

ELECTRA REAL ESTATE LIMITED

Annual Report
Convenience Translation into US Dollars

2021

Electra Real Estate Ltd.
Consolidated Statements of Financial Position
Convenience Translation into US Dollars (In thousands)

	As of December 31	
	2021	2020
Assets		
<u>Current assets</u>		
Cash and cash equivalents	16,992	11,335
Short-term deposits and designated deposits	-	95
Trade receivables	-	165
Current tax assets	1,549	-
Other receivables and loans	24,541	24,161
Realization strategy assets - inventory of land	-	8,489
Investments in companies accounted for at equity that are held for sale and financial asset at fair value through profit or loss	29,818	22,088
Total current assets	72,900	66,333
<u>Non-current assets</u>		
Investments in residential property held for rental and others accounted for at equity	423,448	185,625
Investments in realization strategy asset accounted for at equity	-	11,641
Long-term loans and other receivables	4,540	12,813
Fixed assets	483	403
Usage right assets	1,549	254
Investments in realization strategy assets - income-generating assets	-	42,894
Total non-current assets	430,020	253,630
Total assets	502,920	319,963

Electra Real Estate Ltd.
Consolidated Statements of Financial Position
Convenience Translation into US Dollars (In thousands)

	As of December 31	
	2021	2020
Liabilities and Equity		
<u>Current Liabilities</u>		
Short-term credit (including current maturities of loans and bonds)	59,643	11,814
Current tax liabilities	790	1,080
Suppliers and providers of services	524	372
Other payables	7,232	4,711
Realization strategy assets - advances from buyers of real estate	-	6,465
Current maturities of leasing liabilities	334	243
Total current liabilities	68,523	24,685
<u>Non-current Liabilities</u>		
Bonds	50,957	34,178
Leasing liabilities	1,176	7
Other long-term liabilities	9,737	7,949
Long-term loans from banks	85,662	111,106
Deferred taxes	35,813	6,682
Total non-current liabilities	183,345	159,922
<u>Equity</u>		
Regular share capital of par value US\$ 0.00003	2	2
Share premium	231,338	231,338
Capital reserves	(174,640)	(169,060)
Retained earnings	190,539	68,068
Equity attributed to the shareholders	247,239	130,348
Non-controlling interests	3,813	5,008
Total equity	251,052	135,356
Total liabilities and equity	502,920	319,963

February 28, 2022

**Date of approval of
the financial
statements**

**E. Vessely
Chief Financial
Officer**

**A. Yaniv
Chief Executive
Officer**

**G. Rushinek
Chairman of the
Board of Directors**

Electra Real Estate Ltd.
Consolidated Statements of Profit or Loss
Convenience Translation into US Dollars (In thousands)

	For the year ended December 31		
	2021	2020	2019
Revenues and profits			
From housing for rental in the USA			
Revenues from management fees	9,060	6,051	3,575
Revenues from success fees (Promote)	148,059	29,262	24,462
The Company's share of the results of residential property held for rental under the equity method	6,885	5,378	4,677
The Company's share of fair value adjustments under the equity method and others	30,900	9,595	10,037
Change in the fair value of residential property held for rental, presented as a financial asset through profit and loss	-	-	134
From realization strategy assets			
Revenues from rental fees and other	11,483	2,232	2,974
Adjustments of fair value and the results of the disposal of income-generating assets, net	(2,300)	(912)	178
The Company's share of the results of realization strategy assets under the equity method	319	(1,597)	2,760
	<u>204,406</u>	<u>50,009</u>	<u>48,797</u>
Costs and expenses			
Cost of revenues from realization strategy assets	12,859	1,449	656
Cost of revenues from residential property held for rental	11,733	4,418	3,265
Administrative and general expenses	7,806	4,339	5,550
Selling, marketing and other expenses	-	37	397
	<u>32,398</u>	<u>10,243</u>	<u>9,868</u>
Operating income	<u>172,008</u>	<u>39,766</u>	<u>38,929</u>
Financing expenses	(11,553)	(4,558)	(5,793)
Financing income	5,238	1,605	1,360
Financing expenses, net	<u>(6,315)</u>	<u>(2,953)</u>	<u>(4,433)</u>
Income before taxes on income	<u>165,693</u>	<u>36,813</u>	<u>34,496</u>
Taxes on income	(29,643)	(3,277)	(2,158)
Net income for the year	<u>136,050</u>	<u>33,536</u>	<u>32,338</u>
Attributable to:			
Shareholders of the parent company	132,825	31,438	30,151
Non-controlling interests	3,225	2,098	2,187
Net income for the year	<u>136,050</u>	<u>33,536</u>	<u>32,338</u>
Net earnings per share attributable to the shareholders in the parent company			
Basic – in US\$	<u>2.334</u>	<u>0.553</u>	<u>0.534</u>
Fully diluted – in US\$	<u>2.318</u>	<u>0.550</u>	<u>0.527</u>
Weighted average number of shares used in the calculation of the net earnings per share:			
Basic – in thousands	<u>56,887</u>	<u>56,718</u>	<u>56,564</u>
Fully diluted – in thousands	<u>57,323</u>	<u>57,123</u>	<u>57,052</u>

