

FURTHER DETAILS OF THE CORPORATION'S BUSINESS

Periodic Report for 2005

Name of company: Africa Israel Properties Ltd. ("The Company")
Company number with Registrar of Companies: 510560188
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Date of balance sheet: December 31, 2005
Date of report: March 23, 2006

March 23, 2006
Adar 23, 5766

Regulation 8a: **Description of the Corporation's business**

Attached hereto is a description of the Corporation and its business development in 2005.

Regulation 9: **Financial statements**

Attached hereto are the annual consolidated and audited financial statements of the Company (and its subsidiaries) as at December 31, 2005, prepared in accordance with the Securities' Regulations (Preparation of Annual Financial Statements) – 1993. The financial statements include the opinion of the Company's auditors dated March 23, 2006.

Regulation 10: **The Board of Directors' Report on the State of the Corporation's business**

Attached hereto is the Auditor's Report on the state of the Corporation's business for 2005, as part of the financial statements.

Regulation 10a: **Condensed quarterly statements of income**

Attached hereto is the consolidated statement of income of the Company for each of the quarters in 2005 in reported amounts (in NIS thousands) (see Appendix A).

Regulation 10c: **The use of the proceeds from securities**

None

Regulation 11: **The list of investments in subsidiaries and related companies on the balance sheet date**

See Appendix B.

Regulation 12: **Changes and investments in subsidiaries and in related companies during the year of report**

See Appendix C.

Regulation 13: **Revenues of subsidiaries and related companies and the Company's revenues from them on the balance sheet date**

See Appendix D.

Regulation 14: **List of Groups of balances of loans given on the balance sheet date, if the granting of loans is one of the Corporation's main businesses**

None

Regulation 20: **Trading on the Stock Exchange**

On July 22, 2004 an option agreement was signed between the Company and Africa Investments and Bank Leumi in connection with acquisition of shares in the Company. As part of this agreement the Company granted Bank Leumi an option to acquire a quantity of the Company's shares that would constitute 5% of every class of means of control of the Company (within the meaning of this term in the Securities Law 5728-1968). On December 29, 2005, Bank Leumi assigned the option in its possession to Leumi and Co. - Investment House Ltd. (hereinafter and above - "Leumi & Co."). On the same day Leumi & Co. exercised the option and acquired 631,579 ordinary shares of the Company in consideration of NIS 124.4 per share (a price that reflects the average closing prices of the share on the Stock Exchange in the 90 days preceding the exercise date) in other words a consideration amounting to approximately NIS 78.6 million.

On October 2, 2005 the option warrants (Series 2) expired.

Up to this date 995,695 option warrants have been converted for NIS 99,569,500 n.v. debentures (Series B).

For a detailed breakdown concerning realizations for the company's shares after the balance sheet date see Regulation 24a.

Regulation 21: **Payments to senior officers**

The senior officers in the Company are employed according to management agreement signed between the Company and Africa Investments on July 27, 2004. Therefore, these officers are not entitled to salaries from the Company.

On September 13, 2004, the Company's Board of Directors decided to approve a plan to allot options to officers, directors, employees of the subsidiary and employees of the Africa Investments Group, as detailed in Clause 3.2 in the Chapter describing the Corporation's business in this report.

Noting what is said above the following are details of the four highest payments paid to senior officers in the Company.

Officer	Position	Salary to the officer (in NIS thousands)	Additional payments to the officer
Yosi Levin	Director	--	32,400 option warrants*
Avi Nota	Director	--	32,400 option warrants*
Avi Barzilay	VP Finance and Director	--	25,200 option warrants*
Chanan Bartal	Director	--	12,600 option warrants*

(*) Each of the options can be exercised to one ordinary share of the Company of NIS 1 par value

The period for exercising the options is as detailed hereunder: one third of the amount of the options may be exercised commencing from the end of the three years from the determining date, a third of the amount of the options may be exercised commencing from the end of four years from the determining date, and the balance, amounting to one third of the total options, may be exercised commencing from the end of five years from the determining date. The exercise premium of each option is 90% of the average opening prices of the Company share on the Stock Exchange during a thirty day trading period commencing from the date of the listing of the Company's shares for trading on the Stock Exchange and it is linked to the Consumer Price Index (hereinafter - "the exercise price"). The exercise price will only serve to determine the amount of the premium as detailed hereunder and will not actually be paid to the Company. In the case of the options being exercised, the full quantity of the exercise shares will not be issued but only a quantity of shares that reflects the premium component in the options that have been exercised.

Various adjustments have been prescribed within the framework of the plan in cases of a distribution of bonus shares, an offering of securities by way of a rights issue and a dividend distribution. As a result of a dividend distribution to the Company's shareholders (on April 19 and December 20, 2005), the exercise prices were adjusted in respect of the options that were issued to employees as aforesaid in this section, to the effect that they were reduced by the amount of the dividend sum paid in respect of each of the Company's shares. The adjusted exercise price bears linkage differentials (according to the known index) from the "ex-

dividend" date until the exercise date (the exercise price will not be reduced under any circumstances to below the nominal value of each share). As at December 31, 2005 the exercise price of the aforementioned options stood at NIS 81.07 per share.

Regulation 22: **Salaries and benefits**

According to an agreement of July 27, 2004 between the Company and Africa Investments, Africa Investments provides the Company with management services, consulting and accompaniment (hereinafter - "the management services") in connection with the Company's Group and this in consideration for payments as determined in this agreement. For the management services contract by Africa Investments during 2005 the Company paid Africa Investments an amount of NIS 9,341 thousands. In addition the Company during 2005, paid directors fees to the external directors of approximately NIS 83, 460

With regard to transactions with interested parties see Note 27 to the financial statements.

Regulation 24: **Convertible shares and securities held by interested parties**

To the best of the Corporation's knowledge, interested parties in the Company hold shares and convertible securities in the Company and in subsidiaries correct as of the date as close as possible to the date of the Report as detailed in Appendix E.

