

ELCO LIMITED

Interim Consolidated Financial Information

As of March 31, 2021

Convenience Translation into U.S. Dollars

(Unaudited)

ELCO LIMITED

Contents

<u>Review of Interim Information</u>	3
<u>Financial Information as of March 31, 2021 (Unaudited)</u>	
Consolidated Information of Financial Position	4 – 5
Consolidated Information of Profit or Loss	6
Consolidated Information of Comprehensive Income	7
Consolidated Information of Changes in Equity	8 – 10
Consolidated Information of Cash Flows	11 – 14
Notes to the Consolidated Financial Information	15-16

To: Elco LTD.

Re: Convenience Translation of Interim Financial Information

Per your request, we have reviewed the accompanying interim consolidated financial information of Elco Ltd. ("the Company") as of March 31, 2021 and for the period of three months then ended ("the Interim Financial Information"). The Interim Financial Information is the responsibility of the Company's Board of Directors and management. Our responsibility is to express a conclusion regarding the Interim Financial Information based on our review.

We did not review the interim financial information of certain subsidiaries, whose assets constitute approximately 2.33% of the total consolidated assets as of March 31, 2021 and whose revenues constitute approximately 1.78% of the total consolidated revenue for period of the three months ended on March 31, 2021. Furthermore, we did not review the interim financial information of certain companies accounted for at equity, the investment in which amounted to approximately 21,040 thousand dollars as of March 31, 2021, and the Company's share of their profits amounted to approximately 143 thousand dollars for the period of three months ended on March 31, 2021. The interim financial information for those companies were reviewed by other auditors, whose reports have been furnished to us, and our conclusion, insofar as it relates to amounts included for those companies, is based on the reports of the other auditors.

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.

The accompanying Interim Financial Information in US Dollars are a convenience translation of the interim consolidated financial statements as prepared in New Israeli Shekels as the rate of exchange of the Shekel into US Dollars prevailing on March 31, 2021, as described in note 4 of the Interim Financial Information.

Based on our review and the reports of the other auditors, we concluded an unqualified conclusion on the Company's consolidated interim financial statements in our report dated May 18, 2021.

The accompanying interim financial information, which are derived from the company's interim consolidated financial statements, are condensed interim financial information and do not include the disclosures required by International Financial Reporting Standards (IFRS). If the omitted disclosures were included in the accompanying interim financial information, it might influence the user's conclusions about the consolidated financial position, results of operations, changes in equity and cash flows of the company. Accordingly, the accompanying interim financial information are not designated for those who are not informed about such matters.

Based on our review and the reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not present fairly, in all material respects, the information contained in it.

Tel-Aviv, Israel
May 18, 2021

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

ELCO LIMITED**CONSOLIDATED BALANCE SHEETS**
CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	March 31		December 31
	2021	2020	2020
	Unaudited		Audited
Current assets			
Cash and cash equivalents	268,917	340,983	417,168
Short-term investments	96,821	65,980	78,178
Trade receivables	565,829	547,423	524,003
Other accounts receivables	538,249	505,455	466,861
Inventory, inventory of real estate and rights in real estate	369,919	274,306	309,638
Assets held for sale	33,048	159	20,604
	<u>1,872,783</u>	<u>1,734,306</u>	<u>1,816,452</u>
Non-current assets			
Long-term receivables	32,942	33,243	24,385
Receivables for concession arrangement for the provision of services	23,479	21,054	18,756
Investment in entities accounted for at equity	370,483	340,560	333,130
Long-term inventory of real estate	14,506	18,973	14,858
Income generating assets	104,958	105,809	104,958
Fixed assets	232,829	241,475	224,353
Usage right assets	211,834	186,765	210,103
Goodwill and other intangible assets	609,239	891,652	607,163
Intangible asset for a concession project	125,701	93,539	126,726
Deferred taxes	17,815	10,815	17,645
	<u>1,743,786</u>	<u>1,943,885</u>	<u>1,682,077</u>
	<u>3,616,569</u>	<u>3,678,191</u>	<u>3,498,529</u>