Electra Real Estate Ltd.
Consolidated Statements of Comprehensive Income
Convenience Translation into US Dollars (in thousands)

	For the year ended December 31		
	2021	2020	2019
Net income for the year	136,050	33,536	32,338
Other comprehensive income (loss) (net of tax effect)			
Amounts that will be classified to the profit or loss in the future:			
Realization of reserve on translation differences on the disposal of a foreign operation	2,193	-	-
Exchange differences on the translation of foreign operations	(8,249)	(18,081)	(13,977)
Total other comprehensive income (loss) for the year	(6,056)	(18,081)	(13,977)
Total comprehensive income for the year	129,994	15,455	18,361
Comprehensive income for the year attributable to:			
Shareholders in the parent company	127,076	14,227	16,393
Non-controlling interests	2,918	1,228	1,968
	129,994	15,455	18,361

Electra Real Estate Ltd.
Consolidated Statements of Changes in Equity
Convenience Translation into US Dollars (in thousands)

For the year ended on December 31, 2021

	Share capital	Share premium	Reserve for capital instruments through other comprehensive income	Capital reserve on share-based payment	Capital reserve on exchange differences on the translation of foreign operations	Shares in the Company that are held by the Company	Retained Earnings	Total attributable to shareholders in the parent company	Non-controlling interests	Total
Balance as of January 1, 2021	2	231,338	(72,083)	469	(94,231)	(3,215)	68,068	130,348	5,008	135,356
Net income for the year	-	-	-	-	-	-	132,825	132,825	3,225	136,050
Realization of reserve on translation differences on the disposal of a foreign operation	-	-	-	-	2,193	-	-	2,193	-	2,193
Exchange differences on the translation of foreign operations	-	-	-	-	(7,942)	-	-	(7,942)	(307)	(8,249)
Total comprehensive income (loss) for the year	-	-	-	-	(5,749)	-	132,825	127,076	2,918	129,994
Cost of share-based payment	-	-	-	169	-	-	-	169	-	169
Non-controlling interests' share of a subsidiary company holding residential property for rental in the United States	-	-	-	-	-	-	-	-	826	826
Dividend paid by a consolidated company to non-controlling interests	-	-	-	-	-	-	-	-	(4,939)	(4,939)
Dividend to shareholders in the company	-	-	-	-	-	-	(10,354)	(10,354)	-	(10,354)
Total equity as of December 31, 2021	2	231,338	(72,083)	638	(99,980)	(3,215)	190,539	247,239	3,813	251,052

Electra Real Estate Ltd.
Consolidated Statements of Changes in Equity
Convenience Translation into US Dollars (in thousands)

	For the year ended on December 31, 2020									
	Share capital	Share premium	Reserve for capital instruments through other comprehensive income	Capital reserve on share- based payment	Capital reserve on exchange differences on the translation of foreign operations	Shares in the Company that are held by the Company	Retained Earnings (*)	Total attributable to shareholders in the parent company	Non- controlling interests (*)	Total
Balance as of January 1, 2020	2	231,338	(72,083)	337	(77,020)	(3,215)	39,138	118,497	10,410	128,907
Net income for the year	-	-	-	-	-	-	31,438	31,438	2,098	33,536
Exchange differences on the translation of foreign operations	-	-	-	-	(17,211)	-	-	(17,211)	(870)	(18,081)
Total comprehensive income (loss) for the year	-	-	-	-	(17,211)	-	31,438	14,227	1,228	15,455
Cost of share-based payment	-	-	-	132	-	-	-	132	-	132
Non-controlling interests' share of a subsidiary company holding residential property for rental in the United States	-	-	-	-	-	-	-	-	1,845	1,845
Issuance of put options to non-controlling interest	-	-	-	-	-	-	-	-	(5,349)	(5,349)
Dividend paid by a consolidated company to non-controlling interests	-	-	-	-	-	-	-	-	(3,126)	(3,126)
Dividend to shareholders in the company	-	-	-	-	-	-	(2,508)	(2,508)	-	(2,508)
Total equity as of December 31, 2020	2	231,338	(72,083)	469	(94,231)	(3,215)	68,068	130,348	5,008	135,356