Regulation 24a: **Authorized, issued and paid up share capital as at December 31, 2005**

The authorized share capital: 20,000,000 ordinary shares of NIS 1 par value each.

The issued share capital: 12,631,579 ordinary shares of NIS 1 par value each.

The dormant shares: There are no dormant shares.

The issued share capital after deduction of the dormant shares: 12,631,579 ordinary shares of NIS 1 par value each.

Authorized, Issued and Paid up Capital as of the date of this Report

The authorized capital: 20,000,000 ordinary shares each of NIS 1 par value.

The issued capital: 12,651,767 ordinary shares each of NIS 1 par value.

Dormant shares: There are no dormant shares

Issued capital after deduction of dormant shares: 12,651,767 ordinary shares each of NIS 1 par value.

Convertible securities of the corporation as at December 31, 2005:

On September 27, 2004 the Company issued to the public, by means of a prospectus, the following shares and convertible securities:

- 2,000,000 registered ordinary shares each of NIS 1 par value.
- 1,000,000 registered options warrants (Series 1) which can be exercised for 1,000,000 ordinary shares of NIS 1 par value each of the Company on any trading day as of the date of the listing of these option warrants for trading on the stock exchange until December 31, 2007 (inclusive) so that every option warrant (Series 1) may be exercised for one ordinary share of NIS 1 par value against payment of the exercise price of NIS 122.29 for each option warrant (Series 1), linked to the index, subject to adjustments. An option warrant (Series 1) not exercised by the end of the exercise period will expire and will not give its holder any rights whatsoever.

The conversion rates of option warrants (Series 1) that are detailed above in this section are after an adjustment having been made as a result of a dividend distribution to the Company's shareholders (on April 19 and December 20, 2005).

In the framework of the Company's prospectus, Africa Investments undertook that on December 29, 2005 it would offer to acquire, during trading on the Stock Exchange, all the option warrants (Series 1) at a price of NIS 20 for each option warrant (Series 1), linked to the Consumer Price Index. In accordance with such undertaking, on December 29, 2005 Africa Investments acquired 273,259 option warrants (Series 1) for a consideration of NIS 20.52 per option warrant (Series 1). As at the date of this report Africa Investments holds 261,316 option warrants (Series 1).

After the balance sheet date 130 option warrant (Series 1) were exercised for the Company's ordinary shares of NIS 1 par value.

- NIS 150,000,000 par value of registered debentures (Series B) of the Company repayable in four annual equal installments. The debentures are linked to the consumer price index and bear interest at a rate of 4.65 % p.a. which will be paid once a year. The debentures (Series B) are linked (principal and interest) to the rise in the Consumer Price Index and can be converted to ordinary shares of NIS 1 par value each of the Company on any Stock Exchange trading day, commencing from the date of their listing for trading and by September 18, 2009 (inclusive), except on the trading days falling between September 19 and October 2 in each of the years 2006 to 2008 inclusive, to the effect that from the date of listing of the debentures for trading and until September 18, 2006 every NIS 122.29 par value of debentures can be converted to one

ordinary share of NIS 1 par value of the Company and from September 19, 2006 until September 18, 2009 every NIS 136.4 par value of debentures are convertible to NIS 1 par value of shares of the Company.

The conversion rates referred to above in this section are updated in accordance with adjustments made in the conversion rate as a result of the dividend distribution to the Company's shareholders (on April 19 and December 20 2005).

As at December 31, 2005, the balance of the debentures (Series B) in circulation is NIS 249,569,500 par value.

From the balance sheet date and up to the date of this report, 2,452,893 par value debentures (Series B) have been converted for 20,058 ordinary NIS 1 par value shares of the Company.

- 1,000,000 registered option warrants (Series 2) which can be exercised for NIS 100,000,000 par value debentures (Series B), on any trading day commencing from the date of the listing for trading of option warrants (Series 2) on the Stock Exchange and by September 30, 2005 (inclusive), except between the 12th to the 16th of each calendar month. Every option warrant (Series 2) is to be exercised for NIS 100 par value debentures (Series B), against payment in cash of the exercise price of NIS 95, linked to the Consumer Price Index. Up to September 30, 2005, 995,695 option warrants (Series 2) were exercised for NIS 99,569,500 par value debentures (Series B). The remaining unexercised option warrants (Series 2) have expired.
- 235,500 option warrants were issued to officers, directors, an employee of the subsidiary and employees of the Africa Israel Investments Ltd. Group (the Parent Company). The option warrants can be exercised for 235,500 ordinary shares of NIS 1 par value each of the Company (subject to adjustments). The additional amount payable for exercising every option warrant is 90% of the average opening rates on the stock exchange for the period of 30 trading days commencing from the date of listing the Company's shares for trading on the stock exchange, and is linked to the consumer price index (hereinafter "the exercise price"). The exercise price will merely serve in determining the amount of the premium specified hereunder and will not actually be paid to the Company. In the event of the option being exercised the whole quantity of exercised shares will not be issued but only the quantity of shares reflecting the premium component in the options that have been exercised.

As at this date, 38,650 option warrants have expired as a result of termination of the employment of two employees to the effect that they are no longer serving as employees of the Company and/or of the parent company.

Regulation 26: The Corporation's directors

See Appendix F.

