Board of Directors Report:

Corporation's State of Affairs

Board of Directors' Report on the Corporation's State of Affairs

Brack Capital Properties NV (hereinafter: "the Company" or "the Corporation") hereby submits the Board of Directors' report for the nine months and three months ending September 30, 2021 (hereinafter: "the Reported Period", or, "the Report Period" and "the third quarter", respectively) in accordance with the Securities Regulations (Periodic and Immediate Reports – 1970, the Reports' Regulations).

The financial statements attached to this periodic report are presented according to International Standards; the IFRS.

All data in this report refers to consolidated financial statements, unless otherwise stated.

In this report:

"The report date" or "the date of the report" refers to September 30, 2021.

"Report signing date" or "the date of signing the report" refers to November 24, 2021.

The review presented below is limited in scope, relating to material events and changes that occurred in the state of the Company's affairs during the report period, the impact of which is material and should be reviewed together with the Company's periodic report for 2020; including the financial statements, and the Company's board of directors' report, as of December 31, 2020, published on March 3, 2021 (reference number: 2021-01-026034) (2020 Periodic Report).

Preamble

Below are the Company's principal results for nine months ending September 30, 2021.

1. **Profitability** – In the third quarter of 2021, the Company's net income attributed to the Company's shareholders amounted to approximately EUR 13.9 million compared to an income of EUR 29.6 million in the corresponding quarter last year. It should be noted that the decrease in profit is mainly due to a decrease in the value of the Company's investment in a financial asset presented at fair value through profit or loss, as well as due to the fact that the Company did not recognize profit from apartment sales during the quarter since the projects which are under construction as of the report date, are designated for rental and not for sale.

The following is the contribution of the income-producing real estate and the residential development segments on the Company's results:

- **Income-producing real estate -** in the third quarter of 2021, the FFO amounted to EUR 6.2 million compared to EUR 6.2 million in the corresponding quarter last year; In addition, in the third quarter of 2021, the Company's NOI amounted to EUR 12.1 million (compared to EUR 12.3 million in the corresponding quarter last year) and the EBITDA of the Company amounted to EUR 9.2 million (compared to EUR 9.3 million in the corresponding quarter last year).

- **Residential development activity** - In the third quarter of 2021, the Company did not recognize a profit from the Grafental project. This is due to the fact that during the second quarter of 2021, the Company ended recognizing the cumulative sale of all 96 units from Stage H at a weighted performance rate of 100%, in view of completing the project and handing over all apartments to buyers.

2. Operating segments – key operational data[1]

2.1 Residential development segment – Grafental project[2]

Stage	Number of flats	revenues (EUR in millions)	income (EUR in millions)	Developer's profit [3] (in percentage)	Sales (in percentage)	Revenue recognition % as of the report date
H	96	58.0	9.3	19.0%	100%	100%

2.2 Income-producing real estate [4]

Zoning	Area ('000 square meters)	NRI Return[5]	ERV Return[6]	Actual NOI return[7]	NOI return according to ERV[8]	Occupancy rate
Residential	714	4.3%	4.9%	3.8%	4.4%	95.5%
Commercial	56	7.6%	7.6%	4.1%	4.1%	71.3%
Total	770	4.4%	5.0%	3.8%	4.4%	94.6%

* Excluding an asset in associate with an area of 5,000 sqm.

Residential real estate: In the third quarter of 2021, the organic rent growth amounted to 2.05% rental from identical assets compared to the corresponding quarter of 2020. As of the date of the report the average rent is 6.67 EUR per Sqm. The average ERV in new rentals in the residential market is EUR 7.62 per square meter and is 14.3% higher than the average rent.

3 Balance sheet structure and financial solvency -

3.1 **Equity and EPRA NRV**: The equity attributed to the Company's shareholders amounted to approximately EUR 876.3 million and the EPRA NRV[9] amounted to EUR 1,213.7 million, as of the report date.

3.2 **Debt ratios**: The LTV ratio[10] is 36.61% as of the report date. The EBITDA ratio to interest expenses (from only the income producing portfolio, excluding operating income from development activity) was 3.66 in the third quarter of 2021.

[1] As of the report date.
[2] Data according to 100%, the corporation's share in the project, is 89.9%.
[3] Total actual revenues from the sale of flats, minus total development cost of flats, including land cost.
[4] Assets consolidated in the Company's financial statements, including assets for which binding sale agreements were signed.
[5] Data from September 2021 on an annual basis, divided by the carrying value.
[6] "ERV" (Estimated rental value) – the expected annual return, provided that all assets are leased in full occupancy in return for the rental fees prevailing in the market.
[7] Data from September 2021 on an annual basis, divided by the carrying value.
[8] Actual NOI plus the difference between actual rental fees and the ERV, divided by the carrying values.
[9] EPRA NRV – for details regarding the index and the calculation manner and the calculation manner of other EPRA indices see section 10.3 of this report.
[10] Net debt to total real estate assets and inventory

3.3 **Liquidity**: Cash balances (consolidated) amounted to approximately EUR 23.7 million as of the report date.

3.4 **Financing**: The Company has bank loans with a total balance of EUR 580.1 million, at an average annual interest of 2.55% and duration of 3.88 years. The Company has bonds at a total balance of EUR 78.2 million at an average annual interest of 3.29% and duration of 2.71 years. For additional details regarding the Company's bonds see Part B, "Specific Disclosure for Bond Holders. For details regarding the loan from the controlling shareholder, see section 11.4 to this report.

4 Concise description of the Corporation and its business environment

As of the report date, the Company, its subsidiaries and associates (hereinafter, collectively: ("**the Group"**) have been operating in the field of real-estate in Germany across four primary activity sectors: residential income producing real estate, commercial income producing real estate, (collectively: the income producing segment); development residential real estate in Dusseldorf, and the betterment of land in Dusseldorf (collectively: the group's areas of activity).

Further to that what is stated in the Company's periodic report for 2020 and the Company's previous reports[11] in connection with the Company's strategy in the income producing and residential development sectors, agreement and completion of transactions for selling part of its businesses, the Company is continuing to carry out actions for selling additional assets from its commercial real estate portfolio.

It should also be noted that following the Company's previous periodic reports the Company and its controlling shareholder, ADLER Real Estate AG (ADLER) and certain officers of the Company who serve also as officers in ADLER entered into a separation agreement under which a first refusal right is conferred upon the Company with respect to business opportunities relevant to the Company in its main areas and regions of activity. For further details, see the Company's immediate report dated April 18, 2021 (reference number (2021-01-064047) which is included herein by way of reference. For the avoidance of doubt, the Company clarifies that the separation agreement does not apply any restriction on the Company's activity.

In addition, further to section 11 of the board of directors' report of the Company for 2020 in connection with the tenure of Mr. Friedrich's Munsberg, an external director of the Company, the following is noted. On November 29, 2020, Mr. Munsberg took over the office of Chairman of the board of directors (Supervisory Board) of a company which entered into a transaction, the end result of which is that the largest shareholder therein became Aggregate Holdings SA, which to the best of the Company's knowledge, is the largest shareholder in ADLER Group SA, which is the largest shareholder in ADLER, the controlling shareholder in the Company (AH transaction). Mr Munsberg has assured the Company that he has not been actively involved in the AH Transaction. Nevertheless, Mr. Munsberg has taken the personal and independent decision to cease serving as external director of the Company and on May 25, 2021, he decided to resign his position as external director in the Company. For further details, see the Company's immediate report dated May 25, 2021 (reference number: 2021-01-089685) which is included herein by way of reference.

[11] In the specifications of the special tender offer published by ADLER, the controlling shareholder of the Company, dated February 19, 2018, as it has amended on March 20, 2018 (Reference No. 2018-09-016558 and 2018-09-026776, respectively); For the Company's immediate reports dated March 23, 2019 (reference No. 2019-01-023952), June 2, and June 30, 2019 (Reference number: 2019-01-054682 and 2019-01-055230, respectively and the Company's report dated August 8, 2021 (Reference No.: 2021-01-128586) which are hereby included by way of reference.

It should be indicated that on May 6, 2021, Mr. Ron Hadassi was appointed as an external director of the Company. For further details, see the Company's immediate report dated May 6, 2021 (reference number: 2021-01-080856), which is included by way of reference.

During the first quarter of 2021, the Company's Board of Directors appointed a committee among the directors with the aim of finding a suitable candidate for the position of the Company's external director. The committee was assisted by an international external consultant and located a number of relevant candidates. The candidates, who were found to be relevant, were rejected by the shareholders. With Mr. Munsberg's retirement and lack of agreement among shareholders, the Company's Board of Directors appointed another committee, which examined a large number of candidates where at the end of the process the Company's Board of Directors selected Mr. Dan Laluz as a candidate for the Board of Directors. For more information, see the meeting summons report dated December 25, 2021 (reference number: 2021-01-102577), which is hereby included by reference.

On August 20, 2021, Mr. Daniel Moser has informed the Company that due to a transaction he has entered into in the past few weeks, in view of the provisions of sections 240 and 249C of the Companies Law, he is stepping down from the board effective immediately. For further details, see the Company's immediate report dated August 22, 2021 (reference number 2021-01-135594) which is included by way of reference.

Further to section 1.4.6 of the periodic report for 2020, the Company's board of directors examined the need to update the Company's dividend policy and the possibility of distributing dividends. In view of the provisions of section 11.2 below, the Company's board of directors will continue to examine the issue close to the approval date of the Company's annual reports for 2021.

For details regarding the spread of the Corona virus and its impact on the Company's operations in the reported period, see section 11.3 below.

Concise description can be found below regarding the major developments in the group's areas of activity, as occurred in the reported period up until the signing date of the report:

4.1 **Residential Income-Producing Real-Estate -** As of the report signing date, the Group owns 12,075 apartments with a total leasing area of approximately 714,000 m^2**.** For details regarding the spread of the Corona virus and its impact on the Company's operations in this sector, see section 11.3 below.

4.2 **Commercial Income-Producing Real-Estate -** As of the report signing date, the Group owns 6 commercial income-producing properties in the commercial segment (commercial and offices) with an overall leasing area of approximately 56,000 m^2, including assets for which the Company has entered into a binding sale contracts (excluding an asset of associate with an area of 5,000 square meters. For further details regarding the spread of the Corona virus and its impact on the Company's operations in this sector, see section 11.3 below.

For details regarding the income-producing real estate, see section 1.6 to Chapter A of the periodic report for 2020.

4.3 **Residential Real Estate Under Development** - For details regarding the marketing, sales, handovers and performance of Stage E (89 units), Stage F (112 units), stage G (89 units) and Stage H (96 units) in the Grafental project and in Dusseldorf, as well as for additional dedtails regarding the Company's additional projects in this sector, see Chapter A of the periodic report for 2020.

For further details regarding the marketing and performance status of the project's stages under construction, see the tables below. For details regarding the Corona virus and its impact on the Company's operations in this sector see section 11.3 below. For further details regarding developments in the Gerresheim project, see section 11.2 below.

5. Projected revenues, costs and developer's profits for the stages in progress and stages under the approved urban planning scheme, the performance of which has commenced in the Grafental residential project (EUR in thousands):

5.1 Revenues

	Stage H
Total expected revenues	58,029
Advances from apartment purchasers, as of the report date	58,029
Total expected cost, including land (EUR in thousands)	48,749
Monetary completion rate, excluding land (%)	98.3%
Total expected developer's profit	9,280
Total developer's profit recognized in the Company's financial statements (consolidated) cumulatively, as of the report date	9,280
Expected developer's profit rate (%)	19.0%
Expected completion date	Construction completed

		Project marketing				
		Stage H				
		2021			2020	2019
	As of the report signing date	Q3	Q2	Q1	2020	2019
Flats (#)	96	96	96	96	96	58
Flats – total monetary consideration (including for parking, EUR in thousands)	58,029	58,029	58,029	58,029	58,029	33,957
Flats (square meters)	9,793	9,793	9,793	9,793	9,793	5,786
Average price per sqm (EUR) (including consideration for parking)	5,926	5,926	5,926	5,926	5,926	5,869
		Reservations (reservations) as of the report signing date				
Flats (#)	-	-				
Flats – total monetary consideration (including for parking, EUR in thousands)	-	-				
Flats (square meters)	-	-				
Average price per sqm (EUR)	-	-				
		Signed agreements and cumulative reservations up to the report signing date:				
Flats (#)	96					
Flats – total monetary consideration (including for parking, EUR in thousands)	58,029					
Flats (square meters)	9,793					
Average price per sqm (EUR)	5,926					
		Marketing rate of the project %				
	As of the report signing date	30.9.21	30.6.21	31.3.21	31.3.20	31.12.19
Marketing rate on the last date of the period -signed agreements	100%	100%	100%	100%	100%	58.5%
Marketing rate on the last date of the period -signed agreements and reservations	100%	100%	100%	100%	100%	58.5%
		Advances from tenants				
	As of the report signing date	30.9.21	30.6.21	31.3.21	31.3.20	31.12.19
Advances from tenants (EUR in thousands)	58,029	58,029	58,029	54,324	47,631	-

Rate of Advances from tenants (%)	100.0%	100.0%	100.0%	96.5%	82.1%	-
		Spaces for which agreements and reservations were not yet signed, as of the report signing date				
Flats (#)	-					
Flats – total expected monetary consideration (including parking, EUR in thousands)	-					
Flats (square meters)	-					
Average price per sqm (EUR)	-					
Total cumulative cost attributed to spaces, in respect of which binding agreements were not yet signed in the statement of financial position (consolidated) (EUR in thousands)	-					

5.2 Costs

		Stage H					**Stage I**				
	Costs invested	**Q3 2021**	**Q2 2021**	**Q1 2021**	**2020**	**2019**	**Q3 2021**	**Q2 2021**	**Q1 2021**	**2020**	**2019**
Costs invested	Cumulative costs for land, at the end of the period	14,119	14,119	14,119	14,119	14,119	12,932	12,932	12,932	12,932	-
	Cumulative costs for development, taxes and fees	1,636	1,595	1,595	1,483	1,236	657	650	622	596	-
	Cumulative construction costs	32,394	30,655	29,648	28,792	6,747	28,422	21,068	13,845	7,596	-
	Cumulative financing costs (capitalized)	-	-	-	-	-	-	-	-	-	-
	Total cumulative cost	**48,149**	**46,369**	**45,362**	**44,394**	**22,102**	42,011	**34,650**	**27,399**	**21,124**	**-**

				Aachen		
	Costs invested	**Q3 2021**	**Q2 2021**	**Q1 2021**	**2020**	**2019**
Costs invested	Cumulative costs for land, at the end of the period	2,215	2,215	2,215	2,215	-
	Cumulative costs for development, taxes and fees	1,172	1,142	1,114	1,074	-
	Cumulative construction costs	12,445	10,105	8,487	3,395	-
	Cumulative financing costs (capitalized)	-	-	-	-	-
	Total cumulative cost	**15,832**	**13,462**	**11,816**	**6,684**	**-**

	Stage H								Stage I		
		Q3 2021	**Q2 2021**	**Q1 2021**	**2020**	**2019**	**Q3 2021**	**Q2 2021**	**Q1 2021**	**2020**	**2019**
Costs not yet invested	Costs for land not yet invested (estimate)	-	-	-	-	-	-	-	-	-	-
	Costs for development, taxes and fees not yet invested (estimate)	-	686	1,819	1,932	2,178	-	-	18	43	-
	Construction costs not yet invested (estimate)	600	1,801	2,296	3,149	23,783	19,522	26,877	32,959	39,209	-
	Cumulative costs for financing expected to be capitalized in the future (estimate)	-	-	-	-	-	-	-	-	-	-
	Total costs not yet invested	600	**2,487**	**4,115**	**5,081**	**25,961**	19,522	**26,877**	**32,977**	**39,252**	**-**
	Completion rate (monetary) (excluding land) (%)	98.3%	92.8%	88.4%	85.6%	23.5%	59.8%	44.7%	30.5%	17.3%	-
	Expected construction completion date	Construction completed	Construction completed	Q2 2021	Q2 2021	Second half 2021	Third quarter 2022	Q4 2022	Q4 2022	Q4 2022	-

				Aachen		
		Q3 2021	Q2 2021	Q1 2021	2020	2019
Costs not yet invested	Costs for land not yet invested (estimate)	-	-	-	-	-
	Costs for development, taxes and fees not yet invested (estimate)	272	302	331	370	-
	Construction costs not yet invested (estimate)	7,115	9,455	11,072	16,164	-
	Cumulative costs for financing expected to be capitalized in the future (estimate)	-	-	-	-	-
	Total costs not yet invested	**7,387**	**9,757**	**11,403**	**16,535**	**-**
	Completion rate (monetary) (excluding land) (%)	64.8%	53.5%	45.7%	21.3%	-
	Expected construction completion date	Q1 2022	Q1 2022	Q4 2022	Q4 2022	-

In accordance with accounting principles (IFRS 15), the Company recognizes revenues, costs and gross profit according to sales rate and project completion rate. For further details, see Note 2u to Chapter C of the Company's annual report for 2020.