May 18, 2021
Date of approval of financial statements

ELCO LIMITED

CONSOLIDATED BALANCE SHEETS CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	<u>March 31</u>		<u>December 31</u>
	<u>2021</u>	<u>2020</u>	<u>2020</u>
	Unaudited		Audited
Current Liabilities			
Credit from banking institutions and others	179,798	184,161	94,209
Bonds - current maturities	65,394	99,503	65,414
Current maturities of leasing liabilities	40,578	41,179	42,156
Suppliers and providers of services	686,514	599,922	696,311
Other payables	573,474	539,052	598,454
Dividend payable to shareholders in the Company	11,998	11,098	-
	<u>1,557,756</u>	<u>1,474,915</u>	<u>1,496,544</u>
Long-Term Liabilities			
Credit from banking institutions and others	248,557	325,001	271,912
Bonds	456,392	459,180	427,105
Leasing liabilities	170,656	159,525	168,789
Other liabilities	139,253	379,685	155,080
Employee benefit liabilities, net	19,008	18,080	18,492
Deferred taxes	53,770	71,185	52,832
	<u>1,087,636</u>	<u>1,412,656</u>	<u>1,094,210</u>
Equity			
Equity attributable to equity holders of the Company	524,526	402,297	478,651
Non-controlling interests	446,651	388,323	429,124
Total equity	<u>971,177</u>	<u>790,620</u>	<u>907,775</u>
	<u>3,616,569</u>	<u>3,678,191</u>	<u>3,498,529</u>

E. Vessely
Chief Financial Officer

D. Salkind
Joint General Manager

M. Fridman
Chairman of the Board of
Directors

ELCO LIMITED

CONSOLIDATED INFORMATION OF PROFIT OR LOSS CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	Three months ended		Year ended
	March 31		December 31
	2021	2020	2020
	Unaudited		Audited
Revenues, net	869,722	780,561	3,289,749
Adjustment of the fair value and the results of the disposal of income-generating assets, net	(43)	-	(1,771)
Group's share of the profits of companies accounted for at equity, net	4,489	3,733	12,431
Other income	1,726	1,833	4,140
Total	875,894	786,127	3,304,549
Cost of producing revenues	(734,823)	(672,023)	(2,816,358)
Selling and marketing expenses	(45,103)	(38,343)	(166,820)
Administrative and general expenses	(28,811)	(27,386)	(109,154)
Other expenses	(1,474)	(1,711)	(15,305)
Financing income	3,009	6,058	10,209
Financing expenses	(11,635)	(15,388)	(53,846)
Total	(818,837)	(748,793)	(3,151,274)
Income before taxes on income	57,057	37,334	153,275
Taxes on income	(6,802)	(11,203)	(39,563)
Income from continuing operations	50,255	26,131	113,712
Operating income from discontinued operations, net	-	4,048	60,366
Net income	50,255	30,179	174,078
Attributable to:			
Equity holders in the Company	28,807	16,707	85,197
Non-controlling interest	21,448	13,472	88,881
	50,255	30,179	174,078
Earnings per share - attributable to the Equity holders of the Company:			
Basic - Earnings			
From continuing operations	1.05	0.53	1.95
From discontinued operations	-	0.08	1.16
	1.05	0.61	3.11
Fully diluted - Earnings			
From continuing operations	1.03	0.46	1.83
From discontinued operations	-	0.08	1.15
	1.03	0.54	2.98

