1,641	5,710	4,683
Amortization of other non-cash items		115	123	353	378
Amortization of interest rate cap	12	1,664	961	4,054	2,883
Provision for bad debt expense (recovery)		(326)	(17)	294	(104)
Impairment of straight-line rent receivable		(666)	1,946	272	823
Straight-line rent		(3,895)	(2,767)	(3,696)	(5,887)
LTIP Compensation/(Revaluation)		630	201	694	357
Revaluation of redeemable non-controlling interests		986	(5,208)	(3,906)	(15,939)
Changes in assets and liabilities					
Trade receivables		852	(1,380)	2,695	(4,810)
Purchase of interest rate cap		—	—	(9,700)	—
Prepaid expense and other assets		(3,410)	(2,662)	3,851	(163)
Trade and other payables		(1,984)	(2,075)	(5,008)	(6,125)
Rent received in advance		2,190	(466)	(877)	(2,075)
Cash generated by operations		**27,495**	**20,313**	**55,967**	**72,651**
Cash paid for interest		(12,241)	(15,531)	(26,065)	(43,886)
Net cash provided by operating activities		**15,254**	**4,782**	**29,902**	**28,765**
Cash flows from investing activities					
Proceeds from sale of income generating property	4	—	246,524	—	246,524
Consolidation of cash and cash equivalents	4	4,010	—	4,010	—
Deconsolidation of cash and cash equivalents	4	—	—	(5,858)	—
Contributions to investment in associates and joint ventures	6	(15)	(14,258)	(2,727)	(31,934)
Return of capital from investments in associates		—	3,743	—	15,777
Acquisition of development property		—	—	(19,473)	—
Additions to deferred leasing costs		(923)	(300)	(3,402)	(896)
Additions to tenant improvements		(2,746)	(2,930)	(4,647)	(22,878)
Additions to construction in progress, including capitalized interest		(2,141)	(197)	(5,983)	(2,898)
Other capital improvements on income generating properties		(1,618)	(1,752)	(8,165)	(6,741)
Decrease (increase) in restricted cash		—	(53)	29	(267)
Net cash (used in) provided by investing activities		**(3,433)**	**230,777**	**(46,216)**	**196,687**
Cash flows from financing activities					
Redemption of redeemable non-controlling interest	17	—	(7,945)	(1,784)	(20,725)
Distribution to non-controlling interest	4	(321)	(573)	(1,656)	(2,291)
Contribution from non-controlling interest partner		2,249	—	2,249	—
Principal portion of lease payments	7	(805)	(94)	(950)	(533)
Borrowings under credit facility	9	5,000	100,000	86,000	132,000
Repayments under credit facility	9	(11,000)	(334,500)	(11,000)	(340,500)
Borrowings on notes payable	9	1,861	—	1,861	—
Repayments of notes payable	9	(426)	(691)	(62,524)	(2,061)

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)

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Notes	2024	2023	2024	2023
Payment of deferred financing fees		(55)	(347)	(1,076)	(802)
Distributions to shareholders and non-controlling interests		(12)	—	(36)	(59)
Issuance of preferred shares of consolidated subsidiary, net of offering costs		120	—	(9)	106
Net cash (used in) provided by financing activities		**(3,389)**	**(244,150)**	**11,075**	**(234,865)**
Net increase (decrease) in cash and cash equivalents		**8,432**	**(8,591)**	**(5,239)**	**(9,413)**
Cash and cash equivalents, beginning of the period		**17,379**	**35,807**	**31,050**	**36,629**
Cash and cash equivalents, end of the period		**$ 25,811**	**$ 27,216**	**$ 25,811**	**$ 27,216**
Supplemental disclosures of non-cash information:					
Capitalized interest	9	$ 584	$ —	$ 1,672	$ 312
Non-cash interest expense	9	35	662	1,087	1,902
Accrual of retainage liabilities and construction requisitions for income generating properties and development projects		2,478	216	2,968	502
Lease liabilities arising from obtaining/revaluing right-of-use assets	7	366	1	425	2
Deconsolidation of property and other assets	4	—	—	126,414	—
Deconsolidation of debt and other liabilities	4	—	—	(211,097)	—
Issuance of redeemable non-controlling interests	17	—	—	—	2,401
DRIP reinvestment of non-controlling interests at CPP		—	981	—	2,913
NCI interests on consolidation of a subsidiary		96,625	—	96,625	—
Reduction of equity investments due to the consolidation		(287,980)	—	(287,980)	—
Consolidation of property and other assets		949,513	—	949,513	—
Consolidation of debt and other liabilities		(567,023)	—	(567,023)	—