For further details regarding stages I-L of the Grafental residential project see section 1.8.3.6 in Chapter A of the annual report of the Company for 2020.

6. Costs of the Gerresheim project (EUR in thousands)

		Q3 2021	Q2 2021	Q1 2021	2020	2019
Costs invested	Cumulative costs for land, at the end of the period	141,645	141,645	141,645	141,645	141,645
	Cumulative costs for development, taxes and fees	4,257	4,034	3,955	3,446	901
	Cumulative construction costs	-	-	-	-	-
	Cumulative financing costs (capitalized) [12]	18,736	16,462	14,356	11,675	-
	Total cumulative cost	**164,638**	**162,141**	**159,956**	**156,766**	**142,546**

7.Betterment of land in Dusseldorf for development - The Company owns two land complexes in Dusseldorf, Germany, undergoing advanced procedures to change the zoning from offices/industry to residential. For details regarding the Company's progress in the land zoning change processes in Dusseldorf, see Chapter A of the periodic report for 2020.

7.1 The following is a tabular summary of expected revenue, cash flow and developer's profit expected from the land in Dusseldorf real estate inventory in Dusseldorf, excluding a parcel of land in the Gerresheim neighbourhood[13]:

Data according to 100%. The corporation's portion in Grafental project 89.9% (EUR in thousands)	Revenue not yet recognized	Cash flow not yet recognized	Developer's profit not yet recognized
Condo apartments for free sale in planning stages under the urban schemes of Grafental Ost and Grafenberg	233,444	103,436	24,207

The information described above in connection with the land development in Dusseldorf and inventory of lands in Dusseldorf under the urban scheme of Grafenberg and the change of its zoning (including the expected dates of completion of Grafental Ost) regarding the total expected sales, the expected developer's profit and expected cash flow before taxes is forward looking information as this term is defined in the Securities Law 1968 (the Securities Law) which is not under the full control of the Company the actual materialization of which, in whole or in part, is uncertain.

The information is based on that which is held by the Company as of the report date, regarding: 1) demand for residential spaces in Dusseldorf; 2) market prices of residential spaces in Dusseldorf, both generally and in the area of the projects (including comparable competing projects)); 3) accumulated knowledge and experience of the Company's management and project managers in the segment; 4) the Company's forecasts and estimated costs of construction, development, and marketing of projects, based on the costs of the stages that, as of the report date, are in progress; and other estimates of the Company.

[12] Financing costs do not take into account the cost of intercompany interest, which does not affect the cost of inventory in the Company's consolidated financial statements. As a result, the comparative figures of the cumulative costs for financing, which were capitalized for the project, have been corrected in this report.

[13] For details regarding the engagement for cancelling the agreement to sell 75% of its holdings in the Company holding the Gerresheim property, see section 11.2 below and the Company's immediate reports dated August 28, 2021 and October 20, 2021 (reference 2021-01-139303 and 2021-01-158193, respectively) which are hereby included by way of reference.

It is uncertain whether the change of zoning of such real estate complexes will take place and/or be consummated, if at all, as said consummation is subject to the planning and construction procedures required under German law, the consummation of which is not controlled by the Company. In addition, in the event that approvals are received and the Company decides to establish the projects independently, leading to project execution, changes in circumstances (including - without derogating from the generality of the foregoing – decrease in demand for flats in Dusseldorf and/or a decrease in market prices of flats in Dusseldorf) or increase in construction costs (or other costs) and/or the creation of special conditions under the circumstances may significantly change the Company's estimates detailed above, which may have a material impact on the expected revenues from the projects, including their overall profitability.

Part A – Board of Directors' Explanations in regard to the State of the Corporations' Businesses, the Results of its Activities, Equity and Cash Flow

8. Financial Position:

Assets	**September 30, 2021**	**September 30, 2020**	**December 31, 2020**	**Explanation for the change**
	EUR in thousands			
Current assets				
Cash and cash equivalents	23,728	39,333	34,814	See details in the statement of cash flow as part of the Company's financial statements, attached to this report.
Restricted deposits, financial assets, and other receivables	23,527	20,341	15,959	
Income receivable from the sale of apartments	553	2,760	3,405	Decrease derives from payment of apartment purchasers for sale of apartments in stage H.
Tenants and trade receivables, net	2,374	1,222	1,399	
Inventory of buildings under construction	-	4,023	2,477	Decrease derives from revenue recognition following construction completion of stage H.
Total current assets	**50,182**	**67,679**	**58,054**	
Assets of disposal groups held for sale	16,930	25,511	27,821	Decrease derives from the sale of commercial assets (see section 11.1).
Non-current assets:	**EUR in thousands**			
Investments and loans measured at equity	2,153	22,651	22,949	Decrease derives from cancelling the Gerresheim transaction and its full consolidation in the Company's balance sheets (see section 11.2)
Investments in financial assets, measured at fair value through profit or loss	29,905	41,467	42,588	Decrease derives from decline in fair value of financial asset
Inventory of real estate	213,736	48,055	52,550	Increase derives from cancelling the Gerresheim transaction and its full consolidation in the Company's balance sheets (see section 11.2)
Investment property – real estate rights and investment property under construction	89,800	58,558	60,900	Increase derives from payments made due to construction progress of the Aachen project and Grafental project (stage I).
Investment property – income-producing assets	1,302,671	1,223,419	1,225,446	Increase derives mainly from valuations carried out during the period for all of the Company's income producing residential real estate assets.

Restricted deposits for investments in assets	7,156	6,854	6,612	
Other accounts receivable, fixed assets and other financial assets	11,701	361	259	The increase is due to loan granted for purchasing non-controlling interests (see section 11.11)
Deferred taxes	4,763	191	187	Increase derives from cancelling the Gerresheim transaction and its full consolidation in the Company's balance sheets (see section 11.2)
Total non-current assets	**1,661,885**	**1,401,556**	**1,411,491**	
Total assets	**1,728,997**	**1,494,746**	**1,497,366**	

Liabilities	September 30, 2021	September 30, 2020	December 31, 2020	Explanation for the change
	EUR in thousands			
Current liabilities				
Current maturities of loans from banking corporations	244,951	131,310	130,739	Increase derives from cancelling the Gerresheim transaction and its full consolidation in the Company's balance sheets (see section 11.2)
Current maturities of debentures	10,822	9,813	10,013	
Accounts payable and other financial liabilities	27,565	27,324	20,972	
Advances from apartment purchasers	-	820	33	
Total current liabilities	**283,338**	**169,267**	**161,757**	
Liabilities of disposal groups held for sale	85	3,447	3,961	Decrease derives from sale of commercial assets (see section 11.1).
Non-current liabilities:	EUR in thousands			
Loans from banks	332,377	300,098	296,285	Increase derives from refinancing transactions signed during the period.
Debentures	67,134	70,695	62,967	
Leasing liabilities	-	3,000	2,990	Decrease derives from selling leasing liabilities as part of selling a subsidiary. See section 11.8.
Other financial liabilities	-	333	254	
Deferred taxes	134,569	119,846	123,722	Increase mainly derives from revaluation of investment property for which the Company makes a tax provision.
Total noncurrent liabilities	**534,080**	**493,972**	**486,218**	
Total liabilities	**817,503**	**666,686**	**651,936**	
Equity				

Equity attributable to equity holders of the company	876,303	788,627	804,729	
Non-controlling interests	35,191	39,433	40,701	Decrease derives from purchasing minority rights in Grafental project. See section 11.11.
Total equity	911,494	**828,060**	**845,430**	
Total liabilities and equity	**1,728,997**	**1,494,746**	**1,497,366**	

9. Activity Results:

	Nine months ending September 30		Three months ending September 30,		Year ending December 31	Explanation for the change
	2021	**2020**	**2021**	**2020**	**2020**	
		EUR in thousands				
Revenues from rental of properties	44,594	46,467	14,701	15,168	61,888	The decrease in the scope of revenues and cost of revenues is due to the sale of assets during the years 2020-2021, as part of refocusing the Company's strategy as specified in section 4 above.
Revenues from property management and others	17,951	18,706	5,978	6,107	24,678	
Property management expenses	(17,885)	(18,661)	(5,960)	(6,095)	(24,855)	
Cost of maintenance of rental properties	(7,659)	(9,164)	(2,572)	(2,886)	(11,606)	
Rental and management revenues, net	**37,001**	**37,552**	**12,147**	**12,294**	**50,105**	
Revenues from sale of apartments	8,301	65,470	-	29,163	72,548	Stage H has been completed and sold in full. As of the date of the report, the stages in construction are for rental.
Cost of sale of apartments	(7,304)	(51,939)	-	(24,269)	(58,172)	
Income from the sale of apartments	**997**	**13,531**	**-**	**4,894**	**14,376**	
Other income	-	500	-	-	500	
Equity in earnings (losses) of companies accounted at equity	(1,999)	262	-	262	262	
Gain from realization of investment in a company accounted at equity	-	2,011	-	2,011	2,011	
General and administrative expenses	(8,691)	(9,765)	(2,973)	(3,031)	(13,325)	
General and administrative expenses attributed to inventory of buildings under construction and inventory of real estate	(1,147)	(1,466)	(276)	(323)	(1,772)	
selling and marketing expenses	(42)	(57)	(20)	(13)	(68)	

Increase in value of investment property, net	88,926	68,366	21,349	16,079	83,221	The profit derives mainly from revaluation of residential income generating real estate.
Operating profit	**115,045**	**110,934**	**30,227**	**32,173**	**135,310**	
Financing expenses excluding the effect of exchange rate differences, CPI, and currency hedging transactions, net	(8,054)	(12,153)	(2,670)	(3,075)	(15,037)	Decrease derives from decline in the Company's leverage
Effect of exchange rate differences, CPI, and currency hedging transactions, net	(5,691)	5,189	(3,386)	2,863	3,728	Loss derives mainly from change in the EUR/NIS exchange rate
Change in fair value of financial instruments, loans and others (including early repayment costs of loans)	(12,433)	(930)	(7,933)	6,978	1,286	Loss mainly derives from decrease in value of the Company's holdings in marketable shares held by the Company
Income before taxes on income	**88,867**	**103,040**	**16,238**	**38,939**	**125,287**	
Taxes on income	(16,232)	(22,717)	**(2,189)**	**(8,726)**	(27,594)	
Net comprehensive income for the period	**72,635**	**80,323**	**14,049**	**30,213**	**97,693**	
Net and comprehensive income (loss) attributed to:						
Company shareholders	72,689	76,593	13,923	29,599	92,695	
Non-controlling interests	(54)	3,730	126	614	4,998	

10. Financing sources, liquidity and Cash flows:

	Nine months ending September 30		Three months ending September 30		Year ending December 31	Explanation for the change
	2021	2020	2021	2020	2020	
		EUR in thousands				
Cash flows provided by operating activities	13,266	52,432	1,685	6,802	51,826	See statement of cash flows
Cash flows provided by (used in) investing activities	(2,778)	83,771	(6,236)	5,667	94,377	The decrease is largely due to a decrease in sales of commercial properties, as well as from continued investment in projects under construction.
Cash flows provided by (used in) financing activities	(21,574)	(141,279)	(22,001)	(19,888)	(155,798)	The decrease is largely due to a decrease in the level of repayment of bank loans, due to the decrease in leverage in the Company.

10.1 Access to financing sources:

10.1.1 As of the report date, the Company finances its current operations mainly from cash flows received from the Company's subsidiaries from their current activities, and from bank financing and debentures raised by the Company.

10.1.2 For details regarding the transactions for selling part of its income-producing and development real estate assets, see section 1.1.3.1 of Chapter A to the 2020 periodic report and sections 11.1, 11.5, 11.6, 11.8, 11.12 and 11.13 below in connection with selling the Company's commercial assets in the reported period.

10.1.3 For further details regarding the refinancing of the Company's loans, see section 1.12 of Chapter A to the 2020 periodic report and sections 11.7 and 11.10 below.

10.1.4 For further details regarding the Company's compliance with financial covenants and liabilities, see section 1.12 of Chapter A to the 2020 periodic report.

It should be noted that following the corona crisis, the Company examined several scenarios and performed Stress Testing in order to assess the Company's ability to cope with the economic consequences of the corona crisis. The Company's board of directors considered the economic consequences of the spread of the Corona pandemic (Covid- 19) on the Company's operations, among others, according to various scenarios presented to the Company's board of directors in connection with the Company's ability to meet its obligations in stress conditions and the estimated effects on the Company's operations if the crisis continues. In the Company's opinion, the continued Corona crisis will not impair its ability to meet its obligations, among other things, in view of focusing the Company's activity in the field of residential real estate transactions in which the Company recently entered into contracts. For further details regarding the Company's estimates and the effect of the Corona crisis on the Company's operations see section 11.3 below.

The Company evaluates its accessibility to financing sources as very high, in light of its financial strength, the stability of its core activity, and the good relationships it has created with the banks financing real-estate projects in Germany, as well as excellent accessibility to the capital market in Israel (including the option of debt raising in Israeli market) , the Company's high debt rating and the decrease in the Company's leverage level while taking into account the possible implications of the continued spread of the Corona virus on the availability of credit sources in Israel and throughout the world.

For further details regarding the financing sources of the group see section 1.12 of Chapter A to this periodic report of 2020 and Note 11 to the consolidated financial statements of the group for 2020.

The Company's estimates regarding the consequences of the corona crisis and its ability to cope with the economic consequences of the corona crisis constitute forward-looking information as defined in the Securities Law. These estimates may not materialize or materialize other than estimated by the Company, inter alia, due to circumstances beyond the Company's control, including changes in virus infection, the state of world capital markets and government assistance in Germany to individuals and companies affected by the virus.