ELCO LIMITED**CONSOLIDATED INFORMATION OF COMPREHENSIVE INCOME
CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)**

	Three months ended		Year ended
	March 31		December 31
	2021	2020	2020
	<u>Unaudited</u>		<u>Audited</u>
Net income	<u>50,255</u>	<u>30,179</u>	<u>174,078</u>
Other comprehensive income (loss) (after tax effects):			
<u>Amounts that will never be reclassified to profit or loss:</u>			
Gain from the re-measurement of defined benefit plans, net	<u>-</u>	<u>358</u>	<u>650</u>
<u>Amounts that will be classified or reclassified to the profit or loss, when specific conditions are met:</u>			
Adjustments deriving from the translation of the financial statements of foreign operations, net	<u>9,790</u>	<u>(2,318)</u>	<u>(41,019)</u>
Gain on hedging transactions, net	<u>727</u>	<u>5,263</u>	<u>902</u>
	<u>10,517</u>	<u>2,945</u>	<u>(40,117)</u>
Total other comprehensive income (loss)	<u>10,517</u>	<u>3,303</u>	<u>(39,467)</u>
Total comprehensive income	<u>60,772</u>	<u>33,482</u>	<u>134,611</u>
Comprehensive income attributable to:			
Equity holders in the company	<u>34,808</u>	<u>20,228</u>	<u>62,920</u>
Non-controlling interests	<u>25,964</u>	<u>13,254</u>	<u>71,691</u>
	<u>60,772</u>	<u>33,482</u>	<u>134,611</u>

ELCO LIMITED

CONSOLIDATED INFORMATION OF CHANGES IN EQUITY CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

Attributable to equity holders in the company

	Share capital	Share premium	Treasury shares	Retained earnings	Capital reserve on transactions with controlling interests	Capital reserve on financial assets at fair value through other comprehensive income	Capital reserve on hedging transactions	Capital reserve on the re-measurement of defined benefit plans	Adjustments deriving from the translation of financial Statements	Capital reserve on share-based payment	Total	Non-controlling interests	Total equity
	Unaudited												
Balance as of January 1, 2021	34,192	18,165	(63,537)	656,369	303	(57,758)	2,940	(613)	(121,011)	9,601	478,651	429,124	907,775
Net income	-	-	-	28,807	-	-	-	-	-	-	28,807	21,448	50,255
Total other comprehensive income	-	-	-	-	-	-	349	-	5,652	-	6,001	4,516	10,517
Total comprehensive income	-	-	-	28,807	-	-	349	-	5,652	-	34,808	25,964	60,772
Cost of share-based payment	-	-	-	-	-	-	-	-	-	174	174	832	1,006
Dividend to shareholders in the company	-	-	-	(11,998)	-	-	-	-	-	-	(11,998)	-	(11,998)
Dividend to non-controlling interests	-	-	-	(2,480)	-	-	-	-	-	-	(2,480)	(18,995)	(21,475)
Acquisition of treasury shares in a subsidiary company	-	-	-	(1,044)	-	-	-	-	-	-	(1,044)	(1,108)	(2,152)
Sale of shares in consolidated companies	-	-	-	19,457	-	2,977	26	56	3,899	-	26,415	10,834	37,249
As of March 31, 2021	34,192	18,165	(63,537)	689,111	303	(54,781)	3,315	(557)	(111,460)	9,775	524,526	446,651	971,177

