



Somekh Chaikin
KPMG Millennium Tower
17 Ha'arba'a Street, PO Box 609
Tel Aviv 6100601, Israel
+ 972 3 684 8000

November 24, 2019

Alrov Properties and Lodgings Ltd.
Tel Aviv

Dear Sirs,

At your request and as the auditors of your Company, we hereby confirm that consolidated statement of financial position, consolidated statement of income, comprehensive income, changes in shareholders' equity and statements of cash flows, attached hereto and marked with our stamp for purposes of identification, were extracted from the Company's consolidated financial statements as of September 30, 2019. The aforesaid unaudited financial statements also include accompanying notes which are not presented herein.

With respect to the aforementioned consolidated financial statements as at September 30, 2019, we enclosed a review report, which was dated November 24, 2019. A translation of such review report is also attached hereto and marked with our stamp for purposes of identification.

Sincerely,

A handwritten signature in blue ink that reads 'Somekh Chaikin'.

Somekh Chaikin
Certified Public Accountants (Isr.)

Alrov Properties and Lodgings Ltd.

**Consolidated Financial Statements
As of September 30, 2019
(Unaudited)**

 Somekn Chaikin
FOR IDENTIFICATION
PURPOSES ONLY
DATE: 24/11/19



Somekh Chaikin
KPMG Millennium Tower
17 Ha'arba'a Street, PO Box 609
Tel Aviv 6100601, Israel
+ 972 3 684 8000

Review Report to the Shareholders of Alrov Properties and Lodging Ltd.

Introduction

We have reviewed the accompanying financial information of Alrov Properties and Lodgings Ltd. and its subsidiaries (hereinafter – “the Group”) comprising of the condensed consolidated interim statement of financial position as of September 30, 2019 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the nine and three month period then ended. The Board of Directors and Management are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 “Interim Financial Reporting”, and are also responsible for the preparation of financial information for this interim period in accordance with Section D of the 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 condensed interim financial information of certain consolidated subsidiaries whose assets constitute 40% of the total consolidated assets as of September 30, 2019 and whose revenues constitute 39% and 41% of the total consolidated revenues for the nine and three month periods then ended respectively. Furthermore, we did not review the condensed interim financial information of equity accounted investees the liability investment in which amounted to NIS 508 thousand as at September, 2019, and the Group's share in their income amounted to NIS 154 thousand and NIS 37 thousand for the nine and three month periods then ended respectively. The condensed interim financial information of those companies was reviewed by other auditors whose review reports thereon were furnished to us, and our conclusion, insofar as it relates to amounts emanating from the financial information of such companies, is based solely on the said review reports of the other auditors.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements 1, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” of the Institute of Certified Public Accountants in Israel. 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 accompanying financial information was not prepared, in all material respects, in accordance with IAS 34.

In addition to that mentioned 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 accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Section D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Sincerely,

Somekh Chaikin
Certified Public Accountants (Isr.)

November 24, 2019

Somekh Chaikin, an Israeli partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity.

 Somekh Chaikin
FOR IDENTIFICATION
PURPOSES ONLY
DATE: 24/11/19

Alrov Properties and Lodgings Ltd.
and its subsidiaries

Condensed Consolidated Interim Statement of Financial Position

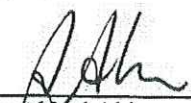
	September 30 2019 (Unaudited) NIS thousands	September 30 2018 (Unaudited) NIS thousands	December 31 2018 (Audited) NIS thousands
Assets			
Cash and cash equivalents	108,436	120,851	81,392
Security at fair value through profit or loss	459,920	602,627	504,352
Trade receivables	39,287	55,661	49,433
Other receivables and debits	31,692	21,520	45,280
Current tax assets	1,409	5,295	4,394
Hotelier inventory	24,856	22,447	25,924
Apartments inventory	58,602	61,366	61,388
Total current assets	724,202	889,767	772,163
Investments in investee companies accounted for by equity method	508	1,438	410
Other investments at fair value through profit or loss	6,329	4,700	5,045
Receivables for long-term	7,332	32,575	8,838
Investment property	7,657,450	7,255,805	8,010,969
Fixed assets cost model	168,605	178,056	170,478
Fixed assets – revaluation model	4,501,562	4,938,915	5,003,246
Intangible assets	173,527	192,252	195,718
Deferred tax	22,409	34,478	27,062
Total non-current assets	12,537,722	12,638,219	13,421,766
Total assets	13,261,924	13,527,986	14,193,929