(*) Reclassified

Electra Real Estate Ltd.
Consolidated Statements of Changes in Equity
Convenience Translation into US Dollars (in thousands)

For the year ended on December 31, 2019

	Share capital	Share premium	Reserve for capital instruments through other comprehensive income	Capital reserve on share-based payment	Capital reserve on exchange differences on the translation of foreign operations	Shares in the Company that are held by the Company	Retained Earnings (*)	Total attributable to shareholders in the parent company	Non-controlling interests (*)	Total
Balance as of January 1, 2019	2	231,018	(72,083)	523	(77,989)	(3,215)	58,147	136,403	6,703	143,106
Changes following the initial implementation of IAS 28	-	-	-	-	-	-	(34,463)	(34,463)	-	(34,463)
Reclassification of capital reserve on translation differences deriving from the implementation of the revision to IAS 28	-	-	-	-	14,727	-	(14,727)	-	-	-
Changes following the initial implementation of IFRS 16	-	-	-	-	-	-	30	30	-	30
Balance as of January 1, 2019 following the initial implementation of IFRS 16 and IAS 28	2	231,018	(72,083)	523	(63,262)	(3,215)	8,987	101,970	6,703	108,673
Net income for the year	-	-	-	-	-	-	30,151	30,151	2,187	32,338
Exchange differences on the translation of foreign operations	-	-	-	-	(13,758)	-	-	(13,758)	(219)	(13,977)
Total comprehensive income (loss) for the year	-	-	-	-	(13,758)	-	30,151	16,393	1,968	18,361
Cost of share-based payment	-	-	-	134	-	-	-	134	-	134
Non-controlling interest share of a subsidiary company holding residential property for rent in the United States	-	-	-	-	-	-	-	-	2,779	2,779
Exercise of option warrants	-	320	-	(320)	-	-	-	-	-	-
Dividend paid by a consolidated company to non-controlling interests	-	-	-	-	-	-	-	-	(1,040)	(1,040)
Total equity as of December 31, 2019	2	231,338	(72,083)	337	(77,020)	(3,215)	39,138	118,497	10,410	128,907

(*) Reclassified

Electra Real Estate Ltd.
Consolidated Statements of Cash Flows
Convenience Translation into US Dollars (in thousands)

	For the year ended December 31		
	2021	2020	2019
Cash flows from operating activities:			
Net income for the year	136,050	33,536	32,338
Adjustments required in order to present the cash flows from operating activities (Appendix A)	(127,858)	(30,852)	(28,605)
Net cash generated by operating activities	8,192	2,684	3,733
Cash flows from investment activities:			
Consideration from the sale of marketable securities, net	4,493	776	605
Consideration from the disposal of entities accounted for at equity and financial asset at fair value through profit or loss	100,640	11,671	35,113
Change in short-term and long-term deposits, net	95	196	331
Changes in investments, loans to investments funds in residential property for rent, loans to investee companies and partnerships, net	(173,810)	(3,890)	(39,374)
Income tax received (paid) on the disposal of income-generating assets, net	(1,549)	-	970
Investment in and enhancement of income-generating assets	(1)	-	(34)
Consideration from the disposal of (investment in) fixed assets and usage right assets, net	(1,678)	131	(31)
Consideration from the sale of income-generating assets from the realization strategy assets	40,595	-	32,467
Net cash generated (absorbed) by investment activities	(31,215)	8,884	30,047
Cash flows from financing activities:			
Dividend paid to shareholders in the company	(10,354)	(2,508)	-
Non-controlling interests' share of a subsidiary company holding residential property for rent in the United States, net	826	1,845	2,779
Payment of dividend in a consolidated company to non-controlling interests	(4,939)	(3,126)	(1,040)
Receipt of long-term loans	83,997	101,679	59,901
Repayment of long-term loans	(66,073)	(45,100)	(18,675)
Leasing liabilities	91	(254)	(190)
Repayment of loans from companies accounted for at equity and non-controlling interests, net	-	(1)	(2)
Issue of bonds (net of issue expenses)	31,823	-	-
Repayment of bonds	(10,851)	(31,576)	(33,871)
Receipt of short-term loans	35,000	-	-
Repayment of short-term loans	-	(31,350)	(23,817)
Repayment of short-term credit from banks, which had been provided to realization strategy assets	(30,403)	-	(14,538)
Net cash generated (absorbed) by financing activities	29,117	(10,391)	(29,453)
Increase in cash and cash equivalents	6,094	1,177	4,327
Balance of cash and cash equivalents at the beginning of the year	11,335	11,844	8,517
Translation differences in respect of cash balances in foreign currency	(437)	(1,686)	(1,000)
Balance of cash and cash equivalents at the end of the year	16,992	11,335	11,844