ELCO LIMITED

CONSOLIDATED INFORMATION OF CHANGES IN EQUITY CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	Attributable to equity holders in the company											Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Retained earnings	Capital reserve on transactions with controlling interests	Capital reserve on financial assets at fair value through other comprehensive income	Capital reserve on hedging transactions	Capital reserve on the re-measurement of defined benefit plans	Adjustments deriving from the translation of financial Statements	Capital reserve on share-based payment	Total		
Balance as of January 1, 2020	34,192	18,127	(62,527)	560,897	303	(57,758)	2,541	(973)	(100,437)	8,796	403,161	344,798	747,959
Net income	-	-	-	16,707	-	-	-	-	-	-	16,707	13,472	30,179
Total other comprehensive income (loss)	-	-	-	-	-	-	2,874	194	453	-	3,521	(218)	3,303
Total comprehensive income	-	-	-	16,707	-	-	2,874	194	453	-	20,228	13,254	33,482
Cost of share-based payment	-	-	-	-	-	-	-	-	-	260	260	760	1,020
Dividend to shareholders in the company	-	-	-	(11,098)	-	-	-	-	-	-	(11,098)	-	(11,098)
Dividend to non-controlling interests	-	-	-	(3,889)	-	-	-	-	-	-	(3,889)	(28,613)	(32,502)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(1,010)	(1,591)	-	-	-	-	-	-	(2,601)	(1,348)	(3,949)
Transaction with non-controlling interests	-	-	-	-	8	-	-	-	-	-	8	844	852
Issuance of capital /purchase and sale of shares in consolidated companies	-	-	-	(5,386)	-	-	10	(9)	1,613	-	(3,772)	58,628	54,856
As of March 31, 2020	34,192	18,127	(63,537)	555,640	311	(57,758)	5,425	(788)	(98,371)	9,056	402,297	388,323	790,620

ELCO LIMITED

CONSOLIDATED INFORMATION OF CHANGES IN EQUITY

CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	Attributable to equity holders in the company											Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Retained earnings	Capital reserve on transactions with controlling interests	Capital reserve on financial assets at fair value through other comprehensive income	Capital reserve on hedging transactions	Capital reserve on the re-measurement of defined benefit plans	Adjustments deriving from the translation of financial Statements	Capital reserve on share-based payment	Total		
	Audited												
Balance as of January 1, 2020	34,192	18,127	(62,527)	560,897	303	(57,758)	2,541	(973)	(100,437)	8,796	403,161	344,798	747,959
Net income	-	-	-	85,197	-	-	-	-	-	-	85,197	88,881	174,078
Total other comprehensive income (loss)	-	-	-	-	-	-	502	325	(23,104)	-	(22,277)	(17,190)	(39,467)
Total comprehensive income (loss)	-	-	-	85,197	-	-	502	325	(23,104)	-	62,920	71,691	134,611
Cost of share-based payment	-	-	-	-	-	-	-	-	-	843	843	4,856	5,699
Dividend to shareholders in the company	-	-	-	(17,096)	-	-	-	-	-	-	(17,096)	-	(17,096)
Dividend to non-controlling interests	-	-	-	(3,828)	-	-	-	-	-	-	(3,828)	(91,884)	(95,712)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(1,010)	(2,499)	-	-	-	-	-	-	(3,509)	(2,311)	(5,820)
Transactions with non-controlling interests	-	-	-	(15,925)	-	-	-	-	-	-	(15,925)	(16,579)	(32,504)
Exercise of option warrants	-	38	-	-	-	-	-	-	-	(38)	-	-	-
Issuance of capital /purchase and sale of shares in consolidated companies	-	-	-	49,623	-	-	(103)	35	2,530	-	52,085	118,553	170,638
As of December 31, 2020	34,192	18,165	(63,537)	656,369	303	(57,758)	2,940	(613)	(121,011)	9,601	478,651	429,124	907,775