Regulation 26a: Senior officers in the Corporation

Name	I.D. No.	Year of birth	Position in the Company, subsidiary of the Company or an interested party in the Company	Is he a family member of an officer or interested party	Education	Business Experience in the past 5 years	Date of start of service
Lev Leviev	14224497	1956	Chairman of the Board of Directors of Africa Israel Investments Ltd. and Chairman of the Board of Directors of the Company	Yes. Mr. Leviev is the father of Ms. Zvia Leviev-Elazarov who is serving as a director of the Company	High School	Chairman of the Board of Directors of Africa Israel Investments Ltd., President and owner of the Leviev Group LLD Diamonds Ltd., Chairman of the Israel-Russia Chamber of Trade	2005
Pinchas Cohen	050594365	1951	VP Finance of the Company and a member of the Board of Directors	No	University holds a degree in Industrial Engineering and Management from Tel Aviv University	CEO Africa Israel Investments Ltd.	2004
Avi Barzilay	058349788	1963	VP Finance of the Company and member of the Board of Directors	No	University Holds a degree in Economics and Accountancy from Bar Ilan University. A qualified CPA	Head of Finance of the Revenue Producing Properties Division of Africa Israel Investments Ltd.	2001
Jacques Zimmerman	11829090	1968	Company Secretary and Company Secretary of the Africa Israel Investments Group Ltd.	No	University Holds a degree in Political Science from the Hebrew University in Jerusalem and a Law degree from Tel Aviv University. A qualified Attorney at Law	Served in his present office	1999
Uriel Azran	57898876	1962	Internal auditor in the Company and internal auditor of the African Israel Investments Ltd. Group	No	University Holds a degree in accountancy and management from the College of Administration. A qualified CPA	Served in his present function	1997

Regulation 27: The Company's auditors

The auditors of the Company: Somekh Chaikin – Accountants, of 17 Ha'arba Street, Tel Aviv and Zohar, Zohar & Co. – Accountants of 6 Hayarkon Street, Ramat Gan.

Regulation 28: Changes in the Memorandum or Articles

None

Regulation 29: Recommendations and decisions of the Board of Directors

1. On March 23, 2005, the Board of Directors of the Company approved distribution of a dividend in cash to the Company's shareholders, out of accrued distributable profits of the Company, of a total sum of NIS 75 million. The dividend was distributed to the Company's shareholders on April 19, 2005.

On November 23, 2005, the Board of Directors of the Company approved distribution of a dividend in cash to the Company's shareholders, out of accrued distributable profits of the Company, of a total sum of NIS 40 million. The dividend was distributed to the Company's shareholders on December 20, 2005.

2. At a special meeting of the Company on October 19, 2005 it was resolved as follows:
To approve the entry by the Company into a policy of insurance which would be issued by Menorah Insurance Co. Ltd (hereinafter: "Menorah Insurance") to insure the liability of office holders in the Company, for a period commencing on August 1, 2005 and ending on July 31, 2006 (hereinafter: "the insurance term"), as follows:

An office holder's liability insurance policy, effected by the Company, on its behalf and on behalf of its subsidiaries, the limits of liability therein in respect of one claim or in aggregate for the whole of the term of the insurance being 10 million US Dollars (provided that in relation to claims brought in Israel the policy covers defense expenses over and above the said limits of liability up to an amount equivalent to 20% of the said limits of liability) in consideration of payment on an annual insurance premium of approximately 22,500 US Dollars (hereinafter: "the basic policy").

An excess group insurance policy, insuring office holders' liability, effected by Africa Israel Investments Ltd. ("Africa Israel") on its behalf and on behalf of its subsidiaries and including Danya Cebus Ltd., (hereinafter: "Danya Cebus")

and its subsidiaries, Africa Israel Hotels Ltd. (hereinafter: "Africa Hotels") and its subsidiaries and the Company and its subsidiaries, (each of Africa Israel, Danya Cebus, Africa Hotels and the Company together with all their subsidiaries, are hereinafter called: "the divisions of the group"), the limitations of liability therein in respect of one claim or in aggregate in respect of the whole of the insurance term being 40 million US Dollars (provided that in relation to claims brought in Israel the policy covers defense expenses over and above the said limits of liability up to an amount equivalent to 20% of the said limits of liability) (hereinafter: "the group policy"), and this being in addition to the basic policy. The annual insurance premium for the group policy is the sum of 140,000 US Dollars. The Company's share, (including subsidiaries of the Company) of the annual insurance premium in respect of the group policy amounts to 25,200 US Dollars

Regulation 29a: The Company's resolutions

In relation to insurance of directors and office holders in the Company, see the foregoing contents of Regulation 29.

March 23, 2006

Africa Israel Properties Ltd.

Lev Leviev
Chairman of the Board

Pinchas Cohen
Member of the Board of Directors
and CEO

AFRICA ISRAEL INVESTMENTS LTD.**Appendix A****Quarterly statements of income and Expenditure in
Reported Amounts (in NIS thousands)**

	1-3/05	4-6/05	7-9/05	10-12/05	For the year ended 31.12.05
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<u>Revenues</u>					
From leasing and operating properties	56,748	57,249	58,942	61,224	234,163
<u>Expenses</u>					
From operating and maintaining properties	9,406	8,579	9,105	9,761	36,761
Depreciation and amortization	10,644	10,388	10,292	10,970	42,294
General and Management	4,311	2,925	3,478	4,833	15,547
Financing, net	14,396	14,246	19,733	9,692	58,067
	<u>38,757</u>	<u>36,138</u>	<u>42,608</u>	<u>35,166</u>	<u>152,669</u>
Income from regular operations	17,991	21,111	16,334	26,058	81,494
Other revenues ,net	14,471	1,131	6,315	1,018	22,935
Income before tax on income	<u>32,462</u>	<u>22,242</u>	<u>22,649</u>	<u>27,076</u>	<u>104,429</u>
Taxes on income	6,281	5,661	(2,926)	10,305	19,321
Income after tax on income	<u>26,181</u>	<u>16,581</u>	<u>25,575</u>	<u>16,771</u>	<u>85,108</u>
Company's share of losses in affiliated companies, net	(1,444)	(2,801)	(8,145)	(1,767)	(14,157)
Minority share in income of subsidiaries, net	<u>(8,288)</u>	<u>(1,878)</u>	<u>(3,847)</u>	<u>(2,299)</u>	<u>(16,312)</u>
Income from ongoing operations	16,449	11,902	13,583	12,705	54,639
Cumulative effect	<u>(1,314)</u>	<u>---</u>	<u>--</u>	<u>---</u>	<u>(1,314)</u>
Net income for the period	<u>15,135</u>	<u>11,902</u>	<u>13,583</u>	<u>12,705</u>	<u>53,325</u>