Electra Real Estate Ltd.
Consolidated Statements of Cash Flows
Convenience Translation into US Dollars (in thousands)

	For the year ended December 31		
	2021	2020	2019
Appendix A' – Adjustments to present the cash flows from operating activities			
Expenses (income) not involving cash flows:			
The Company's share of the results of affiliated companies, net	(38,104)	(13,376)	(17,474)
Realization of reserve on translation differences on the disposal of a foreign operation	2,193	-	-
Success fee in respect of increase in the value of residential property held for rental (promotion)	(148,059)	(29,262)	(24,462)
Change in the fair value of a financial asset through profit and loss	-	-	(134)
Dividends and interest received from companies accounted for at equity and others	14,929	5,719	8,052
Adjustments of fair value of loans to companies accounted for at equity	-	13	8
Depreciation and amortization	304	280	138
Adjustments of fair value and the disposal of income-generating assets, net	2,300	912	(178)
Change in the value of financial assets	(4,493)	(776)	(604)
Cost of share-based payment	169	132	134
Change in deferred taxes, net	29,938	2,971	58
Changes in asset and liability items:			
Change in inventory of real estate for sale and advances, net	2,025	2,572	3,292
Change in trade receivables	121	1,347	356
Change in other receivables	689	(822)	6,617
Change in suppliers and providers of services	152	282	(332)
Change in other payables	4,485	(2,072)	(4,028)
Revaluation of long-term payables and receivables, net	5,493	1,228	(48)
	<u>(127,858)</u>	<u>(30,852)</u>	<u>(28,605)</u>

Electra Real Estate Ltd.
Consolidated Statements of Cash Flows
Convenience Translation into US Dollars (in thousands)

	For the year ended December 31		
	2021	2020	2019
Appendix B' – Additional details			
Cash paid in the year for:			
Interest	7,501	6,386	5,721
Current taxes paid on income	1,549	-	401
Cash received in the period for:			
Interest	749	2,412	-
Taxes on income	-	-	970

Electra Real Estate Ltd.
Notes to the Consolidated Financial Statements
Convenience Translation into US Dollars (in thousands)

Note 1 - General

- A. Electra Real Estate Ltd. (hereinafter: "The Company") is a public company whose securities are listed for trading on the Tel-Aviv Stock Exchange. The Company focusses on the managements of funds and partnerships, which invest on behalf of limited partners, where the Company serves as the general partner of the funds and partnerships. As of the time of the publication of the financial statements, the Company manages three investment funds, which invest in multi-family housing complexes in the United States, a debt fund for the provision of loans for the financing of housing complexes in the United States, special purpose partnerships that invest in single family residences on plots of land for rental ("SFR"), in addition to which the Company manages an American REIT partnership which invests in opportunities in hotels in the United States.

In the period June – July 2021, the Company declared the final closure of the first debt fund for financing housing complexes in the United States and of the third fund for investing in housing complexes in the United States, respectively.

Pursuant to the work plans, the Company intends to establish:

- A fourth fund for investments in housing complexes in the United States.
- A second debt fund for the financing of housing complexes in the United States.
- A fund for investments in offices in Great Britain.

B. **Convenience translation**

The attached Financial Statements in US Dollars are a translation of the statements as prepared in New Israeli Shekels ("NIS" or "Shekel") at the rate of exchange of the Shekel to the US Dollar prevailing on December 31, 2021 (NIS 3.11 = 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 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. These financial statements have 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.