 Somekn Chaikin
 FOR IDENTIFICATION
 PURPOSES ONLY
 DATE: 24/11/19

Alrov Properties and Lodgings Ltd.
and its subsidiaries

Condensed Consolidated Interim Statement of Financial Position (cont'd)

	September 30 2019 (Unaudited) NIS thousands	September 30 2018 (Unaudited) NIS thousands	December 31 2018 (Audited) NIS thousands
Credit from banks	531,477	564,429	581,271
Current maturities of loans from banks	214,248	131,110	65,434
Current maturities of debentures	200,876	191,609	201,031
Short term employee benefits	15,362	13,693	16,302
Trade payable	96,935	183,806	165,108
Other payable, including derivatives	239,275	219,353	261,733
Current tax liabilities	34,518	32,788	42,151
Total current liabilities	1,332,691	1,336,788	1,333,030
Loans from banks	5,349,993	5,416,793	5,871,856
Debentures	641,855	808,558	788,489
Loans from others	56,431	5,661	55,218
Employee benefits	14,243	14,858	13,616
Deposits	16,466	17,125	17,318
Deferred tax liabilities	1,082,269	1,119,113	1,159,263
Total non-current liabilities	7,161,257	7,382,108	7,905,760
Total liabilities	8,493,948	8,718,896	9,238,790
Equity			
Share capital	36,935	37,868	37,868
Share premium	296,897	376,677	376,677
Capital reserve from merging	279,426	279,426	279,426
Revaluation reserve for fixed assets, net of tax	676,378	657,605	679,941
Translation reserve from foreign operations	(197,295)	(87,686)	(48,484)
Reserve from transactions with non-controlling interests	4,567	4,567	4,567
Retained earnings	3,242,168	3,102,342	3,161,910
Total equity attributable to equity holders of the Company	4,339,076	4,370,799	4,491,905
Non-controlling interests	428,900	438,291	463,234
Total equity	4,767,976	4,809,090	4,955,139
Total equity and liabilities	13,261,924	13,527,986	14,193,929


Alfred Akirov
Chairman of the Board


Meir Elhakham
CEO temporary stand in and Financial
Manager

 Somekn Chaikin
FOR IDENTIFICATION
PURPOSES ONLY

DATE: 24/11/19

Date of approval of the financial statements: Tel Aviv, November 24, 2019

Alrov Properties and Lodgings Ltd.
and its subsidiaries

Condensed Consolidated Interim Income Statements

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2019	2018	2019	2018	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Revenues					
Hotel operations	502,233	407,211	169,651	154,909	594,669
Rent and housing for the elderly	260,180	246,675	89,434	84,589	348,948
Sale of apartments	4,496	19,128	-	85	19,128
Maintenance of housing for the elderly	4,768	4,531	1,603	1,523	6,056
Income from property management	33,659	35,283	11,832	12,217	46,677
Gain from securities at fair value through profit or loss and other income	76,583	132,014	-	82,104	100,377
Increase in fair value of investment property	82,594	104,526	25,971	118,862	274,307
The company share in equity profits of affiliated companies, net of tax	154	1,198	37	1,141	1,224
	<u>964,667</u>	<u>950,566</u>	<u>298,528</u>	<u>455,430</u>	<u>1,391,386</u>
Expenses					
Hotel operations	432,617	344,193	142,825	136,678	491,037
Hotel pre-opening expenses	-	20,099	-	-	20,099
Hotel depreciation	102,407	80,140	32,737	28,764	114,813
Total expenses from hotel operation	535,024	444,432	175,562	165,442	625,949
Operation of other assets	58,139	33,985	15,682	13,841	52,148
Cost of apartments sold	3,251	14,684	-	64	14,684
Maintenance of housing for the elderly	5,847	5,266	2,041	1,925	6,976
Property management expenses	32,709	32,557	11,877	11,038	43,593
Depreciation general and administrative	10,821	9,895	3,674	3,339	13,213
Administrative and general	52,906	55,445	16,317	16,914	79,527
Loss from securities at fair value through profit or loss and other expenses	10,341	5,423	9,787	-	5,690
	<u>709,038</u>	<u>601,687</u>	<u>234,940</u>	<u>212,563</u>	<u>841,780</u>
Income from operations	<u>255,629</u>	<u>348,879</u>	<u>63,588</u>	<u>242,867</u>	<u>549,606</u>
Financing expenses					
Financing income	-	-	-	-	836
Financing expenses	(147,688)	(78,475)	(57,235)	(30,352)	(106,240)
Financing expenses, net	<u>(147,688)</u>	<u>(78,475)</u>	<u>(57,235)</u>	<u>(30,352)</u>	<u>(105,404)</u>
Profit before taxes on income	<u>107,941</u>	<u>270,404</u>	<u>6,353</u>	<u>212,515</u>	<u>444,202</u>
Income (expenses) taxes on income	<u>8,364</u>	<u>(35,374)</u>	<u>3,988</u>	<u>(26,469)</u>	<u>(79,137)</u>
Net income for the period	<u>116,305</u>	<u>235,030</u>	<u>10,341</u>	<u>186,046</u>	<u>365,065</u>
Attributable to:					
The equity holders of the company	105,289	213,693	7,976	162,916	321,867
Non-controlling interests	11,016	21,337	2,365	23,130	43,198
Net income for the period	<u>116,305</u>	<u>235,030</u>	<u>10,341</u>	<u>186,046</u>	<u>365,065</u>
Net income per share – in NIS					
Basic and fully diluted	<u>4.38</u>	<u>8.84</u>	<u>0.35</u>	<u>6.74</u>	<u>13.31</u>