Africa Israel Properties Ltd.
Appendix B

December 31, 2005
Investments in subsidiaries and related companies

Name of Company and No. of share in the Stock Exchange	Type of share	Number of shares	Par value of shares	Cost in NIS thousands in reported amounts	The Company's share in net profits (losses) on date of acquisition in NIS thousands	Value in balance sheet in NIS thousands	Percentage Rate of share capital by virtue of the voting and power to appoint managers
Af-Sar Ltd.	Ordinary shares of NIS 1 each	4,000	NIS 4,000	145,691	33,150	178,841	80%
Meqarqe'e Merkaz Ltd.	Ordinary shares of NIS 0.0001 each	2,664,421	NIS 266	33,654	14,301	47,955	73.4%
Aviv Mall –Management and Maintenance Ltd. (1)	Ordinary shares of NIS 1 each	100	NIS 100	--	371	371	100%
Africa Israel International Properties (2002) Ltd.	Ordinary shares of NIS 1 each	100	NIS 100	--	40,515	40,515	100%
Machzevot Haifa Ltd.	Ordinary shares of NIS 1 each	180,000	NIS 180,000	13,071	(18,325)	(5,254)	45%
Givat Savyon Ltd.	Ordinary shares of NIS 0.0001 each	383,350,000	NIS 38,335	17,362	7,663	25,025	85%
Kiryat Hamada BeMigdal Ha'Emek Ltd. (2)	Ordinary shares of NIS 1 each	6,000,100	NIS 6,000,100	9,129	11,793	20,922	100%
Flamingo Ltd.	Ordinary shares of NIS 0.0001 each	22,000,000	NIS 2,200	1,159	(13,653)	(12,494)	100%
One Half Jubilee Ltd.	Ordinary shares of NIS 1 each	50	NIS 50	532	854	1,386	50%
Merkaz Savyonim - Management and Maintenance Ltd.	Ordinary shares of NIS 1 each	10	NIS 10	--	(684)	(684)	100%
AIEE Overschie B.V. (3)	Ordinary shares of euro 226.8901 each	88	19,966.33 Euros	79	(127)	(48)	100%
ADUT s.r.o (3)	Ordinary shares of 1 Czech crown each	100,000	100,000 Cz. crown	15	4,113	4,128	63%
M.I.C.C Prague s.r.o (3)	Ordinary shares of 1 Czech crown each	100,000	100,000 Cz. crown	14	9,986	10,000	64%

Africa Israel Properties Ltd.

Appendix B

December 31, 2005

Investments in subsidiaries and related companies (contd.)

Name of Company and No. of share in the stock exchange	Type of share	Number of shares	Par value of shares	Cost in NIS thousands in reported amounts	The Company's share in net profits/losses on date of acquisition in NIS thousands	Value in balance sheet in NIS thousands	Percentage Rate of share capital by virtue of the voting and power to appoint managers
EVROPA – SEN s.r.o (3)	Ordinary shares of 1 Czech crown each	100,000	100,000 Cz. crown	14	(1,059)	(1,045)	100%
BALABENKA s.r.o (3)	Ordinary shares of 1 Czech crown each	100,000	100,000 Cz. crown	13	(2,128)	(2,115)	100%
PRAHA-JERUZALM s.r.o (4)	Ordinary shares of 1 Czech crown each	100,000	100,000 Cz. crown	968	(1,406)	(438)	63%
FLORA SEN s.r.o (3)	Ordinary shares of 1 Czech crown each	50,000	50,000 Cz. crown	6	19,328	19,334	50%
FLORA Management s.r.o.(3)	Ordinary shares of 1 Czech crown each	100,000	100,000 Cz. crown	15	(157)	(142)	100%
BOHEMIA-SEN s.r.o. (3)	Ordinary shares of 1 Czech crown each	100,000	100,000 Cz. crown	15	(501)	(486)	100%
National Technological Park s.r.o (3)	Ordinary shares of 1 Czech crown each	200,000	200,000 Cz. crown	41	(1,246)	(1,205)	100%
2024589 Ontario Inc (3)	Ordinary shares of 1 Canadian dollar each	100	100 Canadian dollars	29	5,811	5,840	100%
2024590 Ontario Inc (3)	Ordinary shares of 1 Canadian dollar each	100	100 Canadian dollars	29	(612)	(583)	100%
Nofim Czech Republic S.R.O (3)	Ordinary shares of 1 Czech crown each	200,000	200,000 Cz. crown	33	(134)	(101)	50%
Faringer Enterprises Ltd (3)	Ordinary shares of 1 Cyprus Pound	2,000	2,000 Cyprus pounds	22	(16)	6	50%
Victoria Square Residences Ltd. (6)	Partnership	--	--	--	--	--	55%

Africa Israel Properties Ltd.

Appendix B

December 31, 2005

Investments in subsidiaries and related companies

Name of Company and No. of share in the stock exchange	Type of share	Number of shares	Par value of shares	Cost in NIS thousands in reported amounts	The Company's share in net profits/losses on date of acquisition in NIS thousands	Value in balance sheet in NIS thousands	Percentage Rate of share capital by virtue of the voting and power to appoint managers
Mod Village Residences Ltd. (5)	Partnership	--	--	--	--	--	55%
Intrastar International Limited BVI (3)	Ordinary shares of 1 US dollar each	2,000	--	--	(120)	(120)	50%
Lev Talpiot Management and Maintenance Ltd. (7)	Ordinary share of 1 NIS	400	NIS 400		(8,649)	(8,649)	40%
A.I.I.P. Fin.B.V. (3)	Ordinary shares of 450 euros each	40	18,000 Euros	106	30	136	100%
Galway Consolidated Ltd (8)	Ordinary shares 1 Euro each	116	116 Euros	--	136	136	100%
Airport City Belgrade d.o.o (8)	Ordinary shares 1 Euro each	23,000	23,000 Euros	63	--	63	100%

(1) Included in Meqarqe'e Merkaz Ltd.

(2) Included in Givat Savyon Ltd.

(3) Included in Africa Israel International Properties (2002) Ltd.