Examination of warning signs

In view of the Group's financial structure and on the basis of the financial data specified in the Company's consolidated as reviewed by the Company's management, the considerable decline in the Company's leverage level in the last year and taking into account the fact that if the Company had a cash flow need, the Company could have withdrawn management fees or dividends from its subsidiaries, the Board of Directors has determined that the fact that the Company's solo statements indicate ongoing negative cash flow from operating activities and the fact that the Company's consolidated financial statements as well as the Company's solo reports have working capital deficiency[14] does not indicate a liquidity problem therefore as of the date of this report, no warning signs are present.

[14] The working capital deficiency in the Company's consolidated financial statements is due to loans to be repaid in the coming year and the Company estimates that it will complete the refinancing of these loans.

The main considerations underlying the Board of Directors' decision were, among other things, as per the estimate of the Company's Board of Directors the fact that the Company, if required, has high access to additional sources of financing, including the ability to increase credit lines and use the unutilized credit lines and borrowings, raise capital (while paying attention to the Company's high access to capital markets) issuance of debentures (including in the Israeli market) , refinancing options under favorable terms, proceeds received during the year in connection with the sale of assets, forecast to receive proceeds from uncompleted transactions for selling assets, the option of selling assets (including as part of the Company's actions to sell a certain portion of the Company's assets and businesses within the refocusing of the Company's strategy in accordance with section 4 above), meeting its financial covenants and obligations, collateral release and more, as well as decrease in the Company's leverage level allowing financial flexibility.

After considering all of the above matters, the Company's Board of Directors has determined that, while taking into account the various financing options outlined above and the refocusing actions of the Company's businesses and agreements as specified in section 4, and in view of the projected cash flows from the Company's commitments in asset sale agreements as described in section 1.1.3 of Chapter A to the 2020 period report and sections 11.12 and 11.13, the existence of warning signs do not indicate a liquidity problem in the corporation.

The Company's estimates are forward-looking information, as this term is defined in the Securities Law, based on the Company's estimates. The factors that may have an effect that such estimates may not materialize, in whole or in part, or materialize other than anticipated, are numerous and include, among others, changes in the relevant markets, declines in capital markets due to the Corona crisis, deterioration or continuation of the economic crisis following the outbreak of the virus and the materialization of any of the risk factors stated in this report and the annual report of the Company.

10.2 FFO (Funds from Operations):

The FFO index is calculated as the net profit (loss) attributed to the Company's shareholders **from the income generating activity only** - **excluding the income from the sale of apartments in the Grafental project** (for further details on this project, see section 1.8 of Chapter A in the periodic report for 2020), with certain adjustments for non-operating items, affected by the revaluation of the fair value of assets and liabilities. The main adjustments include the fair value of investment properties, miscellaneous capital profits and losses, miscellaneous amortizations, adjustment of management and marketing expenses in connection with the establishment of the residential project in Grafental (as the revenues in respects to this project are not taken into account in the FFO), changes in fair value recognized for financial instruments, deferred taxes, and non-controlling interests for the above items.

The Company believes that this index more accurately reflects the Company's operational results, without the effects of the development segment, and its publication will provide a more accurate basis for the comparison of the Company's operating results in a certain period with prior periods and will allow comparisons between the operating results and other real-estate companies in both Israel and Europe.

The Company clarifies that the FFO index does not represent cash flows from operating activity in accordance with generally accepted accounting principles, nor does it reflect cash held by the Company and its ability to distribute it and further does not replace the reported net profit (loss). In addition, it is clarified that these indices do not constitute data audited by the Company's auditors.

Below is the calculation of the Company's FFO for said periods:

	Three months ending September 30, 2021	Three months ending September 30, 2020	Year ending December 31, 2020
Net profit attributed to the Company's shareholders	13,923	29,599	92,695
Adjustments for net profit (loss)			
a. Adjustments for revaluations			
Decrease (increase) in value of investment property and adjustments of liability value relating to investment property	(21,091)	(16,734)	(82,153)
Equity in losses (earnings) of companies accounted at equity	-	(262)	(262)
Change in fair value of financial assets and interest swap transactions at fair value	7,932	(8,390)	(1,117)
b. Adjustments for non-cash items			
Effects of indexing, and non-cash exchange rate differences and hedging transactions	3,546	(2,692)	(1,032)
Deferred tax expenses and taxes for prior years	1,855	10,504	27,751
c. one-off items / new activities / discontinued activities / other			
Professional services, one-off adjustments and others	(226)	(1,663)	548
Expenses relating to project management and marketing, in connection with the establishment of the residential project in Düsseldorf, and adjustments in respect of current leasing activity in the project	269	(29)	1,072
Adjustments for sale of apartments	-	(4,160)	(12,217)
Total of adjustments to net profit	(7,715)	(23,426)	**(67,410)**
F.F.O	**6,208**	**6,173**	**25,285**

As mentioned above, in the three months ended September 30, 2021, FFO totalled EUR 6.2 million. As per the Company's estimate, the FFO's representative annual level, considering the events that occurred this quarter, will amount to approximately EUR 24.8 million.

The estimates above, set forth by the Company in regards to the FFO's representative annual level, are forward-looking information as defined in the Securities Law, which is uncertain and may not materialize as it is effected by a variety of factors beyond the Company's full control including the state of the commercial real estate market and the residential real estate market in Germany.

10.3 EPRA NAV index and new EPRA indices – Net Asset Value (EUR in millions):

The EPRA NAV index is an index purported to show the net asset value of a real estate company according to the status paper of EPRA - European Public Real Estate Association, which was published in 2019 and implemented for the first time in 2020. The EPRA NAV Index has been replaced by three different new indices: EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Asset (NTA) and EPRA Net Disposal Value (NDV). The new indices replace the EPRA NAV index that the Company presented in the past. In addition, the Company continues to present the EPRA NAV index according to the previous guidelines and in addition the Company presents the new EPRA indices:

- The EPRA Net Reinstatement Value Index (NRV) - the purpose of the index is to reflect the net asset value of the company deriving from long-term real estate holdings. For the purpose of the calculating the index the Company neutralizes the effect of deferred taxes on investment property, revaluation of derivative financial instruments, transaction costs (as reflected in appraisal reports) and also revalues the assets presented as inventory at their fair value.

- The EPRA Net Tangible Assets (NTA) Index - the purpose of the index is to reflect the establishment costs of the company, including involved costs (transaction costs, etc.).

- EPRA Net Disposal Value (NDV) - the purpose of the index is to present the value of the company to shareholders under the scenario of immediate realization ("liquidation sale") of all assets. Therefore, this index takes into account all the effects of deferred taxes and transaction costs that are expected to materialize in this scenario.

The Company clarifies that the EPRA NRV, EPRA NTA and EPRA NDV data does not represent a valuation, nor does it represent a substitute of the data contained in the financial statements. It is further clarified that this data is not audited by the Company's auditors.

The following is the calculation of the Company's EPRA indices as of September 30, 2021:

	EPRA NAV	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributed to the Company's shareholders	876.3	876.3	876.3	876.3
Plus deferred taxes for EPRA adjustments (net of non-controlling interests)	135.8	135.8	135.8	-
Net of the fair value of derivative financial instruments, net	0.3	0.3	0.3	-
Revaluation of inventories	93.5	93.5	93.5	93.5
Plus Real Estate Transfer tax (RETT) and other transaction costs	-	107.8	73.1	-
Early repayment costs [15]	-	-	-	(8.9)
total	**1,105.9**	**1,213.7**	**1,179.0**	**960.9**

[15] EPRA NDV deducts the value of the difference between current interest on the Company's loans and the market interest according to the loans' duration.

For the purpose of comparative figures, the following is calculation of the Company's EPRA indices as of December 31, 2020:

	EPRA NAV	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributed to the Company's shareholders	804.7	804.7	804.7	804.7
Plus deferred taxes for EPRA adjustments (net of non-controlling interests)	109.9	109.9	109.9	-
Net of the fair value of derivative financial instruments, net	0.6	0.6	0.6	-
Plus profits not yet recognized for apartments sold and are under construction	0.2	0.2	0.2	-
Plus Real Estate Transfer tax (RETT) and other transaction costs	----	99.7	67.5	-
Early repayment costs	-	-	-	(9.3)
total	**915.4**	**1,015.1**	**982.9**	**795.4**

For the purpose of comparative figures, the following is calculation of the Company's EPRA indices as of September 30, 2020:

	EPRA NAV	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributed to the Company's shareholders	788.6	788.6	788.6	788.6
Plus deferred taxes for EPRA adjustments (net of non-controlling interests)	107.0	107.0	107.0	-
Net of the fair value of derivative financial instruments, net	0.7	0.7	0.7	-
Plus profits not yet recognized for apartments sold and are under construction	1.7	1.7	1.7	-
Plus Real Estate Transfer tax (RETT) and other transaction costs	----	99.4	67.3	-
Early repayment costs	-	-	-	(9.3)
total	**898.0**	**997.4**	**965.3**	**779.3**

11. Material events and changes in the reporting period and thereafter until the publication date of this report:

11.1 Entering into a transaction for selling an additional part of the Company's commercial real estate assets:

Further to Section 1.1.3.1 (b) of Chapter A to the 2020 periodic report the completion of the sale of the remaining asset included in the transaction was completed on June 30, 2021.

11.2 Entering into transaction for selling a parcel of land in Gerresheim -

As specified in section 1.1.3.2 of Chapter A of the periodic report for 2020, on September 22, 2019, the Company entered into agreement for selling 75% of the Company's holdings in the sub-partnership which holds the Gerresheim project. For further details regarding the transaction terms see section 1.1.3.2 of Chapter A of the periodic report for 2020 and the Company's immediate reports dated September 23, 2019, May 15, 2020, July 27, 2020, December 29, 2019 and March 31, 2020 Reference numbers: 2019-01-098212, 2020-01-048417, 2020-01-079464, 2019-01-114996 and 2020-01-033495, respectively, which are included by way of reference.

During the period of the report, the Company learned that the delay of the zoning plan approvals in connection with the project is due to objections of the Deutsche Bahn AG.

In the view of the Company, such objections are relatively common in the process of building a project in the size and scope of Gerresheim.

The Company has been holding ongoing discussions with the Düsseldorf Municipality which is continuing to be supportive of the project and has expressed its interest in advancing the receipt of the required zoning approvals.

Nevertheless, on August 25, 2021, the Company's Board learned that despite the progress in contacts between the Company and the Düsseldorf municipality, due to the prolongation of the negotiation between the Düsseldorf municipality and the German railway company, a further delay would occur in connection with the zoning plan.

To the Board's estimation, and based on the information provided to it by the competent authorities in Germany, the approval is expected to be received during the first half of 2022. In order to prevent further delays due to the DB objections, the Company is holding discussions with the Düsseldorf municipality on a possibility of dividing the zoning plan.

Following the foregoing regarding the delays in obtaining the zoning plan approvals (and the delay caused by it in the payment of the second installment of the Gerresheim Transaction and it effect on the profitability of the transaction from the Company's point of view), the Company has decided to prepare for the cancellation of the Transaction.

The Company's intention to prepare for the cancellation of the Transaction, derives, among others, from the Company's estimations that the delays in the approvals (that grants the Buyer[16]to right to rescind the Transaction[17]) and as a result the beginning of the construction on a later date than planned, shall make it harder for the Buyer to finance the transaction. In this context, it should be mentioned that during June 2021, the Company granted the project a bridge loan in an amount of approx. EUR 3.8 million, in the place of the Buyer. In addition, the Company's decision derives from the improvement in its financial profile (low leverage rate), and the focus of its business in the field of residential real estate, including development real estate.

The Company informed the Buyer that it desires to prepare for the cancellation of the Transaction and the Buyer clarified that in light of the delays in the zoning plan approvals from the authorities and the project in general, it does not intend to object.

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[16] For further details regarding the buyer in the transaction see the Company's immediate report dated July 27, 2020 (Reference No. 2020-01-079464).

[17] See in this context Section 1.2 of the Company's immediate report dated July 27, 2020 (Reference No. 2020-01-079464).

In accordance with and following the foregoing, after the reported period, the Company entered into an MOU with the Buyer according to which the transaction will be canceled ("the cancellation transaction"), subject to the conditions set forth in the MOU, including obtaining the required consents under the financing agreements, obtaining binding tax ruling in connection with the tax aspects of the cancellation transaction.

For further details regarding the MOU terms, the effect of the cancellation transaction on the Company, the consent of the parties not to exercise any cancellation or other termination right that they may have in connection with the agreement for the purchase of shares during the determined period and regarding the significance of the cancellation on the further development of the project, see the Company's immediate report dated October 20, 2021 (reference number: 2021-01-158193), which is hereby included by way of reference.

It is indicated that the Company obtained a valuation from an external appraiser (NAI APOLLO) regarding the value of the land, as of September 30, 2021, amounting to EUR 270 million. However, since the Company presents in its books the land as real estate inventory measured by cost, the land is presented at cost of approximately EUR 164.6 million only. The valuation was based in part on discounting projected cash flows from leases and in part on projected cash flows from sales, all in accordance with management plans.

The Company's estimates in connection with the cancellation of the transaction and the continued project development, including in connection with the date of obtaining the required zoning plan, constitute Forward-Looking Information, as such term is defined under the Securities Law, 1968. These estimates may not be realized or may materialize differently from the Company's expectations, inter alia due to non-receipt of the consent of third parties as required.

11.3 Outbreak of the Corona virus

Following the outbreak of the Corona Virus (COVID-19) in China in December 2019, and spreading to many other countries in 2020, there has been a decline in economic activity in many regions of the world and in Israel and Germany as well. The spread of the virus, among other things, has disrupted the supply chain, a decrease in the volume of global transport, traffic and employment restrictions imposed by the Israeli government and many governments worldwide, as well as declines in the value of financial assets and commodities in markets in Israel and around the world. In addition, in accordance with the directives of the governments of Germany, the Netherlands and Israel, the activity of businesses was banned or restricted, presence of manpower in workplaces was significantly restricted, education systems were shut down and restrictions were imposed on leaving homes. In the last quarter of 2020 and the first half of 2021, the spread of the virus has deteriorated in Germany and the German government imposed new restrictions in order to stop the spread of the virus and vaccination campaign began in Israel and Europe. At the same time, at the end of the second quarter of 2021 and during the third quarter, signs of an outbreak of the Indian variant "Delta" of the corona disease were observed, which as of the date of this report, it appears that it was contained, among others, in view of the vaccination campaign. Nevertheless, at this stage it is not possible to assess the success of the vaccination campaign and/or the continued spread of the virus, including the efficacy of vaccines against virus mutations, which began to spread worldwide and in Israel and whether the crisis is nearing completion in the upcoming quarters or may take longer.

The Company's risks and exposures

The activity of the Company since the beginning of the crisis until today continues regularly subject to the restrictions and guidelines of the relevant governments in countries in which the Company operates.

It should be indicated that the Corona crisis and the related economic crisis may create an exposure for the Company mainly in the income producing real estate sector, both in view of the impact of the Corona crisis on daily business activity in Germany and the ability of businesses to continue their operations and pay rental fees for commercial assets and (to a lesser extent) for residential assets in view of harm to income of private tenants, including their ability to meet their obligations to the Company and pay rental and/or the Company's ability to find tenants for vacant spaces.