KPMG Somekn Chaikin
FOR IDENTIFICATION
PURPOSES ONLY
DATE: 24/11/19

Alrov Properties and Lodgings Ltd.
and its subsidiaries

Condensed Consolidated Interim Statement of Comprehensive Income

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2019	2018	2019	2018	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Net earnings for the period	116,305	235,030	10,341	186,046	365,065
Other comprehensive income (loss) item that after initial recognition in comprehensive income will be transferred to profit or loss					
Foreign currency translation differences for foreign operations	(188,529)	66,615	(97,862)	11,196	116,664
Total other comprehensive income (loss) for the period that after initial recognition in comprehensive income will be transferred to profit or loss	(188,529)	66,615	(97,862)	11,196	116,664
Other comprehensive income (loss) items that will not be transferred to profit or loss					
Remeasurement of defined benefit plan, net of tax	-	-	-	-	895
Revaluation of fixed assets, net of tax	(4,355)	101,195	(977)	112,904	120,233
Total other comprehensive income (loss) for the period that will not be transferred to profit or loss	(4,355)	101,195	(977)	112,904	121,128
Total comprehensive income (loss) for the period	(76,559)	402,840	(88,498)	310,146	602,857
Total comprehensive income (loss) attributable to:					
Equity holders of the company	(47,085)	345,882	(69,981)	261,381	516,409
Non-controlling interests	(29,474)	56,958	(18,517)	48,765	86,448
Total comprehensive income (loss) for the period	(76,559)	402,840	(88,498)	310,146	602,857

 Somekn Chaikin
 FOR IDENTIFICATION
 PURPOSES ONLY
 DATE: 24/11/19

Condensed Consolidated Interim Statements of Changes in Equity

	For the nine months ended September 30, 2019 (Unaudited)									
	Share capital	Share premium	Capital reserve from merging	Revaluation reserve for fixed assets	Reserve from transactions with non-controlling interests	Translation reserve from foreign operations	Retained earnings	Total	Non-controlling interests	Total equity
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
	Attributable to the equity holders of the Company									
Balance at January 1, 2019	37,868	376,677	279,426	679,941	4,567	(48,484)	3,161,910	4,491,905	463,234	4,955,139
Net income for the period	-	-	-	-	-	-	105,289	105,289	11,016	116,305
<u>Other comprehensive income (loss)</u>										
Revaluation of fixed assets, net of tax	-	-	-	(3,563)	-	-	-	(3,563)	(772)	(4,335)
Foreign currency translation differences for foreign operations	-	-	-	-	-	(148,811)	-	(148,811)	(39,718)	(188,529)
Total other comprehensive income (loss)	-	-	-	(3,563)	-	(148,811)	105,289	(47,085)	(29,474)	(76,559)
<u>Transaction with owners that were recognized directly in equity:</u>										
Acquisition of treasury shares	(933)	(79,780)	-	-	-	-	-	(80,713)	-	(80,713)
Proposed dividend	-	-	-	-	-	-	(25,031)	(25,031)	-	(25,031)
Dividend payable to non-controlling interests	-	-	-	-	-	-	-	-	(4,860)	(4,860)
Balance at September 30, 2019	36,935	296,897	279,426	676,378	4,567	(197,295)	3,242,168	4,339,076	428,900	4,767,976