(4) Included in ADUT, S.R.O

(5) Partnership of 2024589 Ontario Inc.

(6) Partnership of 2024590 Ontario Inc.

(7) Held by Flamingo Ltd.

(8) Held by Intrastar International Ltd BVI

Africa Israel Properties Ltd.**Appendix B****December 31, 2005****Investments in subsidiaries and related companies**

Name of Company	NIS <u>thousands</u>	Loans and capital notes
Africa Israel International Properties (2002) Ltd.	107,906	Unlinked capital note which does not bear interest
One Half Jubilee Ltd.	30,694	Shareholders loan linked to the consumer price index and not bearing interest, the date of the repayment is not yet known
Africa Israel International Properties (2002) Ltd.	141,178	Shareholders loans, date of repayment not yet determined, interest on the loans will be paid on demand
Machzevot Haifa Ltd.	23,519	Shareholders loan linked to the consumer price index and bearing index interest at a rate of 3% p.a.

Africa Israel Properties Ltd.

Appendix C

Changes in investments during the period of report
January 1, 2005 – December 31, 2005 in NIS thousands

	Our share in reserves and retained earnings	Capital notes and loans	Investment in share capital	Other investments	Date of change
Af-Sar Ltd.	10,801				
Meqarqe'e Merkaz Ltd.	24,429				
Givat Savyon Ltd.(1)	(64,905)				
Flamingo Ltd.	(7,713)				
Merkaz Savyonim – Management and Maintenance Ltd.	(34)				
Africa Israel International Properties (2002) Ltd.	8,297				
		9,740			1/05
		(12,258)			3/05
		990			4/05
		2,831			5/05
		1,837			6/05
		2,186			8/05
		2,090			9/05
		925			10/05
		712			11/05
		(480)			12/05
		8,573			
One Half Jubilee Ltd.	1,091				
		5,000			1/05
		2,000			2/05
		5,000			3/05
		5,000			4/05
		4,500			9/05
		694			
		22,194			

(1) Resulting from our share in the dividend paid totaling NIS 80 thousands less current profits of NIS 3,095 thousands.

Africa Israel Properties Ltd.

Appendix D

Income or loss of subsidiaries & related companies
During the last period of their account and details regarding interest,
Management fees & dividend received from every company during the past year
(in NIS thousands)

	Income (loss) reported before provision for tax	Net reported income (loss)	Nominal interest	Reported management fees	Dividend
Af-Sar Ltd.	15,709	13,501	--	2,457	
Meqarqe'e Merkaz Ltd.*	47,303	33,160	--	204	
Givat Savyon Ltd.*	4,249	3,623	--	321	68,000
Africa Israel International Properties (2002) Ltd.*	23,541	12,986			
Flamingo Ltd.*	(11,713)	(7,713)	--	256	
One Half jubilee Ltd.	2,832	1,869		--	
Merkaz Savyonim – Management and Maintenance Ltd.	(52)	(34)	--	--	

* Includes subsidiaries and related companies invested by this company

Africa Israel Properties Ltd.

Appendix E

Shares and convertible securities held by interested parties in the Company as at March 23, 2006

Name of interested party	Id. / Company No.	Name of security	Security No. on Stock Exchange	No. of securities held on March 23, 2006	Rate of holding	
					% in share and voting	% fully diluted
Africa Israel Investments Ltd.*	520005067	Africa Properties	1091354	10,000,000	79.04	63.0
Africa Israel Investments Ltd.	520005067	Option (Series 1)	1091362	261,316	--	1.65
Bank Leumi Israel	520018078	Africa Properties	1091354	631,809	5	3.98
Bank Leumi Israel (Funds)		Africa Properties	1091354	175,076	1.38	1.10
Bank Leumi Israel (Capital Funds)		Africa Properties	1091354	60,893	0.48	0.38
Bank Leumi Israel (Funds)		Option (Series 1)	1091362	61,720	0.49	0.4
Bank Leumi Israel (Funds)		Debentures (Series B)	1091388	28,339,891	1.83	1.46
Bank Leumi Israel (Capital Funds)		Debentures (Series B)	1091388	8,788,330	0.57	0.45
Yossi Levin	014359269	Options to employees	1091466	32,400	--	0.2
Avraham Nota	010941342	Options to employees	1091466	32,400	--	0.2
Avraham Barzilay	058349788	Options to employees	1091466	25,200	--	0.16
Chanan Bartal	51259851	Options to employees	1091466	12,600	--	0.08

* 9,999,920 shares held by Africa Israel Investments Ltd. being held in trust by Discount Trust Ltd., Company Number 510023294, Citizenship – Israeli, date of foundation: August 25, 1944.

Aframan Nominees Ltd. (Private Company 510080633), a subsidiary of Africa Israel Investments Ltd., holds 80 shares of the Company (the Company was incorporated on March 21, 1951, Citizenship – Israeli).

For the holdings in the Company's subsidiaries, in subsidiaries and in related companies of the Company see Appendix "B" to this report.

Africa Israel Properties Ltd.

APPENDIX F

THE DIRECTORS OF THE CORPORATION

Chairman of the Board of Directors - **LEV LEVIEV**

- (1) I.D. No. - 014224497
- (2) Date of birth - 1956
- (3) Address- c/o Advocate Yitzhak Poran, 124, Ibn Gvirol Street, Tel Aviv
- (4) Nationality - Israeli
- (5) Member of Board of Directors Committees - no
- (6) External Director - no
- (7) Employee of the corporation/subsidiary/related company/interested party - Chairman of the Board of Directors of the Corporation, Chairman of the Board of Directors Africa Israel Investments Ltd.
- (8) Year in which he commenced serving as a director - 2005
- (9) Education: High School
- (10) Occupation in the last 5 years - Chairman of the Board of Directors of Africa Israel Investments Ltd, President and Owner of the Leviev Group LLD Diamonds Ltd, Chairman of the Israel Russia Chamber of Commerce.
- (11) Other corporate bodies in which he is serving as a director - Africa Israel Investments Ltd., Memorand Ltd., Memorand Management (1998) Ltd., Almazi Ltd., Alkason (AKS) Investments Ltd., Dimco - Diamonds Marketing Ltd., LLD Diamonds Ltd., Alkason Energy Ltd., Memorand Financial Management Ltd., L.L.D. Financial Holdings Ltd., Fancy Diamonds Trading Company (Israel) Ltd., Memorand Holdings and Investments Ltd.
- (12) Whether related to another interested party in the Company- yes. Mr. Leviev is the father of Ms. Zvia Leviev Elazarov, who is serving as a director in the Company.
- (13) Possesses professional expertise.