In addition, the Company has an exposure also in the real estate development sector since the impact of the economic crisis on global economy and on Germany in particular, may have an effect on the rate of obtaining building permits and the demand for apartments and cause a decrease in the value of the apartments for sale and/or decrease in the sales rate of apartments (although as of the report date, the Company is not aware of indications of changes in selling prices of apartments and/or change in construction costs).

With respect to the effects on the Company's operations during 2020, see section 1.5.6 of Chapter A of the periodic report for 2020.

Specific effects of the Corona virus on the Company's operating results in the reported period

The Company's revenues were not significantly harmed, among other things, in view of actions taken by the Company that focused its activities on residential properties, which reduced the Company's exposure to commercial tenants as well as the German government's assistance to commercial tenants.

- In 2020, the financial situation of various tenants in the commercial real estate sector was harmed which continued in the reported period and led to difficulties in paying rent and management fees, delaying in lease agreements renewal and finding tenants for vacant spaces such that as of September 30, 2021, trade receivables' balance of approximately EUR 0.9 million which constitutes approximately 17% of the Company's annual revenues in the commercial real estate sector has not yet been received due to deferral of payments and/or cancellation due to the Corona crisis. It should be indicated that due to Company's reduced exposure to the commercial real estate sector this decrease in collection rate had no material effect on the Company's cash flows.

  In the residential income producing sector the change in occupancy rate as of September 30, 2021 and the financial statements' approval date, was insignificant in relation to the average occupancy rate in 2019 and 2020 as well as a change in the rate of cancellations and delays in collection is negligible.

- In accordance with valuations as of June 30, 2021, conducted by external appraisers and sales agreements signed after the report date, the Company recorded a decrease in value of approximately EUR 6.3 million in respect of impairment of real estate in the income generating commercial sector.

- The crisis did not have a negative effect on the Company's residential assets. In 2020, there was a decrease in discount rates used to measure the fair value of some of the Company's investment properties in the residential real estate sector and this trend continued in the reporting period. In the reporting period discount rates have decreased at a rate of 0.32% due to changes in market conditions during the period, based on valuations as of September 30, 2021 conducted by external appraisers. As a result, there was an increase in the fair value of residential assets and a gain from a change in the fair value of approximately EUR 101 million was recognized.

- With regard to the development sector, as of September 30, 2021 and as of the date of the report, the Company is not aware of any indications of a change in selling prices of apartments and/or a change in construction costs.

- In accordance with the above, until the approval date of the financial statements, the impact of the crisis on the Company's cash flow was insignificant, in part due to the reduced exposure to commercial real estate and proceeds received from property realization and considering changes in tenants' collection rates and slowdown in apartment sales in development projects.

- The Company estimates that if the spread of the Corona virus and its effects will worsen over time, this could have significant adverse effects on the global economy and, as a result, on the markets in which the Company operates and on its areas of activity and operating results. Nevertheless, the Company estimates that the recent measures taken to reduce the Company's leverage rate, focusing its activity on the residential sector and in view of the Company's geographical and sectoral distribution, ranking, location and occupancy levels of the Company's assets, the exposure level of the Company's business to the Corona crisis and/or significant instability is decreasing and it has the means allowing it to cope properly with the economic crisis.

For further details on the impact of the Corona crisis on the Company's operations see Note 5(4) of the financial statements of the Company attached to this report.

The Company's estimates in relation to the consequences of the corona crisis and the effects of the measures taken by the Company to reduce the Company's leverage and which will allow it to adequately cope with the economic crisis constitute forward-looking information as defined in the Securities Law. These estimates may not materialize or materialize other than the Company's estimates, inter alia, due to circumstances beyond the Company's control, including changes in virus infection trends, situation of global capital markets, deterioration or continuation of the economic crisis following the virus outbreak and German government assistance to individuals and companies that were affected by the virus.

11.4 <u>Receipt of a loan from the controlling shareholder</u> - On May 9, 2019, the Audit Committee and the Company's Board of Directors approved the receipt of a credit facility in the amount of EUR 100 million from ADLER, the controlling shareholder of the Company from which EUR 44.2 million were drawn down. During January and March 2020, the Company repaid the entire debt to the controlling shareholder, so that as of the date of the report, there is no debt balance to the controlling shareholder. For further details regarding the manner of approving the transaction, see the Company's immediate reports from July 14, 2019 and May 11, 2019 (reference number: 2019-01-060426 and 2019-01-0040008, respectively), and Regulation 22 of additional details chapter, attached as Chapter D to the Periodic Report 2019, which are hereby included by way of reference. It should be indicated that the credit facility was ended on May 9, 2021 and as of the report date the Company does not believe it is necessary to renew such facility.

11.5 On November 5, 2020, the Company entered into agreement for selling an additional asset of the Company's commercial income generating portfolio, totalling approximately € 11 million. The sale of the asset was completed on January 29, 2021.

11.6 On December 30, 2020, the Company entered into agreement for selling an additional asset of the Company's commercial income generating portfolio, totalling approximately € 6.4 million. The sale of was completed on August 31, 2021.

11.7 During January 2021, the Company, through its sub- subsidiaries, entered into a refinancing agreement with a German bank for a loan of approximately EUR 100.5 million. The loan bears an average annual interest rate of approximately 1.41% with a repayment date in June, 2023. The refinancing was accounted for as immaterial change in the debt's terms. The change had no material effect on profit or loss.

11.8 On February 26, 2021, the Company sold a subsidiary that holds an asset from the income generating commercial portfolio of the Company for EUR 9 million. The consideration balance from the sale was used for repayment of the shareholders' loan granted to the subsidiary.

11.9 On February 12 and April 14, 2021, the Audit Committee and the Company's Board of Directors, respectively, approved the Company's separation agreement between the Company and its controlling shareholder and certain officers in the Company who also serve as officers in ADLER (" **Separation agreement**) which confers upon the Company, among others, first right of refusal in relation to business opportunities relevant to the Company in its field and areas of activity. For further details, see the Company's immediate report from April 18, 2021 (reference number 2021-01-064047) which is included herein by way of reference.

11.10 During May 2021, the Company, through a sub- subsidiary, took a loan from a German banking corporation of approximately EUR 22.6 million. The loan taken on or about the repayment completion date of a loan from the same banking corporation bears an average annual interest rate of approximately 1.25% payable quarterly. Loan principal is payable in 19 equal quarterly payments of EUR 56.5 thousand and the principal's balance will be paid in May 2026.

11.11 On June 30, 2021, the Company and another company that holds a negligible rate for regulatory purposes in the asset companies of the controlling shareholder of the Company (the "Additional Buyer") signed an agreement to acquire investor rights in a subsidiary holding the various stages of the Grafental project for a total of about 18 EUR million, when the Company acquired 5.8% of the rights for EUR 6.6 million and the additional buyer, who received a loan of about EUR 11.4 million from the Company, purchased the remaining 10.1% of the rights for EUR 11.4 million. The total consideration was paid to the investors on July 1, 2021.

11.12 On August 5, 2021, the Company entered into a transaction for the sale of another property from the Company's income generating commercial real estate portfolio for a total of approximately EUR 16.5 million. The sale of the property is expected to be completed in the first quarter of 2022. For further details, see the Company's immediate report dated August 8, 2021 (Reference No.: 2021-01-128586), which is hereby included by way of reference.

11.13 On November 3, 2021, the Company entered into a transaction for the sale of another property from the Company's income generating commercial real estate portfolio for a total of approximately EUR 13.6 million. The sale of the property is expected to be completed in the first half of 2022

The Company's assessments in connection with the transactions specified in sections 11.2 and 11.3 including in connection with the completion date of the transactions, constitute forward-looking information, as defined in the Securities Law. These assessments may not be realized or will be realized differently than the Company's assessments, inter alia, due to the non-acceptance of the consent of third parties as required for the purpose of completing the transaction.

11.14 After the date of the financial statements, there was a significant decrease in the value of the Company's investment in securities of a public company incorporated in Germany, which after the date of acquisition of its shares by the Company, the control of such company was acquired by an indirect controlling shareholder in the company and its shares are traded in Frankfurt's Regulated Unofficial stock exchange which 3.02% of its shares are held by the Company. This investment is classified as a financial instrument presented at fair value through profit or loss of approximately EUR 23.4 million, as of September 30, 2021. Following the decrease in value that occurred after the date of the financial statements as stated above, the value of this investment, as of the approval date of the financial statements, is about EUR 9.4 million (grossing up a loss to the Company of approximately EUR 25.6 million in relation to the original investment amount).

11.15 For further details regarding significant events in the Company, see Note 5 to the Company's financial statements attached to this report.

Part B - Disclosure on material and very material valuations and material appraisers

The valuation of a very material investment property (Leipzig Residential Portfolio) is attached to this periodic report as a very material valuation. The valuations of "material" investment property[18]are not attached to the quarterly report as they are "material"[19]but not "very material"[20] .Below is the summary of the data regarding these valuations.

[18] as defined in the reports' regulations.
[19] as defined in the reports' regulations.
[20] as defined in the reports' regulations.

identification of the valuation subject	Valuation timing (validation date)	The value of the valuation subject before the valuation date (assuming the accepted accounting principles, including depreciation and amortizations would not have required the change of its value according to the valuation) (EUR in thousands)	Value of the valuation subject as determined according to its value (Euro in thousands)	Identification of the appraiser and its characteristics including education, experience in performing valuations for accounting purposes in reporting corporations in scopes similar to the reported valuation or exceeding these scopes and the dependency upon the party who ordered the valuation including reference to indemnification agreements with the appraiser	The valuation model used by the appraiser	The assumptions under which the appraiser performed the valuation according to the valuation model				
						Capitalization rate – Exit Cap rate	long term inflation rate	Terminal rate	Prices used as a basis for comparison	Number of comparison bases.
Leipzig Residential portfolio	Signing – October 22, 2021 Effective date – September 30, 2021	288,310	292,280	CBRE Michael Schlatterer (MRICS, RICS Registered valuer) Independent appraisers with experience in appraising assets of similar scale. No indemnification agreement, except indemnification with respect to liabilities arising from incorrect or inaccurate information provided by the Company.	**DCF**	2.94%	1.50%-2.00%	370,734	Comparative transactions, which include a price per square meter, for properties with similar characteristics	CBRE database regarding signed lease agreements for approximately 1,183 apartments in Leipzig
Bremen Residential portfolio	Signing – October 22, 2021 Effective date – September 30, 2021	82,080	84,950	CBRE Michael Schlatterer (MRICS, RICS Registered valuer) Independent appraisers with experience in appraising assets of similar scale. No indemnification agreement, except indemnification with respect to liabilities arising from incorrect or inaccurate information provided by the Company.	**DCF**	3.97%	1.50%-2.00%	107,953	Comparative transactions, which include a price per square meter, for properties with similar characteristics	CBRE database regarding signed lease agreements for approximately 127 apartments in Bremen

Kiel Residential portfolio	Signing – October 22, 2021 Effective date – September 30, 2021	86,640	89,220	CBRE Michael Schlatterer (MRICS, RICS Registered valuer) Independent appraisers with experience in appraising assets of similar scale. No indemnification agreement, except indemnification with respect to liabilities arising from incorrect or inaccurate information provided by the Company.	**DCF**	3.52%	-1.50% 2.00%	116,848	Comparative transactions, which include a price per square meter, for properties with similar characteristics	CBRE database regarding signed lease agreements for approximately 100 apartments in Kiel

12.2 Additional information regarding an appraiser and the underlying assumptions of the valuation model

On June 23, 2020, the Company's Board of Directors decided to enter into agreement with the appraiser CBRE instead of the appraiser Savills and the valuations detailed above were conducted by CBRE as of September 30, 2021. The decision to enter into agreement with CBRE in lieu of Savills is mainly due to the level of expertise of CBRE which is the largest and leading company in the German market in the field of real estate services.

The rate of assets being valued by CBRE constitutes 73.11% of the total assets in the company's balance sheet, and the identity of the organ in the corporation that decided on such agreement is the Company's board of directors. CBRE are not dependent on the Company. For further details, see the Leipzig's valuation attached to this report.

During the reporting period there was a decrease in the discount rates used to measure the fair value of some of the Company's investment properties in the residential segment at a rate of approximately 0.32% due to changes in market conditions during the period and among other things, the residential sector in Germany positions itself during the Corona crisis as a stable and attractive investment following subsidies and assistance provided by the German government to protect tenants. As a result, the fair value of the residential assets has increased and a profit from change of fair value of EUR 101 million was recognized. Also, another reason for the increase in the fair value of residential real estate properties is an increase in real estate rental prices in Germany which continued to rise during 2021, despite the Corona crisis. The main reason is due to the fact that the residential real estate sector in Germany has positioned itself during the Corona crisis as a stable and attractive investment as described above, thus many new investors, who previously invested in different sectors, started investing in this sector, contributing to increase market prices.

During the reporting period, there was a decrease in the fair value of the Company's income generating commercial real estate assets. In accordance with the valuations as of June 30, 2021 conducted by CBRE, the Company recorded an impairment of approximately EUR 6.3 million due to the decrease in value of real estate assets in the income generating commercial real estate sector.

13. Following are details regarding to the liability certifications issued by the Company, which are at the possession of the public at the date of the report, according to the eighth addendum of the securities regulations of the reports' regulations:

	Bonds (Series B)	Bonds (Series C)
Is the series material as this term is defined in Regulation 10(B)(13)(a) of the Reports' Regulations?	Yes	Yes
Date of issue	May 21, 2013	July 22, 2014
Date of expanding series	February 4, 2014	April 4, 2016
Par value on the date of issue (thousands NIS)	175,000	102,165
Par value on the date of expanding series (thousands NIS)	240,000	160,180
Par value as at 30.09.2021 (thousands NIS)	144,000	140,566
Linked par value as at 30.09.2021 (thousands NIS)	148,903	143,367
Sum of cumulative interest plus linkage differentials (thousands NIS) as at 30.09.2021	1,225	926
Value in financial statements as at 30.09.2021 including interest payable (thousands NIS)	149,675	143,719
Value at the stock exchange as at 30.09.2021 (thousands NIS)	161,683	167,442
Type and rate of interest	3.29% (annual, linked, fixed rate), subject to adjustments in case of changes in the rating of the bonds (Series B) and/or non-compliance with the financial covenants as specified in Sections 2.8.4.12 and 2.8.4.13 of the shelf prospectus[21]	3.30% (annual, linked, fixed rate), subject to adjustments in case of changes in the rating of the bonds (Series C) and/or non-compliance with the financial covenants as specified in Sections 2.8.4.12 and 2.8.4.13 of the shelf prospectus
Dates of paying principal	Payable in 12 unequal annual instalments on December 31 of each year 2013 to 2024 (inclusive), as such	Payable in 12 unequal annual instalments on July 20 of each year 2015 to 2026

[21] The Company's shelf prospectus dated May 24, 2012 and its amendments from May 24, 2012, May 9, 2013 and July 14, 2014 (Reference: 2012-01-134232, 2012-01-135258, 2012-01-058417 and 2014 -01-113694, which is hereby included by way of reference ("shelf prospectus").

	that each of the first seven instalments will constitute 4% of the principal of the total par value of the bonds (Series B), and each of the last five instalments will constitute 14.4% of the principal of the total par value of bonds (Series B); the first principal payment on December 31, 2013.	(inclusive), as such that each of the first nine instalments will constitute 2% of the principal of the total par value of the bonds (Series C), the tenth payment will constitute 17% of the principal of the total par value of bonds (Series C), and each of the final two instalments will constitute 32.5% of the principal of the total par value of bonds (Series C); the first principal payment on July 20, 2015.
Dates of paying interest	Payable on December 31 and June 30 of each year 2013 to 2024 (inclusive), effective from December 31, 2013. The last interest instalment will be paid on December 31, 2024.	Payable on January 20 and July 20 of each year 2015 to 2026 (inclusive), effective from January 20, 2015. The last interest instalment will be paid on July 20, 2026.