KPMG Somekn Chaikin
FOR IDENTIFICATION
PURPOSES ONLY
DATE: 24/11/19

Condensed Consolidated Interim Statements of Changes in Equity (cont'd)

	For the nine months ended September 30, 2018 (Unaudited)								Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve from merging	Reserve from transactions with non-controlling interests	Revaluation reserve of fixed assets, net of tax	Translation reserve from foreign operations	Retained earnings	Total		
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
	Attributable to the owners of the Company									
Balance as at January 1, 2018	37,868	376,677	279,426	4,567	577,345	(139,615)	2,923,402	4,059,670	393,414	4,453,084
First time adoption of IFRS 15	-	-	-	-	-	-	717	717	-	717
Balance at January 1, 2018 after the first time adoption	37,868	376,677	279,426	4,567	577,345	(139,615)	2,924,119	4,060,387	393,414	4,453,801
Comprehensive income (loss) for the period										
Profit for the period	-	-	-	-	-	-	213,693	213,693	21,337	235,030
Other comprehensive income (loss):										
Revaluation of fixed assets, net of tax	-	-	-	-	80,260	-	-	80,260	20,935	101,195
Foreign currency translation differences for foreign operations	-	-	-	-	-	51,929	-	51,929	14,686	66,615
Total comprehensive income (loss)	-	-	-	-	80,260	51,929	213,693	345,882	56,958	402,840
Transactions with owners that were recognized directly in equity										
Dividend paid	-	-	-	-	-	-	(35,470)	(35,470)	-	(35,470)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	(12,081)	(12,081)
Balance as at September 30, 2018	37,868	376,677	279,426	4,567	657,605	(87,686)	3,102,342	4,370,799	438,291	4,809,090

KPMG Somekn Chaikin
FOR IDENTIFICATION
PURPOSES ONLY
DATE: 24/11/19

Condensed Consolidated Interim Statements of Changes in Equity (cont'd)

	For the three months ended September 30, 2019 (Unaudited)									
	Share capital	Share premium	Capital reserve from merging	Revaluation reserve of fixed assets, net of tax	Reserve from transactions with non-controlling interests	Translation reserve from foreign operations	Retained earnings	Total	Non-controlling interests	Total equity
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
	Attributable to the owners of the Company									
Balance as at July 1, 2019	37,652	359,686	279,426	677,160	4,567	(120,120)	3,244,138	4,482,509	447,417	4,929,926
<u>Comprehensive income (loss) for the period</u>										
Profit for the period	-	-	-	-	-	-	7,976	7,976	2,365	10,341
Other comprehensive income (loss)										
Revaluation of fixed assets, net of tax	-	-	-	(782)	-	-	-	(782)	(195)	(977)
Foreign currency translation differences for foreign operations	-	-	-	-	-	(77,175)	-	(77,175)	(20,687)	(97,862)
Total comprehensive income (loss)	-	-	-	(782)	-	(77,175)	7,976	(69,981)	(18,517)	(88,498)
Acquisition of treasury shares	(717)	(62,789)	-	-	-	-	-	(63,506)	-	(63,506)
Dividend paid	-	-	-	-	-	-	(9,946)	(9,946)	-	(9,946)
Balance as at September 30, 2019	36,935	296,897	279,426	676,378	4,567	(197,295)	3,242,168	4,339,076	428,900	4,767,976

KPMG Somekn Chaikin
FOR IDENTIFICATION
PURPOSES ONLY
DATE: 29/11/19

Condensed Consolidated Interim Statements of Changes in Equity (cont'd)