Name – **PINCHAS COHEN**

- (1) I.D. No. - 050594365
- (2) Date of birth - 1951
- (3) Address- 4, Derech Hahores, Yehud
- (4) Nationality - Israeli
- (5) Member of Board of Directors Committees - no
- (6) External Director - no
- (7) Employee of the corporation/subsidiary/related company/interested party - CEO of the Corporation, CEO Africa Israel Investments Ltd.
- (8) Year in which he commenced serving as a director - 2004
- (9) Education: Academic - holds Degree in Industrial Engineering and Management from Tel Aviv University.

- (10) Occupation in the last 5 years - CEO Africa Israel Investments Ltd.
- (11) Additional corporate bodies in which he serves as a director - Alon Israel Oil Company Ltd., Up-Tech Ventures Ltd., Af-Ran Communications Ltd., Af-Sar Ltd., Africa Israel (Finance) 1985 Ltd., Africa Israel Energy Ltd., Africa Israel International Holdings Ltd., Africa Israel Tourism Holdings Ltd., Africa Israel International Investments (1997) Ltd. Africa Israel Housing Ltd., Africa Israel International Properties (2002) Ltd., Africa Israel Financing and Strategy Ltd, Africa Israel Financing and Investments (2004) Ltd., Africa Israel Financing and Investments (Iguach 1) Ltd. , Africa Israel Communications Ltd., Armon Hahegmon (Qasr el Mutran) Ltd., Bronfman Alon Ltd., Bat Savion Ltd., Gotex Models Ltd., Dor Alon Energy Israel (1998) Ltd Dor Media Group Ltd Danya Cebus Ltd., Derech Eretz Highways (1997) Ltd., Vash Telecanal Ltd., Africa Israel Hotels Ltd., Mapal Communications Ltd., Meqarqe'e Merkaz Ltd., Marlaz Media (2001) Ltd., Property Finance and Strategy (PFS) Ltd., Jubilee Lines Ltd., Cebus Rimon Industrial Construction Ltd, Cebus Rimon Building and Development Ltd., Ramat Aviv Mall and Maintenance Ltd., Blue Square Israel Ltd., The Blue Square Property and Investments Chain Ltd., Tadiran Telcom Ltd, Davidoff Group Ltd., Davidoff Insurance Holdings Ltd., Davidoff Insurance Agency (1989) Ltd., Pemi Premium Ltd., Davidoff Haodan Insurance Agency (2002) Ltd. A1 Nevada Holdings Inc. A1 Florida Holdings Inc. A1. Properties and Developments (USA) Corp. Alon USA Energy Inc. , Alon USA Inc., Alon USA Capital Inc., Alon Assets Inc., Swim F. Findings Realities B.V. Sea (Experts Alliance) B.V.
- (12) Whether a relative of another interested party in the Company - no
- (13) Whether he possesses accounting and financial expertise - yes.

Name - **NINA ADMONI**

- (1) I.D. No. - 79607511
- (2) Date of birth - 1932
- (3) Address- 26, Ben Yosef Street, Ramat Aviv, Gimmel, Tel Aviv 69125
- (4) Nationality - Israeli
- (5) Member of Board of Directors Committees - audit committee
- (6) External Director - yes
- (7) Employee of the corporation/subsidiary/related company/interested party - no
- (8) Year in which she commenced serving as a director - 2004
- (9) Education: Academic - holds degree in Political Science from the University of California - Berkeley
- (10) Occupation in the last 5 years - CEO Israel-America Chamber of Commerce.
- (11) Other corporate bodies in which she is serving as a director - Delek Vehicle Systems Ltd. Orka Interactive Ltd., Eshra- The Israel Export Insurance Co. Ltd.
- (12) Whether related to another interested party in the Company- No.
- (13) Possesses professional expertise

Name - **ZVIA LEVIEV ELAZAROV**

- (1) I.D. No. - 034191601
- (2) Date of birth - 1977
- (3) Address- 4 Derech Hahores, Yehud.
- (4) Nationality - Israeli
- (5) Member of Board of Directors Committees - no.
- (6) External Director - no
- (7) Employee of the corporation/subsidiary/related company/interested party - VP Marketing and Manager of the Malls Division of Africa Israel Investments Ltd.
- (8) Year in which commenced serving as a director - 2004
- (9) Education: Academic - holds degree in Business Management from the Kiryat Ono College Academy.
- (10) Occupation in the last 5 years - Advertising Manager and Head of Marketing Division of Africa Israel Investments Ltd.
- (11) Other corporate bodies in which she is serving as a director - E. M.T. Neveh Savion Ltd., Anglo-Saxon Properties (Israel 1992) Ltd., Africa Israel Housing Ltd., Africa Israel Properties Ltd., Machzevot Haifa Ltd., Africa Israel Hotels Ltd., Meqarqe'e Mercaz Ltd., Aviv Mall Management and Maintenance Ltd., Blue Square Properties and Investments Chain Ltd.,
- (12) Whether related to another interested party in the Company- the daughter of Mr. Lev Leviev who is the controlling shareholder in Africa Israel Investments Ltd. and is Chairman of the Board of Directors of the Company.
- (13) Possesses professional expertise

Name - **AVI BARZILAY**

- (1) I.D. No. - 058349788
- (2) Date of birth - 1963
- (3) Address- 4 Derech Hahores, Yehud.
- (4) Nationality - Israeli
- (5) Member of Board of Directors Committees - no
- (6) External Director - no
- (7) Employee of the corporation/subsidiary/related company/interested party - Company's VP Finance
- (8) Year in which he commenced serving as a director - 2001
- (9) Education: Academic - holds degree in Economics and Accountancy from Bar Ilan University
- (10) Occupation in the last 5 years - Finance Manager of the Income-Generating Property Division in Africa Israel Investments Ltd. since December 2000, previously served as Finance Director of Red Sea Hotels Construction Group.