Linkage base (principal and interest)	Linked (principal and interest) to the consumers' price index published on February 15, 2013 in respect of April 2013	Linked (principal and interest) to the consumers' price index published on May 15, 2014 in respect of June 2014.
Are they convertible?	No	No
Company's right to perform early redemption or forced conversion	The Company may (but is not obligated to), at any time and at its sole discretion, make an early redemption of some or all of the bonds (Series B), as it chooses, until the date of the final repayment of the bonds (Series B), according to the decisions of the Company's Board of Directors. For further details, please see Section 2.8.15 of the shelf prospectus.	The Company may (but is not obligated to), at any time and at its sole discretion, make an early redemption of some or all of the bonds (Series C), as it chooses, until the date of the final repayment of the bonds (Series C), according to the decisions of the Company's Board of Directors. For further details, please see Section 2.8.15 of the shelf prospectus.
Was a guarantee provided for the payment of the Company's liabilities under the deed of trust?	No	No

14. Rating:

On March 25, 2021, Maalot S&P announced the ratification of the rating (ilAA- / stable). For the updated rating report see the Company's immediate report dated March 25, 2021 (reference no: 046446- 01-2021) which is included herein by way of reference. It should be indicated that on October 14, 2021, Maalot S&P announced the inclusion of the Company's ratings on credit watch with negative consequences following the weakening of the Group's credit quality and the inclusion of the parent company and controlling shareholder's ratings on credit watch with negative consequences. For further details, see immediate report dated October 14, 2021 (Reference No.: 2021-15-088183) which is included by way of reference.

15. Compliance with terms and liabilities according to the deed of trust:

To the Company's best knowledge, as of the report date and over the reported year, the Company has complied with all terms and liabilities according to the deeds of trust[22], including at the end of the Report Period, when the Company complied with all the financial covenants prescribed in the deed of trust of February 24, 2011 (as amended on October 30, 2012 and January 29, 2017) between the Company and Reznik Paz Nevo Trust Ltd, the trustee for the bond holders (series A) that were fully repaid as specified in section 11.4 above and in the deed of trust dated May 9, 2013 (as amended on January 29, 2017 and July 3, 2017) between the Company and Reznik Paz Nevo Trust Ltd, the trustee for the bond holders (series B), and in the deed of trust for bond holders dated July 14, 2014 (as amended on January 29, 2017 July 3, 2017 and May 27, 2018) between the Company and Reznik Paz Nevo Trust Ltd, the trustee for the bond holders (Series C), (below and respectively: the trustee and the deeds of trust) including the following financial covenants:

A. At the end of each quarter the ratio of the Company's equity to its financial debt, net, according to solo reports for that date, will not be under 187.5%[23]:

The Company's equity, which is attributed to the majority shareholders at the Report Period, namely, as of September 30, 2021, is EUR 876.3 million.

The financial debt, net, according to solo reports of the Company, as of the same date, is EUR 71.1 million.

Therefore, the ratio of the Company's equity to the financial debt, net, according to solo reports as of the end of the Report Period, namely, as of September 30, 2021, is approximately 1,233.07%.

B. The ratio of the charged share value to net debt will not be less than the basic ratio (as defined hereunder).

With respect to the bond holders (Series B):

"**The Basic Ratio**": the ratio of the charged shares' value to a net debt of 175%.

[22] As for the issue of the existence of grounds for calling for immediate repayment of the bonds (Series A, B, and C) due to change in control of the Company and the resolution of the bondholders (Series A, B, and C) to grant a waiver regarding such grounds which were established, see section 19 to the board of directors' report for 2018 attached as chapter B to the Company's 2018 periodic report (reference number 021450-01-2019) which is included herein by way of reference).

[23] The requirement to meet this ratio is relevant only to the bondholders of Series A and B.

"**Net debt**": the ratio of the bonds' principal (series B), plus accumulated linkage differentials and interest that are not yet paid.

The number of charged shares of BGP as of September 30, 2021: 640,027.

The total issued share capital of BGP as of September 30, 2021 and the signing date of the report: 1,978,261.

The rate of charged shares out of the issued capital share of BGP as of September 30, 2021: 32.4%.

BGP's equity, attributed to its shareholders, as appears in the Company's financial statements as of September 30, 2021: EUR 924,296 thousand.

The EUR/NIS representative exchange rate known, published by the Bank of Israel, as of the signing date of the report: NIS 3.5517.

The value of the charged shares: NIS 1,062,092 thousand.

Net debt: NIS 150,128 thousand.

Accordingly, the ratio between the charged shares' value to net debt, as of the end of the Report Period, is approximately 707%, therefore the Company meets this ratio as well.

With respect to the bond holders (Series C):

"**The Basic Ratio**": the ratio of the charged shares' value to a net debt of 175%.

"**Net debt**": the ratio of the bonds' principal (series C), plus accumulated linkage differentials and interest that are not yet paid.

The number of charged shares of BGP as of September 30, 2021: 394,430.

The total issued share capital of BGP as of September 30, 2021 and the signing date of the report: 1,978,261

The rate of charged shares out of the issued capital share of BGP as of September 30, 2021: 19.9%.

BGP's equity, attributed to its shareholders, as appears in the Company's financial statements as of September 30, 2021: EUR 924,296 thousand.

The EUR/NIS representative exchange rate known, published by the Bank of Israel, as of the signing date of the report: NIS 3.5517.

The value of the charged shares: NIS 654,536 thousand.

Net debt: NIS 144,293 thousand.

Accordingly, the ratio between the charged shares' value to net debt, as at the end of the Report Period, is approximately 454%, therefore the Company meets this ratio as well.

In addition, the Company committed under the financial covenants set forth in the deeds of trust that:

a. **Minimum equity:** Pursuant to the Series B and C deeds of trust - the equity attributed to the majority shareholders shall not fall below EUR 150 million and EUR 190 million, respectively. As of the report date, the equity attributed to the majority shareholders is EUR 876.3 million.

b. **Restrictions on dividend distribution:** Under Series B and C deeds of trust -not to distribute dividends and/or distribute equity to its shareholders, and/or repurchase its treasury shares or its convertible securities if it will result in equity attributed to the majority shareholders that is lower than EUR 160 million and EUR 200 million, respectively, and/or the debt ratio to CAP (as defined below) that will exceed 70%.

   As of the report date, the equity attributed to the majority shareholders is EUR 876.3 million and the debt ratio to CAP is 40.62% (as detailed below).

c. **Maximum CAP ratio:** The ratio between the net financial liabilities and its equity in addition to non-controlling interests and other financial liabilities (CAP) shall not exceed 75% pursuant to the Series B and C deeds of trust and is calculated in the following manner: (it is indicated that the value of items B - deferred loans - and C - negative equity - defining CAP as specified in the bond deed is zero):

	EUR in Thousands
Financial liabilities according to solo reports	77,956
Financial liabilities of the subsidiaries	577,328
Net of cash, cash equivalents and deposits	(31,670)
Net financial debt – consolidated	**623,614**
CAP[24]	
Equity including non-controlling interests	911,494
Net financial debt, consolidated	623,614
CAP	1,535,108

Therefore, **this ratio is 40.62%** whereas according to the deeds of trust such a ratio should be lower than 75% for Series B and C.

[24] Total equity and debt (CAP) – "the net consolidated financial debt" in addition to all the items below: a) the Company's equity (including minority interests) as stated in the audited or reviewed consolidated statements of the Company; b) the Company's deferred loan balance (as defined below); and c) impairments recorded in the consolidated financial statements (as far as recorded) in respect to the charged assets to secure the loans in the amount of the difference between the recourse and the loan carrying value in the Company's consolidated financial statements. "Deferred loans" – any loan the Company received from any party, which under its terms is subordinate in the repayment level to bonds (Series A), bonds (Series B), bonds of Series C - F, or convertible bonds Series G – K to be issued, as far as they will issue, according to the shelf prospectus and which cannot be repaid (principal and/or interest) throughout the term of the aforementioned bonds.

16. **Description of the charged properties for securing the Corporation's undertakings according to the liability certificates:**

For details regarding the charges for securing the Company's undertakings pursuant to the terms of the Company's bonds (Series B and Series C), which are in force pursuant to any law and the Company's incorporation instruments, as of the report date and the report signing date, see section 20 of the board of directors' report for 2020 attached as Chapter B to the periodic report of the Company for 2020 (reference number 026034-01-2021) which included herein by way of reference (2020 periodic report).

17. **Attaching the financial statements of BGP:**

According to the legal position No 103-29 of the Securities Authority (" due diligence findings with respect to disclosure regarding securities and/or liens provided by reporting corporations to secure the repayment of liability certificates") in the case of pledging the investee's shares, the corporation is required to attach audited/reviewed financial statements of the investee, as the case may be, on a quarterly basis, until the date of full repayment of the liability certificates.

However, as of the date of the Periodic Report, the only differences between the financial statements of the Company and the financial statements of BGP, the 100% investee company held by the Company whose shares are pledged to bondholders (**the pledged investee company**) is the amount of cash held by the Company itself on the assets' part and the bonds issued by the Company on the liabilities' part (as reflected in the Company's solo reports), so as a result the consolidated financial statements of the Company are virtually identical to those of the pledged investee company (excluding cash held by the Company and the bonds it issued) and therefore the Company has not attached separate financial statements of the pledged investee company.

The following is data as of September 30, 2021, with respect to the assets and liabilities of the Group which are not included in the consolidated statements of the pledged investee company, compared to the assets and liabilities of the pledged investee and the total consolidated balance sheet:

Data as of September 30, 2021 (EUR in thousands)	The Company Consolidated	Assets/liabilities In the pledged investee company	Assets/liabilities In unpledged companies
Total assets	1,728,997	1,698,614	30,383
Current assets and held for sale	67,112	60,109	7,003 *
Noncurrent assets	1,661,885	1,638,505	23,380
Total liabilities	817,503	739,127	78,376
Current liabilities and held for sale	283,423	272,181	11,242 **
Noncurrent liabilities	534,080	466,946	67,134 ***
Non- controlling interests	35,191	35,191	-
Total equity attributed to shareholders	876,303	924,296	(47,993)
Rate of assets out of the total assets in the balance sheet	100%	98%	2%
Rate of liabilities out of the total liabilities in the balance sheet	100%	90%	10%
Rate of equity out of the total equity in the balance sheet	100%	105%	(5%)

* Mainly cash and liquid balances held by the Company (solo);
** Mainly current maturity of principal of bonds (Series B – C) issued by the Company and interest payable for said bonds;
*** Mainly balance of bonds principal (Series B – C) issued by the Company.

Names of signatories	Position	Signature
Patrick Burke	Chairman of the Board of Directors	___________________
Thierry Beaudemoulin	CEO	___________________

November 24, 2021

BRACK CAPITAL PROPERTIES NV

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

UNAUDITED

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IN THOUSANDS OF EUROS

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Auditor Review Report to the Shareholders of Brack Capital Properties NV

Introduction

We have reviewed the accompanying financial information of Brack Capital Properties NV and its subsidiaries (hereinafter – the Group), which includes the interim condensed consolidated statements of financial position as of September 30, 2021 and the interim condensed statements of profit or loss and other comprehensive income, changes of equity and cash flows for the nine- and three-month periods then ended. The Board of Directors and Management are responsible for preparing and presenting financial information for these interim periods in accordance with IAS 34, Interim Financial Reporting, and are responsible for preparing financial information for these interim periods in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express our conclusions with regard to the financial information for these interim periods, based on our review.

Scope of the Review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of financial information for interim periods consists of inquiries, mainly from people responsible for finances and accounting, and of the application of analytical and other reviewing procedures. A review is significantly limited in scope relative to an audit conducted according to generally accepted Israeli auditing standards, and therefore does not allow us to achieve assurance that we have been made aware of all material issues that might have been identified in an audit. Accordingly, we are not expressing an audit opinion.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the above financial information has not been prepared, in all material aspects, in accordance with IAS 34.

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

November 24, 2021 Amit, Halfon, CPAs

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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2021	September 30, 2020	December 31, 2020
	Unaudited	Unaudited	Audited
	€ in thousands		
Current Assets			
Cash and cash equivalents	23,728	39,333	34,814
Restricted deposits, financial assets and other receivables	23,527	20,341	15,959
Income receivable and other receivables from the sale of apartments	553	2,760	3,405
Tenants and trade receivables, net	2,374	1,222	1,399
Inventory of buildings under construction	-	4,023	2,477
	50,182	67,679	58,054
Assets of disposal groups held for sale	16,930	25,511	27,821
Non-Current Assets			
Investments and loans in companies accounted at equity (Note 5(5))	2,153	22,651	22,949
Investment in financial assets measured at fair value through profit or loss	29,905	41,467	42,588
Inventory of real estate (Note 5(5))	213,736	48,055	52,550
Investment property – real estate rights and investment property under construction	89,800	58,558	60,900
Investment property – income generating assets	1,302,671	1,223,419	1,225,446
Restricted deposits for investments in assets	7,156	6,854	6,612
Other accounts receivable, fixed assets and other financial assets	11,701	361	259
Deferred taxes	4,763	191	187
	1,661,885	1,401,556	1,411,491
	1,728,997	1,494,746	1,497,366

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2021	September 30, 2020	December 31, 2020
	Unaudited	Unaudited	Audited
	€ in thousands		
Current Liabilities			
Current maturities of loans from banks	244,951	131,310	130,739
Current maturities of debentures	10,822	9,813	10,013
Accounts payable and other financial liabilities	27,565	27,324	20,972
Advances from apartment purchasers	-	820	33
	283,338	169,267	161,757
Liabilities of disposal groups held for sale	85	3,447	3,961
Non-Current Liabilities			
Loans from banks	332,377	300,098	296,285
Debentures	67,134	70,695	62,967
Leasing liabilities	-	3,000	2,990
Other financial liabilities	-	333	254
Deferred taxes	134,569	119,846	123,722
	534,080	493,972	486,218
Total liabilities	817,503	666,686	651,936
Equity Attributable to Company Shareholders			
Share capital	77	77	77
Premium on shares	144,237	144,237	144,237
Treasury shares	(746)	(746)	(746)
Other capital reserves	(531)	584	584
Statutory capital reserve	511,176	426,477	438,591
Retained earnings	222,090	217,998	221,986
Total equity attributable to Company shareholders	876,303	788,627	804,729
Non-controlling interests	35,191	39,433	40,701
Total equity	911,494	828,060	845,430
	1,728,997	1,494,746	1,497,366

The accompanying notes are an integral part of the interim consolidated financial statements.