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 September 30, 2024, CPH had 12 consolidated properties and 2 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") acquired convertible notes in CPH, which were subsequently converted to common shares on August 16, 2018.

The ownership interests of Alony-Hetz, CET, and Clal in CPH as of September 30, 2024, were 52.33%, 38.89%, and 8.76%, respectively. The remaining interests were 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 nine months ended September 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.

For the three and nine months ended September 30, 2024, CPH has combined the presentation of "Net gain (loss) from fair value adjustment of investment properties", "Realized gain (loss) on disposition of development property" and "Realized gain (loss) on sale from investment property" into a single line item, "Net loss on investment properties". This change was made to enhance the consistency in how gains and losses on our Investment properties are presented. Results for the three and nine months ended September 30, 2023 have also been reclassified to conform to current year presentation.

(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 and joint ventures are carried at fair value as determined by management of the associates and joint ventures, 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 and joint ventures also reflect CPH's ownership interests in the associates' and joint ventures' other assets and liabilities, including the associates' and joint ventures' 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' or joint ventures' 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-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 office and equipment leases is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liabilities.

Lease liabilities are 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.

Lease liabilities are 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. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their acquisition date fair value. CPH also recognizes the fair value of any contingent consideration to be transferred by CPH in the future. 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, as well as realized gains and losses are recorded in "Net loss on 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 nine months ended September 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 May 31, 2045. 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 ready for its intended use.

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

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).

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 September 30, 2024 are as follows:

Years Ending December 31,	Amount
2024	33,432
2025	131,833
2026	133,823
2027	131,442
2028	118,142
Thereafter	903,959
	$ 1,452,631

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 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 and Consolidations

On February 5, 2024, CPH acquired 901 N. Pitt Street, LLC, for $15.4 million which includes the underlying 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 in the process of being re-developed into a multifamily property. As part of the acquisition, CPH paid the seller $4.0 million as a reimbursement of certain pre-development expenses. For the nine months ended September 30, 2024, CPH invested $3.6 million on capital expenditures for 425 Montgomery Street.

On July 1, 2024, CPH consolidated the joint venture that owns a recently developed 1,008,122 square foot commercial office building located at 1 Congress Street, Boston, MA. (“One Congress”), of which CPH has a 75% interest. CPH reassessed its power to affect the returns of One Congress in accordance with IFRS' continuous assessment guidance, and determined that as the property transitioned from a property under development to a stabilized operating property, specific substantive rights that had been assigned to CPH gained significance, thereby granting CPH the power to affect One Congress' returns. The consolidation of One Congress resulted in the derecognition of our $288.3 million investment recorded within "Investment in associates and joint ventures”, the recognition of the $943.8 million fair value of the property within “Investment Property”, the recognition of the $556.6 million mortgage within “Note Payable”, and a $96.6 million non-controlling interest attributable to our partner's 25% interest in the joint venture, each within the accompanying Condensed Consolidated Balance Sheets. The consolidation also resulted in the recognition of other working capital and a $2.4 million gain on the change in power to affect One Congress’ returns within “Income (loss) from investments in associates” on the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

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 loss on investment properties" in the accompanying 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, NW, Washington, D.C. ("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 9 - "Debt" for additional detail regarding the default. A gain of $6.1 million was recorded upon deconsolidation within "Net 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 September 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, NW, Washington, D.C. ("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 9 - "Debt" for additional detail regarding the loan modification. A gain of $15.3 million was recorded upon deconsolidation within "Net loss on investment properties" in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). As of September 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 October 31, 2024, CPH sold its interest in 2001 Penn and was fully relieved of its debt obligation on the loan encumbering the asset. CPH received no consideration as part of the sale.