- (11) Other corporate bodies in which he is serving as a director - Givat Savion Ltd., Aviv Mall Management and Maintenance Ltd., Kiryat Hamada Be'Migdal Ha'Emek Ltd., Moadon Savion Ltd., Machzevot Haifa Ltd., Half Jubilee Ltd., Mercaz Savionim Management and Maintenance Ltd., Savyon Insurance Agency Ltd., City Center Management Ltd., Flamingo Ltd., Armon Hahegmon (Qasr el Mutran) Ltd., Meqarqe'e Mercaz Services Co. Ltd., Lev Talpiot Management and Maintenance Ltd., A.I.I.P.Sin B.V.
- (12) Whether related to another interested party in the Company- no.
- (13) Whether he possesses accounting and financial expertise -yes.

Name- **CHANAN BARTAL**

- 1) I.D. No. - 51259851
- (2) Date of birth - 1952
- (3) Address- 4 Derech Hahores, Yehud.
- (4) Nationality - Israeli
- (5) Member of Board of Directors Committees - no
- (6) External Director - no
- (7) Employee of the corporation/subsidiary/related company/interested party - Head of Income Properties Section Africa Israel Investments Ltd.
- (8) Year in which he commenced serving as a director - 2000
- (9) Education: Academic - holds degree in Political Science from Bar Ilan University and a Public Supervision Qualification from Haifa University
- (10) Occupation in the last 5 years - Director Properties Section in Income-Generating Properties Division in Africa Israel Investments Ltd.
- (11) Other corporate bodies in which he is serving as a director- Moadon Savyon Ltd., Machzevot Haifa Ltd. Kiryat Hamada Be'Migdal Ha'Emek Ltd.
- (12) Whether related to another interested party in the Company - no.
- (13) Possesses professional expertise

Name - **SHAUL GLIKSBERG**

- (1) I.D. No. - 57082539
- (2) Date of birth - 1961
- (3) Address- 4 Derech Hahores, Yehud.
- (4) Nationality - Israeli
- (5) Member of Board of Directors Committees - Audit Committee
- (6) External Director - no
- (7) Employee of the corporation/subsidiary/related company/interested party - Senior VP Finance and Financial Controller in Africa Israel Investments Ltd.
- (8) Year in which he commenced serving as a director - 2005
- (9) Education: Academic - holds degree in Accountancy and Economics from Bar Ilan University and a Business Management Qualification from Tel Aviv University

- (10) Occupation in the last 5 years - Senior VP Finance in Africa Israel Investments Ltd., Chief Financial Officer in the Tnuva Group
- (11) Other corporate bodies in which he is serving as a director- A.Y. Beach Pub Ltd., Ilan Africa Israel (Properties), E.M. T. Neve Savyon Ltd, AKD Projects and Construction (1990) Ltd. Alon Israel Oil Company Ltd., Anglo Saxon Real Estate Agency (Israel 1992) Ltd., Af-Sar Ltd., Afdor Ltd., Aframan Nominees Ltd., Africa Israel (Finance) 1985 Ltd., Africa Israel International Holdings Ltd., Africa Israel Tourism Ltd., Africa Israel International Investments (1997) Ltd., Africa Israel Housing Ltd., Africa Israel International Properties (2002) Ltd., Africa Israel Properties Financing and Strategy Ltd., Africa Israel Trade and Agencies Ltd., Africa Israel Tourism and Leisure Ltd., Armon Hahegmon (Qasr El Mutran) Ltd., Binyan Trustee and Investments Company Ltd., Bat Savyon Ltd., Givat Rimonim Ltd., Gottex Models Ltd., Dor Alon Energy Israel (1988) Ltd., Dor Alon Petrol Station Operating Ltd., Dor Alon Gas Technologies Ltd., Danya Cebus Ltd., Derech Eretz Highways (1987) Ltd., Vas Telecanal Ltd., Tiberias Hot Springs Hotels Co. Ltd, Tiberias Hot Springs Ltd., Meqarqe'e Mercaz Services Company Ltd., Kinneret Hot Springs Israel Ltd., Madan Carmel Ltd., Moadon Savyon Ltd., Eilat Patio Hotel Ltd., Africa Israel Hotels (Tel Aviv) 1992 Ltd., Africa Israel Hotels Ltd., Jordan Hotel M.H.I. Ltd., Tiberias Hot Salt Springs (Production) Ltd., Masseur Eilat Ltd., Meqarqe'e Mercaz Ltd., Mercaz Savionim - Management and Maintenance Ltd., Negev Ceramics Ltd., Neve Savyon Tel Aviv Buildings Ltd., Properties Finance and Strategy (P.F.S.) Ltd., Savyon Properties and Management Co. Ltd., Savyon Insurance Agency Ltd., Savyonei Aviv Ltd., Cebus Rimon Industrial Construction Ltd., Cebus Rimon Industrial Buildings and Development Ltd., Pizza Hut Israel 2002 - Limited Partnership., Flamingo Ltd., Packer Steel Ltd., Zvi Yavetz & Co. Ltd., Kalia Investments & Development of the North Dead Sea Ltd., Kalia Leisure and Health Spa Ltd., Blue Square Israel Ltd., Ramat Savyon Ltd., Renanot Enterprises and Investments Ltd., Alon USA Energy Inc. Alon USA Inc. Alon USA Operating Inc., Alon USA GPLLC, Alon USA Capital Inc., Alon Assets Inc.
- (12) Whether related to another interested party in the Company - no.
- (13) Whether possesses accounting and finance expertise - yes.