November 24, 2021			
Date of approval of the financial statements	Patrick Burke Chairman of the Board of Directors	Thierry Beaudemoulin CEO	Eran Edelman CFO

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Nine months ended September 30,		Three months ended September 30		Year ended December 31
	2021	2020	2021	2020	2020
	Unaudited				Audited
	€ in thousands (except for net earnings per share data)				
Revenues from rental of properties	44,594	46,671	14,701	15,168	61,888
Revenues from property management and others	17,951	18,706	5,978	6,107	24,678
Property management expenses	(17,885)	(18,661)	(5,960)	(6,095)	(24,855)
Cost of maintenance of rental properties	(7,659)	(9,164)	(2,572)	(2,886)	(11,606)
Rental and management revenues, net	37,001	37,552	12,147	12,294	50,105
Revenues from sale of apartments	8,301	65,470	-	29,163	72,548
Cost of sale of apartments	(7,304)	(51,939)	-	(24,269)	(58,172)
Gain from sale of apartments	997	13,531	-	4,894	14,376
Other income	-	500	-	-	500
Equity in earnings (losses) of companies accounted at equity method of accounting	(1,999)	262	-	262	262
Gain from realization of investment in a company accounted at equity	-	2,011	-	2,011	2,011
Administrative and general expenses	(8,691)	(9,765)	(2,973)	(3,031)	(13,325)
Administrative and general expenses attributed to inventory of apartments under construction and real estate inventory	(1,147)	(1,466)	(276)	(323)	(1,772)
Selling and marketing expenses	(42)	(57)	(20)	(13)	(68)
Operating profit before change in value of investment property, net	26,119	42,568	8,878	16,094	52,089
Increase in value of investment property, net	88,926	68,366	21,349	16,079	83,221
Operating income	115,045	110,934	30,227	32,173	135,310
Financial expenses excluding the effect of exchange differences, CPI and currency hedging transactions	(8,054)	(12,153)	(2,670)	(3,075)	(15,037)
Effect of exchange differences, CPI and currency hedging transactions, net	(5,691)	5,189	(3,386)	2,863	3,728
Change in fair value of financial instruments loans and others (including early repayment costs of loans)	(12,433)	(930)	(7,933)	6,978	1,286
Income before taxes on income	88,867	103,040	16,238	38,939	125,287
Taxes on income	(16,232)	(22,717)	(2,189)	(8,726)	(27,594)
Total net and comprehensive income for the period	72,635	80,323	14,049	30,213	97,693
Net income (loss) and comprehensive income attributable to:					
Company shareholders	72,689	76,593	13,923	29,599	92,695
Non-controlling interests	(54)	3,730	126	614	4,998
	72,635	80,323	14,049	30,213	97,693
Net earnings per share attributable to the Company's shareholders (in Euro) - Basic and diluted	9.40	9.91	1.80	3.83	11.99

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to Company Shareholders								
	Share Capital	Premium on Shares	Treasury Shares	Other capital reserves	Statutory Capital Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	Unaudited								
	€ in thousands								
Balance as of January 1, 2021 (audited)	77	144,237	(746)	584	438,591	221,986	804,729	40,701	845,430
Total net and comprehensive income (loss)	-	-	-	-	-	72,689	72,689	(54)	72,635
Classification as per provisions of Dutch law	-	-	-	-	72,585	(72,585)	-	-	-
Purchase of non-controlling interests (*)	-	-	-	(1,115)	-	-	(1,115)	(5,456)	(6,571)
Balance as of September 30, 2021 (Unaudited)	77	144,237	(746)	(531)	511,176	222,090	876,303	35,191	911,494

(*) As to the purchase of non-controlling interests see Note 5(10) below

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to Company Shareholders								
	Share Capital	Premium on Shares	Treasury Shares	Other capital reserves	Statutory Capital Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	Unaudited								
	€ in thousands								
Balance as of January 1, 2020 (audited)	77	144,237	(746)	584	359,944	207,938	712,034	41,403	753,437
Total net and comprehensive income	-	-	-	-	-	76,593	76,593	3,730	80,323
Classification as per provisions of Dutch law	-	-	-	-	66,533	(66,533)	-	-	-
Distribution and payment to non-controlling interests (**)	-	-	-	-	-	-	-	(**)(5,700)	(5,700)
Balance as of September 30, 2020 (Unaudited)	77	144,237	(746)	584	426,477	217,998	788,627	39,433	828,060

(**) Distribution to controlling shareholder of the Company holding non-controlling interest in the Company's subsidiaries.

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to Company Shareholders								
	Share Capital	Premium on Shares	Treasury Shares	Other capital reserves	Statutory Capital Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	Unaudited								
	€ in thousands								
Balance as of July 1, 2021 (Unaudited)	77	144,237	(746)	(531)	497,944	221,399	862,380	35,065	897,445
Net income and comprehensive income (loss)	-	-	-	-	-	13,923	13,923	126	14,049
Classification as per provisions of Dutch law	-	-	-	-	13,232	(13,232)	-	-	-
Balance as of September 30, 2021 (Unaudited)	77	144,237	(746)	(531)	511,176	222,090	876,303	35,191	911,494

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to Company Shareholders								
	Share Capital	Premium on Shares	Treasury Shares	Other capital reserves	Statutory Capital Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	Unaudited								
	€ in thousands								
Balance as of July 1, 2020 (Unaudited)	77	144,237	(746)	584	413,496	201,380	759,028	38,819	797,847
Net and comprehensive income	-	-	-	-	-	29,599	29,599	614	30,213
Classification as per provisions of Dutch law	-	-	-	-	12,981	(12,981)	-	-	-
Balance as of September 30, 2020 (unaudited)	77	144,237	(746)	584	426,477	217,998	788,627	39,433	828,060

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to Company Shareholders								
	Share Capital	Premium on Shares	Treasury Shares	Other capital reserves	Statutory Capital Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	Unaudited								
	€ in thousands								
Balance as of January 1, 2020 (audited)	77	144,237	(746)	584	359,944	207,938	712,034	41,403	753,437
Total net and comprehensive income	-	-	-	-	-	92,695	92,695	4,998	97,693
Classification as per provisions of Dutch law, net	-	-	-	-	78,647	(78,647)	-	-	-
Distribution and payment to non-controlling interests (*)	-	-	-	-	-	-	-	(5,700)	(5,700)
Balance as of December 31, 2020 (audited)	77	144,237	(746)	584	438,591	221,986	804,729	40,701	845,430

(*) Distribution to controlling shareholder of the Company holding non-controlling interest in the Company's subsidiaries.

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Three months ended September 30, 2021	Three months ended September 30, 2020	Year ended December 31, 2020
	Unaudited				Audited
	€ in thousands				
Cash flows from operating activities					
Net income	72,635	80,323	14,049	30,213	97,693
Adjustments to reconcile net income to net cash provided by operating activities:					
Adjustments to profit and loss:					
Depreciation	84	81	26	30	103
Financial expenses, net	13,738	8,904	6,061	327	12,120
Decrease (increase) in fair value of financial instruments	12,440	(835)	7,904	(7,082)	(2,019)
Increase in value of investment property, net	(88,926)	(68,366)	(21,349)	(14,229)	(83,221)
Deferred taxes, net	7,704	9,480	1,972	7,938	13,923
Gain from sale of investment in a company accounted at equity	-	(2,011)	-	(2,011)	(2,011)
Equity in losses (earnings) of companies accounted at equity	1,999	(262)	-	(262)	(262)
	(52,961)	(53,009)	(5,386)	(15,289)	(61,367)
Cash flows from operating activities before changes in asset and liability items	19,674	27,314	8,663	14,924	36,326
Changes in asset and liability items:					
Decrease (increase) in tenants, restricted deposits, financial assets and other receivables	(4,423)	(2,552)	(2,982)	1,593	(1,930)
Increase (decrease) in accounts payable	(92)	4,429	(809)	(4,440)	(469)
	(4,515)	1,877	(3,791)	(2,847)	(2,399)
Net cash provided by (used in) operating activities before activity in real estate assets and liabilities	15,159	29,191	4,872	(3,752)	33,927
Change in advances from apartment purchasers, income receivable and others receivables	2,819	4,381	-	264	2,949
Decrease (increase) in inventory of buildings under construction and real estate inventory	(4,712)	18,860	(3,187)	10,290	14,950
Net cash provided by operating activities	13,266	52,432	1,685	6,802	51,826

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2021	2020	2021	2020	2020
	Unaudited				Audited
	€ in thousands				
Cash Flows from investing activities					
Investment in investment property	(32,940)	(11,669)	(12,243)	(3,974)	(19,741)
Return of investment (investment) in companies measured at equity	(6,559)	3,073	(254)	3,673	4,836
Proceeds from sale of investment property, net	27,728	40,417	6,082	-	55,501
Proceeds from sale of subsidiaries, net (a)	9,261	-	-	-	-
Cash and cash equivalents of a newly consolidated subsidiary (b)	1,114	-	1,114	-	-
Withdrawal (placement) of restricted deposits, net	(1,382)	48,819	(935)	4,798	50,650
Sale of derivatives	-	3,131	-	1,170	3,131
Net cash provided by (used in) investing activities	(2,778)	83,771	(6,236)	5,667	94,377
Cash flows from financing activities					
Interest paid	(7,440)	(11,115)	(2,497)	(2,595)	(13,717)
Distribution and payment to non-controlling interests (*)	(6,571)	(5,700)	(6,571)	-	(5,700)
Loan granted to non-controlling interests *	(11,429)	-	(11,429)	-	-
Receipt of long-term bank loans	35,365	18,959	2,000	2,559	18,959
Repayment of long term loans from controlling shareholder	-	(44,200)	-	-	(44,200)
Repayment of debentures	(855)	(16,419)	(855)	(836)	(25,706)
Repayment of long-term bank loans	(30,644)	(82,804)	(2,649)	(19,016)	(85,434)
Net cash used in financing activities	(21,574)	(141,279)	(22,001)	(19,888)	(155,798)
Change in cash and cash equivalents	(11,086)	(5,076)	(26,552)	12,220	(9,595)
Balance of cash and cash equivalents at the beginning of the period	34,814	44,409	50,280	27,113	44,409
Balance of cash and cash equivalents at the end of the period	23,728	39,333	23,728	39,333	34,814

(*) As to the purchase of non-controlling interests see Note 5(10) below.

The accompanying notes are an integral part of the interim consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Three months ended September 30, 2021	Three months ended September 30, 2020	Year ended December 31, 2020
	Unaudited				Audited
	€ in thousands				
(a) Proceeds from sale of subsidiaries, net					
Assets and liabilities of the subsidiaries as of the date of sale (loss of control):					
Investment property	12,369	-	-	-	-
Leasing liability	(3,126)	-	-	-	-
Real estate inventory	-	143,004	-	-	143,004
Working capital, net	14	407	-	-	284
Loans from banks, net	-	(127,512)	-	-	(127,512)
Deferred taxes, net	4	2,037	-	-	2,037
Assets, net	9,261	17,936	-	-	17,813
Less investment balance in a company accounted at equity	-	(17,936)	-	-	(17,813)
	9,261	-	-	-	-
(b) Cash and cash equivalents of a newly consolidated subsidiary					
Assets and liabilities of the subsidiary as of the purchase date (upon consolidation):					
Real estate inventory	(164,638)	-	(164,638)	-	-
Restricted cash	(3,317)	-	(3,317)	-	-
Deferred tax asset	(2,037)	-	(2,037)	-	-
Loans from banks, net	145,185	-	145,185	-	-
Interest payable	595	-	595	-	-
Assets, net	(24,212)	-	(24,212)	-	-
Less investment balance in a company accounted at equity	25,326	-	25,326	-	-
	1,114	-	1,114	-	-
(c) Additional information					
Taxes paid	3,688	5,616	1,556	2,213	10,197
(c) Material non cash activities					
Consideration receivable from sale of investment in a company accounted for at equity	-	2,011	-	2,011	-
Classification of real estate inventory to investment property	-	29,640	-	-	29,638

The accompanying notes are an integral part of the interim consolidated financial statements.

Note 1: - General

a. General description of the Company and its activity

Brack Capital Properties N.V (the Company) was incorporated in June 2006 and is a real estate company residing in the Netherlands engaging through investees in the purchase and management of investment property in Germany in the segment of income generating commercial real estate and income generating residential real estate. In addition, the Company is engaged in the development of a residential complex and improvement of land in Dusseldorf, Germany. Regarding the Company's operating segments, see Note 4.

The Company's shares and debentures are listed for trade on the Tel Aviv Stock Exchange.

In April 2018, the control of the Company was purchased by ADLER Real Estate AG (ADLER). Since its acquisition, ADLER works as controlling shareholder subject to the provisions of any law for re-focusing the Company's strategy in the residential sector including selling a certain part of the Company's assets and businesses in the commercial real estate sector. As of the approval date of the financial statements, the Company continues to examine the options of focusing its business strategy including the performance of actions for selling part of its businesses.

b. These Financial Statements have been prepared in a condensed format as of September 30, 2021 and for the nine and three month periods then ended (hereinafter – the Consolidated Interim Financial Statements). These Statements should be read in conjunction with the annual financial statements as of December 31, 2020 and for the year then ended and the accompanying notes (the consolidated annual financial statements).

c. Regarding the outbreak of the Corona virus (Covid- 19) and its effect on the Company's activity and operating results see Note 5(4).

d. As of September 30, 2021, the Company has working capital deficiency of approximately EUR 216,311 thousand mainly due to loans for the Gerresheim project (see Note 5(5) below) and loans for other income producing assets of the Company which their maturity date is in the next year. The Company estimates that based on the situation of the real estate market in Germany, the leverage ratio of these assets and following discussions conducted by the Company with the lending banks which expressed willingness to extend these loans, the Company believes that it will be able to refinance the loans in the coming year.

Note 2: - Significant accounting policies

a. Preparation format of the Interim Consolidated Financial Statements

The Consolidated Interim Financial Statements are prepared in accordance with acceptable accounting principles for preparing financial statements for interim periods as stated in International Accounting Standard 34 Interim Financial Reporting and in accordance with the provisions of disclosure pursuant to Chapter D of the Securities (Immediate and Periodic Reports) Regulations, 1970. The accounting policies applied in the preparation of the consolidated interim financial statements is consistent with the policies applied in the preparation of the consolidated annual financial statements.

Note 2: - Significant accounting policies (Cont.)

b. Use of estimates and judgments

In preparing the condensed consolidated interim financial statements in accordance with IFRS, the Company's management is required to exercise discretion for making estimates, assessments and assumptions that affect implementation of policy and amounts of assets and liabilities, income and expenses. It should be clarified that the actual results may differ from these estimates. Management's discretion when applying the Group's accounting policies and the key assumptions used in the estimates involving uncertainty are consistent with those used in the preparation of the annual financial statements.

c. Initial adoption of new standards and amendments to existing accounting standards

Amendments to IFRS 9, IFRS 7, IFRS 16, IFRS 4 and IAS 39 regarding the reform of IBOR interest rates

In August 2020, the IASB issued amendments to International Financial Reporting Standard 9 Financial Instruments for International Financial Reporting Standard 7 Financial Instruments: Disclosures, International Accounting Standard 39 Financial Instruments: Recognition and Measurement, International Financial Reporting Standard 4 Insurance Contracts and International Financial Reporting Standard 16 Leases (the "Amendments").