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.

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

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 loss on investment properties" in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). As of September 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	**$**	**1,191,124**
Capital expenditures additions and other		15,741
Net loss from fair value adjustment of income generating properties		(174,222)
Deconsolidation of Columbia Center		(60,032)
Disposition of 75-101 Federal Street		(134,306)
Deconsolidation of 2001 Pennsylvania Ave		(49,914)
Consolidation of One Congress		948,447
Balance, September 30, 2024	**$**	**1,736,838**

Properties in Development

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

Balance, December 31, 2023	**$**	**23,379**
Capital expenditures additions and other		5,563
Acquisition of 425 Montgomery Street (land and building improvement)		19,473
Balance, September 30, 2024	**$**	**48,415**

5. Consolidated, Non-Wholly Owned Properties

Consolidated, Non-Wholly Owned Properties, and Capital Contributions

CPH is the controlling partner of the subsidiary that owns 2311 Wilson Boulevard, Arlington, Virginia ("2311 Wilson"), an approximately 178,000 square foot office building completed in February 2018. As of September 30, 2024, 2311 Wilson was 98% leased. During the nine months ended September 30, 2024, the consolidated non-wholly owned operating property distributed a total of $4.2 million, of which $1.7 million were distributed to the non-controlling interests, and $2.5 million to CPH. During the nine months ended September 30, 2023, the consolidated non-wholly owned operating property distributed a total of $4.5 million, of which $1.8 million was distributed to the non-controlling interests, and $2.7 million to CPH.

As of July 1, 2024, CPH became the controlling partner of One Congress. As of September 30, 2024, One Congress was 99% leased. See Note 4 - "Investment Properties" for additional information. During the nine months ended September 30, 2024, the consolidated non-wholly owned operating property did not have any distributions to the non-controlling interests or CPH. During the nine months ended September 30, 2024, contributions of $11.7 million were made into the consolidated non-wholly owned operating property, of which $9.4 million was contributed by the Company, and $2.2 million by the non-controlling interests.

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

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

As of September 30, 2024							For the nine months ended September 30, 2024	
Property	**Percent Owned**	**Current Assets**	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Equity**	**Revenues**	**Net Income (Loss)**
One Congress[1]	75.00 %	$ 5,868	$961,959	$ 7,717	$ 558,986	$ 401,124	$ 16,417	$ 5,624
2311 Wilson	60.00 %	3,348	80,990	1,556	80,693	2,089	7,126	(6,806)
		$ 9,216	$1,042,949	$ 9,273	$ 639,679	$ 403,213	$ 23,543	$ (1,182)
Less interest held by non-controlling interests						(100,012)		1,316
Equity attributable to CPH						$ 303,201		$ 134

(1) On July 1, 2024, CPH consolidated One Congress in its consolidated financial statements. Revenues and net income (loss) reflect the results of One Congress from July 1, 2024, the date of its consolidation, through September 30, 2024. See Note 4 - "Investment Properties" for additional information.

As of December 31, 2023							For the nine months ended September 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	7,103	(6,966)
Less interest held by non-controlling interests						(6,022)		2,789
Equity attributable to CPH						$ 9,035		$ (4,177)

6. 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	2,727
Distributions	(6,694)
Share of unrealized loss on valuation of underlying properties	(70,460)
Share of net income (excluding unrealized loss on valuation)	25,009
Reduction in net assets from consolidation of One Congress	(287,980)
Balance, September 30, 2024	**$ 98,148**