Name - **YOSEF LEVIN**

- (1) I.D. No. - 014359269
- (2) Date of birth - 1948
- (3) Address- 4 Derech Hahores, Yehud.
- (4) Nationality - Israeli
- (5) Member of Board of Directors Committees - no.
- (6) External Director - no
- (7) Employee of the corporation/subsidiary/related company/interested party - Director of Income Generating Properties Division in Africa Israel Investments Ltd.
- (8) Year in which he commenced serving as a director - 1998
- (9) Education: Academic - holds degree in Civil Engineering from the Technion - Israel Institute of Technology.

- (10) Occupation in the last 5 years - Director of Income Generating Properties Division in Africa Israel Investments Ltd., Head of Engineering Administration and Projects Management in Africa Israel Investments Ltd.
- (11) Other corporate bodies in which he is serving as a director - I.L.A.N. African Israel (Properties) Ltd., AKD Projects and Construction (1990) Ltd., Af-Sar Ltd., Africa Israel International Holdings Ltd., Africa Israel International (1997) Ltd., Africa Israel International Properties (2002) Ltd., Africa Israel Tourism and Leisure Ltd., Armon Hahegmon (Qasr El Mutran) Ltd., Givat Savyon Ltd., Danya Cebus Ltd., Tiberias Hot Springs Ltd., Lev Talpiyot Management and Maintenance Ltd., Moadon Savyon Ltd., Half Jubilee Ltd., Africa Israel Hotels Ltd., Jordan M.H.I Hotels Ltd., Kalia Holdings Hotels Ltd., Meqarqe'e Mercaz Ltd., Entrance to Nazareth Shopping Center (2006) Ltd. Mercaz Savyonim Management and Maintenance Ltd., Savyon Nurseries Ltd., Cebus Rimon Building Industries and Development Ltd., Flamingo Ltd., Zvi Yavetz and Co. Ltd., Kalia Investments and Development North Dead Sea Ltd., Kalia Leisure and Health Spa Ltd., Kalia Infrastructures Development (1996) Ltd., Aviv Shopping Mall Management and Maintenance Ltd., Science Campus Migdal Haemek Ltd.
- (12) Whether related to another interested party in the Company - no.
- (13) Possesses professional expertise.

Name - **MORDECHAI LEIBOVICH**

- (1) I.D. No. - 056601396
- (2) Date of birth - 1960
- (3) Address- 4 Derech Hahores, Yehud.
- (4) Nationality - Israeli
- (5) Member of Board of Directors Committees - Audit Committee.
- (6) External Director - no
- (7) Employee of the corporation/subsidiary/related company/interested party - CEO Africa Israel Properties Finance and Strategies Ltd.
- (8) Year in which he commenced serving as a director - 2004
- (9) Education: Academic.
- (10) Occupation in the last 5 years - CEO Africa Israel Properties Finance and Strategies Ltd. and Chief Financial Director and Comptroller in Africa Israel Investments Ltd.
- (11) Other corporate bodies in which he is serving as a director - Zvi Yavetz and Co. Ltd., Up-Tech Ventures Ltd., Aframan Trustees Ltd., Africa Israel (Financing) 1985 Ltd., Africa Israel International Holdings Ltd., Africa Israel Tourism Holdings Ltd., Africa Israel Residence Ltd., Africa Israel Financial Properties and Strategies Ltd., Africa Israel Finances and Investments (2004) Ltd., Africa Israel Finances and Investments (Iguach 1) Ltd., Bat Savyon Ltd., Central Land Services Ltd., Financial Properties and Strategies (N.P.A.) Ltd., Savyon Insurance Agency Ltd.
- (12) Whether related to another interested party in the Company - no.
- (13) Whether possesses accounting and finance expertise - yes.

Name – **AVI NOTA**

- (1) I.D. No. - 010941342
- (2) Date of birth - 1949
- (3) Address- 4 Derech Hahoresh, Yehud.
- (4) Nationality - Israeli
- (5) Member of Board of Directors Committees - no.
- (6) External Director - no
- (7) Employee of the corporation/subsidiary/related company/interested party - VP, Director of Europe/Africa Division, Africa Israel Investments Ltd.
- (8) Year in which he commenced serving as a director - 2004
- (9) Education: Academic – holds a degree in Economics and International Relations and Masters of Business Administration from the Hebrew University in Jerusalem.
- (10) Occupation in the last 5 years – VP, Director of Europe/Africa Division, Africa Israel Investments Ltd., VP of Business Development, Africa Israel Investments Ltd.
- (11) Other corporate bodies in which he is serving as a director - Up-Tech Ventures Ltd., Africa Israel (Financing) 1985 Ltd., Africa Israel International Holdings Ltd., Africa Israel International Investments (1997) Ltd., Africa Israel International Properties (2002) Ltd., Givat Savyon Ltd., Danya Sybus Ltd., Vash-Telecanal Ltd., Sybus Rimon Industrialized Construction Ltd., Sybus Rimon Building Industries and Development Ltd., “Please Touch” Society.
- (12) Whether related to another interested party in the Company - no.
- (13) Possesses professional expertise

Name - **ZVI STAUBER**

- (1) I.D. No. - 047854039
- (2) Date of birth - 1947
- (3) Address- 6 Levitan Street, Tel-Aviv, 69204
- (4) Nationality - Israeli
- (5) Member of Board of Directors Committees - Audit Committee.
- (6) External Director - yes
- (7) Employee of the corporation/subsidiary/related company/interested party - no.
- (8) Year in which he commenced serving as a director - 2004
- (9) Education: Academic - holds degree in International Relations from the Hebrew University in Jerusalem, a Degree Qualification in Law, Diplomacy and Developing Countries Economics and a Doctorate Degree in International and Trade Relations from the Fletcher School of Law and Diplomacy.
- (10) Occupation in the last 5 years - Member of the Institute for Strategic Research at Tel Aviv University, Political Adviser to the Prime Minister and Israeli Ambassador in London.
- (11) Other corporate bodies in which he is serving as a director - none
- (12) Whether related to another interested party in the Company - no.
- (13) Possesses professional expertise