ELCO LIMITED

CONSOLIDATED INFORMATION OF CASH FLOWS

CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	Three months ended March 31		Year ended December 31
	2021	2020	2020
	Unaudited		Audited
Cash flows from operating activities:			
Net income	50,255	30,179	174,078
Adjustments required in order to present the cash flows from operating activities (Appendix A')	(116,232)	(19,163)	133,258
Net cash generated by (absorbed) by operating activities (before acquisition of and investment in land)	(65,977)	11,016	307,336
Acquisition of and investment in land *)	(75,883)	(1,192)	(32,561)
Net cash generated by (absorbed) by operating activities	(141,860)	9,824	274,775
Cash flows from investment activities:			
Acquisition of fixed assets and intangible assets	(22,593)	(29,937)	(100,072)
Capitalization of customer acquisition costs	-	(1,074)	(2,514)
Acquisition and construction of income generating assets	(81)	(45)	-
Newly consolidated subsidiaries and activities (Appendix B')	(266)	(14,511)	(14,817)
Proceeds from sale of investments in previously consolidated subsidiary (appendix C')	-	-	145,657
Change in investment in and loans to investee companies, net	(27,027)	7,575	4,484
Acquisition of short-term investments, net	(28,727)	(763)	(8,217)
Consideration from the disposal of fixed and income-generating assets and investments	10,588	3,660	15,876
Decrease (increase) in long-term loans and deposits	262	(2,187)	2,786
Net cash generated (absorbed) by investment activities	(67,844)	(37,282)	43,183
Cash flows from financing activities:			
Dividend paid to shareholders in the company	-	-	(17,096)
Dividend to non-controlling interests	(22,255)	(5,786)	(79,719)
Issuance of bonds	29,685	-	120,267
Self-purchase of the company's bonds	-	(292)	(292)
Repayment of long-term liabilities	(102,239)	(28,981)	(390,870)
Repayment of leasing liabilities	(11,257)	(12,903)	(45,119)
Receipt of long-term liabilities	31,163	53,869	145,564
Short-term bank credit, net	93,206	33,965	(58,934)
Acquisition of a partner's share in a sub-subsidiary company	-	-	(3,368)
Exercise of option warrants issuance of capital/sale of shares to non-controlling interests	44,991	54,856	161,971
Purchase of treasury shares in the company and in consolidated companies	(2,152)	(3,949)	(5,820)
Net cash generated (absorbed) by financing activities	61,142	90,779	(173,416)
Translation differences in respect of cash and cash equivalents balances	311	472	(4,564)
Increase (decrease) in cash and cash equivalents	(148,251)	63,793	139,978
Balance of cash and cash equivalents at the beginning of the period	417,168	277,190	277,190
Balance of cash and cash equivalents at the end of the period	268,917	340,983	417,168

*) The acquisition of and investment in land are presented under inventories of real estate and rights in real estate, including monies that have been deposited in trust for a transaction for the acquisition of real estate that has not yet been completed as of the reporting date and which are presented under other receivables.

ELCO LIMITED

CONSOLIDATED INFORMATION OF CASH FLOWS CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

Appendix A' - Adjustments required in order to present the cash flows from operating activities:

	Three months ended		Year ended
	March 31		December 31
	2021	2020	2020
	Unaudited		Audited
Income and expenses not involving cash flows:			
The Group's share of the profits of companies accounted for at equity, net	(4,489)	(3,644)	(12,237)
Dividends and interest received from companies accounted for at equity	1,754	1,067	13,139
Success fee in respect of increase in the value of housing complexes (Promote)	(10,894)	(1,785)	(27,296)
Adjustment of fair value and the results of the disposal of income-generating assets, net	43	-	1,771
Depreciation and amortization	27,457	28,584	109,154
Amortization of customer acquisition expenses	-	1,344	2,836
Impairment in the investment in a company accounted for at equity	-	-	10,189
Gain on the self-purchase of the company's bonds	-	(75)	(75)
Deferred taxes, net	(5,318)	1,061	(32,839)
Change in employee benefit liabilities	709	252	231
Capital gain on the sale of fixed assets and other investments	(81)	(183)	(598)
Gain from the sale of a subsidiary	-	-	(68,391)
Revaluation of long-term receivable and liabilities, net	(188)	983	14,761
Increase in the value of short-term investments	(84)	(780)	(821)
Cost of share-based payment	1,006	1,020	5,699
Changes in asset and liability items:			
Decrease(increase) in inventory and inventory of real estate (before acquisition of and investment in land)	(22,845)	8,155	17,689
Increase in trade receivables	(43,289)	(26,487)	(29,807)
Decrease (increase) in other accounts receivable	(20,670)	5,196	(8,543)
Increase (decrease) in suppliers and providers of services	(11,511)	(51,656)	74,874
Increase (decrease) in other accounts payable	(27,832)	17,785	63,522
	<u>(116,232)</u>	<u>(19,163)</u>	<u>133,258</u>