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

As of September 30, 2024							For the nine months ended September 30, 2024	
Property	**Percent Owned**	**Current Assets**	**Non-Current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Equity**	**Revenues**	**Net Income (Loss)**
Midtown Center [1]	51.00 %	$ 7,746	$ 636,224	$ 8,515	$ 528,836	$ 106,619	$ 57,914	$ 21,861
100 Congress	51.00 %	8,739	226,547	8,537	140,644	86,105	20,677	(24,933)
One Congress [2]	75.00 %	—	—	—	—	—	36,324	(61,251)
		$ 16,485	$ 862,771	$ 17,052	$ 669,480	$ 192,724	$ 114,915	$ (64,323)
Less: interest held by third-parties						(94,576)		15,923
Amounts per financial statements						$ 98,148		$ (48,400)

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

	As of December 31, 2023						For the nine months ended September 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	$ 58,066	$ (106,961)
100 Congress	51.00 %	7,585	255,100	10,716	140,932	111,037	21,860	(26,629)
One Congress	75.00 %	6,154	1,031,609	512,800	80,948	444,015	8,750	(25,473)
		$ 20,341	$1,973,173	$ 533,013	$ 812,332	$ 648,169	$ 88,676	$ (159,063)
Less: interest held by third-parties						(212,623)		71,807
Amounts per financial statements						$ 435,546		$ (87,256)

(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. In the third quarter of 2024, Fannie Mae entered into a new lease for 342,000 square feet, which extends the term on a portion of their leased space through May 2045.

(2) Revenues and net income (loss) reflect the results of One Congress from July 1, 2024, the date of its consolidation, through September 30, 2024.

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**	**September 30, 2024**	**December 31, 2023**
Midtown Center	3.09%	10/11/2029	$ 267,750	$ 267,750
100 Congress	3.30%	11/1/2026	71,035	71,200
One Congress	SOFR + 1.75%	12/10/2025[1]	—	368,828
			$ 338,785	**$ 707,778**

(1) The One Congress construction loan's original maturity is December 10, 2024, but is eligible for two one-year loan extension options, subject to terms and conditions. On October 15, 2024, CPH executed the first option under the loan agreement to extend the maturity to December 10, 2025 and notified the bank that all terms and conditions have been satisfied.

(2) Principal balances represent CPH's ownership share in the outstanding debt.

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

7. Leases

The Condensed Consolidated Balance Sheets reflect various 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:

	September 30, 2024	December 31, 2023
Non-current assets		
Income generating properties, net of ROUA	$ 1,731,138	$ 1,112,824
ROUA, at fair value	5,700	78,300
Income generating properties, at fair value	1,736,838	1,191,124
Properties in development	48,415	23,379
Properties in development, at fair value	48,415	23,379
Total investment properties, at fair value	**1,785,253**	**1,214,503**
Current assets		
Prepaid expense and other assets, net of ROUA	9,388	13,526
ROUA, net of accumulated depreciation	3,333	3,046
Prepaid expense and other assets	**$ 12,721**	**$ 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	(2,700)	—	(2,700)
ROUA Additions, net	—	539	539
Accumulated Depreciation	—	(252)	(252)
Deconsolidation of Columbia Center	(66,400)	—	(66,400)
Deconsolidation of 2001 Penn	(3,500)	—	(3,500)
Balance as of September 30, 2024	**$ 5,700**	**$ 3,333**	**$ 9,033**

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

	Discount		Carrying Value	
Property	**Rate**	**Maturity**	**September 30, 2024**	**December 31, 2023**
Columbia Center(1)	4.93%	2120	$ —	$ 135,504
1701 Duke Street	5.20%	2107	8,105	8,001
2001 Penn(2)	4.94%	2087	—	4,427
Other equipment leases	Various	Various	2,702	3,045
Total lease liabilities			10,807	150,977
Less current portion			1,370	360
Lease liabilities, net of current portion			**$ 9,437**	**$ 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.
(2) CPH deconsolidated 2001 Penn on March 12, 2024, which included the derecognition of the corresponding air rights liability. See Note 4 - "Investment Properties" for additional information.