The amendments provide practical relief that addresses the effects of the accounting treatment of the financial statements when the benchmark interest rates (IBORs - Interbank Offered Rates) are replaced by risk-free alternative interest rates (RFRs).

Depending on one of the practical relief contractual amendments or amendments to cash flows will be handled directly as a result of the implementation of the reform similar to the accounting treatment for changes in variable interest rates. Namely, a company is required to recognize the changes in interest rates by adjusting the effective interest rate without changing the book value of the financial instrument. The use of this practical relief depends on the fact that the transition from IBOR to RFR takes place on the basis of equal economic conditions.

The amendments added disclosure requirements regarding the effect of the expected reform on the Company's financial statements, including reference to how the Company manages the implementation of the interest rate reform, the risks to which it is exposed as a result of the expected reform and quantitative disclosures regarding IBOR interest rate financial instruments which may change.

The above amendments had no material effect on the Group's financial statements.

Note 2: - **Significant accounting policies (Cont.)**

d. Disclosure of new IFRS in the period prior to adoption:

Amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the IASB issued an amendment to International Accounting Standard 8: Accounting policies, changes in accounting estimates and errors (the amendment). The purpose of the amendment is to introduce a new definition of the term "accounting estimates".

Accounting estimates are defined as "financial amounts in the financial statements that are subject to uncertainty in measurement." The amendment clarifies what changes in accounting estimates are and how they differ from changes in accounting policies and corrections of errors.

The amendment will be applied prospectively to annual periods beginning on or after January 1, 2023 and applies to changes in accounting policies and accounting estimates that occur at the beginning of that period or thereafter. Early adoption is permitted.

Note 3: - Financial instruments

a. Financial instruments not measured at fair value

The following are the carrying balances and the fair value of the financial instruments groups shown in the financial statements not at their fair value:

	September 30, 2021		September 30, 2020		December 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	Unaudited				Audited	
	€ in thousands					
Financial liabilities:						
Debentures and interest payable in respect of debentures	78,529	88,096	81,111	86,884	73,515	80,264

Management has estimated that the balance of cash, deposits, trade receivables, trade payables, overdrafts and other current liabilities and bank loans presented at amortized cost approximates their fair value.

Below are the methods and assumptions used in determining fair value:

The fair value of marketable debentures is based on prices quoted in the stock exchange as of the cut-off date (level 1).

b. Financial instruments measured at fair value

Classification of the financial instruments according to fair value hierarchy

The table below presents the financial assets and the financial liabilities of the group according to fair value:

	September 30, 2021		
	Level 1	Level 2	Level 3
	Unaudited		
	€ in thousands		
Assets:			
Financial assets measured at fair value through profit or loss	23,380	-	6,525
Liabilities:			
Interest swap agreements	-	(325)	-

Note 3: - Financial instruments (Cont.)

	September 30, 2020		
	Level 1	Level 2	Level 3
	Unaudited		
	€ in thousands		
Assets:			
Financial assets measured at fair value through profit or loss	34,973	-	6,494
Liabilities:			
Interest swap agreements	-	(662)	-

	December 31, 2020		
	Level 1	Level 2	Level 3
	Unaudited		
	€ in thousands		
Assets:			
Financial assets measured at fair value through profit or loss	36,094	-	6,494
Liabilities:			
Interest swap agreements	-	(597)	-

Note 4: - Operating Segments

	Income-Generating Commercial Real Estate (*)	Income-Generating Residential Real Estate	Land for Betterment	Residential development	Total
			€ in thousands		
For the Nine-Month Period Ended September 30, 2021 (Unaudited)					
Revenues from property rental	4,015	40,524	55	-	44,594
Revenues from property management and others	1,348	16,530	73	-	17,951
Property management expenses	(1,314)	(16,398)	(173)	-	(17,885)
Rental property maintenance expenses	(2,549)	(4,892)	(218)	-	(7,659)
Total rental and management revenues, net	1,500	35,764	(263)	-	37,001
Revenues from sale of apartments	-	-	-	8,301	8,301
Cost of sale of apartments	-	-	-	(7,304)	(7,304)
Gain from sale of apartments	-	-	-	997	997
Group's share in losses of companies accounted at equity method of accounting	(1,999)	-	-	-	(1,999)
Administrative and general expenses					(8,691)
Selling and marketing expenses and administrative and general expenses attributed to inventory of buildings under construction and inventory of real estate	-	-	-	(1,189)	(1,189)
Increase (decrease) in value of investment property, net	(6,260)	100,978	(5,792)		88,926
Financial expenses, net					(26,178)
Income before taxes on income					88,867

(*) Regarding assets designated for sale and assets sold in the reported period see Notes 5 (1), 5 (2), 5 (3), 5 (7) and 5(11).
(**) Regarding new consolidation of a project in the residential development sector see Note 5(5) below.

Note 4: - Operating Segments (cont.)

	Income-Generating Commercial Real Estate	Income-Generating Residential Real Estate	Land for Betterment	Residential development	Total
			€ in thousands		
For the Nine-Month Period Ended September 30, 2020 (Unaudited)					
Revenues from property rental	7,238	39,292	141	-	46,671
Revenues from property management and others	2,187	16,452	67	-	18,706
Property management expenses	(2,162)	(16,427)	(72)	-	(18,661)
Rental property maintenance expenses	(3,714)	(5,254)	(196)	-	(9,164)
Total rental and management revenues, net	3,549	34,063	(60)	-	37,552
Revenues from sale of apartments	-	-	-	65,470	65,470
Cost of sale of apartments	-	-	-	(51,939)	(51,939)
Gain from sale of apartments	-	-	-	13,531	13,531
Other income	500	-	-	-	500
Equity in earnings of companies accounted at equity	262	-	-	-	262
Gain from realization of investment in a company accounted at equity	-	2,011	-	-	2,011
Administrative and general expenses					(9,765)
Selling and marketing expenses and administrative and general expenses attributed to inventory of buildings under construction and inventory of real estate	-	-	-	(1,523)	(1,523)
Increase (decrease) in value of investment property, net	(21,468)	95,234	(5,400)	-	68,366
Financial expenses, net					(7,894)
Income before taxes on income					103,040

Note 4: - Operating Segments (cont.)

	Income-Generating Commercial Real Estate (*)	Income-Generating Residential Real Estate	Land for Betterment	Residential development	Total
			€ in thousands		
For the Three-Month Period Ended September 30, 2021 (Unaudited)					
Revenues from property rental	1,155	13,530	16	-	14,701
Revenues from property management and others	343	5,623	12	-	5,978
Property management expenses	(325)	(5,508)	(127)	-	(5,960)
Rental property maintenance expenses	(681)	(1,797)	(94)	-	(2,572)
Total rental and management revenues, net	492	11,848	(193)	-	12,147
Revenues from sale of apartments	-	-	-	-	-
Cost of sale of apartments	-	-	-	-	-
Gain from sale of apartments	-	-	-	-	--
Administrative and general expenses					(2,973)
Selling and marketing expenses and administrative and general expenses attributed to inventory of buildings under construction and inventory of real estate	-	-	-	(296)	(296)
Increase (decrease) in value of investment property, net	(452)	21,801	-	-	21,349
Financial expenses, net					(13,989)
Income before taxes on income					16,238

(*) Regarding assets designated for sale and assets sold in the reported period see Notes 5 (1), 5 (2), 5 (3), 5 (7) and 5(11).

Note 4: - Operating Segments (cont.)

	Income-Generating Commercial Real Estate	Income-Generating Residential Real Estate	Land for Betterment	Residential development	Total
			€ in thousands		
For the Three-Month Period Ended September 30, 2020 (Unaudited)					
Revenues from property rental	2,008	13,130	30	-	15,168
Revenues from property management and others	926	5,168	13	-	6,107
Property management expenses	(913)	(5,166)	(16)	-	(6,095)
Rental property maintenance expenses	(1,140)	(1,721)	(25)	-	(2,886)
Total rental and management revenues, net	881	11,411	2	-	12,294
Revenues from sale of apartments	-	-	-	29,163	29,163
Cost of sale of apartments	-	-	-	(24,269)	(24,269)
Gain from sale of apartments	-	-	-	4,894	4,894
Group's share in earnings of companies accounted for at equity	262	-	-	-	262
gain from realization of investment in a company accounted at equity	-	2,011	-	-	2,011
Administrative and general expenses					(3,031)
Selling and marketing expenses and administrative and general expenses attributed to inventory of buildings under construction and inventory of real estate				(336)	(336)
Increase (decrease) in value of investment property, net	(9,778)	25,857	-	-	16,079
Financial expenses, net					6,766
Income before taxes on income					38,939

Note 4: - Operating Segments (cont.)

	Income-generating commercial real estate	Income-generating residential real estate	Land for betterment	Residential development	Total
	Euros in thousands				
For the year ended December 31, 2020 (Audited)					
Revenues from property rental	9,361	52,355	172	-	61,888
Revenues from property management and others	2,615	21,970	93	-	24,678
Property management expenses	(2,916)	(21,803)	(136)	-	(24,855)
Rental property maintenance expenses	(4,777)	(6,534)	(295)	-	(11,606)
Total rental and management revenues (expenses), net	4,283	45,988	(166)	-	50,105
Revenues from sale of apartments	-	-	-	72,548	72,548
Cost of sale of apartments	-	-	-	(58,172)	(58,172)
Gain from sale of apartments	-	-	-	14,376	14,376
Other income	500	-	-	-	500
Group's share in earnings of companies accounted at equity method of accounting	262	-	-	-	262
Gain from realization of investment in a company accounted at equity	-	2,011	-	-	2,011
General and administrative expenses					(13,325)
Selling and marketing and general and administrative expenses attributed to inventory of buildings under construction and inventory of real estate	-	-	-	(1,840)	(1,840)
Appreciation (impairment) of investment property, net	(28,224)	115,900	(4,455)	-	83,221
Financial expenses, net					(10,023)
Income before taxes on income					125,287

Note 5: - <u>Material Events during the Reported Period and thereafter</u>

1. On June 30, 2021, the sale of the remaining asset, which was presented as of December 31, 2020 as assets held for sale from a transaction for the sale of assets from the commercial real estate portfolio that was signed during 2019 was finally completed. For further details regarding the transaction, see Note 8F (1) of the Company's annual consolidated financial statements for 2020.

2. On November 5, 2020, the Company entered into agreement for selling an additional asset of the Company's commercial income generating portfolio, which was presented as of December 31, 2020 as assets held for sale totaling approximately € 11 million. The sale of the asset was completed on January 29, 2021.

3. On December 30, 2020, the Company entered into agreement for selling an additional asset of the Company's commercial income generating portfolio, totaling approximately € 6.4 million. The sale of the asset was completed on august 31, 2021.

4. Following the outbreak of the Corona Virus (COVID-19) in China in December 2019, and spreading to many other countries in early 2020, there has been a decline in economic activity in many regions of the world and in Israel and Germany as well. The spread of the virus, among other things, has disrupted the supply chain, a decrease in the volume of global transport, traffic and employment restrictions imposed by the Israeli and German government and many governments worldwide, as well as declines in the value of financial assets and commodities in markets in Israel and around the world. In addition, in accordance with the directives of the governments of Germany, the Netherlands and Israel, the activity of businesses was banned or restricted, presence of manpower in workplaces was significantly restricted, education systems were shut down and restrictions were imposed on leaving homes. In the last quarter of 2020 until the report date, spread of the virus has deteriorated in Germany and the German government imposed new restrictions in order to stop the spread of the virus and vaccination campaign began in Israel and Europe. At the same time, at the end of the second quarter of 2021 and during the third quarter, signs of an outbreak of the Indian variant "Delta" of the corona disease were observed, which as of the date of this report, it appears that it was contained, among others, in view of the vaccination campaign. Nevertheless, at this stage it is not possible to assess the success of the vaccination campaign and/or the continued spread of the virus, including the efficacy of vaccines against virus mutations, which began to spread worldwide and in Israel and whether the crisis is nearing completion in the upcoming quarters or may take longer.

Note 5: - Material Events during the Reported Period and thereafter (Cont.)

The Company's risks and exposures

The activity of the Company since the beginning of the crisis until today continues regularly subject to the restrictions and guidelines of the relevant governments in countries in which the Company operates.

It should be indicated that the Corona crisis and the related economic crisis may create an exposure for the Company mainly in the income producing real estate sector, both in view of the impact of the Corona crisis on daily business activity in Germany and the ability of businesses to continue their operations and pay rental fees for commercial assets and (to a lesser extent) for residential assets in view of harm to income of private tenants, including their ability to meet their obligations to the Company and pay rental and/or the Company's ability to find tenants for vacant spaces.

In addition, the Company has an exposure also in the real estate development sector since the impact of the economic crisis on global economy and on Germany in particular, may have an effect on the demand for apartments and cause a decrease in the value of the apartments for sale and/or decrease in the sales rate of apartments (although as of the report date, the Company is not aware of indications of changes in selling prices of apartments and/or change in construction costs).

With respect to the effects on the Company's operations during 2020, see Note 1c to the annual financial statements for 2020.

Specific effects of the Corona crisis on the Company’s operating results in the reporting period

The Company's revenues were not significantly harmed, among other things, in view of recent actions taken by the Company that focused its activities on residential properties, which reduced the Company's exposure to commercial tenants as well as the German government's assistance to commercial tenants.

- In 2020, the financial situation of various tenants in the commercial real estate sector was harmed, which continued in the reporting period and led to difficulties in paying rent and management fees, delaying in lease agreements renewal and finding tenants for vacant spaces, such that as of September 30, 2021, trade receivables' balance of approximately EUR 0.9 million which constitutes approximately 17% of the Company's annual revenues in the commercial real estate sector has not yet been received due to deferral of payments and/or cancellation due to the Corona crisis. It should be indicated that due to Company's reduced exposure to the commercial real estate sector this decrease in collection rate had no material effect on the Company's cash flows.

Note 5: - Material Events during the Reported Period and thereafter (Cont.)

In the residential income producing sector the change in occupancy rates as of September 30, 2021 and the financial statements' approval date, was not significant in relation to the average occupancy rates in 2020 and 2019 as well as a change in the rate of cancellations and delays in collection is negligible.

- In accordance with valuations as of June 30, 2021, conducted by external appraisers and sales agreements signed after the report date, the Company recorded a decrease in value of approximately EUR 6.3 million in respect of impairment of real estate in the income generating commercial sector.
- The crisis did not have a negative effect on the Company's residential assets. In 2020, there was a decrease in discount rates used to measure the fair value of some of the Company's investment properties in the residential real estate sector and this trend continued in the reporting period. In the reporting period discount rates have decreased at a rate of 0.32% due to changes in market conditions during the period, based on valuations as of September 30, 2021 conducted by external appraisers. As a result, there was an increase in the fair value of residential assets and a gain from a change in the fair value of approximately EUR 101 million was recognized.
- With regard to the development sector, as of September 30, 2021 and as of the approval date of the financial statements, the Company is not aware of any indications of a change in selling prices of apartments and/or a change in construction costs.
- In accordance with the above, until the approval date of the financial statements, the impact of the crisis on the Company's cash flow was insignificant, in part due to the reduced exposure to commercial real estate and proceeds received from property realization and considering changes in tenants' collection rates and slowdown in apartment sales in development projects.