ELCO LIMITED

CONSOLIDATED INFORMATION OF CASH FLOWS CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

Appendix B' - Investment in initially consolidated companies and activities

	Three months ended		Year ended
	March 31		December 31
	2021	2020	2020
	Unaudited		Audited
Working capital, net (except cash)	137	640	1,027
Fixed assets and right-of-use assets	(12)	(3,641)	(3,647)
Intangible assets	(509)	(6,050)	(6,378)
Goodwill	-	(20,961)	(21,518)
Deferred taxes	118	-	(280)
Non-current liabilities	-	1,086	1,340
Liability for put option and future dividends for non-controlling interests	-	14,415	14,415
Gain on the removal of previous relationships	-	-	224
	<u>(266)</u>	<u>(14,511)</u>	<u>(14,817)</u>

Appendix C' - Proceeds from sale of investment in previously consolidated subsidiary

	Three months ended		Year ended
	March 31		December 31
	2021	2020	2020
	Unaudited		Audited
Working capital, net (except cash and cash equivalents)	-	-	(44,718)
Fixed assets	-	-	30,776
Right-of-use assets	-	-	4,059
Intangible assets	-	-	22,599
Goodwill	-	-	237,759
Deferred taxes	-	-	13,093
Leasing liabilities	-	-	(4,709)
Other non-current liabilities	-	-	(179,179)
Non-controlling interests	-	-	(2,414)
Gain from sale of a subsidiary	-	-	68,391
	<u>-</u>	<u>-</u>	<u>145,657</u>

ELCO LIMITED

CONSOLIDATED INFORMATION OF CASH FLOWS CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

Appendix D' - Further information on cash flows

	Three months ended		Year ended
	March 31		December 31
	2021	2020	2020
	Unaudited		Audited
Cash paid in the period for:			
Interest	13,561	10,241	41,934
Taxes on income	10,907	9,313	59,944
Cash received for:			
Interest	561	1,248	5,238
Taxes on income	2,050	1,757	3,019

Appendix E' – Significant activities not involving cash flows

	Three months ended		Year ended
	March 31		December 31
	2021	2020	2020
	Unaudited		Audited
Acquisition of fixed assets, investment property and intangible assets	3,475	3,004	16,130
Liability for the acquisition of holdings of non-controlling interests in a consolidated company	-	-	40,181
Dividend payable to shareholders in the company	11,998	11,098	-

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION**Note 1 - General**

The accompanying Financial Information, is derived from the Hebrew version of the Company's interim consolidated financial statement as of March 31, 2021 and for the period of three months ended on that date and do not include the disclosures required by International Financial Reporting Standards (IFRS) (hereinafter - The Interim Consolidate Financial Information).

The interim consolidated financial information should be read together with the Company's Hebrew version of the annual consolidated financial statement as at December 31, 2020 and for the year ended on that date and the accompanying notes thereto (hereinafter – The Annual Consolidated Financial Statement).

The interim consolidated financial information is a translation which is based on The Interim Consolidated Financial Statements, which have been prepared in accordance with International Financial Reporting Standard IAS 34 "Financial Reporting for Interim Periods", and also in accordance with the disclosure requirements in accordance with section D of the Securities Regulations (Periodic and Immediate Reports) - 1970.

Note 2 - General description of the Company and its activities

Elco Ltd. (hereinafter - The Company), was incorporated in Israel in the year 1949 and its shares are traded on the Stock Exchange in Israel.