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

Future Lease Maturities	**September 30, 2024**
Maturity analysis - contractual undiscounted cash flows	
Less than one year	$ 1,722
One to five years	2,534
More than five years	55,046
Total undiscounted lease liabilities as of September 30, 2024	$ 59,302

Lease expense costs were as follows:

	Nine Months Ended September 30,	
Lease Expense	**2024**	**2023**
Amounts recognized in profit or loss		
Interest expense on lease liabilities	$ 2,657	$ 5,294
Equipment lease depreciation	252	321
Total lease expense	**$ 2,909**	**$ 5,615**

	Nine Months Ended September 30,	
Cash Flows	**2024**	**2023**
Amounts recognized in the statements of cash flows		
Principal portion of lease payments	$ 950	$ 533
Interest paid on lease liabilities	1,570	3,393
Total cash outflows related to leases	**$ 2,520**	**$ 3,926**

8. 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 September 30, 2024 and December 31, 2023. No impairment losses were recognized in the three and nine months ended September 30, 2024 and 2023, respectively.

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

9. Debt

CPH's debt obligations consist of the following:

Borrower/Facility	Contractual Rate	Maturity	Principal Balance as of September 30, 2024		Principal Balance as of December 31, 2023	
Credit facility [1]:						
Revolver	SOFR +1.36% to 2.11%[3]	7/1/2025[2]	$ 275,000		$ 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	
One Congress	SOFR +1.75%	12/10/2025[12]	558,492	(11)	—	(11)
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	26,562		28,235	(8)
2311 Wilson[6]	SOFR +1.46%[5]	3/27/2027	75,000		75,000	
Total Debt			1,135,054		773,134	
Less unamortized deferred financing fees			2,507		3,842	
Total Debt, net of unamortized deferred financing fees			**1,132,547**		**769,292**	
Less current portion, net of unamortized deferred financing fees [9]			1,436		127,854	
Debt obligations, net of current portion			**$ 1,131,111**		**$ 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 September 30, 2024, SOFR was 4.96%, and as of December 31, 2023, SOFR was 5.38%. As of September 30, 2024, the premium was 1.71% for the Revolver and 1.61% for the Term Loan, each inclusive of the additional credit spread. As of December 31, 2023, the premium was 1.45% for the Revolver and 1.40% 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) On May 3, 2022, CPH purchased an interest rate cap with a notional amount of $400 million at a SOFR rate of 2.50% through July 1, 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 through December 31, 2024. See Note 12 - "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 September 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 $101.5 million and $400.8 million as of September 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 $0.3 million and $0.1 million as of September 30, 2024,and December 31, 2023, respectively.
(10) On April 25, 2024, the loan collateralized by 1700 New York Avenue was repaid.
(11) On July 1, 2024, in accordance with IFRS' continuous assessment guidance, CPH reassessed its power to affect the returns of the joint venture that owns One Congress resulting in CPH consolidating One Congress in its consolidated financial statements effective July 1, 2024. See Note 4 - "Investment Properties" for additional information.
(12) The One Congress construction loan's original maturity is December 10, 2024, but is eligible for two one-year loan extension options, subject to terms and conditions. On October 15, 2024, CPH executed the first option under the loan agreement to extend the maturity to December 10, 2025 and notified the bank that all terms and conditions have been satisfied.

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

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

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 September 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 September 30, 2024, CPH had capacity to borrow an additional $225.0 million under the Credit Facility. Subsequent to September 30, 2024, CPH has not borrowed from the Revolver through November 6, 2024.