The Company estimates that if the spread of the Corona virus and its effects will worsen over time, this could have significant adverse effects on the global economy and, as a result, on the markets in which the Company operates and on its areas of activity and operating results. Nevertheless, the Company estimates that the recent measures taken to reduce the Company's leverage rate, focusing its activity on the residential sector and in view of the Company's geographical and sectoral distribution, ranking, location and occupancy levels of its assets, the exposure level of the Company's business to the Corona crisis and/or significant instability is decreasing and it has the means allowing it to cope properly with the economic crisis.

5. For details regarding the agreement for selling 75% of the Company's holdings in the sub-partnership, which owns the Gerresheim project, see Note 7(3) to the annual financial statements for 2020.

Note 5: - Material Events during the Reported Period and thereafter (Cont.)

During the period of the report, the Company learned that the delay of the zoning plan approvals in connection with the project is due to objections of the Deutsche Bahn AG. In the view of the Company, such objections are relatively common in the process of building a project in the size and scope of Gerresheim.

The Company has been holding ongoing discussions with the Düsseldorf Municipality which is continuing to be supportive of the project and has expressed its interest in advancing the receipt of the required zoning approvals.

Nevertheless, on August 25, 2021, the Company's Board learned that despite the progress in contacts between the Company and the Düsseldorf municipality, due to the prolongation of the negotiation between the Düsseldorf municipality and the German railway company, a further delay would occur in connection with the zoning plan.

To the Board's estimation, and based on the information provided to it by the competent authorities in Germany, the approval is expected to be received during the first half of 2022. In order to prevent further delays due to the DB objections, the Company is holding discussions with the Düsseldorf municipality on a possibility of dividing the zoning plan.

Following the foregoing regarding the delays in obtaining the zoning plan approvals (and the delay caused by it in the payment of the second installment of the Gerresheim Transaction and it effect on the profitability of the transaction from the Company's point of view), the Company has decided to prepare for the cancellation of the Transaction.

The Company's intention to prepare for the cancellation of the Transaction, derives, among others, from the Company's estimations that the delays in the approvals (that grants the Buyer to right to rescind the Transaction) and as a result the beginning of the construction on a later date than planned, shall make it harder for the Buyer to finance the transaction. In this context, it should be mentioned that during June 2021, the Company granted the project a bridge loan in an amount of approx. EUR 3.8 million, in the place of the Buyer. In addition, the Company's decision derives from the improvement in its financial profile (low leverage rate), and the focus of its business in the field of residential real estate, including development real estate.

The Company informed the Buyer that it desires to prepare for the cancellation of the Transaction and the Buyer clarified that in light of the delays in the zoning plan approvals from the authorities and the project in general, it does not intend to object.

In accordance with and following the foregoing, after the reported period, the Company entered into an MOU with the Buyer according to which the transaction will be canceled ("**the cancellation transaction**"), subject to the conditions set forth in the MOU, including obtaining the required consents under the financing agreements, obtaining binding tax ruling in connection with the tax aspects of the cancellation transaction.

Note 5: - Material Events during the Reported Period and thereafter (Cont.)

In accordance with the foregoing, given the Company's right to cancel the sale of rights in the project company and the parties' intentions to cancel the transaction, the Company returned to consolidate the project company's financial statements effective from the financial statements of the third quarter of 2021.

Regarding the assets and liabilities included as a result of the consolidation - see Appendix B to the cash flow statement.

6. During January 2021, the Company, through its sub-subsidiaries signed a refinancing agreement with a German banking corporation for a loan of approximately EUR 100.5 million. The loan bears an average annual interest rate of approximately 1.41% with maturity date in June 2023. The refinancing was accounted for as immaterial change in the debt's terms. The change had no material effect on profit or loss.

7. On February 26, 2021, the Company sold a subsidiary that holds an asset from the commercial income generating portfolio of the Company for EUR 9 million. The entire consideration balance from the sale was used for repayment of the shareholders' loan granted to the subsidiary.

8. On February 12 and April 14, 2021, the Company's Audit Committee and Board of Directors, respectively, approved the Company's Separation agreement between the Company and its controlling shareholder and certain officers in the Company who also serve as officers in ADLER ("Separation agreement") which confers upon the Company, among others, first right of refusal in relation to business opportunities relevant to the Company in its field and areas of activity.

9. During May 2021, the Company, through a sub-subsidiary, took a loan from a German banking corporation in the amount of approximately € 22.6 million. The loan was taken close to the loan repayment closing date from the same banking corporation. The loan bears an average annual interest rate of 1.25% payable quarterly. The loan principal will be repaid in 19 equal quarterly installments in the amount of € 56.5 thousand and the balance of the principal will be repaid in May 2026.

10. On June 30, 2021, the Company and another company that holds a negligible rate for regulatory purposes in asset companies of the Company's controlling shareholder (the "Additional Buyer") signed an agreement to acquire investors' rights in a subsidiary that owns various stages of the Grafental project for approximately € 18 million while the Company acquired 5.8% of the rights for € 6.6 million and the additional buyer, who received a loan of about € 11.4 million from the Company purchased the remaining 10.1% of the rights in the amount of € 11.4 million, which is presented as part of the other receivables under Non-current assets. The total consideration was paid to investors on July 1, 2021 and was reflected as a transaction with non-controlling interests in the statement of changes in equity.

Note 5: - Material Events during the Reported Period and thereafter (Cont.)

11. On August 5, 2021, the Company entered into a transaction for the sale of another property from the Company's commercial real estate portfolio for approximately € 16.5 million. In addition, the Company may be entitled to additional consideration of up to € 1.5 million in the event the buyer succeeds to improve the development plan, such that it will allow him to utilize a higher area in the property.

    The sale of the property is expected to be completed in the first half of 2022.
    Accordingly, the assets and liabilities of the company holding the asset were classified in the statement of financial position as of September 30, 2021 as assets and liabilities of disposal group held for sale.

12. On November 3, 2021, the Company entered into a transaction for the sale of another property from the Company's income generating commercial real estate portfolio for a total of approximately EUR 13.6 million. The sale of the property is expected to be completed in the first half of 2022.

13. After the financial statements' date, there was a significant decrease in the Company's investment in securities of a public company incorporated in Germany, which after the acquisition of its shares by the Company, the control of such company was acquired by an indirect controlling shareholder and its shares are traded on Frankfurt's Regulated Unofficial stock exchange, which 3.02% of its shares are held by the Company. This investment is classified as a financial instrument presented at fair value through profit or loss of approximately EUR 23.4 million, as of September 30, 2021.Following the impairment after the financial statements' date, the value of this investment, as of the approval date of the financial statements, is about EUR 9.4 million (grossing up a loss for the Company of EUR 25.6 million in relation to the original investment amount).

14. On October 14, 2021, Maalot S&P announced the inclusion of the Company's ratings in credit watch with negative implications following the weakening of the Group's credit quality and inclusion of the ratings of the parent company and the controlling shareholder in credit watch with negative implications.

BRACK CAPITAL PROPERTIES NV

PRESENTATION OF FINANCIAL DATA
FROM THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
ATTRIBUTED TO THE COMPANY ITSELF

AS OF SEPTEMBER 30, 2021

UNAUDITED

IN THOUSANDS OF EUROS

To the Shareholders of Brack Capital Properties NV

Re: special report for review of the separate interim financial information in accordance with Regulation 38d of the Securities Regulations (Periodic and Immediate Reports), 1970.

Introduction

We have reviewed the separate interim financial information according to regulation 38d of the Securities regulations (Periodic and Immediate Reports), 1970 of Brack Capital Properties N.V. (hereinafter – the Company), as of September 30, 2021 and for the nine months and three months ending that date. The Board of Directors and Management are responsible for the separate interim financial information. Our responsibility is to express our conclusions with regard to the separate interim financial information for this interim period, based on our review.

Scope of the Review

We conducted our review in accordance with Review Standard 2410 (Israel) 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 financial information for interim periods consists of inquiries, mainly from people responsible for finances and accounting, and of the application of analytical and other reviewing procedures. A review is significantly limited in scope relative to an audit conducted according to generally accepted Israeli auditing standards, and therefore does not allow us to achieve assurance that we have been made aware of all material issues that might have been identified in an audit. Accordingly, we are not expressing an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the above separate interim financial information has not been prepared, in all material aspects, in accordance with Regulation 38d of the Securities regulations (Periodic and Immediate Reports), 1970.

November 24, 2021 Amit, Halfon, CPAs

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AMOUNTS OF ASSETS AND LIABILITIES INCLUDED IN THE INTERIM CONSOLIDATED STATEMENTS ATTRIBUTED TO THE COMPANY

	September 30, 2021	September 30, 2020	December 31, 2020
	Unaudited	Unaudited	Audited
	€ in thousands		
Current Assets			
Cash and cash equivalents	743	1,105	972
Cash and cash equivalents in trust	6,146	11,675	7,284
Restricted deposits, financial assets and other receivables	114	228	663
	7,003	13,008	8,919
Non-Current Assets			
Investment in investee	924,296	821,703	833,121
Investment in marketable financial asset measured at fair value through profit or loss	23,380	34,973	36,093
	947,676	856,676	869,214
	954,679	869,684	878,133
Current Liabilities			
Current maturity of debentures	10,822	9,813	10,013
Accounts payable and other financial liabilities	420	549	424
	11,242	10,362	10,437
Non-Current Liabilities			
Debentures	67,134	70,695	62,967
	67,134	70,695	62,967
Equity			
Share Capital	77	77	77
Premium on Shares	144,237	144,237	144,237
Treasury Shares	(746)	(746)	(746)
Other capital reserves	(531)	584	584
Statutory capital reserve	511,176	426,477	438,591
Retained earnings	222,090	217,998	221,986
Total equity	876,303	788,627	804,729
	954,679	869,684	878,133

November 24, 2021			
Date of approval of the financial statements	Patrick Burke Chairman of the Board of Directors	Thierry Beaudemoulin CEO	Eran Edelman CFO

The accompanying additional information is an integral part of the financial data and the separate financial information

AMOUNTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME INCLUDED IN THE INTERIM CONSOLIDATED STATEMENTS ATTRIBUTED TO THE COMPANY

	Nine months ended September 30,		Three months ended September 30		Year ended December 31
	2021	2020	2021	2020	2020
	Unaudited				Audited
	€ in thousands				
Administrative and general expenses	(1,907)	(2,038)	(687)	(530)	(2,361)
Financial income (expenses), net	(19,381)	1,499	(11,392)	8,624	(650)
Equity in earnings of investess	93,977	77,132	26,002	21,505	95,706
Net and comprehensive income	72,689	76,593	13,923	29,599	92,695

The accompanying additional information is an integral part of the financial data and the separate financial information

AMOUNTS OF CASH FLOWS INCLUDED IN THE INTERIM CONSOLIDATED STATEMENTS ATTRIBUTED TO THE COMPANY

	Nine months ended September 30,		Three months ended September 30		Year ended December 31
	2021	2020	2021	2020	2020
	Unaudited				Audited
Cash flows from operating activities:					
Net income attributed to the Company's shareholders	72,689	76,593	13,923	29,599	92,695
Adjustments required to present net cash provided by operating activities:					
Adjustments to the profit or loss items:					
Financial expenses (income), net	19,226	(3,088)	12,077	(9,864)	(1,961)
Equity in earnings of investees	(93,977)	(77,132)	(26,002)	(21,505)	(95,706)
	(74,751)	(80,220)	(13,925)	(31,369)	(97,667)
Changes in assets and liabilities items:					
Decrease in other receivables and related parties	550	246	1	195	302
Increase (decrease) in accounts payable and related parties	43	415	(10)	323	470
	593	661	(9)	518	772
Net cash used in operating activities of the Company	(1,469)	(2,966)	(11)	(1,252)	(4,200)
Cash Flows from investing activities					
Change in investment in investee and cash and cash equivalents in trust, net	3,940	62,513	416	822	74,060
Decrease in restricted deposits	-	638	-	-	146
Interest received and exercise of derivatives	-	3,131	-	1,170	3,131
Net cash provided by investing activities of the Company	3,940	66,282	416	1,992	77,337

The accompanying additional information is an integral part of the financial data and the separate financial information

AMOUNTS OF CASH FLOWS INCLUDED IN THE INTERIM CONSOLIDATED STATEMENTS ATTRIBUTED TO THE COMPANY

	Nine months ended September 30,		Three months ended September 30		Year ended December 31
	2021	2020	2021	2020	2020
	Unaudited				Audited
Cash flows from financing activities					
Interest paid	(1,845)	(2,912)	(625)	(641)	(3,579)
Repayment of long term loans from controlling shareholder	-	(44,200)	-	-	(44,200)
Repayment of debentures	(855)	(16,419)	(855)	(836)	(25,706)
Net cash used in financing activities of the Company	(2,700)	(63,531)	(1,480)	(1,477)	(73,485)
Change in cash and cash equivalents	(229)	(215)	(1,075)	(737)	(348)
Balance of cash and cash equivalents at the beginning of the period	972	1,320	1,818	1,842	1,320
Balance of cash and cash equivalents at the end of the period	743	1,105	743	1,105	972

The accompanying additional information is an integral part of the financial data and the separate financial information

ADDITIONAL INFORMATION

1: - General

a. This separate financial information has been prepared in a condensed format as of September 30, 2021 and for the nine month and three month periods then ended in accordance with Regulation 38d of the Securities Regulations (Periodic and Immediate Reports), 1970. This separate financial information should be read in conjunction with the annual financial statements as of December 31, 2020 and for the year then ended and the additional information.

b. Subsidiaries as defined in note 1b of the annual financial statements of the Company as of December 31, 2020.

c. The accounting policies applied in the preparation of this separate financial information is consistent with the policies applied in the preparation of the separate financial information as of December 31, 2020 except changes in accounting policies specified in Note 2 to the interim condensed consolidated financial statements published with this separate financial information.

d. Regarding the outbreak of the Corona virus (Covid -19) and its impact on the Company's operations and its results, see Note 5(4) of the interim condensed consolidated financial statements.

Note 2: Material Events during the Reported Period

a. On February 12 and April 14, 2021, the Company's Audit Committee and Board of Directors, respectively, approved the Company's Separation agreement between the Company and its controlling shareholder and certain officers in the Company who also serve as officers in ADLER ("Separation agreement") which confers upon the Company, among others, first right of refusal in relation to business opportunities relevant to the Company in its field and areas of activity.

b. After the financial statements' date, there was a significant decrease in the Company's investment in securities of a public company incorporated in Germany, which after the acquisition of its shares by the Company, the control of such company was acquired by an indirect controlling shareholder and its shares are traded on Frankfurt's Regulated Unofficial stock exchange, which 3.02% of its shares are held by the Company. This investment is classified as a financial instrument presented at fair value through profit or loss of approximately EUR 23.4 million, as of September 30, 2021.Following the impairment after the financial statements' date, the value of this investment, as of the approval date of the financial statements, is about EUR 9.4 million (grossing up a loss for the Company of EUR 25.6 million in relation to the original investment amount).

c. On October 14, 2021, Maalot S&P announced the inclusion of the Company's ratings in credit watch with negative implications following the weakening of the Group's credit quality and inclusion of the ratings of the parent company and the controlling shareholder in credit watch with negative implications.