As of the date of the financial information, the Group operates in Israel and abroad in four segments, in accordance with its investee companies, as follow:

- | | |
|----------------------------------|---|
| Electra | - Operates in the field of services for buildings and infrastructures in Israel and abroad, which includes: the instillation and provision of service for central air-conditioning systems, elevators, sanitation, infrastructures, the execution and construction of national infrastructure facilities, integrated security and protection solutions, electricity and piping, construction, the supervision and management of real estate, entrepreneurial real estate activity, the management and the maintenance of assets. |
| Electra Consumer Products | - Operates in Israel in the importing, manufacturing, exporting, marketing, sale and distribution of electrical consumer products and in the provision of services for products, in the operation of retail marketing chains for the sale of electrical products and in the field of investment property. |
| Electra Real Estate | - Operates in the field of the purchase, management and enhancement of housing complexes for rental in the South Eastern United States, which are held directly by a subsidiary company and by funds that invest in housing complexes in the United States, and through a fund which raises debt and provides loans and instruments for the supplementation of shareholders' equity for investments in housing complexes and also in the disposal of income-generating real estate and entrepreneurial real estate assets in which it has invested in the past ("The strategic disposal assets"). |
| Supergaz Energy | - Operates in the marketing, sale and distribution of LPG and LPG consuming products, in marketing and sale of Natural gas, electricity and thermal energy. |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**Note 3 - The implications of the spread of the Corona Virus**

As stated in Note 1D to the consolidated annual financial statements, as from the first quarter of 2020, as a result of the spread of the Coronavirus, Israel (like most of the countries in the world) has taken various measures in order to reduce the spread of the virus, including imposing restrictions on movement (both local and international) and gathers, the setting of directives for isolation and lockdowns, the closure of businesses, entertainment and leisure venues and similar measures, with these measures reaching a peak in the months of April and October 2020 and in January and February 2021, inter alia, as a response to the level of morbidity among the public and/or the impacts of taking measures on the State's economy. In general, the pandemic and the measures that have been instituted in order to stop its spread have led to a high level of uncertainty in a range of aspects, including economic, health and social, to a slow-down in manufacturing activity and in the transportation of passengers and goods across the globe and to a significant reduction in local economic activity (which was similar to the impact on the global economy).

In tandem with and in order to cope with the economic implications of the crisis, the State has instituted a number of economic measures, which have been intended to incentivize and to support the economy and purchasing power, and accordingly a certain level of recovery has been apparent intermittently in many segments of the economy. Furthermore, as from December 2020, in light of the development of vaccinations against the virus and the purchase of large quantities of vaccinations by the State, the HMOS and hospitals in Israel began to vaccinate the population of the country at a fast pace, and as of the date of this report, a considerable portion of the population has already been vaccinated against the virus. The vaccination of the general population has the potential to bring about a fast rehabilitation of the economy and to end the crisis in the foreseeable future.

The Group has not been affected significantly as a result of the crisis.

The Coronavirus outbreak event and the measures that have been instituted in order to reduce the spread by means of vaccinations and lockdowns is a rolling event and there is a large measure of uncertainty regarding the length of the spread of the virus and regarding the implications deriving from it and the effect on the economic activity both globally and in Israel. If the crisis were to continue and to deepen and if it were to lead to a significant slow-down in business activity in Israel and across the globe, then this could have a significant impact on the financial results of each of the Group's operating segments, even though at this stage the Company's management is unable to assess and to quantify that impact.

Note 4 - Convenience translation

The Interim Consolidate Financial Information in US Dollars is a translation of the statements as prepared in New Israeli Shekels ("NIS" or "Shekel") at the rate of exchange of the Shekel for the US Dollar prevailing on March 31, 2021 (NIS 3.334 = US\$ 1).

It should be noted that the New Israeli Shekel amounts, on the basis of which the convenience translation figures were prepared, do not necessarily represent the current cost amounts of the various elements within The Interim Consolidate Financial Statements and, also, that it should not be construed from the translation into US Dollar figures that the Israeli currency amounts actually represent, or could be converted into Dollars. This financial information has been prepared for the convenience of the reader. In the event of any discrepancy between the contents of this translation and the Hebrew original, the Hebrew original prevails.