Interest Expense

Interest expense is comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Description	**2024**	**2023**	**2024**	**2023**
Credit facility	$ 6,724	$ 7,797	$ 18,056	$ 25,132
Notes payable	10,740	4,792	14,192	13,397
Distributions to redeemable non-controlling interests	—	568	—	1,802
Lease liabilities	112	1,791	2,657	5,294
Amortization of deferred financing fees	749	517	1,757	1,469
Gross interest expense	**18,325**	**15,465**	**36,662**	**47,094**
Capitalized interest expense				
Capitalized deferred financing fees	(33)	—	(93)	(13)
Capitalized interest	(584)	—	(1,672)	(312)
Total capitalized interest expense	**(617)**	**—**	**(1,765)**	**(325)**
Net interest expense	**$ 17,708**	**$ 15,465**	**$ 34,897**	**$ 46,769**

Future Maturities of Debt

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

Years Ending December 31,	Amount
Remainder of 2024	$ 5,228
2025	616,878

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

Years Ending December 31,	Amount
2026	498,512
2027	98,786
2028	—
Thereafter	—
	$ 1,219,404

Net Debt Reconciliation

This section shows the changes in net debt for the nine months ended September 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	(13,261)	953	(12,308)	(5,239)	(17,547)
New leases	—	(425)	(425)	—	(425)
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
Consolidation of One Congress	(556,632)	(223)	(556,855)	—	(556,855)
Other changes	$ (2,001)	$ (103)	$ (2,104)	$ —	$ (2,104)
Net Debt, September 30 2024	**$ (1,132,547)**	**$ (10,807)**	**$ (1,143,354)**	**$ 25,811**	**$ (1,117,543)**

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

		September 30, 2024		December 31, 2023	
	Fair Value Level	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets					
Trade receivables, net	Level 3	$ 6,917	$ 6,917	$ 9,185	$ 9,185
Liabilities, including current portion					
Credit facility[1,2]	Level 3	475,000	475,000	400,000	400,000
Notes payable[1,2]	Level 3	660,054	649,411	372,725	348,517
Redeemable non-controlling interests	Level 3	22,716	22,716	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 11 - "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.

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

Due to their short-term maturities, the carrying values of financial instruments including trade receivables, and trade and other payables approximate their fair values.

11. Fair Value Measurements

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

Description	Level 1	Level 2	Level 3
Assets:			
Investments in income generating properties	$ —	$ —	$ 1,736,838
Derivative assets[1]	—	11,688	—
Total Assets	**$ —**	**$ 11,688**	**$ 1,736,838**

(1) See Note 12 - "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 12 - "Derivative Instruments" for additional information.

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 19 - "Credit and Other Risks") CPH considered the potentially broad effects on the fair value measurement of the properties as of September 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 September 30, 2024:

Description	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Avg)
Investments in income generating properties	$ 1,736,838	Discounted cash flow - Income capitalization	Discount Rate	7.50 - 9.00% (7.81%)
			Exit Capitalization Rate	6.50% - 7.50% (6.79%)

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

The following table sets forth quantitative information about the Level 3 fair value measurements as of 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**			

12. Derivative Instruments

The following table summarizes CPH's interest rate swap and interest rate cap agreements as of September 30, 2024 and December 31, 2023 :

	September 30, 2024			December 31, 2023	
	Cash Flow Hedges		Non-designated Cash Flow Hedges	Cash Flow Hedges	
	Interest Rate Caps	Interest Rate Swaps	Interest Rate Caps	Interest Rate Caps	Interest Rate Swaps
Notional balance	$ 475,000	$ 75,000	$ 375,000	$ 400,000	$ 276,260
Weighted average interest rate (1)	2.34 %	2.01 %	2.00 %	2.50 %	1.34 %
Earliest maturity date	December 31, 2024	March 27, 2027	December 1, 2024	July 1, 2025	April 1, 2024
Latest maturity date	July 1, 2025	March 27, 2027	December 1, 2024	July 1, 2025	March 27, 2027

(1) Represents the weighted average interest rate that was fixed on the hedged debt. As of December 31, 2023, the weighted average interest rate at which LIBOR and SOFR 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. 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.

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.