	For the three months ended September 30, 2018 (Unaudited)									
	Share capital	Share premium	Capital reserve from merging	Translation reserve from foreign operations	Reserve from transactions with non-controlling interests	Revaluation reserve of fixed assets, net of tax	Retained earnings	Total	Non-controlling interests	Total equity
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
	Attributable to the equity holders of the Company									
Balance as at July 1, 2018	37,868	376,677	279,426	(96,134)	4,567	567,588	2,939,426	4,109,418	389,526	4,498,944
<u>Comprehensive income (loss) for the period</u>										
Profit for the period	-	-	-	-	-	-	162,916	162,916	23,130	186,046
Other comprehensive income (loss)										
Revaluation of fixed assets, net of tax	-	-	-	-	-	90,017	-	90,017	22,887	112,904
Foreign currency translation differences for foreign operations	-	-	-	8,448	-	-	-	8,448	2,748	11,196
Total comprehensive income (loss)	-	-	-	8,448	-	90,017	162,916	261,381	48,765	310,146
Balance as at September 30, 2018	37,868	376,677	279,426	(87,686)	4,567	657,605	3,102,342	4,370,799	438,291	4,809,090

KPMG Somekn Chaikin
FOR IDENTIFICATION
PURPOSES ONLY
DATE: 24/11/19

Condensed Consolidated Interim Statements of Changes in Equity (cont'd)

	For the year ended December 31, 2018 (Audited)									
	Share capital	Share premium	Capital reserve from merging	Revaluation reserve for fixed assets	Reserve from transactions with non-controlling interests	Translation reserve from foreign operations	Retained earnings	Total	Non-controlling interests	Total equity
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
	Attributable to the equity holders of the Company									
Balance at January 1, 2018	37,868	376,677	279,426	577,345	4,567	(139,615)	2,923,402	4,059,670	393,414	4,453,084
First time adoption of IFRS 15	-	-	-	-	-	-	717	717	-	717
Balance at January 1, 2018 after the first time adoption	37,868	376,677	279,426	577,345	4,567	(139,615)	2,924,119	4,060,387	393,414	4,453,801
Comprehensive income (loss) for the year:										
Net income for the year	-	-	-	-	-	-	321,867	321,867	43,198	365,065
Other comprehensive income (loss)										
Remeasurement of defined benefit plan, net of tax	-	-	-	-	-	-	815	815	80	895
Revaluation of fixed assets, net of tax	-	-	-	102,596	-	-	-	102,596	17,637	120,233
Foreign currency translation differences for foreign operations	-	-	-	-	-	91,131	-	91,131	25,533	116,664
Total other comprehensive income (loss)	-	-	-	102,596	-	91,131	322,682	516,409	86,448	602,857
Transaction with owners that were recognized directly in equity:										
Dividend paid	-	-	-	-	-	-	(84,891)	(84,891)	-	(84,891)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(16,628)	(16,628)
Balance at December 31, 2018	37,868	376,677	279,426	679,941	4,567	(48,484)	3,161,910	4,491,905	463,234	4,955,139

KPMG Somekn Chaikin
FOR IDENTIFICATION
PURPOSES ONLY
DATE: 29/11/19

Alrov Properties and Lodgings Ltd.
and its subsidiaries

Condensed Consolidated Interim Statements of Cash Flows

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2019	2018	2019	2018	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Cash flows from operating activities:					
Profit for the period	116,305	235,030	10,341	186,046	365,065
Adjustments:					
Depreciation	113,228	90,035	36,411	32,103	128,026
Building expenses	36,325	21,198	9,959	8,308	34,175
Amortization of costs of raising loans and debentures	(329)	(2,250)	49	(843)	(1,936)
(Gain) loss from securities	(61,140)	(113,502)	9,783	(81,276)	(82,623)
The Company's share in equity losses (profits) of investee companies accounted for by the equity method	(154)	(1,198)	(37)	(1,141)	(1,224)
Erosion of deposits, net	(521)	(302)	(373)	(146)	(519)
Gain from sale of apartments	(1,245)	(4,444)	-	(21)	(4,444)
Financing costs, net	141,647	78,894	56,443	30,223	116,444
Interest paid	(88,737)	(78,587)	(29,221)	(36,611)	(114,803)
Tax paid, net	(12,130)	(957)	(2,755)	634	(960)
Increase in fair value of investment property, net	(82,594)	(104,526)	(25,971)	(118,862)	(274,307)
Expenses (income) taxes on income, net	(8,364)	35,374	(3,988)	26,469	79,137
Receipt of housing for the elderly deposits	1,340	2,916	-	-	2,868
Repayment of housing for the elderly deposits	(2,191)	(3,191)	(634)	(1,349)	(2,973)
Investment in apartment inventory	(465)	(356)	(101)	(84)	(378)
Advance on account of apartment inventory	493	23,196	43	6,179	23,196
Capital loss on sale of investment Property, net	-	36	-	-	36
Gain on sale of consolidated company	-	(11,608)	-	-	(11,608)
Loss on sale of investment in investee company	-	-	-	-	146
Gain from sale of fixed assets	-	(115)	-	(115)	(115)
	<u>151,468</u>	<u>165,643</u>	<u>59,949</u>	<u>49,514</u>	<u>253,203</u>
Changes in hotelier inventory	(578)	(2,655)	(522)	(1,850)	(5,947)
Changes in trade receivables and other receivable	9,317	(12,496)	15,280	(8,679)	(11,681)
Changes in long-term receivables	648	2,250	80	2,762	(570)
Changes in current liabilities	12,538	26,132	(1,173)	12,165	29,605
Changes in employee benefits	1,406	3,972	(841)	1,667	6,241
	<u>23,331</u>	<u>17,203</u>	<u>12,824</u>	<u>6,065</u>	<u>17,648</u>
Net cash flow provided by current operations	<u>174,799</u>	<u>182,846</u>	<u>72,773</u>	<u>55,579</u>	<u>270,851</u>

PMG Somekn Chaikin
FOR IDENTIFICATION
PURPOSES ONLY
DATE: 24/11/19

Condensed Consolidated Interim Statements of Cash Flows (cont'd)

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2019	2018	2019	2018	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Cash flows from investment activities					
Changes in marketable securities, net	90,383	337,615	(22,266)	153,067	399,682
Change in restricted cash	15,602	(396)	-	(1,265)	(17,335)
Dividends received from other investments	13,905	19,535	4,135	6,255	25,225
Purchase of investment property	(124,611)	(494,400)	(39,254)	(212,900)	(912,297)
Receipts from selling fixed assets	(13,481)	(233,483)	(2,104)	(96,391)	(247,919)
Taxes received on sale of investment property, net	3,604	2,990	950	1,233	2,385
Proceeds from sale of investment properties, less selling expenses	-	50,975	-	7,967	50,975
Settlement payment of derivatives, net	74,284	(16,527)	40,719	(10,069)	(20,248)
Income tax paid on marketable securities	-	-	-	-	(706)
Receipts from selling fixed assets	-	115	-	115	115
Less cash from consolidation	-	47,305	-	-	47,305
Dividend received from an associate the equity method	-	-	-	-	1,216
Change in long-term receivables, net	216	(26,316)	-	(23,167)	(168)
Investment grant received	-	-	-	-	2,500
Net cash provided by (used in) investment activities	59,902	(312,587)	(17,820)	(175,155)	(669,270)
Cash flows from financing activities					
Credit from banks, net	(34,903)	(237,344)	13,873	41,340	20,002
Receipt of long-term loans from banks	268,260	533,539	207,091	225,054	604,652
Repayment of long-term loans from banks	(54,980)	(76,820)	(26,947)	(22,561)	(110,157)
Repayment of credit from real estate sellers	(89,748)	(80,163)	(22,768)	(1,615)	(109,505)
Change of rent deposit, net	(29)	1,812	(146)	(238)	1,859
Repayment of debentures	(151,418)	(141,846)	(111,802)	(111,696)	(191,167)
Dividends paid	(50,032)	(35,470)	(9,946)	-	(59,890)
Dividends paid non-controlling interests	(4,860)	(5,064)	(3,240)	-	(9,171)
Proceeds from issuance of debentures (less issuance expenses)	-	184,962	-	176	223,750
Payment for lease	(1,458)	-	(549)	-	-
Acquisition of treasury shares	(80,713)	-	(63,506)	-	-
Net cash flows provided by (used in) financing activities	(199,881)	143,606	(17,940)	130,460	370,373

Alrov Properties and Lodgings Ltd.
and its subsidiaries

Condensed Consolidated Interim Statements of Cash Flows (cont'd)

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2019	2018	2019	2018	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Increase in cash and cash equivalents	34,820	13,865	37,013	10,884	(28,046)
Cash and cash equivalents at beginning of year	81,392	104,095	75,433	110,058	104,095
Effect of change in exchange rate on balance of cash and cash equivalents	(7,776)	2,891	(4,010)	(91)	5,343
Cash and cash equivalents at end of period	108,436	120,851	108,436	120,851	81,392

 Somekn Chaikin
 FOR IDENTIFICATION
 PURPOSES ONLY
 DATE: 24.11.19