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
Description	**2024**	**2023**	**2024**	**2023**
Unrealized (loss) gain on cash flow hedges	$ (3,589)	$ 3,372	$ 2,647	$ 9,831
Swap hedging (gains) reclassified to net income	(899)	(3,058)	(5,061)	(8,153)
Interest rate cap hedging (gains) reclassified to net income	(3,590)	(2,787)	(9,828)	(7,337)
Amortization of interest rate cap	1,664	961	4,054	2,883
Other Comprehensive Loss	**$ (6,414)**	**$ (1,512)**	**$ (8,188)**	**$ (2,776)**

Included in CPH's "Other comprehensive income" of the Condensed Consolidated Statements of Changes in Equity was $(8.2) million and $(11.7) million of unrealized loss on cash flow hedges for intrinsic value, $0.1 million and $(0.6) million of unrealized loss on cash flow hedges for time value, and $1.7 million and $4.1 million of interest rate cap amortization, net of hedging (gains) losses reclassified to net income for the three and nine months ended September 30, 2024. For the three and nine months ended September 30, 2023, CPH's "Other comprehensive income" included $(1.9) million and $(3.9) million of unrealized gain (loss) on cash flow hedges for intrinsic value, $(0.6) million and $(1.7) million of unrealized loss on cash flow hedges for the time value, and $1.0 million and $2.9 million of interest rate cap amortization, net of hedging (gains) losses reclassified to net income.

13. 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.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
Description	**2024**	**2023**	**2024**	**2023**
Personnel and compensation	$ 2,744	$ 3,329	$ 8,984	$ 9,999
Professional fees	900	774	3,353	2,629
Information technology	224	202	803	805
Other corporate	697	514	2,257	1,539
Total non-property general and administrative	**$ 4,565**	**$ 4,819**	**$ 15,397**	**$ 14,972**

14. 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 nine months ended September 30, 2024 totaled $0.4 million and $3.3 million respectively, and $0.9 million and $2.6 million, respectively, for the three and nine months ended September 30, 2023. Construction management fees for the three and nine months ended September 30, 2024 totaled $0.1 million and $0.5 million, respectively and $0.1 million and $0.3 million, respectively, for the three and nine months ended September 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 $1.5 million and $3.4 million for September 30, 2024 and December 31, 2023, respectively.

CPH leases the ground under the 1701 Duke Street property from related parties. See Note 7 - "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 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 17 - "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 and are reflected as "Redeemable non-controlling interests" in the Current liabilities section of the accompanying Condensed Consolidated Balance Sheets. See Note 17 - "Redeemable Non-Controlling Interests" for additional information.

15. 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 September 30, 2024, CPH had $1.6 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 CPH 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. As of September 30, 2024, this recourse is limited to 7.5% of the principal balance or $41.9 million.

As of September 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 7 - "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	13.4
2022 service units	27	Jun 2022	Mar 2025	21.9
2022 performance units	27	Jun 2022	Mar 2025	21.9
2023 service units	74	Jun 2023	March 2026, March 2027, March 2028	66.2
2024 service units	63	Jul 2024	Mar 2027	63.0
2024 absolute performance units	63	Jul 2024	Mar 2027	63.1
2024 relative performance units	63	Jul 2024	Mar 2027	63.1
Total outstanding units				**382.8**

(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.

Vesting of 2024 LTIP Absolute Performance Units is dependent upon CPC achieving certain return thresholds based on NAV over a three-year performance period. A cumulative return below -45% will result in no LTIP Absolute Performance Units being earned, a cumulative return between -45% and 150% will result in earning between 0% to 200% of LTIP Absolute Performance Units granted based on linear interpolation within that range, and a cumulative return in excess of 150% will result in 200% of LTIP Absolute Performance Units granted being earned.

Vesting of 2024 LTIP Relative Performance Units is dependent upon CPC achieving NAV growth relative to a custom index of office REITs (the "Index") over a three-year performance period. NAV growth within -10% of the Index will result in no LTIP Relative Performance Units being earned, NAV growth between -10% and 10% will result in earning between 0% to 200% of LTIP Relative Performance Units granted based on linear interpolation within that range, and annualized NAV growth in excess of 10% of the Index will result in 200% of LTIP Absolute Performance Units granted being earned.

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

	Total Units (in thousands)
LTIP units outstanding, December 31, 2023	**270.4**
LTIP units granted	189.2
LTIP units converted	(36.7)
LTIP units forfeited	(40.1)
LTIP units outstanding, September 30, 2024	**382.8**

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 nine months ended September 30, 2024, CPH recognized $0.7 million and $0.8 million, respectively, of LTIP-related expense, net of $0.0 million capitalized in both the three and nine months ended September 30, 2024. For the three and nine months ended September 30, 2023, CPH recognized $0.2 million and $0.4 million of LTIP related expense, of which $0.0 million was capitalized in both the three and nine months ended September 30, 2023. For the three and nine months ended September 30, 2024 CPH did not recognize LTIP dividend expense. For the three and nine months ended September 30, 2023, CPH recognized $0.2 million and $0.6 million, respectively, of LTIP dividend expense.

16. Corporate Officer's Compensation

Salary and bonus expense for CPH's corporate officers totaled $0.4 million and $2.3 million for the three and nine months ended September 30, 2024, respectively, and $0.7 million and $2.2 million for the three and nine months ended September 30, 2023, respectively. Additional employee benefit expense for these officers was less than $0.1 million and $0.1 million for the three and nine months ended September 30, 2024, respectively, and $0.1 million and $0.2 million for both the three and nine months ended September 30, 2023. LTIP expense was $0.5 million and $0.4 million, respectively, for the three and nine months ended September 30, 2024, and $0.1 million and $0.0 million, respectively, for the three and nine months ended September 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).

17. 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. As of September 30, 2024, interests attributable to CP OC/ Columbia LP and CS Investment Group, which partially redeemed in April 2023 and August 2023, respectively, were reclassified to the Current liabilities section of the accompanying Condensed Consolidated Balance Sheets within Redeemable non-controlling interests", as their two year lock out period for the remaining units will expire in April and August 2025. As of September 30, 2024, the value of these redeemable non-controlling interests were $22.7 million.

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)
Revaluation/Other	—	(3,906)
Balance, September 30, 2024	**495**	**$ 22,716**

As of September 30, 2024 and December 31, 2023, the total value of non-controlling interests was $147.2 million and $59.7 million, respectively. The consolidation of One Congress on July 1, 2024 resulted in the recognition of a $96.6

million non controlling interest attributable to our partner's interest in the joint venture. See Note 4 - "Investment Properties" for additional information.

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. For the three and nine months ended September 30, 2024, CPH did not pay out any distributions. As of September 30, 2024, CPH has not declared any unpaid dividends. For the three and nine months ended September 30, 2023, CPH paid $0.8 million and $2.4 million, respectively, of distributions from CPP attributable to redeemable non-controlling interests, of which $0.0 million and $1.6 million, respectively, was attributed to LTIP unit holders. On November 5, 2024, our Board of Trustees declared an annual dividend of $4.00 per common share, payable in December 2024, to shareholders of record as of September 30, 2024.

18. 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.

19. 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 97% and 96% of contractual rent from its tenants during both the nine months ended September 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.

20. Subsequent Events

CPH evaluated subsequent events through November 6, 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

Date: November 18, 2024

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

Dear Sir/Madam,

Re: <u>Consent letter in term of Alony Hetz Properties and Investments Ltd. Shelf Offering from April 2024</u>

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

(1) Review Report dated November 18, 2024, regarding the Consolidated Financial Statements of the company as of September 30, 2024, and for the periods of nine and three months ended September 30, 2024.

Respectfully,

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

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Beit Shemesh
Yigal Alon 1 St.
Beit Shemesh, 9906201

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 November 6, 2024, regarding the Condensed Consolidated Interim Financial Statements of Carr Properties Holdings L.P. as of September 30, 2024 and for the three-month and nine-month periods ended September 30, 2024 and 2023.

PricewaterhouseCoopers LLP

Washington, DC
November 15, 2024